

**Central Plains Water Limited**

and

***[Full Shareholder Name(s)]***

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**Water Use Agreement**

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# WATER USE AGREEMENT

THIS AGREEMENT made the \_\_\_\_\_ day of \_\_\_\_\_ 2015

## PARTIES

(1) **CENTRAL PLAINS WATER LIMITED** (the "**Company**")

(2) [ ] (the "**Shareholder**")

## BACKGROUND

- A. The Shareholder is a registered proprietor of or otherwise is interested in the Property within the Scheme.
- B. The Shareholder has been issued Ordinary Shares by the Company entitling the Shareholder to be supplied with water up to a volume represented by those shares.
- C. The Shareholder wishes either to be supplied with water or have the option to be supplied with water if available by the Company.
- D. The Company has agreed to supply the Shareholder with water now or in the future on the terms and conditions set out below and subject always to the Consents and availability of water.

## IT IS AGREED

### 1. DEFINITIONS

#### 1.1 Definitions

- (a) "**Agreement**" means this Agreement.
- (b) "**Backflow Prevention Device**" means the infrastructure installed to prevent water flowing back into the delivery pipes through which the Company supplies water to the Shareholder.
- (c) "**Board**" means the board of the Company.
- (d) "**Command Area**" means the command area of the Scheme as shown on Plan CRC061973 referred to in the Consents.
- (e) "**Company Constitution**" means the constitution of the Company as amended from time to time (see the Company website [www.cpw1.co.nz](http://www.cpw1.co.nz) for a copy).
- (f) "**Consent**" or "**Consents**" means the resource consent/consents held by the Company (or licenced to the Company by the Central Plains Water Trust) to take and use water and includes all other such consents deemed necessary by the Company from time to time and any associated or auxiliary consents and amendments or variations thereto.
- (g) "**Consent Conditions**" has the definition as set out in clause 9.3. The current Consent Conditions are set out in Schedule 4 (see Company website [www.cpw1.co.nz](http://www.cpw1.co.nz) for the full list and text of the current Consents and Consent Conditions).
- (h) "**Consent Licences**" means the licence of the Consents held by the Central Plains Water Trust and licenced to the Company.

- (i) "**Construction Shares**" will confer on the holder the right to use the Scheme Infrastructure to the extent necessary to apply 0.6 litres of water per second to the Property and such other rights and obligations as set out in the Company Constitution and/or the terms of issue, in the number set out in Schedule 1 (as subsequently increased or decreased by way of registered share transfers). However each Shareholder's rights to Scheme water is limited by the number of Ordinary Shares they hold.
- (j) "**Easement Agreement**" means any separate easement agreement entered into by the parties.
- (k) "**Enforcement Event**" has the meaning set out in clause 3.1 of Schedule 3.
- (l) "**Fair Value**" means in respect of any groundwater permit referred to in clause 12, the fair value of such permit as agreed between the Transferor and the Company, provided that if the Transferor and the Company cannot reach agreement on the fair value within ten Working Days, the fair value of the permit shall be determined by an independent valuation to be undertaken by a suitable valuer agreed between the parties acting as an expert. If the parties cannot agree on a suitable valuer within five Working Days of the valuer needing to be appointed, then the president for the time being of the New Zealand Institute of Chartered Accountants or his or her nominee shall make a suitable appointment.
- (m) "**Financiers**" means any bank, financial institution or Crown Irrigation Investment Limited providing secured financing to the Company from time to time and includes any security trustee acting on behalf of any such person or persons.
- (n) "**FMP**" means the Farm Management Plan, the Farm Environmental Plan or the Farm Environmental Management Plan prepared by the Shareholder.
- (o) "**Groundwater Consent**" means any existing groundwater consent owned or controlled by the Shareholder.
- (p) "**Headrace**" means the Scheme headrace canal.
- (q) "**Irrigation Season**" means the period from the 1<sup>st</sup> of September of each year to the 31<sup>st</sup> of May of the following year or such other period as the Company may from time to time determine.
- (r) "**Off Take Point**" means the specific point on the Water Pipes from which the Shareholder takes water from the Company.
- (s) "**Ordinary Shares**" means voting Shares entitling the Shareholder to irrigate a hectare at an application rate and/or take the volume of water represented by the Shares with such other rights and obligations as set out in the Company Constitution and/or the terms of issue, in the number set out in Schedule 1 (as subsequently increased or decreased by way of registered share transfers).
- (t) "**PPSA**" means the Personal Property Securities Act 1999.
- (u) "**Property**" means the property listed in Schedule 1.
- (v) "**Property Owner**" means the owner of the Property listed in Schedule 1.

- (w) "**Scheme**" means the irrigation scheme providing surface water for community irrigation on the Central Plains (which is currently the area in Canterbury bounded by the Rakaia and Waimakariri Rivers, the Southern Alps and State Highway 1 or such area as defined by the Board from time to time).
- (x) "**Scheme Infrastructure**" means all infrastructure owned by the Company, including without limitation the Headrace, Water Pipes, Off Take Points, control valves, buffer/pressure break ponds, pumps, water meters and control cabinets.
- (y) "**Security Interest**" means the security interest in the Shares granted by the Shareholder to the Company in accordance with the PPSA, clause 14 and in the form set out in Schedule 3.
- (z) "**Shares**" means Ordinary and Construction Shares, and such other shares that may be issued from time to time by the Company to the Shareholder.
- (aa) "**Stored Water**" means stored water from Lake Coleridge (Trustpower water), the Company's own water storage in-Scheme, regional water storage or from any other future water storage option used from the Scheme from time to time.
- (bb) "**Transfer**" means, with respect to the Shares or rights, a transfer (or such number of separate transfers as the Company may require) of the Shares duly executed by the Shareholder with the name of the transferee, date and consideration left blank, but otherwise, if appropriate, in proper form for registration by the Company.
- (cc) "**Trustpower**" means Trustpower Limited.
- (dd) "**Water Use Licence**" has the definition as set out in clause 4.1 and is in the form set out in Schedule 2 (or such other form as the Company may require from time to time).
- (ee) "**Water Pipes**" means pipes owned by the Company conveying water to Off Take Points.
- (ff) "**Water User Charges**" means the charges charged by the Company pursuant to clause 5.
- (gg) "**Working Day**" means any day of the week other than Saturday, Sunday or statutory holidays on which banks are open for business in Canterbury.

## 1.2 Interpretation

- (a) In the interpretation of this Agreement, unless the context or subject matter otherwise requires:
  - (i) singular includes plural and vice versa;
  - (ii) any gender includes every gender;
  - (iii) a reference to a person includes a corporation, trust, association, partnership, government authority or other legal entity, and where necessary, includes a successor body;
  - (iv) references to writing include printing, typing, facsimile and other means of representing or reproducing words, figures, drawings or symbols in a visible and tangible form, in English;

- (v) references to statutes include statutes amending, consolidating or replacing the statutes referred to and all regulations, orders-in-council, rules, by-laws and ordinances made under those statutes.
- (vi) a reference to law includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, directive, by-law, the rules of any stock exchange, treaty or other legislative measure;
- (vii) headings and the table of contents are used for convenience only and are to be disregarded in the interpretation of this Agreement;
- (viii) references to including shall be construed as including without limitation (and similar expressions shall be construed similarly); and
- (ix) a reference to a party includes that party's executors, administrators, successors, permitted assigns.

## **2. TERM**

- 2.1 Subject always to clause 9.2 and the terms of the Consents, this Agreement shall continue until such time as it is terminated by the Company in accordance with the provisions of this Agreement.

## **3. SUPPLY OF WATER AND SCHEME INFRASTRUCTURE**

- 3.1 Subject to the terms of this Agreement, the Company will supply water to the Shareholder in each Irrigation Season in consideration of the payment of the Water User Charges determined in accordance with clause 5.
- 3.2 The Shareholder shall be entitled to:
- (a) take a volume and/or rate of water and use the Scheme Infrastructure to the extent necessary represented by the number of Ordinary Shares and Construction Shares held by the Shareholder set out in Schedule 1; and
  - (b) take the water from the Off Take Points more specifically described in Schedule 1.
- 3.3 The Shareholder's entitlement to be supplied water and use the Scheme Infrastructure under clause 3.2 is restricted to irrigation water and does not include stock, domestic supply, and fire fighting water unless otherwise agreed in writing by the Company.
- 3.4 The Shareholder acknowledges and agrees that properties on the:
- (a) Eastern side of the Scheme canal, have a targeted delivery pressure for water at the Off Take Point(s) of 35 metres pressure when the Scheme Infrastructure is fully utilised; and
  - (b) Western side of the Scheme canal, have no target delivery pressure for water at the Off Take Point(s).
- 3.5 The Shareholder further agrees that failure by the Company to deliver water at the targeted rate set out in clause 3.4(a) above or delivery at any other rate of pressure is not a breach of this Agreement and does not affect or limit any of the Shareholder's obligations under this Agreement.

