

# **Maori Reserved Land Amendment Act 1997 101**

Commenced: 1 January 1998

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BE IT ENACTED by the Parliament of New Zealand as follows:

1. Short Title and commencement--- (1) This Act may be cited as the Maori Reserved Land Amendment Act 1997, and is part of the Maori Reserved Land Act 1955 ("the principal Act").

(2) This Act comes into force on 1 January 1998.

## PART 1

### Preliminary Provisions

2. Act to bind the Crown---This Act binds the Crown.

3. Purpose of Act--- (1) The purpose of this Act is---

(a) To provide, in respect of leases to which this Act applies, for a change to more frequent rent reviews and to fair annual rents based on the unimproved value of the land to be phased in over a 4-year period commencing 3 years after the commencement of this Act; and

(b) To provide for compensation to be paid to lessors for the delay, as from the commencement of 1 January 1998, in the change to more frequent reviews and to fair annual rents based on the unimproved value of the land and for the conditions imposed by this Act on the transfer by lessors of land that is subject to leases to which this Act applies; and

(c) To provide that the amount of the compensation payable to each lessor is to be, in accordance with an election made by the lessor, either---

(i) The amount payable to the lessor under section 13; or

(ii) The amount determined by the Land Valuation Tribunal in accordance with section 15 as payable to the lessor; and

(d) To provide for a solatium payment to those lessors who accept the amount payable by way of compensation under section 13, which payment is to be on the basis of one payment per lease, irrespective of the number of lessors, and is to recognise the justifiable but unquantifiable transaction costs that will be incurred by lessors as a result of the changes made to leases by this Act; and

(e) To provide for compensation to be paid to lessees for the change to more frequent rent reviews and to fair annual rents based on the unimproved value of the land and for the conditions imposed by this Act on the assignment of the lessees' interests in the leases; and

(f) To provide that the amount of the compensation payable to each lessee is to be, in accordance with an election made by the lessee, either---

(i) The amount payable to the lessee under section 16; or

(ii) The amount determined by the Land Valuation Tribunal in accordance with section 18 as payable to the lessee; and

(g) To provide for a solatium payment to be made to those lessees who accept the amount payable by way of compensation under section 16, which payment is to be on the basis of one payment per lease, irrespective of the number of lessees, and is to recognise the justifiable but unquantifiable transaction costs that will be incurred by lessees as a result of the changes made to leases by this Act; and

(h) To provide a right of first refusal for lessors on assignment by lessees to third parties of leases to which this Act applies; and

(i) To provide the lessors of leases to which this Act applies with additional money with which they may purchase the interests of lessees under those leases (as those interests become available for purchase) by authorising the payment to those lessors, on the basis of one payment per lease, irrespective of the number of lessors, of money that those lessors may use for the purchase of such interests; and

(j) To provide a right of first refusal for lessees on transfer by lessors to third parties of land subject to leases to which this Act applies.

(2) The market rent and right of first refusal provisions are in Part 2 and Schedule 1.

(3) The compensation provisions are in Part 3 and Schedule 2.

4. Application of Act--- This Act applies to the following leases:

(a) The leases specified in Part A of Schedule 3 and any leases granted in renewal of those leases:

(b) Any lease to which a lessee is entitled in renewal of, or in substitution for, an expired lease specified in Part B of Schedule 3 and any lease granted in renewal of a lease so renewed or substituted.

## PART 2

### Provisions Relating to Annual Rents and Right of First Refusal Implied in Certain Leases

5. Provisions implied in leases to which this Act applies--- (1) There is implied in every lease to which this Act applies the provisions in Schedule 1.

(2) Subject to subsections (3) and (4), the provisions implied in a lease by subsection (1) prevail over any provision which is inconsistent with any of those provisions and which is---

(a) A provision of the principal Act; or

(b) A provision of the lease; or

(c) A provision implied in the lease by a provision of the principal Act or a provision of the lease.

(3) Nothing in subsections (1) and (2) or in section 29 or in clauses 3 to 9 of Schedule 1 prevents the rent payable under a lease specified in Part A of Schedule 3 from being reviewed from time to time (as if this Act had not been passed) at any time before the first rent review date specified, in relation to that lease, in Part A of Schedule 3.

(4) The provisions implied in a lease by subsection (1) may be negated, altered, or added to by agreement of the lessor and lessee.

(5) Where, pursuant to subsection (4), the provisions in a lease are altered or added to, references in this Act to the provisions in Schedule 1 must be read as references to those provisions as so altered or added to.

(6) The provisions implied in a lease by subsection (1) apply subject to the provisions relating to the alienation of Maori freehold land in Te Ture Whenua Maori Act 1993.

6. Implied provisions to apply to sale by mortgagee or creditor or pursuant to court order--- Where land that is subject to a lease to which this Act applies, or a lessee's interest in a lease to which this Act applies, is to be sold by, or on behalf of, a mortgagee or creditor of the lessor or lessee (as the case may be) or pursuant to an order of a court, the provisions in Schedule 1 (as implied in the lease by section 5) apply to the sale, with all necessary modifications, as if references in those provisions to the lessor or lessee were references to the mortgagee, creditor, or other person effecting the sale, as the case may be.

7. Transfer or assignment of lessor's or lessee's interest in contravention of implied provisions void---(1) Any transfer of land that is subject to a lease to which this Act applies by a lessor, or any assignment of an interest in a lease to which this Act applies by a lessee, in breach of the provisions in Schedule 1 (as implied in the lease by section 5) is void, unless the party not making the transfer or assignment consents in writing to the transfer or assignment before the transfer or assignment is made.

(2) A transfer or assignment that is void under subsection (1) is not illegal and no contract is, by reason of the fact that it provides for such a transfer or assignment, an illegal contract within the meaning of section 3 of the Illegal Contracts Act 1970.

8. Acquisition of relevant interest in lessors or lessees that are companies--- (1) After the commencement of this Act, a person (other than a preferred alienee) must not acquire a relevant interest, or an additional

relevant interest, in the voting securities of a company that is a lessor of a lease to which this Act applies unless---

(a) The company complies with clauses 27 to 30 of the provisions in Schedule 1, as if the company were proposing to transfer its interest in the land subject to lease; or

(b) The lessee of the lease consents in writing to the acquisition before the relevant interest is acquired.

(2) After the commencement of this Act, a person (other than a specified assignee) must not acquire a relevant interest, or an additional relevant interest, in the voting securities of a company that is a lessee of a lease to which this Act applies unless---

(a) The company complies with clauses 11 to 14 or clauses 16 to 25 of the provisions in Schedule 1, as if the company were proposing to assign its interest in the lease; or

(b) The lessor of the lease consents in writing to the acquisition before the relevant interest is acquired.

(3) The acquisition of a relevant interest in the voting securities of a company in contravention of this section is void.

(4) An acquisition that is void under subsection (3) is not illegal and no contract is, by reason of the fact that it provides for such an acquisition, an illegal contract within the meaning of section 3 of the Illegal Contracts Act 1970.

(5) In this section,---

(a) "Company" includes any body corporate with voting securities; but does not include a company that is a party to a listing agreement with a stock exchange:

(b) "Preferred alienee" means a person that comes within the preferred classes of alienees under Te Ture Whenua Maori Act 1993:

(c) "Relevant interest" has the meaning assigned to that term by section 5 of the Securities Amendment Act 1988:

(d) "Specified assignee" has the same meaning as in clause 2 of Schedule 1, as if reference in that definition to an interest in a lease were reference to a relevant interest in the voting securities of a lessee that is a company:

(e) "Voting security" has the same meaning as in section 2 of the Securities Amendment Act 1988, as if references in that definition to "public issuer or other body" and "public issuer or body" were references to "company".

