

## Steps involved in the Australian Government's purchase of water entitlements

This information is provided to give you an indication of the purchasing process including the conveyancing services that may be required. Actual services required may vary.

There are four steps to the Australian Government's water entitlement purchase process including:

1. The Department issues a call for applications from entitlements holders wishing to sell their permanent water entitlement.
2. Applications are received electronically or in hard-copy.
3. The Department assesses applications to determine whether the offer will be accepted or not.
4. The Department's appointed solicitor(s) undertake conveyancing on accepted applications.

### Indication of necessary steps in conveyancing by the Department's appointed solicitor

- The first step in conveyancing is the **due diligence** process. The Department's appointed solicitor conducts a **due diligence search** on the water entitlement subject to the application to sell. The aim is to validate the information submitted by the successful applicant (seller) in their application and to check for any issues that may affect the value for money of the offer.

Information verified includes:

- entitlement number;
- entitlement type;
- trading zone;
- name and address of registered proprietor of the water entitlement;
- method of ownership e.g. as trustee of a trust;
- irrigation district/sub district;
- volume of water offered/available;
- price per ML;
- total price;
- allocation available;
- term transfers if applicable;
- encumbrances e.g. mortgages, charges, snowy borrow; and
- other required reporting information.

- Based on the results of the searches the Department's appointed solicitor **prepares a comparative due diligence report** for the Commonwealth on the above listed items, comparing the actual information held on land/water/company registers with the details given by the seller or the agent/broker in the application.
- Based on information discovered, the Department's appointed solicitor advises the Commonwealth in the comparative due diligence report if the water entitlement falls within the advised criteria and **recommends appropriate action**.
- Provided the due diligence process does not identify any issues which affect the value for money of the offer, the Department's appointed solicitor will **prepare a sale contract**. If relevant issues are identified more information may be sought from the seller or negotiations started to resolve the issues.
- **Contracts will then be signed and exchanged** between the Department and the seller. Once the contracts are signed by both parties, a signed copy will be returned to the seller for their records.
- On exchange of contracts the sale of the water entitlements offered becomes binding and the Department's appointed Solicitor **lodges forms with the relevant authorities** to transfer ownership of the entitlements.
- If **approval by the relevant water authorities** is given to the transfer of ownership, a settlement date is set.
- If **approval is not granted** by the relevant water authority, the sale will not proceed, as per the conditions of the contract.
- If approval is granted by the relevant water authority, a **settlement statement is prepared** by the Department's appointed Solicitor for approval by the Department and the seller. **Settlement** of the transaction includes the payment being made to the seller, and the Department receiving the necessary documents to record ownership of entitlements.
- The Department's appointed solicitor **advises all parties in writing** that the transaction has been settled and **sends documents for lodgement** with the relevant state registry.
- **Registration** is completed when the Department receives the certificate of title or notice that the Government ownership of the water entitlement has been recorded by the state authority.
- The Department's appointed solicitor prepares a **transaction summary** for the Department.