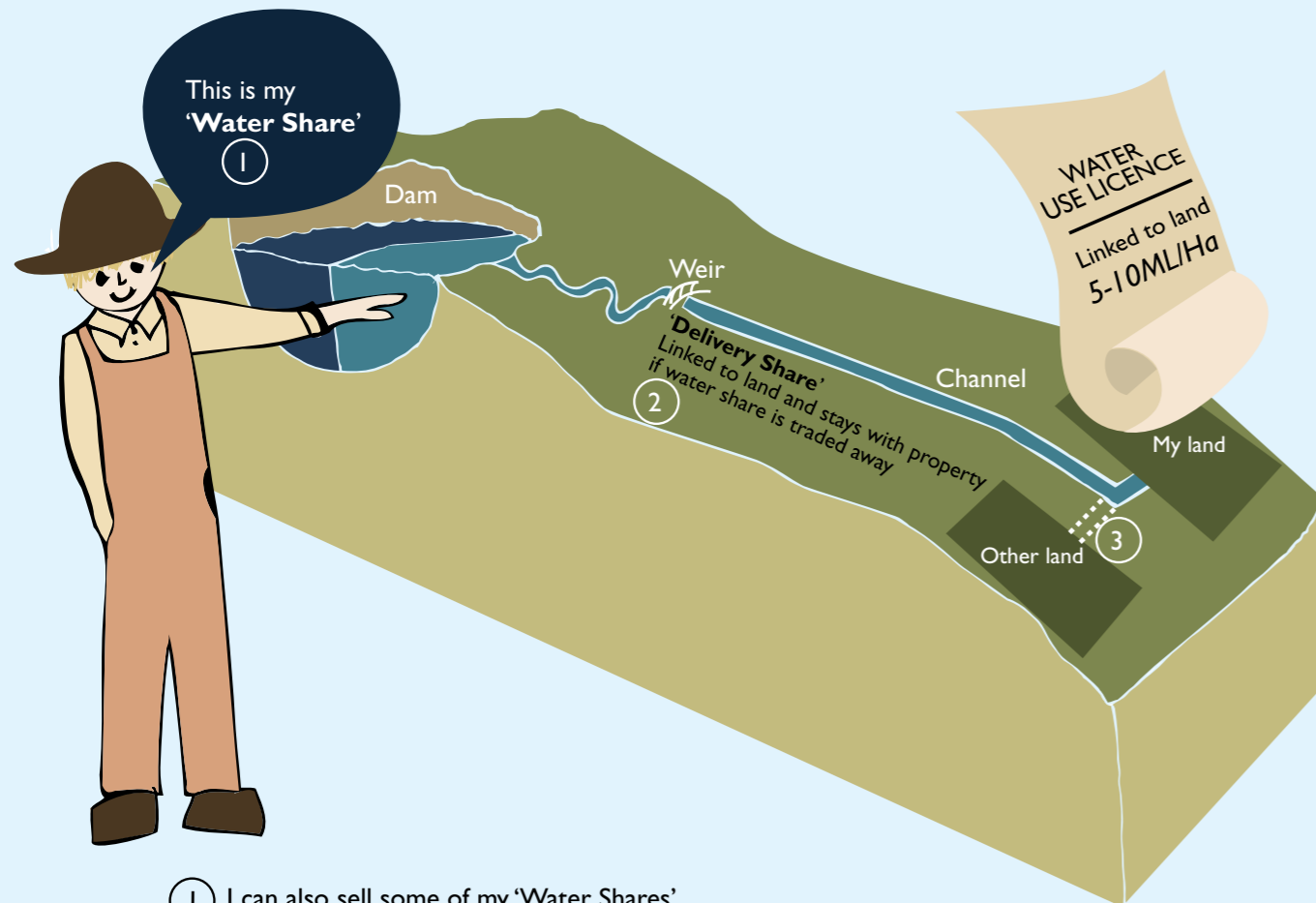


My Water Unbundled



- ① I can also sell some of my 'Water Shares'.
- ② I can arrange for timely delivery, so I can access my water when my crop needs it.
- ③ I can move the 'Delivery Share' to other land (where there is spare system capacity).

More information

You can find out more about unbundling through:

- Local customer meetings in your area (see enclosed flyer for details);
- The Water Wheels information caravan visiting all localities over the next three months;
- www.g-mwater.com.au or by calling your local Goulburn-Murray Water office or 1800 013 357



On 1 July 2007 water rights and diversion licences on regulated water systems in northern Victoria will be unbundled. At this stage, unbundling does not apply to groundwater or waterways not regulated by authority dams and weirs.

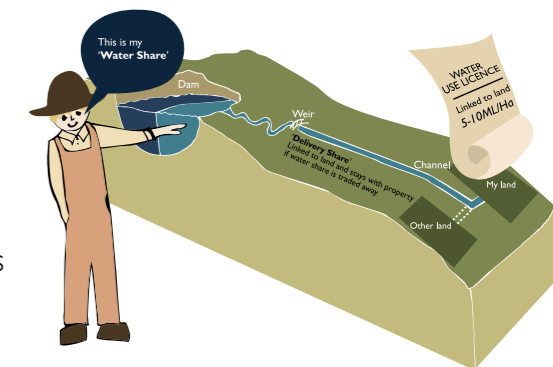
Unbundling separates an existing water entitlement package into:

- Water shares: high and low reliability.
- A delivery share (for regulated diversion licences this is called an extraction share).
- A water-use licence.

Unbundling is part of the reforms to secure Victoria's future water supplies and falls within Victoria's commitment to the National Water Initiative to improve how Australia measures, plans for, prices, and trades water.