9. Acquisition of beneficial interests in trusts that are lessors or lessees---(1) After the commencement of this Act, a person must not acquire from a beneficiary a beneficial interest in a trust the trustee of which is a lessor or a lessee of a lease to which this Act applies unless---

(a) The trustee complies with clauses 11 to 14 or clauses 16 to 25 or clauses 27 to 30 of Schedule 1, as the case may require; or

(b) The person acquiring the beneficial interest is a preferred alienee or a specified assignee; or

(c) The party to the lease, not being the trustee of the trust in which the beneficial interest is acquired, consents in writing before the interest is acquired.

(2) The acquisition of a beneficial interest in a trust in contravention of subsection (1) is void.

(3) An acquisition that is void under subsection (2) is not illegal and no contract is, by reason of the fact that it provides for such an acquisition, an illegal contract within the meaning of section 3 of the Illegal Contracts Act 1970.

(4) In this section,---

(a) "Preferred alienee" means a person that comes within the preferred classes of alienees under Te Ture Whenua Maori Act 1993:

(b) "Specified assignee" has the same meaning as in clause 2 of Schedule 1.

10. Lessees that are executors or administrators---(1) Where the lessee of a lease to which this Act applies is an executor or an administrator, the lessee must comply with clauses 11 to 14 or clauses 16 to 25 of Schedule 1---

(a) Within 1 year of the testator's or intestate's death; or  
(b) Where the testator has left, in relation to the testator's interest in the lease, life or lesser interests to any one or more of the persons who are, in relation to the assignment of the testator's interest in the lease, specified assignees within the meaning of Schedule 1, within 1 year of the death of the person, or the last of the persons, to whom the life or lesser interests are left.

(2) A lessee is not required to comply with subsection (1) if---

(a) The lessor, by notice in writing to the lessee, has exempted the lessee from such compliance; or  
(b) The High Court has made an order extending the period within which the lessee must comply with subsection (1).

(3) The High Court may make an order under subsection (2) (b) on the grounds that any legal proceedings that have been commenced within 1 year after the testator's or intestate's death, being---

(a) Proceedings touching the validity of the will of the testator; or  
(b) Proceedings for obtaining, recalling, or revoking any grant of administration under the Administration Act 1969 (other than a grant made under section 7 of that Act) in respect of the estate of the testator or intestate; or  
(c) Proceedings under the Law Reform (Testamentary Promises) Act 1949 or the Family Protection Act 1955 in respect of the estate of the testator or intestate,--- are unlikely to be disposed of within that year.

(4) The High Court may make an order under subsection (2) (b) on such terms and conditions as the High Court thinks fit.

11. District Land Registrar to note certificate of title and lease--- (1) Subject to subsection (2), as soon as reasonably practicable after the commencement of this Act, the District Land Registrar must, in relation to every lease to which this Act applies, make all such entries in the register, and do all such other things as may be necessary to give effect to the provisions of this Act.

(2) Subsection (1) applies only where a lease has a number or a certificate of title specified in respect of it in Schedule 3.

(3) Where Schedule 3 is amended pursuant to section 29 to specify a number or certificate of title in respect of a lease to which this Act applies or to add the details (including the number or certificate of title) of a lease to which the principal Act applies, the District Land Registrar must (on being supplied with the Order in Council making the amendment, and without fee) note on the lease and the certificate of title that the lease is subject to this Act.

12. District Land Registrar not to register transfer in certain cases--- The District Land Registrar must not register a transfer of any land that is subject to a lease to which this Act applies or of the lessee's interest in a lease to which this Act applies unless---

(a) The transfer is to the lessor or lessee; or  
(b) Where the transfer is to a third party, the lessor or lessee that is not a party to the transfer consents in writing to the transfer; or  
(c) The transfer is accompanied by a certificate from the solicitor acting for the transferor that the transfer does not contravene the provisions in Schedule 1.

### PART 3 Compensation

13. Compensation payable to lessors--- (1) The person who, on the commencement of this Act, is the lessor of a lease to which this Act applies is entitled to compensation---

(a) For the delay, as from the commencement of 1 January 1998,---

- (i) In the change to a more frequent rent review; and
  - (ii) In the change to a fair annual rent based on the unimproved value of the land; and
- (b) For the conditions imposed by this Act on the transfer by the lessor of the land subject to the lease.

(2) Where the details of a lease are added to Schedule 3 after the commencement of this Act and that lease, by virtue of its details being so added, becomes a lease to which this Act applies, the person who, on the date on which the addition takes effect, is the lessor of that lease is entitled to compensation---

- (a) For the delay, as from the commencement of 1 January 1998,---
  - (i) In the change to a more frequent rent review; and
  - (ii) In the change to a fair annual rent based on the unimproved value of the land; and
- (b) For the conditions imposed by this Act on the transfer by the lessor of the land subject to the lease.

(3) The compensation payable to a lessor under subsection (1) or subsection (2) must be determined in accordance with Schedule 2.

(4) In this section, the term "lessor" means, in relation to land under the Land Transfer Act 1952, the registered proprietor of the land.

14. Right of lessor to elect to have compensation determined by Land Valuation Tribunal--- (1) The chief executive of Te Puni Kokiri must, after the commencement of this Act, give to each lessor to whom this Act applies a notice specifying both---

- (a) The amount of compensation payable to the lessor under section 13; and
- (b) The amount of the solatium payment payable to the lessor under section 25.

(2) The notice must state that the lessor may elect either---

- (a) To accept both of the amounts specified in the notice; or
- (b) To have the lessor's compensation determined by the Land Valuation Tribunal in accordance with section 15.

(3) The notice under subsection (1) must,---

- (a) In the case of a lease to which this Act applies on the commencement of this Act, be given to the lessor not later than 2 March 1998; and
- (b) In any case where a lease becomes, after the commencement of this Act, a lease to which this Act applies, be given to the lessor not later than 2 months after the date on which that lease becomes a lease to which this Act applies.

(4) The lessor may, within 3 months after being given a notice under subsection (1), elect either---

- (a) To inform the chief executive of Te Puni Kokiri, by notice in writing signed by the lessor, that the lessor will accept both of the amounts specified in the notice given to the lessor under subsection (1); or
- (b) To file in the appropriate office of the District Court, in accordance with section 21 of the Land Valuation Proceedings Act 1948, an application to have the lessor's compensation determined by the Land Valuation Tribunal in accordance with section 15.

(5) Where the lessor files an application under subsection (4) (b), the lessor must, within 3 working days after the day on which that notice is filed, give a copy of that application to the chief executive of Te Puni Kokiri, who is to be a party to the proceedings before the Land Valuation Tribunal.

(6) Where the lessor files an application under subsection (4) (b), the lessor is not entitled, in respect of the lease to which the application relates, to compensation under section 13 or a solatium payment under section 25.

(7) Where the chief executive of Te Puni Kokiri receives from the lessor a notice under subsection (4) (a), the chief executive must, within 3 months after the day on which he or she receives that notice, pay to the lessor the amounts specified in the notice given to the lessor under subsection (1).

(8) Where the lessor does not, within the period allowed by subsection (4), take either of the steps permitted by that subsection, the lessor is deemed to have given to the chief executive on the last day of that period a notice under subsection (4) (a).

(9) In this section,---

“Land Valuation Tribunal” has the meaning given to it by section 2 of the Land Valuation Proceedings Act 1948:

“Lessor” means, in relation to land under the Land Transfer Act 1952, the registered proprietor of the land.

