

Property Acquisition, Management and Disposal Policy



Approved by:	Timaru District Council
Group:	Property
Responsibility:	Group Manager Property
Date adopted:	1 April 2025 The policy becomes effective the day after the date of adoption, unless otherwise specified
Review:	Every 6 years, or sooner if deemed required This Policy does not cease to have effect because it is due for review, or being reviewed
Consultation:	Required – targeted consultation with Community Boards and iwi
Policy Type	Internal; Strategic and Operational

Policy Purpose

1. To contribute to the Community Wellbeing Outcomes of Resilient Infrastructure, Enhanced Lifestyle and a Diverse Economy.
2. To provide a framework to ensure that the acquisition, management and disposal of Council's property portfolio is strategic and legally compliant.
3. To outline the principles and processes that will govern the acquisition, management and disposal of Council's property portfolio.

Scope

4. This policy applies to all Council employees, and all contractors and agents acting on behalf of Council, when acquiring, assessing the ongoing use of, and disposing of land and/ or buildings. This includes instances relating to:
 - (i) Council Infrastructure and Capital Improvements
 - (ii) Vestings, offsetting and giftings (for example relating to subdivisions)
 - (iii) Easements, Land Covenants and a variety of other land encumbrances (on both Council and non-Council owned Property)
 - (iv) Rights associated with air, riparian and subterranean property interests
 - (v) Agreements, contracts, or other legal instruments that commit the Council to any property transactions, including land exchanges
5. For clarity, the policy does not extend to:
 - (i) Licenses or leases
 - (ii) Hireage of spaces and any other temporal use arrangements for Property

- (iii) Rights to attach equipment/signage to a building unless it is a permanent right
- (iv) Removable furniture, equipment, and other items not fixed to a real property asset
- (v) Intellectual property rights
- (vi) Naming rights
- (vii) The development, construction, alteration, renewal, replacement or demolition of buildings, fixtures and fittings, Council infrastructure and improvements on a site.

Definitions

- 6. Acquisition: to obtain or receive land or property through a method such as purchase or gift.
- 7. Delegated officer: a person identified in the Council's Delegations Manual or in a Council resolution as having the authority or responsibility to carry out a function as authorised by the Council.
- 8. Disposal: to sell or otherwise relinquish ownership of land or property.
- 9. Public work: infrastructure supporting delivery of council services such as playgrounds, libraries, roading, stormwater, wastewater or stormwater.
- 10. Settlement Acts: refers to Acts of Parliament settling Treaty of Waitangi claims. The relevant Act for the Timaru District is the Ngāi Tahu Claims Settlement Act 1998. Settlement Acts provide a framework for how Council engages and works with iwi partners through mechanisms such as joint management agreements.

Policy Statements

Principles

- 11. Council's approach to the acquisition, use, ongoing review, and disposal of its property portfolio is guided by the following principles.
- 12. Principle 1: Strategic approach: Decisions on the acquisition and disposal of land will be made in the wider context of long term trends, impacts, and will reflect and be consistent with Council's strategic future planning.
- 13. Principle 2: Fairness and the Public's Interest: All decisions will pursue the best interests of the community and ratepayers, with alternative options and their consequences considered.
- 14. Principle 3: Financial responsibility: The Council will exercise financial responsibility to get best value, and seek to maximise the value of its land assets and minimise whole-of-life costs. This includes consideration of the opportunity cost of retaining assets.
- 15. Principle 4: Information management: Information on Council-owned or administered land will be easily accessible, complete and kept up-to-date to enable informed decision making regarding the acquisition and disposal of land.
- 16. Principle 5: Statutory and regulatory compliance: The Council will operate within the framework of applicable statutes and regulations at all times.

17. Principle 6: Transparency of Process: Processes will (where appropriate) be undertaken in an open and transparent manner to ensure the Council is seen to be responsibly managing public assets and funds. However, the Local Government Official Information and Meetings Act 1987 requires Council to consider privacy and commercial interests (among others) when making information public. Protecting property owner rights with respect to land acquisition and disposals will often require that certain information be kept confidential and that negotiation may, in some cases, include commercially sensitive information relating to businesses, lessees and other stakeholders. In addition, the Council will review, discuss, consider, and make decisions on commercial negotiations in a public excluded environment when there are sufficient and appropriate reasons.

