

SALE OR LEASE OF GOVERNMENT ASSETS - (TD88/2)

TD92/2

469.01 In the absence of specific approval to the contrary, market values should be realised on the sale or lease of Government assets.

Government assets refer to physical non-current assets which include, without limiting the generality of the expression, realty, plant and equipment, machinery, motor vehicles, tools, furniture, furnishings, office equipment, scientific apparatus, books and appliances which have useful lives of more than one year.

Basis of Transfer of Realty between Government Authorities

TD92/2

469.02 Where Crown lands under the administration of the Minister for Conservation and Land Management are appropriated by a Government Authority, the Authority shall be required to pay compensation on the basis of a valuation determined by the Department of Conservation and Land Management.

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469.03 Where an Authority acquires other lands already in Government ownership, the Authority shall be required to pay compensation on the basis of:-

- (1) the current market value of the land and any improvements as agreed between the authorities concerned, without the use of external valuers; or
- (2) the current market value as determined by the Department of Conservation and Land Management, if agreement cannot be reached between the authorities involved in the transaction.

469.04 Interest on compensation shall be charged in accordance with the provisions of Section 126A of the Public Works Act, 1912.

469.05 The above guidelines do not apply where there is a transfer of functions between authorities as a result of a change in Government policy.

Special consideration will be given by the Treasurer to such cases as they arise.

**Disposition of the Proceeds
from the Sale or Lease of Surplus Government Assets**

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469.06 Government authorities, apart from those in the Budget Sector, may retain the net proceeds from the sale or lease of surplus government assets for use in accordance with existing legislation and Government directions relating to their spheres of operation.

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469.07 Authorities are deemed to be included in the Budget Sector if they:-

- (1) are shown as an Organisational Unit in the State Budget Estimates; and
- (2) receive an appropriation from the Consolidated Fund for the purpose of meeting payments for recurrent services.

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469.08 The following guidelines will apply in respect of authorities in the Budget Sector:-

- (1) Expenses necessarily incurred in connection with the sale or lease of the assets may be deducted from the proceeds of sale or rentals.
- (2) The net proceeds from the sale or lease of assets which were originally purchased from sources other than the Consolidated Fund shall be paid to the credit of the account or funds from which the funds for the original purchase were provided, unless otherwise determined by the Treasurer.
- (3) The net proceeds from the sale or lease of assets, which:
 - (a) are held by right of the Crown;
 - (b) were purchased through the Consolidated Fund; or
 - (c) were otherwise acquired but the original method of acquisition cannot be readily determined;

shall, subject to any determination under clause (4) be dealt with as follows:

- (a) 50% of the net proceeds shall be paid to the Consolidated Fund as a capital receipt, in the case of a sale, or as a recurrent receipt, in the case of a lease;
- (b) 50% of the net proceeds shall be shared between the Authority having the substantive right to utilise the assets and the owner Authority in accordance with the proportions of their respective uses of the assets; the proceeds so shared shall be paid to the credit(s) of the appropriate working account(s) within Special Deposits Account(s) for the Authority(ies).

- (4) Where special circumstances exist, the Treasurer may determine that a greater proportion of the proceeds may be retained by the Authority.

In this regard, the Treasurer has determined that all authorities may retain 100% of the net proceeds of asset sales (other than sales of land and buildings) where the original acquisition cost of the asset disposed of is less than \$200,000.

- (5) Where assets are vested in a Minister of the Crown or an Authority but are being used or were intended to be used by another Minister or Authority, the Authority having the substantive right to utilise the assets shall retain part of the proceeds from the sale or lease of the asset as described under clause (3).
- (6) The provisions of this Direction shall not apply in the following circumstances:
- (a) where the Authority concerned is charged with administering large landholdings or major assets on the Government's behalf; or
 - (b) where the initiative to dispose of surplus assets does not come from the Authority but arises as a result of a Government directive.

Use of Funds Retained by Authorities

469.09 Proposals to utilise funds retained from the sale or lease of surplus assets to finance expenditure on capital works projects are to be submitted to the Ministerial Capital Works Committee.

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469.10 Authorities within the Budget Sector are required to obtain the Treasurer's concurrence to proposals to utilise retained funds for the maintenance of capital assets.

Basis of Settlement for Inter-departmental Transfers of Realty

TD89/1

469.11 For inter-departmental transfers of realty settlement should be effected by Treasury Transfer wherever possible and where the various legal formalities associated with the sale/purchase do not involve the use of private legal practitioners.

Alternatively, where it is considered desirable that cheques be utilised for these transactions Bank Cheques are not to be sought by the vendor department or prepared by the purchaser department.

Where the services of private legal practitioners are utilised the vendor department is to issue firm instructions that -

- (a) Bank Cheques are not required on settlement, and
- (b) the purchasing department's cheque is to be made payable to the vendor department and forwarded direct to that department by the acting solicitors and not passed through their Trust Account.