



28 October 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: Friday, 28 October 2022

TIME: 3pm

PLACE: Via Zoom

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 The First Quarter Review of the 2022/23 Budget Report 2

Next Meeting

Tuesday, 8 November 2022 at 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.*



Meeting **Victor Harbor Horse Tram Authority**
Date **28 October 2022**
From **Megan Whibley**
Subject **The First Quarter Review of the 2022/23 Budget Report**
Report Number **4.1**

RECOMMENDATION

- 1. That the Victor Harbor Horse Tram Authority receive and note The First Quarter Review of the 2022/23 Budget Report.**

- 2. That the Victor Harbor Horse Tram Authority;**
 - a. endorse The First Quarter Review of the 2022/23 Budget Report as presented at attachment A to this report, noting an unchanged contribution from Council (operating deficit) of \$415,000, and**

 - b. provide the Budget Review to Council.**

INFORMATION

Purpose

The purpose of this report is for the Victor Harbor Horse Tram Authority (VHHTA) to endorse The First Quarter Review of the 2022/23 Budget Report, and to provide a projection of the Victor Harbor Horse Tram Authority ('Authority') operating budget for 2022/23, identifying any variations sought to the Authority's original budget and the cumulative financial implications.

Background

Section 9 of the Local Government (Financial Management) Regulations 2011 provides the requirements for regular budget reviews. Regulation 9(1)(b) and 9(2) of the Local Government (Financial Management) Regulations 2011 requires a budget review to include a revised forecast of the Authority's operating and capital investment activities compared with estimates set out in the budget.

Further, the Victor Harbor Horse Tram Authority is 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.

The first quarterly report for the 2022/23 financial year has been prepared on schedule. This First Quarter Review of the 2022/23 Budget, is a review addressing the first three months of the 2022/23 financial year.

Commentary

The Victor Harbor Horse Tram Authority 2022/23 budget was prepared by the VHHTA, utilising the software package 'Xero' to manage Authority finances.

The 2022/23 budget is tracking well considering the Horse Tram is back in operation following the Plaza rebuild and the new Causeway construction. It is exciting times, also bolstered with the new merchandise store showing really strong results in the first quarter.

There are a few areas that were not allowed for in the 2022/23 budget.

- Income protection insurance for the staff, which is required as part of the Enterprise Bargaining agreement.
- The yearly wage increase was negotiated and agreed to after the 2022/23 budget was completed, increasing wages 1.5% more than expected, to account for CPI.
- Feed and horse expenses have also increased with fuel costs effecting this expense line.

On a positive note, a contract was signed with Department of Infrastructure and Transport for the VHHTA to manage the boom gate access onto Granite Island. This income has resulted in a breakeven outcome.

The First Quarter Review of the 2022/23 Budget Report for Board endorsement is provided at attachment A.

The financial statements are at Attachment B.

RISK ASSESSMENT

Risks associated with the recommendation have been assessed as follows:

Financial Management – The VHHTA is on track to achieve an end of financial year position in accordance with the adopted budget. 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**.

Socio Political, Community Issues / Reputation - The Board are continuing to find ways to generate own-source income to reduce the dependency on Council funding which will go toward appeasing any community concern regarding the use of ratepayer money to fund Horse Tram operations. The VHHTA has been able to provide information to the Victor Harbor community around the benefits of the iconic Horse Tram as a driver of the tourist economy and as an attraction for Victor Harbor versus the relatively low cost of keeping the service running, via the study and report by Laura Hodgson, titled 'The Assessment of the Value of the Victor Harbor Horse Tram'. This risk is assessed as **low**.

Governance - the recommendation meets the requirements of the Charter and legislation. The risk is assessed as **low**.

REFERENCES

Victor Harbor Horse Tram Authority Charter
Local Government (Financial Management) Regulations 2011
The Assessment of the Value of the Victor Harbor Horse Tram – report by Laura Hodgson

BUDGET IMPLICATION

The contribution required from City of Victor Harbor (operating deficit) presented in the budget review at attachment A remains unchanged at \$415,000.

