



VICTOR HARBOR
HORSE TRAM AUTHORITY

Business Plan



Victor Harbor Horse Tram Authority Business Plan 2021 - 2023

Table of Contents

Victor Harbor Horse Tram Authority Business Plan 2021 - 2023.....	2
About the Victor Harbor Horse Tram.....	3
About the Victor Harbor Horse Tram Authority	4
Message from the Chair.....	5
The Board.....	7
General Manager	9
Audit and Risk Committee	9
About this Plan.....	10
Business Planning Process	10
Products and Services	15
Merchandise	16
What we will do in 2021 - 2023	16
The Development of the Behind the Scenes / VIP Experience Packages	22
Behind the Scenes / VIP Experience Financial Plan – 5 Year Forecast.....	24
The Future.....	27
Financial Statements 2022/23	29

About the Victor Harbor Horse Tram

The history of the Horse Tram dates back 150 years to when the first horse drawn wagons hauled freight and passengers along the broad-gauge rail line connecting Goolwa to Port Elliott.

The Victor Harbor Horse Tram has been in operation in some form since 1854. In 1894, the South Australian Railways introduced a new horse drawn tram service from mainland Victor Harbor to Granite Island using the same double-deck tram that was used on the Goolwa Railway. In 1986, the District Council restored the original passenger service from Policeman's Point at the esplanade to Granite Island over the causeway.

The Victor Harbor Horse Tram, as we now know it, is a tourist attraction which provides a historic passenger experience between the City of Victor Harbor Esplanade and Granite Island, travelling to the island on a fabulous new Causeway.

In October 2018 the Victor Harbor Horse Tram Authority (the VHHTA) was gazetted under Section 42 of the Local Government Act, and is a subsidiary of the City of Victor Harbor Council. The Council's purpose, in creating the VHHTA, was to make the Horse Tram service less reliant on City of Victor Harbor rates revenue and move it further towards financial self-sustainability. The establishment of the VHHTA is proving to be a very successful venture, with increased revenue, additional revenue source creation and increased offerings for visitors to the area. The VHHTA is ever increasingly moving towards greater levels of financial independence.

The Victor Harbor Horse Tram runs all year round (except for Christmas Day), with the operation comprising of up to eight Clydesdale horses, four renovated double decker trams and a team of friendly staff.

The Horse Tram service is conducted on the Victor Harbor foreshore from a complex which supports a terminal and platform, office, merchandise store and corral for the horses, as well as storage facilities for the heritage style trams. The Clydesdales are paddocked on large acreage on the outskirts of Victor Harbor, and the horses are collected and returned to this location daily.

The Horse Tram is a community service that is important to the Victor Harbor economy.





About the Victor Harbor Horse Tram Authority

The Victor Harbor Horse Tram Authority (the VHHTA) is a subsidiary of the City of Victor Harbor (Council), established under section 42 of the *Local Government Act 1999*. The VHHTA is governed by a Charter approved by the Minister on 17 October 2018, which details its purpose, powers, functions, duties, funding, property and delegation as well as the role, function and requirements of the VHHTA Board, among other things. The Charter was gazetted on 25 October 2018.

The Horse Tram, like many other services, is subsidised by Council and provides a valuable service to the City of Victor Harbor community on behalf of ratepayers. It serves as an important and highly significant contributor to the economy of Victor Harbor. The positive effect that this service has on other local businesses became most apparent during the period of the causeway closure in 2018-19. The Horse Tram is part of what makes this city thrive!

Message from the Chair

During 2021-22 the VHHTA was faced with an implausible year. Significant outside influences of COVID-19 and the building of the new Causeway created huge operating obstacles, impeding and stopping the operation of the tram. The VHHTA team still managed to create positive momentum, rebuilding and painting tram three (3), increasing the fitness of the horses, plus advancing projects as outlined in the plan. Most importantly, congratulations to staff and management, as the horses have never looked so polished and healthy, and all horses received a 5-star health rating at their annual health checks with the veterinarian. Exceptional news!

The much-awaited opening of the new Causeway occurred in December 2021 and saw an immediate response from the community, putting credence to the importance of the much-loved Horse Tram's worth to Victor Harbor. The new Causeway has proved to be an absolute triumph, with a constant traffic flow of people enjoying the experience. Our thanks go to the whole team but especially to the VHHTA management, Megan and Adrian, for their faultless service and attention to detail.

The VHHTA has been awarded a substantial grant from the Building Better Regions Fund, ensuring that the new stable complex and VIP centre will become an exciting reality. This tourist encounter will extend our service sector reach and enhance involvement by providing the VIP visitor centre, enabling the delivery of a first-class hands-on horse experience. Not only will this facility attract a more and varied visitor base to the Victor Harbor region but also serve to increase employment, provide an additional source of income and encourage extended holiday stays in the area.

COVID-19 has severely impacted businesses across SA and the Horse Tram was not immune. Our numbers overall were suppressed, and passenger seating available per trip was reduced to comply with COVID capacity restrictions. The lack of international visitors for over 20 months, in addition to border closures, stopped visitor numbers from all states, including our key market of Victoria. It has been impressive the way Megan and her team have adjusted and pivoted during this period, with staff being redirected to other tasks and targeted education, being the Equine Assisted Learning program that has and will serve to create a better experience for visitors. Also, internal maintenance has shaped extensive savings showing fiscal responsibility in a difficult climate.



Picture: The Victor Harbor Horse Tram Authority Board with General Manager, Meg Whibley.

One of the major achievements is the new merchandise area, which has seen a significant increase in sales, creating a substantial revenue stream, for which we have our volunteers, to thank.

When visiting the tram office in the mornings it is heart-warming to see the love and care the horses are given and how passionate the team is, plus the scores of people watching the horses being ridden along the beach, a majestic sight. Watching the employee's converse with the public and how convivially they react with all visitors, it is obvious that it is a very cohesive team that enjoy their workplace, and are surely appreciated.

