

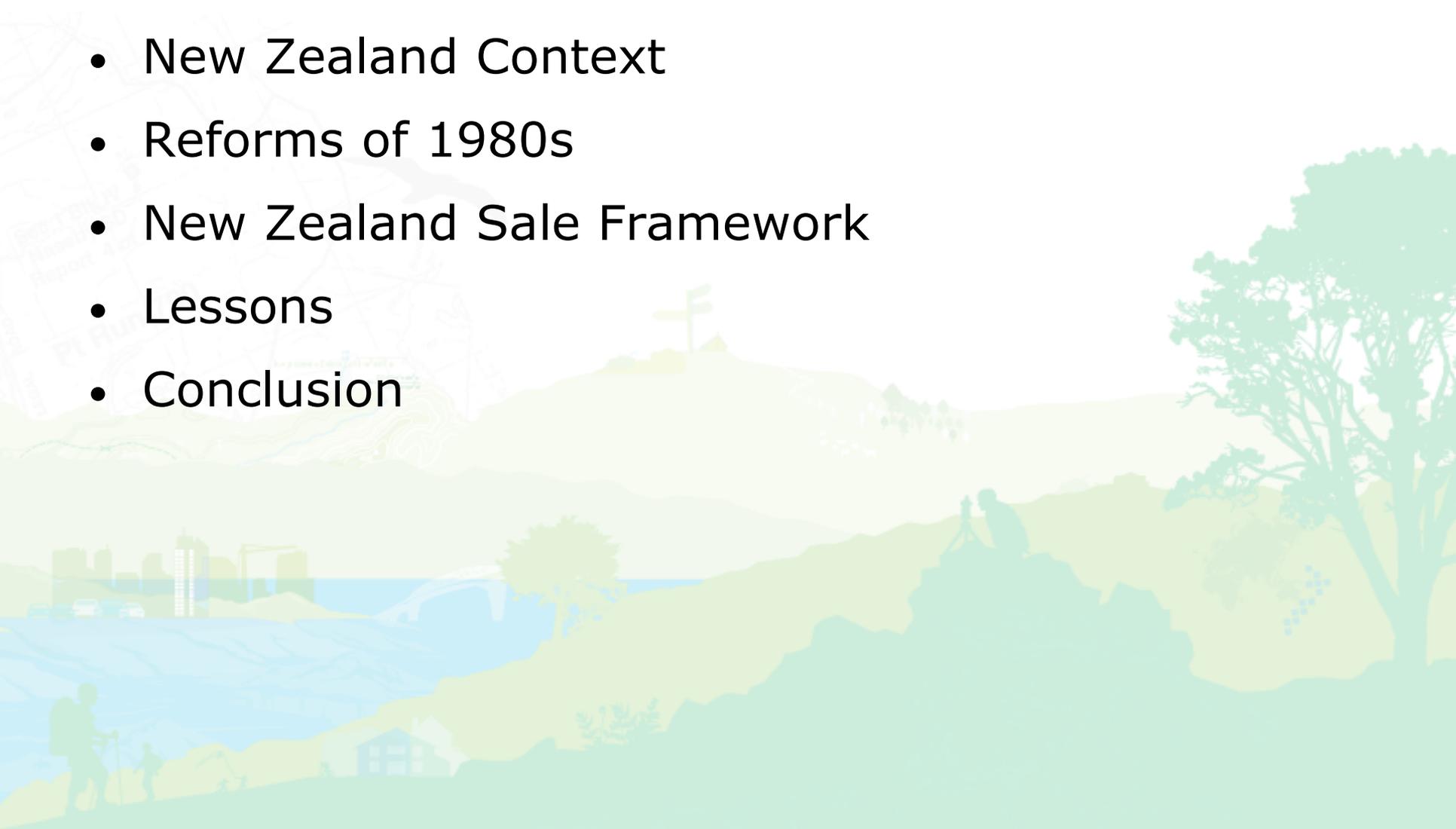
# Sale of State Land in New Zealand

Learnings from the New Zealand experience



# Introduction

- New Zealand Context
- Reforms of 1980s
- New Zealand Sale Framework
- Lessons
- Conclusion



## Firstly, a bit of context...

The state in New Zealand owns about **45%** of New Zealand's land area (about **15 million hectares**)

Land Information New Zealand manages over **3 million hectares** of state land

That's roughly **8%** of NZ's total land area, including over **5,500 properties**, and **1.5 million hectares** of pastoral leases in the South Island high country.



