

CHAIRMAN'S ANNUAL REPORT – 2021

Overview of 2021 Financial Results: Water revenues were down by 19% due to a wetter summer which has resulted in reduced usage overall. Sundry income was up 4% mainly due to new connections and the leasing of DSE. The new Water Supply Agreement with WDC caused a refunded retrospective price adjustment, however from 1st July 2021 the agreed price increased by 28%. Deferred maintenance from the previous year was completed this financial year resulting in a material increase in maintenance costs. The outcome is a Net Deficit of **\$84,000** and it is expected the 2022 financial year will result in a material surplus.

Late AGM: Due to the prolonged negotiation with WDC, it has not been possible to finalise the Financial Statements. This is because of a material amount of arrears owed by WDC.

Waikato District Council - WDC:

- **Headworks Maintenance:** WDC terminated this contact and TKWA has appointed a Maintenance Inspector to provide the necessary oversight. We have an excellent relationship with Watercare who manages WDC's potable water.
 - **Supply Contract:** The Water Supply Agreement between TKWA and WDC has finally been signed off. The term for this supply of water is from July 2021 until June 2030, the maximum supply of water is 4,000 cubic meters per day and an annual pricing formula has been agreed.
- **Water Take Resource Consent:** This Waikato Regional Council consent is up for renewal in June 2024. Currently, TKWA has the existing right to take 22,900m³ per day and the Association is actively working with Environmental Management Solutions and WDC to justify future demand. The outcome of this process is critical to the Association's future.

Subdivisions: Two subdivisions were completed during this year and upgrades were undertaken.

Reticulation: The scheme is now 36 years old. The need to replace old components continues. As usual, there have been some major leaks requiring significant and difficult repairs. These works often require shut-downs - some with very little warning. While inconvenient to Users, our contractors work with urgency to restore supply.

Charitable Distributions: As a registered charity, the Association makes donations in accordance within its Rules and \$22,500 of distributions were made during this financial year.

Cash Reserves: It is critical for the long-term financial health of the Association that sufficient cash reserves are held to meet any contingency. Because horizontal assets are uninsurable, the Committee has exercised its prudent judgement to reserve **\$1,100,000** of the cash deposits as an "**Adverse Event Reserve**". This will be increased as additional surpluses are available.

What the Future Holds: Since July, the Association has commenced planning for a number of significant projects.

1. **Headworks:** No major works are currently required.
2. **Reticulation:** There is a continuous program of "heavy" maintenance addressing longstanding issues. This includes renewing scour and isolating valves and installing additional ones. Shut downs will be required.
3. **Extensions:** This year to date we have reticulated a new subdivision in Moorfield Road and an extension to Vineyard Road. The 300m extension for Plantation Road is still being considered.
4. **Price of Water to Users:** The current price of water to Users was set in March 2016. Now that the Water Supply Agreement with WDC is finalised, the Committee will review pricing including water and DSE.
5. **Association's Rules:** Changes to the Incorporated Societies Act and the Charities Act are underway. These will be reviewed to take into account the various changes to the environment we operate in. A Special General Meeting will be called to ratify the changes.

Administration: Gerald Jackson is our Maintenance Inspector who works and lives locally, making him readily available to tend to any issues as they arise. Emma Adams, our Administration Manager still lives locally and continues to provide support to our operations. Andrew Cornwall has been instrumental in all projects and negotiations to date and his commitment and input is greatly appreciated. Andrew is stepping down from his role of Executive Officer and will continue to support and advise as necessary.

As for our Committee, we have not been able to meet regularly however I thank them all for their continued interest.

I welcome all new Members and Users to the Association. Thank you all for your continued support. We trust the Association can continue to provide your water needs for the future. I look forward to meeting you at our Annual General Meeting.

Mike Peters Chairman