

April 2013

# Crown Asset Policy Guidelines: Information for tertiary education institutions that manage Crown-owned assets (land and buildings)

The Government has introduced a new policy relating to the transfer and disposal of Crown assets (land and buildings) managed by tertiary education institutions (TEIs). The policy sets out a standard process so that when a TEI applies to the Crown to transfer a Crown-owned asset into its legal title, or dispose of a Crown-owned asset that is surplus to its needs and reinvest a portion of the net sale proceeds, it knows how the application will be assessed, and how and when decisions will be made. This replaces a system in which decisions have been made on an ad hoc basis without clear policy guidance.

This document provides a brief step-by-step guide to the policy and its implementation. The Tertiary Education Commission (TEC) envisages that TEIs will consider the future of all the Crown assets that they manage from a strategic perspective and seek to transfer or dispose of them in the context of their long term strategic capital asset plan or Campus Master Plan. The information in this document is supported by more detailed guidance and forms on TEC's website. If you have any questions about this policy and how it applies to Crown assets managed by your institution please contact your TEC Investment Manager or email [camenquiries@tec.govt.nz](mailto:camenquiries@tec.govt.nz)

This policy does not change the existing statutory or policy requirements for giving effect to a transfer or disposal (for example, those set out in the Public Works Act 1981, or in the Cabinet-agreed Protection Mechanism for the consideration of Māori interests in Crown land). Those processes are summarised in the step-by-step tables below, and are represented in the timelines on pages 13-14.

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## Key points

The core principles on which the policy is based are:

- Decisions about transfers and disposals should be fair and transparent, and like cases should be treated alike.
- When TEIs approach the Crown to initiate transfers or disposals, they should understand what the process involves, and what decisions have to be made and why.
- TEIs are autonomous and, provided that the public interest is protected, they should manage their own assets in the way they believe best supports their institution in achieving its goals.
- TEIs should manage their capital strategically and efficiently, in a way that supports their Investment Plans and preserves the value of the tertiary asset base in the long term.

These are the main things to note about this policy, many of which are expanded on in the rest of this document:

- The new policy will make it easier for TEIs managing Crown-owned property to maximise the value of their capital assets, by acquiring legal title to Crown assets for which they have an on-going educational need, and disposing of assets that are surplus to their needs.
- The Minister of Finance and the Minister for Tertiary Education (joint Ministers) will give agreement in principle for transfers or disposals to go ahead, based on advice from officials. The transfers and disposals will then be subject to the usual existing statutory and policy clearances, which the new policy does not change. For disposals, these clearances can take between 18 months and three years to complete.
- The policy allows TEIs to acquire full legal title to assets in Crown title that they manage and for which they have an on-going educational need, providing there are no over-riding reasons to retain the asset in Crown title (as assessed by joint Ministers). If there are over-riding reasons to retain the land in Crown title, the Crown and the TEI will identify a satisfactory outcome on a case-by-case basis. If the TEI wishes, it will be issued with a long-term registered head lease for the asset at a nominal rental, which will give the TEI similar benefits to ownership.
- If a TEI has an asset transferred into its title, and then sells it within five years, the TEI must pay 20% of the net proceeds of sale to the Crown.
- If a TEI manages a Crown asset that is surplus to its requirements, and that asset is sold, then the TEI will receive 80% of the net disposal proceeds, provided that it meets Cabinet-agreed eligibility criteria and joint Ministers approve its business case for reinvestment of the net proceeds. Ministers can also agree to a TEI receiving more than 80% of net proceeds if they consider that the business case justifies the additional investment. Otherwise, the remaining 20% returns to the Crown.
- If a TEI has no capital needs but has a surplus Crown asset, the TEI can (with joint Ministers' agreement) apply for Cabinet approval to receive 80% of the net disposal proceeds to spend on operational costs. Strict criteria will apply to such applications. If an asset is surplus, but the TEI cannot develop a sound business case for

reinvestment of the sale proceeds and there is no other educational use for the asset, the asset will still be made available for sale. In this situation TEC will work with the TEI to develop a satisfactory business case while the disposal proceeds. If a TEI is unable to prepare a satisfactory business case as assessed by TEC by the time the asset is sold, the TEI will not receive any net proceeds of sale unless joint Ministers determine that it should. Such cases will be dealt with on a case-by-case basis.