Involvement of partners and third parties, including manawhenua

18. Council will adhere to all legal requirements when acquiring and disposing of land. This includes adhering to any requirements under Settlement Acts.
19. Council acknowledges its role as a Treaty partner, and takes this responsibility seriously. Council commits to consulting with Arowhenua on acquisitions and disposals in the instances that it is necessary or considered appropriate, and to do so in good faith in a way that builds upon our existing relationship and formalised arrangements.
20. Council may consult with any parties that it considers relevant on potential acquisitions or disposals, on a confidential basis.
21. Further relevant information about when and how Council will undertake consultation is contained in the Significance and Engagement Policy.

Roles and Responsibilities

22. All decisions relating to the acquisition or the disposal of Council-owned or administered Property will be made by resolution by Council, or in accordance with the relevant Long Term Plan or Annual Plan.
23. Notwithstanding this, Council may via resolution delegate:
- (i) To the Chief Executive and/or delegated officer anything precedent to the acquisition or disposal decision, such as the power to negotiate contracts to acquire or dispose of property or property rights so long as agreement is conditional upon ratification by the Council; or
 - (ii) To the Chief Executive and/or delegated officer the power to negotiate and enter into contracts to acquire or dispose of Property or Property rights within a range of specified values, terms and conditions.
24. For clarity, officers can undertake the initial stages of the acquisition and disposal processes without Council resolution, including investigating options and preparing business cases for Council consideration. Communications by officers with third parties about property acquisitions and disposals are permitted, however these must always be explained as contingent on Council resolution (unless the transaction is outlined in the LTP).
25. All officers will act within their delegations – as outlined in the Delegation Manual – at all times, unless an appropriate Council resolution allows otherwise.

26. Property acquisitions and disposals will be conducted by officers in line with the processes outlined in Appendices 1 and 3.
27. Activity Owners must notify and involve the Property Group at the inception of any potential property acquisition or disposal, to ensure that all legal requirements, this policy, and industry best practice are adhered to.
28. Any conflicts of interest by elected members or Council officers will be managed according to their respective policies, Standing Orders or Code of Conduct (as applicable) to ensure that all parties can have confidence in the integrity of the assessment, decision making and transaction processes.

Acquisitions

29. Timaru District Council acquires land for the following purposes, as outlined in this table.

Public works	Where the Council provides roads and other infrastructure for things like drinking water, stormwater wastewater (sewage), it may need to acquire land to provide either additional capacity to meet demand or increase levels of service provided by existing infrastructure for various reasons. In these instances, the Council acquires land through the Public Works Act 1981 and must comply with its obligations under this legislation.
Reserves and open spaces	<p>Reserves and open space in the district are utilised by a range of active and passive users, and assets on council reserves provide for enhanced community use and enjoyment. Reserves assets vary from toilet blocks to playgrounds and community halls. Reserves and open spaces can also be acquired to protect and preserve ecological values, historic heritage, cultural value, geological value, or landscape values.</p> <p>The Council acquires reserves and open spaces to accommodate growth of our communities, and developers are required to contribute either funds (through financial or development contributions) or land towards providing this.</p> <p>If this land is classified as a reserve, the Council has obligations for their management, including rules for their disposal, under the Reserves Act 1977.</p>
Esplanade strips/reserves	The Council acquires esplanade reserve when landowners subdivide titles along water bodies and the coast. Whilst esplanade reserves are vested as a separate title with the Council, esplanade strips are simply recognised by an instrument on the certificate of title of the underlying lot and therefore remain in private ownership, however there will likely be requirements relating to public access, fencing, planting and so on.
Offsetting	The Council may acquire land where a development is required under a resource consent to vest land in the Council to offset a negative effect of the development.
Strategic Investment	The Council may acquire land for the purpose of investment, were the acquisition is strategically important to the Council and/or the community, or to maximise value for rate payers.

