

09 July 2015

Professor Grant Guilford
Vice-Chancellor
Victoria University of Wellington
P O Box 600
WELLINGTON 6140

Dear Professor Guildford

Victoria University of Wellington - Transfer of Crown Assets- Variation to terms of the Memorandum of Understanding

This letter records a variation under clause 12 of the Memorandum of Understanding (MoU) between the Secretary for Education and Victoria University of Wellington (VUW) dated 30 April 2012, setting out the principles and processes to be applied to the transfer of Crown land and buildings to VUW. The variation relates to a new matter, as follows:

The schedule to the MoU is amended by removing the following property from the schedule to the MoU:

| Certificate of Title Identifier | Land – Legal Description |
|---------------------------------|---|
| WN327/62 | Part Section 10 Owhiro District SO Plan 11910. Part Plan A302 |

and including the following property on the schedule to the MoU.

| Certificate of Title Identifier | Land – Legal Description |
|---------------------------------|----------------------------------|
| NZ Gazette, 1971, page 701 | Parts Section 10 Owhiro District |

The property will be transferred to VUW as a result of this variation and the provisions of the MoU will apply to the transfer in all respects.

Please confirm that this accords with your understanding of the new matter and notify your acceptance of this variation by signing the enclosed duplicate copy of this letter and returning it to Chris Barker, Education Infrastructure Service, Ministry of Education, PO Box 1666, Wellington 6140.

Yours sincerely,

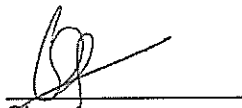


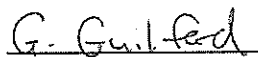
Kim Shannon
Head of Education Infrastructure Service

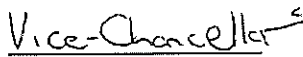
Form of Acknowledgement and Acceptance

Victoria University of Wellington acknowledges and accepts the amendment to the Memorandum of Understanding set out above.

Signed on behalf of Victoria University of Wellington by its authorised representative:


Signature


Name


Position

Released under the Official Information Act 1982



OFFICE OF THE VICE-CHANCELLOR

VICTORIA UNIVERSITY OF WELLINGTON PO Box 600, Wellington 6140, New Zealand Phone +64-4-4635301

30 August 2016

Katrina Casey
Acting Secretary for Education
Ministry of Education
PO Box 1666
WELLINGTON 6140

Dear Katrina

Victoria University of Wellington – Disposal of Karori Campus

The University seeks your written consent under Section 192(4) (a) of the Education Act 1989 to dispose of its Karori campus.

The Council of Victoria University of Wellington considered the findings of a strategic review of options for the future use of the Karori campus at its Council meeting yesterday, Monday 29 August. The Council approved the recommendation to declare the Karori Campus as surplus to requirements with immediate effect.

The University has followed a comprehensive process to evaluate options for the use of the Karori campus. The conclusion reached, however, is that the continued use and ownership of the Karori Campus by the University does not align with the University's Strategic Plan. Victoria's vision is to be a world-leading capital city university and one of the world's great civic universities. To achieve this, we must continue to strengthen our connections and links to Wellington city and to be highly visible in the central city.

The relative isolation of the Karori campus from the University's other campuses has had a negative impact on student and staff recruitment and on levels of satisfaction and achievement. Students and staff based at Karori have been unable to access to the full range of Victoria's services and facilities in order to be able to participate and engage in a holistic academic community experience.

For these reasons, Faculty of Education students and staff were relocated to the Kelburn campus earlier this year. The relocation has been very positively received by staff and students of the Faculty.

Following Council's decision yesterday, the site is no longer required by the University for educational purposes and we wish to implement the disposal process expediently

The University has prepared an implementation plan to ensure that legislative and other requirements for the disposal are well executed.

Actions will include:

- Consideration of any alternate public use
- Complying with the requirements of the Public Works Act 1981
- Assessment of values protection requirements under Cabinet Policy
- Direct engagement with key stakeholders, including Wellington City Council and the two child care facilities that are located on the campus
- Taking into account the needs and concerns of the Karori community

The University recognises that the Karori community values the access that it has to the campus and will continue to make its recreational facilities at the campus available for community use for the short to medium term. We are also initiating formal discussions with the Wellington City Council and your own organisation regarding community needs in Karori.

We expect that the actions required prior to disposal will take at least 12 months to complete.

The University management team will be pleased to engage with your officials to expedite any requirements and provide any further information necessary to enable disposal to proceed as soon as practical.

Yours sincerely



Professor Grant Guilford

Vice-Chancellor

cc CEO, Tertiary Education Commission

RECEIVED

19 SEP 2016

Vice-Chancellor's Office
Victoria University

15 September 2016

Professor Grant Guilford
Vice-Chancellor
Victoria University of Wellington
PO Box 600
WELLINGTON 6140

Dear Grant

Further to your letter of 30 August, I am writing to provide you with an update on our progress.

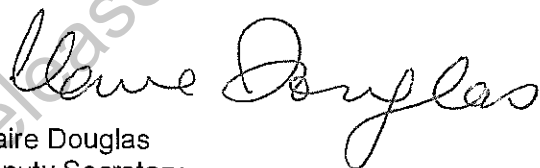
Currently, the Ministry of Education is working with the Tertiary Education Commission (TEC) to prepare advice for the Acting Secretary for Education to inform her decision under Section 192(4)(a) of the Education Act.

As you know, this section of the Act compels the Secretary for Education to decide whether to grant Victoria University of Wellington consent to sell assets and if so, whether any conditions should be attached to the consent.

We understand that your Project Manager for the Karori Campus is pulling together further information asked for by the Tertiary Education Commission. Once the Commission has received and considered that information, we expect to be able to make our recommendations to the Secretary within three weeks. We will inform you of the Secretary's decision shortly after that date. If the Secretary grants consent, that will start the Public Works Act processes the University must follow in progressing disposal of its assets.

In the meantime, if you have any questions please feel free to contact me directly.

Yours sincerely



Claire Douglas
Deputy Secretary
Graduate Achievement, Vocations and Careers

Cc: Tim Fowler
Chief Executive
Tertiary Education Commission



OFFICE OF THE CHIEF OPERATING OFFICER
VICTORIA UNIVERSITY OF WELLINGTON, PO Box 600, Wellington 6140, New Zealand
Phone +64-4-463 9489

22 September 2016

Roger Smyth
Group Manager - Tertiary Education
Ministry of Education
PO Box 1666
WELLINGTON 6140

Dear Roger

Victoria University of Wellington – Disposal of Karori Campus

As you are aware, the Council of Victoria University of Wellington has recently declared the University's Karori campus land as surplus to requirements.

We have written to the Secretary of Education seeking written consent to dispose of the campus as required under Section 192(4)(a) of the Education Act 1989. We have also recently responded to a request from the TEC for additional information relating to this.

The University has prepared an implementation plan to ensure that legislative and other requirements relating to the Karori campus are well executed. Planned actions include:

- Consideration of any alternative public use
- Complying with the requirements of the Public Works Act 1981
- Assessment of values protection requirements under Cabinet Policy
- Direct engagement with key stakeholders, including Wellington City Council and the two child care facilities that are located on the campus
- Taking into account the needs and concerns of the Karori community

The University recognises that the Karori community values the access that it has to the campus and will continue to make its recreational facilities at the campus available for community use for the short to medium term.

We understand that the Ministry of Education is now assessing whether there is an educational need for all or part of the campus. To assist in implementing the above actions and to enable the University to comply with the tight timeframes imposed under the Public Works Act, I would be grateful if you would please advise us by 16 December 2016 of any requirement that the Ministry of Education has for all or part of the Karori campus land for a public work.

The University management team will be pleased to engage with your officials to provide any further information necessary to enable the Ministry of Education to formalise its response.

Yours sincerely

Mark Loveard
Chief Operating Officer

Cc Suze Strowger, Director of Education for Wellington, Ministry of Education

From: [Kim Shannon](#)
To: ["Grant.guilford@vuw.ac.nz"; "mark.loveard@vuw.ac.nz"](#)
Cc: [Claire Douglas](#); [Suze Strowger](#); [Jerome Sheppard](#)
Subject: Request to dispose of surplus assets at Karori campus
Date: Thursday, 1 December 2016 4:13:46 p.m.
Attachments: [image001.jpg](#)
[image002.png](#)

Dear Grant and Mark

Many thanks for our productive meeting yesterday about VUW's request for consent from the Secretary for Education to dispose of surplus assets at your Karori campus.

This email sets out our understanding of the key issues we discussed:

- That VUW is prepared to offer the two affected early childhood centres the opportunity to continue leasing land from VUW, at peppercorn rates for up to 5 years; and for a further 5 years at commercial rates. There is the possibility that VUW might sell these two parcels of land after the first five years, but with lease arrangements in place. You indicated your view that as a first step, VUW is obliged to offer back these two land parcels to the original owners before this arrangement can proceed. VUW indicated it will lead on the communication of this proposal with the two ECE services.
- We are waiting for updated population projections from Statistics New Zealand which we expect to receive by mid December. Once these are received we will work with Wellington City Council on agreed population projections for Wellington central. We have also commissioned an independent report by BECA on projected population growth for Karori and Wellington, which we also expect to receive in mid December. This work will include looking at possible future needs for any additional education land at Karori Normal school.
- Currently the Ministry's view is we will require some of the land. We will be in a position to confirm how much land we will require by April 2017.

Mark, it would be very helpful if you could confirm by return email that this is a fair and accurate understanding, as this will enable the Ministry to finalise our consideration of S192 consent request.

You asked for a contact name in our Legal team if it is necessary to discuss any particular aspects of the disposal process. Please contact our senior solicitor Valerie Bland on 04 463 8191, Valerie.Bland@education.govt.nz

Kind regards

Kim

Kim Shannon | Deputy Secretary, Sector Enablement & Support
DDI +64 4 463 8384 Ext 48384 | Mobile 9(2)(a) [REDACTED]
33 Bowen St, Wellington

We get the job done *Ka oti i a matou nga mahi*

We are respectful, we listen, we learn *He ropu manaaki, he ropu whakarongo, he ropu ako matou*

We back ourselves and others to win *Ka manawanui ki a matou, me etahi ake kia wikitoria*

We work together for maximum impact *Ka mahi ngatahi mo te tukinga nui tonu*

Great results are our bottom line *Ko nga huanga tino pai a matou whainga mutunga*



Released under the Official Information Act 1982

2 December 2016

Professor Grant Guilford
Vice-Chancellor
Victoria University of Wellington
PO Box 600
Wellington 6140

Dear Grant

Application to dispose of surplus assets at Karori Campus

Thank you for your letter of 30 August 2016 to me seeking approval under section 192(4)(a) of the Education Act 1989 (the Act) to dispose of Victoria University of Wellington's Karori campus property assets. This followed Victoria's Council determining that the campus was surplus to the University's education requirements.

I am pleased to grant Victoria University of Wellington consent to dispose of its Karori campus properties. As your letter noted, there are a number of steps and actions for Victoria to complete as part of the disposal process, which are likely to take many months to complete.

The consent is subject to the following conditions:

- The University must comply with the requirements of the Public Works Act 1981 disposal process.
- The University must comply with the conditions on disposal specified in the agreement for the transfer of the campus from the Crown to Victoria's legal title, and the terms of the April 2015 *Gazette* notice that finalised the transfer.

As we discussed on 30 November, there are two early childhood education services located on the campus site, which lease their premises from Victoria on a peppercorn rental basis. I appreciate Victoria's willingness to continue this arrangement for up to 5 years and for a further term of 5 years at commercial rates. This will give these services security of tenure and allow time for the services to make other longer-term arrangements. We understand that the University will lead this discussion.

As also discussed, the Ministry is updating its assessment of the need to provide for additional educational capacity in Karori in the future. The disposal of the campus and the possibility of further housing being built on the site may lead to even greater pressure on primary schooling in the area.

The Ministry is currently reviewing its requirements in this area and may lodge its interest in the site with Land Information New Zealand should it confirm the need for further educational land in Karori.

We do not expect to be able to confirm our requirements until early 2017.

Should you have any questions please contact Suze Strowger, Director of Education for Wellington on (04) 463 8668 in the first instance.

Yours sincerely



Katrina Casey
Acting Secretary for Education

cc Sir Neville Jordan, Chancellor, Victoria University of Wellington
Tim Fowler, Chief Executive, Tertiary Education Commission
Suze Strowger, Director of Education for Wellington

Vicki Faint

From: Grant Guilford
Sent: Monday, 5 December 2016 11:24 AM
To: 9(2)(a)
Subject: RE: Ministry of Education correspondence : Karori Campus

Thanks very much 9(2)(a)
Grant

Professor Grant Guilford
Vice-Chancellor | Tumu Whakarae

From: 9(2)(a)@education.govt.nz]
Sent: Monday, 5 December 2016 8:58 a.m.
To: Grant Guilford <Grant.Guilford@vuw.ac.nz>
Cc: Suze Strowger <Suze.Strowger@education.govt.nz>
Subject: RE: Ministry of Education correspondence : Karori Campus

Good morning Grant

I will certainly pass this on.

Regards

9(2)(a) Executive Manager
DDI +6444638407

From: Grant Guilford [mailto:Grant.Guilford@vuw.ac.nz]
Sent: Monday, 5 December 2016 8:22 a.m.
To: 9(2)(a)
Cc: Suze Strowger
Subject: RE: Ministry of Education correspondence : Karori Campus

Dear 9(2)(a)
Many thanks for the letter.
We will reply formally this week.
Please thank Katrina and the team for their timely decision and the work that preceded it.
Kind regards
Grant

Professor Grant Guilford
Vice-Chancellor | Tumu Whakarae

From: Vice-Chancellor
Sent: Monday, 5 December 2016 8:02 a.m.
To: Grant Guilford <Grant.Guilford@vuw.ac.nz>; Mark Loveard <Mark.Loveard@vuw.ac.nz>
Subject: FW: Ministry of Education correspondence : Karori Campus

Vicki Faint (AAPNZ Cert., NZDipBus Admin)

Kaiawhina matua to Tumu Whakarae / Kaiwhakahaere matua, Executive Assistant to the Vice-Chancellor
Victoria University of Wellington

Please consider the environment before printing this e-mail

From: 9(2)(a) [REDACTED]@education.govt.nz]

Sent: Friday, 2 December 2016 6:44 p.m.

To: Vice-Chancellor <Vice-Chancellor@vuw.ac.nz>

Cc: Suze Strowger <Suze.Strowger@education.govt.nz>; Tim Fowler <tim.fowler@tec.govt.nz>; Chancellor
<chancellor@vuw.ac.nz>

Subject: Ministry of Education correspondence : Karori Campus

Good evening Grant

Please find attached correspondence from Katrina Casey, Acting Secretary for Education, in response to your letter of 30 August re disposal of Karori Campus.

Regards

9(2)(a) [REDACTED] Executive Manager | Chief Executive's Office
DDI +64 4 463 8407 | 9(2)(a) [REDACTED]
33 Bowen Street, Wellington

education.govt.nz | Follow us on Twitter: @EducationGovtNZ

We get the job done *Ka oti i a mātou ngā mahi*
We are respectful, we listen, we learn *He rōpū manaaki, he rōpū whakarongo, he rōpū ako mātou*
We back ourselves and others to win *Ka manawanui ki a mātou, me ētahi ake kia wīkitoria*
We work together for maximum impact *Ka mahi ngātahi mā te tūkinga nui tonu*

Great results are our bottom line *Ko ngā huanga tino pai ā mātou whāinga mutunga*



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9 December 2016

Iona Holsted
Secretary for Education
Ministry of Education
PO Box 1666
Wellington 6140

By email: iona.holsted@education.govt.nz

Dear Iona

Karori Campus

Thank you for the letter of 2 December granting consent under section 192(4)(a) of the Education Act 1989 to Victoria University of Wellington to dispose of its Karori campus properties. We acknowledge the conditions on which the consent was granted and will continue with the disposal process as planned.

There are two other items set out in the letter (namely the early childhood centres and additional educational capacity) that we consider need clarification. I will ask Mark Loveard, my Chief Operating Officer, to follow-up with your officials.

Yours sincerely



Grant Guilford
Vice-Chancellor

From: Mark Loveard <Mark.Loveard@vuw.ac.nz>
Date: 9 December 2016 at 5:23:44 PM NZDT
To: "suze.strowger@education.govt.nz" <suze.strowger@education.govt.nz>
Cc: "katrina.casey@education.co.nz" <katrina.casey@education.co.nz>, "Grant Guilford" <Grant.Guilford@vuw.ac.nz>
Subject: Response to 2 December Letter

Dear Suze,

Grant has written a brief letter to the Secretary for Education acknowledging receipt of the letter dated 2 December 2016 from the Acting Secretary of Education providing permission for Victoria to dispose of the Karori campus. Please find attached our further response to the your letter. This clarifies two of the items set out in your letter (namely the early childhood centres and additional educational capacity).

FYI – we also met with the representatives of the two ECE's today. I have provided a copy below of the email we have sent them outlining the key actions we agreed to.

Have a great weekend

Mark

Dear Amanda and Karin,

Thank you for your time today. We appreciated the opportunity to have a constructive discussion regarding the situation of Karori Kids and Campbell Street Kindy.

As promised we undertook two action points. With regard to the timeframe, we have revisited and re-sequenced the activities in our project plan. As a result, we have been able to schedule the issuance of the offer back letters for the latter half of February (post February 16). We trust that this provides your organisations with the space you were looking for.

With regard to sharing perspectives on the legal position, Simon Johnson (Victoria Legal Council) will contact Simon Rees Thomas and Elspeth Horner to set up a meeting for next week.

In the event that public agencies and the original owners do not exercise their acquisition options, then the university is committed to working with both kindergartens to explore options for enabling their continuity.

We trust this is useful and are willing to meet regularly.

Kind Regards

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
Ph: 9(2)(a) [REDACTED]
mark.loveard@vuw.ac.nz
Victoria University of Wellington
PO Box 600, Wellington 6140.

www.victoria.ac.nz | 0800 VICTORIA

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OFFICE OF THE CHIEF OPERATING OFFICER
VICTORIA UNIVERSITY OF WELLINGTON, PO Box 600, Wellington 6140, New Zealand
Phone +64-4-463 9489

9 December 2016

Suze Strowger
Director of Education for Wellington
Ministry of Education
PO Box 1666
Wellington 6140

By email: Suze.Stroweger@education.govt.nz

Dear Suze

Karori Campus

As the Vice-Chancellor has advised the Secretary for Education in a separate letter, we thank you for the letter of 2 December granting consent under section 192(4)(a) of the Education Act 1989 to Victoria University of Wellington to dispose of its Karori campus properties. We will continue with the disposal process as planned.

There are two other items set out in the letter that we consider need clarification:

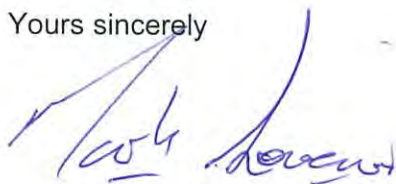
A. Early Childhood Education Services

1. With respect to the early childhood education services (ECEs), having declared the campus to be surplus to requirements on 29 August 2016, the University is now bound by the requirements of the Public Works Act 1981 (PWA).
2. As discussed, certainty of tenure could be granted to the ECEs if the Ministry of Education were to secure their properties on their behalf under the alternative public use provisions of the PWA Section 50. However, as per your letter of 2 December 2016 and associated media release, we understand that the Ministry has concluded that it is not able to buy the land the ECE's are sited on.
3. Assuming Item 2 above, our LINZ Accredited Supplier has advised that the properties currently occupied by the ECEs will be subject to the offer-back requirements under section 40 of the PWA should they not be required for alternative public use. This means that we are obligated to offer both properties back to their former owners or successors.
4. Until the outcome of the above section 40 offer back process is known, we cannot provide any assurances.
5. However, if the properties are not acquired under section 40, then (as discussed in confidence at the meeting on 30 November) we will explore other potential solution options with the ECE's. We also note that we have not yet discussed options with either ECE or our Council, and would not do so until the outcome of the section 40 process is known.

B. Additional Educational Capacity

6. With respect to other parts of the campus, we understand that the Ministry is only considering acquiring the carpark adjacent to the Swimming Pool and Karori Normal School as part of its requirements for alternative public use. We would appreciate your confirmation that this is correct. If so, then we would be happy to extend the timeframe for you to complete your considerations of whether or not to acquire the car park until 16 February 2017. Please advise us by 16 December 2016 if you wish to take up the offer of this extension in respect to the carpark.

Yours sincerely



Mark Loveard
Chief Operating Officer

Copy: Grant Guilford, Vice-Chancellor, Victoria University of Wellington
Katrina Casey, Deputy Secretary, Sector Enablement and Support, Ministry of Education

From: Claire Douglas <Claire.Douglas@education.govt.nz>
Date: 14 December 2016 at 8:44:54 AM NZDT
To: 'Grant Guilford' <Grant.Guilford@vuw.ac.nz>
Cc: Katrina Casey <Katrina.Casey@education.govt.nz>, Suze Strowger <Suze.Strowger@education.govt.nz>
Subject: RE: Commercial in Confidence

Dear Grant

Thank you for your email and I will pass it on to Katrina Casey, Deputy Secretary, Sector Enablement and Support. Now that the Secretary for Education has granted consent for VUW to dispose of its Karori campus, Katrina, in her role in Sector Enablement and Support, is the Ministry's lead with VUW on next steps.

Kind regards

Claire

Claire Douglas | Deputy Secretary | Graduate Achievement, Vocations and Careers
DDI +6444395320 | Ext 45320 | Mobile 9(2)(a)

From: Grant Guilford [<mailto:Grant.Guilford@vuw.ac.nz>]

Sent: Tuesday, 13 December 2016 4:09 p.m.

To: Claire Douglas

Subject: Commercial in Confidence

Dear Claire

I don't have Iona Holsted's contact details but I'd appreciate you passing on to her a message to remind her about the deadline of this coming Friday (the 16th) for the Ministry of Education to advise Victoria whether it has any interest in the Karori Campus (or parts thereof) for alternate public use.

My Council (i.e. the University Council) is adamant that if there is no written confirmation of this interest by Friday we move into the offer-back phase of the Public Works Act and will also begin the process of identifying agents to sell the site. Needless to say, the MoE is well within its rights to participate in the open sale process if it should decide at some later date that it does want to purchase the Campus or parts thereof. It is clear to us that the Karori community wants a rapid resolution to the future of the Campus and an end to the uncertainty over what will happen to the community use of the facilities. We too need a rapid resolution as each month that passes costs the university \$200,000. To put that in perspective this sum is equivalent to 20 scholarships for disadvantaged students that we are unable to provide for each month of delay.

