

1.1 Bonding

The Consent Holder shall provide and maintain in favour of the Canterbury Regional Council and the Selwyn District Council (jointly for their respective interests) (together, the “**Councils**”) a bond to secure compliance by the Consent Holder with those conditions of the following resource consents which require the completion of all rehabilitation works; or impose monitoring obligations on the Consent Holder; or require works to avoid, remedy, or mitigate any significant adverse effects on the environment arising as the result of the exercise of the consents:

- (a) Resource Consents numbered XX to XX, granted by the Canterbury Regional Council; and
- (b) Resource Consents numbered XX to XX, granted by the Selwyn District Council.

1.2 Form of Bond

The bond shall be in a form generally used by a bank or insurance company registered to conduct business in New Zealand and approved by the Councils or, if the Councils do not agree, approved by an independent firm of solicitors nominated by the Councils jointly.

1.3 Content of Bond

The bond shall provide that the Consent Holder shall be liable and remain liable for meeting the cost of the performance of the conditions referred to in clause 1.1 above as follows:

- (a) If construction of the Scheme commences, but is not completed, the Consent Holder shall be required to meet the least costly of:
 - (i) completing;
 - (ii) making safe and mitigating any adverse effects arising from; or
 - (iii) reinstating,
any unfinished works.
- (b) If the Scheme does proceed, the Consent Holder shall be required to meet the cost of remedying or mitigating any breach of the conditions referred to in clause 1.1 above.

1.4 Payment

The payment of the bond quantum by the Consent Holder shall be guaranteed by a guarantor acceptable to the Councils.

The guarantor shall bind itself to pay up to the bond quantum for the carrying out and completion of all obligations of the Consent Holder under the bond.

1.5 **Term**

The bond shall be executed before the commencement of any construction works on the Scheme and may be renewed from time to time in accordance with this clause and shall remain in place for a period of 10 years after the surrender, expiry or lapsing of the consents referred to in clause 1.1.

1.6 **Amount**

The amount of the bond shall be set initially by agreement between the Consent Holder and the Councils, taking into account the estimated cost of meeting the obligations for which the bond is given as set out in clause 1.3 above.

- (a) The amount of the bond will then be reviewed and reassessed by the Consent Holder and the Councils every 12 months from the date the initial bond amount was lodged until a date two years after the date on which all consents listed in clause 1.1 have been given effect to. After that, it will be reviewed and reassessed by the Consent Holder and the Councils at five yearly intervals for the duration of the consents to which this clause relates.
- (b) During the construction phase of the Scheme, a scope of works planned for the balance of the construction period will be provided by the Consent Holder to the Councils, both prior to setting the bond amount as outlined in clause 1.6(a) above.
- (c) If the Consent Holder and the Councils do not reach agreement on a bond amount within thirty working days (30) days of the date the review and reassessment falls due the matter shall be referred to arbitration before a single arbitrator in accordance with the Arbitration Act 1996.
- (d) If at any time the amount of the bond is varied pursuant to this clause then the Consent Holder and guarantor approved by the Councils, shall within thirty (30) working days of notification to the Consent Holder of the varied bond amount, execute and lodge with the Councils a new bond for the varied amount or the additional amount required in excess of the existing bond.

1.7 **Section 109**

The provisions of Section 109 of the Act shall apply to any bond required pursuant to this clause.

1.8 **Costs**

The Consent Holder shall meet the costs of providing any bond, including the costs of preparation of the bond and any substitute bond, and the costs of any arbitrator engaged to resolve the appropriate quantum of the initial bond to be provided or any varied bond on review and reassessment.