15. Determination of compensation by Land Valuation Tribunal--- (1) Where a lessor files an application under section 14 (4) (b), the Land Valuation Tribunal has jurisdiction to determine, in accordance with this section, the amount to be paid to the lessor by the Crown as compensation---

(a) For the delay, as from the commencement of 1 January 1998,---

(i) In the change to a more frequent rent review; and

(ii) In the change to a fair annual rent based on the unimproved value of the land; and

(b) For the conditions imposed by this Act on the transfer by the lessor of the land subject to the lease.

(2) The Land Valuation Tribunal must, as soon as practicable, determine the amount of that compensation.

(3) Every application made under section 14 (4) (b) must, subject to this section, be dealt with by the Land Valuation Tribunal in accordance with the provisions of the Land Valuation Proceedings Act 1948, which is to apply with all necessary modifications.

(4) In this section,---

“Land Valuation Tribunal” has the meaning given to it by section 2 of the Land Valuation Proceedings Act 1948:

“Lessor” means, in relation to land under the Land Transfer Act 1952, the registered proprietor of the land.

16. Compensation payable to lessees--- (1) The person who, on the commencement of this Act, is the lessee of a lease to which this Act applies is entitled to compensation for---

(a) The change to a more frequent rent review; and

(b) The change to a fair annual rent based on the unimproved value of the land; and

(c) The conditions imposed by this Act on the assignment of the lessee's interest in the lease.

(2) Where the details of a lease are added to Schedule 3 after the commencement of this Act and that lease, by virtue of its details being so added, becomes a lease to which this Act applies, the person who, on the date on which the addition takes effect, is the lessee of that lease is entitled to compensation for---

(a) The change to a more frequent rent review; and

(b) The change to a fair annual rent based on the unimproved value of the land; and

(c) The conditions imposed by this Act on the assignment of the lessee's interest in the lease.

(3) The compensation payable to a lessee under subsection (1) or subsection (2) must be determined in accordance with Schedule 2.

(4) In this section, the term “lessee” means,---

(a) In relation to a lease registered under the Land Transfer Act 1952, the person registered as the lessee of the lease; and

(b) In relation to any other lease, the person entitled to be registered under the Land Transfer Act 1952 as the lessee of the land to which the lease relates.

17. Right of lessee to elect to have compensation determined by Land Valuation Tribunal--- (1) The chief executive of Te Puni Kokiri must, after the commencement of this Act, give to each lessee to whom this Act applies a notice specifying both---

- (a) The amount of compensation payable to the lessee under section 16; and
- (b) The amount of the solatium payment payable to the lessee under section 26.

(2) The notice must state that the lessee may elect either---

- (a) To accept both of the amounts specified in the notice; or
- (b) To have the lessee's compensation determined by the Land Valuation Tribunal in accordance with section 18.

(3) The notice under subsection (1) must,---

(a) In the case of a lease to which this Act applies on the commencement of this Act, be given to the lessee not later than 2 March 1998; and

(b) In any case where a lease becomes, after the commencement of this Act, a lease to which this Act applies, be given to the lessee not later than 2 months after the date on which that lease becomes a lease to which this Act applies.

(4) The lessee may, within 3 months after being given a notice under subsection (1), elect either---

(a) To inform the chief executive, by notice in writing signed by the lessee, that the lessee will accept both of the amounts specified in the notice; or

(b) To file in the appropriate office of the District Court, in accordance with section 21 of the Land Valuation Proceedings Act 1948, an application to have the lessee's compensation determined by the Land Valuation Tribunal in accordance with section 18.

(5) Where the lessee files an application under subsection (4) (b), the lessee must, within 3 working days after the day on which that notice is filed, give a copy of that application to the chief executive of Te Puni Kokiri, who is to be a party to the proceedings before the Land Valuation Tribunal.

(6) Where the lessee files an application under subsection (4) (b), the lessee is not entitled, in respect of the lease to which the application relates, to compensation under section 16 or a solatium payment under section 26.

(7) Where the chief executive of Te Puni Kokiri receives from the lessee a notice under subsection (4) (a), that chief executive must, within 3 months after the day on which he or she receives that notice, pay to the lessee the amounts specified in the notice given to the lessee under subsection (1).

(8) Where the lessee does not, within the period allowed by subsection (4), take either of the steps permitted by that subsection, the lessee is deemed to have given to the chief executive on the last day of that period a notice under subsection (4) (a).

(9) In this section,---

``Land Valuation Tribunal" has the meaning given to it by section 2 of the Land Valuation Proceedings Act 1948:

``Lessee" has the meaning given to it by section 16 (4).

18. Determination of compensation by Land Valuation Tribunal--- (1) Where a lessee files an application under section 17 (4) (b), the Land Valuation Tribunal has jurisdiction to determine, in accordance with this section, the amount to be paid to the lessee by the Crown as compensation for---

- (a) The change to a more frequent rent review; and
- (b) The change to a fair annual rent based on the unimproved value of the land; and
- (c) The conditions imposed by this Act on the assignment of the lessee's interest in the lease.



(2) The Land Valuation Tribunal must, as soon as practicable after the application is filed, determine the market value, as at 1 January 1998, of the lessee's interest in the lease.

(3) That market value must be determined on the basis of what that market value would have been if this Act had not been enacted.

(4) The Land Valuation Tribunal must determine, as soon as practicable after 1 January 2001, the market value, as at 1 January 2001, of the lessee's interest in the lease.

(5) The Land Valuation Tribunal may, in making determinations under this section, take account of relevant valuation evidence arising after the commencement of this Act.

(6) The amount of the compensation payable to the lessee under subsection (1) is the market value determined under subsection (2) less the market value determined under subsection (4).

(7) Every application made under section 17 (4) (b) must, subject to this section, be dealt with by the Land Valuation Tribunal in accordance with the provisions of the Land Valuation Proceedings Act 1948, which is to apply with all necessary modifications.

(8) In this section,---

``Land Valuation Tribunal" has the meaning given to it by section 2 of the Land Valuation Proceedings Act 1948:

``Lessee" has the meaning given to it by section 16 (4).

19. Compensation not otherwise payable---(1) Except as provided in sections 13 to 18, no compensation is payable to a lessor or lessee of a lease to which this Act applies by reason of the enactment of this Act.

(2) Nothing in subsection (1) limits any of the provisions of sections 23, 24, 25, 26, and 28.

20. No compensation payable to the Crown or Crown entity---(1) No compensation is payable under this Act to the lessee of a lease to which this Act applies if that lessee is the Crown or a Crown entity.

(2) In this section, the terms ``the Crown" and ``Crown entity" have the same meanings as in section 2 of the Public Finance Act 1989.

21. Modified compensation payable in respect of certain leases--- If the annual rent of the lease is, at the commencement of this Act, no longer determined at 21-year rent reviews or in accordance with section 34 of the principal Act then, for the purposes of calculating the compensation payable under Schedule 2, the estimated prescribed rent for the compensation period must be adjusted to reflect the terms of the current lease.

22. Compensation payable by the Crown--- Compensation payable to a lessor or lessee under this Act must be paid by the Crown as soon as the amount of the compensation is determined in accordance with this Act.

23. Interest payable on compensation--- (1) Where the compensation to which a person is entitled under section 13 or section 15 or section 16 or section 18 is not paid to that person, within the period of 3 months after the date on which that person becomes entitled to be paid that compensation, and the delay, after the expiration of that period, in making payment is attributable to the Crown, the Crown must, on paying that compensation, pay it together with interest in respect of the period beginning with the expiration of that period of 3 months and ending with the date of payment.

(2) The interest paid under subsection (1) is to be paid at the rate prescribed by or under section 87 of the Judicature Act 1908.

