



8 March 2022

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File Ref: GOV9.14.041

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, 8 March 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)

Karen Rokicinski (Director Corporate and Customer Service)

**3. Apologies**

Nil

**4. Reports for Decision**

4.1	Reappointment of Board Members Report	2
4.2	Cash Advance Debenture Loan Funding from Local Government Finance Authority	4

**Next Meeting**

Tuesday 12 April 2022, 3pm – 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 **8 March 2022**  
From **Megan Whibley**  
Subject **Reappointment of Board Members Report**  
Report Number **4.1**

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## **RECOMMENDATION**

- 1. That the Victor Harbor Horse Tram Authority Board receive and note the Reappointment of Board Members Report.**
- 2. That the Victor Harbor Horse Tram Authority Board recommend to Council that Rachel Kennedy be appointed as Independent Board Members for a second term, for a period of two years, commencing on 1 March 2022 and concluding 1 March 2024.**
- 3. That the Victor Harbor Horse Tram Authority Board recommend to Council that Natasha Hunt be appointed as Independent Board Members for a second term, for a period of three years, commencing on 1 March 2022 and concluding 1 March 2025.**

## **INFORMATION**

### **Purpose**

The purpose of this report is for the Authority to consider and recommend to Council to give consideration to reappointing Rachel Kennedy and Natasha Hunt as Independent Board Members for a second term.

### **Background**

The Victor Harbor Horse Tram Authority Charter sets out the requirements for a Board Member to be eligible for reappointment as follows:

- 2.9.5 A Board Member is eligible for reappointment at the expiration of a term of office except that no person shall hold office as a Board Member for more than two consecutive terms.*
- 2.9.6 Prior to the conclusion of the term of office of any Board Member, a further appointment will be made by the Council.*

### 2.9.7 *The Council must give to the Authority a written notice of appointment of a Board Member*

At the Ordinary Council meeting held on Monday, 25 February 2019, Council appointed Rachel Kennedy and Natasha Hunt to the Victor Harbor Horse Tram Authority as Independent Board Members for a three year term commencing on 1 March 2021.

#### **Commentary**

With Rachel Kennedy and Natasha Hunt's terms concluding on 1 March 2022, both members have indicated they wish to be reappointed to the Board for a further term.

As the Board has entered an established and effective stage, it's considered it to be advantageous for the Authority to recommend to Council to consider and reappoint both Rachel Kennedy and Natasha Hunt to the Authority Board for a second term. The advantages of reappointing both members, will ensure the Authority retains their knowledge and valuable skills.

The terms of remaining Independent Board Members, Nigel Catt and Paul Brown are due to conclude on 1 March 2023.

To ensure the Authority meets the requirements of Clause 2.9.3 of the Charter, it's recommended that Rachel Kennedy be appointed for a two-year term, and that Natasha Hunt be appointed for a three-year term.

This will make sure, that no more than two Board Members terms of office expire in the same 12 month period.

#### **RISK ASSESSMENT**

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

**Legal and Compliance** – The term of two Board members has now lapsed, and their reappointment will ensure that the Victor Harbor Horse Tram Authority can continue to meet Charter obligations. This risk is assessed as **low**.

#### **REFERENCES**

Victor Harbor Horse Tram Authority Charter

Local Government Act 1999

#### **BUDGET IMPLICATIONS**

There are no budget implications associated with the Board receiving and endorsing this report.

#### **CONSULTATION**

Victor Harbor Horse Tram Board Members



Meeting **Victor Harbor Horse Tram Authority**  
Date **8 March 2022**  
From **Megan Whibley**  
Subject **Cash Advance Debenture Loan Funding from Local Government Finance Authority**  
Report Number **4.2**

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## **RECOMMENDATION**

- 1 That the Victor Harbor Horse Tram Authority receive and note the Cash Advance Debenture Loan Funding from Local Government Finance Authority report.**
  
- 2 That the Victor Harbor Horse Tram Authority Board:**
  - (a) endorse that the Victor Harbor Horse Tram Authority apply for a loan with the Local Government Finance Authority, being a Cash Advance Debenture of \$200,000; and**
  
  - (b) seek approval from the City of Victor Harbor that, as the entity responsible for the establishment of the Subsidiary, they act as guarantor for the Cash Advance Debenture; and**
  
  - (c) subject to approval of the Cash Advance Debenture by LGFA, authorise the Board Chair and the VHHTA General Manager to execute the relevant loan agreements and affix the subsidiary common seal thereto.**

## **INFORMATION**

### **Purpose**

The purpose of this report is to seek Victor Harbor Horse Tram Authority Board endorsement to apply for \$200,000 in loan funds in the form of a Cash Advance Debenture through the Local Government Finance Authority (LGFA), to seek approval from City of Victor Harbor (CVH) to serve as guarantor for the loan borrowings, and authority to execute the loan agreement upon approval.

