

Mr. Stuart-Menteath.

WELLINGTON CORPORATION LEASEHOLDS DRAINAGE
AND FINANCIAL.

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A BILL INTITULED

AN ACT to entitle the Mayor, Councillors, and Citizens of the City of Wellington to accept Surrenders of existing Leases of certain Lands forming Parts of the Market Hall Reserve, and of certain Reclaimed Lands situate within the said City; and to grant new Leases to the Holders thereof, and to raise a Special Loan, and for other Purposes. Title.

WHEREAS the Mayor, Councillors, and citizens of the City of Wellington have granted leases of certain lands vested in them, and situate within the said city, for terms of forty-two years, at ground-rentals which, with a few exceptions, and by the terms of such leases, are to increase by fifty per cent. for the last twenty-one years of such terms: And whereas the said leases have unexpired terms in the case of the Market Hall Reserve varying from thirty-one to thirty-seven years, and in the case of reclaimed lands varying from twenty-six to twenty-seven years: And whereas, since the granting of such leases, most of the lessees have erected buildings upon the lands comprised therein, and the annual value of such lands has considerably increased: And whereas by section five of "The Wellington Corporation Leaseholds Act, 1885," the said Mayor, Councillors, and citizens were empowered to accept surrenders of existing leases of any of their lands, and to grant new leases to the holders thereof, with a clause under which the incoming tenants should pay to the outgoing tenants compensation for buildings and improvements, constructed of brick, stone, or concrete, on such lands, as ascertained by Preamble.

valuation, but the said section required, amongst other things, that the new ground-rental should also be fixed by valuation: And whereas none of the lessees of any of the Corporation's lands have come in under the said section: And whereas the conditions upon which the said lands are now held tend to deter the lessees from erecting substantial and expensive buildings thereon, in consequence of which the Corporation has suffered, and, unless the said conditions are varied, must continue to suffer, a considerable loss in rates: And whereas it is desirable that such terms and conditions should be offered to the said lessees as will induce them to erect substantial and expensive buildings, and also to pay to the Corporation increased rentals: And whereas the Corporation has from time to time during the last and several preceding financial years, out of income on its general account, constructed various culverts and drains in different parts of the city, by means principally of which expenditure there existed on the thirty-first day of March, one thousand eight hundred and eighty-eight, an overdraft of such general account with the Corporation bankers of the sum of nine thousand eight hundred and forty-seven pounds fifteen shillings and tenpence: And whereas the Corporation desire to raise a special loan for the purpose of completing the drainage of the city, and of paying off the said overdraft, and to devote any increase in the rentals that may be received by them under this Act, and also the aforesaid increase of fifty per centum payable during the second twenty-one years of the terms as aforesaid, to the payment of interest on such loan:

BE IT THEREFORE ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:—

Short Title.

1. The Short Title of this Act is "The Wellington Corporation Leaseholds Drainage and Financial Act, 1888."

Interpretation.

2. In this Act, if not inconsistent with the context,—

"City" shall mean the City of Wellington:

"Corporation" shall mean the Mayor, Councillors, and citizens of the city incorporated under "The Municipal Corporations Act, 1886:"

"Council" shall mean the Council of the city.

Corporation may accept surrenders of existing leases of market hall and reclaimed lands, and grant new leases in exchange at increased rentals.

3. In any case in which any part of the Market Hall Reserve or reclaimed lands situate within the city, and vested in the Corporation, was originally leased for a term of forty-two years, it shall be lawful for the Corporation, at any time within twelve calendar months from the passing of this Act, to accept a surrender of such lease, and to grant to the holder thereof, in exchange, a new lease of the lands comprised in such surrendered lease, for the residue then unexpired of the term of forty-two years thereby granted, at a new annual rental for the whole of such unexpired term.

Particulars of new rental.

4. The new rental to be reserved as aforesaid shall be ascertained by a valuation made by two independent valuers, one to be appointed by the Colonial Secretary and the other by the existing lessee, or by a third valuer or umpire to be appointed by the two valuers so chosen, before entering upon the valuation, whose duty, in case of disagreement between such two valuers, shall be to analyse their respective valuations in the matters in which they shall not agree, and then to make an independent and substantive valuation, not exceeding the

higher or less than the lower of the valuations made by such first-appointed valuers, and which shall be deemed his decision.

