

Rights to Buy Crown Assets

As part of the CNI Forests Collective Settlement, the CNI Iwi Collective (of which Ngāti Tūwharetoa is one of the members) was granted certain rights to buy Crown Assets.

There are two types of rights. Both types give the Collective preferential ways to secure core Crown properties over time.

Deferred Selection Procedure (DSP)

The first type of right is known as a Deferred Selection Procedure or DSP. The DSP gives the Collective a relatively short-lived opportunity to buy certain Crown Assets at values struck in June 2008, whether or not the owners want to sell them.

This creates the possibility of buying Crown assets at a profit (i.e. if the Collective can see that their market values have risen since June 2008). In effect, the Collective can use the DSP to “pick its horses after the race has run”. This will give four or five years equity to use as a basis to arrange finance for the purchase.

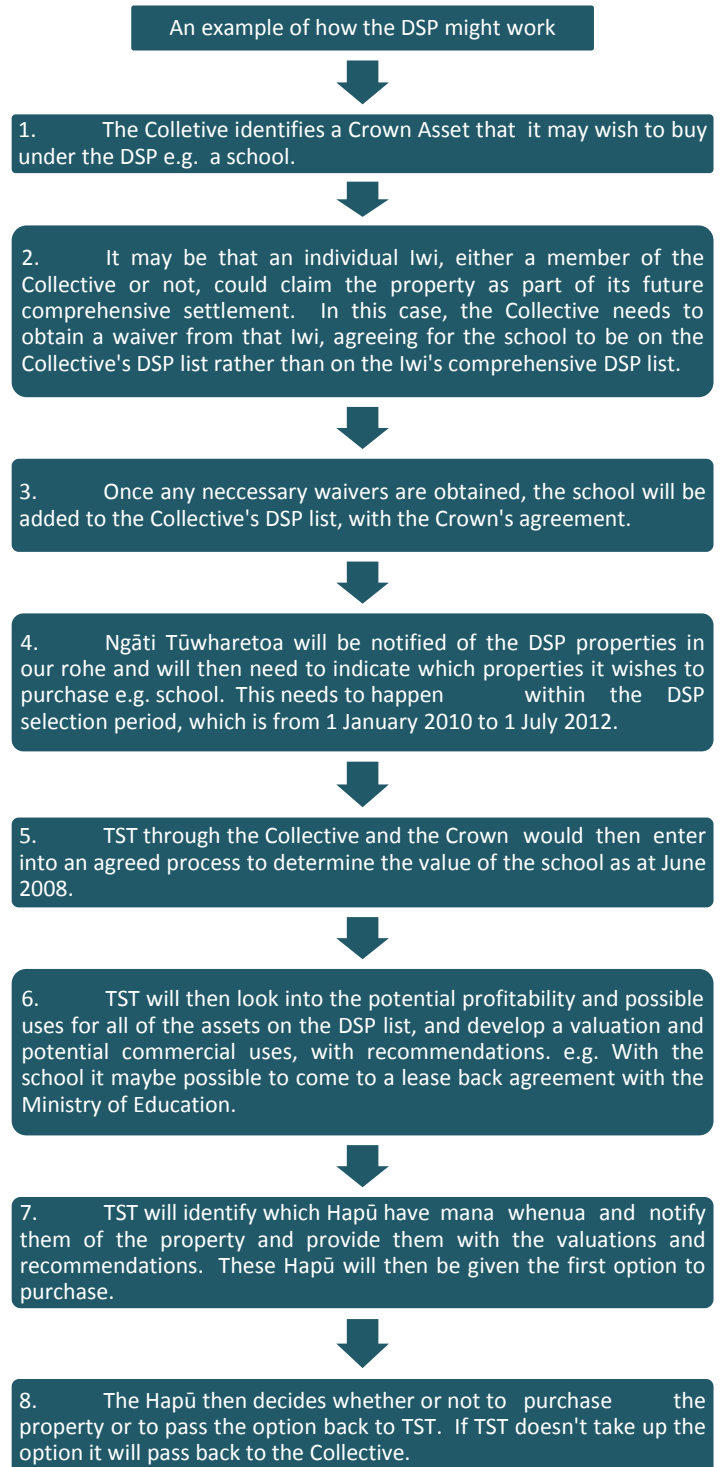
As Ngāti Tūwharetoa is a member of the Collective, if any property or asset is located exclusively within our traditional boundary, the Tūwharetoa Settlement Trust (TST) will have the right to exercise an option to purchase it. This right of purchase is an internal arrangement and is not part of the agreement with the Crown.

Within Ngāti Tūwharetoa it is the TST's policy to identify which Tūwharetoa Hapū have mana whenua rights over the land and asset under offer, and then to offer these Hapū the DSP option. This approach falls in line with TST's commitment to returning whenua, assets and commercial income streams to member Hapū.

If these Hapū are unable or unwilling to take up the offer, the TST may then decide to purchase the property as a commercial investment.

The advantages to Tūwharetoa of including these properties within the Collective's DSP mechanisms are threefold:

- The prices of the properties are set at 1 June 2008 values.
- The inclusion of the properties in the DSP list gives certainty and will enable the Hapū to commence planning now.
- The value of the properties will not be included in the Iwi comprehensive quantum.



Right of First Refusal (RFR)

The second type of right is known as a Right of First Refusal or RFR. The RFR gives the Collective a relatively long-lived opportunity to be the first to be offered certain Crown Assets, if and when the owners decide to sell them. Having the right of first refusal creates the possibility of buying Crown Assets at a profit, if the asset is being sold at a good price, or if it can be profitably added to an existing portfolio of properties. Note that any DSP assets that the Collective decides not to buy will still be available through the RFR.

Once again as Ngāti Tūwharetoa is a member of the Collective, if any property or asset is located exclusively within our traditional boundary, the TST will have the right to exercise an option to purchase it. This right of purchase is an internal arrangement and is not part of the agreement with the Crown

TST will again follow a process of identifying our Hapū who have the mana whenua right and offering them the RFR option to purchase.

In the case of the RFR listed properties there is no fixed purchase date or price. For Tūwharetoa the advantage of including these properties in the Collective RFR process is again threefold:

- The Collective has secured a RFR period of 100 years which is significantly longer than those being offered under present comprehensive settlements.
- The RFR list gives certainty that any potential surplus properties will not be “lost in the crown process”. For 100 years it places a legal obligation on the Crown to notify the Collective when these properties become surplus.
- The RFR list will not affect any future Iwi comprehensive settlement.

Conclusion

These rights to buy Crown Assets have the potential to generate significant income, depending on how they are used. Some assets might be sold quickly to realize a profit. Others might be retained for future sale, and used to generate ongoing income in the meantime (for example, properties such as schools that are leased back to their Crown owners). Others could be developed commercially to create long-term income streams.

The rights themselves were transferred on 1 July 2009, and will reside within the trust holding entity CNI Iwi Holdings Ltd.