#### **4. WATER USE LICENCE**

- 4.1 The Shareholder shall be entitled to licence the right to the supply of water attached to its Ordinary Shares to a third party who owns or controls land within the Scheme on a season by season basis on such terms and conditions set out in the Company's prescribed Water Use Licence (varied as required by the Company from time to time) and subject always to the Board's approval.
- 4.2 The Shareholder acknowledges that it must enter into the Water Use Licence in the form set out in Schedule 2 (or such other form as the Company may require from time to time) to obtain the Board's approval to licence the right to the supply of water attached to the relevant number of Ordinary Shares and Construction Shares.
- 4.3 The Shareholder acknowledges that the Company is required to order Stored Water from Trustpower before the 1st of June of each year and the quantity required for any Irrigation Season will be affected by the quantity licenced by shareholders to other shareholders or persons within the Scheme. As such, in the event the Shareholder seeks to licence its right to be supplied water in accordance with clause 4.1 to another shareholder or person within the Scheme it must give notice of its intention to the Company on or before the 1st of May in each year together with the Water Use Licence and the appropriate details. In the event notice is not given by this time approval shall not be granted.
- 4.4 The Shareholder acknowledges that the Board may withhold its approval to a Water Use Licence if:
- (a) the Shareholder does not hold the requisite number of Ordinary Shares or Construction Shares;
  - (b) it believes that the Water Use Licence will not be in the best interests of the Scheme; or
  - (c) it is not feasible or economic to reticulate water to the proposed licensee.
- 4.5 In the event the Water Use Licence is approved by the Company, any cost associated with the Scheme Infrastructure required to be implemented to deliver the water to the proposed licensee shall be at the cost of the Shareholder or the proposed licensee.
- 4.6 Any Scheme Infrastructure required for the delivery and monitoring of licenced water to the proposed licensee shall be subject to the Board's approval prior to installation and shall meet all technical and environmental criteria as required by the Company and the Consents.
- 4.7 The Shareholder further acknowledges that entering into a Water Use Licence for any or all of its Ordinary Shares and Construction Shares does not release the Shareholder from entering into this Agreement or any new Water Use Agreement in accordance with clause 17.2 and the Shareholder will remain liable for any breach of the terms and conditions of this Agreement.

## 5. WATER USER CHARGES

- 5.1 The Company may charge on a per Share basis, Water User Charges at an amount to be determined in its absolute discretion to recover operating and capital expenses. The Company may determine a different rate between shareholders, taking into account such factors as it deems appropriate, including volume of water, efficiency, reliability, cost of delivery and location.
- 5.2 The Water User Charges may (without limiting the generality of clause 5.1 above) consist of fixed charges, variable charges, specific Shareholder charges and storage charges and shall be payable in accordance with clause 5.7 or at such time and in such manner as the Board of the Company may from time to time determine.
- 5.3 Fixed charges incurred by the Company include, without limitation, all operating and capital costs including in relation to:
- (a) construction and Consent costs in respect of the Scheme Infrastructure;
  - (b) any required levy in accordance with the current Consent Conditions;
  - (c) any royalty, tax or impost introduced and levied on water to be taken as part of the Scheme; and
  - (d) interest and capital payments on any bank loan, other loan or financing taken out by the Company to fund its operations.
- 5.4 Variable charges incurred by the Company include, without limitation, all costs in relation to:
- (a) maintenance and repairs of the Headrace and Scheme Infrastructure;
  - (b) electricity and other utility costs;
  - (c) costs of running and administering the Company;
  - (d) monitoring and compliance costs;
  - (e) costs incurred by directors and directors' fees;
  - (f) costs payable to professionals and service providers to the Company; and
  - (g) any rental, premises costs (including utilities), if applicable.
- 5.5 Specific shareholder charges incurred by the Company which are particular to a specific shareholder in respect of the use of water include, without limitation, all costs in relation to:
- (a) construction and consent costs in respect of the Headrace and Scheme Infrastructure required to ensure and maintain access to water by the Shareholder;
  - (b) maintenance and repairs of Scheme Infrastructure; and
  - (c) costs incurred as a result of the Shareholder breaching this Agreement and/or the Consent Conditions in relation to its water take and use including enforcement costs.
- 5.6 Storage charges incurred by the Company include, without limitation, all costs in relation to:
- (a) the supply of Stored Water from Lake Coleridge (Trustpower water);
  - (b) the Company's own in-Scheme Stored Water;

- (c) Groundwater Consents;
- (d) regional Stored Water;
- (e) any other future Stored Water options used for the Scheme from time to time.

5.7 The Water User Charges determined in accordance with clause 5.1 to 5.6 above shall be payable by the Shareholder to the Company whether or not the Shareholder takes or uses the water during the Irrigation Season and notwithstanding that the water supply to the Property may be cut off or suspended pursuant to the provisions of this Agreement including under clause 18.1. Subject to clause 5.2, the Shareholder shall pay the Water User Charges within fifteen Working Days following the date of invoice.

5.8 In the event of non-payment of any Water User Charges due under this Agreement, then without prejudice to the Company's other rights and remedies, penalty interest at a rate of 5% above the Company's then current bank's commercial overdraft rate per annum shall accrue from the date of non-payment to the date the payment is actually made. The Shareholder shall also be responsible for the Company's recovery costs including, without limitation, legal costs on a client/solicitor basis.

## **6. STORAGE**

6.1 The Company and the Shareholder may agree for the Company to provide Stored Water to the Shareholder when water to which the Shareholder would otherwise be entitled pursuant to the rights to water attaching to the Shareholder's Shares is not available. Any agreement in respect of the provision of Stored Water shall:

- (a) be recorded in writing between the Company and the Shareholder; and
- (b) otherwise be governed by the terms and conditions of this Agreement (which terms and conditions shall include the ability for the Board of the Company to determine the Water User Charges payable by the Shareholder in respect of such Stored Water).

6.2 Subject to Schedule 5 and/or unless otherwise agreed in writing by the Company:

- (a) all Shareholder requests for new or increased Stored Water provision will need be notified to the Company on or before the preceding 1 May; and
- (b) once the Shareholder has subscribed for a volume of Stored Water, it may not reduce its commitment to pay for that volume of Stored Water in that season or any subsequent seasons, irrespective of whether the Shareholder actually uses that water during the relevant Irrigation Season.



6.3 For the purposes of clause 6.1(a), the Company and the Shareholder agree that the Company shall provide stored water from Lake Coleridge (TrustPower water) to the Shareholder on the terms and conditions set out in this Agreement and as more specifically provided in Schedule 5.

## **7. SHAREHOLDER'S OBLIGATIONS**

7.1 The Shareholder shall:

- (a) be responsible for any costs incurred by the Company in the repair of any damage to the Scheme Infrastructure running through the Property to the extent that such damage was caused by the Shareholder (or its servants or agents) through any act or omission, including, without limitation, damage caused by stock, machinery, posts or otherwise;
- (b) ensure that its on farm infrastructure is protected from over pressure through the installation and maintenance of appropriate equipment that complies with the requirements notified by the Company from time to time;
- (c) control or eliminate any noxious weeds growing alongside or over the top of the Scheme Infrastructure running through the Property;
- (d) not plant trees within 4 metres (or such additional set back where required for pumps, valves and other structures) from the centreline of the Water Pipes or the Scheme Infrastructure and promptly remove all trees presently growing beside or on top of the Scheme Infrastructure which may be identified by the Company as having the potential to limit the efficient maintenance, flow and operation of the Scheme Infrastructure. The Company shall, in relation to existing trees, use its reasonable endeavours to build any new Scheme Infrastructure outside the 4 metres from the Water Pipe centreline;
- (e) not interfere with or attempt to alter any Scheme Infrastructure without the prior written consent of the Company and then only upon and subject to the terms and conditions stipulated by the Company;
- (f) maintain any drainage works on the Property carrying surplus irrigation or flood water to such a standard as will permit the proper functioning of the Scheme Infrastructure;
- (g) not permit the discharge of run off, chemicals, effluent, debris, dead stock or other toxic matter into or around any Scheme Infrastructure;
- (h) allow the Company ready access at all times to the Scheme Infrastructure for operation, inspection, repair and maintenance;
- (i) observe and comply with the obligations contained in the Company Constitution, Consents, Consent Licences and farming and irrigation practices and procedures as determined from time to time by the Company;
- (j) ensure that any lessee, occupier or contractor of the Property complies in all respects with the terms of this Agreement;
- (k) prepare and maintain a FMP for the Property in accordance with the requirements of the Consent and the Company which shall:
  - (i) be in accordance with a template approved by the Company;