(3) Notwithstanding any other Act, agreement, or rules of court, the Crown, except as provided in subsections (1) and (2), is not liable to pay interest on compensation payable under this Act.

24. Claims under Treaty of Waitangi Act 1975 not precluded--- Nothing in this Act affects the right of any Maori to bring a claim under section 6 of the Treaty of Waitangi Act 1975.

#### PART 4

##### Solatium Payments to Lessors and Lessees and Payments to Lessors for Purchase of Leases

25. Solatium payments to lessors---(1) The Crown must, out of public money, make solatium payments, on the basis of one payment per lease, irrespective of the number of lessors, to all persons who, on the commencement of this Act, are lessors of leases to which this Act applies.

(2) The total amount of public money to be paid by way of solatium payments under subsection (1) is \$2,000,000.

(3) The solatium payments under this section recognise the justifiable but unquantifiable transaction costs that will be incurred by lessors as a result of the changes made by this Act to leases to which this Act applies.

(4) The lessor, on the commencement of this Act, of a lease to which this Act applies is entitled to receive from the Crown by way of solatium in respect of that lease---

(a) The sum of \$500; plus

(b) A pro rata percentage of such part of the sum of \$2,000,000 as remains after provision has been made for the payments required by paragraph (a).

(5) The pro rata percentage payable in respect of each lease is to be calculated on the basis of the unimproved value, as at 31 December 1995, of the land subject to the lease and of the land comprised in the leases specified, on the commencement of this Act, in Schedule 3.

(6) No amendment made to Schedule 3 after the commencement of this Act has, of itself, the effect of reducing, increasing, or removing any entitlement to a solatium payment that exists under this section on the commencement of this Act.

(7) Notwithstanding subsections (1) to (5), where the details of a lease are added to Schedule 3 after the commencement of this Act, the lessor of the lease, at the date on which the addition takes effect, is entitled to receive from the Crown a solatium payment of the same amount as the solatium payment the lessor would have received if the details of the lease had, on the commencement of this Act, been included in Schedule 3 in substitution for details of another lease of land of identical unimproved value (as at 31 December 1995).

(8) In this section, the term "lessor" means, in relation to land under the Land Transfer Act 1952, the registered proprietor of the land.

(9) This section is subject to section 14.

26. Solatium payments to lessees---(1) Subject to section 27, the Crown must, out of public money, make solatium payments, on the basis of one payment per lease, irrespective of the number of lessees, to all persons who, on the commencement of this Act, are lessees of leases to which this Act applies.

(2) The total amount of public money to be paid by way of solatium payments under subsection (1) is \$2,000,000.

(3) The solatium payments under this section recognise the justifiable but unquantifiable transaction costs that will be incurred by lessees as a result of the changes made by this Act to leases to which this Act applies.

(4) The lessee, on the commencement of this Act, of a lease to which this Act applies is (unless the lessee is the Crown or a Crown entity) entitled to receive from the Crown by way of solatium in respect of that lease---

(a) The sum of \$500; plus

(b) A pro rata percentage of such part of the sum of \$2,000,000 as remains after provision has been made for the payments required by paragraph (a).

(5) The pro rata percentage payable in respect of each lease is to be calculated on the basis of the unimproved value (as at 31 December 1995) of the land subject to the lease and of the land comprised in the leases specified, on the commencement of this Act, in Schedule 3 (not being leases under which the lessee is the Crown or a Crown entity).

(6) No amendment made to Schedule 3 after the commencement of this Act has, of itself, the effect of reducing, increasing, or removing any entitlement to a solatium payment that exists under this section on the commencement of this Act.

(7) Notwithstanding subsections (1) to (5), where the details of a lease are added to Schedule 3 after the commencement of this Act, the lessee of the lease, at the date on which the addition takes effect, is (unless the lessee is the Crown or a Crown entity) entitled to receive from the Crown a solatium payment of the same amount as the solatium payment the lessee would have received if the details of the lease had, on the commencement of this Act, been included in Schedule 3 in substitution for details of another lease of land of identical unimproved value (as at 31 December 1995), not being a lease under which the lessee is the Crown or a Crown entity.

(8) In this section, the term "lessee" has the meaning given to it by section 16 (4).

(9) This section is subject to section 17.

27. No solatium payable to the Crown or Crown entity---(1) No solatium is payable under section 26 to the lessee of a lease to which this Act applies if that lessee is the Crown or a Crown entity.

(2) In this section and in section 26, the terms "the Crown" and "Crown entity" have the same meanings as in section 2 of the Public Finance Act 1989.

28. Payments to lessors for purchase of leases---(1) The Crown must, out of public money, provide the lessors of leases to which this Act applies with additional money with which they may purchase the interests of lessees under those leases (as those interests become available for purchase) by making, on the basis of one payment per lease, irrespective of the number of lessors, payments (in this section called "purchase money payments") to all persons who, on the commencement of this Act, are lessors of leases to which this Act applies.

(2) The total amount of public money to be paid by way of purchase money payments under subsection (1) is \$6,000,000.

(3) The purchase money payments recognise that, in the case of leases to which this Act applies, lack of sufficient purchase money has been one of the major factors that has prevented lessors from purchasing the interests of lessees under those leases and that it is in the interests of both lessors and lessees that the Crown make a contribution towards the money that lessors may use for the purchase of such interests (as they become available).

(4) The lessor, on the commencement of this Act, of a lease to which this Act applies is entitled to receive from the Crown, by way of a purchase money payment in respect of that lease, a pro rata percentage of the sum of \$6,000,000.

(5) The pro rata percentage payable in respect of each lease is to be calculated on the basis of the unimproved value, as at 31 December 1995, of the land subject to the lease and of the land comprised in the leases specified, on the commencement of this Act, in Schedule 3.

(6) No amendment made to Schedule 3 after the commencement of this Act has, of itself, the effect of reducing, increasing, or removing any entitlement to a purchase money payment that exists under this section on the commencement of this Act.

(7) Notwithstanding subsections (1) to (5), where the details of a lease are added to Schedule 3 after the commencement of this Act, the lessor of the lease, at the date on which the addition takes effect, is entitled to receive from the Crown a purchase money payment of the same amount as the purchase money payment the lessor would have received if the details of the lease had, on the commencement of this Act, been included in Schedule 3 in substitution for details of another lease of land of identical unimproved value (as at 31 December 1995).

(8) In this section, the term "lessor" means, in relation to land under the Land Transfer Act 1952, the registered proprietor of the land.

## PART 5 Miscellaneous Provisions

29. Power to amend Schedule 3---(1) The Governor-General may from time to time, by Order in Council, amend Schedule 3 for the purpose of---

- (a) Correcting any misdescription or error in that schedule:
- (b) Inserting a number or certificate of title that is not specified in that schedule:
- (c) Adding, on or before 30 June 1998, the details of any lease to which the principal Act applies and which have been omitted in error from that schedule.

(2) An Order in Council may be made under subsection (1) (c) only on the recommendation of the Minister of Maori Affairs, after consultation by that Minister with such persons, including the lessor and lessee of the lease to which the order relates, as that Minister thinks fit.

30. Goods and services tax---No payment made under this Act is to be treated, for the purposes of the Goods and Services Tax Act 1985, as consideration for the supply of goods and services.

31. Amendment to Income Tax Act 1994---Section CB 5 (1) of the Income Tax Act 1994 is amended by adding the following paragraph:

"(p) Any payments of compensation, solatium payments, or payments to lessors for the purchase of leases, made to any person under the Maori Reserved Land Amendment Act 1997, not being interest paid under section 23 of that Act."