Board Picture:

Regular board meetings, together with internal and external assessment, serve to formalise ideas to recognise and guide a path to make the Victor Harbor Horse Tram an exceptional experience. The Tram helps to showcase Victor Harbor as South Australia's #1 tourist destination through the world's leading horse drawn tram experience, delivering encounters that create lasting memories. I want to thank the Board for their commitment and passion for the Horse Tram, each member making a very positive contribution, bringing as a whole a considerable skill set to the VHHTA.

Megan Whibley, the VHHTA General Manager, has gone above and beyond in running a very diverse and unique business, while bringing new and fresh ideas to the VHHTA. We have a great team of people working for the VHHTA, and a happy, healthy team of horses. The future of the Victor Harbor Horse Tram Authority is looking positive, bright and exciting.



Nigel M. Catt

Dip.Ag., Grad.Dip.Sc.

Chair

Victor Harbor Horse Tram Authority

The Board



Nigel Catt (Chair)

Nigel Catt has been in the Australian Wine Industry since 1983 in various roles such as senior winemaker for a number of large and medium wine companies, as well as owning his own vineyards, wineries and wine brands.

During this time, Nigel has produced wines in other countries, consulted to other wineries and the State Government, run Industry Supply Companies at board and management level. He owned the Middleton Winery and Vineyards, developed and built the Flying Fish Café and has been a board member for 10 years at Encounter Lutheran College. National Sales and Marketing Consultant for Radoux, a French oak barrel company that he still represents here in Australia.

Nigel has supported and developed many business', and mentored young business people here and overseas. The majority of Nigel's focus and life has been spent in the Fleurieu Peninsula, specifically Victor Harbor, where he is based with his family.



Paul Brown

Paul Brown is the former owner of an internationally recognised tourism business. He has previously been the Chair of Tourism Kangaroo Island and the Australian Tourism Export Council (ATEC) SA Branch, as well as a board member of ATEC nationally.

In addition to being a Board member of the Victor Harbor Tram Authority he is a Board member of the Summit Sport and Recreation Park (Mount Barker) and Owner/Director, Dauncey Street Investments Pty Ltd

A graduate of the Australian Institute of Company Directors course Paul has always sought to make a contribution to his industry and community and in recent times has contributed to the Older Persons Health sector.



Councillor Carol Schofield AM

Councillor Carol Schofield AM is the City of Victor Harbor's Elected Member representative on the Victor Harbor Horse Tram Authority Board. Carol was Chair of the City of Victor Harbor's Horse Tram Advisory Committee before it transitioned to form the Inaugural Victor Harbor Horse Tram Authority. She brings to the Board skills in business management, event management, tourism and agribusiness.

Carol is a long-time resident of Victor Harbor and has been involved in many local organisations. She was a dairy farmer and established her own agriculture business in Inman Valley.



Rachel Kennedy

Professor Rachel Kennedy (PhD, B.Bus(Hons), GAICD) is a globally recognised expert in marketing and evidence-based growth. As a co-founder and director of the Ehrenberg-Bass Institute, she has a proven track record of successful industry engagements that profitably grow businesses and build and protect their iconic assets. She combines this with hands-on experience marketing a local tourism reliant business.

Rachel is passionate about her community in Victor Harbor where she can often be seen walking, at the beach patrolling or playing hockey with her family. She is excited to bring her skills and knowledge to our Horse Tram.



Natasha Hunt

Natasha Hunt has over 15 years' experience working in local government and the tourism industry. She is the Team Leader of the Fleurieu Coast Visitor Centre, who won the 2018 South Australian Tourism Award for Visitor Information Services. Natasha is responsible for the marketing of the Fleurieu Coast region and manages the District Council of Yankalilla's volunteer programs. Natasha represented the Fleurieu Peninsula on the South Australian Tourism Commission's Industry Skills Advisory Committee and was an inaugural member of the South Australian Accredited Visitor Information Centre Network.

Natasha grew up on the Fleurieu Peninsula on her family's farm where they operate two horse-based businesses. Natasha is passionate about the Fleurieu and has volunteered in many community organisations including the Normanville New Year's Eve Pageant, Yankalilla Football and Netball Club and the Fleurieu Horse and Pony Club.

General Manager

The General Manager reports directly to the Board and is responsible for overseeing the operations of the iconic Horse Tram service.

In early 2019, a competitive selection process was undertaken and Megan (Meg) Whibley was appointed from a strong field of candidates.

As the former managing director of Greenhill's Adventure Park, Meg has extensive experience in the tourism and service industry. It was these skills along with her experience with horses and local knowledge that led her to be selected as the successful candidate.

Since that time Meg has been a highly motivated driver of the VHHTA's direction and growth, successfully implementing the Board's strategic direction. She is currently bringing to life, entirely new, innovative offerings, services and business directions, promoting expansion, advancement and meaningful evolution, ensuring the future success of the VHHTA. It was the Board's pleasure to renew Meg's contract in 2022 for a further three years.

The General Manager is incredibly proud of the cohesive, talented and productive team the VHHTA has in its employ. Meg promotes a work culture of inclusivity, empowerment and collaboration, with a commitment to improving and upskilling employee capabilities and expertise, investing in the team that supports the Victor Harbor Horse Tram to be the world class attraction that it is.

Audit and Risk Committee

In accordance with the Charter, the VHHTA was required to establish an Audit Committee. The VHHTA drafted and endorsed the Victor Harbor Horse Tram Authority Audit Committee Terms of Reference, appointed four members, which included two board members and two Independent members, and the first meeting occurred on 9 Feb 2021. Since that time an extra independent member has been appointed, so as to create a 5-member committee for the purposes of decision making and complying with best practice advice from the Local Government Authority.

The three independent members, along with the two Board members, bring an overwhelming volume of knowledge and specialist expertise. The VHHTA is thrilled to have them sitting on the Audit Committee, and appreciative to have members of their calibre, particularly given their non-remunerative status.