30. The acquisition criteria are a guide for decision making by the Council when considering the potential acquisition of property. Every acquisition will be considered on its own merits, and no single criterion listed is necessarily of greater weight, nor is a acquisition required to meet every one of the criteria or sub-criteria.

31. Criteria 1: Overall strategic fit of the acquisition

- (i) The acquisition is identified in a growth strategy, structure plan, asset management plan or similar.
- (ii) There are no other parcels of Council-owned or administered land which could address the need for land.
- (iii) The proposed site improves functionality or access to existing Council-owned or administered land.
- (iv) There are demonstrable social and environmental benefits to the acquisition.
- (v) The acquisition fills a gap or responds to a previously identified need, for example, as identified in the Council's annual property review.
- (vi) The acquisition provides a connection or improves safety and access to the coast, waterways, walkways, cycle tracks or other recreational connections.
- (vii) The acquisition is strategically important to the Council and/or the community.

32. Criteria 2: Identification in Long Term Plan or Annual Plan

- (i) The acquisition has been identified and budgeted for in the relevant Long Term Plan or Annual Plan.
- (ii) It is expected that property will be most commonly acquired or disposed of during the Long Term Plan or Annual Plan process. If acquisition or disposal occurs outside of this process, the purchase or sale will be conducted in line with the relevant acquisition or disposal process listed in Appendix 1 or 3, and require a Council resolution which outlines the terms of agreement.

33. Criteria 3: Community requirements

- (i) Any known community interest or preferences for the acquisition opportunity, particular site or the need promoting the acquisition have been taken into account.
- (ii) The community's aspirations for the site support the planned usage of the site.

34. Criteria 4: Costs and land value

- (i) An appropriate source of funding has been identified.
- (ii) The whole-of-life costs of the acquisition have been taken into account.
- (iii) The funding of the acquisition will be equitable for current and future generations.
- (iv) A valuation of the land has been obtained.

35. Criteria 5: Restrictions on land use

- (i) Any restrictions from zoning or designations on the site are appropriate for the planned use of the site.

36. Criteria 6: Alternative ownership or acquisition options

- (i) Opportunities for alternative ownership arrangements on the site such as joint ventures or leases have been investigated.

- (ii) The consequences of any alternative ownership options have been identified.
- (iii) Opportunities for alternative methods of land acquisition other than land purchase, such as endowment, vesting, land exchange or partnerships have been explored.

37. Criteria 7: Site condition and suitability

- (i) The land's current use does not prevent or impede the planned use of the site.
- (ii) The land is suitable for its intended use.
- (iii) An indicative assessment (using the Property Assessment Matrix (see Appendix 2) and the best available current information) indicates that the property is unlikely to underperform.
- (iv) Any natural hazards identified on the site will not prevent or impede the planned use of the site.
- (v) Community interest, financial, timing or any other implications have been considered regarding removal or refitting of any existing structures, including the need to bring it up to building code standard.
- (vi) Reasonable access and functionality of the site for the intended purpose is achievable.
- (vii) A site check for contamination, landfill, drainage does not reveal anything which will prevent or impede the planned use of the site.

38. Criteria 8: Tenure

- (i) The Council has legal authority to undertake the activity proposed for the property.
- (ii) There are not any encumbrances on the title which prevent or impede the planned use of the site such as easements, caveats, memorials on titles, or outstanding Ngāi Tahu treaty settlements.
- (iii) There are no existing tenancies on the property which prevent or impede the planned use of the site.
- (iv) The findings of the property's LIM report do not include anything which would impede or prevent the intended use of the land, for example shared access, unpaid rates.

39. Criteria 9: Cultural heritage

- (i) Acquisition of the property promotes the Council's meaningful working relationship with iwi.
- (ii) Priority may be given to acquisition which will protect ecological values, historic heritage, cultural value, geological value, or landscape values.

40. Criteria 10: Disadvantages of not proceeding with acquisition

- (i) There is a risk of the acquisition opportunity being lost or rendered unsuitable for intended use.

- (ii) Priority will be given where there are no alternatives available, and if the specific site is not purchased the identified need will not be able to be filled.