32. Validation of valuations used for purpose of payment of compensation, etc---For the purposes of any payment made under this Act to a lessor or lessee, being a payment of compensation or a solatium payment under section 25 or section 26 or a purchase money payment made under section 28, every valuation made by the Valuer-General before the commencement of this Act, being a valuation, as at 31 December 1995, of the unimproved value of any land subject to a lease to which this Act applies, is deemed to be, and to have always been, valid and correct.

33. Consequential amendments to principal Act--- The principal Act is amended in the manner set out in Schedule 4.

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## SCHEDULES

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### SCHEDULE 1 Sections 3 (2), 5-10, 12

#### Provisions Implied in Certain Leases

1. (1) In these provisions, unless the context otherwise requires,---

``Assign", in relation to this lease, includes---

(a) Subletting (for more than 2 years), or parting with possession (for more than 2 years) of, the land or any part of the land demised by this lease; but

(b) Does not include---

(i) Entering into a sharemilking agreement under which the sharemilker is not a tenant or underlessee of the land; or

(ii) Granting, pursuant to a right of renewal, a renewal of a sublease in existence on the commencement of the Maori Reserved Land Amendment Act 1997:

``Assignment" has a meaning corresponding to the meaning of the term ``assign":

``Public valuer" has the same meaning as in the Valuers Act 1948:

``Rent review date" means a date as at which the rent payable under this lease is required, by any provision of clause 3, to be reviewed in accordance with clauses 4 to 9:

``Specified assignee", in relation to the assignment of the lessee's interest in this lease, has the meaning given to it by clause 2:

``Spouse", in relation to a lessee or a shareholder or a beneficiary, includes--- (a) A person who is not legally married to the lessee or shareholder or beneficiary, but who has a relationship with that person in the nature of marriage; and (b) A spouse of a deceased lessee or shareholder or beneficiary:

``Valuable consideration" means a consideration consisting of money:

``Working day" means any day of the week other than--- (a) Saturday, Sunday, Good Friday, Easter Monday, Anzac Day, Labour Day, the Sovereign's birthday, and Waitangi Day; and (b) A day in the period commencing with 25 December in any year and ending with 20 January in the following year.

(2) In these provisions, unless the context otherwise requires,---

(a) A reference to a clause is a reference to a clause in these provisions:

(b) A reference in a clause to a subclause is a reference to a subclause of that clause:

(c) A reference in a subclause to a paragraph is a reference to a paragraph of that subclause.

2. (1) In these provisions, unless the context otherwise requires, ``specified assignee", in relation to the assignment of the lessee's interest in the lease, means any one or more of the following persons:

(a) If there is more than one existing lessee, any one or more of the existing lessees:

(b) If the lessee is a trustee and there is no variation in the terms of the trust, a new or additional trustee:

(c) A spouse of an existing lessee:

(d) A child of an existing lessee:

(e) A company, the only shareholders of which are any one or more of---

(i) The existing lessee or lessees; or

(ii) A spouse of an existing lessee; or

(iii) A child of an existing lessee:

(f) A trustee of a trust, the only beneficiaries of which are any one or more of---

(i) The existing lessee or lessees; or

(ii) A spouse of an existing lessee; or

(iii) A child of an existing lessee:

(g) If the existing lessee is a company, any one or more of---

(i) An existing shareholder (other than a company); or

(ii) A spouse of an existing shareholder; or

(iii) A child of an existing shareholder:

(h) If the existing lessee is a trustee, any one or more of---

- (i) An existing beneficiary; or
- (ii) A spouse of an existing beneficiary; or
- (iii) A child of an existing beneficiary:
- (i) A person who purchases the lessee's interest in the lease at a public auction, being a public auction conducted---
  - (i) By or for a mortgagee pursuant to a power of sale contained in a mortgage; and
  - (ii) After the mortgagee has given to the lessor, not less than 20 working days before the auction, notice in writing of the public auction and of the terms and conditions of sale and, where the sale is to be conducted under section 99 of the Property Law Act 1952 by a Registrar of the High Court, of the redemption price stated by the mortgagee in the application for sale:
- (j) A person who purchases the lessee's interest in the lease at a public auction (not being a public auction of the kind described in paragraph (i)) on that interest being knocked down to that person at that auction after the lessee has given to the lessor, not less than 20 working days before the auction, notice in writing of the public auction and of the terms and conditions of sale:
- (k) A person who purchases the lessee's interest---
  - (i) After that interest has failed to sell at a public auction of the kind described in paragraph (i) or paragraph (j); and
  - (ii) After the lessee or mortgagee has given to the lessor, within 2 working days after the auction, a notice under clause 11 in relation to that interest; and
  - (iii) After the lessor has not, by the close of the first working day after the day on which the notice under clause 11 was given, accepted the offer in that notice; and
  - (iv) After the person has agreed in writing (not later than the close of the working day immediately following the working day referred to in subparagraph (iii)) to purchase that interest for a consideration not less than the consideration stated in the notice under clause 11 and on terms and conditions not more favourable to that person than the terms and conditions stated in the notice under clause 11.
- (2) For the purposes of the definition of the term "specified assignee" in subclause (1), the term "existing" means,---
  - (a) In relation to a lessee that is a company or trustee, existing on 21 August 1996:
  - (b) In relation to a beneficiary or a shareholder, existing on 21 August 1996:
  - (c) In relation to a person that does not come within paragraph (a) or paragraph (b), existing at the commencement of the Maori Reserved Land Amendment Act 1997.

#### Review of Annual Rent

3. (1) The rent payable under this lease must, as at the dates specified in this clause, be reviewed, in accordance with clauses 4 to 9.
- (2) If this lease is a lease specified in Part A of Schedule 3 of the Maori Reserved Land Amendment Act 1997, the rent must be reviewed in accordance with clauses 4 to 9 as at---
    - (a) The date specified in that schedule as the first rent review date in relation to this lease; and
    - (b) Each subsequent date within the term of this lease that is an anniversary of the date specified in that schedule as the first rent review date in relation to this lease, being either---
      - (i) A 7th anniversary or any other anniversary, the number of which is divisible, without remainder, by 7, of the date specified in that schedule as the first rent review date; or
      - (ii) Where this lease provided for the review of rent at intervals of less than 7 years, an anniversary, the number of which is divisible, without remainder, by the number representing the frequency in years of the rent review period in this lease.
  - (3) If this lease is a lease granted in renewal of, or in substitution for, an expired lease specified in Part B of Schedule 3 of the Maori Reserved Land Amendment Act 1997, the rent must be reviewed in accordance with clauses 4 to 9 as at---
    - (a) The date specified in that schedule as the first rent review date in relation to the expired lease; and

(b) Each subsequent date within the term of this lease that is an anniversary of the date specified in that schedule as the first rent review date in relation to the expired lease, being either---

(i) A 7th anniversary, or any other anniversary, the number of which is divisible, without remainder, by 7, of the date specified in that schedule as the first rent review date; or

(ii) Where the expired lease specified in Part B of Schedule 3 provided for the review of rent at intervals of less than 7 years, an anniversary, the number of which is divisible, without remainder, by the number representing the frequency in years of the rent review period in that expired lease.

(4) If this lease is a lease granted in renewal of, or in substitution for, any lease to which subclause (2) or subclause (3) applies, or is a subsequent renewal of a lease so granted, the rent must be reviewed in accordance with clauses 4 to 9 as at each subsequent date within the term of this lease that is an anniversary of the date specified in Schedule 3 as the first rent review date in relation to the lease to which subclause (2) or subclause (3) applies, being either---

(a) A 7th anniversary, or any other anniversary, the number of which is divisible, without remainder, by 7, of the date specified in that schedule as the first rent review date; or

(b) Where the lease to which subclause (2) or subclause (3) applies provided for the review of rent at intervals of less than 7 years, an anniversary, the number of which is divisible, without remainder, by the number representing the frequency in years of the rent review period in that lease.