- As is currently the case, all external costs of transfers will be met by TEIs. External disposal costs will be subtracted from the gross sale proceeds before the net proceeds are divided between the TEI and the Crown. External costs include the cost of contracting a Land Information New Zealand accredited agent, as well as any surveying costs (e.g. for obtaining a title or subdividing land).
- The policy only applies to Crown assets managed by TEIs since at least 1990.<sup>1</sup>
- A prerequisite for any transfer or disposal of Crown assets is that the TEI integrates the Government's Capital Asset Management (CAM) programme) into its on-going long term strategic financial planning and reporting systems. A TEI will be required to submit a copy of the latest independent review of its capital asset management systems, processes and asset performance measures with its application if it is not already held by TEC. Further information on the Government's CAM programme is available on TEC's website.

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<sup>1</sup> The policy is intended to apply to the sizeable group of assets that have been used and managed by TEIs for as long as the Crown has owned the assets. This is distinct from the smaller number of Crown-owned assets leased by TEIs in recent years to meet their changing needs, to which the policy does not apply. 1990 is the year in which TEIs were first established in legislation in their current form and thus provides a useful cut-off.

## Step-by-step policy guidelines for transfers

<p><b>Stage 1:</b> <b>Application</b></p>	<p>The TEI enters into a strategic discussion with TEC about its assets. As part of this discussion, the TEI identifies Crown title assets for which it has on-going need and for which it wishes to acquire legal title.</p> <p>The TEI lodges an application for transfer with TEC. (Where a TEI has also identified Crown title assets for which it has no on-going need and wishes these to be disposed of and the net proceeds made available for reinvestment this should be covered in the same application.)</p> <p>NB. Where the TEI applies for transfer of land that currently has no title, the TEI will be responsible for applying to Land Information New Zealand (LINZ) to get a title (and for bearing any associated costs). The Ministry of Education (as landowner) will support a TEI's application as required.</p>
<p><b>Stage 2:</b> <b>Assessment</b></p>	<p>TEC checks the following:</p> <ol style="list-style-type: none"> <li>1. It assesses the TEI's declaration regarding its on-going educational need for the assets covered by the application against its current Investment Plan and other relevant documents.</li> <li>2. It confirms that the TEI has integrated the Government's Capital Asset Management (CAM) programme into its strategic, financial planning and reporting systems, and that the transfer aligns with the TEI's long-term strategic goals.</li> <li>3. It confirms that the transfer is included in the TEI's current strategic capital plan.</li> <li>4. It confirms that there is no disagreement from any third party over which TEI should receive the transferred asset (with particular reference to past and current usage and management).</li> <li>5. It assesses the TEI's educational or financial risk status, with reference to TEC's financial monitoring framework and educational performance commitments.</li> </ol> <p>Note: There may be question marks over some of the above. If so, then TEC, in consultation with the TEI as required, will make case-by-case judgements about whether the best option is to resolve the issues before proceeding further, to highlight the matters for Ministerial decision in the subsequent report (see below), or to take some other course of action.</p> <p>TEC contacts the Office of Treaty Settlements (OTS) and Te Puni Kōkiri (TPK) to ascertain the status of Treaty of Waitangi settlements in the area. There are three broad options:</p> <ol style="list-style-type: none"> <li>1. <u>The land is in an area where Treaty claims have not yet been settled and settlement negotiations are some time away.</u> This might sometimes be considered an over-riding policy reason to retain the land and/or building in Crown title. If so, TEC will contact the TEI and advise it of the likely implications for its asset transfer application. The TEI will then be given an opportunity to: <ul style="list-style-type: none"> <li>o Place its application on hold indefinitely until Treaty claims in the area have been settled.</li> </ul> </li> </ol>

