



9 May 2022

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Dear Board Member

NOTICE OF MEETING

Notice is hereby given pursuant to the Victor Harbor Horse Tram Authority Charter and Section 87(4) of the Local Government Act, 1999, as amended that a meeting for the **Victor Harbor Horse Tram Authority** has been called for:-

DATE: Tuesday, 10 May 2022

TIME: 3:00pm

PLACE: Encounter Room, Civic Centre, 1 Bay Road, Victor Harbor

Please find enclosed a copy of the Agenda for the meeting.

Yours faithfully

Megan Whibley
General Manager

Victor Harbor Horse Tram Authority

Please be advised that filming, photography and audio recording may take place at this meeting when the public and media are not lawfully excluded under Section 90 of the Local Government Act 1999.



1. Open Meeting/Welcome

2. Attendance

Nigel Catt (Chair)
Cr Carol Schofield AM
Paul Brown
Rachel Kennedy
Natasha Hunt

Megan Whibley (General Manager VHHTA)
Tamar Herron (Minute Secretary VHHTA)

3. Apologies

Nil

4. Reports for Decision

4.1	March Quarterly Budget Review 2021-22	2
4.2	Final Adoption - Capital and Operating Budget 2022-23	7

Next Meeting

Tuesday 7 June 2022, 10am – Encounter Room

Meeting Close

Please be advised

- *That filming, photography and audio recording may take place at this meeting when the public and media are not lawfully excluded under Section 90 of the Local Government Act 1999.*
- *To comply with COVID-19 physical distancing requirements, places in the public gallery are limited and will be filled on a 'first in' basis.*



Meeting **Victor Harbor Horse Tram Authority**
Date **10 May 2022**
From **Megan Whibley**
Subject **March Quarterly Budget Review 2021/22**
Report Number **4.1**

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority Board receive and note the March Quarterly Budget Review 2021/22 report.**
- 2. That the Victor Harbor Horse Tram Authority:**
 - (i) endorse the March Quarterly Budget Review 2021/22 as presented at attachment A to this report, noting an unchanged contribution from Council (operating deficit) of \$415,400; and**
 - (ii) provide the Budget Review to Council.**

INFORMATION

Purpose

The purpose of this report is for the Victor Harbor Horse Tram Authority Board to endorse the March Quarterly Budget Review 2021/22.

Background

Section 9 of the Local Government (Financial Management) Regulations 2011 provides the requirement for regular budget reviews. Further, the Victor Harbor Horse Tram Authority are required by the Charter to provide reports on the financial position of the Authority each quarter:

5.5 Quarterly reports summarising the financial position and performance of the Authority against the Budget must be prepared and presented to the Board within thirty days of the conclusion of each quarter and copies provided to the Council.

This March budget review, is a review addressing the COVID-19 effects on the 2021/22 financial year, and the new Causeway construction which resulted in the Victor Harbor Horse Tram operation closing for an extended period.

Commentary

The first half of the financial year was impacted significantly by construction of the new Causeway and by impacts of COVID-19 such as state border closures. The budget was

amended at the first budget review to reflect a decrease in ticket income, and expenses such as staffing costs were reduced, in order to ensure an unchanged council contribution.

Ticket sales have been tracking well since the opening of the new Causeway, which has brought many visitors to the area, however with increased ticket sales there are also additional staffing and other expenses associated with running the horse tram operation.

The budget was adjusted at the December budget review, to reflect increased income as a result of the reopening of state borders prior to Christmas combined with the impact of ticket price increases that were made in March 2021. It took significant effort to manage the bottom line, given the significant and often sporadic disruptions to Horse Tram operations over this period. Despite this, the financial result was an unchanged Council contribution at the December budget review, which should not be underplayed.

The March Budget Review is a further opportunity to revise the original budget and adjust it according to known information at this point in the financial year.