The letter we received from Katrina Casey as Acting Secretary for Education on Dec 2nd was very helpful but left a number of matters requiring clarification.

The first matter was the preferred approach to securing the future of the Early Childhood Education Services. In our reply to the Ministry (via Suze Strowger), we

have explained how the PWA process constrains our approach to this issue. Specifically, we will need to offer back the properties to the prior owners. However, we continue to maintain an open and positive dialogue with the ECEs and remain confident we will be able to find a way to assist with their on-going continuity.

The second matter was Ministry's interest in acquiring some of the land to provide 'Additional Educational Capacity'. We were told at the recent meeting at which you were present that the Ministry's interest is in acquiring only the carpark adjacent to the Swimming Pool and Karori Normal School as part of its requirements for alternative public use for primary school purposes. We are awaiting confirmation that this is correct and if so we are prepared to extend the timeframe for you to complete your considerations of this particular piece of land until 16 February. However, my Council has made it clear they are not prepared to provide an open-ended extension to the deadline covering the entire site.

I am happy to discuss this further with Iona or yourself.

All the best

Grant

Professor Grant Guilford

Vice-Chancellor & Chief Executive | Tumu Whakarae & Kaiwhakahaere matua

Victoria University of Wellington | Te Whare Wananga o Te Upoko o te Ika a Maui

Ph: +6444635301

vice-chancellor@vuw.ac.nz

Victoria University of Wellington

PO Box 600, Wellington 6140

www.victoria.ac.nz | 0800 VICTORIA

From: Simon Johnson [<mailto:Simon.Johnson@vuw.ac.nz>]

Sent: Thursday, 15 December 2016 5:01 p.m.

To: Valerie Bland

Subject: Meeting

Hi Valerie,

Thanks for your time just then. I have since managed to grab a quick 5 minutes with our COO and passed on the key points.

He has asked me to clarify that our critical deadline for section 40 is our Council meeting on 27 February. It will be at that meeting that our Council determine whether any exemptions apply and make the final decision. We would then be looking to send the section 40 offer letters immediately after the meeting (i.e. on 28 February).

Any request for an extension of time, particularly in relation to the residential properties likely to be subject to offer-back, will therefore need to be consistent with that timeframe.

Kind regards,
Simon

Simon Johnson
General Counsel
Victoria University of Wellington
Phone: +64-4-463 6551
Mobile: 9(2)(a) [REDACTED]
Room 213, Hunter Building
Gate 2, Kelburn Parade
PO Box 600
Wellington 6140

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From: Valerie Bland
Sent: Monday, 19 December 2016 2:14 p.m.
To: Suze Strowger <Suze.Strowger@education.govt.nz>; Kayne Good <Kayne.Good@education.govt.nz>; Brett Dooley <Brett.Dooley@education.govt.nz>
Subject: FW: Ministry of Education correspondence : Karori

Campus Just checking that you also got copies of this latest email?

Valerie Bland | Senior Solicitor | Legal
Services DDI +64 4 463 8191 Ext 48191
Matauranga House, 33 Bowen Street, Wellington

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From: 9(2)(a)
Sent: Saturday, 17 December 2016 7:08 p.m.
To: Jerome Sheppard; Sean Teddy; Iona Holsted; Valerie Bland
Subject: Fwd: Ministry of Education correspondence : Karori Campus

See Grants email

below. Sent from my

iPhone Begin

forwarded message:

From: Grant Guilford <Grant.Guilford@vuw.ac.nz>
Date: 17 December 2016 at 2:13:10 PM NZDT
To: 9(2)(a) <[9\(2\)\(a\)@education.govt.nz](mailto:9(2)(a)@education.govt.nz)>
Subject: Re: Ministry of Education correspondence : Karori Campus

Dear 9(2)(a)

Please advise Iona that we have heard back from WCC last night and they have asked for an extension of the time to deliberate over their interest in the Karori campus of a further 3 months.

Please enquire on my behalf whether the same period of extension will be sufficient for MoE.

Thank you

Grant

Grant Guilford
Vice-Chancellor

On 16/12/2016, at 9:06 am, Grant Guilford <Grant.Guilford@vuw.ac.nz> wrote:

Thanks 9(2)(a)

Would you be able to find 5 minutes this afternoon for me to call Iona to discuss her letter? I am principally needing to gain an understanding of what date she (or Katrina) wish us to extend the timeline for a response re Alternate Public Use phase of the Public Works Act.

Cheers

Grant

Professor Grant Guilford
Vice-Chancellor | Tumu Whakarae

From: 9(2)(a) <[9\(2\)\(a\)@education.govt.nz](mailto:9(2)(a)@education.govt.nz)>
Sent: Thursday, 15 December 2016 3:11 p.m.
To: Grant Guilford <Grant.Guilford@vuw.ac.nz>
Subject: Ministry of Education correspondence : Karori Campus

Good afternoon Grant

Please find attached correspondence from the Secretary for Education, Iona Holsted.

Regards

9(2)(a) | Executive Manager | Chief Executive's Office
DDI +64 4 463 8407 | 9(2)(a)
33 Bowen Street, Wellington

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<image001.jpg>

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We work together for maximum impact *Ka mahi ngatahi mo te tuinga nui tonu*

Great results are our bottom line *Ko nga huanga tino pai a matou whaingā mutunga*

[<image002.png>](#)

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Vicki Faint

From: Grant Guilford
Sent: Thursday, 5 January 2017 1:36 PM
To: 9(2)(a)
Subject: RE: Ministry of Education correspondence : Karori Campus

Many thanks 9(2)(a)
Please pass on my appreciation to Iona.
Kind regards
Grant

-----Original Message-----

From: 9(2)(a)@education.govt.nz]
Sent: Thursday, 5 January 2017 8:28 a.m.
To: Grant Guilford
Subject: Ministry of Education correspondence : Karori Campus

Good morning Grant

Please find attached correspondence from Iona Holsted in response to your email to me on 17 December.

Kind regards

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Great results are our bottom line Ko ngā huanga tino pai ā mātou whāinga mutunga

9(2)(a)

-----Original Message-----

From: Grant Guilford [mailto:Grant.Guilford@vuw.ac.nz]
Sent: Saturday, 17 December 2016 7:21 p.m.
To: 9(2)(a)
Subject: Re: Ministry of Education correspondence : Karori Campus

Thanks 9(2)(a)
Grant

On 17/12/2016, at 7:06 PM, 9(2)(a)@education.govt.nz> wrote:

Thank you Grant we will come back to you.

Sent from my iPhone

On 17/12/2016, at 2:13 PM, Grant Guilford <Grant.Guilford@vuw.ac.nz<mailto:Grant.Guilford@vuw.ac.nz>> wrote:

Dear 9(2)(a)

Please advise Iona that we have heard back from WCC last night and they have asked for an extension of the time to deliberate over their interest in the Karori campus of a further 3 months.

Please enquire on my behalf whether the same period of extension will be sufficient for MoE.

Thank you

Grant

Grant Guilford
Vice-Chancellor

On 16/12/2016, at 9:06 am, Grant Guilford <Grant.Guilford@vuw.ac.nz<mailto:Grant.Guilford@vuw.ac.nz>> wrote:

Thanks 9(2)(a)

Would you be able to find 5 minutes this afternoon for me to call Iona to discuss her letter? I am principally needing to gain an understanding of what date she (or Katrina) wish us to extend the timeline for a response re Alternate Public Use phase of the Public Works Act.

Cheers

Grant

Professor Grant Guilford
Vice-Chancellor | Tumu Whakarae

From: 9(2)(a)@education.govt.nz]
Sent: Thursday, 15 December 2016 3:11 p.m.
To: Grant Guilford <Grant.Guilford@vuw.ac.nz<mailto:Grant.Guilford@vuw.ac.nz>>
Subject: Ministry of Education correspondence : Karori Campus

Good afternoon Grant

Please find attached correspondence from the Secretary for Education, Iona Holsted.

Regards

9(2)(a) Executive Manager | Chief Executive's Office DDI +64 4 463 8407 | 9(2)(a)
33 Bowen Street, Wellington

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<image001.jpg>

21 December 2016

Suze Strowger
Director of Education for Wellington
Ministry of Education
PO Box 1666
Wellington 6011

Letter (via email) to:
Suze.Strowger@education.govt.nz

Dear Suze

Victoria University of Wellington – Disposal of Karori Campus

Further to the Ministry's indication in your letter of 2 December 2016 that you require more time to confirm requirements and our subsequent discussions and correspondence with both the Ministry and the Wellington City Council (WCC), we have now examined the implications of an extension for formal notification of any alternative public work requirement for the land at the Karori campus.

The management of each of the childcare centres have also requested more time to be able to continue their discussions with the Ministry of Education and the Minister for Education. We have agreed that we will not issue notices under section 40 of the Public Works Act (PWA) until after 16 February 2017.

We request your formal confirmation of the Ministry's alternative public work requirement for any of the residential houses on Campbell Street by the same date. In the meantime we will continue with our preparations to meet our PWA section 40 obligations.

In relation to the remaining aspects of the main campus site at 26 Donald Street (including the car-parking areas adjacent to the Karori swimming pool and Karori Normal School) we are happy to grant you the same extension as we have granted WCC, which is until Thursday 16 March 2017.

Yours sincerely


Professor Grant Guilford
Vice-Chancellor

CC: Iona Holsted, Secretary for Education, Ministry of Education
Katrina Casey, Deputy Secretary Sector Enablement and Support, Ministry of Education
Mark Loveard, Chief Operating Officer, Victoria University of Wellington

From: [Grant Guilford](#)
To: [Kim Shannon](#)
Subject: RE: Karori ECEs
Date: Friday, 3 February 2017 10:39:06 p.m.

Thanks Kim

Sounds good. Enjoy the weekend - here's hoping for a smidgen of summer.

Grant

-----Original Message-----

From: Kim Shannon [<mailto:Kim.Shannon@education.govt.nz>]

Sent: Friday, 3 February 2017 5:12 PM

To: Grant Guilford <Grant.Guilford@vuw.ac.nz>

Cc: Simon Johnson <Simon.Johnson@vuw.ac.nz>; Mark Loveard <Mark.Loveard@vuw.ac.nz>

Subject: Re: Karori ECEs

Thank you Grant.

We will come back to you if we have any feedback on Tuesday.

Have a good break.

Cheers Kim

Kim Shannon

Head of Education Infrastructure Service, Ministry of Education DDI +64 4 463 8384 Ext

48384<tel:+64%204%20463%208384;48384> | Mobile 9(2)(a) [REDACTED]

On 3/02/2017, at 4:55 PM, Grant Guilford <Grant.Guilford@vuw.ac.nz<<mailto:Grant.Guilford@vuw.ac.nz>>>> wrote:

Thanks for the note Kim

I believe the legally appropriate and fastest approach, given where we are with the Public Works act process, is as follows:

- 1) MoE will advise VUW they have identified an alternate public use for the ECE properties (Section 50).
- 2) VUW will briefly examine the MoE notice next week to satisfy ourselves it is genuine (as we are required to do under the Act) – without pre-judging this I can't see any reason why we would not conclude this is the case.
- 3) VUW will then advise we accept MoE's notice and we are willing to transfer the titles of the properties back to the Crown at a value to be agreed.
- 4) We think the fairest (and possibly only) way to agree the value of the property is to apply the same valuation basis which the Crown used when it transferred the beneficial ownership of the assets and liabilities of the Teachers College to Victoria at the time of the merger/acquisition in 2004; our current understanding is that the assets - set against the liabilities - formed part of the settlement accounts of the merger/acquisition and standard accounting practices will rapidly determine the valuation and valuation basis used at that time.
- 5) We are as yet unsure what value will be ascribed to the properties through the reversal of the Crown's 2004/5 process – the possible range will be between nil right up to the current value of the properties (after due discount of the capital investments made by the community); however, this will take us only a few days to determine and to this end, we have begun unearthing the records of these transfers of assets and liabilities by way of our auditors. Needless to say we will share these with MoE once they are unearthed.
- 6) As you note we may wish to claim costs incurred but at this stage I have no reason to believe these will be particularly significant
- 7) Our General Counsel (Simon) and Chief Operating Officer (Mark) and our consultants are standing ready

to progress all of this with due speed next week.

Happy to discuss further on 9(2)(a)

All the best

Grant

From: Kim Shannon [<mailto:Kim.Shannon@education.govt.nz>]

Sent: Friday, 3 February 2017 3:54 PM

To: Grant Guilford <Grant.Guilford@vuw.ac.nz<<mailto:Grant.Guilford@vuw.ac.nz>>>

Subject: Karori ECEs

Dear Grant

Thank you for your time on the phone on Wednesday following our meeting earlier in the day.

I wanted to take this opportunity to record my understanding of our discussion in respect of the Campbell Kindergarten and Karori Kids sites (the ECE properties) and the next step.

You have advised that Victoria University of Wellington (VUW) agrees to transfer the ECE properties to the Crown/Ministry of Education (the Ministry) at nil value. This transfer will occur in accordance with section 50 of the Public Works Act 1981.

I acknowledge you were also looking into whether there were any costs incurred by VUW in respect of the ECE properties that meant you needed to come back to me regarding any compensation.

As both of us are keen for this to be moved forward quickly, we will arrange for a Ministry appointed accredited supplier to make contact with the accredited supplier engaged by VUW and begin preparations for the transfer process. Our teams (including in-house legal) will also need to coordinate regarding communications to other interested parties such as the ECE operators.

The Ministry appreciates VUW working with us on this matter. If you need to clarify any of points recorded above, please let me know as soon as you can.

We look forward to working with you further, including on the other aspects of the Karori Campus project.

Kind regards

Kim

Kim Shannon | Head of Education Infrastructure Service DDI +64 4 463 8384 Mobile 9(2)(a)
19 Aitken Street, Wellington

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<image001.jpg>

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<image002.png><<http://www.education.govt.nz/>>

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7 February 2017

Grant Guilford
Vice-Chancellor
Victoria University of Wellington
PO Box 600
Wellington 6140

IN CONFIDENCE

via email grant.guilford@vuw.ac.nz

Dear Grant

ECE Properties - Campbell Kindergarten and Karori Kids

Thank you for your email of 3 February 2017 in response to my previous email of the same day. Our emails of 3 February 2017 were exchanged as a result of a meeting between us on 1 February 2017 and our telephone conversation of later that day.

I confirm that the Ministry of Education (the Ministry) has identified a public work for the sites of the two early childhood education (ECE) centres located on Victoria University of Wellington (VUW) Karori Campus, being Campbell Kindergarten and Karori Kids (together, the ECE Properties). The Ministry's public work purpose under section 50 of the Public Works Act 1981 is education purposes (so that the Ministry may continue the use to which the ECE Properties have been, and currently are, put).

I trust this confirmation is sufficient for the purposes of items 1, 2, and 3 from your email of 3 February 2017.

I acknowledge that the agreement between us recording a section 50 transfer will be on terms (including the value to be paid) as we think fit.

It was the Ministry's view, as raised in the meeting of 1 February 2017, that the transfer value paid by the Ministry in respect of the transfer of the ECE Properties should be nil. Your email of 3 February 2017 sets out issues you were investigating to assess value (if any) from VUW's point of view.

The Ministry is approaching this matter on the basis that both parties recognise there is a complicated context which takes the situation outside of standard section 50 transfer parameters. Given the urgency required, I suggest that the Ministry, VUW and TEC meet to discuss the value issue as soon as possible.

Yours sincerely



Kim Shannon
Head of Education Infrastructure Service

8 February 2017

Kim Shannon
Head of Education Infrastructure Services
Ministry of Education
PO Box 1666
WELLINGTON

via email Kim.Shannon@education.govt.nz

Dear Kim

ECE Properties – Campbell Kindergarten and Karori Kids

Thank you for your letter of 7 February 2016 and your confirmation that the Ministry of Education requires the land at 25 and 29 Campbell Street (being the land on which two early childhood education centres, Campbell Kindergarten and Karori Kids respectively, are located) for a public work, namely education purposes.

The two properties are currently held for another public work, namely university purposes, by Victoria University. Victoria University is satisfied that reasonable provision for satisfying the requirements of the public interest in the public work will continue to exist if the two properties are transferred to the Ministry of Education.

As a result of your confirmation, Victoria University will now work with the Ministry of Education to transfer the two properties under section 50 of the Public Works Act on terms (including as to value) that we both think fit.

I have asked Mark Loveard, our Chief Operating Officer, to progress urgently our assessment of the value and he will be in touch as soon as possible.

Yours sincerely



Professor Grant Guilford
Vice-Chancellor

From: [Kim Shannon](#)
To: [Grant Guilford](#)
Cc: katherine.edmond@vuw.ac.nz
Subject: RE: Karori Campus statement FYI
Date: Wednesday, 8 February 2017 12:30:00 p.m.
Attachments: [image003.jpg](#)
[image004.png](#)
[image005.jpg](#)
[image006.png](#)

Thanks Grant, will take on board you comments and send a revised version through shortly.

Regards

Kim

Kim Shannon | Deputy Secretary, Head of Education Infrastructure Service
Mobile 9(2)(a) [REDACTED]
33 Bowen St, Wellington

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From: Grant Guilford [mailto:Grant.Guilford@vuw.ac.nz]
Sent: Wednesday, 8 February 2017 12:05 p.m.
To: Kim Shannon
Cc: Katherine Edmond
Subject: RE: Karori Campus statement FYI

Thanks Kim

Our preference is that you don't include the 2014 date in your statement unless it is supported by the important information that we acquired the assets in the 2004 merger. i.e. the legal term is at that time we became the 'beneficial owner'. Just referring to the 2014 date fuels the incorrect impression in the media and amongst some members of the community that Victoria paid only \$10 for these assets which is simply not true. As I have outlined the University took on assets AND liabilities and has invested heavily in this campus to first turn around a loss-making operation and to improve the assets.

How about the change below.....?

Grant

Ministry of Education and Victoria University close to agreement on early learning services

The Ministry of Education and Victoria University of Wellington are close to agreement on the future of two early learning services in Karori.

“We are working through a process to transfer the land Karori Kids and Campbell Kindergarten are sited on, from the University back to the Ministry. It’s a complex transaction and we are working through the details of that,” says Acting Secretary for Education Kim Shannon.

The two sites on the Karori Campus were included in the merger between the Wellington College of Education and Victoria University in 2004 and the subsequent title transfer from the Ministry to Victoria University in 2014. This was part of a larger government-wide initiative to transfer Crown land to tertiary institutions where those institutions were occupying and managing the land. Victoria University’s College of Education was located at the Karori Campus.

“Our aim is to make sure Karori Kids and Campbell Kindergarten and the children and families they serve have certainty for the future,” says Ms Shannon.

“The University agrees that this is the right thing to do, and we welcome that,” says Ms Shannon.

Regards

Kim

From: Kim Shannon [<mailto:Kim.Shannon@education.govt.nz>]

Sent: Wednesday, 8 February 2017 11:17 AM

To: Grant Guilford <Grant.Guilford@vuw.ac.nz>

Cc: Katherine Edmond <Katherine.Edmond@vuw.ac.nz>

Subject: FW: Karori Campus statement FYI

Grant,

This is our proposed media statement on Karori Campus – to go out after 3pm this afternoon.

At the moment the only outlet we plan to give it to is the Dominion Post, who have put in a query this morning on this issue.

We will also provide it to any other media who enquire.

We don’t plan to give out any further information in response to followup questions, as details are still under negotiation.

Ministry of Education and Victoria University close to agreement on early learning services

The Ministry of Education and Victoria University of Wellington are close to agreement on the future of two early learning services in Karori.

"We are working through a process to transfer the land Karori Kids and Campbell Kindergarten are sited on, from the University back to the Ministry. It's a complex transaction and we are working through the details of that," says Acting Secretary for Education Kim Shannon.

The two sites on the Karori Campus were part of a transfer of land from the Ministry to Victoria University in 2014. This was part of a larger government-wide initiative to transfer Crown land to tertiary institutions where those institutions were occupying and managing the land. Victoria University's College of Education was located at the Karori Campus.

"Our aim is to make sure Karori Kids and Campbell Kindergarten and the children and families they serve have certainty for the future," says Ms Shannon.

"The University agrees that this is the right thing to do, and we welcome that," says Ms Shannon.

Regards

Kim

Kim Shannon | Head of Education Infrastructure Service

Mobile 9(2)(a)

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From: [Grant Guilford](#)
To: [Kim Shannon](#)
Cc: [Katherine Edmond](#)
Subject: RE: Karori Campus statement FYI
Date: Wednesday, 8 February 2017 1:40:50 p.m.
Attachments: [image001.jpg](#)
[image002.png](#)

Looks great Kim.

Grant

From: Kim Shannon [mailto:Kim.Shannon@education.govt.nz]
Sent: Wednesday, 8 February 2017 1:35 PM
To: Grant Guilford <Grant.Guilford@vuw.ac.nz>
Cc: Katherine Edmond <Katherine.Edmond@vuw.ac.nz>
Subject: FW: Karori Campus statement FYI

Hi Grant

Latest draft statement

Ministry of Education and Victoria University close to agreement on early learning services

The Ministry of Education and Victoria University of Wellington are close to agreement on the future of two early learning services in Karori.

“We are working through a process to transfer the land Karori Kids and Campbell Kindergarten are sited on from the University back to the Ministry. It’s a complex situation and we are working through the details,” says Acting Secretary for Education Kim Shannon.

The two sites on the Karori Campus were included in the merger between the Wellington College of Education and Victoria University in 2004 and the subsequent title transfer from the Ministry to Victoria University in 2014. This was part of a larger government-wide initiative to transfer Crown land to tertiary institutions where those institutions were occupying and managing the land. Victoria University’s College of Education was located at the Karori Campus.

“We recognise that the children and families of Karori Kids and Campbell Kindergarten have been through a great deal of uncertainty. Our aim is to ensure their existing tenancy arrangements can continue,” says Ms Shannon.

“The University agrees that this is the right thing to do, and we welcome that,” says Ms Shannon.

Regards

Kim

Kim Shannon | Head of Education Infrastructure Service

Mobile 9(2)(a)

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From: [Katherine Edmond](#)
To: [Kim Shannon](#); [Grant Guilford](#)
Cc: 9(2)(a)
Subject: Victoria University statement on Karori
Date: Wednesday, 8 February 2017 2:12:24 p.m.

Hi Kim and 9(2)

Below is Victoria University's media statement around the childcare centres on the Karori campus

We won't issue this proactively to media, but will put it on our website this afternoon and will provide it to media on request

Let me know you have received this

Thanks and Regards
Katherine Edmond

Update from Victoria University on divestment of Karori campus

Victoria University's process for divestment of its Karori campus is progressing steadily, with the University following the requirements of the Public Works Act

As part of those requirements, the Ministry of Education (MoE) and Wellington City Council (WCC) have been asked to advise Victoria if they require any of the land for any alternate public use. Both agencies have stated they will advise Victoria of any such requirement by 16 March, 2017.