The Audit Committee is in its second year of oversight, and has, through recommendations to the VHHTA, made improvements to the VHHTA's risk management policies, procedures and risk library. In 2021, the Audit Committee utilised a risk management specialist to craft risk documents, tailored for the specific and unique operations of the Horse Tram, including a Risk and Opportunity Matrix, providing a more comprehensive analysis tool for identifying outcome possibilities for the VHHTA.

About this Plan

This Business Plan is the third review and update since the first Business Plan was prepared and provided to the City of Victor Harbor's elected members in October 2019, 12-months after the VHHTA was gazetted. The business plan must be reviewed on at least an annual basis, but may be amended at any time that changes are required. The business plan was first updated in February 2020 and presented to the City of Victor Harbor's elected members on the 18 February 2020.

This business plan includes, as required, performance targets that the VHHTA will pursue, a statement of financial and other resources, and internal processes that will be required to achieve these performance targets. It also details performance measures that are used to monitor and assess performance against targets.

Business Planning Process

A collaborative one-day strategic business planning workshop was held on 13 July 2021, attended by all members of the VHHTA Board, the VHHTA General Manager, Authority Executive Coordinator and the City of Victor Harbor Director of Corporate and Customer Service. The workshop was facilitated by an external consultant. This was the third workshop that the VHHTA had organised, the first and second successfully helping to roadmap the 2020 and the 2021 Business Plan update.

During the second workshop, the VHHTA operation for 2020 - 23 was mapped and collectively, values and a clear mission and vision statement were formed with some minor changes from the previous year. During the 2021 workshop, it was decided that these purpose statements still accurately captured the intent and direction of the organisation.



MAJESTIC * CARING * SUSTAINABLE * ICONIC

Vision statement

To showcase Victor Harbor through the world's leading horse tram experience.

Mission statement

To deliver historic experiences and create memories.

Goals/objectives

To become more efficient in the development and implementation of a business structure that incorporates a realistic vision for the future of the Horse Tram service.

Summary

After a brief discussion about the scope of the organisation and future growth, it was decided that these purpose statements accurately captured the intent and direction of the organisation.

As part of the 2021 workshop, a revisit to the skills audit of the group was undertaken, followed by extensive workshopping of strategic priorities and action steps. Conversation was robust, positive and practical, with lots of passion and goodwill in the room for this project. It was very apparent that at this workshop that the direction and planning was a continuation of, and a deepening into, the strategic tact taken in 2020, compared with earlier operational plans.

Informal gatherings have been held bi-monthly to further develop the plan and ultimately, the future of the VHHTA.

The progress the VHHTA has made gives it a bright future and with the ongoing work in relation to the development of policies, procedures and strategic planning the future longevity of the Horse Tram is positive.

Funding Our Plan

Operating Revenue

The Authority is, in part, funded by City of Victor Harbor. Other revenue is generated through ticket sales, receiving of grants, sponsorship, donations, credit interests and reimbursements (own source revenue).

2021/22

Operating expenses of \$874,900 will be funded by own source revenue of \$459,500. Council will provide a contribution of \$415,400 to the VHHTA aiming for a breakeven budget.

The table below provides a summary of the revenue for 2021/22:

Description		Amount
Ticket Sales	Casual and group bookings	\$379,5000
	Souvenir sales and donations/sponsorship	\$40,000
Other Income	Department of Infrastructure and Transport	\$40,000
	Council contribution	\$415,400
Total		\$874,900

2022/23

Operating expenses of \$1,113,200 will be funded by own source revenue of \$698,200. Council will provide a contribution of \$415,000 to the VHHTA aiming for a breakeven budget.

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

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

Expenditure

City of Victor Harbor (COVH) Capital

The City of Victor Harbor holds most of the assets used by the VHHTA in the tram operations. The VHHTA provides recommendations to Council in regards to capital requirements as part of the annual budget process.

These recommendations along with the requirements detailed in Council's Asset Management Plans provide for the effective replacement and upgrade of assets associated with horse tram service delivery.

VHHTA Capital

In addition to the City of Victor Harbor Capital budget, the VHHTA is establishing its own Capital Budget, in response to Council gifting certain assets to the VHHTA. As the VHHTA now has assets, and is responsible for maintaining and replacing those assets, the VHHTA must now

establish its own capital budget for this purpose. The VHHTA intends to service the capital budget by borrowing funds through the LGFA, in accordance with the VHHTA Charter. The VHHTA is currently working in collaboration with Council to achieve the VHHTA Capital budget and reduce its dependence on Council by managing certain assets.

Operating

Operating expenditure for the VHHTA includes employee costs, maintenance of assets, horse care, utilities, corporate support and building and equipment hire.

Corporate support is provided on a pro rata basis by the City of Victor Harbor for a number of services including information technology, finance and administration support. Costs that are directly attributable to the VHHTA are on-charged by council.

Building and equipment hire is charged by council at a rate equal to depreciation. This reflects the VHHTA's consumption of Council assets whilst providing a cost-effective solution for the VHHTA.

2021/22

The table below provides a summary of the expenses for 2021/22:

Description		Amount
Employee costs	Salaries, superannuation & workcover	\$531,200
Administration	Travel, stationary, printing and communication Insurance & Utilities	\$71,000
Maintenance	Building and equipment maintenance	\$35,000
Horse care	Feed, farrier and vet fees	\$58,000
Marketing	Advertising, promotions and souvenir purchases	\$26,000
Other Expenses	Committee costs, volunteer, depreciation and staff amenities	\$45,700
Equipment Hire	Building and equipment hire	\$44,000
Corporate Support	IT, Finance, Records and administration	\$64,000
Total		\$874,900

2022/23

The table below provides a summary of the budgeted expenses 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

Financial Indicators

As the VHHTA is part funded by the City of Victor Harbor to achieve a breakeven budget the VHHTA has chosen to report on Own Source Funding Ratio in lieu of the Operating Surplus Ratio.

Own Source Funding Ratio will provide a key indicator on the percentage of income that is generated before Council contributions.

Over the long term, aims to increase this percentage, thus reducing reliance on council funds.