- (ii) cover the whole Property (including areas not using water supplied by the Company); and
  - (iii) provide details of the practices and procedures to be put in place to manage the environmental risks to water quality and water quantity from farming activities on the property in order to ensure compliance with the Consent Conditions and to minimise the potential for adverse effects on the environment arising from the exercise of the Consents;
- (l) keep accurate records at all times and supply them to the Company upon request;
  - (m) ensure the FMP is prepared and updated from time to time by the farm manager, who is responsible for implementing and maintaining the requirements of the FMP;
  - (n) prepare a revised FMP if there is a change in the effective management of the Property (including in respect of areas not using water supplied by the Company but covered by the FMP).
  - (o) submit the FMP to the Company annually;
  - (p) meet all the costs of preparing and/or revising the FMP;
  - (q) comply with the provisions of the FMP at all times (including in respect of areas not using water supplied by the Company but covered by the FMP); and
  - (r) ensure, if the Shareholder uses the on-farm irrigation infrastructure system to distribute diluted effluent, fertiliser or added contaminants that:
    - (i) an effective Backflow Prevention Device is installed and operated within the pump outlet plumbing or within the mainline to prevent the backflow of contaminants into the water source;
    - (ii) the Backflow Prevention Device is tested at the time of installation and annually thereafter by a suitably qualified or certified person in accordance with the Canterbury Regional Council approved test methods for the device used; and
    - (iii) provide a test report to the Company within ten Working Days of each inspection for onward submission to the Canterbury Regional Council within ten Working Days of each inspection.

7.2 The Shareholder shall at the Company's request allow the Company or the Company's contractors/employees to attend to any of the repairs and/or work set out in clause 7.1 above with the cost of such work being recovered from the Shareholder through the Water User Charges set out in clause 5.

7.3 Where the Shareholder is not the owner of the Property, the Shareholder shall use its best endeavours to ensure that the Property Owner complies with the obligations applicable under this Agreement to the Property Owner and in the event that the Property Owner does not so comply with the obligations, the Shareholder indemnifies and holds the Company harmless for any loss, damage or cost that arises as a result of such non-compliance. To the intent (and without limiting the generality of the foregoing), the Property Owner must comply with clause 7 (Shareholder's

Obligations), clause 11 (Sale, Subdivision or Lease) and clause 13 (Company's Right to Convey Water and Maintenance).

## **8. COMPANY'S OBLIGATIONS**

8.1 The Company shall:

- (a) ensure that it complies with all of the terms of the licence from the Central Plains Water Trust to the Company to grant the Company rights under the Consents;
- (b) take all reasonable steps to maintain the Consents to take and use water and distribute such water to the shareholders;
- (c) comply with the provisions of the Companies Act 1993, the Financial Reporting Act 1993 and any Water Regional Plan and without limiting the generality of the foregoing, provide the Shareholder with annual reports and annual accounts detailing income received in the form of Water User Charges and expenses incurred;
- (d) operate the Scheme in a professional manner and to the appropriate industry standards in place which will be updated from time to time;
- (e) attend to such reasonable maintenance and repairs as required to maintain the Scheme Infrastructure as further described in clause 8.2 below;
- (f) comply with its obligations and ensure that the Company's contractors/employees comply with their obligations under the Health and Safety in Employment Act 1992 and all regulations made under that Act and take reasonable steps to mitigate damage and cause as little interruption as possible to the Property and the carrying on by the Shareholder of its farming operations when attending to repairs and/or work as set out in clause 7 above; and
- (g) promptly pay and discharge all amounts due by it or obligations imposed on it by the Canterbury Regional Council in respect of the Consents held in relation to the take and use of the water.

8.2 The Company will endeavour to carry out any maintenance or repairs to the Scheme Infrastructure outside of an Irrigation Season. However if the Company determines, acting reasonably, that maintenance or repairs are required during an Irrigation Season, the Company reserves the right to suspend the supply of water to carry out such activities. The Company will use reasonable endeavours to (i) promptly notify the Shareholder of any suspension prior to such suspension taking effect and (ii) limit the period of suspension. Any suspension pursuant to this clause 8.2 shall in no way limit the Shareholder's obligations under clause 5 (Water User Charges) or clause 7 (Shareholder's obligations).

## 9. ENVIRONMENT PROVISIONS

- 9.1 The Shareholder acknowledges that the Company must comply with the Resource Management Act 1991, the relevant District Scheme, the Land and Water Regional Plan (LWRP) and its Consents in relation to the take and use of water and that, to ensure compliance with the same, the Company shall from time to time prescribe certain farming and irrigation practices and rules in writing to the Shareholder and the Shareholder agrees to comply with and be bound by such farming and irrigation practices, which will be incorporated into a FMP that will be maintained at all times by the Shareholder.
- 9.2 Notwithstanding anything to the contrary contained or implied in this Agreement, the Shareholder acknowledges that the supply of water under this Agreement is expressly subject to and conditional upon the restrictions and limitations placed on the Company by its Consents and the requirements of the relevant consent authorities.
- 9.3 The Shareholder shall comply with the terms, conditions, restrictions and limitations placed on the Company by its Consent Conditions. The current Consent Conditions relating to the take and use of water for surface irrigation are as set out in Schedule 4 of this Agreement. The Shareholder acknowledges that it will further support any application for and comply with any amendment, variation or renewal of the Consent Conditions that may occur from time to time.
- 9.4 The Shareholder acknowledges that the Company may from time to time impose restrictions on the Shareholder's take and use of water to comply with the restrictions on the Company by the Canterbury Regional Council or such other statutory body and agrees and undertakes to comply with such restrictions and to reduce its water take and use immediately following notification of such restrictions.

## 10. METERING

- 10.1 The Company shall install meters at Off Take Points from the Water Pipes to meter the water take and use to ensure compliance by the Company with the Consent Conditions and compliance by the Shareholder with the terms of this Agreement.
- 10.2 In the event the Shareholder has a Groundwater Consent that it may from time to time operate concurrently with the Scheme water, the Shareholder shall install a data logger compatible with the Scheme monitoring infrastructure to monitor the **combined volume** of water used on the Property. The meter and the data logger shall be approved by the Company prior to installation. The Shareholder shall be responsible for reporting the combined volume and data (as the Company may reasonably direct) to the Company to allow the Company to comply with its Consents.
- 10.3 The Shareholder shall under no circumstances tamper or interfere with the metering device and shall take reasonable steps at the direction of the Company to prevent interference and tampering by outsiders and trespassers or any other third party.
- 10.4 The Company shall have the right at any time and from time to time without being deemed to commit a trespass, to enter into the Property to install, operate, inspect, maintain or repair any metering device on the Property.

## 11. SALE, SUBDIVISION OR LEASE

11.1 If the Shareholder owns the Property and wishes to sell or subdivide the Property then:

- (a) the Company shall be under no obligation to pay for any costs relating to on farm or other works required to be made to ensure the continuity of water supply following a change in the ownership in any part of the Property thereof;
- (b) appropriate provision shall be made by the Shareholder for the granting of all requisite water easements and other rights;
- (c) the Shareholder shall ensure that if its Ordinary Shares and Construction Shares (or the appropriate parcel(s) of Shares in the event of a subdivision) are to be transferred to the purchaser of the Property (or the relevant part of the Property in the event of a subdivision) the purchaser shall enter into the Company's then current Water Use Agreement and complete any audit requirements as required by the current Consent Conditions as at the time of the transfer of the Shares;
- (d) the Shareholder shall ensure that the intending purchaser or purchasers shall pay and discharge all the Company's costs and charges related to the granting of the consent to the transfer of Ordinary Shares and Construction Shares and all legal costs and disbursements relating to the intending purchaser(s) entering into the Company's then current Water Use Agreement, and further unless paid by the Shareholder, the Shareholder shall ensure the purchaser(s) shall pay all of the costs of completing any audit requirements as required by the current Consent Conditions as at the time of the transfer of the Shares; and
- (e) the entering into by the intending purchaser(s) of a new Water Use Agreement and complying with any audit requirements as required by the current Consent Conditions as at the time of the transfer of the Ordinary Shares and Construction Shares shall be a condition precedent to the supply of water and to the transfer of Ordinary Shares and Construction Shares to the intending purchaser.

11.2 If the Shareholder shall lease or part with possession of the Property or any part thereof other than by sale then the Shareholder shall ensure that the lessee or occupier of the Property or any part thereof shall comply in all respects with the terms of this Agreement and the Shareholder shall indemnify and hold the Company harmless for any loss damage or cost that arises from any breach of this Agreement by the lessee or occupier.