# State Sector Reforms

- Between 1986 and 1996, the state underwent significant changes, including:
  - Move to a deregulated, market economy
  - Redefinition of the state sector
  - Reform of the financial management of government
  - Introduction of performance management and accountability systems across government
  - Split up of state agencies
- These had significant impacts on how agencies managed state land

# Impact of State Land

- These impacts included:
  - state land with commercial uses was transferred to state owned enterprises
  - new specialist agencies created to manage land
  - emphasis to sell unneeded state land
  - treatment of state land as financial assets
  - focus on commercial processes
  - reduction in public sector workforce dealing with land, and
  - greater use of outsourcing
- Since 1990, LINZ has:
  - sold land worth approximately NZ\$500 million (€320m)
  - enabled government agencies to sell land worth over NZ\$1.5 billion (€1 billion)
  - developed sale frameworks, performance targets and strategic goals for state land

# LINZ's goal for state land

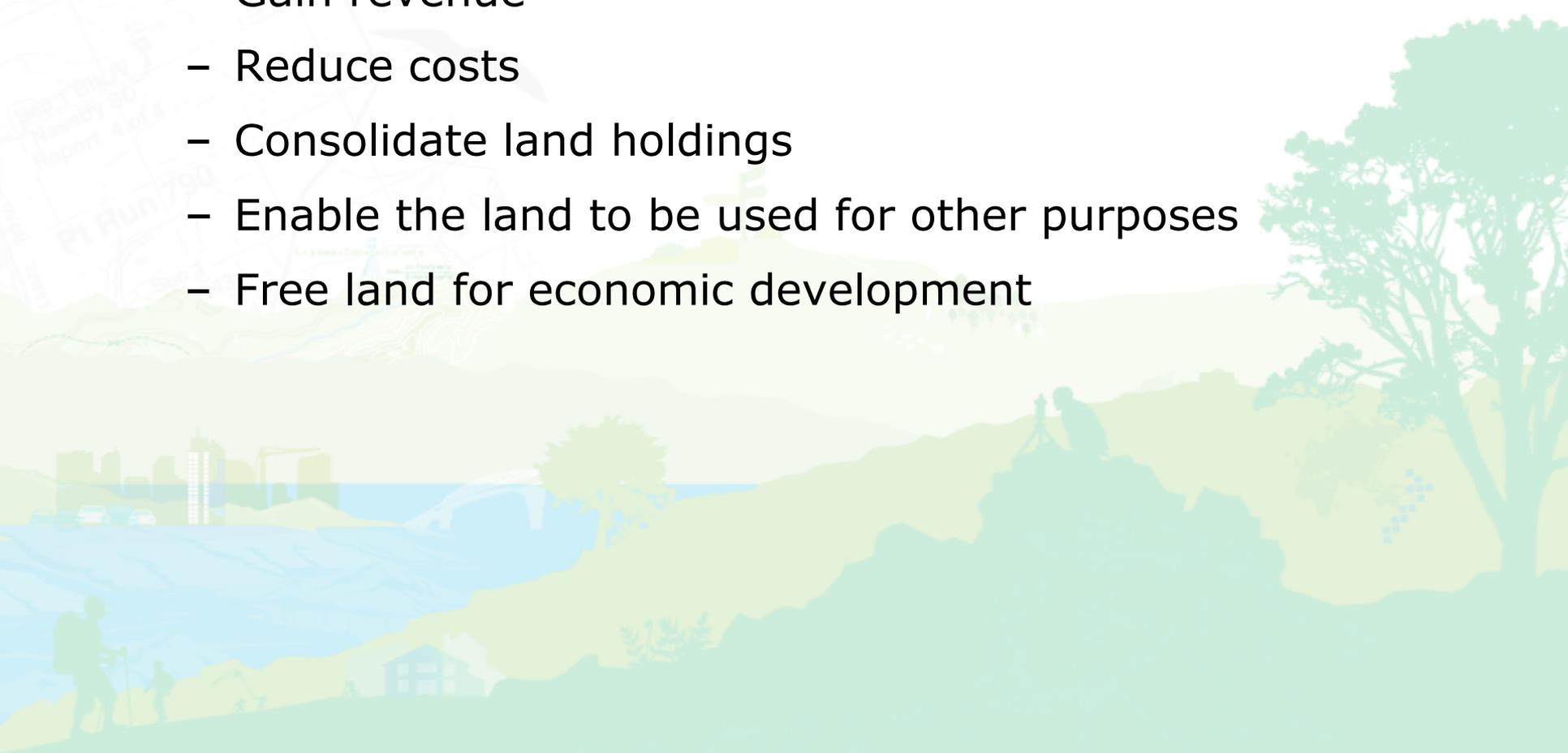


“Enable appropriate **economic, environmental, and recreational use of Crown-owned and –used land.**”