On Tuesday 7 February, Victoria received one such notification from the MoE in relation to the land at 25 and 29 Campbell Street (being the land on which Campbell Kindergarten and Karori Kids respectively are located).

We have acknowledged and thanked the Ministry for its notification and confirmed that we will now work with MoE staff to transfer these two properties to the MoE under section 50 of the Public Works Act.

We very much welcome the decision by MoE to acquire the land occupied by the two child care centres. We believe this is an excellent outcome for the Karori Community.

Grant Guilford, Vice-Chancellor

Katherine Edmond, Associate Director, Communications
Phone: +64-4-463 6017
Mobile 9(2)(a)

Room 314, Hunter Building,
Victoria University of Wellington, Gate 2, Kelburn Parade
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20 February 2017

Grant Guilford
Vice-Chancellor
Victoria University of Wellington
PO Box 600
Wellington 6140

IN CONFIDENCE

via email grant.guilford@vuw.ac.nz

Dear Grant

ECE Properties - Campbell Kindergarten and Karori Kids

Thank you for your email letter of 8 February 2017.

The Ministry of Education (the Ministry) and Victoria University of Wellington (VUW) are now in the phase of reaching agreement on terms for the transfer under section 50 of the Public Works Act 1981 (the Transfer) of the two early childhood education (ECE) centres located on VUW Karori Campus, being Campbell Kindergarten and Karori Kids (together, the ECE Properties).

The Ministry is interested in resolving the terms of the Transfer as quickly as possible. As stated in our email letter of 7 February 2017, it was the Ministry's view (as raised in the meeting of 1 February 2017) that the value to be paid by the Ministry in respect of the ECE Properties should be nil. We set out in the **attached** document the circumstances behind, and rationale for, that position. It should be noted that the circumstances and rationale affect only the ECE Properties, and have no relevance should the Ministry notify of any future land requirement in respect of any other parts of the Karori Campus.

The **attached** document also suggests a process to deal with the accounting implications for the Transfer. Because no value will be paid in cash for the Transfer, we recognise that the parties may need to have a discussion regarding compensation for actual losses (if any) sustained by VUW.

I note that you have asked Mark Loveard to progress your assessment of value (or compensation) urgently. The Ministry will be requesting a meeting with VUW as soon as possible.

Yours sincerely

Kim Shannon
Head of Education Infrastructure Service

Value Considerations

TEI Crown Asset Transfer and Disposal Policy

The Government's tertiary education institutions (TEIs) Crown asset transfer and disposal policy (the Policy) resulted in Crown-owned assets being transferred to a number of TEIs on application by the TEIs. Victoria University of Wellington's (VUW's) application was the first such application processed. The background and context to the Policy is set out below.

The Policy was established by Cabinet in March 2010 [SOC (10) 25 refers] with the purpose of encouraging the effective and efficient use of capital assets. Essentially, the Policy provides for Crown assets to be transferred to TEIs that have an ongoing educational need for them, and the disposal of assets TEIs no longer have an ongoing need for.

While some TEIs are on land that is in their own ownership, many TEIs operate from Crown land. Most TEIs on Crown land have occupied that land for decades – some for more than a century. In many cases, the right to occupy the land was undocumented. Most of the TEIs paid no rent at all.

When an autonomous institution occupies land at peppercorn rental or rent-free, it has poor incentives to use its assets efficiently. From 2008 to 2010, therefore, the Government looked into ways of enabling TEIs to take ownership of the lands they occupy, so as to incentivise them to use the assets better.

The transfer of Crown-owned assets to a TEI under the Policy is a fiscally neutral transfer as TEIs' assets are recorded in the Crown's consolidated balance sheet. Assets are transferred in accordance with the Public Works Act 1981 (PWA).

Application of the Policy to the ECE Properties

Following receipt of information from the occupiers of Campbell Kindergarten and Karori Kids (together, the ECE Properties), the Ministry investigated the 2014/15 transfers in respect of the ECE Properties. The subsequent concerns the Ministry had were briefly outlined to VUW in the meeting of 1 February 2017.

In VUW's final asset verification spreadsheet (as part of VUW's application under the Policy) the ECE Properties were identified as commercial spaces to be included for transfer. This classification of the ECE Properties as 'commercial spaces', and their inclusion in VUW's spreadsheet, is in contrast to what happened in subsequent TEI transfer situations.

In TEI transfer situations since VUW's, ECE services operated by a TEI (similar to VUW's Victoria Kids childcare centres at Fairlie and Clermont Terraces) are uniformly included and classified as 'staff and student services'. ECE sites are also included for transfer where they are the subject of commercial arrangements entered into directly between the TEI and the ECE service provider (i.e. where they are akin to the asset verification spreadsheet examples of 'bookshops' or 'cafeterias'). In these other situations, the commercial arrangement provides that the ECE service provider is either paying a market rent or the parties have agreed a minimal rent or rent rebate if a certain number of placements at the ECE services are used by staff and students. Both of these circumstances support a claim that the TEI had management or control of the sites.

However, where a TEI has indicated that an ECE service was sharing the TEI campus other than in the circumstances outlined above, the ECE sites have been deliberately excluded from the transfers. The ECE sites are surveyed off and not transferred to the relevant TEI. There have been three cases where this has occurred, each involving separate TEIs and separate ECE sites. No actual cash payment in respect of the ECE properties has been made by the Ministry in those circumstances.

The Ministry's information now is that there was no basis for VUW applying for the transfer of the ECE Properties under the Policy as:

1. VUW had instigated no separate leasing or contractual arrangements in relation to the ECE Properties – the ECE Properties having been occupied as ECEs continuously pursuant to historic arrangements;
2. VUW has had no management of the ECE Properties since at least 1990.

VUW categorised the ECE Properties as commercial, when similar situations with other TEIs have subsequently demonstrated that that was not an appropriate categorisation in the circumstances. If the categorisation had aligned with that used by other TEIs in similar circumstances, the ECE Properties would not have been transferred to VUW under the Policy. It is the Ministry's position that these properties should now be transferred to the Ministry with a nil value to be paid in cash.

Financial Considerations

There is a facility available in the Crown Financial Information System (CFIS) to transfer assets between Government departments (or parties included in the Crown's consolidated balance sheet) where no cash is being paid. This facility ensures that no gains/losses need to be recognised as a result of such transfers. This is a function the Ministry has used before and allows the departments/parties to transfer the value of properties with no cash changing hands.

In the case of the transfer of the ECE Properties, the transactions that would occur from a General Ledger/CFIS perspective are:

On the VUW side:

Reallocate property to MOE:
Cr PPE
Dr Transfer out (Equity) – line 6040 Capital Withdrawal in CFIS

On Ministry side:

Reallocation of property from VUW:
Dr PPE
Cr Transfer In (Equity) – line 6030 Capital Contribution in CFIS

We understand that VUW's assets are consolidated into the Government's accounts annually, whereas the Ministry submits its financials into the CFIS system on a monthly basis. Treasury will therefore need to be advised of the timing mismatch so suitable arrangements can be made.

From: [Kim Shannon](#)
To: [Grant Guilford](#)
Subject: RE: ECE Properties - Campbell Kindergarten and Karori Kids
Date: Wednesday, 22 February 2017 4:19:00 p.m.
Attachments: [image001.jpg](#)
[image002.png](#)

Thanks for the update Grant, we look forward to hearing from you soon.

Cheers

Kim

Kim Shannon | Deputy Secretary, Head of Education Infrastructure Service
Mobile 9(2)(a) [REDACTED]

From: Grant Guilford [mailto:Grant.Guilford@vuw.ac.nz]
Sent: Wednesday, 22 February 2017 7:45 a.m.
To: Kim Shannon
Subject: RE: ECE Properties - Campbell Kindergarten and Karori Kids

Many thanks Kim

We are making good progress on the accounting assessments used at the merger to account for the assets and liabilities assumed by VUW at the time of the merger.

We will be able to reply with our suggested approach to the valuation reasonably soon.

All the best

Grant

Professor Grant Guilford
Vice-Chancellor | Tumu Whakarāe

From: Kim Shannon [mailto:Kim.Shannon@education.govt.nz]
Sent: Tuesday, 21 February 2017 4:24 PM
To: Grant Guilford <Grant.Guilford@vuw.ac.nz>
Subject: ECE Properties - Campbell Kindergarten and Karori Kids

Grant, please find attached a letter in response to your email letter of 8 February.

Regards

Kim

Kim Shannon | Head of Education Infrastructure Service
Mobile 9(2)(a) [REDACTED]
L2, Justice Centre, 19 Aitken Street, Wellington

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We back ourselves and others to win *Ka manawanui ki a matou, me etahi ake kia wikitoria*
We work together for maximum impact *Ka mahi ngatahi mo te tuinga nui tonu*

Great results are our bottom line *Ko nga huanga tino pai a matou whaingā mutunga*



Released under the Official Information Act 1982

From: [Mark Loveard](#)
To: [Kim Shannon](#)
Cc: [Grant Guilford](#)
Subject: ECE Properties & Transfer Process
Date: Thursday, 23 February 2017 5:22:10 p.m.
Attachments: [FINAL_170222_WCE_properties_Updated.pdf](#)
[Valuation Certificate - 25 Campbell Street.pdf](#)
[Valuation Certificate - 29 Campbell Street.pdf](#)
[170223 Ltr to K Shannon MoE.pdf](#)

Kim,

Further to previous discussions, please find attached a letter and appendices providing more information on the background to the ECE properties and a view on the valuation. We look forward to discussing this with you and agreeing a mutually acceptable way forward for completing the transfer process.

Kind Regards

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington

Ph: 9(2)(a)

mark.loveard@vuw.ac.nz

Victoria University of Wellington
PO Box 600, Wellington 6140.

www.victoria.ac.nz | 0800 VICTORIA

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OFFICE OF THE CHIEF OPERATING OFFICER
VICTORIA UNIVERSITY OF WELLINGTON, PO Box 600, Wellington 6140, New Zealand
Phone +64-4-463 9489

23 February 2017

Kim Shannon
Head of Education Infrastructure Service
Ministry of Education
PO Box 1666
Wellington 6011

Via email Kim.Shannon@education.govt.nz

Dear Kim

ECE Properties – Campbell Kindergarten and Karori Kids
Confidential and without prejudice

Thank you for your letter of 7 February confirming the Ministry of Education's public work requirement for the sites occupied by the two early childhood education (ECE) centres at Victoria's Karori campus. We also note your subsequent letter dated 20 February 2017 regarding the transfer of the centres and set out an alternative perspective of the valuation below. This is based on our research into the historical facts surrounding the original transfer of the properties to Victoria University in 20015. We would welcome the opportunity to meet and explore mutually acceptable options for closing out this remaining step in the transfer process.

We have reviewed the basis on which these properties were transferred to Victoria. As stated in the attached review by EY, the properties were transferred to Victoria by the Crown on 1 January 2005 at fair (market) value which at that time was \$1,000,000. These values were treated as inclusive of GST.

We have reviewed the various aspects of the Public Works Act 1981 (PWA), the Education Act 1989 and the Auditor-General's expectations and conclude that all of these support the sale of the properties at market value (ie on the same basis that Victoria originally acquired them from the Crown).

A summary of current valuations for the two properties, prepared by experienced registered valuers, is attached. 25 Campbell Street has been valued at \$816,000 and 29 Campbell Street has been valued at \$780,000 excluding chattels. These values are inclusive of GST.

Victoria has an obligation to assess whether disposing of any particular part of the Karori campus has any adverse impact on the value of the remaining property. Our advisors have assessed the impact of the sale of these two properties on the value of the site as a whole. They have concluded that this will not materially reduce the value of the remaining land and that the appropriate transfer value in this instance is market value rather than market value plus an adjustment for value impairment.

We note that the ECE centres have made improvements to the properties at their own cost. We propose to exclude the current value of these improvements, as assessed by our registered valuers, from the price at which the Crown acquires the properties. On this basis, we believe that the appropriate value for the sale of these properties to the Crown is \$1,595,000.

| Property | Land value | Improvements | Value of land and improvements | Value of tenant improvements | Sale value |
|--------------------|-------------|--------------|--------------------------------|------------------------------|-------------|
| 25 Campbell Street | \$550,000 | \$266,000 | \$816,000 | \$15,000 | \$801,000 |
| 29 Campbell Street | \$500,000 | \$280,000 | \$780,000 | nil | \$780,000 |
| Total | \$1,050,000 | \$546,000 | \$1,596,000 | \$15,000 | \$1,581,000 |

We note also that the Karori campus is currently held on four titles, two of which will require subdivision to create individual titles for the sites occupied by the two ECE centres. In view of Victoria's intentions to dispose of the remainder of the campus, we also propose to add a registered encumbrance prohibiting the owner/occupier of these sites objecting to any RMA/planning process for the other land (primarily the main block).

We look forward to your agreement on the proposed sale price and confirmation that we may proceed to complete the necessary paperwork.

Yours sincerely



Mark Loveard
Chief Operating Officer

Attachments:

- EY review
- Property valuation certificates



27 February 2017

Grant Guilford
Vice-Chancellor
Victoria University of Wellington
PO Box 600
Wellington 6140

IN CONFIDENCE

via email grant.guilford@vuw.ac.nz

Dear Grant

ECE Properties - Campbell Kindergarten and Karori Kids

Further to my letter to you, dated 22 February 2017, I have now received a letter from Mark Loveard, dated 23 February 2017.

The financial information supplied by VUW in this letter is contrary to my understanding of the discussions we had on 1 February 2017. At that time I outlined the Ministry's position that the transfer should ideally occur at nil value, and you acknowledged that the context meant market value was inappropriate. To be provided with a current market valuation from VUW now, as if this was an ordinary section 50 PWA transfer with no complex history, is disappointing.

I understood we had agreed a common goal and purpose to put the situation right.

I would like to meet with you as soon as possible to discuss next steps; my EA will be in touch later today to set something up.

Yours sincerely



Kim Shannon
Head of Education Infrastructure Service

From: [Grant Guilford](#)
To: [Kim Shannon](#)
Cc: 9(2)(a)
Subject: Karori ECEs
Date: Monday, 27 February 2017 11:34:26 p.m.
Attachments: [image003.jpg](#)
[image004.png](#)
[Grant Guilford ECE properties 27 February 2017.pdf](#)

Dear Kim

Thanks for your attached letter.

Please check my email of the 3rd February below where I very clearly laid out VUW's view on the process required to ascribe a value to the properties.

You will see that points 4) and 5) state that we had a different view to yours about how the valuation should be reached and we noted the possible range will be "between nil right up to the current value of the properties".

As stated in the email below - we looked back at the settlement accounts of the merger/acquisition and, after consultation with our auditors and valuers, have now settled on a fair value for the properties. That value sits below market value in recognition of the community investment made over the last few years.

In my phone conversations with you, I have also repeatedly made the point that while we see this as the best outcome for the community we do not see this as a situation 'being put right'.

Our view is straightforward. The assets were acquired by the Crown from the original owners for the Wellington College of Education (not for ECE centres). In 2004, Victoria formally took over the financially struggling College of Education – assuming responsibility for the assets and liabilities of the College by way of a merger approved by the Crown. We have invested well over \$10 million dollars in the campus facilities and much more money in turning around the operational challenges of the College. We now face additional costs of many tens of millions to build permanent space on the Kelburn Campus to house the Faculty of Education. If the Crown now wants to take back some of the assets of our Karori Campus, it should do so using the same valuation process that was used when the assets were passed to VUW in 2004. The Crown cannot be inconsistent in this regard.

If this approach creates difficult precedents for MoE, Mark Loveard and the team will be happy to discuss different ways the fair value of the properties can be recognised.

Kind regards

Grant

Professor Grant Guilford
Vice-Chancellor | Tumu Whakarae

From: Grant Guilford

Sent: Friday, 3 February 2017 4:55 PM

To: 'Kim Shannon' <Kim.Shannon@education.govt.nz>

Cc: Simon Johnson <Simon.Johnson@vuw.ac.nz>; Mark Loveard <Mark.Loveard@vuw.ac.nz>

Subject: RE: Karori ECEs

Thanks for the note Kim

I believe the legally appropriate and fastest approach, given where we are with the Public Works act process, is as follows:

- 1) MoE will advise VUW they have identified an alternate public use for the ECE properties (Section 50).
- 2) VUW will briefly examine the MoE notice next week to satisfy ourselves it is genuine (as we are required to do under the Act) – without pre-judging this I can't see any reason why we would not conclude this is the case.
- 3) VUW will then advise we accept MoE's notice and we are willing to transfer the titles of the properties back to the Crown at a value to be agreed.
- 4) We think the fairest (and possibly only) way to agree the value of the property is to apply the same valuation basis which the Crown used when it transferred the beneficial ownership of the assets and liabilities of the Teachers College to Victoria at the time of the merger/acquisition in 2004; our current understanding is that the assets - set against the liabilities - formed part of the settlement accounts of the merger/acquisition and standard accounting practices will rapidly determine the valuation and valuation basis used at that time.
- 5) We are as yet unsure what value will be ascribed to the properties through the reversal of the Crown's 2004/5 process – the possible range will be between nil right up to the current value of the properties (after due discount of the capital investments made by the community); however, this will take us only a few days to determine and to this end, we have begun unearthing the records of these transfers of assets and liabilities by way of our auditors. Needless to say we will share these with MoE once they are unearthed.
- 6) As you note we may wish to claim costs incurred but at this stage I have no reason to believe these will be particularly significant
- 7) Our General Counsel (Simon) and Chief Operating Officer (Mark) and our consultants are standing ready to progress all of this with due speed next week.

Happy to discuss further on 9(2)(a)

All the best

Grant

From: Kim Shannon [<mailto:Kim.Shannon@education.govt.nz>]

Sent: Friday, 3 February 2017 3:54 PM

To: Grant Guilford <Grant.Guilford@vuw.ac.nz>

Subject: Karori ECEs

Dear Grant

Thank you for your time on the phone on Wednesday following our meeting earlier in the day.

I wanted to take this opportunity to record my understanding of our discussion in respect of the Campbell Kindergarten and Karori Kids sites (the ECE properties) and the next step.

You have advised that Victoria University of Wellington (VUW) agrees to transfer the ECE properties to the Crown/Ministry of Education (the Ministry) at nil value. This transfer will occur in accordance with section 50 of the Public Works Act 1981.

I acknowledge you were also looking into whether there were any costs incurred by VUW in respect of the ECE properties that meant you needed to come back to me regarding any compensation.

As both of us are keen for this to be moved forward quickly, we will arrange for a Ministry appointed accredited supplier to make contact with the accredited supplier engaged by VUW and begin preparations for the transfer process. Our teams (including in-house legal) will also need to coordinate regarding communications to other interested parties such as the ECE operators.

The Ministry appreciates VUW working with us on this matter. If you need to clarify any of points recorded above, please let me know as soon as you can.

We look forward to working with you further, including on the other aspects of the Karori Campus project.

Kind regards

Kim

Kim Shannon | Head of Education Infrastructure Service
DDI +64 4 463 8384 Mobile 9(2)(a)
19 Aitken Street, Wellington

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Ministry of Education logo





7 March 2017

Grant Guilford
Vice-Chancellor
Victoria University of Wellington
PO Box 600
Wellington 6140

IN CONFIDENCE

via email grant.guilford@vuw.ac.nz

Dear Grant

ECE Properties - Campbell Kindergarten and Karori Kids

I refer to your email of 27 February 2017 regarding the two early childhood education (ECE) centres located on Victoria University of Wellington's (VUW's) Karori Campus, being Campbell Kindergarten and Karori Kids (together, the ECE Properties). For reasons explained in my letter of 20 February 2017, the only reasonable position is to transfer the ECE Properties at nil value. As you have not addressed the points I raised in my letter (and which we have discussed in previous meetings), I am restating and elaborating on these points again.

VUW's legal ownership of Karori Campus arose under the Policy, not the 2005 merger

Legal ownership of the Karori Campus did not transfer from the Crown to VUW as a result of the 2005 merger between VUW and the College of Education (the College). VUW's legal ownership of the land at Karori Campus came about through the Government's tertiary education institutions (TEIs) Crown asset transfer and disposal policy which was first established in March 2010 (the Policy). VUW was one of the first universities to submit its application to transfer Crown-owned assets to VUW under the Policy.

The Policy was founded on several core principles, namely:

- 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 the public interest is protected*, they should manage their own assets in a 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.

(I have italicised certain words above for emphasis.)

The Ministry of Education (the Ministry) considers that the core principles of the Policy highlighted above must underscore the valuation issue we are endeavouring to resolve.

Putting right an error made in the assessment and transfer process

The Ministry's view on why the transfer value of the ECE Properties should be nil is summarised as follows.

The ECE Properties were wrongly classified

The Policy allows TEIs to acquire full ownership of assets in Crown title that they manage, and for which they have an ongoing educational need, provided that there is no over-riding reasons to retain the asset in Crown title (as assessed by the Minister of Finance and the Minister for Tertiary Education).

The current use of the ECE Properties was incorrectly categorised in VUW's final asset verification schedule as "Commercial space, including space leased or rented to others, bookshops, cafeteria etc".

The Ministry sees two scenarios where ECE land and buildings would be correctly included in a TEI transfer:

- The first is where the TEI has entered into a commercial arrangement with an ECE operator to pay a market rent for the facilities used to provide ECE services (with or without some rental rebate arrangement if a certain number of placements at the ECE services are used by the TEI's staff and/or students). In this scenario, the ECE land and buildings would be categorised as "commercial".
- The second is where the TEI operates the ECE services itself for the benefit of its staff and/or students (such as Tui House and Kea House which are directly operated by VUW for the benefit of its staff and students). In this scenario, the ECE land and buildings would be categorised as "staff and student services".

In both scenarios, there is a nexus between the TEI's primary function of providing tertiary education and the support function provided by having ECE services on site which meets the control and management requirement of the Policy.

Campbell Kindergarten and Karori Kids do not fall within either of these scenarios.

VUW bears the responsibility for the final classification of the current use of the ECE Properties. TEC and the Ministry accepted these classifications on face value in allowing the transfers to proceed. This oversight can also be put down to the fact that VUW was the first TEI to apply under the Policy and this was a new process for all parties involved.

In subsequent transfer applications from other TEIs, this issue was considered more closely and, as a consequence, ECEs which operate on TEI managed land in similar situations to Campbell Kindergarten and Karori Kids have been assessed by TEC and the Ministry as not being eligible for transfer to the relevant TEI under the Policy. No compensation was paid to those TEIs in lieu of retaining the ECE properties in Crown ownership. In each of those other cases, the land occupied by the ECEs has or will be surveyed off and retained by the Crown.

