



Harvey Water's Five Year Corporate Plan

Final Draft

Developed by Harvey Water
19 September to 18 December 2006



think through the future

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Executive Summary

Overview

Beginning in September 2006, the Board of Harvey Water met monthly to develop a Corporate Plan for Harvey Water. Evans & Peck helped guide Harvey Water through this process.

Harvey Water's track record was analysed and 5 year forecasts made of its probable financial situation. Comparisons were made of this "Business as Usual" result with the Board's view of where it would like to be in 5 years. Targets were set and the difference between forecasts and targets were identified.

The internal and external positives and negatives of Harvey Water were identified using a SWOT Analysis. These were ranked as to likelihood and consequence, which enabled the planning to focus on strengths and opportunities whilst addressing threats and weaknesses.

Following the SWOT, the main strategic thrusts were emerging. However a deliberate systematic attempt was made to ensure that all realistic strategies had been considered before drafting the final list.

The broad strategic ideas were evaluated to demonstrate that they were powerful enough to lift the Harvey Water's performance to the levels set in the targets. Actions that will give effect to the strategies were assigned to a person responsible and target dates defined.

Conclusions drawn from the workshops outputs are setout below followed by the 5 year financial targets and Harvey Water's Strategic Statement and action plans.

Conclusions

1. "Irrigation" business is changing to a "Water Provider" business

2. Strategic outcomes of gap analysis

The conclusion to be drawn is that revenue and cost are not volatile, but because of the break even operating objective, relatively small movement in revenue and cost can lead to significant operating surplus or deficit.

3. Strengths and Opportunities

- Strategic direction of Last 5 Years and HPP seen as innovative and Industry leaders (necessary to retain licences)
- Sales mix must change by increasing high cost price, low volume
- Pricing restructure needed
- TWE's must be controlled by Harvey Water
- Understanding cashflow from HPP and irrigation operations
- Water harvesting must be encouraged
- Licence conditions
- Declining irrigation sales will cause redirection of Harvey Water

4. Weaknesses and Threats

- Salinity of Water in Wellington dam
- Shareholders uninterested and changing
- Shareholder base a risk
- Threat of Dam Safety Costs
- Diminishing availability of water
- Director/Management succession planning required



Year 5 Targets

Corporate Planning agreed the following targets.

Revenue Stream	Current (2006 ~\$K)		% Increase	2011 (~\$K)	
	Costs	Income		Costs	Income
Irrigation - Storage Charges	\$ 286	\$ 286	20%	\$ 342	\$ 343
Irrigation - Volumetric Delivery Charges	\$ 1,430	\$ 1,400	20%	\$ 1,500	\$ 1,680
Industrial Sales	\$ 100	\$ 760	20%	\$ 120	\$ 912
SWIAC Management Fees		\$ 156	20%		\$ 187
High Value Water Sales					\$ 500
RWS and By Laws		\$ 116	20%		\$ 139
Other Income		\$ 450	20%		\$ 540
Total	~\$1816K	~\$3168K		3,871	~\$4302K
Dam Safety Charges	\$ 385	\$ -		\$ 400	\$ 400
ERA Review Increases		\$ -		\$ 658	\$ 658
Grand Total				\$ 4,929	~\$5359.6k



Central Core of Our Strategy

1. Harvey Water will continue to focus on it's existing irrigation business and optimise it's water delivery services.
2. In order to become a high value water provider, Harvey Water will investigate opportunities in:
 - high security water sales;
 - low volume, higher value sales to industry and to dual water users; and
 - the supply of water to IWSS.
3. To ensure the security of water access , Harvey Water will:
 - exert influence on legislators and permitting authorities;
 - investigate the acquisition and development of new water sources; and
 - pursue the management of Wellington Dam Storage.
4. Progress the development of Harvey Water as an organisation by focusing on director and staff succession planning, staff development and targeted promotion activities.



Central Core of Our Strategy Cont.

To give effect to the strategies identified, the following actions are to be implemented.

Harvey Water's Existing Business

Strategy 1 - Optimise Water Delivery Services to Existing Irrigation Shareholders in accordance with Harvey Water's Vision of using Access to Water to Promote Regional Economic Development.

Action	Responsibility	Timing	Resources Needed/Deliverables
Develop a Continuous Improvement Plan	GCa	30 Jun 07	Continuous Improvement Plan

Harvey Water - High Value Water Provider

Strategy 2 - Low Volume, Higher Value Sales Opportunities

In order to adapt to changing markets, brought about by the subdivision of high value, low yield irrigated land, Harvey Water will investigate industrial and dual use water supplies and other low volume, higher value sales opportunities to industrial clients and urbanised land.

This will include conducting feasibility studies into supplying fit for purpose water to alternative and existing clients, dual use application of water and developing marketing policies on new fees, charges and clients.



Central Core of Our Strategy Cont.