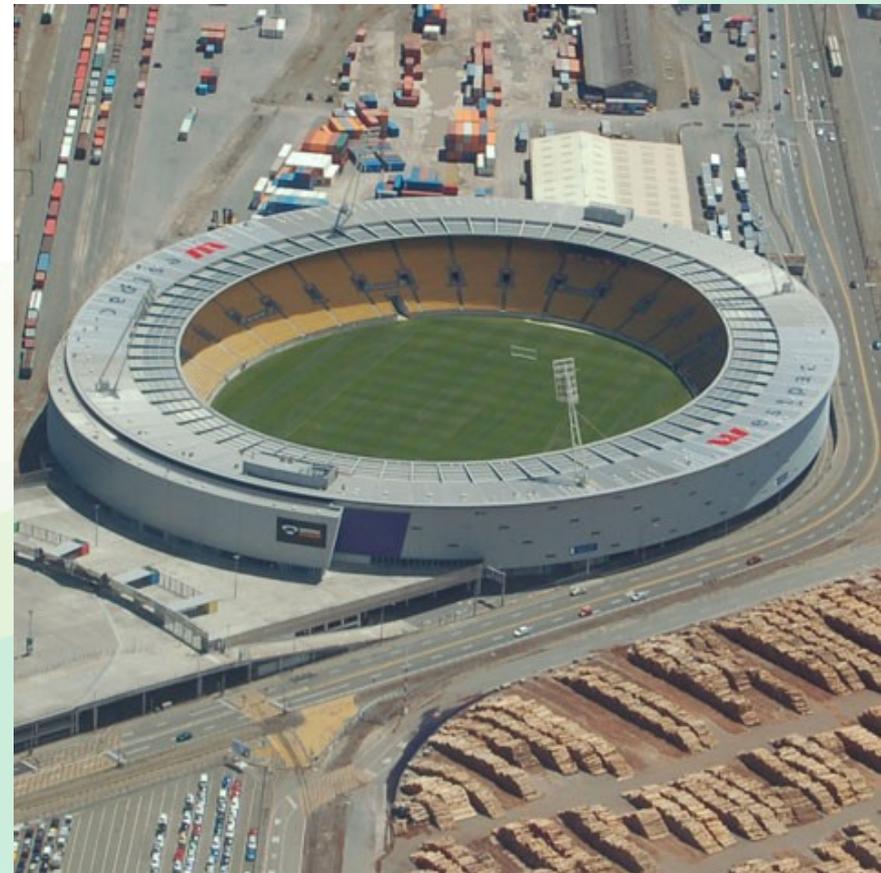
LINZ Statement of Intent

# Reasons for selling State Land

- Sale of state land can occur to:
  - Gain revenue
  - Reduce costs
  - Consolidate land holdings
  - Enable the land to be used for other purposes
  - Free land for economic development



# State land enables other uses...



Wellington Stadium built in 2000 on railway land

# ...and economic opportunities



# State land v Private land

- Important to note that state land is not usually the same as private property. This is due to:
  - High interest from citizens and media about state land
  - Desire to protect non-economic values, such as wildlife or social values
  - Specific legal requirements that apply only to state land
  - State sale processes likely to be different to purely commercial entities
  - Scrutiny from citizens on decisions made

## **1. Sale decisions should be made within a clearly defined framework of:**

- Legal requirements
- Financial reporting systems (e.g. accrual accounting)
- Strategy/policies for state land holdings
- Clear accountabilities
- Clear performance targets and goals
- Documented decision-making processes
- Long-term sale programme
- Strategies to deal with media and public enquiries
- Audit and review processes

## 2. Retention of state land expertise is crucial to long-term success

- In New Zealand, there is no educational qualification in state land
- Transfer of knowledge and expertise to private sector => potential for over-reliance on private sectors
- Since 2010, LINZ has:
  - integrated standard processes in new electronic land register
  - created internal and external training programmes
  - developed knowledge management initiatives (such as internal 'Wikipedia') to retain knowledge

## 3. Getting good information on state land is vital before making sale decisions

- Accessible state records
- Good electronic record systems
- Use of GIS
- Properties are assessed for
  - Physical characteristics (natural values, historic sites)
  - Historic actions and obligations
  - Current or potential risks
  - Appropriate uses

## 4. The private sector should take risk of development

- State land can be a valuable tool for economic development, but
- Spending money to develop land (buildings etc) for commercial use exposes state to significant risk and long-term expenditure
- Ongoing state interests can be met by:
  - Allowing a lease or licence rather than sale
  - Placing conditions on purchasers
  - Public-Private partnerships

## 5. Private sector can assist with sales

- Private sector may have skills that state does not (e.g. marketing, commercial contracting processes)
- However, private sector involvement should be managed by having:
  - open, transparent and competitive tendering processes
  - contract specifications and performance measures
  - actions to recognise specific issues with state land
  - mechanisms to ensure state agency retains all information on the land
  - reporting requirements
  - responsibility for making high-risk decisions with state agency

## 6. Use competitive market processes if possible

- All sales should be informed by independent market valuation advice
- Sale can be by:
  - Public applications or other informal bidding processes
  - Formal tenders
  - Auctions
- These encourage competition from prospective purchasers, are flexible and likely to achieve best price
- Also provide transparency in how land was sold

# Conclusion

- State land is a finite, national resource with economic, social and environmental benefits and high interest from citizens
- This requires robust decisions on how to use that resource
- Decisions should be transparent and consistent, not arbitrary
- This requires good information on the land and support systems, such as financial reporting
- Private sector can help develop sold land and provide specialist services to state agencies
- Market sale processes usually achieve the best price, and reduce potential for allegations of improper dealings in land



Irishman Creek

**Thank you for your time.**

**Any questions?**