41. The Council has additional requirements it must comply with when acquiring land depending on the nature of the land's ownership, such as if it is Māori freehold land as defined in Te Ture Whenua Māori Act 1993.

Management and ongoing review

42. Council's property portfolio will be reviewed on a regular basis to consider whether its use meets changing needs, priorities and preferences.

43. Each unit is required to complete the Property Assessment Matrix (see Appendix 2) for each property that they are responsible for within twelve months of this policy being adopted, and at least every three years thereafter as part of the Long Term Plan development process.

44. A property will be considered as potentially underperforming if they have scores where:

- (i) The cumulative score is less than 35.
- (ii) Any two or more criteria, rank as one or less.
- (iii) Any four or more criteria rank as two or less.

45. The Property Group must be notified if a property is considered potentially underperforming as per the Property Assessment Matrix.

46. In such instances, the Property Group will work with the Activity Owner to determine whether the performance of the property can be improved, or whether repurposing or disposal may be appropriate (see Appendix 3).

Disposals

47. The criteria below are a guide for decision making by the Council when considering the potential disposal of property. Every land disposal will be considered on its own merits and no one of the criterion listed is necessarily of greater weight, nor is a land disposal required to meet every one of the criteria or sub-criteria.

48. Criteria 1: Property deemed to be surplus or under-performing by the Council

- (i) The property is under-performing as per the Property Assessment Matrix
- (ii) The property is considered surplus for one or more of the following reasons:
 - i. The land no longer contributes to the strategic goals of Timaru District Council or any growth strategy, asset management plan or similar.
 - ii. The land is no longer required for its intended purpose.
 - iii. The land is not required or suitable for any alternative Council purposes.
 - iv. The on-going costs of maintaining the property are not sustainable.

49. Criteria 2: Market considerations

- (i) The property market is not significantly depressed.

- (ii) There are likely to be interested parties for purchase of the property.
- (iii) The benefits of disposing of the property outweigh the financial costs of retaining the property.

50. Criteria 3: Tenure

- (i) The Council is able to legally dispose of the land in the manner proposed.

51. Criteria 4: User and community views

- (i) Any known user or community interest or preferences for the particular site and its retention or disposal have been taken into account.

52. Criteria 5: Cultural heritage

- (i) The land does not contribute to ecological values, historic heritage, cultural value, geological value, or landscape values.

53. The method and process through which Council acquired the property will dictate the specific disposal process and associated requirements.

54. The proceeds of sales will be prioritised to meet the cost of the transaction to the Property Group, the Activity Owner and any other applicable Council units. Council will resolve how to utilise any balance.

Monitoring

55. Indicators of whether this policy is achieving its stated purposes include:

- (i) Feedback received from any internal or external audits.
- (ii) The number of property activities and transactions that have, and have not, been undertaken in line with legal requirements and following specified processes.

Reporting

56. This policy will not be reported against on a regular basis.

57. The Audit and Risk Committee will be advised of property activities or transactions that breach this policy, including any potentially illegal or fraudulent activities.