5 5. The principle upon which the aforesaid valuation shall be made shall be as follows: First, the annual rental payable during the first twenty-one years of the surrendered term, increasing (in all cases where it is already stipulated so to increase) by fifty per centum during the latter twenty-one years, shall be taken as a basis; and there shall be added thereto a sum, spread, with interest added, over the whole of the new term, in the shape of an increased rental, such
10 sum to be the present cash value, as ascertained by such valuers or their umpire, of the Corporation's prospective interest in such buildings and improvements (treated apart from the land)—not erected when the land was originally leased by the Corporation—as the valuers or umpire shall in their or his judgment consider would have
15 been left on the land at the end of the term had such surrendered lease not been surrendered: Provided always that, in spreading such sum as last aforesaid over the term, such greater proportion thereof shall be made payable during the residue of the first twenty-one years of the surrendered term as will cause the new rental to be an
20 even rental throughout the new term, notwithstanding the increase by fifty per centum payable during the last twenty-one years as aforesaid.

Principle of valuation to ascertain new rental.

25 6. Every new lease granted under the *last-preceding* clause may contain a provision under which, within six calendar months before the end of the term thereby granted, a further term of the land comprised therein, not exceeding twenty-one years, and containing the same covenants and provisions as are herein contained (including the provisions authorised by this clause), shall be put up to public auction for purchase by the person bidding the highest annual ground-rent,
30 payable during the said term so offered, at or over the upset annual ground-rental fixed as hereinafter mentioned. Such purchaser, if not the holder of the expired lease, to pay, for the benefit of such holder, compensation for all buildings and improvements left on the land at the expiration of the lease and not erected thereon when the land was
35 originally leased by the Corporation. Such upset ground-rental and compensation shall be ascertained by a valuation made within the six months aforesaid by two independent valuers, one to be appointed by the Corporation and the other by the lessee or by a third valuer or umpire, to be appointed by the two valuers so chosen before entering upon the valuation. The duty of such third valuer or umpire shall be similar to that of the umpire referred to in section *four*.

New leases may contain provisions for perpetual leasing and compensation for buildings.

40 7. The aforesaid provision may contain clauses relative to appointment and notice of appointment of arbitrators and umpire, conditions at auction, and all convenient subsidiary matter necessary
45 to give due effect to the same and to carry out the intention of this Act; and shall provide that in the event of their being no bid of or over the said upset ground-rental, or of the term being determined by re-entry, the land leased, with all buildings and improvements thereon, shall absolutely revert to the Corporation, free from any
50 payment or compensation whatever.

Details of aforesaid provision.

8. It shall be lawful for the Corporation, by special order, but without taking a poll of ratepayers under the provisions of "The Municipal Corporations Act, 1886," to raise by way of special loan a

Corporation may raise special loan for a sum the interest on which can be met by the increases in rentals.

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sum or sums not exceeding a sum or sums the interest on which can be paid by means of the increased annual rentals to be received by the Corporation from lessees of Market Hall Reserve and reclaimed lands over and above an annual sum equal to the rentals secured during the first twenty-one years of the terms included in such increased annual rentals (for the purposes of this section an annual sum equal to the increase by fifty per centum of existing rentals to come into force after the first twenty-one years of the terms as aforesaid, whether the lessees shall come in under this Act or not). 5

Increase in rentals appropriated to interest on loan.

9. All such increases in rentals, as defined in the *last-preceding* section, in respect of which any loan shall be raised as aforesaid, shall, subject to the charge on the revenues of the city generally made by "The City of Wellington Loans Consolidation Act, 1876," be deemed strictly appropriated to the payment of the interest on the loan raised in respect thereof as aforesaid, as shall also an equivalent amount of the rent reserved under every fresh lease of the same premises until the loan shall be repaid. 10 15

Special loan to be devoted to repayment of overdraft and drainage.

10. The moneys raised by way of special loan as aforesaid shall be devoted to the repayment of the said overdraft on general account of nine thousand eight hundred and forty-seven pounds fifteen shillings and tenpence, and to the drainage of the city, and shall be expended for no other purpose whatever. 20