Unbundling separates water from land. It gives irrigators new flexibility to plan water use, trade water shares, tailor delivery services and manage risk because:

- A water share becomes an asset which can be mortgaged, giving irrigators the ability to leverage assets to maintain or improve their farming enterprise.
- Buying and selling of water shares will be quicker and easier.
- A low-reliability water share held in the Goulburn-Murray Water region will be an extra asset that can be separately traded
- Irrigators can transfer water share with the option of leasing it back.
- Irrigators will be able to acquire more delivery shares or transfer them away.
- The new delivery share will support recent tariff reform which requires payment for delivery even if water share is sold in order to ensure that customer concerns relating to stranded assets are addressed.



Most irrigators won't need to make any changes in how they manage their irrigation water when unbundling happens. But some may want to look at how their current arrangements work with the new water entitlement package. See the table overleaf for more details.

✓ You need to do something.

⊘ No action required.

👉 Action is optional. If you want to take advantage of unbundling, you can do something.



UNBUNDLING WATER ENTITLEMENTS

Process	What happens	What do I need to do?
Automatic unbundling on 1 July 2007	Current water rights, domestic and stock allowances and diversion licences for regulated rivers are automatically unbundled on 1 July. All unbundled entitlements will be automatically be recorded in the water register.	⊘ No action required. No application is required.
Water shares are created	Everyone with a water entitlement automatically gets a water share, e.g. 100 ML of existing water entitlement becomes 100 ML of high-reliability water share. Low-reliability shares replace sales water.	⊘ No action required. No application is required.
Who will own the water share?	For water rights and domestic and stock allowances: whoever is recorded on the land title as owning the land gets the water share. For diversion licences: whoever is recorded by the water authority as the licensee gets the water share.	⊘ No action required. No application is required.
Land title and Goulburn-Murray Water (G-MW) property ownership details don't match	In early 2007 G-MW will write to customers where the land title and G-MW property ownership records do not match. This might include cases such as: <ul style="list-style-type: none"> • where the G-MW property ownership is out of date or is an informal entity (like a syndicate). • an irrigation holding with more than one parcel of land in different ownership. • where land has been transferred but the new owner is not yet registered on the land title. • where water right is attached to leased Crown land. 	👉 Optional action before 1 July 2007: Interested parties may opt to register the correct land ownership prior to 1 July 2007. If no action is taken, the water share ownership will automatically go to the owners registered on the land title. Water share ownership can be changed by transfer after unbundling. ✓ Action after 1 July 2007: If the water share ownership is an informal entity (like a syndicate or a pump sharing group), it will need to be legally formalised.
Amalgamated properties	A water share will be created equal to the volume of the current water entitlement. Where the water share is created from an irrigation property with more than one parcel of land in different ownership or with different mortgages, the water share ownership will need to be confirmed. If no agreement is reached and no advice is received after 18 months, the water share will be allotted to the owners as tenants in common with equal portions of the undivided water share.	✓ Action after 1 July 2007: If ownership of the water share is agreed to by all parties (including mortgagees), advice is given to G-MW and the Water Register updated. Formal arbitration can be used where agreement cannot be reached (with costs of arbitration to be met by the owners and mortgage holders).

Process cont.	What happens cont.	What do I need to do? cont.
Water share and mortgages	For water rights and domestic and stock allowance: any registered mortgage over land with water right will be automatically listed against the water share (in addition to remaining mortgage over the land), except where the total water share volume is 5 ML or less. This applies to both high and low-reliability water shares. For diversion licences: no mortgages over land specified in the diversion licence will be automatically listed against the water share. For district properties with a mortgage G-MW will send a letter before 1 July 2007 advising details of customers' land holdings, water share and listed mortgages.	👉 Optional action after 1 July 2007: Irrigators may discharge mortgage over their water share without paying a fee in the first six months after 1 July 2007, if their lender agrees.
Water Register advice	A letter of advice will be sent to all irrigators outlining their unbundled entitlements after 1 July 2007.	👉 Optional action after 1 July 2007: If information is disputed or incorrect, the owner should contact G-MW.
Delivery share	Irrigators get a delivery share equal to their current interim delivery share. Delivery share is linked to land and stays with property if water share is traded away.	⊘ No action required. No application is required. 👉 Optional action after 1 July 2007: Owners of land where water right has previously been sold have a window of opportunity after 1 July 2007 to apply to G-MW to take up delivery shares from spare system capacity. When delivery share window of opportunity has been finalised 6 to 12 months after unbundling, G-MW can issue more delivery shares and landowners can transfer delivery shares.
Delivery share and termination fees	Irrigators who choose to surrender part or all of their delivery share pay a termination fee set at a maximum of 15 times the delivery system access fee.	👉 Irrigators who surrender delivery share after 1 July 2007 and pay a termination fee are advised to first consider business and tax issues. Surrender or termination fee may be reduced or waived if G-MW can avoid costs as a result of the delivery share surrender.
Water use licences are created	Water rights and diversion licences will be unbundled to give a water use licence that recognises existing practices and conditions that currently apply to the property. There is no need to issue a paper licence, as licence details and conditions will be kept in the new electronic Water Register. Where non-contiguous blocks of land have been amalgamated, separate water use licences will be issued for each block.	⊘ No action required. No application is required. 👉 A new irrigation development will have to meet higher best practice standards set as conditions on their water use licence. 👉 Where a group of people have been listed as water entitlement owners but they operate separate properties, they may wish to create separate water-use licences for each farm.
Wills		👉 Water shares become a separate asset from land and this is a consideration when planning a will or talking to your solicitor about passing on assets.