An error (caused by the wrongly classified current use of the ECE Properties) has been made in this instance. To protect the public interest in the ECEs, the Ministry has agreed to take back the ECE Properties under section 50 of the Public Works Act 1981. VUW has accepted that this is the correct process.

In terms of value, the right thing to do is for VUW to transfer the ECE Properties back to the Ministry at nil value. This is only fair as they should not have been transferred to VUW in the first place. Other TEIs in the same situation have effectively "lost" the value of ECE land and buildings located on their sites without receiving any form of "compensation". For VUW to seek to take advantage of the error and gain a windfall of circa \$1.6 million in these circumstances is unfair and unreasonable.

VUW did not have control and management of the ECE Properties

Our recent investigations into the ECE Properties revealed that VUW neither has, nor has had, any interest in the ECE Properties. In particular:

- Both Campbell Kindergarten and Karori Kids operate as non-profit community based childcare centres.
- Campbell Kindergarten's occupation rights have continued to be recognised (most recently) under a Property Occupation Document dated 14 June 1994 issued by the Ministry of Education (under which it pays an annual occupancy fee of \$10 per annum).
- Whilst the land on which the Campbell Kindergarten is currently situated was originally gazetted in 1976 as "Land Taken for Teachers College", it was redesignated in 1980 by the Wellington City Council as "Kindergarten".
- Karori Kids continues to operate under a Tenancy Agreement dated 4 February 1983 with the Department of Education (under which it pays a modest rental of \$135 plus GST per month).

VUW has shown no interest in the operations of Campbell Kindergarten and Karori Kids for its own purposes.

To expect payment for the ECE Properties is inconsistent with the Policy under which the assets were transferred to VUW and would produce an unfair result

The Ministry cannot agree to pay market value for the ECE Properties in such circumstances as it would be contrary to the principle under the Policy that *like cases should be treated alike*. Similarly, the Ministry cannot agree to adopt a different way of recognising payment of market value for the ECE Properties because to do so would be contrary to the principle of being *fair and transparent*.

Compensation for actual loss

While the Ministry's position is that the ECE Properties should be transferred at nil value, the Ministry has previously offered instead to discuss compensation for actual loss that VUW has suffered in relation to the properties. VUW has provided no information of any actual loss so the Ministry assumes that no compensation is being claimed. However, if VUW is able to subsequently provide information on actual loss suffered, the Ministry will consider it.

Financial accounts from 2005 merger are not relevant

The Ministry's view is that VUW's financial treatment and reporting of the College assets when VUW merged with the College on 1 January 2005 is not relevant. The Public Works Act 1981 states that parties may determine the terms and conditions of a section 50 transfer as they think fit. The Ministry has taken advice from KPMG on this matter which supports this view (see attached letter). KPMG notes that the amounts recognised by VUW in its financial statements at the time of the merger of the College and VUW is not determinant of what consideration (if any) is payable by the Ministry.

IN CONFIDENCE

The options available now for VUW for financial reporting on this transfer will be no different to those which would have been available at the time of transfer under the Policy if the ECE Properties were retained by the Ministry as the case should have been. For example, recognising a paper loss in their Statement of Financial Performance when these properties are derecognised from their balance sheet in contrast to reflecting the transaction through the Statement of Changes in Equity.

Our reasons are limited to the ECE Properties

It is important to note that the reasons provided above are relevant only to 25 Campbell Street (Campbell Kindergarten) and 29 Campbell Street (Karori Kids), and not the balance of the Karori Campus.

The position the Ministry has taken in concluding that the reasonable transfer value of the ECE Properties is nil will not be relevant should the Ministry subsequently notify of any future land requirement in respect of any other parts of the Karori Campus.

Whilst the Ministry appreciates VUW has invested substantially into the education faculty and Karori Campus since taking over the College in 2005, VUW has provided no evidence of any investment made by VUW into the ECE Properties. As such, VUW's investment in the Karori Campus since the merger is not relevant to the determination of the transfer value of the ECE Properties.

Reaching a resolution

We have a mutual interest in resolving this matter without further delay.

In an attempt to move forward, the Ministry would like to urgently schedule a meeting between the parties (including our financial and legal advisors) for a robust and comprehensive discussion.

Yours sincerely



Kim Shannon
Head of Education Infrastructure Service

IN CONFIDENCE



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T: +64 4 816 4500

Our ref: 10177981_1.docx

Kim Shannon
Head of Education Infrastructure Service
Ministry of Education
National Office, Mataranga House
33 Bowen St
Wellington 6011

7 March 2017

Dear Kim

Accounting for ECE property transfer

You have requested our advice on the appropriate application of generally accepted accounting practice in respect of the transfer of two ECE properties from Victoria University of Wellington to the Ministry of Education as described below. This advice is provided in accordance with the CSO letter dated 3 March 2017.

Our engagement has been conducted in accordance with Advisory Engagement Standard No. 1: *Opinions on Accounting and Reporting Matters* issued by the New Zealand Institute of Chartered Accountants.

Conclusion

From a financial reporting perspective the transfer of the properties back to the Ministry could be considered as the sale of an asset, or it could be considered as the distribution of a non-cash asset to an owner.

In our view, the value of any consideration payable by the Ministry does not depend on the amounts recognised by Victoria University in its financial statements at the time of the merger of Wellington College and Victoria University.

Background

In 2005 the Wellington College of Education (Wellington College) and Victoria University of Wellington (Victoria University) merged. The operations, staff and Wellington College property and facilities were transferred to Victoria University (net assets circa \$33m). No consideration was paid in respect of the net assets assumed by Victoria University. Legal title to the properties of Wellington College did not transfer to Victoria University until after 2010 when the Government's tertiary education institutions Crown asset transfer policy was established.

Included in the Wellington College properties transferred to Victoria University were two ECE properties (Karori Kids and Campbell Kindergarten).

The Ministry of Education has requested the return of the two ECE properties under the Public Works Act for a nil or nominal value on the basis that the properties were initially transferred in error.

Victoria University in seeking to recover fair value for the properties of approximately \$1.6m. In support of its view Victoria University has suggested that because the properties were initially recognised by Victoria University at the time of transfer at their fair value, that fair value is the basis (perhaps the only basis) on which the properties could be returned to the Ministry.

Discussion

The Ministry has requested advice from KPMG regarding the accounting treatment of the transfer and the value of any consideration in respect of the transfer.

There are two issues that need to be considered.

- 1) Accounting treatment - specifically, at what value the transfer of the properties should be recognised for financial reporting purposes and how the transfer should be recognised.
- 2) Consideration value - at what amount of consideration the transfer should take place.

Accounting treatment

The first issue is purely a financial reporting issue and the accounting treatment will simply reflect the requirements set out in the financial reporting standards and the economic substance of the contractual and other agreements reached between the Ministry and Victoria University. From a financial reporting perspective the transfer of the properties back to the Ministry could be considered as the sale of an asset, or it could be considered as the distribution of a non-cash asset to an owner. Each of these views has its own accounting implications and will need to be determined by the Ministry and VUW in respect of their own financial statements.

At the time of the merger Victoria University recognised the net assets of Wellington College into its financial statements at fair value and recognised the contribution of the net asset as an item of other revenue. We note that at the time of the merger Victoria University's auditor disagreed with the accounting treatment adopted by Victoria University and expressed the view that the merger reflected an in substance capital contribution by the Crown to Victoria University.

Assuming that the return of the ECE properties to the Ministry is also considered a capital transaction, there will be no impact on Victoria University's Statement of Financial Performance. Rather the transaction would be recognised by Victoria University in its Statement of Changes in Equity as a distribution to owners and the properties derecognised. This assumes that there has been no impairment in the value of the properties.

Consideration value

The second issue is in our view independent of the first. That is the value of any consideration payable by the Ministry does not depend on the amounts recognised by Victoria University in its financial statements at the time of the transfer. This is the case regardless as to whether the transaction is considered to be a transaction with owners for nil consideration, or a sale of an assets at fair value.

In our view, the fact that Victoria University initially recognised the net assets of Wellington College at fair value is not necessarily a determining factor (or the only basis) to assessing the



Ministry of Education

Accounting for ECE property transfer

7 March 2017

amount of any consideration for which the ECE properties should be transferred back to the Ministry.

Please contact us if you have any questions regarding this advice. We also draw your attention to Appendix 1 that sets out important terms and conditions in respect of this advice.

Yours sincerely

A handwritten signature in blue ink that reads 'Simon Lee'.

Simon Lee

National Technical Director

Released under the Official Information Act 1982



Appendix 1: Disclaimer

Our advice is based solely on the terms you presented to us and set out in the "Background" section.

The letter is for the sole use of the Ministry of Education. This advice has not been prepared for any other purpose and we expressly disclaim any liability to any other party who may rely on this advice for any other purpose.

The ultimate responsibility for the decision on the appropriate application of generally accepted accounting practice for the transaction rests with Ministry of Education governing body especially where the terms of the actual transaction differ from the facts set out in this letter and where other contracts or arrangements exist which might impact upon the overall substance of the transactions. We retain the right to review our opinion in light of information that becomes known to us after the date of this advice. The governing body as preparer of the financial report should consult with its auditor.

We believe that the statements made by us in this letter are accurate based solely on the facts and assumptions provided to us and as described above, but no warranty of accuracy or reliability is given. Should the facts, assumptions and circumstances differ from those provided to us, our conclusions may change. Accordingly, neither KPMG nor any employee of KPMG undertakes responsibility arising in any way whatsoever to any persons other than Ministry of Education in respect of this letter, including any errors or omissions herein, arising through negligence or otherwise however caused. This letter may not be used for any purpose other than those specified herein nor may extracts or quotations be made without our express prior written approval.

Our advice is based on the public sector PBE Accounting Standards currently applicable. As accounting standards, legislation and regulations are subject to change; this advice will have to be taken in light of any such changes. KPMG is under no obligation to update this advice, in light of any amendments made to accounting standards, legislation or regulations, subsequent to the date of this letter.

We recommend you consult again with us, if any changes occur, to ensure this advice continues to be appropriate and valid.

Further, we advise that the taxation, legal and regulatory issues associated with the transaction have not been addressed in this letter.

From: [Grant Guilford](#)
To: [Kim Shannon](#)
Subject: RE: ECE properties - Campbell Kindergarten and Karori Kids
Date: Wednesday, 8 March 2017 4:59:54 p.m.

Will do Kim
They are happily into their work.
Grant

Professor Grant Guilford
Vice-Chancellor | Tumu Whakarae

-----Original Message-----

From: Kim Shannon [<mailto:Kim.Shannon@education.govt.nz>]
Sent: Wednesday, 8 March 2017 4:02 PM
To: Grant Guilford <Grant.Guilford@vuw.ac.nz>
Subject: RE: ECE properties - Campbell Kindergarten and Karori Kids

Hi Grant

Thanks for your email. Let me know when you have received feedback from your legal, accounting and audit advisors. At that stage I suggest we get our key people together to talk through issues.

Cheers

Kim

-----Original Message-----

From: Grant Guilford [<mailto:Grant.Guilford@vuw.ac.nz>]
Sent: Tuesday, 7 March 2017 9:20 p.m.
To: Kim Shannon
Subject: Re: ECE properties - Campbell Kindergarten and Karori Kids

Many thanks Kim

We'll send these off to our legal, accounting and audit advisors for their consideration. Hopefully they'll see some common ground that could be used to satisfy my Council.

If it is still the precedent re the ECE that worries MoE more so than the price, would you mind having a think about whether there is any interest in compensating VUW for the liabilities we assumed in 2004 at merger that are no longer offset by nil value ECE assets?

Another possibility is for the Crown to consider helping us with our earthquake recovery. We have incurred \$12 million in cost as a result of the Kaikoura earthquake. There is plenty of precedent around the Crown assisting TEIs with their earthquake costs.

There may be other imaginative work-arounds that allow MoE to behave fairly in respect of the accounting treatment of the merger without creating inappropriate precedent for the future

Cheers

Grant

On 7/03/2017, at 4:51 PM, Kim Shannon <Kim.Shannon@education.govt.nz> wrote:

Dear Grant

Thank you for your email of 27 February. Please find attached a copy of my response.

Regards

Kim

Kim Shannon | Head of Education Infrastructure Service Mobile 9(2)(a) L2, Justice Centre, 19 Aitken Street, Wellington

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Great results are our bottom line Ko nga huanga tino pai a matou whaingā mutunga

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<image001.jpg>

<image002.png>

<Grant Guilford 7 March.pdf>



15 March 2017

Grant Guilford
Vice-Chancellor
Victoria University of Wellington
PO Box 600
Wellington 6140

IN CONFIDENCE

via email grant.guilford@vuw.ac.nz

Dear Grant

Expression of interest - Karori Campus

Please accept this letter as formal confirmation that the Ministry of Education would like to enter into discussions with Victoria University of Wellington to acquire land at the Karori Campus for education purposes, pursuant to the Public Works Act 1981.

We have identified a requirement for additional land in the Karori area for education purposes and believe that some of the land at Karori Campus would meet our requirements. Please find attached a plan of the Karori site with three distinct areas highlighted in blue, green and red respectively. These are options that the Ministry has identified which could meet its needs for additional land for education purposes.

Our National Manager Acquisitions and Designations, Clive Huggins, will be the key contact person for managing any land acquisition. Clive will contact you to confirm the details of your accredited supplier and registered valuer, and to discuss the appropriate valuation methodology for this site. He can also be contacted at clive.huggins@education.govt.nz or ^{9(2)(a)} [REDACTED]

Yours sincerely



Kim Shannon
Head of Education Infrastructure Service

Appendix A

9(2)(i), 9(2)(b)(ii)



17 March 2017

Kim Shannon
Head of Education Infrastructure Service
Ministry of Education
PO Box 1666
Wellington 6140

By email: Kim.Shannon@education.govt.nz

Dear Kim

ECE properties at former Karori Campus

Thank you for your letter dated 7 March 2017 addressed to Grant Guilford. Please note that Grant has asked me and my team to deal with this matter and all future correspondence should be addressed to me.

After reviewing your letter, Victoria's view remains unchanged from that set out in our letter of 23 February 2017. In summary, we remain of the view that the Crown is obliged to pay compensation to Victoria for the acquisition of the properties at 25 and 29 Campbell Street, which have been valued at \$1,581,000 (including GST), and see this approach as fair given the comparable treatment of the properties on the merger of the former Wellington College of Education with Victoria in 2005.

We have taken the opportunity to respond in some detail below to the matters you have raised.

Guiding principles

As you know, Victoria merged with the Wellington College of Education on 1 January 2005. The merger was undertaken on the basis of the value ascribed by the Crown in the settlement accounts. The value of \$1,000,000, in total for the two properties, was ascribed by a valuer for the land and buildings. Accordingly, Victoria was, from 1 January 2005, the beneficial owner of the properties and it is most likely that the College was the beneficial owner of the properties before the merger.

By entering into an agreement under section 50 of the Public Works Act 1981, the Crown will be exercising its power of acquisition under the PWA. It is clear, in these circumstances, that the Crown is required by sections 60 and 62 of the PWA to pay "full compensation" to Victoria for the reacquisition of these properties and, as Victoria effectively paid for the properties in 2005, that the compensation should be the market value of the properties.

The policy you have referred to in some detail applied to the decision by the Crown to agree to the transfer to Victoria of legal title to the properties in 2014. With respect, we consider that that the guiding principle here is not that policy, but is the fact that Victoria effectively paid for the properties in 2005 coupled with the Crown's statutory requirement to pay "full compensation".

In any event, as we have set out below, the payment of compensation by the Crown aligns with that policy.

Further, as Victoria is a Crown entity and required to operate in a financially responsible manner and autonomously from the Crown, Victoria cannot fulfil its statutory functions by transferring the properties to the Crown without compensation.

The 2014 transfer of title in the properties to Victoria

We believe that it is clear that the transfer of legal title was effected in accordance with that policy and no error was made.

The transfer to Victoria was under section 50 of the PWA as Victoria had identified a requirement for these properties for its public work of tertiary education. In the asset verification schedule, Victoria correctly stated that its “proposed future use” was “academic space (including dedicated teaching and research space, academic and general support offices)”. You referred instead to the “current use” column, which stated that properties were “commercial space, including space leased or rented to others, bookshops, cafeteria etc”. With respect, this reliance is misplaced as the focus should be on Victoria’s requirement for the land (as stated in the “proposed future use” column), rather than a column that contained merely descriptive information.

In any event, Victoria’s understanding of the “current use” was not wrong – the properties were “rented to others” and remain so and, after reviewing the other “current use” options, we consider that this was the most appropriate descriptor.

For completeness, I also note that:

- the Crown reviewed and verified the “current use” column;
- the reference to “commercial space” was not incorrect as it was space used by others under contractual arrangements;
- the properties were used by “others” under agreements granting occupancy rights and which are akin to leases;
- the ECE centres were merely interim users of the properties, permitted only until full occupation by Victoria of those properties was required for academic space – an interim use does not defeat the purpose for which the land is held under the PWA;
- the fact that Victoria does not have control and management of the ECE centres is completely irrelevant – as contemplated by the Property Occupancy Documents and section 45 of the PWA, Victoria is effectively the landlord of those properties and accordingly operational control and management of course rests with the ECE operators; and
- the PODs were able to be terminated on short notice, aligning with Victoria’s view that the properties were only for ECE use available on an interim basis.

We also wish to correct three factual errors you have made in respect of these properties:

- Karori Kids operates under a POD dated 14 June 1994, rather than a tenancy agreement;
- the designation alteration in 1980 you referred to relates only to the use to which the land could be put under the District Scheme, rather than the purpose for which the land was held under the PWA. Further, the explanatory statement relating to the designation

alteration clearly recorded that the land remained "required for extensions to the college" in the future, with the kindergarten merely being permitted "in the meantime"; and

- you have overlooked the most obvious scenario where a property leased by an ECE would be included in a transfer to a TEI: where the ECE use of the property is an interim use, until full occupation of the property is required for the public work for which the land is required. This is no different to bare land or any other residential or commercial properties identified as required by a TEI.

We also note that you omitted to emphasise a number of statements included in the policy that conflict with the statements you have identified. These include:

- TEIs are "autonomous";
- TEIs "should manage their own assets in a way they best believe supports their institution in achieving its goals", indicating that the transferred assets were effectively already the TEI's assets;
- if the Crown did not agree to a transfer, the Crown and the TEI would agree a "satisfactory outcome", which could be a payment by the Crown to the TEI for the retention of the asset or could be a "long-term registered head lease for the asset at a nominal rental"; and
- TEIs can sell transferred assets and retain the net sale proceeds for reinvestment.

We therefore dispute that an error was made when the titles were transferred to Victoria. Victoria identified an appropriate requirement for those properties under the PWA and the titles were transferred for that purpose. If the Crown had determined not to transfer those titles to Victoria, we would have entered into discussions for an alternative satisfactory outcome which may have lead to the Crown compensating Victoria at that time for the retention of those properties.

Payment by the Crown is required by law

You stated that the Crown cannot agree to pay market value for the ECE properties. To the contrary:

- a transfer to the Crown without payment of compensation may breach our legal and financial obligations;
- compensation is mandated by the PWA in these circumstances; and
- the policy you refer to contemplates that, if title had been retained by the Crown in 2014, the Crown would have had to reach a "satisfactory outcome" with Victoria at that time, and the starting position would have been that Victoria required compensation for, in effect, the reacquisition of those properties given that Victoria had paid for them in 2005.

As we noted above, the 2005 merger was undertaken on the basis of the value ascribed by the Crown in the settlement accounts, and therefore Victoria effectively paid for the properties at that time.

On that basis, it would have been inequitable for the Crown to have retained the titles to the properties in 2014 without the payment of compensation to Victoria at that time.

In the absence of the Crown's requirement for these properties, Victoria would receive market value for the properties if they were to be sold to the former owners or, if the PWA process did not lead to a sale to the former owners, on the open market. The net sale proceeds would then

be applied to the provision of tertiary education by Victoria. By requiring a transfer of the properties to the Crown for nil compensation, Victoria would suffer a loss equal to the net sale proceeds from the sale of those properties.

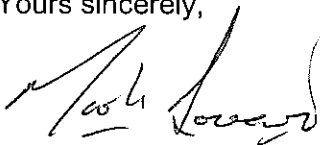
The requirement for the Crown to now pay compensation is therefore fair, as well as aligning with the PWA and the policy. We see nothing in the policy requiring that ECE centres at all TEIs be retained by the Crown, and believe that the policy principle that "like cases be treated alike" is a reference to the process to be used rather than to particular outcomes based on the current use alone. We make no comment on what has occurred at other TEIs as we are not aware of their circumstances, and confirm that, at Karori, Victoria identified a requirement for the properties for academic space.

Our position remains that the Crown should pay full compensation for the acquisition of the properties, and that compensation should be based on the market value of the properties. This is fair given the treatment of the properties at the time of the 2005 merger.

I also note, with concern, the Ministry's public comments regarding obtaining a "good price" for other aspects of the Karori campus. This appears to be a fundamental misunderstanding of the Crown's obligations under the Public Works Act.

Victoria remains keen to reach agreement on the terms of transfer, including a proposed sale price. I therefore look forward to hearing from you that the Ministry agrees to the sale price proposed in our letter of 23 February 2017.

Yours sincerely,



Mark Loveard
Chief Operating Officer

From: [Mark Loveard](#)
To: [Kim Shannon](#)
Subject: MoE Public Work Requirement
Date: Tuesday, 21 March 2017 11:51:52 a.m.
Attachments: [170321 Ltr to KShannon MoE-Karori Campus.pdf](#)

Kim,

Thank you for your letter received last week. In order to progress the Public Work Act process we require a degree of specificity and clarity around your requirements as set out in the attached letter. We look forward to receiving this information from you.

Please feel free to call me anytime. We are keen to work closely with the Ministry throughout the process.

Kind Regards

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
Ph: 9(2)(a) [REDACTED]
mark.loveard@vuw.ac.nz
Victoria University of Wellington
PO Box 600, Wellington 6140.

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20 March 2017

Kim Shannon
Head of Education Infrastructure Service
Ministry of Education
PO Box 1666
Wellington 6140

By Email: Kim.Shannon@education.govt.nz

Dear Kim

Expression of interest – Karori Campus

Thank you for your letter dated 15 March 2017.

As you are aware, Victoria declared the land at Karori surplus in August 2016 and Victoria is seeking to dispose of that land as soon as possible. In light of this, and Victoria's obligations under the Public Works Act 1981, Victoria requested that the Ministry identify, by 16 March 2017, whether the Ministry has a requirement for the land under the Public Works Act. Certainty is required in terms of Victoria's statutory obligations under the Public Works Act, but also to enable Victoria to dispose of the land in timely manner so as to fulfil our statutory financial obligations.