	<ul style="list-style-type: none"> <li>○ Proceed with the application in full in which case the Minister may agree for a head lease to be issued to the TEI over the assets in question.</li> <li>○ Proceed with an amended application which includes some or all of the assets previously included in the asset transfer application.</li> </ul> <p>2. <u>The land is in an area in which there are current negotiations about Treaty settlements.</u> In this case, the OTS and TPK will speak to relevant iwi to find out if they wish the site to be considered for inclusion in a Treaty settlement. If so, TEC will contact the TEI and discuss whether to proceed with one of the three options listed above. (This does not automatically mean that the land will be included in a Treaty settlement.)</p> <p>3. <u>The land is in an area in which all claims have already been settled.</u> In this case, the application will proceed.</p> <p>If the application is to proceed, then TEC forwards the application to the Ministry which considers whether there are any other legal or policy reasons not to transfer the asset. The Ministry confirms that the TEI has managed the asset since 1990 or earlier. If there are no hindrances, then the Ministry returns the application to TEC.</p> <p>Note: There may be question marks over some of the above. If so, then TEC, in consultation with the TEI as required, will make case-by-case judgements about whether the best option is to resolve the issues before proceeding further.</p>
<p><b>Stage 3: Ministerial decision-making</b></p>	<p>Officials report to joint Ministers summarising the outcomes of the processes listed above, providing advice about the transfer, and making an overall recommendation about whether it should go ahead. Joint Ministers make an in-principle decision on the transfer.</p> <p>Officials expect that the process from initial application to reporting to Ministers will take 2-4 months, depending on how many applications agencies are processing at the time, how quickly the TEI provides any supplementary information, and whether agencies have any concerns about the contents of the application.</p> <p>Once Ministers make a decision, which officials anticipate will take about 2-3 weeks, there are two broad options, as outlined below.</p>
<p><b>Option One: Ministers approve the transfer (or part of it) in principle:</b></p>	
<p><b>Stage 4: Development of MoU</b></p>	<p>The Ministry of Education drafts a Memorandum of Understanding (MoU) with the TEI, setting out the details of the transfer process. Amongst other things, this MoU covers:</p> <ul style="list-style-type: none"> <li>• What assets are included in the transfer. This is to enable partial transfers (where an application has covered multiple assets, and Ministers have approved the transfer of some but not all of these assets), and to enable a single MoU to cover more than one application from the same TEI where circumstances make this practical.</li> <li>• What legislation will be used to give effect to the transfer. All property will be transferred under the Public Works Act 1981 unless there are strong reasons to prefer the Education Act 1989 in a particular case.</li> <li>• Arrangements for protecting Māori interests in the land as per</li> </ul>

	<p>Government provisions.</p> <ul style="list-style-type: none"> <li>• Financial arrangements for the cost of transfer. The TEI must pay the external cost of the transfer (currently approximately \$3,000 per title for the services of a LINZ-accredited agent, plus any extra costs associated with raising title, surveying etc.).</li> <li>• Details of any conditions of sale to be placed on the transfer.</li> </ul>
<b>Stage 5: Transfer</b>	<p>The transfer process starts as per existing policy and statutory requirements. This process can take 6-12 months or longer, and includes the following clearances, in the order given:</p> <ol style="list-style-type: none"> <li>1. The Department of Conservation (DoC) is consulted on whether the land is needed for the provision of marginal strips, as required by section 24(2a) of the Conservation Act 1987. DoC has 20 working days to respond, and can ask for this to be extended by another 20 working days if required. This clearance can happen simultaneously with 2 below.</li> <li>2. The Historic Places Trust is consulted on whether the land holds heritage value that requires protection, as required by Cabinet mandate (CAB (07) 31/1A refers) and the Ministry of Culture and Heritage's Policy for Government Departments' Management of <i>Historic Heritage 2004</i>. The Trust has 20 working days to respond, and can ask for this to be extended by another 20 working days if required. This clearance can happen simultaneously with 1 above.</li> <li>3. Māori interests are considered either through the Protection Mechanism and Sites of Significance processes, or through a Right of First Refusal process. A Right of First Refusal process takes around 2 months to complete. The Protection Mechanism/Sites of Significance process takes 7-15 months or longer to complete.</li> </ol>
<b>Stage 6: Conveyancing</b>	<p>TEC checks that the conditions of transfer as set out in the MoU have been met,</p> <p>If the outcome of the steps above is satisfactory, then LINZ approves the transfer proposal, any agreed encumbrances are added to the title, and the land is transferred to the TEI. These final steps take 2-4 weeks.</p>
<p><b>Option Two: Ministers do not approve the transfer, or the process is aborted for some other reason (e.g. by the TEI):</b></p>	
<b>Stage 4a: Standard lease</b>	<p>If the asset is not already on a lease (i.e. if the current occupancy arrangements are informal), the Crown and TEI will identify a satisfactory outcome on a case-by-case basis. If the TEI wishes, the Ministry may issue a standard head lease for the asset.</p>