CONSULTATION

SMP Chartered Accountants

Budget Review - Working

Victor Harbor Horse Tram Authority

Description	2022/23 Original Budget	2022/23 YTD Actual	Budget Remaining (\$)	Budget Remaining (%)	2022/23 September Budget Review	Variance (\$)	Variance (%)	Comments
Income								
CVH budget contribution	415,000	103,750	311,250	75%	415,000	0	0%	June to Sept contribution
Donation Income	3,000	909	2,091	70%	3,000	0	0%	On Track
Employee Subsidies	5,000	0	5,000	0%	0	(5,000)	0%	This subsidy isn't available anymore.
Fleurieu Heritage Sales	500	0	500	100%	500	0	0%	On Track
Group Sales	5,000	1,510	3,490	70%	5,000	0	0%	On Track
Other Income	74,500	0	74,500	100%	74,500	0	0%	
Souvenir Sales	75,000	29,098	45,902	61%	80,000	5,000	7%	New Merchandise store is going really well
Ticket Sales	535,000	150,078	384,922	72%	535,000	0	0%	On Track
Causeway boom gate monitoring	0	5,633	(5,633)	0%	40,000	40,000	100%	Monitoring boom gate for DIT contract signed after budget was completed
Other Income - Interest	200	15	185	0%	200	0	0%	
Total Income	1,113,200	290,993	822,207	74%	1,153,200	40,000	4%	No change
Less Operating Expenses								
Administration Charge - Corporate Support	68,000	17,562	50,438	74%	68,000	0	0%	On track
Administration Charge - Rent on Assets	48,000	10,238	37,762	79%	48,000	0	0%	On track
Advertising Expenses	22,000	4,128	17,872	81%	22,000	0	0%	On track
Authority Board Expenses	15,000	2,606	12,394	83%	15,000	0	0%	Payment due to be made.
Cleaning	5,000	1,011	3,989	80%	5,000	0	0%	On track
Consultants and Professional Services	20,000	281	19,719	99%	20,000	0	0%	On track
Employee expenses	694,500	134,946	559,554	81%	704,900	10,400	1%	Higher due to EB 3.5% wage rise instead of 2%
Horse Care Expenses	58,000	19,762	38,238	66%	69,400	11,400	20%	Feed prices have risen due to fuel prices and weather
Other Expenses	2,000	0	2,000	100%	2,000	0	0%	Allowance
Repairs and Maintenance	20,000	1,777	18,223	91%	20,000	0	0%	On track
Security Expenses	4,000	1,177	2,823	71%	4,000	0	0%	On track
Staff Amenity Expenses	3,500	2,258	1,242	35%	5,500	2,000	57%	Costs have increased
Utilities	14,000	2,630	11,370	81%	14,000	0	0%	On track
Vehicle and Travel Expenses	28,100	2,374	25,726	92%	28,100	0	0%	On track
Volunteer Expenses	3,430	0	3,430	100%	3,430	0	0%	Not spent yet
Bank Fees	800	705	95	12%	2,000	1,200	150%	costs to eftpos and increase in machines not accounted for
Insurance	45,000	30,065	14,935	33%	60,000	15,000	33%	Income protection missed in budgeting
Merchant Fees	2,800	819	1,981	71%	2,800	0	0%	On track
Phone and Date Expenses	4,000	421	3,579	89%	4,000	0	0%	On track
Printing and Stationary Expenses	4,500	152	4,348	97%	4,500	0	0%	On track
Souvenir Purchases	35,000	14,046	20,954	60%	35,000	0	0%	On track
Depreciation	15,570	0	15,570	0%	15,570	0	100%	Ute, Gator and float gifted by council. To be included in the Dec budget review (\$10K per year)
Total Operating Expenses	1,113,200	246,957	866,243	78%	1,153,200	40,000		No change
Physical Resources Received Free of Charge	63,000				0	0		Ute, Gator and float gifted by council - this is their value not the gifted depreciated council value..
Net Surplus / (Deficit)	0	44,036	(44,036)	0	0	0		Gifted assets which will be depreciated at 6 monthly review