As we see it, the Ministry's letter of 15 March 2017 does not evidence a requirement for any part of the land for a public work for which the Ministry is responsible. It appears your intent was to lodge an expression of interest rather confirm a formal requirement. However, given the above considerations, Victoria requires *confirmation* of the Ministry's requirement under the Public Works Act for any part of the land for an identified public work. We require this as soon as possible.

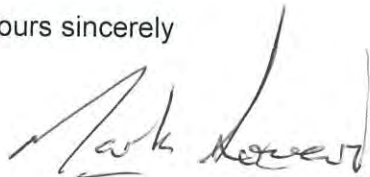
Please therefore provide, by Monday, 27 March 2017, further information as to the public work for which the Ministry intends to acquire the land. While the Ministry has identified that part of the land may be required for "education purposes", further information as to the particular proposed use is needed. In particular, please confirm:

- the particular project intended to be undertaken on the land;
- the specific part of the land required by the Ministry to undertake that project, including a map showing the proposed boundaries of the required part of the land;
- information to enable Victoria to determine whether the interest of the public will continue to exist, as noted in section 50 of the Public Works Act; and
- information regarding the consideration given by the Ministry of alternative sites, routes or methods of achieving the Ministry's objectives.

In the meantime, Victoria will continue with its disposal programme, but we will not formally go to market before Monday, 27 March 2017. We have been reviewing potential disposal options and confirmation of the Ministry's requirement would assist with the disposal programme. Depending on the nature of the Ministry's project and the extent of the land requirement, there may be a significant impairment on the balance land affecting its marketability and value.

We look forward to hearing from you as soon as possible regarding the above.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Loveard', with a long, sweeping flourish extending upwards and to the right.

Mark Loveard
Chief Operating Officer

From: rachel.m.crerar@nz.pwc.com
To: [Jerry Ball](#)
Cc: [Clive Huggins](#)
Subject: Re: FW: VUW Karori Campus
Date: Wednesday, 22 March 2017 1:19:05 p.m.

Thank you Jerry.

Clive - look forward to hearing from you.

Kind regards,
Rachel

Rachel Crerar

PwC | Property Consultant
Office: +64 4 4627601 | Mobile: 9(2)(a)
Email: rachel.m.crerar@nz.pwc.com
PricewaterhouseCoopers New Zealand
113-119 The Terrace, PO Box 243, Wellington 6140, New Zealand
pwc.co.nz

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From: Jerry Ball <Jerry.Ball@vuw.ac.nz>
To: Rachel M Crerar/NZ/FAS/PwC@ASIAPAC, "Clive.Huggins@education.govt.nz" <Clive.Huggins@education.govt.nz>
Date: 22/03/2017 12:56 p.m.
Subject: FW: VUW Karori Campus

Hi Rachel

Here are Clive's contact details (below). I've phoned him, unfortunately went through to voicemail. I left a message to let him know that you should be his main contact point for any information that MoE needs to be able to provide a specific response to Victoria as requested in Mark's letter.

Clive, you can contact Rachel as follows:
04 462 7601

9(2)(a)
rachel.m.crerar@nz.pwc.com <<mailto:rachel.m.crerar@nz.pwc.com>>

Best wishes - Jerry

Jerry.Ball@vuw.ac.nz <<mailto:Jerry.Ball@vuw.ac.nz>>
04 463 6947
027 625 0769

Room 310, Central Services Building, Gate 7, Kelburn Parade

From: Mark Loveard
Sent: Wednesday, 22 March 2017 10:34 a.m.
To: Jerry Ball <Jerry.Ball@vuw.ac.nz>
Subject: FW: VUW Karori Campus

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
Ph: +9(2)(a)
mark.loveard@vuw.ac.nz <[mailto:ark.loveard@vuw.ac.nz](mailto:mark.loveard@vuw.ac.nz)>
Victoria University of Wellington
PO Box 600, Wellington 6140.

www.victoria.ac.nz <<http://www.victoria.ac.nz>> | 0800 VICTORIA

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From: Clive Huggins <Clive.Huggins@education.govt.nz> <<mailto:Clive.Huggins@education.govt.nz>>>
Date: Tuesday, 21 March 2017 at 4:55 PM
To: Mark Loveard <Mark.Loveard@vuw.ac.nz> <<mailto:Mark.Loveard@vuw.ac.nz>>>
Subject: VUW Karori Campus

Hi Mark,

Just a follow up to my voice mail to introduce myself and hopefully arrange a time to have a brief chat about the campus. A face to face meeting would be my preference and at this time I am due to be in Wellington next Thursday and Friday or though I may be able to do other days if that does not suit you.

Look forward to catching up.

Regards

Clive Huggins | National Manager Acq. Designations | Land and Property Services
DDI 07 571 7857 Ext 77857 | Mobile 9(2)(a)
132 First Ave, Tauranga

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We back ourselves and others to win Ka manawanui ki a matou, me etahi ake kia wikitoria
We work together for maximum impact Ka mahi ngatahi mo te tukinga nui tonu

Great results are our bottom line Ko nga huanga tino pai a matou whainga mutunga

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[attachment "image001.jpg" deleted by Rachel M Crerar/NZ/FAS/PwC] [attachment "image002.png" deleted by Rachel M Crerar/NZ/FAS/PwC]

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24 March 2017

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
PO Box 600
Wellington 6140

IN CONFIDENCE

via email: mark.loveard@vuw.ac.nz

Dear Mark

Intent to Acquire land at Victoria University's Karori Campus

Thank you for your letter to Kim Shannon dated 20 March 2017 and for taking the time to discuss the matter with me this week.

You have advised us that you intend to proceed with your disposal programme for the Karori campus and have requested clarity from the Ministry regarding its requirement. You have raised four matters that you request confirmation of, namely:

- the particular project intended to be undertaken
- the specific part of the land required by the Ministry to undertake that project, including a map showing the proposed boundaries of the required part of the land
- information to enable Victoria to determine whether the interest of the public will continue to exist, as noted in section 50 of the Public Works Act
- information regarding the consideration by the Ministry of alternative site, routes or methods of achieving the Ministry's objectives.

The Ministry provided Victoria with a map of the three options it has been considering, but in order to respond to Victoria's request for clarity regarding the specific part of the land required for educational purposes, I confirm that our area of interest is option 2 from that map. I attach an amended plan/map showing the area of interest. We are happy to discuss some minor boundary adjustments of the area to facilitate good mutual outcomes.

It is not necessary under section 50 to stipulate the specific project, however I confirm that the land will be required for education purposes in keeping with the Minister of Education's mandate. As such the interests of the public will clearly continue to be met.

Once a transfer under section 50 has been achieved, the Ministry may seek to designate the area for education purposes using the provisions of the Resource Management Act 1991. Provided the Minister has a financial interest in the land to be designated, there is no requirement to demonstrate a consideration of alternative sites, routes or methods to achieve the Minister's objectives.

I trust this is a sufficient response to your queries for the purposes of this section 50 transfer. I acknowledge that the agreement between us recording a section 50 transfer will be on terms as the parties think fit and I look forward to catching up in person next week.

Yours sincerely

Clive Huggins
National Manager Acquisitions and Designations

IN CONFIDENCE

From: [Mark Loveard](#)
To: [Clive Huggins](#)
Cc: [Jerry Ball](#); rachel.m.crerar@nz.pwc.com; [Brett Dooley](#)
Subject: Re: VUW Karori Campus
Date: Friday, 24 March 2017 5:13:07 p.m.
Attachments: [image001.jpg](#)
[image002.png](#)

Thanks Clive. We will have a good read.

Have a good weekend too

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington

Ph: 9(2)(a)

mark.loveard@vuw.ac.nz

Victoria University of Wellington
PO Box 600, Wellington 6140.

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From: Clive Huggins <Clive.Huggins@education.govt.nz>
Date: Friday, 24 March 2017 at 4:58 PM
To: Mark Loveard <Mark.Loveard@vuw.ac.nz>
Cc: Jerry Ball <Jerry.Ball@vuw.ac.nz>, "rachel.m.crerar@nz.pwc.com"
<rachel.m.crerar@nz.pwc.com>, Brett Dooley <Brett.Dooley@education.govt.nz>
Subject: VUW Karori Campus

Hi Mark,

Please find attached a letter in reply to your correspondence and our discussions earlier this week.

Have a good weekend and I will touch base early next week to confirm a time to meet on Thursday/Friday in Wellington.

Kind regards

Clive Huggins | National Manager Acquisitions & Designations | Land and Property Services
DDI 07 571 7857 Ext 77857 | Mobile 9(2)(a)
132 First Ave, Tauranga

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We back ourselves and others to win Ka manawanui ki a matou, me etahi ake kia wikitoria
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OFFICE OF THE VICE-CHANCELLOR

VICTORIA UNIVERSITY OF WELLINGTON PO Box 600, Wellington 6140, New Zealand
Phone +64-4-463 5301 Fax +64-4-463 5240

28 March 2017

Minister of Finance
PO Box 1666
WELLINGTON 6140

cc Associate Minister of Tertiary Education
Secretary of Education
CEO, Tertiary Education Commission

Dear Minister

Victoria University of Wellington – Rebate of 20% of Property Disposal Proceeds

Victoria University has declared the Karori Campus surplus to requirements under Section 192 (4)(a) of the Education Act 1989 and is working through the required statutory process to divest the site. The University is also divesting several other small properties it owns in the Aro.

The University seeks your approval to waive the requirement for the Crown to retain 20% of net sale proceeds from the sale of the surplus VUW properties. This request refers specifically to the properties listed in Appendix 1.

This request follows careful consideration of the University's long term plan, its capital asset management programme, its debt capacity and its operating efficiency. The University is severely resource constrained and can ill afford a 20% deduction from its property rationalisation proceeds if it is to be able to meet its strategic goals and health and safety obligations for capital investment. The University can demonstrate that the 20% contribution to the Crown that the University seeks to retain will generate a positive return for the Crown in terms of both financial and TES outcomes.

Over the last ten years the University has invested more than \$350m on key infrastructure projects to meet Tertiary Education Strategy (TES) goals and to address critical long term maintenance priorities. To support funding for this investment the University has submitted, and had approved, two applications to establish and increase debt facilities. These applications were accompanied by comprehensive business cases.

| Project | Complete | Investment | Purpose |
|--------------------------|-------------|------------|--|
| Te Puni Village | 2009 | \$50m | Domestic, International and Postgraduate accommodation |
| Alan MacDiarmid Building | 2010 | \$60m | Establishment of a new purpose built Engineering Faculty and expansion of Science teaching and research |
| Kelburn & Library Hub | 2013 | \$67m | Student experience, collaborative learning and space rationalisation |
| Gateway | 2017 | \$100m | Biology, Science, research, health and safety, rankings/accreditations and student experience |
| Pipitea | 2016 - 2017 | \$40m | Business School expansion, international student growth, space rationalisation, student experience and seismic improvement |
| Te Aro | 2018 | \$20m | Architecture, Design and ICT expansion, space rationalisation, seismic, health and safety and student experience |

Looking forward, the University's Long Term Infrastructure planning has identified urgent, high priority capital requirements to investment in:

- \$60m – New building to support growth in Engineering (enrolments currently growing at approximately 15% pa)
- \$80m - Seismic strengthening and refurbishment of the 1960s Kirk Building to provide permanent accommodation for the relocated Education faculty, teaching and postgraduate research
- \$43m - Clearance of a significant backlog of health and safety space enhancements
- \$10-15m - Urgent restoration work following the Kaikoura earthquake

Victoria and its Council have carefully managed University finances to enable funding of an essential capital programme. Projects are carefully screened, assessed and prioritised and all funding sources have been explored. This analysis has included a focus on the most efficient and effective use of the University's fixed assets and has identified property rationalisation and optimisation opportunities. The divestment of the Karori campus and the small Aro Valley properties have arisen from this strategic planning. They are sensible decisions which illustrate Victoria's commitment to optimise its assets and reinvest the full proceeds in capital infrastructure which advances the government's tertiary strategy. The receipt of 100% of the divestment proceeds will assist the university to complete these high priority projects using a prudent combination of external borrowing and recycled capital funding.

To support its capital funding plan the University seeks a decision from Government to rebate a potential 20% deduction from the divestment proceeds of Karori and the Aro Valley properties.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Grant Guilford', written over a horizontal line.

Grant Guilford
Vice-Chancellor

Released under the Official Information Act 1982

Appendix 1

Victoria University - Surplus Sites for Disposal

Karori Campus

| Title | Addresses |
|-----------|--------------------------------------|
| WN40B/354 | 26 Donald Street (the "main" campus) |
| WN39B/838 | 29, 31, 31B, 33 Campbell Street |
| WN39B/839 | 39 Donald Street |
| WN42C/108 | 23, 25, 27 Campbell Street |

Aro Valley Sites

| Addresses | Site Description |
|------------------|---|
| 225 Aro Street | 493m ² , being Part Lot 50 Deposited Plan 710 and Lot 51 Deposited Plan 710, Identifier 604213 |
| 227 Aro Street | 328m ² , Lot 52 Deposited Plan 710, Identifier 604212 |
| 229 Aro Street | 329m ² , Lot 53 Deposited Plan 710, Identifier 604221 |
| 1 Holloway Road | 1275m ² , Part Section 10 Owhiro District and Part Section 10 Owhiro District and Part Section 10 Owhiro District, Identifier 604222 |
| 1a Holloway Road | 3642m ² , Part Section 10 Owhiro District and Part Section 10 Owhiro District, Identifier 735562 (subject to Treaty Claim RFR) |

From: [Denise Young](#)
To: [Clive Huggins](#)
Subject: FW: Karori Campus. Meeting Friday 31 March 9am
Date: Wednesday, 29 March 2017 8:38:23 a.m.
Attachments: [image001.jpg](#)
[image002.png](#)
[Hunter Building_HU209_HU210_HU211.pdf](#)

Hi Clive

We can make Friday 31 March 9am work. Location directions attached. See you then.

Kind regards
Denise

Phone: +64-4-463-9489

From: Denise Young
Sent: Tuesday, 28 March 2017 4:23 p.m.
To: 'Clive Huggins' <Clive.Huggins@education.govt.nz>
Subject: RE: Karori Campus

Hi Clive

I'm Mark's EA. I'm doing a bit of diary juggling to make a time work and will come back to you as soon as I can.

kind regards
Denise Young
Executive Assistant to the Chief Operating Officer
Victoria University of Wellington

Phone: +64-4-463-9489
Room 211, Hunter Building
Victoria University of Wellington, Gate 2 Kelburn Parade
PO Box 600, Wellington 6140, New Zealand

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From: Clive Huggins [<mailto:Clive.Huggins@education.govt.nz>]
Sent: Tuesday, 28 March 2017 2:03 p.m.
To: Mark Loveard <Mark.Loveard@vuw.ac.nz>
Subject: Karori Campus

Hi Mark,
Just looking to see if we can set up a time to meet this week.

I am available this Thursday 9:30am till 11, then after 3:30pm or from 12pm on the Friday till about 2:30pm.

If any of those times work I would also be looking to bring along one of our LINZ accredited property consultants.

Kind regards

Clive Huggins | National Manager Acquisitions & Designations | Land and Property Services
DDI 07 571 7857 Ext 77857 | Mobile 9(2)(a) [REDACTED]
132 First Ave, Tauranga

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We get the job done *Ka oti i a matou nga mahi*
We are respectful, we listen, we learn *He ropu manaaki, he ropu whakarongo, he ropu ako matou*
We back ourselves and others to win *Ka manawanui ki a matou, me etahi ake kia wikitoria*
We work together for maximum impact *Ka mahi ngatahi mo te tukinga nui tonu*

Great results are our bottom line *Ko nga huanga tino pai a matou whaingā mutunga*

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Victoria University of Wellington, Hunter Courtyard: Entrance via Gate 2

If travelling by taxi, ask to be delivered to Victoria University, Hunter Courtyard on Kelburn Parade.

The University reception area is in the ground floor of the Hunter Building. Take the lift or stairs to Level 2.

Meeting rooms HU209, HU210, HU211 (through the frosted glass door "Office of the Vice-Chancellor").

Denise Young
Executive Assistant to the, Chief Operating Officer
Victoria University of Wellington
DDI: +64 4 463 9489



From: [Jerry Ball](#)
To: [Clive Huggins](#)
Cc: [Rachel M Crerar/NZ/FAS/PwC](#)
Subject: Karori campus: transfer of ECE properties
Date: Wednesday, 29 March 2017 11:38:13 a.m.
Attachments: [170317_110923_1009723_Draft letter to MOE re ECE properties.pdf](#)

Hello Clive

Mark asked me to check with you whether you are now also managing the process to agree the terms of transfer, including the sale price, to complete the transfer of the properties occupied by the early childhood education (ECE) centres?

If this is not you, can you please advise me and Rachel who is the appropriate contact at MoE?

Best wishes – Jerry Ball

Jerry.Ball@vuw.ac.nz

04 463 6947

9(2)(a)

Room 310, Central Services Building, Gate 7, Kelburn Parade

From: Mark Loveard
Sent: Friday, 17 March 2017 2:56 p.m.
To: Kim.Shannon@education.govt.nz
Subject: ECE properties - Campbell Kindergarten and Karori Kids

Kim,

Thank you for your letter dated 7 March 2017. Grant has asked me to respond on his behalf (refer attached). I would be happy to meet 1-1 with you to agree next steps.

Kind Regards

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington

Ph: 9(2)(a)

mark.loveard@vuw.ac.nz

Victoria University of Wellington
PO Box 600, Wellington 6140.

www.victoria.ac.nz | 0800 VICTORIA

 Please consider the environment before printing this e-mail

17 March 2017

Kim Shannon
Head of Education Infrastructure Service
Ministry of Education
PO Box 1666
Wellington 6140

By email: Kim.Shannon@education.govt.nz

Dear Kim

ECE properties at former Karori Campus

Thank you for your letter dated 7 March 2017 addressed to Grant Guilford. Please note that Grant has asked me and my team to deal with this matter and all future correspondence should be addressed to me.

After reviewing your letter, Victoria's view remains unchanged from that set out in our letter of 23 February 2017. In summary, we remain of the view that the Crown is obliged to pay compensation to Victoria for the acquisition of the properties at 25 and 29 Campbell Street, which have been valued at \$1,581,000 (including GST), and see this approach as fair given the comparable treatment of the properties on the merger of the former Wellington College of Education with Victoria in 2005.

We have taken the opportunity to respond in some detail below to the matters you have raised.

Guiding principles

As you know, Victoria merged with the Wellington College of Education on 1 January 2005. The merger was undertaken on the basis of the value ascribed by the Crown in the settlement accounts. The value of \$1,000,000, in total for the two properties, was ascribed by a valuer for the land and buildings. Accordingly, Victoria was, from 1 January 2005, the beneficial owner of the properties and it is most likely that the College was the beneficial owner of the properties before the merger.

By entering into an agreement under section 50 of the Public Works Act 1981, the Crown will be exercising its power of acquisition under the PWA. It is clear, in these circumstances, that the Crown is required by sections 60 and 62 of the PWA to pay "full compensation" to Victoria for the reacquisition of these properties and, as Victoria effectively paid for the properties in 2005, that the compensation should be the market value of the properties.

The policy you have referred to in some detail applied to the decision by the Crown to agree to the transfer to Victoria of legal title to the properties in 2014. With respect, we consider that that the guiding principle here is not that policy, but is the fact that Victoria effectively paid for the properties in 2005 coupled with the Crown's statutory requirement to pay "full compensation".

In any event, as we have set out below, the payment of compensation by the Crown aligns with that policy.

Further, as Victoria is a Crown entity and required to operate in a financially responsible manner and autonomously from the Crown, Victoria cannot fulfil its statutory functions by transferring the properties to the Crown without compensation.

The 2014 transfer of title in the properties to Victoria

We believe that it is clear that the transfer of legal title was effected in accordance with that policy and no error was made.

The transfer to Victoria was under section 50 of the PWA as Victoria had identified a requirement for these properties for its public work of tertiary education. In the asset verification schedule, Victoria correctly stated that its “proposed future use” was “academic space (including dedicated teaching and research space, academic and general support offices)”. You referred instead to the “current use” column, which stated that properties were “commercial space, including space leased or rented to others, bookshops, cafeteria etc”. With respect, this reliance is misplaced as the focus should be on Victoria’s requirement for the land (as stated in the “proposed future use” column), rather than a column that contained merely descriptive information.

In any event, Victoria’s understanding of the “current use” was not wrong – the properties were “rented to others” and remain so and, after reviewing the other “current use” options, we consider that this was the most appropriate descriptor.

For completeness, I also note that:

- the Crown reviewed and verified the “current use” column;
- the reference to “commercial space” was not incorrect as it was space used by others under contractual arrangements;
- the properties were used by “others” under agreements granting occupancy rights and which are akin to leases;
- the ECE centres were merely interim users of the properties, permitted only until full occupation by Victoria of those properties was required for academic space – an interim use does not defeat the purpose for which the land is held under the PWA;
- the fact that Victoria does not have control and management of the ECE centres is completely irrelevant – as contemplated by the Property Occupancy Documents and section 45 of the PWA, Victoria is effectively the landlord of those properties and accordingly operational control and management of course rests with the ECE operators; and
- the PODs were able to be terminated on short notice, aligning with Victoria’s view that the properties were only for ECE use available on an interim basis.

We also wish to correct three factual errors you have made in respect of these properties:

- Karori Kids operates under a POD dated 14 June 1994, rather than a tenancy agreement;
- the designation alteration in 1980 you referred to relates only to the use to which the land could be put under the District Scheme, rather than the purpose for which the land was held under the PWA. Further, the explanatory statement relating to the designation

alteration clearly recorded that the land remained "required for extensions to the college" in the future, with the kindergarten merely being permitted "in the meantime"; and

- you have overlooked the most obvious scenario where a property leased by an ECE would be included in a transfer to a TEI: where the ECE use of the property is an interim use, until full occupation of the property is required for the public work for which the land is required. This is no different to bare land or any other residential or commercial properties identified as required by a TEI.

We also note that you omitted to emphasise a number of statements included in the policy that conflict with the statements you have identified. These include:

- TEIs are "autonomous";
- TEIs "should manage their own assets in a way they best believe supports their institution in achieving its goals", indicating that the transferred assets were effectively already the TEI's assets;
- if the Crown did not agree to a transfer, the Crown and the TEI would agree a "satisfactory outcome", which could be a payment by the Crown to the TEI for the retention of the asset or could be a "long-term registered head lease for the asset at a nominal rental"; and
- TEIs can sell transferred assets and retain the net sale proceeds for reinvestment.

We therefore dispute that an error was made when the titles were transferred to Victoria. Victoria identified an appropriate requirement for those properties under the PWA and the titles were transferred for that purpose. If the Crown had determined not to transfer those titles to Victoria, we would have entered into discussions for an alternative satisfactory outcome which may have lead to the Crown compensating Victoria at that time for the retention of those properties.

