

further term not exceeding twenty-one years at a rent to be fixed by valuation of the land only without regard to the value of any buildings or improvements thereon. The renewed lease is to contain a similar provision, and so *toties quoties* in perpetuity or until the lessee ceases to require a renewal. It will be noted that in this type of lease there is no compulsion on the lessee to renew, but if he does not renew he gets no valuation for improvements. If he should desire at any time to get anything out of his improvements he would have to sell his lease to a third party for what he could get. For convenience we shall refer to this type as a "non-auction renewal."

(2.) A lease for a term not exceeding twenty-one years, with a provision that prior to its expiry a new lease for a further term not exceeding twenty-one years, containing the same provisions, is to be put up to auction at the upset price of the annual value of the land only, without regarding the value of any buildings or improvements thereon, but subject to the condition that if a stranger becomes entitled to the lease, as he may do by being the highest bidder at the auction, he is to pay the outgoing lessee the value of the buildings or improvements. We shall for convenience call this an "auction renewal."

(3.) A lease for a term not exceeding twenty-one years, with a right for the lessee, at his option, to have a non-auction renewal of type No. 1 or an auction renewal of type No. 2.

MODE OF VALUATION PRESCRIBED BY SECTION 137.

Section 137, referred to in the question, provides that the valuations therein mentioned shall be made by three independent persons, one to be appointed by the Corporation, one by the lessee, and the third by such two appointed persons. The section further provides that the lease may contain any subsidiary matter to give due effect to the provisions with regard to the various types of leases, and may include such other covenants, conditions, and provisions not being contrary to the Act as the Council of the Corporation thinks fit. Those provisions enable the Council within limits to use its powers so as to adapt the lease to its opinion of what is best in all the circumstances of the case.

CITY OF WELLINGTON LEASES.

The Wellington City Council, like some other public bodies, has from time to time obtained special legislation to supplement its leasing-powers. Under the Wellington Reclaimed Land Act, 1871, the Corporation was empowered to let for any term not exceeding forty-two years. No right of renewal was authorized. Under this Act many leases were granted. Then in 1885, by the Wellington Corporation Leaseholds Act, the Corporation was empowered to insert in its future leases a provision for an auction renewal for a term not exceeding twenty-one years in perpetuity, and provision was made for granting a lease of this type in exchange for such of the forty-two-year leases as still had twenty-one years to run.

By the Wellington City Leasing Act, 1900, further authority was granted to accept surrenders of existing leases that did not contain provision for renewal or compensation for buildings, and to grant in exchange a lease for a term not exceeding twenty-one years, with provision for perpetual renewal of the auction renewal type. The form of the lease is given *in extenso* in the schedule to the Act. This lease provided that the annual rental for the renewal term and the value of the buildings should be ascertained by a valuation made by three independent persons as above described.

Then, by the Wellington City Leasing Act, 1904, the Corporation was authorized to grant a new lease providing for a "non-auction" renewal in exchange for any then existing lease that contained any provisions for renewal or compensation. It appears that this Act was the result of objections on the part of the lessees to expose the right of renewal to auction.

A few of the old forty-two-year leases are still current. There are also a few leases extant which contain the auction renewal provision, but the Corporation is always willing to waive the auction if the tenant so desires. They are treated as on the footing of non-auction leases. The rest of the leases are in the form authorized by the Act of 1904 with respect to the mode of ascertaining the value of the rent.