Delegations, References and Revision History

Delegations

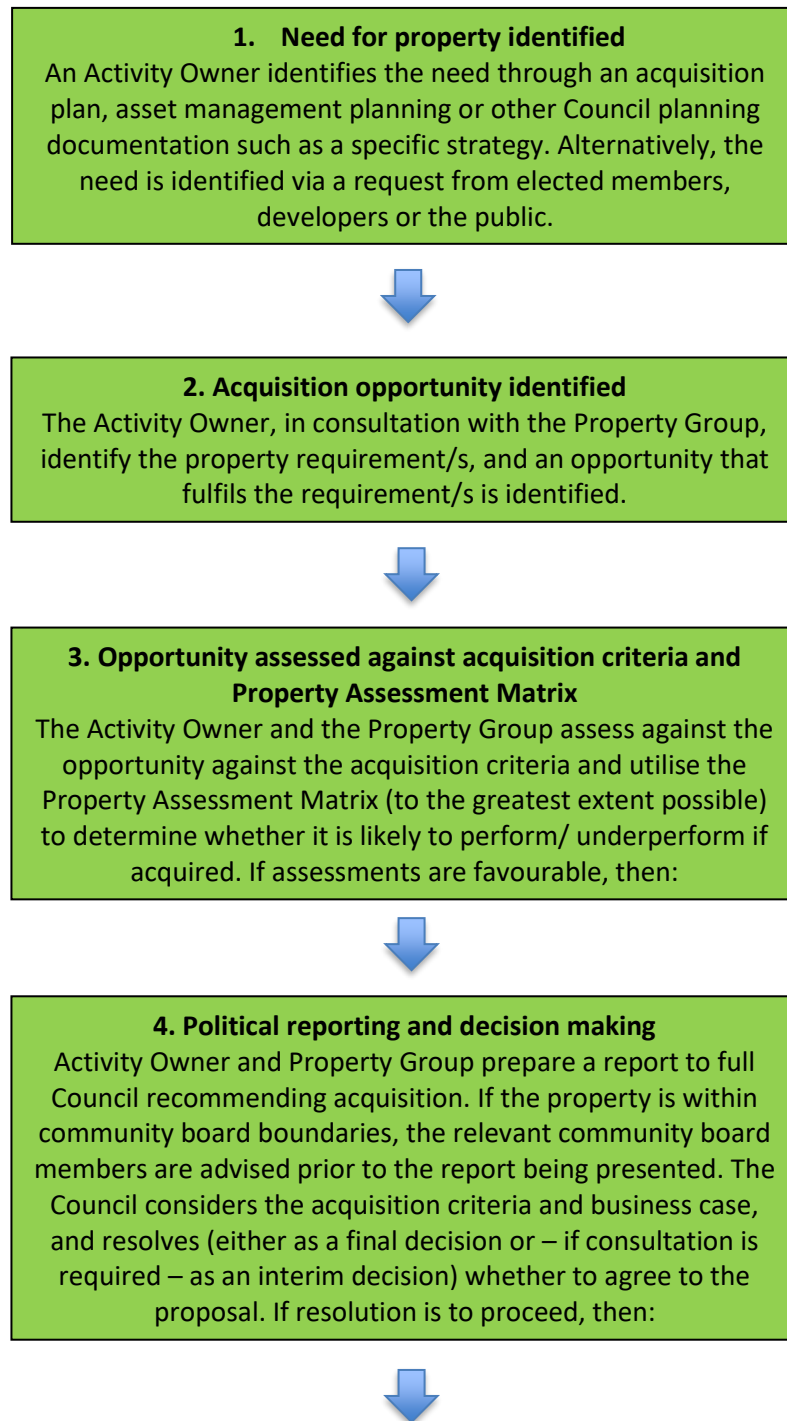
Identify here any delegations related to the policy for it to be operative or required as a result of the policy

Delegation	Delegations Register Reference
Authority to enter into and complete sale and purchase agreements and other relevant documentation when such transactions have been previously approved by Council.	6.18
Authority to enter into other agreements and instruments in relation to Council property including but not limited to easements, covenants, encumbrances, caveats and esplanade strip agreements subject to any express limits set out in this policy.	6.18

References					
Include here reference to any documents related to the policy (e.g. operating guidelines, procedures)					
Title				Relevant Reference within Document	
N/A					
Revision History					
Summary of the development and review of the policy					
Revision	Owner	Date Approved	Approval By	Next Review	Doc Ref
1	Property Manager	29 July 2014	Policy and Development Committee	July 2017	#831370
2	Property Manager	18 July 2017	Policy and Development Committee	July 2020	#831370
3 ¹	Group Manager Property	1 April 2025	Council	April 2031	#1725357

¹ Renamed from “Property Management Policy” to “Property Acquisition, Management and Disposal Policy”
#1725357

Appendix 1 – Acquisition process



5. Consultation (if applicable)

Step only applicable if consultation or engagement required under another Council policy or through a legislative requirement. Consultation could be undertaken as part of the Long Term Plan or Annual Plan processes, but may also be more targeted. Any consultation will be undertaken by the Activity Owner, supported by the Corporate and Communications Group and the Property Group. If this step occurs, Council will need to deliberate and resolve a final decision. If final decision is to acquire, then:



6. Item added to the acquisition programme

Budgeted for by the Activity Owner and entered into Council's work programme. The Activity Owner and the Property Group agree the terms and extent of the acquisition in accordance with the approval provided by the resolution.