## **Notes on transfers:**

### *Standard head lease:*

Where a TEI has an on-going use for a Crown-owned asset but does not wish for that asset to be transferred into its title, the TEI can request that the Ministry of Education issue it with a head lease for that asset. This lease, which will be for a nominal rental, will set out the rights and responsibilities of the Crown and the TEI with respect to the asset. It will allow the TEI to sub-let the asset to a third party (subject to the TEI gaining any necessary approval under section 192(4)(c) of the Education Act 1989), provided this joint venture supports the TEI's educational provision and is financially viable. It will also allow the TEI to borrow against the asset (subject to commercial lenders' criteria and to the Secretary for Education's approval under S192 (4)(d) of the Education Act 1989).

### *Condition on sale:*

A condition will be attached to the title of the assets stating that if the asset is sold within five years from the date of transfer, the TEI must pay 20% of the net proceeds to the Crown.

## Step-by-step policy guidelines for disposals

<p><b>Stage 1: Application and business case development</b></p>	<p>The TEI enters into a strategic discussion with TEC about its assets. As part of this discussion, the TEI indicates to TEC that it has identified a Crown asset under its management that is surplus to its needs, or will be in the foreseeable future.</p> <p>Officials confirm that the asset is eligible for consideration under this policy, and in particular that the TEI has managed the asset since at least 1990.</p> <hr/> <p>The TEI submits an application to TEC to dispose of the asset, including a completed risk assessment and scoping document template for the intended investment of any net proceeds of sale. (Where a TEI has also identified Crown title assets for which it has an on-going need and wishes these to be transferred, this should be covered in the same application.)</p> <p>These documents will form the basis for agreement between TEC and the TEI regarding the development of a business case for the investment of any net proceeds of sale. This will include agreement on the scope and depth of analysis that will be required in the business case and is intended to ensure that the level of effort is commensurate with the scale and risk of the investment.</p> <p>In most cases a single stage business case is likely to be sufficient. The business case and supporting documentation (e.g. financial forecasting information) will require the TEI to indicate how the net proceeds of sale will be used, how this supports the TEI's investment plan and aligns with the institutions strategic plan and strategic asset management plan, and how the proposed project creates identifiable and tangible financial and /or educational benefits that are over and above those available from the status quo or alternative uses of the disposal proceeds.</p> <p>If a TEI is seeking more than 80% of net disposal proceeds, it must present a more comprehensive business case that clearly delineates the need for additional funds. More information about the requirements for business cases is available on TEC's website.</p> <p>If the TEI wishes to use any net sale proceeds for operational expenses, then in addition to the business case TEC will work with the TEI to prepare a template-based submission to Cabinet. Strict criteria will apply to applications for operating costs, and these will be detailed in TEC guidelines.</p> <p>NB. Where the TEI applies for the disposal of land that currently has no title, the TEI will be responsible for applying to LINZ to get a title (and for bearing any associated costs). The Ministry of Education (as landowner) will support the TEI's application as required.</p>
<p><b>Stage 2: Assessment</b></p>	<p>TEC checks the following:</p> <ol style="list-style-type: none"> <li>1. It confirms that the TEI's proposed use of disposal proceeds supports its current Investment Plan and is for capital projects related to educational provision.</li> <li>2. It confirms that the disposal aligns with the TEI's long-term strategic goals and that the proposed use of disposal proceeds is expected to result in financial and/or educational benefits.</li> <li>3. It confirms that the disposal is included in the TEI's current strategic</li> </ol>