Payment by the Crown is required by law

You stated that the Crown cannot agree to pay market value for the ECE properties. To the contrary:

- a transfer to the Crown without payment of compensation may breach our legal and financial obligations;
- compensation is mandated by the PWA in these circumstances; and
- the policy you refer to contemplates that, if title had been retained by the Crown in 2014, the Crown would have had to reach a "satisfactory outcome" with Victoria at that time, and the starting position would have been that Victoria required compensation for, in effect, the reacquisition of those properties given that Victoria had paid for them in 2005.

As we noted above, the 2005 merger was undertaken on the basis of the value ascribed by the Crown in the settlement accounts, and therefore Victoria effectively paid for the properties at that time.

On that basis, it would have been inequitable for the Crown to have retained the titles to the properties in 2014 without the payment of compensation to Victoria at that time.

In the absence of the Crown's requirement for these properties, Victoria would receive market value for the properties if they were to be sold to the former owners or, if the PWA process did not lead to a sale to the former owners, on the open market. The net sale proceeds would then

be applied to the provision of tertiary education by Victoria. By requiring a transfer of the properties to the Crown for nil compensation, Victoria would suffer a loss equal to the net sale proceeds from the sale of those properties.

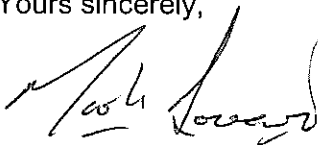
The requirement for the Crown to now pay compensation is therefore fair, as well as aligning with the PWA and the policy. We see nothing in the policy requiring that ECE centres at all TEIs be retained by the Crown, and believe that the policy principle that "like cases be treated alike" is a reference to the process to be used rather than to particular outcomes based on the current use alone. We make no comment on what has occurred at other TEIs as we are not aware of their circumstances, and confirm that, at Karori, Victoria identified a requirement for the properties for academic space.

Our position remains that the Crown should pay full compensation for the acquisition of the properties, and that compensation should be based on the market value of the properties. This is fair given the treatment of the properties at the time of the 2005 merger.

I also note, with concern, the Ministry's public comments regarding obtaining a "good price" for other aspects of the Karori campus. This appears to be a fundamental misunderstanding of the Crown's obligations under the Public Works Act.

Victoria remains keen to reach agreement on the terms of transfer, including a proposed sale price. I therefore look forward to hearing from you that the Ministry agrees to the sale price proposed in our letter of 23 February 2017.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mark Loveard', written over a diagonal watermark that says 'Released under the Official Information Act 1982'.

Mark Loveard
Chief Operating Officer



30 March 2017

Grant Guilford
Vice-Chancellor
Victoria University of Wellington
PO Box 600
Wellington 6140

IN CONFIDENCE

via email grant.guilford@vuw.ac.nz

Dear Grant

ECE Properties - Campbell Kindergarten and Karori Kids

I refer to Mark Loveard's letter of 17 March 2017 (the 17 March Letter) which was sent in response to my letter of 7 March 2017. For convenience, I have used the same capitalised defined terms and acronyms adopted in our previous correspondence to you.

Whilst I note that the 17 March Letter requested all future correspondence on this matter be addressed to Mark Loveard, my preference is to deal directly with you until we reach a satisfactory resolution to the current impasse.

I had suggested in my letter of 7 March 2017 that the Ministry would like to urgently schedule a meeting with VUW (including our financial and legal advisors) for a robust and comprehensive discussion. In light of the 17 March Letter, I consider that a meeting between ourselves, our respective financial and legal advisors, and TEC, is absolutely necessary to narrow the divide which currently exists between VUW's and the Ministry's position on the matter - I do not think a meeting solely with Mark Loveard will progress this matter. Please check the availability of your team (including your external advisors – such as EY) and confirm your availability to meet as soon as reasonably practicable. I will do the same.

While the 17 March Letter did not directly address a number of key matters raised in my letter of 7 March 2017 in support of the Ministry's position, I do not intend to repeat what I have already stated in my previous correspondence to you.

However, I do wish to make the following observations in relation to the points raised in the 17 March Letter which I hope will assist discussions when we next meet.

Context

I am concerned by the general theme of the 17 March Letter as it appears to mistake the context we are dealing with, and therefore I would like to begin with some general comments regarding context. VUW now owns the majority of the Karori and Kelburn campuses as a result of the application of various Government and Education policies over the years. These same policies have meant that VUW's occupation of the Crown owned land was rent-free and no actual purchase payment for these assets has ever been made by VUW to the Crown. VUW received the legal title

to assets under the Policy which is a policy only available to VUW and other TEIs (and not available to any other government department or local authority).

In particular:

- VUW is not a third party commercial landowner having its property unilaterally identified by the Crown for purchase under the Public Works Act 1981 (PWA).
- VUW is a local authority (for the purposes of the PWA) who, having declared the ECE Properties (as well as the balance of the Karori Campus) as no longer required for its public work purpose, is to transfer the ECE properties under section 50 of the PWA on terms that the parties think fit.
- This section 50 transfer is also being implemented where the Ministry, with the advice of TEC, has advised that an incorrect application of the Policy in 2011 led to VUW receiving legal title to these ECE Properties. The Ministry sought the section 50 transfer so it can simply carry on the existing public works.

Guiding principles

Financial treatment of the ECE Properties in the 2005 merger

It is evident that we disagree on the relevance of the accounting treatment of the ECE Properties at the time of the 2005 merger between VUW and the College to the determination of the value the ECE Properties should be transferred back to the Ministry.

The 17 March Letter did not address KPMG's opinion on this issue. In particular, I note KPMG's finding that VUW's auditor had disagreed with VUW's treatment of the Wellington College net assets in its financial statements and expressed the view that the merger should be reflected as an in substance capital contribution by the Crown to VUW.

As VUW engaged EY to provide an opinion in support of your letter of 23 January 2017, it would be helpful to have EY's response to KPMG's opinion.

To avoid doubt, the Ministry does not accept, for example, that there was any effective or actual payment made by VUW to the Crown for the ECE Properties at the time of the 2005 merger. The 2005 merger was a transaction between two parties: VUW and the College, and was not between VUW and the Ministry/Crown. The Ministry/Crown's role under the Education Act 1989 was as consenting party to that transaction.

Public Works Act 1981

VUW's argument here appears to be based on an assumption that sections 60 and 62 of the PWA apply to a transfer of land for public works between a TEI and the Crown under section 50 of that Act.

Section 50(2) provides that "any agreement relating to the sale and purchase of a public work pursuant to this section may contain such provisions as the Minister and local authority, or the 2 or more local authorities, *think fit*". The parties to a section 50 agreement can agree to a transfer for nil or nominal consideration because section 50(2) expressly provides that it is open to the parties to agree whatever terms they "think fit" in the circumstances.

In this regard, it is relevant to point out that the section 50 agreements dated 26 November 2014 and 16 March 2015, which implemented the Policy to transfer the VUW managed Crown-owned assets to VUW in 2014 and 2015, were for a nominal consideration of \$10 under each agreement.

IN CONFIDENCE

While the 2014 transfers of the ECE Properties were completed via the mechanism of section 50 of the PWA, VUW's 2010 application for the transfer of Crown-owned assets which VUW managed was submitted pursuant to the Policy requirements, not just the requirements of the PWA.

The relevance of the Policy (April 2010 version)

On page 3 of the 17 March Letter, VUW asserts that I had omitted to emphasise a number of statements included in the Policy that allegedly conflict with the statements I had identified. That is not correct. In my letter of 7 March 2017, I set out, in full, the four core principles on which the Policy is based on. In particular:

- I included the core principle that "TEIs are autonomous and, *provided the public interest is protected*, they should manage their own assets in a way they believe best supports their institution in achieving its goals." I note that the 17 March Letter has quoted this same principle as it was rewritten in the 2013 revision of the Policy in two bullet points but chose to omit the words in italics.
- There is no provision in the Policy which provides that where the Joint Ministers have not approved the transfer of an asset, the Crown and the TEI would agree a "satisfactory outcome". The transfer and disposal processes set out in the Policy only apply to those assets which the TEI manages. VUW does not "manage" the ECE Properties (see my further comments below).
- The right of TEIs to sell any land transferred from the Crown is not unfettered.

For example, page 7 of the Policy states:

"A condition will be attached to the sale and purchase agreement by which any land is transferred from the Crown to a TEI, stating that if the TEI sells the assets within five years from the date of transfer, then the TEI must pay 20% of the net proceeds of sale to the Crown.

The condition on sale is not intended as a sanction on TEIs, but rather as a means of accommodating genuine changes in TEI capital needs in a way that does not disadvantage the Crown.¹ It is also intended to prevent gaming, whereby a TEI asks for an asset to be transferred into its ownership, overstating the case for ongoing education need, with the intention of on-selling it and recouping 100% of the disposal proceeds."

The explanation provided in the second paragraph is relevant because it re-enforces that the Policy recognises that the capital needs of a TEI are not to be considered in isolation but with regard to the interests of the Crown.

- A distinction is made in the Policy, in respect of the disposal of surplus Crown property in TEI management, between other Crown agencies and the Ministry of Education itself.

Page 12 of the Policy states:

"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

¹ A footnote to this sentence reads "To have an asset transferred into its ownership, a TEI must demonstrate that it has an ongoing educational need for that asset. It is possible that, as a result of an unforeseen change in the TEI's delivery (e.g. a new competitor opening in the region), the asset becomes surplus sooner than expected. In this case, the TEI is obliged by law to dispose of the asset. The Crown wants to ensure that neither the TEI nor the Crown is disadvantaged by these kinds of unforeseen events."

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."

Whilst the above terms refer to the scenario where the disposal occurs *before* the transfer of Crown-owned assets to a TEI has occurred, I consider it is particularly relevant to the ECE Properties where the assets had been transferred in error and were required for an existing education use.

The 2014 transfer of title in the ECE Properties to VUW

As I have already explained in my previous letters, the Ministry considers the classification of the ECE Properties as "commercial space, including space leased or rented to others, bookshops, cafeteria etc" was not appropriate. In reference to some of the points made in the 17 March Letter under this heading:

- The reference to "commercial space" implies that there was a direct arrangement between VUW and the ECEs on commercial terms – either involving the payment of market rent or some other arrangement which would directly benefit VUW's staff or students. There were (and are) no such arrangements in place. The ECEs operate from the ECE Properties pursuant to historical arrangements set up by the Ministry, where the ECEs pay peppercorn or minimal rental, and manage themselves without further reference to VUW. This does not qualify in any sense as "commercial space - ... rented to others".
- The ECE Properties have been occupied for the same ECE operations on the same sites since the 1980s. While both the POD (for Campbell Kindergarten) and Tenancy Agreement (for Karori Kids) could be terminated on short notice, it is evident that: the ECEs have been operating from the ECE Properties for a very long time; the ECEs have invested heavily in the sites; and there is considerable public interest in preserving the ECEs' continued use in the long term. In the circumstances, they are hard to categorise as "interim users". The early termination clause is a standard term included in all occupation arrangements entered into by the Ministry for ECEs on education sites owned by the Crown (whether on school sites, or on Teachers' College or Polytechnic sites as the case may be). It recognises that the early childhood education public work may need to make way for other education public work priorities of the Ministry. The need to terminate has not arisen at any stage in respect of the ECE Properties.
- A pre-condition of a TEI being able to apply for the transfer of Crown-owned assets into its ownership is that the TEI has managed the relevant assets for which there is an ongoing educational need since 1990. VUW has not satisfied this requirement in respect of the ECE Properties.

In relation to the alleged factual errors made in respect of the ECE Properties:

- Karori Kids operate under a Tenancy Agreement dated 4 February 1983. A POD was prepared and submitted to the tenant in 1994 (around the same time as the POD prepared for Campbell Kindergarten) to which the tenant replied that it already had a lease. In the Ministry ECC Database, there is a note stating that it "looks as if the POD will need cancelling or altering. Copy of Lease received 30-6-94".
- In respect of the designation of Campbell Kindergarten, the key point of significance is that, well before the merger, recognition was given that the land was intended to be used for an ECE. Both Campbell Kindergarten and Karori Kids had moved to their current sites to provide

IN CONFIDENCE

a supporting service to the then Wellington College of Education at the request of the then Department of Education. It was common practice for ECEs to be situated on land acquired for teachers' colleges and polytechnics around this time, as the then Department of Education was the administrator, on behalf of the Crown, of the land occupied by teacher colleges and polytechnics. If the then Department of Education identified an education need, say a new school or ECE, it considered installing it, where appropriate, on any of the land it administered, including land acquired for teachers' colleges or polytechnics. In 1990, teachers' colleges and polytechnics gained the same status as Universities in respect of administering the land occupied i.e. status as TEIs.

- I do not understand the relevance or application of the comparison you draw between the ECE Properties and any bare land or any other residential or commercial properties identified as required by the TEI. In VUW's TEI Crown Asset Verification Schedule, no other assets managed by VUW were identified under the classification "commercial space".

Payment by the Crown is not "required by law"

A requirement on all Crown agencies and departments, like VUW and the Ministry, is to make prudent financial decisions in the context of the policy and legislative framework that applies to Crown agencies and departments.

A section 50 transfer of the ECE Properties is being implemented by a government department and a TEI, where the assets are not moving out of the Crown consolidated accounts and will restore tenure of existing public works. In the present circumstances, please advise what legal obligations VUW considers would be breached if the ECE Properties were transferred back to the Crown for nil consideration.

The statement in the 17 March Letter that in the "absence of the Crown's requirement for these properties, Victoria would receive market value for the properties if they were sold to the former owners or, if the PWA process did not lead to a sale to the former owners, on the open market" is irrelevant. All landholding agencies under the PWA should be aware that the financial outcome that may occur in respect of the disposal of assets under the PWA and the Crown disposal process will vary depending on whether:

- any part (or parts) of the land is required for another public work (under section 50 or 52);
- the gifting policy applies to any part (or parts) of the land;
- any part (or parts) of the land is required to be offered back under section 40.

A landholding agency under the PWA, therefore, cannot rely on (or anticipate) receiving market value, or even its holding book value, for the property it is disposing of, in every case.

Arranging meeting

I will ask my Executive Manager to liaise with VUW regarding organising a meeting as soon as reasonably practicable.

Yours sincerely



Kim Shannon
Head of Education Infrastructure Service

IN CONFIDENCE

From: [Jerry Ball](#)
To: [Clive Huggins](#)
Cc: [Rachel M Crerar/NZ/FAS/PwC](#)
Subject: Re: Karori campus: transfer of ECE properties
Date: Thursday, 30 March 2017 7:06:41 p.m.

Thanks Clive, that's helpful.

Sorry to hear that you were delayed; hopefully you were not as disrupted as some others have been.

We look forward to meeting you tomorrow.

Best wishes - Jerry

From: Clive Huggins <Clive.Huggins@education.govt.nz>
Sent: Thursday, 30 March 2017 6:22 p.m.
To: Jerry Ball
Cc: Rachel M Crerar/NZ/FAS/PwC
Subject: RE: Karori campus: transfer of ECE properties

Hi Jerry,
Apologies for the delay – my journey to Wellington took a little longer than I anticipated.

In regards to the meeting with Mark tomorrow

- Ministry requirement and VUW feedback
- WCC requirement (if known or relevant)
- VUW process to dispose
- Section 50 process
- Process of valuation
- Next steps

Clive Huggins | National Manager Acquisitions & Designations | Land and Property Services
DDI 07 571 7857 | Ext 77857 | Mobile 9(2)(a) [REDACTED]

From: Jerry Ball [mailto:Jerry.Ball@vuw.ac.nz]
Sent: Wednesday, 29 March 2017 4:05 p.m.
To: Clive Huggins
Cc: Rachel M Crerar/NZ/FAS/PwC
Subject: RE: Karori campus: transfer of ECE properties

Thanks for getting back to me Clive. We'll await that response.

In terms for Friday's meeting with Mark, can you advise what you'd like on the agenda?

Best wishes – Jerry

Jerry.Ball@vuw.ac.nz

04 463 6947

9(2)(a)

Room 310, Central Services Building, Gate 7, Kelburn Parade

From: Clive Huggins [<mailto:Clive.Huggins@education.govt.nz>]

Sent: Wednesday, 29 March 2017 4:03 p.m.

To: Jerry Ball <Jerry.Ball@vuw.ac.nz>

Cc: Rachel M Crerar/NZ/FAS/PwC <rachel.m.crerar@nz.pwc.com>

Subject: RE: Karori campus: transfer of ECE properties

Hi Jerry,

The ECE's do not rest with me and I've been advised that Head of Education Infrastructure Service is preparing a response to VUW.

Cheers

Clive Huggins | National Manager Acquisitions & Designations | Land and Property Services
DDI 07 571 7857 | Ext 77857 | Mobile 9(2)(a)

From: Jerry Ball [<mailto:Jerry.Ball@vuw.ac.nz>]

Sent: Wednesday, 29 March 2017 11:38 a.m.

To: Clive Huggins

Cc: Rachel M Crerar/NZ/FAS/PwC

Subject: Karori campus: transfer of ECE properties

Hello Clive

Mark asked me to check with you whether you are now also managing the process to agree the terms of transfer, including the sale price, to complete the transfer of the properties occupied by the early childhood education (ECE) centres?

If this is not you, can you please advise me and Rachel who is the appropriate contact at MoE?

Best wishes – Jerry Ball

Jerry.Ball@vuw.ac.nz

04 463 6947

9(2)(a)

Room 310, Central Services Building, Gate 7, Kelburn Parade

From: Mark Loveard

Sent: Friday, 17 March 2017 2:56 p.m.

To: Kim.Shannon@education.govt.nz

Subject: ECE properties - Campbell Kindergarten and Karori Kids

Kim,

Thank you for your letter dated 7 March 2017. Grant has asked me to respond on his behalf (refer attached). I would be happy to meet 1-1 with you to agree next steps.

Kind Regards

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
Ph: 9(2)(a) [REDACTED]
mark.loveard@vuw.ac.nz
Victoria University of Wellington
PO Box 600, Wellington 6140.

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Released under the Official Information Act 1982

From: [Grant Guilford](#)
To: [Kim Shannon](#)
Cc: 9(2)(a)
Subject: RE: ECE Properties - Karori
Date: Monday, 3 April 2017 12:22:22 p.m.
Attachments: [image001.jpg](#)
[image002.png](#)

Dear Kim

Our legal and financial advisers have looked over the documents you sent on Friday and, as I suspected, there is little if any of your attachment (including the KPMG letter) that our advisers support.

I suggest a two-step process to resolve this impasse:

1. Our General Counsel (Simon Johnson) and our specialist PWA adviser (Julian Smith) meet with Valerie Bland to see if they can agree on the correct process to follow and if any of the areas of disagreement can be resolved. Unfortunately, this won't be able to take place this week and, given our proximity to Easter, I suggest that meeting occurs in the week 5 May. I will ask Simon to contact Valerie and arrange a suitable time.
2. If the parties fail to make headway through (1) above, we refer the valuation question to the Auditor General.

An alternative to step 2) above is that Iona and I meet to agree a compromise 'commercial' position on price with flexible payment terms across multiple years. However, our preference is that we seek resolution via the Auditor General so we are sure tax payers and students have been treated fairly.

Kind regards

Grant

Professor Grant Guilford
Vice-Chancellor | Tumu Whakarae

From: Grant Guilford
Sent: Friday, 31 March 2017 6:37 PM
To: Kim Shannon <Kim.Shannon@education.govt.nz>
Cc: 9(2)(a) @education.govt.nz>
Subject: RE: ECE Properties - Karori

Thanks Kim

Yes, we do appear to have reached a fundamental impasse and there appears to me to be little if any of your attachment (including the KPMG letter) that our legal and accounting advisers will agree with when they review the arguments next week.

I agree it may be useful for the different adviser groups to have a discussion to identify the key

points of disagreement (and agreement) but I wouldn't hold out a lot of hope they will reach agreement. Mark Loveard will be happy to coordinate that discussion from our end.

I'm not in any position to make any useful contribution to that commercial/legal discussion but would be happy to meet with Iona afterwards to decide a way forward. It may be that a compromise can be determined between MoE and VUW but if that doesn't prove feasible we may need to seek arbitration or a judicial viewpoint to resolve the matter.

Sometimes in such situations it is worth stepping back from the detail to think of the context – two large state sector organisations both with public good mandates arguing over a small sum of money and in so doing benefiting private sector consultants. It may be better to cut straight to a compromise and be done with it.

However, if you wish to put the two adviser groups together for a discussion then let's do so.

Kind regards

Grant

From: Kim Shannon [<mailto:Kim.Shannon@education.govt.nz>]

Sent: Friday, 31 March 2017 5:37 PM

To: Grant Guilford <Grant.Guilford@vuw.ac.nz>

Subject: ECE Properties - Karori

Grant, please find attached a letter in response to Mark Loveard's letter of 17 March.

Regards

Kim

Kim Shannon | Deputy Secretary, Office of the Minister of Education

Mobile 9(2)(a) [REDACTED]

33 Bowen St, Wellington

education.govt.nz | [Follow us on Twitter: @EducationGovtNZ](https://twitter.com/EducationGovtNZ)

We get the job done *Ka oti i a matou nga mahi*

We are respectful, we listen, we learn *He ropu manaaki, he ropu whakarongo, he ropu ako matou*

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Ministry of Education logo





6 April 2017

Grant Guilford
Vice-Chancellor
Victoria University of Wellington
PO Box 600
Wellington 6140

IN CONFIDENCE

via email grant.guilford@vuw.ac.nz

Dear Grant

Campbell Kindergarten – Section 40 Offer Back

It came to my attention yesterday that VUW has unwittingly offered part of the land occupied by Campbell Kindergarten to the successors of the previous owner of 27 Campbell Street. Ministry officials were notified of this unfortunate turn of events by Rachel Crerar of PWC on 23 March 2017, however I was not made aware of this situation when I last wrote to you on 31 March 2017.

By your letter of 21 December 2016, you allowed the Ministry until 16 February 2017 to notify you of an alternative public use in respect of the "childcare centres" and the rest of the residential houses on Campbell Street. The Ministry formally notified VUW by a letter dated 7 February 2017 that it had identified a public work for the sites of Campbell Kindergarten and Karori Kids, being education purposes, and required the transfer of those sites back to the Crown under section 50 of the Public Works Act 1981.

It appears that VUW then made a section 40 offer back to former owners which erroneously included part of the site of Campbell Kindergarten (amounting to approximately one quarter of the site which is currently used for kindergarten purposes).