The following table provides the ratios for 2021/22 and 2022/23:

Key Financial Indicators	2021/22	2022/23
Own Source Revenue	52.5%	62.7%
Operating Surplus Ratio	0%	0%
Net Financial Liabilities Ratio	11%	8%
Asset Renewal Funding Ratio	0%	100%

Products and Services

The major business of the VHHTA is the sale of tickets to travel from the mainland to Granite Island via the causeway on the Horse Tram.

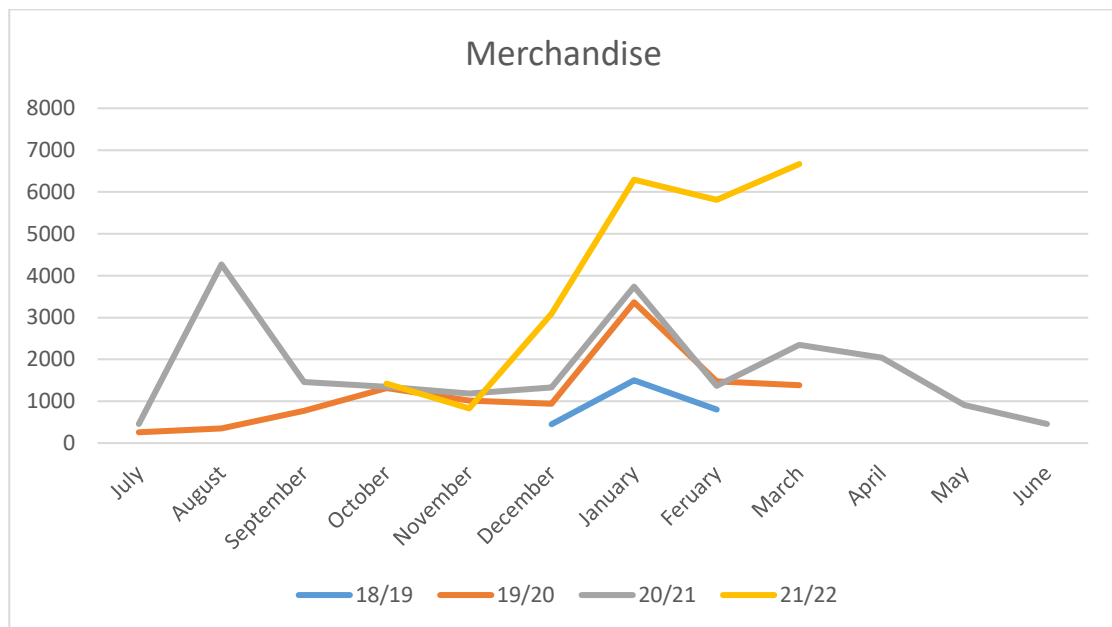
A small amount of income is also made from the sale of merchandise, which includes horse shoes, plush toys, post cards, hobby horses, hats and jackets.

Product/Service	Description	Price (Subject to change)
Horse Tram ticket Pricing	Horse tram passenger service using Clydesdales and heritage trams to transport visitors from the mainland to Granite Islands	One way / Return Adult \$15 / \$20 Concession (Seniors and Students, Pensioners) \$10 / \$15 Children ride free with a paying adult. (limit of 2 children per adult)
Horse Tram membership	Membership offers members benefits and local business benefits	Adult \$60 Concession \$45 Children ride free with a paying adult. (limit of 2 children per adult)
Horse Tram and Whale Centre membership	Members benefits and local businesses benefits	Currently on hold due to Whale Centre renovations.
Horse Tram and Whale Centre daily packages	Entrance to Whale Centre & Tickets for Horse Tram	Currently on hold due to Whale Centre Renovations
The Heritage Experience	The ticket includes a trip on the PS Oscar W, Steam Ranger & Horse Tram with a return trip to Goolwa	Adults \$64 Concession (Seniors and Students, Pensioners) \$56 Child (4-15 years) \$32 Family (2 adults 2 children) \$159
Buy one get one free packages	Entertainment Card	
Joint tickets with Oceanic Victor	This ticket item is in the investigation/development stage	

Merchandise

The VHHTA opened a merchandise store in December 2021. This was made possible due to the remodelling of the original office, so as to accommodate a smaller office, staff room, tack and feed rooms and the new merchandise store. Prior to the store being established, Horse Tram volunteers sold a small amount of merchandise, utilising a trestle table set up in the plaza. The situation exposed the volunteers to poor weather conditions and severely limited the range of merchandise available.

The new store has facilitated merchandise sales to boom, while also offering comfortable amenities for the volunteers and the protection of stock. Seven new volunteers have joined the VHHTA team since the store opening, an increase from a team of two to a team of nine. The store is also a fantastic point of contact for visitors to the tram, providing and assisting passengers with tram travel information. The chart below denotes the significant increase in merchandise sales since the opening of the new merchandise store. This is expected to continue to improve when a second store in the new stables complex is introduced in 2023.



What we will do in 2021 - 2023

In 2019/20 the business plan was focused around operational set-up, change and staff development.

2021-2023 is about key project development:

- Priority 1: Finance & Operational growth**
- Priority 2: The Stables Project / Behind the Scenes / VIP Experiences**
- Priority 3: Communication Strategy**
- Priority 4: Office & Shop Renovation Planning**

The following pages outline objectives under each of these four key areas and corresponding actions the VHHTA plans to take over the period of the business plan in relation to achievements of these objectives.

Priority 1: Finance & Operational Growth

The Authority will focus on taking strategic steps towards sustainability and growth while ensuring core business operations continue to develop.

