



# UNBUNDLING WATER ENTITLEMENTS

## Water Shares for Irrigation Districts and Regulation Diversions



When unbundling happens on regulated water systems in northern Victoria on 1 July 2007, all water entitlements automatically convert to ongoing, legally recognised water shares.

At this stage unbundling does not apply to groundwater or waterways not regulated by Goulburn-Murray Water and Murray-Darling Basin Commission dams and weirs.

Unbundling takes current water entitlements and separate them from land, with the result that:

- water rights and diversion licences are converted into high-reliability water shares
- domestic and stock (D&S) allowances in irrigation areas are converted to high-reliability water shares
- current access to sales water is converted to low-reliability water shares.

### Who owns the water share?

When a water share is created from water rights and domestic and stock allowances, whoever is recorded in the land titles register as owning the land will own the water share.

When a water share is created from diversion licences (section 51, take-and-use licences), whoever is recorded by the water authority as the licensee will own the water share.

### The new water shares

- **High-reliability water share** - 100 megalitres (ML) of an existing water right or diversion licence will become 100 ML of high-reliability water share. Seasonal allocations will depend on available water. For example during a drought the water allocation might be only 50%, meaning a person with a 100 ML water share will be allocated 50 ML of water to use in that drought year.
- **Low-reliability water share** - will replace sales water. A low-reliability water share is a separate asset that can be traded permanently or temporarily and will have more legal protection than sales water. Once there is enough water for this year and next year's high-reliability water shares, assuming drought inflows to storages, any additional water will be allocated against low-reliability water shares. This is the same process that currently applies to sales water allocations.

Sales water has been rescaled to create the low-reliability water shares. Rescaling matches the amount of the new low-reliability water share to the actual maximum volumes of water available in a good year. Rescaling creates a product with a reasonable level of reliability. The amount of low-reliability water share allocated per ML of water entitlement held will vary depending on the irrigation district or river system. These factors recognise the differences in access to sales water that currently exist.

Irrigation district	Low-reliability water share per 100 ML of water right or licence volume
Goulburn-Murray (includes Woorinen)	48 ML
Campaspe	56 ML
Nyah	0 ML
Tresco	0 ML
Regulated diverters	
Mitta, Pental Island	48 ML
Murray	23.1 ML
Ovens	50 ML
Broken	21 ML
Goulburn	24.5 ML
Campaspe (above WWC)	56 ML
Campaspe (below WWC)	0 ML
Loddon	39.4 ML
Bullarook Creek	51.8 ML

You can find out more about water shares through

- the Water Wheels information caravan visiting all localities in the next three months (keep an eye on local papers for dates and locations)
- your local Goulburn-Murray Water office or by visiting or calling:

[www.g-mwater.com.au](http://www.g-mwater.com.au)

1800 013 357



## Mortgages and water shares created from water right and D&S allowance

Any registered mortgage over land with water right or D&S allowance will also become a mortgage over the water share (as well as remaining a 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.

Before 1 July 2007, Goulburn-Murray Water will send a letter to each customer listed in its records where there is a mortgage over the land. The letter will contain details of:

- the land parcels in the irrigation holding
- ownership of each parcel of land as it is recorded in the land titles register
- any mortgage listed against each parcel of land as recorded in the land titles register
- advice that on 1 July 2007 these mortgages will automatically cover unbundled water shares where the water share volume is more than 5 ML.

Irrigators have the opportunity to discharge the mortgage over their water share without paying a fee in the first six months after 1 July 2007, if their lender agrees.

## Water shares created from diversion licences

Mortgages over land described in the diversion (section 51, take-and-use) licence will not become a mortgage over the water share.

## 10 per cent limit on ownership of water shares not associated with land

There is a 10 per cent limit on the amount of water shares in any water system, that can be owned without being associated with land.

The Government set this limit because of community concerns that speculators might enter the market, buy up large quantities of water and manipulate the price. The Minister for Water, Environment and Climate Change can only adjust this limit after consulting irrigation communities.

Being able to own water separately from land creates flexibility. For example share farmers who do not own land have the opportunity to build assets by owning water.

## Water shares as an asset

Water shares become an asset separate from land and this could be a consideration when planning a will or talking to your solicitor about passing on assets.

## When water and land ownership details don't match

Goulburn-Murray Water will contact customers in irrigation districts where the current land ownership and Goulburn-Murray Water water ownership records do not match. Examples of this situation include:

- where the water ownership is out-of-date or is an informal entity (like a syndicate)
- where land has been transferred but the new owner is not yet registered in the land titles register
- where water right is attached to leased Crown land.

If no action is taken before unbundling happens, the water share ownership will automatically go to the registered land owner. Water share ownership can then be changed by transfer after unbundling.

Where land ownership details are not correct, people can register correct details with the land titles office before 1 July 2007. The water shares will then be issued in the name of the corrected land owner.

## Water shares and amalgamated properties

Where the water share is created from a property in an irrigation district with more than one parcel of land in different ownership, the water share ownership needs to be confirmed.

If no agreement is reached and no advice is received after 18 months, the water share will be allotted to all of the landowners as 'tenants in common' with equal ownership of the whole water share.

Confirming and registering the correct water share ownership structure may be important where:

- mortgages are involved on some parcels of land (but not others)
- different parties would like to deal separately with their water share
- one party would be disadvantaged by equal ownership resulting from the default position.