Expenses have been lower than anticipated for staff costs, tram and paddock maintenance, which has further offset the decrease in income experienced during the first half of the financial year. The result is an unchanged Council contribution to the Authority – a pleasing outcome given the turbulence of the financial year-to-date.

The March Budget Review 2021/22 is provided at Attachment A, for Board endorsement.

RISK ASSESSMENT

Financial Management – The VHHTA is on track to achieve a break-even budget, not requiring any extra funding from the City of Victor Harbor despite only operating for 6 months of the 2021/22 year and the Covid effects on international travel. The Board are continuing to find ways to generate own-source income outside of ticket sales to improve the bottom line into the future. The risk is assessed as **low**.

Reputation – Although disruptions to Horse Tram operations have been significantly outside of the control of the VHHTA, a small number of people in the community who are seeking the VHHTA to have a decreased reliance on Council funding, may be expecting to see a reduced Council contribution in 2021/22. In this difficult operating environment, it is exceptional that the VHHTA has managed the budget without the need for additional Council contribution. This risk is assessed as **Low**.

REFERENCES

Victor Harbor Horse Tram Authority 2021/22 budget

Local Government (Financial Management) Regulations 2011

BUDGET IMPLICATION

The contribution required from City of Victor Harbor (operating deficit) presented in the budget review at attachment A remains at \$415,400, being the same as the original 2021/22 budget approved by Council and adopted by the VHHTA.

CONSULTATION

Karen Rokicinski – Director Corporate & Customer Service, City of Victor Harbor

Sarah Milosevic – Director and Chartered Accountant, SMP Chartered Accountants

Budget Review - Working	Attachment A							
Victor Harbor Horse Tram Authority								
Description	2021/22 Original Budget	2021/22 YTD Actual	Budget Remaining (\$)	Budget Remaining (%)	2021/22 March Budget Review	Variance (\$)	Variance (%)	Comments
Income								
CVH budget contribution	415,400	311,550	103,850	25%	\$415,400.00	0	0%	COVH Contribution
Donation Income	2,500	237	2,263	91%	\$500.00	(2,000)	-80%	Affected by covid-19 restrictions/Closure-Causeway build
Employee Subsidies	4,500	2,727	1,773	0%	\$4,500.00	0	0%	Employer subsidy received and budget adjusted in Dec
Fleurieu Heritage Sales	500	0	500	100%	\$0.00	(500)	-100%	Affected by covid-19 restrictions/Closure-causeway build
Group Sales	2,000	1,023	978	49%	\$5,000.00	3,000	150%	Increase after reopening
Other Income	10,000	631	9,369	94%	\$0.00	(10,000)	-100%	Affected by covid-19 restrictions/Closure-causeway build
Souvenir Sales	35,000	21,564	13,436	38%	\$35,000.00	0	0%	Closure until Causeway finished and refurb of merch area has increased sales
Ticket Sales	345,000	231,934	113,066	33%	\$374,500.00	29,500	9%	Increased sales with borders opening and price increase
Causeway Monitoring	60,000	33,050	26,950	0%	\$40,000.00	(20,000)	100%	Monitoring Causeway for DIT but no closures for 6 months
Other Income - Interest	0	34	(34)	0%	0	0	0%	
Total Income	874,900	602,750	272,150	31%	874,900	0	0%	No change
Less Operating Expenses								
Administration Charge - Corporate Support	64,000	32,549	31,451	49%	64,000	0	0%	On track
Administration Charge - Rent on Assets	44,000	20,989	23,011	52%	44,000	0	0%	On track