(5) Where this lease is renewed and the term of the new lease begins on a rent review date, the rent payable from the commencement of the term of the new lease until the next rent review date is to be calculated in accordance with clauses 4 to 9.

(6) Where this lease is renewed and the term of the new lease begins on a date other than a rent review date, the rent payable in respect of the period from the commencement of the term of the new lease until the next rent review date is to be the same as the rent payable at the end of this lease.

4. (1) Not earlier than 6 months before a rent review date and not later than 12 months after a rent review date, either party to this lease may give to the other party notice in writing stating what the party giving the notice considers to be the fair annual rent of the land for the next ensuing period of the term of the lease so that the rent is uniform throughout the whole of that ensuing period.

(2) For the purposes of this clause, "land" means land in the state it was in for calculating the unimproved value under Part III of the Maori Reserved Land Act 1955.

(3) For the purposes of this clause, time is of the essence.

(4) If neither party to this lease has given a notice under this clause, the annual rent payable from a rent review date is to be the same as the annual rent payable immediately before that review date.

5. If the party to this lease that gives a notice under clause 4 does not receive (within 3 months after the date on which the notice is given) a notice from the other party to this lease objecting to the specified annual rent or proposing a different annual rent, the annual rent payable from the rent review date is the annual rent specified in the notice given under clause 4.

6. If the party to this lease that gives a notice under clause 4 does receive (within 3 months after the date on which the notice is given) a notice under clause 4 from the other party to this lease objecting to the specified annual rent or proposing a different annual rent and the parties do not (before the rent review date) agree on an annual rent, the annual rent payable from the rent review date is to be determined in accordance with clauses 32 to 34, but until so determined the annual rent payable from the rent review date is to be the annual rent specified in the notice given by the lessor or, if the lessor has not given a notice specifying an annual rent, then by the lessee.

7. Upon determination of the annual rent payable in accordance with clauses 32 to 34, an appropriate adjustment must be made between the parties; and the lessee will immediately pay to the lessor, or the lessor will immediately refund to the lessee, as the case may require, the amount of the adjustment together with

interest calculated from the date of payment or non-payment to the date of the refund or payment, as the case may be.

8. The interest payable under clause 7 is to be paid at the rate prescribed by or under section 87 of the Judicature Act 1908.

9. The annual rent determined under clauses 4 to 6 or clauses 32 to 34 is to be exclusive of goods and services tax, if any, under the Goods and Services Tax Act 1985.

#### Lessor's Right of First Refusal on Assignment of Lessee's Interest for Valuable Consideration

10. (1) Clauses 11 to 14 apply where a lessee proposes to assign for valuable consideration the lessee's interest in this lease to a third party other than a specified assignee.

(2) Clauses 11 to 14 also apply to an assignment for valuable consideration by an executor or administrator of a deceased lessee to a third party other than a specified assignee.

11. (1) The lessee must give the lessor notice in writing---

(a) Stating the consideration for which the lessee proposes to assign the lessee's interest in this lease; and

(b) Stating all the other terms and conditions (including the date of settlement) on which the lessee proposes to assign the lessee's interest in this lease; and

(c) Offering to the lessor the first right to take an assignment of the lessee's interest in this lease for the same consideration and on the same terms and conditions as stated in the notice.

(2) Subject to clause 31, the terms and conditions stated in the notice must not relate to any personal property other than the lessee's interest in the lease.

12. The notice given to the lessor under clause 11 must be given---

(a) Within 10 working days after the date on which the lessee enters into a contract, or agrees on heads of agreement, with the proposed assignee; and

(b) Not less than 30 working days before the date of settlement specified in the notice.

13. Subject to clause 14, if the lessor does not accept the offer in the notice given under clause 11 within 20 working days after the date on which the notice is given, the lessee may assign the lessee's interest in this lease to a third party for a consideration not less than the consideration stated in the notice and on terms and conditions not more favourable than the terms and conditions stated in the notice, subject to such consent as may otherwise be required by this lease.

14. The lessee must not assign the lessee's interest in this lease to a third party, other than a specified assignee, pursuant to clause 13 if more than 3 months has passed since the lessee gave notice to the lessor under clause 11.

#### Lessor's Right of First Refusal on Assignment of Lessee's Interest for Other than Valuable Consideration

15. (1) Clauses 16 to 25 apply where a lessee proposes to assign, for other than valuable consideration, the lessee's interest in this lease to a third party other than a specified assignee.

(2) Clauses 16 to 25 also apply to an assignment for other than valuable consideration by an executor or administrator of a deceased lessee pursuant to a will or intestacy to a third party other than a specified assignee.

16. The lessee must give the lessor notice in writing offering the lessor the first right to take an assignment of the lessee's interest in this lease at the market value of that interest determined in accordance with clauses 19 to 25.



17. If the lessor does not accept the offer in the notice given under clause 16 within 30 working days after the date on which the notice is given, the lessee is entitled to assign the lessee's interest in this lease to a third party, subject to such consent as may otherwise be required by this lease.

18. If the lessor does accept the offer in the notice given under clause 16 within 30 working days after the date on which the notice is given, clauses 19 to 25 apply.

19. (1) If the lessor and lessee cannot agree on the market value of the lessee's interest in the lease, the lessor and lessee must, within 20 working days after the date of the lessor's acceptance of the offer, appoint a public valuer to determine that value.

(2) If the lessor and lessee cannot agree on the public valuer to be appointed under subclause (1), the lessor and lessee must, within 30 working days after the date of the lessor's acceptance of the offer, each appoint a public valuer to determine jointly the market value of the lessee's interest in this lease.

20. (1) The public valuer or valuers, as the case may be, must determine the market value of the lessee's interest in this lease within 1 month of being appointed or, if the public valuers have been appointed on different dates, within 1 month of the second public valuer being appointed.

(2) Where 2 public valuers have been appointed and they cannot agree on the market value of the lessee's interest in this lease within the time specified in subclause (1), they must appoint another public valuer to determine that value.

(3) If the valuers cannot agree on the public valuer to be appointed under subclause (2), the lessor or lessee may request the President of the New Zealand Institute of Valuers to appoint a public valuer to determine the market value of the lessee's interest in this lease.

21. A public valuer who determines the market value of the lessee's interest under clause 20 is to be regarded as acting as an expert.

22. The costs of a public valuer appointed under clause 19 or clause 20 must be borne as follows:

(a) If the public valuer is appointed jointly by the lessor and lessee, the costs must be borne equally by the lessor and lessee:

(b) If the public valuer is appointed by the lessor or lessee, the costs must be borne by the lessor or lessee, as the case may be:

(c) If the public valuer is appointed under clause 20 (2) or clause 20 (3), the costs must be borne as determined by that public valuer.

23. (1) The appointment of a public valuer under clause 19 or clause 20 is not to be regarded as a submission to arbitration or an arbitration agreement.

(2) A public valuer appointed under clause 19 or clause 20 is not to be regarded as an arbitrator, and nothing in the Arbitration Act 1996 applies in respect of the determination by a public valuer or public valuers so appointed of the market value of the lessee's interest in the lease.

24. Upon determining the market value of the lessee's interest in this lease, the public valuer or public valuers, as the case may be, must give notice in writing to the lessor and lessee of that market value.

25. (1) Within 20 working days after being notified of the market value of the lessee's interest in this lease,--

(a) The lessor must pay to the lessee that market value; and

(b) The lessee must transfer to the lessor the lessee's interest in this lease.