1.1 Secure Operational and Capital budget		
Actions	Indicator	Target
Operational budget approved by Board and Council	Approvals received	April 2021, 22, 23
Capital Budget Approved by Board and Council	Approvals received	April 21, 22, 23
Provide quarterly budget/finance reports to the City of Victor Harbor	Quarterly reporting received	November 2021, February, May September 2022 for EOFY
Undertake budget reviews in line with legislative requirements	Reviews submitted to board & Council	March, October, December 2021 Mid-Year Review
1.2 WHS Processes		
Actions	Indicator	Target
Annual WHS processes review	Received by Board & Council	July 2021, 22, 23
Complete Sky trust set-up to track WHS compliance	Staff trained and using	Achieved – Permanent staff trained
WHS Plan for during Causeway Construction	Published plan	Achieved and Complete
1.3 Project & Development Funds		
Actions	Indicator	Target
Secure & manage 'Stables Project' budget	Approvals received	September 2022
Secure Sponsorship	\$15,000 secured	September 2022
Review and grow merchandise Establish online store	\$10,000 income Online store	October 2022
Budget Office Reno for Budget Bid 21/22	Received by Board & Council	Complete – Office and Merch store renovated
Budget Platform improvements for Budget Bid 22/23	Received by Board & Council	July 2022
Review ticket pricing schedule	Board report complete	Annual – September 2022

Priority 2: The Stables Project / Behind the Scenes / VIP Experiences

This is an exciting development that will enhance care of the horses, WHS for staff and lead to exciting community engagement and Behind the Scenes / VIP Experiences. Initially the stables project was conceptualised to focus first on establishing the stables and staff facilities to meet the housing and care needs of the Clydesdales. An opportunity of tourism grant funding, via the Building Better Regions Fund – Infrastructure Projects Stream, has incentivised the VHHTA to develop and build the Behind the Scenes Experiences simultaneously and in conjunction with the stable project.

2.1 Project Planning		
Actions	Indicator	Target
Confirm Project Team	Regular meetings	June 2022
Draft Project Schedule	Consultation with Board mentors	June 2022
Finalise Stage 1 Project Plans	Received by Board & Council	July 2022
Plan approved by Council	Approval	August 2022
2.2 Project Implementation		
Actions	Indicator	Target
Secure land for Horses	Fenced and secure	Achieved
Public Consultation	Feedback received	September 2022
Approach Sponsors	5 Proposals & meetings	October 2022
2.3 Build		
Actions	Indicator	Target
Confirm build team		July 2022
Commence build	Started	October 2022
Complete build	Horses moved in, Council Member Tour	December 2022
2.4 Forward Planning		
Actions	Indicator	Target
Draft Behind the Scenes / VIP Experience Packages	Workshopped by Board	Achieved – Grant approval received

Priority 3: Communication Strategy

After strategic analysis of the communication priorities in the current climate, based on the situation of the Horse Drawn Tram, it became clear that developing effective relationships and strategic partners was more important than efforts towards customer attraction.

3.1 Effective Communication		
Actions	Indicator	Target
Regular Council updates and dialogue	5 in person meetings	2021/22/23
Regular staff and project team meetings	1 / fortnight	July 2022
Partner with SA icons, as well as Visitor Experience/Tour Operators to increase Horse Tram promotions/exposure – Causeway construction dependant		July 2022
3.2 Strategic Partnerships		
Actions	Indicator	Target
Meet with key government and SATC Stakeholders	5 Key Meetings	October 2022
Open Communication lines with Cause-Way Project team to ensure Horse specific needs and safety are met.	Staff Member consulted	Achieved
Partner with SA icons, and local Tourist Attractions and Venues to increase Horse Tram promotions/exposure	Key Relationships developed	June 2022
3.3 Marketing		
Actions	Indicator	Target
Develop a One-page Marketing Plan based on Strategic Planning Workshop Findings	One-Page Plan in Business Plan	Achieved
Seek high-level media Opportunities & Stories	5 Media Stories	Ongoing
Consistent Social Media Content Publication	Weekly Stories	Ongoing
Full Marketing Plan through a consultant	Plan Complete	2022

Priority 4: Office & Shop Renovation Planning

The Authority intends to improve point-of-sale/customer service experience at the tram office as well as staff facilities by renovating the current office and shop facilities. This will vastly improve the service, possible income streams and staff effectiveness, retention, WHS and wellbeing.

4.1 Office and Shop Renovation		
Actions	Indicator	Target
Create Project team	Assembled and terms of reference agreed.	Achieved
Draft three designs based on functionality and attractive enhancements	Place received by Board	Achieved
Engage professional to draw up designs based on drafts and consultation.	Engaged & work completed.	Achieved
Cost the project	Budgeted	Achieved
4.2 Merchandise		
Actions	Indicator	Target
Review current line	Review to Board	Annual – June 2022/23
Establish online store	Store live on Website	October 2022

Priority 5: Asset Management

The VHHTA intends to develop strategies to manage and improve current assets. The VHHTA must establish its own capital budget for the maintenance, replacement and acquisition of assets, moving towards financial independence from Council.

4.1 Asset Management		
Actions	Indicator	Target
Monitor building renovations for merch shop, staff facilities & office	Consult with builders re: needs and functionality	Achieved
Asset management plan	Cooperate with Karen Rokicinski to develop a 10-year AMP and long-term financial plan for asset replacement	Achieved
Establish a capital budget	Council / LGFA approvals	Achieved



The Development of the Behind the Scenes / VIP Experience Packages

The Victor Harbor Horse Tram Authority is currently developing 'Behind the Scenes and VIP Experiences' that will provide up close and personal opportunities to experience a side of the horse tram operations that has not previously been accessible to the public. As well as responding to demand from visitors and locals to get closer to our majestic Clydesdales, it creates the opportunity to diversify the operation into additional experiences which will allow higher margins, better returns and greater employment opportunities.

The new service will:

- Provide insights into existing operations and the history of the Tram service which dates back to 1894;
- Offer a range of experiences including equine training, education and information, and hands-on demonstrations;
- Showcase the magnificent Clydesdales from the Horse Drawn Tram and introduce visitors to their home (stables and paddocks);
- Offer unique experiences for a range of audiences including:
 - Up close and personal exclusive experiences
 - High Teas
 - School groups
 - Senior groups
- Make it possible to market additional value add opportunities e.g. pony birthday parties, small group experiences, conference facilities for hire, and equine facility rental;
- Facilitate additional merchandise sales; and
- Allow for pre-bookings online for individuals and for coach tour groups, overcoming a limitation with the existing service (where weather makes pre-bookings problematic).

