
Parties
Waimakariri District Council
(WDC)

Waimakariri Irrigation Limited
(WIL)

HEADS OF AGREEMENT IN
RELATION TO WATER RACE SYSTEM

HEADS OF AGREEMENT IN RELATION TO WATER RACE SYSTEM

Date: 8 JULY 1998

PARTIES

- (1) WAIMAKARIRI DISTRICT COUNCIL, at Rangiora (*WDC*)
- (2) WAIMAKARIRI IRRIGATION LIMITED, at Oxford (*WIL*)

BACKGROUND

- A Ownership of the Water race system described in the Waimakariri District Council Stock Water Race Bylaw 1992 (*the Water Race System*) is, by virtue of part XXV of the Local Government Act vested in WDC.
- B WDC has agreed to make the Water Race System available to WIL for the purposes of an irrigation scheme to be constructed and operated by WIL servicing initially up to 11,000 hectares of land in the area north of the Waimakariri River extending north east towards the Ashley River in North Canterbury (*the Irrigation Scheme*).
- C WDC has obtained and holds certain resource consents and water permits necessary for the construction and operation of the Irrigation Scheme (*the Resource Consents*).
- D The parties enter this Heads of Agreement to record their arrangements for WDC to make the Water Race System and Resource Consents available to WIL for the purposes of the Irrigation Scheme.

THIS AGREEMENT RECORDS:

- 1 EXTENSION OF WATER RACE SYSTEM
 - 1.1 WDC will use its powers under part XXV of the Local Government Act to enlarge the existing Water Race System as required for the purposes of the Irrigation Scheme
 - 1.2 WDC will appoint WIL as its contractor and agent to carry out physical and other works and construction required to enlarge the Water Race System. Such physical works and construction shall be carried out by WIL (or its contractors) at WIL's own cost.

2 LICENCE

- 2.1 In consideration of the physical works and construction to be carried out by WIL, WDC will grant to WIL a licence right to use the enlarged Water Race System for the purpose of the Irrigation Scheme.
- 2.2 The term of such licence shall correspond with the term of the Resource Consents and shall commence on the date of this Heads of Agreement and expire on 18 November 2031. If WIL obtains a renewal of the Resource Consents, WDC shall grant WIL a renewal of the licence term for a concurrent period.
- 2.3 The licence will require WIL to maintain the Water Race System subject to the Licence in a sound and reasonable condition (with fair wear and tear and force majeure exceptions).

3 RESOURCE CONSENTS

- 3.1 WDC will transfer the Resource Consents to WIL. The consideration for such transfer will be an amount equivalent to the costs and expenses incurred by WDC in relation to the Resource Consents up to the date of transfer.
- 3.2 If for any reason, WDC is unable to transfer the Resource Consents to WIL, WDC will instead grant a licence right to WIL to use the Resource Consents for the purpose of construction and operation of the Irrigation Scheme, such licence to be granted for the same consideration referred to in clause 3.1.

4 MANAGEMENT OF WATER RACE SYSTEM

WDC will prepare an Asset Management Plan for the entire Water Race System vested in WDC. WDC will then appoint WIL as its contractor (at a rate to be negotiated) to manage the Water Race System in accordance with the Asset Management Plan on its behalf.

5 FORM OF AGREEMENT

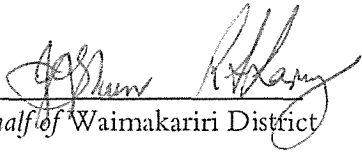
- 5.1 Upon this agreement becoming unconditional, the parties agree to negotiate in good faith to finalise and execute agreements for each of the following:
- 5.1.1 licence right to use the Water Race System (incorporating physical work and construction requirements);
- 5.1.2 transfer or licence of Resource Consents;

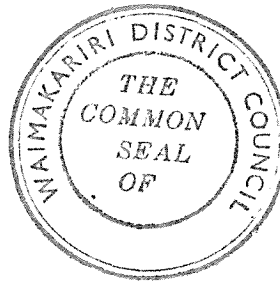
5.1.3 management of Water Race System.

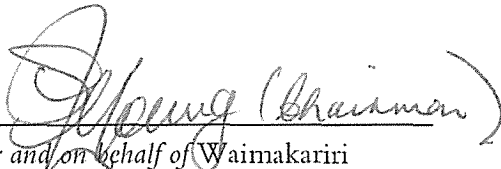
- 5.2 Any dispute or difference of opinion between the parties in relation to the final form of documentation shall be referred to mediation by a person nominated by New Zealand Local Government Association.
- 5.3 Any dispute or difference that cannot be resolved by mediation shall be referred by arbitration of a person nominated by New Zealand Local Government Association as a sole arbitrator whose decision shall be binding.

6 CONDITIONAL HEADS OF AGREEMENT

This Heads of Agreement is conditional upon the minimum subscription required by the prospectus prepared and registered by WIL in relation to issue of shares dated on or about 1 July 1998 being fully subscribed.


For and on behalf of Waimakariri District
Council




For and on behalf of Waimakariri
Irrigation Limited