	<p>capital plan.</p> <ol style="list-style-type: none"> <li>4. It confirms that the proposed use of disposal proceeds is not contrary to the Crown's objective of achieving a more efficiently managed tertiary asset base.</li> <li>5. It confirms that the risks and uncertainties relating to the reinvestment project have been or will be addressed and appropriately mitigated</li> <li>6. It confirms that there is no disagreement from any quarter over which TEI should receive the disposal proceeds of the asset (with particular reference to past and current usage and management).</li> <li>7. It confirms that the TEI has integrated the Government's Capital Asset Management (CAM) programme into its strategic, financial planning and reporting systems.</li> <li>8. It assesses the TEI's educational or financial risk status, with reference to TEC's financial monitoring framework and educational performance commitments and how these will be impacted by the proposed reinvestment project.</li> </ol> <p>Note: There may be question marks over some of the above. In this case, judgements will be made by TEC and the Ministry of Education, in consultation with the TEI as required, about whether the best option is to resolve these with the TEI before proceeding further, to ask the TEI to amend its draft business case, to highlight the matters for Ministerial decision in the subsequent report (see below), or to take some other course of action.</p>
<p><b>Stage 3: Ministerial decision-making</b></p>	<p>TEC reports to joint Ministers (the Minister of Finance and the Minister of Tertiary Education) summarising the outcomes of the processes listed above, providing advice about the disposal, and making an overall recommendation about whether it should proceed.</p> <ul style="list-style-type: none"> <li>• If the TEI is proposing to reinvest the net disposal proceeds in <u>capital projects only</u>, the report provides advice on what proportion (if any) of the discretionary 20% of net proceeds officials consider should go to the TEI.</li> <li>• If the TEI is seeking permission for any part of the net disposal proceeds to go toward <u>operational costs</u>, the report attaches a submission to Cabinet (as described under stage 1 above). If joint Ministers agree, they take this to Cabinet for approval.</li> </ul> <p>Officials expect that the process from initial application to reporting to Ministers will take 1-3 months, depending on how many applications agencies are processing at the time, how quickly the TEI provides the required information, and whether agencies have any concerns about the contents of the business case.</p> <p>Joint Ministers (or, if operational funding is sought, Cabinet) then make a decision in principle on the disposal application and business case. Officials anticipate that this will take 2-6 weeks, depending on Cabinet's involvement.</p> <p>Once Ministers or Cabinet make a decision, there are two broad options, as outlined below.</p>

<b>Option One: Ministers/Cabinet approve the disposal application and business case in principle:</b>	
<b>Stage 4: Asset declared surplus</b>	The Ministry of Education declares the asset/s to be surplus via Gazette notice, as per section 70A of the Education Act 1989 (a power held by delegation from the Minister for Tertiary Education). This will take about one week.
<b>Stage 5: Development of MoU</b>	<p>The Ministry of Education drafts a Memorandum of Understanding (MoU) with the TEI, setting out the details of the disposal process. Amongst other things, this MoU covers:</p> <ul style="list-style-type: none"> <li>• What assets are being disposed of. This is to enable partial disposals (where a business case has covered multiple assets, and Ministers or Cabinet have approved the disposal of some but not all of these assets), and to enable a single MoU to cover more than one disposal from the same TEI where circumstances make this practical.</li> <li>• Who is managing the disposal process, including arranging any required regulatory and policy checks. The TEI can choose to do some of this itself if it wants to, or the Ministry can do everything on its behalf. The MoU will note which is the case. (In practical terms, many of the transactions are managed by a LINZ-accredited agent.) Note: if the TEI opts to manage the transaction itself, it will be required to provide brief progress updates to the Ministry every two months.</li> <li>• Financial arrangements for the costs of disposal. These costs will be deducted from the gross proceeds of sale, and the remainder split between the TEI and the Crown as agreed by joint Ministers. Costs vary widely according to how much surveying work must be undertaken (e.g. whether the land has a title, and whether it must be sub-divided), and can work out to around 15% of the gross proceeds of sale.</li> <li>• Arrangements for payment of net proceeds from disposal to the TEI. Payments made to TEIs for the purposes of capital investment are GST-exempt, but operational funding is not; the GST status of the payment will be noted in the MoU, and also in remittance advice provided with the payment.</li> </ul> <p>If the disposal/sale takes a long time, then the business case agreed between the TEI, TEC and joint Ministers may become outdated before it is implemented. To address this, the MoU will specify conditions along the following lines:</p> <ul style="list-style-type: none"> <li>• The TEI has an obligation to keep TEC informed of any non-trivial changes to its intended capital expenditure as outlined in its business case.</li> <li>• If TEC considers that, as a result of a significant change in the TEI's circumstances (eg if the TEI's financial risk increases, or if it moves out of the area of provision for which the capital investment was intended), the TEI's intended capital expenditure is inappropriate, then the business case must be amended at the request of TEC.</li> </ul>
<b>Stage 6: Disposal</b>	The disposal process starts as per existing policy and statutory requirements. This can take 12-18 months or longer (depending on how long the property takes to sell on the open market), and includes the following clearances, in the