## **12. RESTRICTION ON TRANSFER OF EXISTING GROUNDWATER CONSENTS**

- 12.1 The Shareholder may not transfer any existing Groundwater Consent (other than to successors in title to the land currently having the benefit of those Groundwater Consents and where the location of the take and use of water does not change).

## **13. COMPANY'S RIGHT TO CONVEY WATER AND MAINTENANCE**

- 13.1 Where there is an Easement Agreement for existing Scheme Infrastructure in place between the parties as at the date of this Agreement, the provisions of clauses 7.1(h) and 13.2 to 13.7 shall be read subject to that Easement Agreement for the existing Scheme Infrastructure.

- 13.2 In the event new Scheme Infrastructure is required on the Property the following process shall apply prior to the Shareholder granting the Company a formal registered easement in accordance with clause 13.3 below:

- (a) the Company will provide the Shareholder with a written notice of its intention to locate and install the new Scheme Infrastructure on the Property; and
- (b) the Company will enter into good faith discussions and consultation with the Shareholder in respect of the new Scheme Infrastructure required, including, without limitation:
  - (i) location of the new Scheme Infrastructure;
  - (ii) excavation and works required; and
  - (iii) remedial works to repair, level, re-sow and reinstate the pasture or any other farm asset which is affected after the works have been completed.

- 13.3 The formal registered easement shall be an easement in gross being a "right to convey water" and shall include all such incidental and ancillary rights as prudently ought to be incorporated therein including those set out in clause 13.4 below and other easements granted in favour of the Company over other properties to be served by the Company within the Scheme.

- 13.4 The parties acknowledge that in the event the Company requires access to the Property for the purposes of undertaking installation, operation, inspection and maintenance of Scheme Infrastructure, the Company shall have:

- (a) the right at any time and from time to time without being deemed to commit a trespass (and on reasonable notice in accordance with clause 13.5) to enter upon, along and through the Property to:
  - (i) survey, excavate and install new Scheme Infrastructure and other works which the Company deems necessary for the supply of water to the Property and other properties within the Scheme;
  - (ii) maintain, inspect, operate, clean, repair, renew, replace or reconstruct the Scheme Infrastructure and all other works which the Company deems necessary for the supply of water to the Property and other properties within the Scheme;

- (iii) gauge, inspect or otherwise determine the quantity of water used by the Shareholder or other occupier and to view the condition of such Scheme Infrastructure and works on the Property;
- (b) the right to convey water and all rights incidental and ancillary to the rights in clause 13.4(a) as shall be necessary for the purposes of operating and maintaining the Scheme Infrastructure; and
- (c) all other rights and powers which the Company has determined are reasonably necessary for the proper and efficient operation and management of the Scheme Infrastructure and other works,

and the Shareholder undertakes not to hinder or restrict the Company in the obtaining and/or exercise of any of the aforementioned rights and powers.

- 13.5 The parties acknowledge that the Company shall use reasonable endeavours where possible to consult with the Shareholder in relation to the exercise of its rights under clause 13.4 above, giving reasonable notice (being not less than five Working Days) of its intention to exercise its rights and the purpose for which right of access will be exercised. In the event it is not possible (determined in the Company's sole discretion) for the Company to give the Shareholder reasonable notice of its intention to exercise its rights under clauses 13.4 above (e.g. emergency repairs or maintenance are required to the Scheme Infrastructure on the Property), the Company may access the Property without any prior notice to the Shareholder.
- 13.6 The Company shall at all times when entering the Property in accordance with this clause 13 give due consideration to the Shareholder's farming operation with a view to minimising disruption to that operation and shall further comply with its obligations (and ensure that the Company's contractors/employees comply with their obligations) under the Health and Safety in Employment Act 1992 and all regulations made under this Act.
- 13.7 The Company's liability to the Shareholder for compensation under this clause 13 shall be limited to remedial work required to repair, level, re-sow and reinstate the Property as soon as reasonably possible after the works have been completed and for the avoidance of doubt no compensation shall be payable for consequential loss (including loss of profits/production).

#### **14. SECURITY INTEREST**

- 14.1 To secure due payment of the Water User Charges and performance of all other obligations under this Agreement the Shareholder grants the Company a Security Interest in the Shares on the terms set out in Schedule 3.

#### **15. DEFAULT**

- 15.1 The Shareholder will be in default under this Agreement if one or more of the following events occur:
- (a) the Shareholder commits a breach, or does or omits to do anything which causes the Company to breach, any of the Consents or the Consent Conditions where such a breach,

action or omission in the Company's opinion, places the Company in the position where a Consent could be terminated or cancelled;

- (b) the Shareholder commits any other breach of this Agreement (including, without limitation, failing to make any payment due to the Company under this Agreement) and fails to remedy that breach within ten Working Days after receipt of notice requiring the breach to be remedied;
- (c) the Shareholder commits a breach of clauses 7.1(q) or 9;
- (d) the Shareholder fails to contest within ten Working Days of service any petition of bankruptcy or for winding up;
- (e) any execution, levy or distress is levied against the Shareholder or the assets of the Shareholder's business;
- (f) any receiver, manager or other custodian (either temporary or permanent) is appointed with respect to the Shareholder or in respect of all or any part of the Shareholder's business;
- (g) the Shareholder purports to assign or charge its rights or interest under this Agreement without complying with the provisions of this Agreement;
- (h) the Shareholder makes any compromise with or enters into any arrangement with its creditors; or
- (i) the Shareholder is in default under any Easement Agreement.

## **16. REMEDIES**

16.1 If the Shareholder commits an event of default in accordance with clause 15 above the Company may (without limitation to the Company's rights at law):

- (a) without payment of any compensation to the Shareholder or any other person immediately cut off the supply of water to the Property in such manner as the Company thinks fit and thereafter no person shall be entitled to be supplied with any further water to the Property from the Company until such time as such breach has been made good to the satisfaction of the Company; and/or
- (b) require the Shareholder to pay the costs of any action required by the Company as a result of failure to fully implement any farming and/or irrigation practices prescribed by the Company; and/or
- (c) require the Shareholder to pay the costs of any FMP audit which is required in accordance with the Consent Conditions as a result of failure to fully implement the FMP or any other non-compliance with the Consent Conditions; and/or
- (d) cancel this Agreement by giving ten Working Days written notice to the Shareholder.

16.2 If the Shareholder fails to carry out any work or make good any damage in accordance with any notice given by or on behalf of the Company within a reasonable time after receipt of such notice then the Company shall be entitled to enter upon the Property and carry out all or any of the required work or repairs as the Company shall think fit and shall be entitled to recover the costs



thereof from the Shareholder together with interest thereon at the rate normally charged by the Company's then current bank on commercial overdrafts. Where the Company in its discretion considers urgent action is required, it shall not be obliged to give the Shareholder any notice before it carries out the required work or repairs.

## **17. CONTRACT REVIEW**

- 17.1 The Company may at any time review and amend the terms and conditions of this Agreement including to take account of changes in law; in any district or regional plan; Stored Water arrangements; the Consents and Consent Conditions; and irrigation and farming practice required to comply with any laws or district or regional plan.
- 17.2 The Shareholder shall become bound by the amendment on receiving written notice of the change or alternatively, at the discretion of the Company, shall be required to enter into a new Water Use Agreement.

## **18. LIMITATION OF LIABILITY**

- 18.1 If the supply of water provided for under this Agreement is reduced or stopped, for any reason whatsoever, including, without limiting the generality of the foregoing, water shortage, regulatory reasons or any other reason outside the control of the Company or due to a failure by the Shareholder or other shareholder/s to comply with the Consent Conditions, then such reduction, stoppage or failure to supply shall in no way give rise to any right to any claim in compensation or other remedy against the Company.
- 18.2 The Company shall be under no liability to the Shareholder (whether in contract, tort or otherwise) for any loss (including but not limited to loss of profits and consequential loss) of any kind whatsoever arising out of the supply of or failure to supply the water under this Agreement.
- 18.3 If, notwithstanding clauses 18.1 and 18.2, the Company is found to be liable to the Shareholder in any circumstances then the maximum amount the Company will be liable for to the Shareholder under this Agreement or in any way whatsoever, is an amount equal to the lesser of:
- (a) the last Irrigation Season's Water User Charges; and
  - (b) the actual loss or damage suffered.
- 18.4 The Shareholder shall keep the Company indemnified against all costs, claims, demands, expenses, losses and liabilities of whatsoever nature, including, without limiting the generality of the foregoing, claims for consequential loss (including loss of profits/production) which may be made against the Company and which the Company may sustain, pay or incur as a result of or in connection with the supply of water under this Agreement or breach by the Shareholder of its obligations under this Agreement, except where such costs, claims, demands, expenses, losses and liabilities arise as a result of a negligent act or omission of the Company.
- 18.5 For the purposes of this clause 18, references to Company shall include the Company's directors, employees, contractors, servants or agents.

