

CHAIRMAN'S REPORT – 2023/2024

Overview of 2023 Financial Results:

Summary	2023	2022
Total Revenue	746,336	707,874
Total Expenses	960,291	1,331,498
Surplus / (Deficit)	(213,954)	(623,623)
Project - Capital Works	177,484	126,172
Net Operating Cash	104,671	321,150
Bank balance	1,822,525	1,717,854

Total revenue increased by 5%, mainly due to higher interest income. Revenue from water remained stable, but operating expenses rose by 26%. The planned water price increase, effective January 1st 2024, is expected to contribute to future revenue growth. The deficit has been reduced to (\$213,954), compared to the 2022 deficit of (\$623,623), which included a one-off adjustment of \$445,000 for Amortisation of Water

Rights (Other Expenses). Cash reserves have grown from \$1,396,704 in July 2021 to \$1,822,525 in June 2023. Management has effectively managed capital costs and operating expenses with the available cash. However, similar challenges may recur next year due to ongoing project expenditures.

Waikato District Council - WDC:

- **Headworks Maintenance:** Our TKWA Maintenance Inspector and Executive Officer continues to provide the necessary oversight and maintains a great working relationship with Watercare, who manages WDC's potable water.
- **Supply Contract:** As per agreement between TKWA and WDC the supply of water is subject to an annual review, which is underway.
- **Water Take Resource Consent:** Thanks to our collaborative efforts, the Waikato Regional Council consent application has been lodged. This process is crucial for the Association's future, and we are now awaiting the outcome.

Subdivisions: No material work was undertaken on new subdivisions or extensions during this year.

New Business: We have received inquiries from two industrial companies regarding supply, and they are currently evaluating the feasibility of partnering with us.

Reticulation: The scheme is currently 39 years old and requires ongoing replacement of aging components. Periodically, leaks occur, necessitating challenging repairs and occasional abrupt shutdowns. Despite the inconvenience to users, our contractors work with urgency to restore supply.

Charitable Distributions: As a registered charity, the Association makes donations in accordance with its Rules. During this financial year, the Association did not make any formal distributions except for a grant of \$80.

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 reviewed and increased as additional surpluses are available.

Updates: Since July 2023, the Association has been planning and overseeing several significant projects.

1. **Pump House Building:** Necessary compliance changes have been completed, including the installation of safety handrails and a gate. The compressor has been relocated to create additional space for the new switchboard, and a new underground cable has been installed to the filter bank. Filters have been updated, and water meters have been certified in accordance with consent conditions.
2. **Switchboard and Telemetry:** The contractors for this project have successfully completed the extensive planning, design, and equipment ordering for the new switchboard. The development of the upgraded telemetry system is also advancing and will offer immediate alerts for any issues that might impact our operations. We are eagerly awaiting the installation and commissioning of the new switchboard.
3. **Chlorine Dosing Plant:** We evaluated several alternatives to replace the existing chlorine gas system, ultimately deciding on a new salt chlorine plant. This option was recommended due to its safety benefits which eliminates the use of hazardous substances and its cost-effectiveness. The building and plant fit-out for the new system are now complete and fully operational.
4. **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: As the new Chair, I would like to express my gratitude to the Committee for their dedication and to our Executive Officer, Mike Peters, for his commitment and proactive management of the Association's affairs. I also want to acknowledge the ongoing support from our Maintenance Inspector, Gerald Jackson, and our Administration Manager, Emma Adams. I extend a warm welcome to all new Members and Users of the Association. Thank you for your continued support. We are committed to meeting your water needs now and in the future. I look forward to the opportunity to meet you at our Annual General Meeting.

John Cunningham **Chairman**