	<p>order given:</p> <ol style="list-style-type: none"> <li>1. The Ministry considers whether the Crown land is needed for another public work, as required by section 50 or 52 of the Public Works Act 1981. This requirement is deemed to be met provided that the vendor (in this case, the Ministry of Education) has not received written notification that the land is required for another public work. In addition, Housing New Zealand Corporation has 20 working days to consider whether it wishes to acquire the property, and can ask for this to be extended by another 20 working days if required.</li> <li>2. The Department of Conservation (DoC) is consulted on whether the land is needed for the provision of marginal strips, as required by section 24(2a) of the Conservation Act 1987. DoC has 20 working days to respond, and can ask for this to be extended by another 20 working days if required. This clearance can happen simultaneously with 3 below.</li> <li>3. The Historic Places Trust is consulted on whether the land holds heritage value that requires protection, as required by Cabinet mandate (CAB (07) 31/1A refers) and the Ministry of Culture and Heritage's <i>Policy for Government Departments' Management of Historic Heritage 2004</i>. The Trust has 20 working days to respond, and can ask for this to be extended by another 20 working days if required. This clearance can happen simultaneously with 2 above.</li> <li>4. The land is offered back to its former owners, as required by sections 40-42 of the Public Works Act 1981. This can take 2-9 months or longer, depending on how quickly former owners can be contacted.</li> <li>5. Māori interests are considered either through the Protection Mechanism and Sites of Significance processes, or through a Right of First Refusal process. A Right of First Refusal process takes about 2 months to complete. The Protection Mechanism/Sites of Significance processes take 7-15 months to complete.</li> </ol> <p>If the outcome of these steps is that the property is released for disposal, then the Ministry of Education places the property for sale on the open market. The process of sale is the same as for privately held property.</p>
<p><b>Stage 7: Conveyancing</b></p>	<p>When the property is sold, the proceeds of sale come to the Crown. Transaction costs are deducted from the proceeds, and 80-100% of the net proceeds (as agreed in the MoU) are then transferred to the TEI by the Ministry. As indicated at Stage 4 above, the GST status of the payment will be noted in remittance advice.</p>
<p><b>Option Two: Ministers deem the TEI's business case to be unsatisfactory</b></p>	
<p>It is possible that Ministers may consider that a TEI does not have an adequate business case for expenditure of 80% of the net proceeds of an asset sale. Where an asset is surplus to the TEI's needs and no other educational use has been identified, it will be disposed of, so TEC would continue to work with the TEI to develop a satisfactory business case while the disposal proceeded.</p> <p>If a TEI is unable to agree a satisfactory business case with TEC and joint Ministers by the time the asset is sold, the TEI will not receive any net proceeds of sale unless joint Ministers determine that it should. Such cases will be dealt with on a case-by-case basis.</p> <p>Note: if Cabinet rejects an application to spend the disposal proceeds on operational costs, the TEI</p>	

can revise its business case for capital reinvestment and re-submit it to TEC.