## **19. TRUSTPOWER EXCLUSION OF LIABILITY**

- 19.1 Trustpower shall have no liability to the Shareholder (whether in contract, tort or otherwise) for any loss (including but not limited to loss of profits and consequential loss) of any kind whatsoever arising out of this Agreement.
- 19.2 This clause 19 is for the benefit of, and may be enforced by, Trustpower and any of its directors, officers, employees and agents pursuant to the Contracts (Privity) Act 1982.

## **20. POWER OF ATTORNEY**

- 20.1 The Shareholder hereby irrevocably appoints the directors for the time being of the Company severally to be the attorney of the Shareholder to do and execute anything which the Shareholder has agreed to do or execute under this Agreement but has failed to do after having receiving ten Working Days written notice of the same from the Company.

## **21. DELEGATION**

- 21.1 The Company may at any time and from time to time validly delegate any of its powers, rights and discretions as set out in this Agreement to any person or persons and the exercise of any such power, rights, or discretion by any such person or persons shall be deemed to be a valid exercise thereof by the Company.

## **22. EXCLUSION OF PARTNERSHIP AND AGENCY**

- 22.1 Nothing in this Agreement shall create or constitute, or be deemed to create or constitute, a partnership between the parties nor to create or constitute, or be deemed to create or constitute, a party as an agent of any other party for any purpose whatsoever.
- 22.2 Save as provided for in this Agreement, no party shall have any authority or power whatsoever to bind or commit, act or represent or hold itself out as having authority to act as an agent of, or in any way bind or commit the other party to any obligations.

## **23. DISPUTES**

- 23.1 If any dispute or difference between the parties (a "Dispute") is not resolved within ten Working Days after the dispute is notified by one party to the other party, the Dispute may be referred by either party to mediation. The mediation must be conducted in terms of the LEADR New Zealand Incorporated Standard Mediation Agreement. The mediation must be conducted by a mediator and at a fee agreed by the parties. Failing agreement between the parties, the mediator shall be selected and his/her fee determined by the President for the time being of the New Zealand Law Society. If a Dispute is not referred to mediation within twenty Working Days after being notified by one party to the other party then clause 23.2 will apply unless otherwise agreed in writing between the parties.
- 23.2 If the Dispute has not been settled pursuant to clause 23.1 above within twenty Working Days of the appointment of the mediator, either party to the Dispute may require the Dispute be resolved by arbitration by giving written notice to the other party to that effect. The arbitration shall be conducted by:

- (a) a single arbitrator agreed by the parties; or
- (b) failing agreement within ten Working Days of the receipt of the notice under this clause, by a single arbitrator appointed by the then President of the Arbitrators and Mediators Association of New Zealand (or his or her nominee) on the written request of either of the parties.

23.3 Any arbitration pursuant to clause 23.2 shall be governed by the Arbitration Act 1996 (including schedule one and two of that Act). The decision of that arbitrator shall be final and binding.

23.4 Nothing in this clause 23 shall preclude a party from taking immediate steps to seek equitable relief before a New Zealand Court.

## **24. NOTICE**

24.1 Each notice, demand, consent or other communication expressly contemplated under this Agreement (each a "notice") will be in writing and delivered personally or sent by post, facsimile or email.

24.2 Each notice will be sent to the address of the relevant party set out in Schedule 1 or to any other address from time to time designated for that purpose by at least five Working Days prior notice to the other party.

24.3 A notice under this Agreement is deemed to be received if:

- (a) delivered personally, when delivered;
- (b) posted, three Working Days after the date of posting;
- (c) sent by facsimile, upon production of a transmission report by the machine from which the facsimile was sent which indicates the facsimile was sent in its entirety to the facsimile number of the recipient designated for the purposes of this Agreement; and
- (d) sent by email, when acknowledged by recipient designated for the purposes of this Agreement by return email or otherwise in writing,

provided that any notice deemed received after 5pm or on a non-Working Day will be deemed to have been received on the next Working Day.

## **25. MISCELLANEOUS**

25.1 This Agreement shall be governed by and interpreted according to the laws of New Zealand. Each party irrevocably submits itself to the jurisdiction of the Courts of New Zealand over any proceedings arising out of, or relating to, this Agreement.

25.2 No failure or delay on the part of any party in exercising any power or right under this Agreement shall operate as a waiver, nor shall any single or partial exercise of such right or power preclude any other or future exercise of the same, or any other right or power hereunder.

25.3 The Shareholder shall not be at liberty to assign, transfer, mortgage or charge the Shareholder's interest in this Agreement without the consent of the Company.

25.4 Subject to clause 17.1 and 17.2, no modification or alteration of, or addition to any of the provisions of this Agreement shall be made unless agreed to by the parties in writing.

- 25.5 The Shareholder shall do all things and sign all documents necessary to discharge its obligations under this Agreement.
- 25.6 If any provision or part of a provision of this Agreement shall not be enforceable, then that provision or part provision shall be deemed to be deleted and the rest of this Agreement shall remain in full force and effect.
- 25.7 The Shareholder agrees that the provisions of the Consumer Guarantees Act 1993 do not apply to this Agreement.
- 25.8 Except to the extent provided in any other duly executed agreement between the parties in relation to the Shareholder's Land or the terms of issue of any Shares, this Agreement sets out the entire agreement and understanding between the parties in relation to the matters contemplated by this Agreement and in particular supersedes any prior agreement, correspondence, or undertaking made between them.
- 25.9 The Company may subcontract the performance of any of its obligations under the Agreement for the purposes of operation of the Scheme.
- 25.10 This Agreement may be executed in any number of counterparts and all the counterparts when taken together will constitute one document and Agreement. Each party may execute and enter into the Agreement by executing a counterpart. The parties acknowledge that the agreements may be executed by an exchange of facsimile and/or scanned and emailed PDF copies and execution of this Agreement by these means is valid and sufficient execution.

## **26. ASSIGNMENT**

- 26.1 The Shareholder acknowledges that:
- (a) the Company may assign by way of security all or any part of its rights or interests in this Agreement to the Company's Financiers;
  - (b) the Company's Financiers (or any of them) may at any time assign the rights and interests of the Company, or transfer the rights, interests and obligations of the Company in this Agreement, without the consent of the Shareholder.
- 26.2 The Shareholder agrees to do or execute anything reasonably required by the Company's Financiers (or any of them) to effect an assignment, transfer, novation or other dealing under this clause 26.

## **27. CONTRACTS PRIVACY ACT**

- 27.1 For the purposes of the Contracts (Privity) Act 1982, each Financier is entitled to enforce against the Shareholder the provisions of clause 26 of this Agreement.

## **28. EXCLUSION OF APPLICATION OF THE CONTRACTUAL REMEDIES ACT 1979**

- 28.1 The remedies of damages and cancellation as against any Financier under or in connection with the assignment by way of security of the Company's rights under this Agreement made pursuant to the security documents the Company has granted in favour of the Financiers are hereby expressly excluded for the purpose of section 11 of the Contractual Remedies Act 1979.

**29. INDEPENDENT ADVICE**

29.1 The Shareholder acknowledges that the Company's solicitors act for the Company only and that the Shareholder has either obtained independent legal advice or has declined to do so having been advised to obtain independent advice.

**EXECUTED** as an Agreement

**SIGNED** for and on behalf of )  
**CENTRAL PLAINS WATER LIMITED** )

by \_\_\_\_\_ Director

and by \_\_\_\_\_ Director/Authorised Person

Witnessed by (if signed other than by two Directors)

*Witness's Signature* \_\_\_\_\_  
*Full Name* \_\_\_\_\_  
*Occupation* \_\_\_\_\_  
*Address* \_\_\_\_\_

**SIGNED** for and on behalf of )  
[ ] )

by \_\_\_\_\_ Director

and by \_\_\_\_\_ Director/Authorised Person

Witnessed by (if signed other than by two Directors)

*Witness's Signature* \_\_\_\_\_  
*Full Name* \_\_\_\_\_  
*Occupation* \_\_\_\_\_  
*Address* \_\_\_\_\_

**SCHEDULE 1**

**The Shareholder:**

**Ordinary Shares (total):**

**Construction Shares (total):**

Area (hectares)	Land Owner	Certificate of Title/Legal Description	Number of ordinary Shares	Number of Construction Shares

**Shareholder Address for Notices:**  
*(please complete)*

**Company Address for Notice:**

**Groundwater Consent Number(s)**  
*(please complete if Shareholder will be using groundwater concurrently with Scheme water):*

Please note that the following information will also be required at a later date for inclusion in the Farm Management Plan for your property:

- Off Take Point(s):
- Annual Volume for Property:
- Backflow Prevention Device:
- Data Logger/monitoring device compatibility

## SCHEDULE 2

### WATER USE LICENCE [STANDARD FORM]

DATED the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_

#### PARTIES

(1) \_\_\_\_\_ [please print] (the Licensor/owner)

(2) \_\_\_\_\_ [please print] (the Licensee)

#### BACKGROUND

The Licensor, in its capacity as a shareholder of the Company wishes to licence the rights to water attaching to its Ordinary Shares to the Licensee for the current Irrigation Season in accordance with clause 4 of the Water Use Agreement attached at Schedule 3.

