



# UNBUNDLING WATER ENTITLEMENTS

## Amalgamated properties

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Water entitlements on regulated water systems in northern Victoria will be unbundled on 1 July 2007. At this stage unbundling does not apply to groundwater or waterways not regulated by Goulburn-Murray Water or Murray-Darling Basin Commission 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.

### Water shares created from amalgamated properties

For unbundling to happen where there are amalgamated properties, land owners will need to take action to confirm water share ownership.

An amalgamated property is one recorded by Goulburn-Murray Water that has more than one land title included in it. Example 1 is an irrigation property with three titles all operated (but not all owned) by John and Kim Brown. The property has a total water right of 100 ML.

Example 1

Title 1	Title 2	Title 3
Owner: J & K Brown Mortgage: AAA Bank	Owner: P & O Smith (Kim's parents - retired from farming) No mortgage	Owner: J Brown No mortgage

In this example, as the land titles are listed by the Land Registry in different names, the land owners will have to agree on the correct water share ownership details.

When unbundling happens on 1 July 2007 a 100 ML water share will be automatically created with the owners of the three land titles listed as owners of the water share (i.e. J & K Brown, P & O Smith and J Brown).

However, the ownership of the single 100 ML water share created at unbundling will initially be recorded as 'unconfirmed ownership'.

This is necessary because the land owners will need to agree on how the water share is to be owned.

The water share ownership choices include:

- separate water shares owned by each land owner
- a single water share owned 'jointly' by the land owners
- a single water share owned as 'tenants-in-common' by the land owners in agreed portions.

Some water share transactions won't be possible until the ownership of the water share has been confirmed.

### When land owners agree on the water share

When all parties, including any mortgagees, agree to the ownership of the water share and advise the water authority, it will be registered as a confirmed water share.

In this example, the owners might agree to create three separate water shares:

Water share	Ownership	Other
40 ML water share	J & K Brown	Mortgage held by AAA Bank
30 ML water share	P & O Smith	No mortgage
30 ML water share	J Brown	No mortgage

You can find out more about amalgamated properties 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



## When land owners cannot agree on the water share

When all land owners and mortgagees cannot reach agreement, formal arbitration can be used to settle who owns the water share. Any party can request arbitration and the costs will normally be shared equally between the parties. The outcome of arbitration is binding.

## When no advice is received after 18 months

If no advice on the agreed water share ownership is given to the water authority after 18 months, the default ownership structure provided in the Water Act will be put in place.

The default ownership structure that would apply in this situation is that all land owners are 'tenants-in-common' (equal owners) of equal portions of the whole water share.

In our example, the default ownership structure would be:

Water share	Ownership	Other
100 ML water share	J & K Brown 1/3 share P & O Smith 1/3 share J Brown 1/3 share	Mortgage held by AAA Bank over the whole 100 ML water share

Confirming and registering the ownership structure is important to reflect the correct ownership of water share, especially where:

- mortgages are involved
- different parties want to deal separately with their water share
- the parties are involved in estate planning.

## Water-use licences created from amalgamated properties

Where the land parcels that make up the amalgamated property share an edge or boundary (i.e. are contiguous, as in Title 1 and Title 2 in the example) then a single water-use licence will be created covering both parcels, with both land title owners listed as the licensees.

Where the land parcels in an amalgamated property are not physically located together (i.e. are non-contiguous as in Title 3 in the example) then more than one water-use licence will be created.

This will recognise that different conditions may apply to the separate blocks, for example only one may have access to off-farm drainage.

<b>Water-use licence 1</b>	Title 1 and Title 2
<b>Water-use licence 2</b>	Title 3

*Note: the water from the water share can still be used on either or both water-use licences.*

## Delivery shares created for amalgamated properties

A single delivery share will be created for an amalgamated property. This will be the case for both contiguous and non-contiguous amalgamated properties.