### **Background**

Previously all assets of the Victor Harbor Horse Tram Authority (VHHTA) (the Authority) were Council owned. In order to maintain and replace these assets Council has utilised a capital budget. The VHHTA utilises an operating budget for the running and implementation of Horse Tram services and offerings, but has not previously had a need

for a VHHTA capital budget. On 30 September 2021 Council gifted assets, including a Mitsubishi Triton and horse float, 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 capital budget would then need to be serviced by borrowing funds through the LGFA, in accordance with the VHHTA Charter.

The VHHTA Charter states the following in relation to the borrowing of funds:

**1.9 Funding of Authority, Borrowings and Expenditure**

*1.9.1 The Authority is intended to be partially self-funded.*

*1.9.2 The Authority has the power to incur expenditure as follows:*

*1.9.2.1 in accordance with a Budget adopted by the Authority and approved by the Council as required by the Act or this Charter; or*

*1.9.2.2 with the prior approval of the Council; or*

*1.9.2.3 in accordance with the Act, in respect of expenditure not contained in a Budget adopted by the Authority, for a purpose of genuine emergency or hardship.*

*1.9.3 Subject to clause 1.9.4 the Authority has the power to borrow money as follows:*

*1.9.3.1 in accordance with a Budget adopted by the Authority and approved by the Council as required by the Act or this Charter; or*

*1.9.3.2 with the prior approval of the Council.*

*1.9.4 Unless otherwise approved by the Council any and all borrowings taken out by the Authority:*

*1.9.4.1 must be from the Local Government Finance Authority; and*

*1.9.4.2 in the case of fixed loans, must be drawn down within a period of 24 months from the date of approval.*

**Commentary**

The City of Victor Harbor, by gifting assets to the Authority, have expressed an appetite for the Authority to reduce its dependence on Council by managing certain assets associated with Horse Tram services. In order for the Authority to responsibly manage those assets it is necessary for the Authority to establish its own capital budget.

The Authority has developed a draft Financial Assets Management Plan, as presented at Attachment A to this report. The Authority, in accordance with its Charter, intends to seek

loan funds from the LGFA in order to support its Financial Asset Management Plan and capital budget.

The Draft 2022/23 Victor Harbor Horse Tram Authority Operating Budget was approved by Council at their February 2022 meeting and has an allocation for the scheduled loan repayments to LGFA. The Authority is now seeking approval from Council to act as guarantor for a loan with the LGFA for a Cash Advance Debenture of \$200,000.

The Draft Financial Asset Management Plan shows the interest and the repayment schedule on sheet 2 of the plan.

## **RISK ASSESSMENT**

**Reputation** – The establishment of a loan facility and its own capital budget will support the Authority moving further towards financial independence from Council. The risk is assessed as *low*.

**Financial Management** – The Authority is required to responsibly manage the assets gifted from Council, as well as other new assets the Authority is acquiring. The proposals detailed in this report will support management of these assets in accordance with the draft Asset Management Plan. The risk is assessed as *low*.

**Legal and Compliance** – The recommendations in relation to the borrowing of funds through the LGFA align with Charter requirements for borrowings. The risk is assessed as *low*.

## **REFERENCES**

VHHTA Charter

## **BUDGET IMPLICATIONS**

The draft 2022/23 VHHTA Operating Budget has an allocation for the scheduled loan repayments to LGFA. This report simply facilitates borrowings in accordance with this budget.

No additional funds are required.

## **CONSULTATION**

City of Victor Harbor - Director Corporate and Customer Service (Karen Rokicinski)

# Capital Asset Management Plan 2022/23

Year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Work Ute		\$37,687					\$50,000					\$53,000		
float				\$25,000					\$25,000					
gater			\$15,000					\$15,000						
work car		\$53,000			\$53,000			\$53,000			\$53,000			
second float		\$25,000					\$25,000				\$25,000			
spray unit						\$3,000								
Harness equipment		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000		
Tractor / mower / slasher			\$20,000						\$35,000					
tools -chain saws, pole saws		\$10,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000		
<b>Total</b>		<b>\$130,687</b>	<b>\$45,000</b>	<b>\$35,000</b>	<b>\$63,000</b>	<b>\$13,000</b>	<b>\$85,000</b>	<b>\$78,000</b>	<b>\$70,000</b>	<b>10,000</b>	<b>88,000</b>	<b>63,000</b>		

## Council Assets and Budget

Horse Tram - Annual Allowance					\$5,000	\$5,000	\$8,000	\$8,000	\$10,000		\$10,000	\$10,000	\$10,000
Horse Tram - Clydsdale Purchases	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$10,000	\$20,000	\$20,000	\$20,000	\$20,000
Horse Tram - Harness/Saddles Biennial Allowance			\$10,000		\$10,000		\$10,000		\$20,000		\$10,000		
Tram # 4			\$45,000						\$10,000				
Granite island terminal	\$45,000												
Horse tram track replacement	\$350,000												
fences	\$20,000	\$20,000											
IT							\$15,000						
Office furniture	\$2,000	\$2,000	\$5,000	\$5,000	\$5,000	\$5,000			\$5,000				
Roller doors at barn	\$5,000	\$5,000	\$5,000	\$5,000					\$5,000				
roller door at tram office													
Tram office hot water system		\$7,000											
Horse Tram - Interpretive Signage and display of historic equipment							\$20,000						