#### IT IS AGREED

##### 1. DEFINITIONS

- 1.1 "Board" means the board of the Company.
- 1.2 "Company" means Central Plains Water Limited being the party stated as the Company in Schedule 2.
- 1.3 "Construction Shares" will confer on the holder the right to use the scheme infrastructure to the extent necessary to apply 0.6 litres of water per second to the Property and such other rights and obligations as set out in the Company Constitution and/or the terms of issue, in the number set out in Schedule 1. However each Shareholder's rights to Scheme water is limited by the number of Ordinary Shares they hold.
- 1.4 "Financiers" means any bank, financial institution or Crown Irrigation Investment Limited providing secured financing to the Company from time to time and includes any security trustee acting on behalf of any such person or persons.
- 1.5 "Irrigation Season" means the period from the 1st of September of each year to the 31st of May the following year or such other period as the Company may from time to time determine.
- 1.6 "Licence" means this water use licence.
- 1.7 "Licence Fee" means the licence fee set out in Schedule 1.
- 1.8 "Licensee's Property" means the licensee's property set out in Schedule 1.
- 1.9 "Licensor's Property" means the licensor's property set out in Schedule 1.
- 1.10 "Maximum Volume of Water" means the maximum volume of water set out in Schedule 1.
- 1.11 "Ordinary Shares" means voting Shares entitling the Shareholder to irrigate a hectare at an application rate and/or take the volume of water represented by the shares with such other rights



and obligations set out in the Company Constitution and/or the terms of issue, in the number set out in Schedule 1.

- 1.12 "Scheme" means the irrigation scheme providing surface water for community irrigation on the Central Plains (which is currently the area in Canterbury bounded by the Rakaia and Waimakariri Rivers, the Southern Alps and State Highway 1 or such area as defined by the Board from time to time).
- 1.13 "Water Use Agreement" means the water use agreement between the Company and the Licensor as set out in Schedule 3 or such other form of water use agreement as the Company may prescribe from time to time.
- 1.14 "Water User Charges" has the meaning as set out in clause 5 of the Water Use Agreement.
- 1.15 "Working Day" means any day of the week other than Saturday, Sunday or statutory holidays on which banks are open for business in Canterbury.

Unless the context otherwise requires, terms defined in the Water Use Agreement shall have the same meaning in this Licence.

## **2. TERM**

- 2.1 The Licensor grants the Licensee an exclusive Licence to the rights to water attaching to:
- (a) [insert number of Ordinary Shares from Schedule 1] of the Licensor's Ordinary Shares; and
  - (b) [insert number of Construction Shares from Schedule 1] of the Licensor's Construction Shares,
  - (c) for the Irrigation Season ending 31 May [insert year].

## **3. FEE**

- 3.1 In consideration of the Licence granted, the Licensee must pay to the Licensor the Licence Fee. The Licence Fee shall be paid by the Licensee to the Licensor within five Working Days of the Board approving this Licence in accordance with clause 4 below or as otherwise agreed between the parties.

## **4. BOARD CONSENT**

- 4.1 The parties acknowledge that this Licence is conditional upon the Board's approval which will not be unreasonably refused.
- 4.2 Notwithstanding clause 4.1 above, the Board may withhold its approval to the Licence if the Board believes (in its sole discretion) that the Licence will not be in the best interest of the Scheme or it is not feasible or economic to reticulate water to the Licensee.

## **5. WARRANTIES**

- 5.1 The Licensee warrants that it will use the water provided under this Licence to irrigate land within the Scheme.
- 5.2 The Licensee warrants and undertakes not to use more than the Maximum Volume of Water over the Irrigation Season.
- 5.3 The Licensee acknowledges and agrees to comply with all of the Licensor's obligations in the Water Use Agreement (other than the covenant for payment of Water User Charges and other money) which are able to be performed by the Licensee as if all those obligations were set out in this Licence as obligations binding on the Licensee.
- 5.4 For the avoidance of doubt, if this Licence is in respect of a property different to the Licensor's Property as set out in the Water Use Agreement (and Schedule 1 of this Licence), the Licensee acknowledges that reference to the "Property" throughout the Water Use Agreement shall be read to include the Licensee's Property.
- 5.5 The Licensee shall indemnify the Licensor against all actions, proceedings, calls, costs, expenses, claims, demands, damages or losses on account of breach of covenant or otherwise in the Water Use Agreement which result from the Licensee's breach of any of the Licensee's obligations expressed or implied in this Licence.
- 5.6 The Licensor acknowledges that in the event it licences its Ordinary Shares in accordance with this Licence it will still be required to enter into a Water Use Agreement with the Company and will remain liable to the Company for any breach of the terms of such Water Use Agreement.

## **6. CONTRACTS (PRIVITY) ACT 1982**

- 6.1 The Licensee acknowledges that for the purposes of the Contracts (Privity) Act 1982:
  - (a) clause 5 is entered into for the benefit of, and is enforceable by, the Company under the Water Use Agreement in addition to the Licensor;
  - (b) the Company's Financiers are entitled to enforce against the Licensee the provisions of clause 7.2.

## **7. ASSIGNMENT**

- 7.1 The Licensee shall not be entitled to assign, sub-licence or otherwise dispose of all or any part of its interest under this Licence.
- 7.2 The Licensee and Licensor each acknowledge that:
  - (a) the Company may assign by way of security all or any part of its rights or interests in this Licence to the Company's Financiers without the consent of the Licensee or Licensor; and
  - (b) the Company's Financiers (or any of them) may at any time assign the rights and interests of the Company, or transfer the rights, interests and obligations of the Company in this Licence, without the consent of the Licensee or Licensor.

7.3 The remedies of damages and cancellation as against any Financier under or in connection with the assignment by way of security of the Company's rights under this Licence made pursuant to the security documents the Company has granted in favour of the Financiers are hereby expressly excluded for the purpose of section 11 of the Contractual Remedies Act 1979.

## **8. TERMINATION**

8.1 The Licensor shall be entitled to terminate this Agreement by notice in writing if the Licensee commits a breach of any of the terms of this Licence, and, if that breach is capable of remedy, fails to remedy that breach within ten Working Days after the Licensor gives notice to the Licensee requiring that remedy.

8.2 The Licensor shall be entitled to terminate this Agreement with immediate effect by notice in writing if:

- (a) the Licensee fails to contest within ten Working Days of service any petition of bankruptcy or for winding up;
- (b) the Licensee makes any compromises with or enters into any arrangement with its creditors;
- (c) any execution, levy or distress is levied against the Licensee or the assets of the Licensee's business;
- (d) the Licensee has any receiver, manager or other custodian (either temporary or permanent) is appointed with respect to the Licensee or in respect or all or any part of the Licensee's business;
- (e) the Licensee becomes subject to a deed of arrangement with its creditors; or
- (f) the Licensee purports to assign or charge its rights or interest under this Licence.

8.3 Upon termination of this Licence for whatever reason the Licensee shall immediately cease to use the water licenced in accordance with the terms of this Licence.

## **9. DISPUTES**

9.1 In the event of any dispute arising between the parties to this Agreement, the parties shall attempt to resolve the matter by negotiation or mediation. The parties agree to use their best endeavours to achieve resolution by the adoption of such informal dispute resolution techniques.

9.2 If the parties are unable to achieve resolution of a dispute by any of the means referred to in clause 9.1 above within twenty Working Days after notice is given of the dispute, then either of them may refer the dispute to arbitration by a single arbitrator pursuant to the Arbitration Act 1996. The arbitrator shall be agreed between the parties, or failing such agreement within ten Working Days of the notice of arbitration, the arbitrator shall be appointed by the president for the time being of the New Zealand Law Society or his/her nominee.