The development of the Behind the Scenes Experiences were fast tracked in order to apply for a tourism grant through the Building Better Regions Fund – Infrastructure Projects Stream – Round 5, allowing the Behind the Scenes Experience to be incorporated into the new stable build and would be expected then to be up and running at the end of the year, or very early in 2023.

The VHHTA was a successful candidate for the Building Better Regions Fund grant application and acquired \$203,000 in additional funding. The funding will be used for:

Construction of a new Shed to include:

- Stables
- Storage and Feed rooms
- Amenities including Shower and Toilets

Construction of new Visitor Centre to include:

- Shed lining
- A meeting and education area
- Room dividers
- Kitchen
- Entrance area
- Merchandise area
- Landscaping
- Solar panels
- Carpark, road entrance and signage

This grant money will support stages one and two of the stable build. Stage one is the construction of the stables. Stage two is the development and fit out of the Behind the Scenes / VIP Experience.

The VHHTA has now applied for the Building Better Regions Fund – Infrastructure Projects Stream – Round 6 grant funding. The VHHTA is seeking an additional \$120,000, in matched funding. If the VHHTA is successful in attaining the grant money it will support the development of Stage three of the project, the Inclusive Adaptation and Indigenous Experience development.

Inclusive Adaptation

- Inclusive pathways from carpark to facility, stable area and tree allotment (Disabled access), providing inclusive access to property (disabled access).

Indigenous Experience

- Including a yarning circle and bush tucker garden, for the delivery of First Nations Australian experiences and cultural education, Welcome to Country (these aspects would be led by a Ramindjeri/Ngarrindjeri staff member), and enriched Equine Assisted Learning facilitation.

Upgrade of External Facilities

- The addition of external lighting, entrance and signage, and further fencing for property.



Behind the Scenes / VIP Experience Financial Plan – 5 Year Forecast

Below is an overview of the projected financial performance of the Behind the Scenes / VIP experience over the next five years, based on conservative assumptions. The following projections and plan developmental stages are further fleshed out in the Victor Harbor Horse Tram Authority Behind the Scenes & VIP Experiences Business Plan.

To achieve these projections, the VHHTA applied for and was granted \$203,000 from the Building Better Regions Fund – Infrastructure Stream – Round 5. The grant money matched the \$203,000 that the VHHTA had available in the City of Victor Harbor's 2021/22 capital budget to build the Stable complex commencing the first stage of the project.

The Behind the Scenes & VIP Experiences business model has the distinct advantage that variable costs are already accounted for in the VHHTA Operational budget. Making it profitable in the first year.

The figures are intentionally conservative, with revenue expected to exceed estimations but reflecting the uncertainty surrounding travel and the economy as a result of COVID.

Please note: Figures in tables are based on first FY plus 5% growth each FY after.

Table: Forecast Annual Financial Summary

Annual					
	FY 1	FY 2	FY 3	FY 4	FY 5
Revenues					
Revenues	\$164,760	\$206,970	\$299,080	\$443,570	\$684,280
Total Revenue	\$164,760	\$206,970	\$299,080	\$443,570	\$684,280
Direct Cost					
Direct Costs	\$36,640	\$45,260	\$64,620	\$96,260	\$151,340
Total Direct Costs	\$36,640	\$45,260	\$64,620	\$96,260	\$151,340
GROSS PROFIT	\$128,120	\$161,710	\$234,460	\$347,310	\$532,940
GROSS PROFIT(%)	78%	78%	78%	78%	78%
Other Expenses					
Salaries	\$84,000	\$100,800	\$145,152	\$152,410	\$160,030
Marketing Expenses	\$12,200	\$12,900	\$13,500	\$14,200	\$14,900
Rent/Utility Expenses	\$12,000	\$12,400	\$12,600	\$12,800	\$13,100
Other Expenses	\$9,200	\$9,200	\$9,200	\$9,400	\$9,500
Total Other Expenses	\$117,400	\$135,300	\$180,452	\$188,810	\$197,530
EBITDA	\$10,720	\$26,410	\$54,008	\$158,500	\$335,410
EBIT	\$10,720	\$26,410	\$54,008	\$158,500	\$335,410
Interest Expense	-	-	-	-	-
PRETAX INCOME	\$10,720	\$26,410	\$54,008	\$158,500	\$335,410
Net Operating Loss	-	-	-	-	-
Use of Net Operating Loss	-	-	-	-	-
Taxable Income	\$10,720	\$26,410	\$54,008	\$158,500	\$335,410
Income Tax Expense	-	-	-	-	-
NET INCOME	\$10,720	\$26,410	\$54,008	\$158,500	\$335,410
Net Profit Margin (%)	7%	13%	18%	36%	49%

Table: Income projections breakdown by package type

	FY 1	FY 2	FY 3	FY 4	FY 5
1. VIP basic experience	\$48,000	\$61,630	\$91,050	\$134,520	\$198,750
2. School Groups	\$19,640	\$23,680	\$31,770	\$42,630	\$57,190
3. School Groups + Tram ride	\$13,080	\$15,780	\$21,180	\$28,400	\$38,110
4. High End VIP Experience	\$69,800	\$84,180	\$112,940	\$151,540	\$203,310
5. The Ultimate Experience	\$8,080	\$11,410	\$18,440	\$29,810	\$48,170
6. Merchandise Sales	\$4,560	\$8,360	\$21,110	\$53,200	\$134,090
7. Facility rental income	\$1,600	\$1,930	\$2,590	\$3,470	\$4,660
	\$164,760	\$206,970	\$299,080	\$443,570	\$684,280
Direct Cost - Product 1	\$7,200	\$8,680	\$11,650	\$15,630	\$20,970
Direct Cost - Product 2	\$7,200	\$8,160	\$9,930	\$12,120	\$14,760
Direct Cost - Product 3	\$3,600	\$4,080	\$4,970	\$6,050	\$7,380
Direct Cost - Product 4	\$12,000	\$14,470	\$19,410	\$26,050	\$34,940
Direct Cost - Product 5	\$4,000	\$5,450	\$8,800	\$14,220	\$23,000
Direct Cost - Product 6	\$2,400	\$4,140	\$9,470	\$21,670	\$49,590
Direct Cost - Product 7	\$240	\$280	\$390	\$520	\$700
	\$36,640	\$45,260	\$64,620	\$96,260	\$151,340