VUW's mistake appears to have been made because, at the time of the Crown's acquisition in 1979, the Campbell Kindergarten site (Lot 1 DP 9619) was contained in two original titles and acquired from two different owners: WN 489/202 contained part of Lot 1 DP 9619 and the remaining part of Lot 1 DP 9619 was contained in the same title as Lot 2 DP 9789 (WN 489/201). All of Lot 1 DP 9619 and Lot 2 DP 9789 are now contained within amalgamated title WN 42C/108 (with other adjacent areas of the Karori campus).

Campbell Kindergarten has occupied, and continues to occupy, the whole of Lot 1 DP 9619. This is also the legal description in the current POD arrangement with the ECE operator. The Ministry clearly and unequivocally notified an alternative public use in respect of the site of Campbell Kindergarten so that the Ministry can continue its current public use.

VUW's TEI Crown Asset Verification schedule on its website identifies the Campbell Kindergarten site at 25 Campbell Street as having the legal description of Lot 1 DP 9619 with an area of 0.0840 ha. 27 Campbell St is identified on the asset verification spreadsheet as being Lot 2 DP 9789 with an area of 0.0737 ha. As above, both allotments are contained in the amalgamated title WN42C/108 which was transferred to VUW in 2014.

The Ministry has clearly indicated to VUW that it requires the site of Campbell Kindergarten (which comprises the whole of Lot 1 DP 9619). Therefore, the whole of Lot 1 DP 9619 is not, and has never been, surplus to the Crown since its acquisition in 1976. Accordingly, VUW is not in a position to offer that part of Lot 1 DP 9619 previously contained in title WN489/201 to the successors of the former owners. Similarly, no section 40 offer back obligation has ever crystallised in respect of any part of Lot 1 DP 9619.

In the circumstances, I request VUW and its accredited agent to immediately notify the successors of the former owners that an error has been made in the section 40 offer. It is the Ministry's view the offer should now be withdrawn and reissued to exclude Part Lot 1 DP 9619 which is, and continues to be, required for Campbell Kindergarten.

Can you please confirm that the above action will be undertaken immediately.

Please also ensure that all future communications on this matter (either from VUW or PWC) are directed to me.

Yours sincerely



Kim Shannon
Head of Education Infrastructure Service

IN CONFIDENCE

From: [Rob Giller](#)
To: [Mark Loveard](#)
Cc: [Suze Strowger](#)
Subject: RE: Karori ECE boundary issues
Date: Tuesday, 11 April 2017 6:13:00 p.m.
Attachments: [image001.jpg](#)
[image002.png](#)

Understood.

Will there instead be a letter of response to Kim's Friday letter from you or Grant?

I don't particularly feel the need to view the revocation letter but I've copied in Suze as the Regional Director of Education who might.

Regards,

Rob

From: Mark Loveard [<mailto:Mark.Loveard@vuw.ac.nz>]
Sent: Tuesday, 11 April 2017 5:47 p.m.
To: Rob Giller
Subject: Re: Karori ECE boundary issues

Hi Rob,

The revocation letter was sent yesterday. I'm very happy for you to view a copy of the letter at our offices but a wee bit reticent to provide a 3rd party with a copy of a letter sent to a private individual for privacy reasons.

Trust this makes sense

Mark

Mark Loveard

Chief Operating Officer

Victoria University of Wellington

Ph: 9(2)(a)

mark.loveard@vuw.ac.nz <<mailto:ark.loveard@vuw.ac.nz>>

Victoria University of Wellington

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From: Rob Giller <Rob.Giller@education.govt.nz>
Date: Tuesday, 11 April 2017 at 7:08 AM
To: Mark Loveard <Mark.Loveard@vuw.ac.nz>
Subject: RE: Karori ECE boundary issues

Hi Mark,

Thanks for your assistance yesterday and your phone message indicating you have sent a letter revoking the offer-back.

Can I bother for a copy of that letter please. It clearly provides the response we were seeking from Kim's letter to Grant last Friday.

Many thanks,

Rob

From: Rob Giller
Sent: Monday, 10 April 2017 8:33 a.m.
To: 'mark.loveard@vuw.ac.nz'
Subject: Karori ECE boundary issues

Hi Mark,

Thanks for the call this morning.

My contact details below.

Regards,

Rob

Rob Giller | Group Manager Infrastructure Advisory Services | Infrastructure Delivery
DDI +6444395038 Mobile 9(2)(a)
19 Aitken St, Wellington

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From: [Rob Giller](#)
To: [Kim Shannon](#)
Subject: FW: Karori - URGENT
Date: Wednesday, 12 April 2017 11:12:00 a.m.

FYI

From: Mark Loveard [<mailto:Mark.Loveard@vuw.ac.nz>]
Sent: Wednesday, 12 April 2017 11:12 a.m.
To: Rob Giller
Subject: Re: Karori - URGENT

Sure. Will do. Thanks Rob.

Mark Loveard

Chief Operating Officer

Victoria University of Wellington

Ph: 9(2)(a) [REDACTED]

mark.loveard@vuw.ac.nz <<mailto:ark.loveard@vuw.ac.nz>>

Victoria University of Wellington

PO Box 600, Wellington 6140.

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P Please consider the environment before printing this e-mail

From: Rob Giller <Rob.Giller@education.govt.nz>

Date: Wednesday, 12 April 2017 at 9:27 AM

To: Mark Loveard <Mark.Loveard@vuw.ac.nz>

Cc: Clive Huggins <Clive.Huggins@education.govt.nz>, Kim Shannon <Kim.Shannon@education.govt.nz>

Subject: RE: Karori - URGENT

Hi Mark,

Thanks for your email. Can I suggest you use me as the escalation point going forward on any Karori related matters. I will do the same thing with you and I hope that only the most significant matters will need to be referred to Kim and Grant.

We will get onto the issue you have raised immediately and Clive will be in touch to schedule the meeting.

My understanding is that on the 31st of March a subsequent meeting was arranged for the 19th of April so we will see if we can still work to that. Clive, please copy me in once arrangements are made.

Regards,

Rob

From: Kim Shannon
Sent: Wednesday, 12 April 2017 7:43 a.m.
To: Mark Loveard
Cc: Clive Huggins; Rob Giller
Subject: Re: Karori - URGENT

Thanks Mark

I'll get Rob to get back to you this morning.

Kim Shannon

Head of Education Infrastructure Service, Ministry of Education

DDI +64 4 463 8384 Ext 48384 <tel:+64%204%20463%208384;48384> | Mobile 9(2)(a)
<tel:+64%2027%20446%203175>

On 12/04/2017, at 7:03 AM, Mark Loveard <Mark.Loveard@vuw.ac.nz> wrote:

Hi Clive/Kim,

We are concerned by the slow speed of engagement to progress the next steps at Karori. Clive, we met you and James (property advisor) a week ago last Friday, on 31 March. The agreed next step was for James to sit down with PWC our property advisers. We have tried repeatedly to set up the meeting but James has advised that he is not yet authorized to hold a meeting with PWC (despite what was agreed at our 31 March meeting).

With Easter, this delay will have cost us at least two and a half weeks on our critical path. Given the campus costs the University \$200,000 a month in its current state, this delay has cost us over \$100,000.

Please can you give this your urgent attention and authorize James to meet with PWC as agreed at our meeting.

Kind Regards

Mark

Mark Loveard

Chief Operating Officer

Victoria University of Wellington

Ph: 9(2)(a)

mark.loveard@vuw.ac.nz <<mailto:ark.loveard@vuw.ac.nz>>

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PO Box 600, Wellington 6140.

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P Please consider the environment before printing this e-mail

From: [Mark Loveard](#)
To: [Clive Huggins](#)
Subject: Re: Karori - URGENT
Date: Wednesday, 12 April 2017 5:12:56 p.m.

Thanks Clive. Hope you have a good holiday.

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
Ph: 9(2)(a)
mark.loveard@vuw.ac.nz
Victoria University of Wellington
PO Box 600, Wellington 6140.

www.victoria.ac.nz | 0800 VICTORIA

 Please consider the environment before printing this e-mail

From: Clive Huggins <Clive.Huggins@education.govt.nz>
Date: Wednesday, 12 April 2017 at 3:09 PM
To: Mark Loveard <Mark.Loveard@vuw.ac.nz>
Cc: Kim Shannon <Kim.Shannon@education.govt.nz>, Rob Giller
<Rob.Giller@education.govt.nz>
Subject: RE: Karori - URGENT

Hi Mark,
I'm now back on board and have checked in with James regarding the meeting with his counterpart at Greenwood Roche. I understand that meeting is set to proceed next Wednesday morning as originally suggested.

Kind regards

Clive Huggins | National Manager Acquisitions & Designations | Land and Property Services
DDI 07 571 7857 | Ext 77857 | Mobile 9(2)(a)

From: Rob Giller
Sent: Wednesday, 12 April 2017 9:27 a.m.
To: Mark Loveard
Cc: Clive Huggins; Kim Shannon
Subject: RE: Karori - URGENT

Hi Mark,
Thanks for your email. Can I suggest you use me as the escalation point going forward on any Karori related matters. I will do the same thing with you and I hope that only the most significant matters will need to be referred to Kim and Grant.
We will get onto the issue you have raised immediately and Clive will be in touch to schedule the meeting.

My understanding is that on the 31st of March a subsequent meeting was arranged for the 19th

of April so we will see if we can still work to that. Clive, please copy me in once arrangements are made.

Regards,
Rob

From: Kim Shannon
Sent: Wednesday, 12 April 2017 7:43 a.m.
To: Mark Loveard
Cc: Clive Huggins; Rob Giller
Subject: Re: Karori - URGENT

Thanks Mark
I'll get Rob to get back to you this morning.

Kim Shannon

Head of Education Infrastructure Service, Ministry of Education
DDI [+64 4 463 8384 Ext 48384](tel:+6444638384) | Mobile ^{9(2)(a)} [REDACTED]

On 12/04/2017, at 7:03 AM, Mark Loveard <Mark.Loveard@vuw.ac.nz> wrote:

Hi Clive/Kim,

We are concerned by the slow speed of engagement to progress the next steps at Karori. Clive, we met you and James (property advisor) a week ago last Friday, on 31 March. The agreed next step was for James to sit down with PWC our property advisers. We have tried repeatedly to set up the meeting but James has advised that he is not yet authorized to hold a meeting with PWC (despite what was agreed at our 31 March meeting).

With Easter, this delay will have cost us at least two and a half weeks on our critical path. Given the campus costs the University \$200,000 a month in its current state, this delay has cost us over \$100,000.

Please can you give this your urgent attention and authorize James to meet with PWC as agreed at our meeting.

Kind Regards

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington

Ph: 9(2)(a)

mark.loveard@vuw.ac.nz

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PO Box 600, Wellington 6140.

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From: [Rob Giller](#)
To: [Suze Strowger](#)
Cc: 9(2)(a)
Subject: FW: Campbell Kindergarten - Section 40 Offer Back
Date: Thursday, 13 April 2017 4:09:00 p.m.
Attachments: [170413 Ltr to K Shannon MoE - Campbell Kindergarten - Section 40 Offer Back.pdf](#)

Regards,

Rob

From: 9(2)(a) On Behalf Of Kim Shannon
Sent: Thursday, 13 April 2017 12:18 p m.
To: Rob Giller; Valerie Bland
Subject: FW: Campbell Kindergarten - Section 40 Offer Back

FYI

9(2)(a) | Executive Manager | Head of Education Infrastructure Service
DDI +6444638004 9(2)(a)

From: Mark Loveard [<mailto:Mark.Loveard@vuw.ac.nz>]
Sent: Thursday, 13 April 2017 12:10 p m.
To: Kim Shannon
Subject: Campbell Kindergarten - Section 40 Offer Back

Hi Kim,

Please find attached a reply to your letter of 6 April. This confirms that we have revoked the original offer back on the adjacent property, pending agreement of the revised ECE boundary with yourselves. PWC will be in contact with you or your team shortly to confirm the exact boundary.

Have a great Easter

Kind Regards

Mark

Mark Loveard

Chief Operating Officer

Victoria University of Wellington

Ph: 9(2)(a)

mark.loveard@vuw.ac.nz <<mailto:ark.loveard@vuw.ac.nz>>

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OFFICE OF THE CHIEF OPERATING OFFICER
VICTORIA UNIVERSITY OF WELLINGTON, PO Box 600, Wellington 6140, New Zealand
Phone +64-4-463 9489

12 April 2017

Kim Shannon
Head of Education Infrastructure Service
Ministry of Education
PO Box 1666

Wellington 6140

By Email: Kim.Shannon@education.govt.nz

Dear Kim

Campbell Kindergarten – Section 40 Offer Back

Thank you for your letter to Grant Guilford dated 6 April 2017.

As advised when we spoke on the phone on Monday evening, Victoria has now withdrawn the Section 40 offer to the successors of the former owner of 27 Campbell Street.

We believe that Victoria acted correctly in making the now withdrawn offer. We wish to proceed to issue a new offer in a timely manner.

PwC will be in touch with you on our behalf to confirm the precise area required by the Ministry. We anticipate that this will be the land up to the current fence, which is less than the whole of Lot 1 DP 9619 but more than the basis on which the now withdrawn Section 40 offer for 27 Campbell Street was made.

Once we have confirmed the precise area, we will then obtain an updated valuation, make a new Section 40 offer to the successors of the former owner of 27 Campbell Street, and, once that offer is accepted, instruct a surveyor to survey 25 and 27 Campbell Street to enable separate titles.

Regards



Mark Loveard

Chief Operating Officer

From: [Rob Giller](#)
To: robert.j.cameron@nz.pwc.com
Cc: [Kim Shannon](#)
Subject: FW: Victoria University and MOE - 25 Campbell Street, Karori (Campbell Kindergarten)
Date: Saturday, 15 April 2017 8:56:00 a.m.
Attachments: [25 Campbell Street boundary plan 11.04.17.pdf](#)

Hi Robert,

Going forward, I will be the Ministry of Education lead on Victoria Campus related property matters.

I expect Kim to only become involved in escalation matters initiated by Mark Loveard/ Grant Guildford or where I recommend to her that she exercise specific delegations.

I will review this proposal with key staff on Tuesday. However I will remind you as stated in our letter of 6 April that the Ministry's position has consistently been that our interest has been in Lot 1 DP 9619, not one of the two original titles and not some resurveyed smaller part of this site.

Assumptions of the sort you have made below are dangerous. At this point in time, our requirement is very clear (Lot 1 DP 9619). However, I am willing to discuss your proposal with the management of Campbell Kindergarten then get back to you with an answer on whether the Ministry can adjust our current requirement. I will do this as promptly as possible but obviously subject to the availability of Kindergarten management. Subject to their availability I hope to be able to update you later next week.

Regards,
Rob

From: robert.j.cameron@nz.pwc.com [<mailto:robert.j.cameron@nz.pwc.com>]
Sent: Thursday, 13 April 2017 3:45 p.m.
To: Kim Shannon
Cc: Jerry.Ball@vuw.ac.nz
Subject: Victoria University and MOE - 25 Campbell Street, Karori (Campbell Kindergarten)

Dear Kim,

you will be aware that PwC is assisting Victoria University with aspects of the disposal of its Karori Campus.

The purpose of this email is to seek confirmation of the site that the Ministry requires for the ECE Centre.

We have assumed that the requirement would most logically be up to the current fence at the eastern boundary (which is less than the whole of Lot 1 DP 9619 but more than the basis on which the S40 offer for 27 Campbell was made). The remaining small balance of Lot 1 is integrally used as part of 27 Campbell Street.

We have indicatively marked this assumed area in red on the attached plan. From this plan you will also see that the ECE centre is using an area of land at the front of the site which is outside of its boundary - that is on an encroachment licence from Wellington City Council. This is common along

this section of the street. On transfer, a new licence will need to be entered in to with WCC.

We are in the process of arranging for a surveyor to produce new survey plans for 25 and 27 Campbell Street. To enable that work to be completed with urgency, and for Victoria to complete its PWA obligations in respect of 27 Campbell Street, we would be grateful if you could confirm the Ministry's requirement is as outlined in red on the attached plan. We have a surveyor on stand-by to complete the necessary field work next Thursday 20 April.

We look forward to your response and in the interim would be happy to address any questions you have.

Regards,

Robert J Cameron

PwC | Partner
Office: +6493558907 | Mobile: 9(2)(a) | Fax: +6493558001
Email: robert.j.cameron@nz.pwc.com
PricewaterhouseCoopers New Zealand
188 Quay Street, Private Bag 92162, Auckland CBD 1010
pwc.co.nz

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25 Campbell Street, Karori

Red outline follows current (April 2017) site perimeter fenceline.



Simon Barr

From: Julian Smith <Julian@greenwoodroche.com>
Sent: Wednesday, 19 April 2017 6:19 p.m.
To: 'Valerie Bland'; Simon Johnson
Cc: Claire Sweetman; Arthur Chung
Subject: RE: Karori ECE Centres - potential meeting [GREE DMS.FID46924]

Hi Valerie,

I'm totally happy to host here – hopefully there's no building works happening while we meet!

See you here at 11 on Friday.

Kind regards

Julian Smith | Partner

GreenwoodRoche

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From: Valerie Bland [mailto:Valerie.Bland@education.govt.nz]
Sent: Wednesday, 19 April 2017 3:48 p.m.
To: 'Simon Johnson'
Cc: Claire Sweetman; Arthur Chung; Julian Smith
Subject: RE: Karori ECE Centres - potential meeting

Thanks Simon – I had a lovely Easter (caught up with various family members in different places and none of the family members was sick!).

That would be great if Julian/Greenwood Roche could host on Friday at 11am. Claire, Arthur and I will be attending for the Ministry – could you please arrange for outlook meeting invites to be sent?

Kind regards
Valerie

PS Isn't the grapevine impressive in a place like Wellington? At some stage, we could talk more about what I am calling "my plans for world domination"...

Valerie Bland | Senior Solicitor | Legal Services
DDI +64 4 463 8191 Ext 48191
Mātauranga House, 33 Bowen Street, Wellington

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From: Simon Johnson [mailto:Simon.Johnson@vuw.ac.nz]
Sent: Wednesday, 19 April 2017 3:31 p.m.
To: Valerie Bland
Cc: Claire Sweetman; Arthur Chung; Julian Smith
Subject: Re: Karori ECE Centres - potential meeting

Hi Valerie,

I had a fairly trying long weekend unfortunately. Two sick kids doesn't make a fun time. I hope yours was significantly better!

Julian and I can both meet at 11am on Friday. We're a bit pushed for space up here at the moment so shall we meet at Greenwood Roche's offices?

Incidentally, I hear through the grapevine that you're leaving MoE. If that's correct, I wish you all the best for your future endeavours! Will you be passing this matter onto someone else in the Ministry's legal team?

Kind regards,
Simon

Simon Johnson
General Counsel
Victoria University of Wellington
Phone: +64-4-463 6551
Mobile: 9(2)(a) [REDACTED]
Room 213, Hunter Building
Gate 2, Kelburn Parade
PO Box 600
Wellington 6140

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From: Valerie Bland <Valerie.Bland@education.govt.nz>
Date: Wednesday, 19 April 2017 at 11:43 AM
To: Simon Johnson <Simon.Johnson@vuw.ac.nz>
Cc: Claire Sweetman <Claire.Sweetman@education.govt.nz>, Arthur Chung <Arthur.Chung@mc.co.nz>
Subject: RE: Karori ECE Centres - potential meeting

Morning Simon – hope you enjoyed your long weekend!

I have heard back from the Ministry's external solicitor (Arthur Chung from Meredith Connell) about his availability.

If you and Julian are still able to do this week's option ie Friday before 2pm, that would work for us (amongst other dates...).

So how would you be placed with a meeting at 11am on Friday? What venue were you thinking of – your office, the Ministry's office or Greenwood Roche's?

Please let me know (then the relevant host can send out the invitations).

Kind regards

Valerie

Valerie Bland | Senior Solicitor | Legal Services
DDI +64 4 463 8191 Ext 48191
Mātauranga House, 33 Bowen Street, Wellington

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We work together for maximum impact. Ka mahi ngātahi mā te tūkinga nui tonu

Great results are our bottom line. He ngā hua nui mātou, ā, he ngā hua nui tonu



From: Valerie Bland
Sent: Monday, 10 April 2017 11:32 a.m.
To: 'Simon Johnson'
Subject: RE: Karori ECE Centres - potential meeting

Absolutely! Means we can both be ready to enjoy our long weekend...

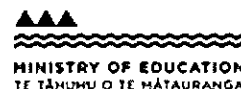
Valerie Bland | Senior Solicitor | Legal Services
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Great results are our bottom line. He ngā hua nui mātou, ā, he ngā hua nui tonu



From: Simon Johnson [<mailto:Simon.Johnson@vuw.ac.nz>]
Sent: Monday, 10 April 2017 11:31 a.m.
To: Valerie Bland
Subject: Re: Karori ECE Centres - potential meeting

Thanks Valerie. Can't say I'm disappointed about this week – the prospect of a 4pm meeting immediately before a long weekend wasn't too appealing!

Cheers,
Simon

From: Valerie Bland <Valerie.Bland@education.govt.nz>
Date: Monday, 10 April 2017 at 11:28 AM
To: Simon Johnson <Simon.Johnson@vuw.ac.nz>
Subject: RE: Karori ECE Centres - potential meeting

To: Valerie Bland <Valerie.Bland@minedu.govt.nz>

Subject: Karori ECE Centres - potential meeting

Hi Valerie,

Hope you've had a nice week. Can't believe today was such a nice day after the rubbish earlier in the week!

I presume you are aware of our suggestion that "the lawyers" meet to discuss some of the outstanding issues regarding the Karori ECE centres. I am just trying to find some time slots that suit at our end and I'll come back to you once I've done so.

Kind regards,
Simon

Simon Johnson
General Counsel
Victoria University of Wellington
Phone: +64-4-463 6551
Mobile: 9(2)(a)
Room 213, Hunter Building
Gate 2, Kelburn Parade
PO Box 600
Wellington 6140

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From: [Rob Giller](#)
To: [Mark Loveard](#); [Jerry Ball](#)
Cc: [Kim Shannon](#); [Denise Young](#)
Subject: RE: Karori - URGENT
Date: Friday, 28 April 2017 10:21:50 a.m.

Sounds excellent thanks.

Regards,
Rob

From: Mark Loveard [mailto:Mark.Loveard@vuw.ac.nz]
Sent: Friday, 28 April 2017 10:16 a.m.
To: Rob Giller; Jerry Ball
Cc: Kim Shannon; Denise Young
Subject: Re: Karori - URGENT

Hi Rob,

Thanks for raising this. I wasn't aware that there was an issue here. Please call me any time you have a concern about progress and we will address it.