## **10. MISCELLANEOUS**

- 10.1 This Licence shall be governed by and interpreted according to the laws of New Zealand. Each party irrevocably submits itself to the jurisdiction of the Courts of New Zealand over any proceedings arising out of, or relating to this Licence.
- 10.2 No failure or delay on the part of any party in exercising any power or right under this Licence shall operate as a waiver, nor shall any single or partial exercise of such right or power preclude any other or future exercise of the same, or any other right or power hereunder.
- 10.3 No modification or alteration of, or addition to any of the provisions of this Licence shall be made unless agreed to by the parties in writing.
- 10.4 If any provision or part of a provision of this Licence shall not be enforceable, then that provision or part provision shall be deemed to be deleted and the rest of this Licence shall remain in full force and effect.
- 10.5 This Licence may be executed in any number of counterparts and all the counterparts when taken together will constitute one document and Licence. Each party may execute and enter into the Licence by executing a counterpart. The parties acknowledge that the Licence may be executed by an exchange of facsimile and/or scanned and emailed PDF copies and execution of the Licence by these means is valid and sufficient execution.

**EXECUTION**

**SIGNED** for and on behalf of \_\_\_\_\_ **(the Licensor)** )  
)

by \_\_\_\_\_ Director

and by \_\_\_\_\_ Director/Authorised Person

Witnessed by (if signed other than by two Directors)

Witness's Signature \_\_\_\_\_  
Full Name \_\_\_\_\_  
Occupation \_\_\_\_\_  
Address \_\_\_\_\_

**SIGNED** for and on behalf of \_\_\_\_\_ **(the Licensee)** )  
)

by \_\_\_\_\_ Director

and by \_\_\_\_\_ Director/Authorised Person

Witnessed by (if signed other than by two Directors)

Witness's Signature \_\_\_\_\_  
Full Name \_\_\_\_\_  
Occupation \_\_\_\_\_  
Address \_\_\_\_\_

**Schedule 1**

<b>Licensee's Property:</b>	
<b>Licensor's Property:</b>	
<b>Number of Ordinary Shares:</b>	
<b>Number of Construction Shares:</b>	
<b>Maximum Volume of Water:</b>	
<b>Licence Fee:</b>	\$

**Schedule 2**

**Board Consent:**

Central Plains Water Limited consents to the attached Water Use Licence, but without prejudice to its rights, powers and remedies under the Water Use Agreement.

**DATED** the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_

**SIGNED** for and on behalf of the \_\_\_\_\_ )  
**CENTRAL PLAINS WATER LIMITED** \_\_\_\_\_ )

by \_\_\_\_\_ Director

and by \_\_\_\_\_ Director/Authorised Person

Witnessed by (if signed other than by two Directors)

Witness's Signature \_\_\_\_\_  
Full Name \_\_\_\_\_  
Occupation \_\_\_\_\_  
Address \_\_\_\_\_

**Schedule 3**

[attach relevant Water Use Agreement between Licensor and Company]

## **SCHEDULE 3**

### **1. SECURITY**

- 1.1 The Shareholder grants to the Company a Security Interest in all its right, title and interest (present and future, legal and equitable) in the Shares (and proceeds derived directly or indirectly thereof), and the rights attributable to or arising from the Shares, as continuing security for the payment and discharge of the Water User Charges and all the obligations thereby secured.
- 1.2 This Security Interest shall operate as a continuing security between the Company and the Shareholder and shall remain in full force and effect and secure due payment of the Water User Charges and performance of all other obligations under this Agreement until a final release of this Security Interest has been executed by the Company.
- 1.3 The Shareholder shall execute and deliver to the Company all such Transfers, assignments, securities, instruments, and other deeds or documents, and shall do all such things, as may be reasonably necessary or as the Company may reasonably require to:
- (a) perfect the Security Interest created by this Agreement; or
  - (b) transfer to or vest in the Company (or any purchaser from the Company) the Shares or any part thereof; or
  - (c) facilitate the realisation of the Shares or any part thereof; or
  - (d) exercise all or any of the rights, powers and remedies conferred on the Company; or
  - (e) secure to the Company the full benefit of the provisions of this Security Interest.
- 1.4 The Company may fill in any blanks in any Transfer and complete in favour of the Company or anyone purchasing under the powers given by this Security Interest, any Transfer or any other document executed by or on behalf of the Shareholder.
- 1.5 The Company may at any time after the occurrence of an Enforcement Event and without prejudice to any of its other rights, powers and remedies under this Agreement cause themselves to be registered as the holder of any of the Shares or rights, in order to hold those Shares or rights as the secured party in terms of this Agreement, and for that purpose may present any Transfer for registration.

### **2. COVENANTS**

- 2.1 The Shareholder shall, unless the Company has first consented in writing to the contrary:
- (a) not dispose of, or permit the disposal of, the Shares or any part thereof;
  - (b) not create or permit to subsist any security over the Shares or any part thereof other than:
    - (i) the Security Interest created by this Agreement; or
    - (ii) any security interest arising pursuant to any security agreement (or any other agreement which provides for a security interest over the Shares or any part thereof) entered into by the Shareholder in the ordinary course of the Shareholder's day-to-day banking arrangements; and

(c) insofar as the Shareholder has not already done so, promptly deposit with the Company the share certificates (if any) and Transfers in respect of the Shares.

2.2 The Company shall be entitled to retain and hold all share certificates, documents of title and Transfers deposited with the Company in accordance with this Agreement until such time as the Company executes and delivers to the Shareholder a final release of this Security Interest.

2.3 The Shareholder:

(a) waives any rights it may have under sections 121, 125, 126, 127, 129 and 131 of the PPSA and its right to receive a verification statement pursuant to section 148 of the PPSA and agrees to contract out of its rights to receive a statement of account under section 116 of the PPSA;

(b) agrees that sections 114(1)(a), 133 and 134 of the PPSA will not apply on the enforcement by the Company of any security created or provided for by this Agreement; and

(c) acknowledges that it has received a copy of this Agreement.

### **3. ENFORCEABILITY OF SECURITY**

3.1 The Security Interest created by this Agreement shall become enforceable if the Shareholder commits any breach of the terms of this Agreement or fails to pay the Water User Charges on the due date in accordance with the terms this of Agreement (an "Enforcement Event").

3.2 At any time after the occurrence of an Enforcement Event the Company may (without it being necessary to give any prior notice to the Shareholder, and without prejudice to any other rights, powers or remedies they may have under this Agreement or by law) sell or dispose of the Shares or any part thereof by public auction or private contract on such terms as the Company thinks fit, for immediate or deferred consideration, and the Company may buy and hold the shares as treasury stock and may re-sell the Shares without being responsible for any loss occasioned and may transfer the Shares or any part thereof free from adverse interests.

### **4. DIVIDENDS AND VOTING**

4.1 Until an Enforcement Event occurs, the Shareholder shall be entitled to receive all dividends paid in respect of the Shares.

### **5. COSTS**

5.1 The Shareholder shall pay to the Company upon demand all reasonable costs and expenses on a full indemnity basis (including legal fees and goods, services and similar taxes thereon) incurred by the Company in connection with the enforcement or preservation of, or the attempted enforcement or preservation of, any rights under this Agreement.



**6. RELEASE**

- 6.1 The Company shall not be obliged to execute or deliver a release of this Security Interest unless the Water User Charges have been paid in full, the Company is reasonably satisfied that no further moneys may become payable by the Shareholder to the Company in the future and the Company is satisfied that no payment made or to be made to the Company may be avoided, or required to be repaid by the Company, under any law relating to insolvency.

## SCHEDULE 4

### Consent Conditions – Use of water for irrigation purposes

The Shareholder shall comply with the Consent Conditions.

For the full list of the Consents (and the full text of the Consent Conditions) please see the Company website [www.cpwf.co.nz](http://www.cpwf.co.nz).