Table: Summary Financials**Summary**

	FY 1	FY 2	FY 3	FY 4	FY 5
Revenues	\$164,760	\$206,970	\$299,080	\$443,570	\$684,280
Direct Expenses	\$36,640	\$45,260	\$64,620	\$96,260	\$151,340
Gross Profit	\$128,120	\$161,710	\$234,460	\$347,310	\$532,940
Gross Profit (%)	77.8%	78.1%	78.4%	78.3%	77.9%
Other Expenses	\$117,400	\$135,300	\$180,452	\$188,810	\$197,530
EBITDA	\$10,720	\$26,410	\$54,008	\$158,500	\$335,410
Income Tax Expense	\$0	\$0	\$0	\$0	\$0
Net Income	\$10,720	\$26,410	\$54,008	\$158,500	\$335,410

The new business will ensure the ongoing sustainability and competitiveness of the Victor Harbor Horse Tram and position it to support retail, business, economic growth, employment growth and viability for the region. This project is well timed with the opening of the new Causeway as it will revitalise and further encourage tram and Behind the Scene's tours by residents, tourists, visitors and the community in general.

The Future

The VHHTA has a bright future with the new Granite Island causeway, now completed which allows the service to operate into the future, trouble-free, and in much safer conditions for the horses, Horse Tram and the public.

The prime position of the Horse Tram will allow it to continue to attract tourists, grow its existing business, retain and increase profitability through a commitment to improvement, while expanding and marketing services, experiences and offerings.

In the immediate future there is uncertainty surrounding Covid-19, the reliability of interstate and international visitors, or alternatively the unpredictable risk of a serious Coronavirus outbreak occurring, causing a shutdown of tram operations due to restrictions.

Looking into the future the VHHTA has a keen focus regarding the development and creation of offerings such as the Behind the Scenes / VIP Experience. Services such as these can operate at the new stable complex, irrespective of weather and Horse Tram shut down realities. As these services are immune from Horse Tram closure and cancellation factors, the VHHTA will, for the first time, be able to offer services and bookings with confidence, reliability and sustainability, generating income with certainty and creating the potential to significantly reduce the Victor Harbor Horse Tram Authority's financial reliance on council.

A significant and positive factor of the expansion of services is that the services and offerings are new, creating a drawcard for our local population who may have already travelled by tram across the causeway. We are informed by some tourists that they are uninterested in travelling on the tram as they have done so before, but that they have come that day purely to see, spend time with and to watch the horses working. The proposed new services key in perfectly to these areas of public need and desire, engaging our local, state-wide, and inter-state population in a whole new and exciting way.

The development of peripheral services to the Horse Tram, such as the Behind the Scenes / VIP Experience, is expected to create circular benefits, sparking and driving more interest back towards the Horse Tram and its world class status as an iconic experience. The Behind the Scenes / VIP Experience is an exciting project in its early development, but service expansion is not expected to stop there.

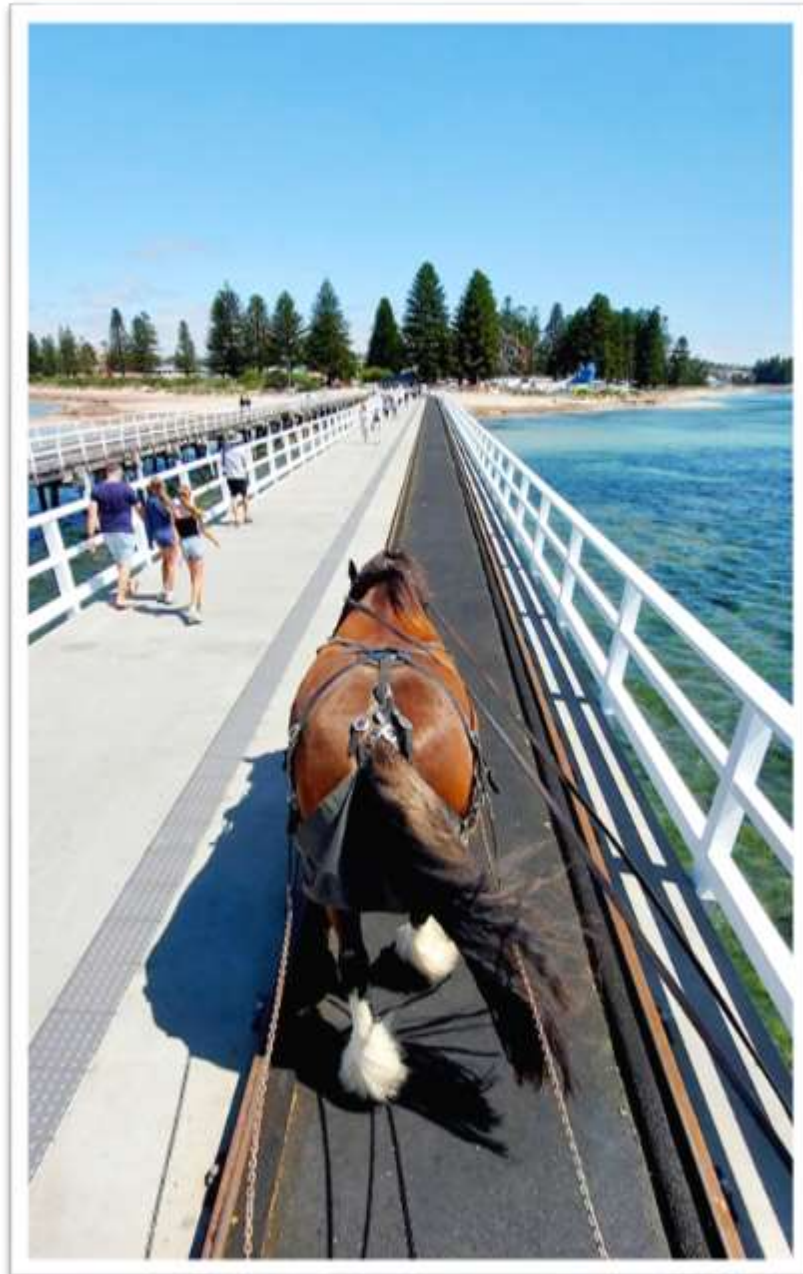
The VHHTA is exploring many potential options. Services such as horse-themed birthday parties, equine therapy and equine assisted learning, corporate team building activities and events are all in the conceptual stage, some with small steps taking place in order to facilitate these services later. Potential service expansion ideas are listed in, but not restricted to, the Behind the Scenes / VIP Experiences Business Plan.