## VHHTA FUNDING PLAN

Year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	
Work Ute		\$37,687					\$50,000					\$53,000	change over every 5 yrs - millage will be low so good trade in value
float				\$25,000					\$25,000				change over every 5 yrs - Good return on the second hand float
gater			\$15,000					\$15,000					change over every 5 yrs - Good management of the vehicle re maintenance
work car		\$53,000			\$53,000			\$53,000			\$53,000		Change over every 3yrs in line with the GM contract and millage will be higher and good return on trade in.
second float		\$25,000					\$25,000				\$25,000		change over every 5 yrs - Good return on the second hand float
spray unit						\$3,000							
Harness equipement		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	new horse harness and stable harness equipement
Tractor / mower / slasher			\$20,000						\$35,000				
tools -chain saws, pole saws		\$10,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	Maintenance Tools
<b>Total Capital Expenditure</b>		<b>\$ 130,687.00</b>	<b>\$ 45,000.00</b>	<b>\$ 35,000.00</b>	<b>\$ 63,000.00</b>	<b>\$ 13,000.00</b>	<b>\$ 85,000.00</b>	<b>\$ 78,000.00</b>	<b>\$ 70,000.00</b>	<b>\$ 10,000.00</b>	<b>\$ 88,000.00</b>	<b>\$ 63,000.00</b>	<b>\$680,687.00</b>
<b>Capital Income from Trade Ins</b>		<b>-\$ 27,727.00</b>	<b>-\$ 8,000.00</b>	<b>-\$ 15,000.00</b>	<b>-\$ 45,000.00</b>		<b>-\$ 50,000.00</b>	<b>-\$ 53,000.00</b>	<b>-\$ 15,000.00</b>		<b>-\$ 60,000.00</b>	<b>-\$ 40,000.00</b>	<b>-\$313,727.00</b>
<b>Total Capital expenditure</b>		<b>\$ 102,960.00</b>	<b>\$ 37,000.00</b>	<b>\$ 20,000.00</b>	<b>\$ 18,000.00</b>	<b>\$ 13,000.00</b>	<b>\$ 35,000.00</b>	<b>\$ 25,000.00</b>	<b>\$ 55,000.00</b>	<b>\$ 10,000.00</b>	<b>\$ 28,000.00</b>	<b>\$ 23,000.00</b>	
<b>Opening balance from previous year</b>		<b>\$ 88,534.00</b>	<b>\$ 110,300.02</b>	<b>\$ 113,860.52</b>	<b>\$ 114,134.94</b>	<b>\$ 107,856.01</b>	<b>\$ 122,998.81</b>	<b>\$ 126,398.76</b>	<b>\$ 159,468.69</b>	<b>\$ 144,942.13</b>	<b>\$ 146,589.23</b>		
<b>Total Borrowings</b>		<b>\$ 125,534.00</b>	<b>\$ 130,300.02</b>	<b>\$ 131,860.52</b>	<b>\$ 127,134.94</b>	<b>\$ 142,856.01</b>	<b>\$ 147,998.81</b>	<b>\$ 181,398.76</b>	<b>\$ 169,468.69</b>	<b>\$ 172,942.13</b>	<b>\$ 169,589.23</b>		
<b>Interest</b>		<b>\$ 2,574.00</b>	<b>\$ 3,766.02</b>	<b>\$ 4,560.50</b>	<b>\$ 5,274.42</b>	<b>\$ 5,721.07</b>	<b>\$ 7,142.80</b>	<b>\$ 7,399.94</b>	<b>\$ 9,069.94</b>	<b>\$ 8,473.43</b>	<b>\$ 8,647.11</b>	<b>\$ 8,479.46</b>	increase of 0.5% each year on interest rate up to 5% by 2027/28
<b>Repayments</b>		<b>-\$ 17,000.00</b>	<b>-\$ 19,000.00</b>	<b>-\$ 21,000.00</b>	<b>-\$ 23,000.00</b>	<b>-\$ 25,000.00</b>	<b>-\$ 27,000.00</b>	<b>-\$ 29,000.00</b>	<b>-\$ 31,000.00</b>	<b>-\$ 33,000.00</b>	<b>-\$ 35,000.00</b>	<b>-\$ 37,000.00</b>	Budgeted for in the operational budget If more funds available an increase in repayments would occur.
<b>Total Borrowings</b>		<b>\$ 88,534.00</b>	<b>\$ 110,300.02</b>	<b>\$ 113,860.52</b>	<b>\$ 114,134.94</b>	<b>\$ 107,856.01</b>	<b>\$ 122,998.81</b>	<b>\$ 126,398.76</b>	<b>\$ 159,468.69</b>	<b>\$ 144,942.13</b>	<b>\$ 146,589.23</b>	<b>\$ 141,068.70</b>	