STATEMENT OF COMPREHENSIVE INCOME

For the Year Ending 30 June 2023

	2022/23 Current Budget at June 2022 \$	2022/23 Proposed Budget \$
OPERATING INCOME		
Ticket & Bookings Sales	540,700	540,700
Council Contribution	415,000	415,000
Other Income	157,500	197,500
Total Income	1,113,200	1,153,200
OPERATING EXPENSES		
Employee Costs	694,500	704,900
Materials Contract and Other Expenses	403,130	432,730
Depreciation, amortisation and impairment	15,570	15,570
Total Expenses	1,113,200	1,153,200
Operating Surplus (Deficit)	-	-
Physical Resources Received Free of Charge	63,000	63,000
NET SURPLUS / (DEFICIT)	63,000	63,000
KEY FINANCIAL INDICATOR		
Own Source Revenue	62.7%	64.0%
Operating Surplus Ratio	0%	0%
Net Financial Liabilities Ratio	7%	7%
Asset Renewal Funding Ratio	100%	100%



STATEMENT OF FINANCIAL POSITION

For the Year Ending 30 June 2023

	2022/23 Current Budget at June 2022	2022/23 Proposed Budget
	\$	\$
CURRENT ASSETS		
Cash and Cash Equivalents	10,031	10,031
Trade and Other Receivables	31,000	31,000
Inventories	-	-
Total Current Assets	<u>41,031</u>	<u>41,031</u>
NON-CURRENT ASSETS		
Financial Assets	-	-
Infrastructure, Property, Plant & Equipment	156,690	156,690
ROU Assets	139,400	139,400
Other Non-Current Assets	-	-
Total Non-Current Assets	<u>296,090</u>	<u>296,090</u>
TOTAL ASSETS	337,121	337,121
CURRENT LIABILITIES		
Trade and Other Payables	67,000	67,000
ROU lease	32,000	32,000
Borrowings	6,534	6,534
Provisions	15,000	15,000
Total Current Liabilities	<u>120,534</u>	<u>120,534</u>
NON-CURRENT LIABILITIES		
ROU Lease	120,000	120,000
Borrowings	-	-
Provisions	40,000	40,000
Total Non-Current Liabilities	<u>160,000</u>	<u>160,000</u>
TOTAL LIABILITIES	280,534	280,534
NET ASSETS	56,587	56,587

EQUITY		
Accumulated Surplus	47,000	47,000
Asset Revaluation Reserve	-	-
Other Reserves	-	-
Share in Operating Result	-	-
New Capital	-	-
Total Equity	<u>47,000</u>	<u>47,000</u>



CASHFLOW STATEMENT

For the Year Ending 30 June 2023

	2022/23	2022/23
	Current Budget at June 2022	Proposed Budget
	\$	\$
CASHFLOWS FROM OPERATING ACTIVITIES		
Receipts		
Operating Receipts	1,113,200	1,153,200
Investment Receipts	-	-
Payments		
Operating Payments to Suppliers and Employees	1,097,630	1,137,630
GST Payments	-	-
Net cash provided by (or used in) operating activities	15,570	15,570
CASHFLOWS FROM INVESTING ACTIVITIES		
Receipts		
Grants specifically for new or upgraded assets	-	-
Sale of replaced assets	-	-
Sale of surplus assets	27,727	27,727
Payments		
Expenditure on renewal/replacement of assets	52,687	52,687
Expenditure on new/upgraded assets	78,000	78,000
Net cash provided by (or used in) investing activities	- 102,960 -	102,960
CASHFLOWS FROM FINANCING ACTIVITIES		
Receipts		
Proceeds from borrowings	20,960	20,960
Payments		
Repayments of borrowings	14,426	14,426
Net cash provided by (or used in) financing activities	6,534	6,534
NET INCREASE (DECREASE) IN CASH HELD	- 80,856 -	80,856
Cash & cash equivalents at beginning of period	90,887	90,887
CASH & CASH EQUIVALENTS AT END OF PERIOD	10,031	10,031