(2) If the market value is not paid by the lessor in accordance with subclause (1) (otherwise than because of any default by the lessee), the lessor must pay to the lessee interest calculated from the date due for payment of the market value to the date of payment of the market value.

(3) The interest payable under subclause (2) is to be paid at the rate prescribed by or under section 87 of the Judicature Act 1908.

#### Lessee's Right of First Refusal on Transfer of Lessor's Interest for Valuable Consideration

26. Clauses 27 to 30 apply where the lessor proposes to transfer for valuable consideration the land that is subject to this lease to a third party other than a person who comes within the preferred classes of alienees under Te Ture Whenua Maori Act 1993.

27. The lessor must give the lessee notice in writing---

- (a) Stating the consideration for which the lessor proposes to sell the land; and
- (b) Stating all the other terms and conditions (including the date of settlement) on which the lessor proposes to sell the land; and
- (c) Offering to the lessee the first right to purchase the land for the same consideration and on the same terms and conditions as stated in the notice.

28. The notice given to the lessee under clause 27 must be given not less than 30 working days before the date of settlement specified in the notice.

29. Subject to clause 30, if the lessee does not accept the offer in the notice given under clause 27 within 20 working days after the date on which the notice is given, the lessor may transfer the land that is subject to this lease to a third party for a price not less than the price stated in the notice and on terms and conditions not more favourable than the terms and conditions stated in the notice.

30. The lessor must not transfer the land that is subject to this lease to a third party pursuant to clause 29 if more than 3 months has passed since the lessor gave notice to the lessee under clause 27.

#### Contiguous Land

31. Where---

- (a) The lessor and lessee are the lessor and lessee of land demised under another lease or leases to which the Maori Reserved Land Amendment Act 1997 applies; and
- (b) The land demised under this lease and the land demised under the other lease or leases---
  - (i) Are contiguous; and
  - (ii) Form an economic unit,--- clauses 10 to 30 of these provisions apply to the land and leases together and not separately.

#### Disputes

32. Clauses 33 and 34 apply if any dispute or difference arises between the lessor and the lessee relating to clauses 1 to 31, other than a dispute or difference to which clauses 19 to 25 apply.

33. (1) The dispute or difference must first be submitted to mediation.

(2) Mediation may be initiated by either the lessor or lessee giving notice in writing to the other requesting that the dispute or difference be submitted to mediation.

(3) If, within 10 working days of mediation being initiated, the lessor and lessee cannot agree on a mediator or the terms of mediation or both, then either the lessor or lessee may request the President of the Arbitrator

SCHEDULE 2  
Sections 3 (3), 13, 16, 21

Compensation Payable to Lessors and Lessees

1. In this schedule, unless the context otherwise requires,---

    "Compensation period" means the period of 50 years beginning on the commencement of this Act:

    "Current rent" means the annual rent a lessee is paying on the commencement of this Act, divided by 12:

    "Current unimproved value" means the current unimproved value of the land that is subject to a lease to which this Act applies, being---

        (a) The current unimproved value of the land determined by the Valuer-General as at 31 December 1995; or

        (b) Where the rent payable under the lease has been reviewed, and the current unimproved value of the land has been determined for the purposes of the review, as at a date after 31 December 1995 and before 1 January 1998, the current unimproved value so determined, reduced by the land inflation rate applied on a monthly basis back to 31 December 1995:

    "Discount rate" means the monthly rate calculated in accordance with the following formula:

$$12 \sqrt[12]{1 + (9.8 \times (1 - TR))} - 1$$

    where TR means the taxation rate:

    "Estimated unimproved value", in relation to a month in the compensation period, means the value determined in accordance with the following formula:

$$CUV \times \left( \sqrt[12]{1 + LIR} \right)^n$$

where CUV means the current unimproved value; and LIR means the land inflation rate; and n is the number of months since 31 December 1995 in respect of which the estimated unimproved value is being determined:

    "Existing review date" means,---

        (a) In respect of a lease specified in Part A of Schedule 3, the day after the expiry date of the lease and the day after the expiry date of any subsequent renewal:

        (b) In respect of a lease specified in Part B of Schedule 3, the day after the expiry date of any new lease to which the lessee is entitled under the expired lease and the day after the expiry date of any subsequent renewal:

    "First rent review date" means, in relation to a lease specified in Schedule 3, the date specified in Schedule 3 as the first rent review date in relation to that lease:

    "Land inflation rate" has the meaning given to it by clause 2 (1):

    "Land type and location" means the following land types and locations:

        (a) Auckland---urban commercial, urban residential, and urban industrial:

        (b) Nelson---urban commercial, urban residential, rural dairy, rural pastoral, and rural horticultural:

        (c) Palmerston North---urban commercial and urban residential:

        (d) Rotorua---urban commercial and urban residential:

        (e) Taranaki---urban residential, rural dairy, and rural pastoral:

        (f) Wellington---urban commercial, urban residential, and rural dairy:

        (g) West Coast (South Island)---urban commercial, urban residential, urban industrial, rural dairy, and rural pastoral:

        (h) Any other location not specified in paragraphs (a) to (g) of this definition---urban commercial, urban residential, urban industrial, rural dairy, and rural pastoral:

    "Market rent rate" has the meaning given to it by clause 3 (1):

    "Prescribed rent rate" means the percentage specified in subsection (1) or subsection (2) of section 34 of the principal Act, as the case may be:

    "Subsequent rent review date" means, in relation to a lease specified in Schedule 3 or any subsequent renewal of that lease, each date that---

- (a) Is a 7th anniversary, or other anniversary the number of which is divisible, without remainder, by 7, of the date specified in Schedule 3 as the first rent review date in relation to that lease; and
- (b) Falls within the compensation period:
- “Taxation rate” means,—
- (a) In relation to lessees of urban residential land, 24%:
- (b) In relation to lessees of land that is not urban residential land, 33%:
- (c) In relation to lessors, 25%.

2. (1) For the purposes of this schedule, the “land inflation rate” means the land inflation rate for each land type and location as set out in the following table:

Land Inflation Rates (%)

Location	Rural Commer	Rural Indust	Rural Reside	Rural	Urban ultural	Urban	Urban cial	Dairy rial	Hortic ntial	Pastoral
Auckland	N/A	N/A	N/A		2.50	2.50	2.50			
Nelson	2.00	2.00	1.90		2.15	2.15	2.15			
Palmerston North	N/A	N/A	N/A		2.25	N/A	2.25			
Rotorua	N/A	N/A	N/A		2.15	N/A	2.15			
Taranaki	2.25	2.00	2.00		N/A	N/A	1.50			
Wellington	2.00	N/A	N/A		2.00	N/A	2.00			
West Coast (South Island)	2.00	N/A	1.90		1.75	1.75	1.75			
Other	2.00	N/A	1.75		1.50	1.50	1.50			

N/A means that there are no applicable leases of that land type in that location.

(2) The land inflation rates must be taken into account in determining the estimated unimproved value.

3. (1) For the purposes of this schedule, the “market rent rate” means the market rent rate for each land type and location as set out in the following table:

Market Rent Rates (%)

Location	Rural Commer	Rural Indust	Rural Reside	Rural	Urban ultural	Urban	Urban cial	Dairy rial	Hortic ntial	Pastoral
Auckland	N/A	N/A	N/A		5.75	5.75	5.50			
Nelson	5.80	5.80	5.80		7.25	N/A	5.45			
Palmerston North	N/A	N/A	N/A		7.00	N/A	5.25			
Rotorua	N/A	N/A	N/A		7.25	N/A	5.25			
Taranaki	4.75	5.00	4.50		5.00	N/A	5.00			

Wellington	4.75	N/A	N/A	7.00	N/A	6.00
-----+-----+-----+-----+-----+-----+-----						
West Coast (South Island)	4.75	N/A	4.50	6.75	6.75	5.00
-----+-----+-----+-----+-----+-----+-----						
Other	4.75	5.00	4.50	5.00	5.00	4.00
-----+-----+-----+-----+-----+-----+-----						

N/A means that there are no applicable leases of that land type in that location.