Advertising Expenses	8,000	914	7,086	89%	8,000	0	0%	Funds forecasted to be spent on Advertising for the July hols.
Authority Board Expenses	15,000	6,111	8,889	59%	15,000	0	0%	Payment due to be made.
Cleaning	5,000	1,850	3,150	63%	5,000	0	0%	On track
Consultants and Professional Services	15,000	12,500	2,500	17%	15,000	0	0%	on track
Employee expenses	531,200	355,569	175,631	33%	531,200	0	0%	On track
Horse Care Expenses	58,000	27,947	30,053	52%	51,700	(6,300)	-11%	On track
Other Expenses	1,700	0	1,700	100%	1,700	0	0%	Allowance
Repairs and Maintenance	35,000	13,674	21,326	61%	35,000	0	0%	On track
Security Expenses	3,600	3,111	489	14%	3,600	0	0%	On track
Staff Amenity Expenses	3,500	1,924	1,576	45%	3,500	0	0%	On track
Utilities	14,000	6,768	7,232	52%	14,000	0	0%	On track
Vehicle and Travel Expenses	4,000	2,247	1,753	44%	4,000	0	0%	On track
Volunteer Expenses	3,000	0	3,000	100%	3,000	0	0%	Increase in Volunteers and uniforms are ordered so on Track
Bank Fees	500	750	(250)	-50%	500	0	0%	on track
Insurance	41,000	26,350	14,650	36%	41,000	0	0%	On track
Merchant Fees	2,500	1,736	764	31%	2,500	0	0%	On track
Phone and Date Expenses	3,700	2,886	814	22%	4,700	1,000	27%	On track
Printing and Stationary Expenses	4,200	1,265	2,935	70%	3,200	(1,000)	-24%	On track
Souvenir Purchases	18,000	11,971	6,029	33%	18,000	0	0%	Increase in sales so an increase in purchases
Depreciation	0	3,150	(3,150)	0%	6,300	6,300	100%	Ute, Gator and float gifted by Council. To be included in the Dec budget review (\$10K per year)
Total Operating Expenses	874,900	534,259	340,641	39%	874,900	0		No change
Physical Resources Received Free of Charge	50,000				63,000	13,000		Ute, Gator and float gifted by Council - this is their value not the gifted depreciated Council value..
Net Surplus / (Deficit)	0	68,491	(68,491)	0	0	0		Gifted assets which will be depreciated at 6 monthly review



Meeting **Victor Harbor Horse Tram Authority**
Date **10 May 2022**
From **Megan Whibley**
Subject **Final Adoption - Capital and Operating Budget 2022/23**
Report Number **4.2**

RECOMMENDATION

1. That the Victor Harbor Horse Tram Authority receive and note the Final Adoption - Capital and Operating Budget 2022/23 report.

2. That:
 - the Victor Harbor Horse Tram Authority adopt the 2022/23 Operating Budget in the accompanying financial statements as provided at Attachment A to this report, detailing a Council contribution of \$415,000 (operating deficit) and consistent with the approval given by the Council at their meeting on 28 February 2022; and

 - the Victor Harbor Horse Tram Authority adopt the 2022/23 Capital Budget in the accompanying Capital Asset Management Plan as provided at Attachment B to this report, detailing net capital expenditure of \$131,000 and consistent with the approval given by the Council at their meeting on 26 April 2022; and

 - the Victor Harbor Horse Tram Authority provide a copy of the adopted budget to Council, as required by section 5.4 of the Charter

INFORMATION

Purpose

To adopt the Capital and Operating Budget for 2022/23, in line with 5.2 of the Victor Harbor Horse Tram Authority (VHHTA) Charter.

Background

The VHHTA Charter indicates the following:

5. BUDGETS

5.1 The Authority must before 31 March of each year prepare and submit a draft Budget to the Council for the ensuing financial year (or, if appropriate, part financial year) in accordance with the Act for approval by the Council.

5.2 The Authority must adopt after 31 May and within six (6) weeks of approval of the draft Budget by the Council in each year, a Budget in accordance with the Act for the ensuing financial year consistent with the approval given by the Council pursuant to clause 5.1.

5.4 The Authority must each financial year provide a copy of its adopted Budget to the Council within five (5) business days after the adoption of the Budget by the Authority.

Commentary

The draft Operating Budget 2022/23 was endorsed by the VHHTA Authority at the 16 February 2022 Special Board meeting and was approved by Council as presented, at the Council meeting held 28 February 2022.