Note: additional Council reporting and resolution/s may be required throughout the process depending on the nature of the delegations provided by elected members to officers.



7. Acquisition undertaken by Property Group

The Property Group undertakes the acquisition in accordance with the terms and process agreed between themselves and the Activity Owner.

Appendix 2 – Property Assessment Matrix

Criteria	Scoring Benchmark	Analysis
<p>1. <u>Strategic Relevance</u> (1-10)</p> <p>Is the function or purpose of the Property identified as a strategic priority for the Council that demonstrably supports a meaningful working relationship with iwi and the social, cultural, economic and environmental benefits associated with Council's published Community Outcomes. For example, it may support/facilitate growth or provide improved amenity, functionality, safety, or access to (or for) the coast, waterways, walkways, cycle tracks, or other recreational connections</p>	<p>10 – The Property is required and critical to meet Council's current and future strategic priorities as detailed in an Asset Management Plan, Infrastructure Strategy or other strategies and plans adopted by the Council.</p> <p>5 – The Property provides the most cost-effective option of several required to meet Council's current and future strategic priorities as detailed in an Asset Management Plan, Infrastructure Strategy or other strategies and plans adopted by the Council.</p> <p>1 – The Property is one of several options that could meet Council's strategic priorities.</p>	
<p>2. <u>Core Business/Activity</u> (1-10)</p> <p>Is the function the Property will fulfil considered a core Council business/Activity?</p> <p>Is it detailed in an Asset / Activity Management Plan?</p>	<p>10 – Core Council business.</p> <p>5 – Not core Council business but desirable, and no one else is supplying the service.</p> <p>1 – Service could be/possibly should be provided by the private or voluntary sector</p>	
<p>3. <u>Location</u> (1-5)</p> <p>In terms of the purpose for which the Property is held and utilised, how does its location complement/assist its function?</p>	<p>5 – The location is ideal.</p> <p>4 – The location is good to very good.</p> <p>3 – The location is good.</p> <p>2 – The location is acceptable but could be better.</p> <p>1 – The location is poor.</p>	
<p>4. <u>Sufficiency</u> (1-5)</p> <p>Is the Property sufficiently large or able to be adapted to accommodate</p>	<p>5 – The Property and/or improvements are large enough and have sufficient additional capacity to accommodate future</p>	