**Note on disposals:**

*If an asset is needed for another public work:*

If another Crown agency wants to acquire surplus Crown property in TEI management, it will purchase the property from the Ministry of Education. The TEI will receive a proportion of net proceeds of sale as agreed by joint Ministers, just as if the property had been sold on the open market.

If the Ministry of Education itself wants to retain the property for another education use, compensation for the TEI will be considered on a case-by-case basis. Decisions in all cases will be made by Ministers based on advice from officials.

## Timelines

In the timeline below, the column on the left is a best-case scenario timeline for the disposal process. It would be unusual for a disposal to be completed as quickly as this, but it is possible. The column on the right is one example of a more usual process, in which there are delays in some parts of the process but not in others. As you can see, there is a lot of room for variation in the timetable, which makes it difficult to predict at the outset how long the overall process might take.

The timing of the transfer process is roughly similar, though quicker in many cases because the property does not have to be offered back to its former owners<sup>2</sup>, and can be transferred as soon as the necessary clearances have been gained and LINZ agrees to release it (i.e. there is no sale period).

If TEC is handling a large number of applications at one time, these may have to be prioritised and queued. If so, TEC will endeavour to ensure that TEIs are as little inconvenienced as possible by any delay to the start of the process. This is likely to mean that strategically significant transfers would generally take priority over less significant transfers.

Best-case scenario	Month	Indicative scenario
TEI business case (seeking capital reinvestment, rather than operational funding) is received and assessed by TEC. Officials report to Ministers; Ministers decide to proceed. MoU development starts.	1	TEI business case (seeking capital reinvestment rather than operational funding) is received and assessed by Ministry and TEC. TEC seeks some further information from TEI; refinements made to business case. Agencies report to Ministers.
	2	
	3	
MoU finalised. LINZ-accredited supplier engaged. Disposal process starts.	4	Ministers decide to proceed. MoU development starts, with some areas of negotiation.
Ministry confirms land is not required within the Crown. Housing New Zealand Corporation confirms promptly that it does not wish to acquire the land. LINZ-accredited supplier obtains clearances from DoC and Historic Places Trust.	5	MoU finalised. LINZ-accredited supplier engaged. Disposal process starts.
	6	Ministry confirms land is not required within the Crown. Housing New Zealand Corporation confirms, at end of 20-day offer period, that it does not wish to acquire the land. LINZ-accredited supplier obtains clearances from DoC and Historic Places Trust.
LINZ-accredited supplier locates former owner with ease. Land offered back to former owner; offer immediately declined.	7	
Office for Treaty Settlements and Te Puni Kokiri notified of intended sale. Property immediately advertised via Protection Mechanism process. Advertisement open for one month. No iwi apply under either Protection Mechanism or Sites of Significance process; Officials' Committee	8	LINZ-accredited supplier locates former owner, which involves some investigation. Land offered back to former owner; offer is declined (or lapses after 40 working days).
	9	
	10	

<sup>2</sup> If the property was gifted to the Crown, and is transferred to a TEI for a purpose different to that for which it was gifted, then the Cabinet-agreed Gifted Lands Policy applies. This is not the case for transfers to TEIs that have an on-going educational need for the property.

recommends land be released; Ministers agree.	11	
LINZ releases property for sale. Ministry places property for sale on market. Property sells immediately.	12	
Gross proceeds of sale come to the Ministry. Costs of sale deducted from gross proceeds. 80% of net proceeds (or more if agreed by Ministers and stipulated in MoU) paid to TEI by the Ministry.	13	Office for Treaty Settlements and Te Puni Kokiri notified of intended sale. Property is advertised one month later under Protection Mechanism process, when Office for Treaty Settlements has amassed multiple applications. Advertisement open for one month.
	14	Two iwi apply to have the property landbanked under Protection Mechanism process. Officials' Committee considers iwi's applications. Officials Committee ultimately reports to Ministers recommending that the land be released. Ministers agree.
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	22	LINZ releases property for sale. Ministry places property for sale on market. Property takes 4 months to sell.
	23	
	24	
	25	
26	Gross proceeds of sale come to the Ministry. Costs of sale deducted from gross proceeds. 80% of net proceeds (or more if agreed by Ministers and stipulated in MoU) paid to TEI by the Ministry.	