- (2) The market rent rates must be taken into account in determining the estimated market rent.

#### Calculation of Estimated Prescribed Rent and Estimated Market Rent for Lessors and Lessees

4. For the purposes of this schedule, the estimated prescribed rent for each month in the compensation period is:

- (a) For the period from the beginning of the compensation period to the first existing review date, the current rent:
- (b) For the period from one existing review date until the next existing review date, the prescribed rent rate multiplied by the estimated unimproved value, as at the existing review date at the beginning of the period, divided by 12:
- (c) For the period from the last existing review date in the compensation period until the end of the compensation period, the prescribed rent rate multiplied by the estimated unimproved value, as at that last existing review date, divided by 12:
- (d) Where the first existing review date or any next existing review date is not the first day of a month, the review date for the purpose of the monthly calculations is deemed to be the first day of the month immediately following any such first existing review date or next existing review date.

5. For the purpose of calculating the compensation payable in accordance with this schedule, the estimated market rent that would be payable to the lessor for each month in the compensation period must be determined as follows:

- (a) In respect of each month in the period from the beginning of the compensation period until the 7th anniversary of the commencement of the compensation period, the estimated market rent is the estimated unimproved value, as at the commencement of the compensation period, multiplied by the market rent rate and divided by 12:
- (b) In respect of each month in each subsequent period of 7 years, the estimated market rent is the estimated unimproved value, as at the beginning of the period, multiplied by the market rent rate and divided by 12:
- (c) In respect of each month in the final year of the compensation period, the estimated market rent is the estimated unimproved value, as at the beginning of the final year, multiplied by the market rent rate and divided by 12.

6. For the purpose of calculating the compensation payable in accordance with this schedule, the estimated market rent that would be payable by the lessee for each month in the compensation period must be determined as follows:

- (a) In respect of each month in the period from the beginning of the compensation period until the first rent review date, the estimated market rent must be determined in accordance with clause 4 (a):
- (b) In respect of each month in each period of 7 years beginning on the first rent review date or any subsequent rent review date, the estimated market rent is the estimated unimproved value, as at the subsequent rent review date on which the period begins, multiplied by the market rent rate and divided by 12:
- (c) In respect of each month in the period beginning on the last subsequent rent review date and ending with the close of the compensation period, the estimated market rent is the estimated unimproved value, as at the last subsequent rent review date, multiplied by the market rent rate and divided by 12:
- (d) Where the first existing review date or any next existing review date is not the first day of a month, the review date for the purpose of the monthly calculations is deemed to be the first day of the month immediately following any such first existing review date or next existing review date.

Compensation Payable to Lessors

7. Compensation payable to a lessor must be determined in accordance with clauses 8 to 11.

8. For each month in the compensation period, deduct from the estimated market rent for the lessor determined in accordance with clause 5 the estimated market rent for the lessee determined in accordance with clause 6.

9. For each month in the compensation period, multiply the result of the calculation under clause 8 by (1 - TR). TR is the taxation rate in relation to lessors.

10. Calculate the aggregate of the calculations made under clause 9 according to the following formula:

$$\sum_{i=0}^n \frac{(\text{Clause 9})_i}{(1 + \text{DR})^i} \quad \text{---} \quad 100$$

where

DR is the discount rate; and

Clause 9 represents the value of the cashflow calculations in clause 9 for each month of the compensation period; and i represents the applicable month in the compensation period from month 0 to month 599; and n represents the number of months in the compensation period; and  $(1 + \text{DR})^i$  represents the applicable discount factor for each 100 month of the compensation period.

11. The compensation payable to the lessor is---

(a) The amount that is the result of the calculation under clause 10; plus

(b) The amount that constitutes compensation for the conditions imposed by this Act on the transfer by the lessor of the land that is subject to the lease, which amount is 1% of the amount specified in paragraph (a).

#### Compensation Payable to Lessees

12. Compensation payable to a lessee must be determined in accordance with clauses 13 to 16.

13. For each month in the compensation period, deduct from the estimated market rent for the lessee determined in accordance with clause 6 the estimated prescribed rent calculated in accordance with clause 4.

14. Except for urban residential leases, for each month in the compensation period, multiply the result of the calculation under clause 13 by (1 - TR). TR is the taxation rate in relation to lessees of land that is not urban residential land.

15. Calculate the aggregate of the calculations made under clause 13 or clause 14 (as appropriate) according to the following formula:

$$\sum_{i=0}^n \frac{(\text{Clause 13 or 14})_i}{(1 + \text{DR})^i} \quad \text{---} \quad 100$$

where

DR is the discount rate; and

Clause 13 represents the value of the cashflow calculations in clause 13 (in relation to urban residential leases) for each month of the compensation period; and Clause 14 represents the value of the cashflow calculations in clause 14 (in relation to all leases that are not urban residential leases) for each month of the compensation period; and i represents the applicable month in the compensation period from month 0 to month 599; and n represents the number of months in the compensation period; and  $(1 + \text{DR})^i$  represents the applicable discount factor for each 100 month of the compensation period.

16. The compensation payable to the lessee is---

- (a) The amount that is the result of the calculation under clause 15; plus
- (b) The amount that constitutes compensation for the conditions imposed by this Act on the assignment of the lessee's interest in the lease, which amount is 1% of the amount specified in paragraph (a).

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### SCHEDULE 3

Sections 4, 5, 11, 14, 16,  
25, 26, 28, 29

Existing Leases to Which, and Expired Leases in Respect of Which, this Act Applies

The leases in this schedule are organised in alphabetical order according to their general location. After each general location is the lessor's name.

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#### Land Types and Land Locations

Each lease in this schedule has had a land type and location assigned to it. The first 2 letters of the abbreviated land type and location refer to the land type, and the other letters refer to the location as follows:

#### Land Types

UC Urban Commercial  
UR Urban Residential  
UI Urban Industrial

RD Rural Dairy  
 RP Rural Pastoral  
 RH Rural Horticultural

Land Locations

A Auckland  
 ND Nelson  
 PND Palmerston North  
 RD Rotorua  
 TD Taranaki  
 WD Wellington  
 WCSI West Coast (South Island)  
 O Other locations not within the above locations

SCHEDULE 4  
 Section 33

Consequential Amendments to Principal Act

Provision Amended	Amendment
Section 14 (2)	By inserting, after the words ``subject to this Act'', the words ``(except Part 1 of the Maori Reserved Land Amendment Act 1997)''.
Section 29	By omitting the words ``Except as provided by section 30 of this Act,''
Section 30	By inserting, at the beginning of subsection (1), the words ``Subject to Part 1 of the Maori Reserved Land Amendment Act 1997,''
Section 34	By inserting, at the beginning of subsections (1) and (2), the words ``Subject to Part 1 of the Maori Reserved Land Amendment Act 1997,''
Section 82	By adding the following subsection:   ``(6) Nothing in this provisions implied in section applies to any dispute or difference relating to the Amendment Act 1997." a lease by Part 1 of the Maori Reserved Land

SCHEDULE 5

The present Government recognises that Maori for a number of years have not been obtaining fair market rents for their land.

This is an issue that has to be addressed by the present Government in the future. It is an issue that will be dealt with by the present Government as part of its consideration of historical grievances.

This Act is administered in Te Puni Kokiri.