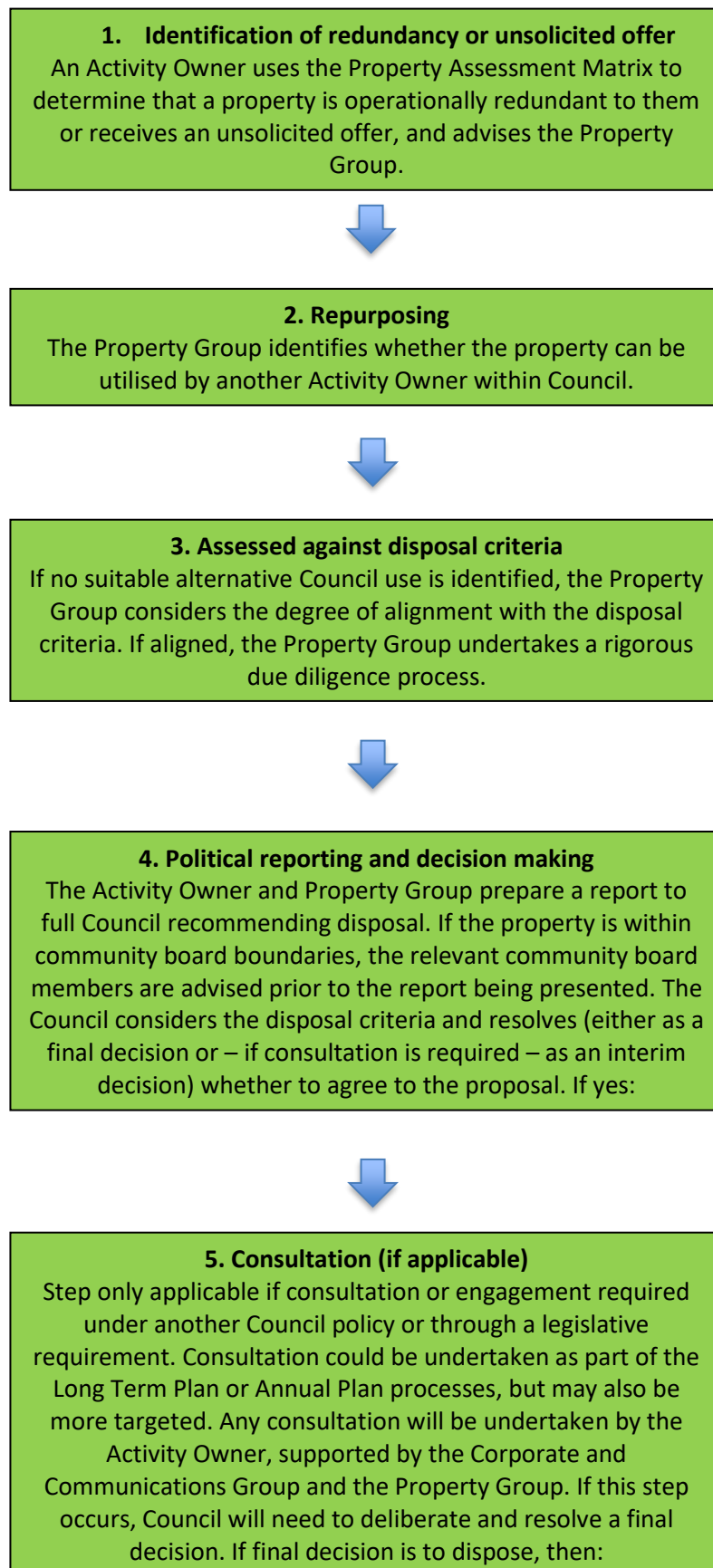
the service and facilitate growth as required?	<p>development/growth (10-30%).</p> <p>4 – The Property and/or improvements are only large enough for the current purpose.</p> <p>3 – The Property and/or the improvements are too small, but this can be readily accommodated by improvements costing less than 20% of CV or acquiring adjacent Property.</p> <p>2 – The Property and/or the improvements are too large (31%-50% more than required).</p> <p>1 – The Property and/or improvements are too large (>50% more than required).</p>	
<p>5. <u>Functionality/Utility</u> (1-5)</p> <p>Is the Property fit for purpose? Notes: “Depreciation” is the loss in value from any cause. The two main components are physical depreciation and obsolescence.</p> <ul style="list-style-type: none"> • “Physical depreciation” is physical wearing out due to use and natural forces. • “Obsolescence” is the loss in value from causes other than physical decay or wear. It includes functional, economic, legal and technological obsolescence. 	<p>5 - The functional utility of the Property is estimated to be within 90% of that exhibited by a new Property designed and built specifically for the purpose.</p> <p>4 - The functional utility of the Property is estimated to be within 75% to 90% of that exhibited by a new Property designed and built specifically for the purpose.</p> <p>3 - The functional utility of the Property is estimated to be less than 75% of that exhibited by a new asset Property built specifically for the purpose, but the asset can still be practically used for the purpose.</p> <p>2 - Physical depreciation and/or obsolescence is of such a degree that the usefulness of the Property is moderately and noticeably constrained.</p>	