Fees and Charges investigated might include Consumptive Charges, Take or Pay Systems, High Security Water and Storage, Headworks and Delivery System Access Fees.

Action	Responsibility	Timing	Resources Needed
Obtain Approvals from Government Regulators	GCa	1 Apr 07	
Feasibility study into supplying fit for purpose water	GCa	30 Jun 07	
Fees and Charges Policies	GCa/IEc/DNo	1 May 07	

Strategy 3 - Manage External Trade

Harvey Water will manage any trade of water to the IWSS such that the interests of the company and the rights of all irrigators are preserved. This includes investigating the implications of the licences required to act as a Water Provider as opposed to an Irrigation Water Provider.

Action	Responsibility	Timing	Resources Needed/Comment
Individual Licence Ownership NWI Outcomes	GCa		This Strategy will develop as NWI outcomes become known
Confirm State support for WA Cooperatives Position	GCa	Completed	(Obtained Verbally)
Obtain Approvals from Government Regulators	GCa	1 Apr 07	



Central Core of Our Strategy Cont.

Strategy 4 - Management of Wellington Dam Storage

Harvey Water will investigate the opportunities in pursuing the management of Wellington Dam Storage. This would include investigating available funding to reduce salinity, the Collie Wellington Options Project, the Collie Piping Project and Wellington Dam's overall integration with Harvey Water's strategies of:

- influencing legislative change to ensure access to water on favourable terms; and
- supplying water for local needs and to the IWSS.

Action	Responsibility	Timing	Resources Needed
Continuing of the Diversion Project	GCa/SIce	Ongoing	
Collie Wellington Options Project	GCa/TBu	Ongoing	
Ongoing Discussions with National Water Commission	GCa/TBu	30 Jun 07	Should know position in respect NWI 30 June 07
Screening/Feasibility studies CPP	SIce	30 Jun 08	Assuming NWI funds Studies

Security of Water Access for Harvey Water

Strategy 5 - Access to Water on Equitable Terms

To exert maximum influence on key legislators and to ensure access to water on equitable terms to Harvey Water, approaches will be made to relevant industry leaders with clearly defined positions and arguments on issues relevant to imminent legislative changes.



Central Core of Our Strategy Cont.

Action	Responsibility	Timing	Resources Needed/Comment
Lobby DoW, Treasury, Cabinet Sub Committee on Water, State Water Reform Committee, ERA, NWI, State and Federal Ministers for Water,	GCa/IEc/DNo	Ongoing	Individual Licences, HW's Licences, NWI Funding, Dam Safety Program, Pricing
Respond to WC Proposals on Drainage	GCa/SIce/ DNo/IEc	31 Mar 07	Ensure HW is part of Discussion dealing with Drainage

Strategy 6 - New and Expanded Water Sources

Harvey Water will investigate the acquisition/development of new water sources. Myalup Pumpback, Pipehead/Pumpback Dams on Clarke Brook and McKnoes and savings from Logue Brook Dam.

Catchment Management, particularly of rehabilitated land.

Action	Responsibility	Timing	Resources Needed
Select preferred source options from Myalup Pumpback, Pipehead/Pumpback Dams on Clarke Brook and McKnoes and Savings from Logue Brook Dam.	SIce	28 Feb 07	
Feasibilities including Approvals	SIce/GCa	30 Jun 07	
Catchment Management, particularly of Rehabilitated land.	GCa	28 Feb 07	Negotiate with Alcoa



Central Core of Our Strategy Cont.

Ensuring Harvey Water's Development as an Organisation

Strategy 7 - Succession Planning

In order to maintain the positive management culture of Harvey Water during an expected era of change, Harvey Water will actively encourage interest from suitable shareholders to nominate for election to the Board. This will be achieved by hosting information evenings prior to the Annual General Meeting, approaching suitable or potential Directors and providing training to those interested in becoming future Directors.

Action	Responsibility	Timing	Resources Needed
Action to be determined from L Guthrey paper of December 2006	Board	Now	

Strategy 8 - Staff Development

To become an employer of choice in the south west, Harvey Water will address local staff skills shortages by:

- Recruitment - life style attraction;
- Training attraction - needs analysis of available skills, study opportunities, staff exchanges, skills diversification etc; and
- Cultural attraction - History, OH&S, QA, "family".



Central Core of Our Strategy Cont.

Action	Responsibility	Timing	Resources Needed
Prepare a Staff Development Plan and Budget	JFe/SIce	30 Apr 07	
Staff and Organisational Needs and Issues Review	JFe	28 Feb 07	

Strategy 9 - Promotion of Harvey Water

Strengthen the position of Harvey Water through targeted promotion activities to support Strategies 1 to 8.

Action	Responsibility	Timing	Resources Needed
Review Communications and Identify weaknesses and opportunities	JFe/GCa	Ongoing	