The VHHTA is also looking forward to planting out, and adding to, the biodiversity corridor that passes through the northern corner of the land where the stables will be built. The function area / VIP Centre shall overlook the corridor. As the area grows and transforms, visitors and staff will be treated to a biophilic experience, a space that is inspirational, restorative and healthy, as well as integrative with the functionality of the place and the ecosystem.

Going into the future the VHHTA will continue to listen to and encourage Horse Tram staff, include the community, and empower the management to implement the Boards' strategic direction. The VHHTA shall include and recognise the traditional owners of the land where the stables shall be built with consultation being sought regarding the naming of the stables and individual paddocks. Events and services at the stables shall embody an acknowledgement of the traditional custodians of our beautiful lands and surrounding waters, the Ramindjeri and Ngarrindjeri people,

and recognise their cultural connection with the land and waters. A workplace culture of awareness and respect shall be nurtured, and indigenous culture shall be threaded throughout the Behind the Scenes / VIP experiences that the VHHTA shall offer.

The VHHTA is very excited, positive and confident about the future as it moves forward to ensure that goals, targets and projects come to fulfilment and become operational in the coming months and years.



STATEMENT OF COMPREHENSIVE INCOME

For the Year Ending 30 June 2023

	2021/22	2022/23
	Current Budget at March 2022	Proposed Budget
	\$	\$
OPERATING INCOME		
Ticket & Bookings Sales	347,500	540,700
Council Contribution	415,400	415,000
Other Income	112,000	157,500
Total Income	874,900	1,113,200
OPERATING EXPENSES		
Employee Costs	531,200	694,500
Materials Contract and Other Expenses	337,400	403,130
Depreciation, amortisation and impairment	6,300	15,570
Total Expenses	874,900	1,113,200
Operating Surplus (Deficit)	-	-
Physical Resources Received Free of Charge	63,000	-
NET SURPLUS / (DEFICIT)	63,000	-
KEY FINANCIAL INDICATOR		
Own Source Revenue	52.5%	62.7%
Operating Surplus Ratio	0%	0%
Net Financial Liabilities Ratio	11%	8%
Asset Renewal Funding Ratio	0	100%

STATEMENT OF FINANCIAL POSITION

For the Year Ending 30 June 2023

	2021/22	2022/23
	Current Budget at March 2022	Proposed Budget
	\$	\$
CURRENT ASSETS		
Cash and Cash Equivalents	81,300	444
Trade and Other Receivables	31,000	31,000
Inventories	-	-
Total Current Assets	<u>112,300</u>	<u>31,444</u>
NON-CURRENT ASSETS		
Financial Assets	-	-
Infrastructure, Property, Plant & Equipment	63,000	156,690
ROU Assets	145,700	139,400
Other Non-Current Assets	-	-
Total Non-Current Assets	<u>208,700</u>	<u>296,090</u>
TOTAL ASSETS	321,000	327,534
CURRENT LIABILITIES		
Trade and Other Payables	67,000	67,000
ROU lease	32,000	32,000
Borrowings	-	6,534
Provisions	46,000	15,000
Total Current Liabilities	<u>145,000</u>	<u>120,534</u>
NON-CURRENT LIABILITIES		
ROU Lease	120,000	120,000
Borrowings	-	-
Provisions	9,000	40,000
Total Non-Current Liabilities	<u>129,000</u>	<u>160,000</u>
TOTAL LIABILITIES	274,000	280,534
NET ASSETS	47,000	47,000
EQUITY		
Accumulated Surplus	(16,000)	47,000
Asset Revaluation Reserve	-	-
Other Reserves	-	-
Share in Operating Result	63,000	-
New Capital	-	-
Total Equity	<u>47,000</u>	<u>47,000</u>

CASHFLOW STATEMENT

For the Year Ending 30 June 2023

	2021/22	2022/23
	Current Budget at March 2022	Proposed Budget
	\$	\$
CASHFLOWS FROM OPERATING ACTIVITIES		
Receipts		
Operating Receipts	874,900	1,113,200
Investment Receipts	-	-
Payments		
Operating Payments to Suppliers and Employees	868,600	1,097,630
GST Payments	-	-
Net cash provided by (or used in) operating activities	<u>6,300</u>	<u>15,570</u>
CASHFLOWS FROM INVESTING ACTIVITIES		
Receipts		
Grants specifically for new or upgraded assets	-	-
Sale of replaced assets	-	-
Sale of surplus assets	-	27,727
Payments		
Expenditure on renewal/replacement of assets	-	52,687
Expenditure on new/upgraded assets	-	78,000
Net cash provided by (or used in) investing activities	<u>-</u>	<u>102,960</u>
CASHFLOWS FROM FINANCING ACTIVITIES		
Receipts		
Proceeds from borrowings	-	20,960
Payments		
Repayments of borrowings	-	14,426
Net cash provided by (or used in) financing activities	<u>-</u>	<u>6,534</u>
NET INCREASE (DECREASE) IN CASH HELD	6,300	80,856
Cash & cash equivalents at beginning of period	75,000	81,300
CASH & CASH EQUIVALENTS AT END OF PERIOD	81,300	444