	1 - Physical decay and/or obsolescence is of such a degree that the usefulness of the Property is significantly constrained.	
<p>6. <u>Utilisation</u> (1-5)</p> <p>Is the Property well utilised? Note: Utilisation in this regard means the property is either: • Well utilised in terms of physical space; or • The Property attracts high use levels in relation to the number of people that benefit/use such Property with due consideration to the frequency of such use.</p>	<p>5 – At least 95% of the floor area and 85% of the land area are effectively utilised for the purpose. Alternatively, the Property exhibits a very high level of use for its intended purpose.</p> <p>4 – At least 85% of the floor area and land area are effectively utilised for the purpose. Alternatively, the Property has a high level of use for its intended purpose.</p> <p>3 – At least 70% of the floor area and land area are effectively utilised for the purpose. Alternatively, the Property has a reasonable level of use for its intended purpose.</p> <p>2 – At least 50% of the floor area and land area are effectively utilised for the purpose. Alternatively, the Property has a low level of use for its intended purpose.</p> <p>1 – Less than 50% of the floor area or land area are effectively utilised for the purpose. Alternatively, the Property is infrequently used in terms of its intended purpose. Note: The percentage utilisation estimated can include an allowance for future growth.</p>	
<p>7. <u>Provision/Tenure</u> (1-5)</p> <p>Is the Property/resulting service already provided elsewhere locally by the Council or another provider? Are there opportunities to</p>	<p>5 – The Property/resulting service fulfils local need, and there are no other providers or viable ownership options.</p> <p>3 – The Property/resulting service will need to be</p>	

partner with others to deliver the Property/resulting service? Are there alternative ownership structures that could be practicable, such as an easement or lease?	provided temporarily but may be provided by others or from alternative ownership modes or another Property longer-term. 1 – The Property/resulting service is already provided locally or can be provided locally by others.	
8. <u>Cost Efficiency</u> (1-5) Can the function be provided more cost effectively, and is it practical to do so?	5 - No, the function cannot be practically provided more cost-effectively. 3 - It may be possible to provide the function more cost effectively practically. 1 - Yes, the function can be practically provided more cost effectively	
9. <u>Return on Investment</u> (1-5) Does the Property achieve a good return on investment in terms of the resulting function and activity, economic return or strategic outcomes?	5 - The return from the Property is equal to or exceeds a fair market return. Alternatively, it delivers expected returns in line with Council policies. 4 - The return from the Property is between 90% and 100% of the fair market return or of expected returns in line with Council policies. 3 - The return from the Property is between 75% and 90% of the fair market return or of expected returns in line with Council's policies. 2 - The return from the Property is between 50% and 75% of the fair market return or expected returns in line with Council policies. 1 - The return from the Property is less than 50% of the fair market return or expected returns in line with Council policies	

<p>10. <u>Capital Costs</u> (1-5)</p> <p>What are the capital costs required to maintain the Property in a state fit for purpose?</p>	<p>5 – Capital costs are < 14% of CV over the next thirty years.</p> <p>4 – Capital costs are between 15-25% of CV over the next thirty years.</p> <p>3 – Capital costs are between 26-40% of CV over the next thirty years.</p> <p>2 – Capital costs are 41-60% of CV over the next thirty years.</p> <p>1 – Capital costs are >60% of CV over the next thirty years.</p>	
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Appendix 3 – Disposal process





6. Statutory requirements

Officers consider any statutory requirements and takes actions to discharge such obligations.



7. Requiring Agency

The Council ascertains if property is required by a Requiring Agency. If no:



8. Disposal

The Property Group disposes of the property (by default via the open market unless Council deems another means is more appropriate in the circumstances).

Note: additional Council reporting and resolution/s may be required throughout the process depending on the nature of the delegations provided by elected members to officers.

Prior to sale or disposal, all Property must be subject to a rigorous due diligence process by the Property Group (and appropriate advisors) which includes:

- Identifying all possible parties (if any) with any claim on the Property
- Confirm whether any specific obligations exist in respect of such parties
- Confirmation of any legal or regulatory obligations in respect of the Property (including reviewing the Property's underlying land status)
- Identifying whether any contractual obligation exists in respect of the Property.

Part of this due diligence investigation should also include the commercial viability of disposing of such Property and whether an application of such Property in an alternative manner would be a more viable option for the Council, e.g. leasing out of the Property.