In line with 5.2 of the VHHTA Charter, the Authority must then adopt the budget within six weeks of approval of the draft budget by Council, yet after 31 May. As Council sought for the VHHTA draft Operating Budget to be provided earlier than required by the Charter, it is not possible to meet both of these requirements.

The draft 2022/23 Financial Statements and operating budget are provided at attachment A.

2022/23 Draft Budget

The table below provides a summary of the budgeted expenses (Operating Budget) for 2022/23:

Description		Amount
Employee costs	Salaries, superannuation & Workcover	\$694,500
Office and Administration costs	Travel, stationary, printing and communication	
	Insurance & utilities	\$92,100
Maintenance	Building and equipment maintenance	\$25,000
	Horse care - feed, farrier and vet fees	\$58,000
Marketing	Advertising, promotions and souvenir purchases	\$57,000
Depreciation	Capital Asset Depreciation	\$15,570
Other Expenses	Committee costs, volunteer and staff amenities	\$55,030
Equipment Hire	Building and equipment hire	\$48,000
Corporate Support	IT, finance, records and administration	\$68,000
Total		\$1,113,200

The table below provides a summary of the budgeted income for 2022/23:

Description		Amount
Ticket Sales	Casual and group bookings	\$538,500
Other Income	Donations/sponsorship	\$48,200
	Souvenir sales	\$75,000
	Behind the Scenes	\$36,500
	Council contribution	\$415,000
Total		\$1,113,200

Own Source Funding Ratio	2021/22	2022/23
		52.5%

The draft Capital budget 2022/23 was endorsed by the VHHTA Authority at the 16 February 2022 Special Board meeting and was approved by Council as presented, at the Council meeting held 26 April 2022.

The draft Capital Budget 2022/23 is provided in the Financial Assets Management Plan at attachment B to this report. The Financial Asset Management Funding Plan shows the interest and the repayment schedule and is provided at Attachment C to this report.

As this is the first Capital Budget the VHHTA has had to prepare and present to the VH council for approval, it was supplied later than the Operating budget. In future years this will be combined with the Operating budget.

Capital Budget Summary for 2022/23

Item	Notes	Value (\$)
Work Vehicles	One replacement and one new vehicle to support operations	91,000
Float	Second Float for operations efficiency	25,000
Harness Equipment	Annual allowance – maintain suitable stock of harness equipment	5,000

Tools	Various tools such as chain saws and pole saws to support cost efficient maintenance of paddock/stables facilities	10,000
Total for 2022/23		\$131,000

RISK ASSESSMENT

The risks associated with the recommendation have been assessed as follows:

Corporate Governance - The VHHTA Charter outlines a process whereby the Board endorses a draft budget that is then approved by the council, before final adoption by the Board. This report finalises this process in accordance with the Charter. The risk is assessed as *low*.

Financial Management – The budgets presented for adoption by the Board have been previously endorsed by the Board for presentation to Council and then approved by the Council, unchanged. The risk is assessed as *low*.

REFERENCES

VHHTA Budget 2021/22

Victor Harbor Horse Tram Authority Charter

BUDGET IMPLICATIONS

Excluding endorsed budgeted staff resources there are no budget implications in the 2021/22 VHHTA budget in adopting this Draft Capital and Operating Budget 2022/23.

Endorsement by the VHHTA Board and approval by COVH Council of the Draft Operating Budget 2022/23 will impact as detailed in the draft budget at attachment A, with an operating deficit (contribution amount from COVH) of \$415,000.

The draft 2022/23 VHHTA Capital Budget 2022/23 and draft Financial Asset Management Plan, detailing net capital expenditure of \$131,000, will be supported by loan funds obtained from the LGFA, in accordance with the VHHTA Charter. The VHHTA Operating Budget 2022/23 has an allocation for the scheduled loan repayments to LGFA.

No additional funds are required.

CONSULTATION