The Consent Conditions currently include, without limitation:

- (a) The Company must take all practicable steps to:
  - (i) ensure the volume of water used does not exceed that required for the soil to reach field capacity;
  - (ii) avoid the application of water onto non-productive land such as impermeable surfaces and river or stream riparian strips;
  - (iii) avoid surface run-off from irrigation; and
  - (iv) avoid leakage from pipes and structures,with “field capacity” being defined as being the moisture content of soils when the addition of further water would result in saturation and/or drainage of water from the soil.
- (b) The maximum application rate shall not exceed 5.18 millimetres per day (or such other rate as may be determined from time to time by the Company’s Consent Conditions), provided that if this application rate is shown to result in the Property exceeding field capacity then the application rate will be reduced accordingly.
- (c) If the water for take and use under the Consent is used concurrently with water abstracted from groundwater, the combined volume of water used on the Property shall not exceed 6,250 cubic metres per hectare between the 1<sup>st</sup> of July and the following 30<sup>th</sup> of June.
- (d) Best management practices shall be implemented on the Property to minimise the loss of nitrate-nitrogen to soil drainage water, and to minimise any loss of sediment, phosphorus or nitrogen to surface waters.
- (e) All stock shall be excluded from waterways and wetlands (including drains and races) that are within or immediately adjoining the land being irrigated.
- (f) Prior to and during the take and use of water from the Scheme, there shall be a FMP prepared, produced, maintained and implemented for the Property which shall cover the total farm Property (including areas not using water authorised by the Consent).
- (g) A copy of the FMP must be kept by the Company and supplied to the Canterbury Regional Council on request.
- (h) All practices and procedures set out in the FMP shall be implemented and complied with by the Shareholder.
- (i) The FMP shall be audited by a suitably qualified independent assessor appointed by the Company to ensure compliance with the FMP and the Consents. For the first two years of using Scheme water the Property will be audited annually. Thereafter, where the criteria as

set out in the Consent has been met for two consecutive years, each FMP must then be independently audited, including a site visit, at least once every three years. However, audits will continue annually where there is non-compliance with the criteria as set out in the Consent.

- (j) If there is a change in the ownership of the Property, a change in key management staff, if the three yearly audit or any of the Company's annual reports indicate a failure to fully implement the FMP or any other non-compliance with the criteria or the terms and conditions as set out in the Consent, then annual independent audits will be again required until full compliance has been achieved for two consecutive years of independent audits.
- (k) Following each independent audit, areas of non-compliance shall be identified and the Shareholder will as soon as practicable and in any case prior to the next 31st of August ensure that it is fully compliant with all identified areas of non-compliance.
- (l) If the Shareholder is not fully compliant for two consecutive Irrigation Seasons, then no water shall be supplied to the Property until it can be demonstrated to the satisfaction of the Company that changes are implemented to ensure that all practicable measures are in place to comply with the criteria specified in the Consents.
- (m) The Shareholder will only use land outside the Scheme within the Te Waihora/Ellesmere Zone area of the Christchurch – West Melton Zone area (as defined in Figure 1 of the Canterbury Water Management Strategy Strategic Framework November 2009) for wintering of stock where the property has a FMP or other requirement that incorporates best management practices for the management of the stock and nutrients.
- (n) The Shareholder shall supply to the Company and allow the Company access to the Property in order to gather data to demonstrate the average total nitrate nitrogen soil drainage information as required by the Consent in order to prepare the annual report to be supplied to ECan and to ensure compliance and environmental monitoring.
- (o) The Shareholder will not be supplied water in the event the Shareholder is causing significant adverse localised effects resulting in breaches of the Drinking Water Standards for New Zealand 2005 (revised 2008), land drainage problems, or adverse environmental effects to surface waterways, including any breaches of relevant water quality standard defined in Tables WQL5, WQL6 or WQL16 of the Canterbury Natural Resources Regional Plan Chapter 4: Water Quality – Operative 11 June 2011 (or such revisions or replacements of these standards and plans), unless the effects are considered adequately mitigated to an extent that it is acceptable in the opinion of the Company.
- (p) The Shareholder will allow the FMP, audit report, audit summary reports and other assessments necessary in respect of the Property or information on the previous Irrigation Season to be provided to organisations identified by the Consents and appeal agreements.

## SCHEDULE 5

### Terms of supply of stored water from Lake Coleridge (TrustPower water)

1. In this Schedule:

*Additional Water* means, for the Shareholder and an Irrigation Season, the volume of TrustPower Water that is two times the Contract Water for that Irrigation Season.

*Contract Water* means, for the Shareholder and an Irrigation Season, the volume of TrustPower Water nominated or deemed nominated by that Shareholder in accordance with clause 2.1 of this Schedule, but which may not be decreased for that Irrigation Season or any subsequent Irrigation Season other than in accordance with clause 2.3 of this Schedule.

*TrustPower Agreement* means the Stored Water Release Agreement between TrustPower Limited and the Company dated 31 May 2013 (as amended and/or supplemented from time to time).

*TrustPower Water* means stored water from Lake Coleridge (TrustPower water).

2. Contract Water

2.1. The Shareholder must notify the Company of its nominated Contract Water for the 2015/2016 Irrigation Season by 21 August 2015. The Shareholder may increase its nominated Contract Water for a subsequent Irrigation Season by notifying the Company of the increased amount by no later than the preceding 15 June. If the Shareholder does not nominate increased Contract Water for a subsequent Irrigation Season by the preceding 15 June, its nomination for that subsequent Irrigation Season will be deemed to be the same as the last nomination given by the Shareholder under this clause 2.1.

2.2. The Shareholder acknowledges that, subject to clause 2.3 of this Schedule, once it has nominated a volume of Contract Water, it may not reduce its commitment to pay for that volume of Contract Water in that Irrigation Season or any subsequent Irrigation Season, irrespective of whether the Shareholder actually orders that water during the relevant Irrigation Season.

2.3. The Shareholder may transfer all or part of its rights and obligations to nominate, order, take and pay for Contract Water (and corresponding Additional Water) for an Irrigation Season together with all or part of its rights and obligations to nominate, order, take and pay for Contract Water (and corresponding Additional Water) for all future Irrigation Seasons to another shareholder of the Company provided that by the preceding 15 June:

- (a) the Shareholder notifies the Company of the proposed transfer;
- (b) the Shareholder and the proposed transferee have signed a transfer document in a form approved or provided by the Company; and
- (c) the Board has approved the transfer (at its absolute discretion).

Clause 6.2(b) of the Agreement shall not apply to any transfers permitted under this clause.

3. Additional Water

3.1. The Shareholder's allocation of Additional Water for each Irrigation Season will be automatically reserved for the Shareholder.

3.2. Notwithstanding clause 5.7 of the Agreement, the charges for Additional Water shall only be payable where the Shareholder orders that Additional Water.

3.3. Contract Water will be utilised before Additional Water.

#### 4. Charges

4.1. The Shareholder shall pay stored water charges to the Company in accordance with clause 5 of the Agreement.

4.2. The charges for TrustPower Water for the 2015/2016 Irrigation Season are:

Contract Water: 8.2c per cubic meter; and

Additional Water: 8.2c per cubic meter,

as adjusted in accordance with clause 4.3.

4.3. The charges for TrustPower Water shall be increased with effect from 1 August in each year, in accordance with the following formula:

$$N1 = Nx \left[ \frac{A}{B} \right]$$

Where

N = \$0.08

A = the CPI for the quarter ending on 30 June prior to the relevant Irrigation Season

B = the CPI for the quarter ending on 30 June 2012, being 1168

provided that N1 cannot be less than N.

The first review date shall be 1 August 2015.

4.4. Charges for Contract Water will be invoiced in seven equal instalments from October to April (inclusive). Additional Water will be invoiced monthly based on orders made. Charges for TrustPower Water are stated exclusive of GST and GST shall be payable by the Shareholder.

#### 5. General

5.1. The Shareholder must notify the Company of its daily order for TrustPower Water in accordance with the Company's operational protocols (as advised to the Shareholder from time to time). The Shareholder will be charged for TrustPower Water based on the volume ordered or nominated, regardless of the volume actually used.

5.2. TrustPower Water is available during the period commencing on 1 October of each year and ending on 30 April of the immediately following year.

5.3. TrustPower Water will only be delivered to the Shareholder where:

- (a) the Company has the right to request the release of stored water from Lake Coleridge under the TrustPower Agreement;
- (b) water is available for that purpose under the TrustPower Agreement; and
- (c) the supply to the Shareholder is as contracted with the Company and requested by the Shareholder.

In particular, Additional Water is provided on the basis set out in clause 5.6 of this Schedule and is not assured to be available under the terms of the TrustPower Agreement.

- 5.4. If only part of the TrustPower Water requested for release is available on any particular day, the Company may reduce the Shareholder's order for TrustPower Water for that day pro rata in accordance with the total orders of TrustPower Water by shareholders of the Company for that day.
- 5.5. If the amount of Contract Water nominated by all shareholders of the Company exceeds 50 million cubic meters the Company may reduce the Shareholder's nominated amount of Contract Water pro rata.
- 5.6. The Company may at any time review and amend the terms and conditions relating to the TrustPower Water. In addition and without limiting the preceding sentence, the Shareholder specifically acknowledges that the terms and conditions set out in this Schedule 5 are provided on an interim basis and will only be available until the earlier of 1 May 2019 and the date the TrustPower Agreement is formally amended to take into account the requirements for Stage 2 of the Scheme.