



The Harvey Water "Furphy"

INCREASED CHARGES FOR CONSUMPTION OVER ALLOCATION

The Board agreed at their February meeting that further management restrictions needed to be put in place to ensure that there is not a limitless consumption of water over the allocation limit, and that we have sufficient water for stock until at least the end of June.

The Board have resolved to increase the penalty rate for use of water over allocation to \$500 per ML taken and to lock the supply points of irrigators who have taken water over their entitlement.

This will be effective as of 1 March 2007.

Tough seasons such as we are experiencing require the company to take the lead to make water ownership fair for all shareholders and efficient in its distribution and use.

NEWS FROM THE BOARDROOM

Directors and Staff have been busy with a multitude of issues, which may be of interest to Shareholders. The major issues for Board are summarised below:

- *Review of Bulk Water Pricing* – we have been working closely with the Economic Regulation Authority in a review of Water Storage and Dam Safety Costs which is a major cost issue for Harvey Water and our Shareholders going forward.
- *State Water Legislation* – Harvey Water has had significant input into the Review of WA's Water Service Legislation.

- *National Water Initiative* - Harvey Water have been attempting to negotiate a satisfactory outcome for the cooperative and the state with respect to water trade. Harvey Water have also been instrumental in the formation of an irrigation lobby group, "The Bondi Group", which has played a key role in helping shape the Federal Government's \$10 billion water plan.
- *Collie River Recovery* –Harvey Water has a seat on the working group investigating water sources in the Collie-Wellington catchment and possible solutions to the salinity problems in Wellington Dam.
- *Drainage* - Harvey Water are working with the Water Corporation to determine the fate of open channels that have been replaced by piping.
- *New Water Sources* - Harvey Water have commissioned a study into new possible sources of water, including utilising the water in the Harvey Diversion.

As can be seen, Harvey Water has been at the forefront of water issues at both a State and Federal level and continues to receive positive coverage in the media. Harvey Water strives to act in the best interests of Shareholders and welcomes any feedback on any of the issues raised above.

At the same time we are managing the construction of the \$30 million pipeline around Harvey and preparing to pipe Logue Brook district.

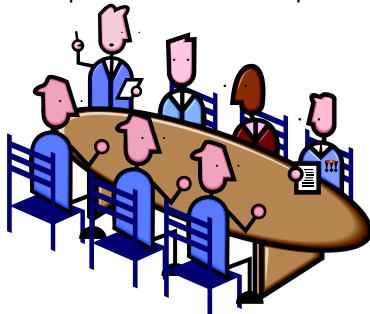
There's a bit happening !



DIRECTORS TRAINING AND SUCCESSION PLANNING

Directors of both SWIAC and SWIMCO have acknowledged that there is a need to actively encourage the greater involvement of shareholders in the business in order to ensure there is a pool of people with both the skills and knowledge to assume the role of a director and guide the cooperative into the future.

Many of the Directors have been involved with the Cooperatives since their inception in 1996, and have contributed a great amount of time and effort in getting Harvey Water where it is today – a nationally recognised Irrigation Cooperative. Ross Warburton, SWIAC Director has announced that he will not be seeking re-election when his term expires in September and has found it difficult to find members who are prepared to put their hand up.



At the February meeting, various strategies were discussed on how to encourage members to nominate for Board positions. It is proposed to hold a workshop for prospective Directors on **Wednesday 13th June**. The workshop will involve informal discussion with current Directors on their involvement on the Board and what is required of them, and what they have got out of representing Shareholders on the Board. We will also be running an accredited Director Training Program in August, giving Shareholders further opportunity to learn about what is involved in becoming a Director.

TWE AUCTION RESULTS

The two auctions held this season have seen record high prices for temporary water in Harvey with irrigators paying as high as \$142 per megalitre at the February auction, smashing the average at the last auction of \$65 per ML. By contrast water in Collie sold for \$2 per TWE. The following table summarises our most recent auction results, held on 7th February:

District	Permanent Sales			Temporary Sales		
	TWE	Average	Highest	TWE	Average	Highest
Harvey	65	\$ 560	\$ 570	634	\$ 123	\$ 142
Waroona	passed in			80	\$ 10	\$ 10
Collie	180	\$ 55	\$ 60	444	\$ 2	\$ 5

Irrigators wanting to trade are encouraged to view our web-site which includes details of water available for sale and contacts for irrigators who have water which may be available for sale. Only about 20% of water traded in a year is through the auction system. The register can be found on: www.harveywater.com.au. Please follow the link to the Water Trading Register under "Irrigator Information".

Irrigators wanting to register their details on the website can contact Natasha on 9729 0100 for further information.

HARVEY PIPE PROJECT

Irrigators will be interested to know that under the excellent guidance of our Operations Manager Steve Icton, the HPP stage 2 is on time and on budget.

Planning and design of stage 3 is now underway.

Please contact Geoff Calder at Harvey Water on Tel: 9729 0100 for further information on any of the items above