Yes, sure, happy to meet next week and agree that it would be useful given the context you've outlined below. Just to clarify, I am the Executive sponsor and Jerry Ball is our project manager. Its Jerry's role to co-ordinate all aspects of the project, including the work team, meetings like the ones you've referred to below and the timely achievement of deliverables. Therefore, I'll ask Jerry to accompany me since he is the single point of accountability for co-ordinating all aspects of the project. I'll ask Denise (EA) to contact you to set up the meeting for next week.

Going forward, very happy to set up a brief meeting between the three of us each week or fortnight over the coming period if that would assist all of us to keep the project running smoothly and ontrack.

Have a great day

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
Ph: 9(2)(a) [REDACTED]
mark.loveard@vuw.ac.nz
Victoria University of Wellington
PO Box 600, Wellington 6140.

www.victoria.ac.nz | 0800 VICTORIA

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From: Rob Giller <Rob.Giller@education.govt.nz>
Date: Friday, 28 April 2017 at 8:24 AM
To: Mark Loveard <Mark.Loveard@vuw.ac.nz>

Cc: Kim Shannon <Kim.Shannon@education.govt.nz>

Subject: RE: Karori - URGENT

Hi Mark,

I think it would be worth us meeting in the next week or two to discuss a high level engagement framework for all the Karori related workstreams.

I propose this because on the one hand you are concerned about the speed of engagement but on the other your agents are coming to meetings but not engaging on the very matters the meeting was set up to address. An example is last Friday's meeting which was set up to discuss valuation of the ECE properties but Greenwood Roche decided not to discuss valuation determination issues at all. In fact, Julian questioned whether ECEs are public works at all even though we indicated we have a Crown Law opinion which confirms that ECEs are public works. This approach is detrimental to making any progress.

I sense if this continues, we are only going to end up with all parties frustrated and limited progress being made.

Next Thursday I am in Rotorua but otherwise I'm happy to reprioritise diary so we can meet.

Regards,
Rob

From: Rob Giller

Sent: Wednesday, 12 April 2017 9:27 a.m.

To: Mark Loveard

Cc: Clive Huggins; Kim Shannon

Subject: RE: Karori - URGENT

Hi Mark,

Thanks for your email. Can I suggest you use me as the escalation point going forward on any Karori related matters. I will do the same thing with you and I hope that only the most significant matters will need to be referred to Kim and Grant.

We will get onto the issue you have raised immediately and Clive will be in touch to schedule the meeting.

My understanding is that on the 31st of March a subsequent meeting was arranged for the 19th of April so we will see if we can still work to that. Clive, please copy me in once arrangements are made.

Regards,
Rob

From: Kim Shannon

Sent: Wednesday, 12 April 2017 7:43 a.m.

To: Mark Loveard

Cc: Clive Huggins; Rob Giller

Subject: Re: Karori - URGENT

Thanks Mark

I'll get Rob to get back to you this morning.

Kim Shannon

Head of Education Infrastructure Service, Ministry of Education

DDI [+64 4 463 8384](tel:+6444638384) Ext 48384 | Mobile ^{9(2)(a)}

On 12/04/2017, at 7:03 AM, Mark Loveard <Mark.Loveard@vuw.ac.nz> wrote:

Hi Clive/Kim,

We are concerned by the slow speed of engagement to progress the next steps at Karori. Clive, we met you and James (property advisor) a week ago last Friday, on 31 March. The agreed next step was for James to sit down with PWC our property advisers. We have tried repeatedly to set up the meeting but James has advised that he is not yet authorized to hold a meeting with PWC (despite what was agreed at our 31 March meeting).

With Easter, this delay will have cost us at least two and a half weeks on our critical path. Given the campus costs the University \$200,000 a month in its current state, this delay has cost us over \$100,000.

Please can you give this your urgent attention and authorize James to meet with PWC as agreed at our meeting.

Kind Regards

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington

Ph: ^{9(2)(a)}

mark.loveard@vuw.ac.nz

Victoria University of Wellington
PO Box 600, Wellington 6140.

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 Please consider the environment before printing this e-mail

From: [Rob Giller](#)
To: [Mark Loveard](#)
Subject: RE: ECE + Alternative Use Letters
Date: Monday, 8 May 2017 9:20:00 a.m.

Perfect thanks

From: Mark Loveard [<mailto:Mark.Loveard@vuw.ac.nz>]
Sent: Monday, 8 May 2017 7:28 a.m.
To: Rob Giller
Subject: Re: ECE + Alternative Use Letters

Hi Rob,

Let me know if you can open attached pdf.

Cheers

Mark

Mark Loveard

Chief Operating Officer

Victoria University of Wellington

Ph: 9(2)(a) [REDACTED]

mark.loveard@vuw.ac.nz <<mailto:ark.loveard@vuw.ac.nz>>

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www.victoria.ac.nz <<http://www.victoria.ac.nz>> | 0800 VICTORIA

P Please consider the environment before printing this e-mail

From: Rob Giller <Rob.Giller@education.govt.nz>
Date: Saturday, 6 May 2017 at 6:56 PM
To: Mark Loveard <Mark.Loveard@vuw.ac.nz>

Subject: RE: ECE + Alternative Use Letters

Thanks Mark,

The PWC letter opens fine but the ECE letter seems to be in a file format foreign to our system.

Can you send it as a PDF or a MS word doc?

Regards,

Rob

From: Mark Loveard [<mailto:Mark.Loveard@vuw.ac.nz>]

Sent: Friday, 5 May 2017 4:37 p m.

To: Rob Giller

Subject: ECE + Alternative Use Letters

Hi Rob,

As promised, please find attached our letter regarding the ECE's. I've also attached the letter regarding the three options for the main campus which PWC, our advisers, have sent to Clive.

I trust that the solutions outlined in these letters meet with your approval. Please feel free to call me anytime to clarify or discuss any aspect. I look forward to hearing from you.

Have a great weekend

Mark

Mark Loveard

Chief Operating Officer

Victoria University of Wellington

Ph: 9(2)(a) [REDACTED]

mark.loveard@vuw.ac.nz <<mailto:ark.loveard@vuw.ac.nz>>

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James Clareburt
The Property Group Ltd
PO Box 2874
Wellington 6140

5 May 2017

Without prejudice and confidential

Dear James

Victoria University of Wellington and the Ministry of Education

Karori Campus, Wellington

Further to our meeting at the Karori Campus (the “Campus”) on 28 April 2017 (PwC, Greenwood Roche, the Ministry of Education and TPG) the purpose of this letter is to recap on the Campus context and next steps in respect of the Ministry’s requirement.

Campus Context

As explained during the site visit, the primary collection of nine buildings will ultimately be subject to heritage protection which will inhibit their demolition. It is anticipated that the prefabs and the building previously used as the marae will be able to be demolished. Under a Letter of Understanding with Heritage New Zealand, Victoria has agreed to a staged approach for determining the basis of heritage protection. This includes provision for the preferred purchaser to participate in the final stages of the process. This has recently become more complicated by two parties nominating the buildings for entry on the New Zealand Heritage List.

The Karori Campus is zoned “Outer Residential Activity Area” with the main campus site subject to an Educational Precinct overlay.

Wellington City Council (WCC) has indicated a requirement for an area of parking across the Donald Street frontage of the Campus (adjacent to the swimming pool parking). Victoria is waiting on further detail from WCC.

Our understanding of the Ministry’s requirement

We understand that the Ministry’s requirement is twofold: additional capacity for Karori Normal School recreation and teaching space, and a site for a new technology hub (with associated transport requirements).

At the meeting, we also tabled two alternative options. Option 2 was for Victoria to require the Ministry to take the whole of the site. This option is consistent with Section 34 of the Public Works Act (PWA). Option 3 was for a minimalist area comprising the Allen Ward VC Hall (fronting Donald Street) which would significantly reduce the impairment on the residual area. In respect of Option 3, the possibility of sharing the Donald Street carpark with WCC can be explored. Victoria has raised this possibility with the Ministry.

We understand that the Ministry does not consider that either of these options will meet its requirements. However, for completeness, we have provided the indicative valuations for both of these options below (and shown them diagrammatically in Appendix A).

We also understand that the Ministry can fund strategic site acquisitions (as opposed to specific development projects) on confirmation of a satisfactory business case.

Campus Value

Paul Butchers, Registered Valuer and Director – Valuation & Advisory Services, Bayleys Valuations Ltd, has valued the Campus for Victoria. This includes a valuation of the Campus in its current form and a valuation of the area required by the Ministry together with the impairment to the value of the residual area after the Ministry's "taking" of all of the development land along the southern boundary. The later valuation is a "before and after" compensation type assessment. An indicative assessment has also been made for the minimalist area (Option 3).

Both Victoria's registered valuer and PwC (who have significant expertise in the sector) have identified the highest and best use of the Campus as a retirement village. This is important because not only does that sector compete strongly for land but it can also optimise the repurposing of the existing buildings which cannot be demolished. The existing buildings will otherwise be extremely difficult to deal with.

Preliminary feedback from retirement village operators indicates strong interest in the Campus which is consistent with our analysis of demand for independent living units (ILUs). Victoria now has a divestment strategy focused on retirement village operators. As Victoria has also accepted the advice of its LINZ accredited supplier, Lawson Price, that the Campus is exempt from offer back requirements¹, the strategy could now be initiated. That is one reason why time is of the essence.

The retirement village operators now tend to require, in suburban locations, development sites of 2-4ha for ILU development which is a key profit driver in their villages through deferred management fees. Under this highest and best use, any reduction in development land area will have a significant negative impact on the balance of the residual area as the complete Campus site only just meets this threshold.

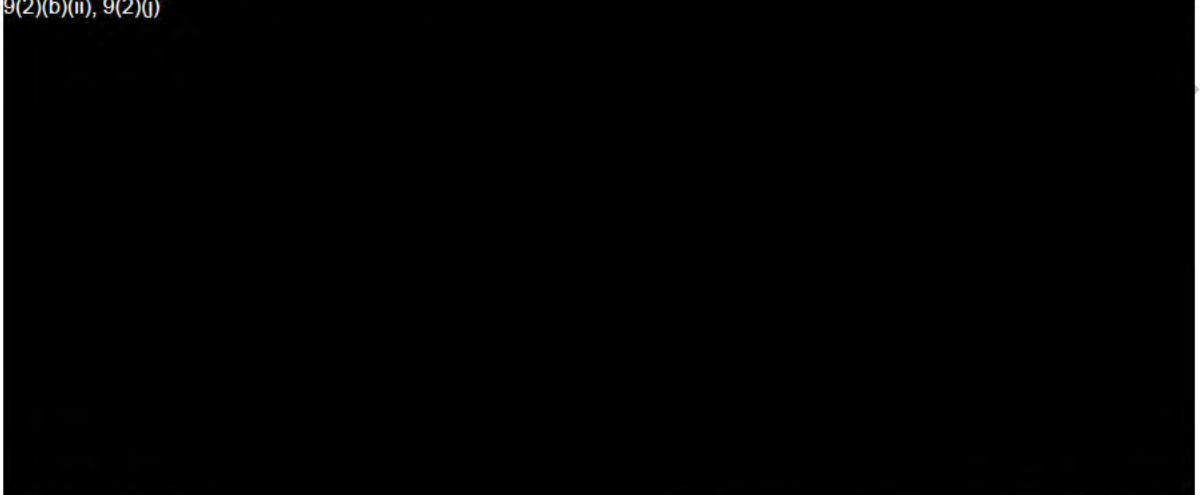
Based on on-going discussions between Victoria and the Ministry, we have set out the three different options below:

9(2)(b)(ii), 9(2)(j)



¹ As noted to you a party has indicated that it believes that it is entitled to receive an offer to purchase the land. Victoria has strong advice to the contrary.

9(2)(b)(ii), 9(2)(i)



Next Steps

The following steps have been designed to assist the Ministry expeditiously determine whether it wishes to proceed with its requirement. Since we met on 28 April the steps have been developed further. Those steps are:

1. 8 May - Victoria will share its valuation advice with the Ministry. As noted at the meeting, the key Campus specific assumptions for the valuation are that the prefabs and ex marae building can be demolished and used for parking, the remaining buildings can be repurposed, access will be available around the retained buildings and to the parking, there will be vacant possession and the residual buildings have NBS ratings of at least 67%.
2. 8 May - In parallel with Victoria preparing an information package for the Ministry, the Ministry will put a valuer on “stand-by” to review the Bayleys’ valuation.
3. 10 May - Victoria will provide an information package of relevant material that it has on file (such as the summary town planning advice).
4. 10 May - The Ministry will advise Victoria whether it will rely on the Bayleys’ valuation(s), subject to having the advice peer reviewed.
5. 15 May - In parallel with the valuation process, the Ministry will consider what other due diligence is required and establish that work-stream in order that it does not delay confirmation of the acquisition.
6. 31 May - The target date for completing the Ministry’s valuation review is, say, end of May. We will ask Paul Butchers to sit down and “walk” the Ministry’s reviewer through his valuation. On the basis that Bayleys’ advice is shared with the Ministry, we would appreciate a copy of the review report.
7. 2 June - Once the valuation and impairment review is completed, the Ministry will confirm its requirement.
8. Survey work initiated immediately to enable transfer to be completed.

We appreciate your understanding of the need to deal with this matter with urgency and bring about an end to Victoria’s significant holding cost. Given the disclosure of the value metrics we assume that

the Ministry can conclude its preliminary assessment of the viability of its requirement in parallel with the above tasks.

Please note that any agreement will be subject to the approval of Victoria Council.

Please feel free to contact me should you wish to discuss any aspect of this letter.

Yours sincerely

PwC Advisory Services



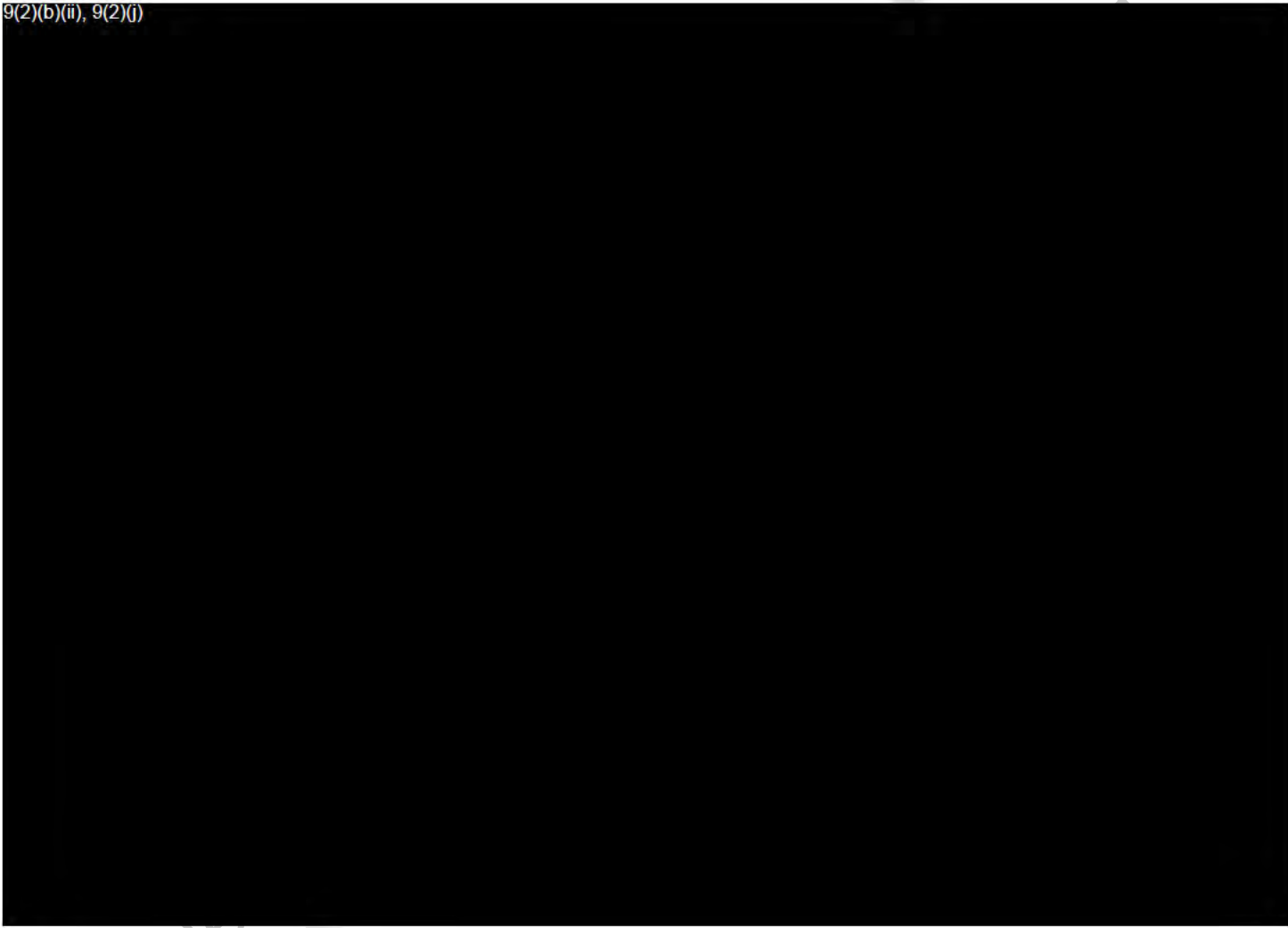
Robert Cameron
Partner
robert.j.cameron@nz.pwc.com
T: (09) 355 8907
M: 021 471 057

Copy to Victoria University of Wellington.



Appendix A

9(2)(b)(ii), 9(2)(i)

A large, solid black rectangular box that covers the majority of the page content, indicating that the information has been redacted.



OFFICE OF THE CHIEF OPERATING OFFICER
VICTORIA UNIVERSITY OF WELLINGTON, PO Box 600, Wellington 6140, New Zealand
Phone + 64-4-463 9489

5 May 2017

Rob Giller
Group Manager Infrastructure Advisory Service, EIS
Ministry of Education
PO Box 1666
Wellington 6140

Email: Rob.Giller@education.govt.nz

Dear Rob

Karori ECEs – next steps

We appreciated the opportunity to catch up on Wednesday. As promised, please find below a pragmatic proposal for completing the transfer of the ECE's at 25 and 29 Campbell Street Karori from Victoria to the Ministry of Education.

The two remaining actions which need to be completed to conclude the transfer are:

1. In the case of 25 Campbell Street, confirmation of the site boundary with 27 Campbell Street
2. For both ECE properties, agreement on the basis for valuation and the transfer value

Action (1) is currently the subject of discussion between the Ministry and Robert Cameron of PwC (acting for Victoria). We understand that you expect to be able to provide a definitive response by 16 May 17, after feedback from the Kindergarten.

Regarding action (2), Victoria and MoE legal advisors have met to discuss the transfer process. However there has been no agreement on the basis for valuation or an appropriate value. Victoria remains of the view that there was no error in the original process of title transfer and that the ECE properties should be transferred for current market value. We acknowledge that MoE holds a counter view. We have agreed that the matter now requires an alternative approach and have outlined two potential options below.

Option (1): We hear and recognise your wish to avoid creating a difficult precedent, were the MoE to acquire the two ECE's at market value. Therefore, and without prejudice to our legal position outlined above, we are open to exploring reversing the transfer at the original values Victoria acquired the assets for in 2004 and the notional \$10 fees subsequently paid to effect the title transfer. Specifically, Victoria acquired the properties in 2004 for \$1m, comprising \$485k for 25 Campbell Street and \$515k for 29 Campbell Street. Therefore, reversal of the transaction would be at a value of \$1,000,020, being the aggregate of the aforementioned figures.

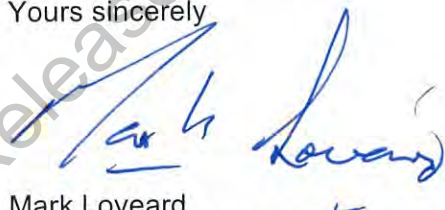
Option 2: Our advisors both recommend that a private independent determination is most likely to lead to a timely and cost effective resolution. We have solicited names of suitable independent experts. A number of parties have recommended Alan Isaac, former chair of KPMG, as a highly respected expert with the appropriate skills (we have yet to approach Alan to ask whether he would be prepared to act in this capacity).

Assuming that the determination path is adopted and that the proposed determiner is acceptable to the Ministry, we propose the following timeline:

- By 12 May: MoE to confirm that it will either acquire the ECE properties at current market value or that it prefers a private determination as the approach to resolving this matter.
- By 12 May: Victoria and MoE to jointly identify and agree an independent determiner acceptable to both parties, and agree on the process to follow, including that both parties will abide by the determiner's decision. We envisage that both parties would agree to share the costs of the determiner's fee and the costs of any additional valuation required by the determiner. We would otherwise meet our own costs.
- May-June: Determination process would run, with both parties presenting their cases to the determiner and the determiner requesting any additional information that they require. If the determiner finds that the ECEs should be transferred at current market value, then the determiner will work with Victoria to procure two valuations from recognised valuers and settle on a valuation which represents the mid points between the two valuations.
- By 30 June: Determiner makes decision.
- By 30 September: formal transfer completed under determined basis and for the determined value.

Rob, I trust that the two options offered above demonstrate that we are committed to finding and concluding win-win solutions with the MoE. We trust that this goodwill and desire to seek fair and pragmatic solutions will be reciprocated as we progress the remaining steps in the campus disposal process. Please give me a call to confirm or discuss any aspect of the above. I look forward to working with you to achieve a timely and fair resolution of this matter.

Yours sincerely



Mark Loveard
Chief Operating Officer

From: [Rob Giller](#)
To: [Mark Loveard](#)
Subject: RE: ECE Properties & Transfer Process
Date: Wednesday, 10 May 2017 3:34:00 p.m.

Thanks Mark,

That is exactly what I'm after in terms of the first EY document.

To give you a heads up in advance:

- I accept the \$1 million as a start point for discussion.
- Issues I want to discuss further:
 - o The equity interest of Campbell Kindergarten (I don't think one pertains to number 29 but I'm checking that) and its impact on the value allocated to improvements for 25 Campbell St.
 - o Your request to reduce the area of the site for 25 Campbell Street and the impact it would have on the value of the land for 25 Campbell St.

Regards,

Rob

From: Mark Loveard [<mailto:Mark.Loveard@vuw.ac.nz>]
Sent: Wednesday, 10 May 2017 9:36 a.m.
To: Rob Giller
Subject: FW: ECE Properties & Transfer Process

Hi Rob,

Good to chat. Here's the information we sent Kim regarding the 2004 values as independently verified by EY. Let me know if you require any further information. Hopefully we are close to crossing this one off the list

Have a great day

Mark

Mark Loveard

Chief Operating Officer

Victoria University of Wellington
Ph: 9(2)(a) [REDACTED]

mark.loveard@vuw.ac.nz <<mailto:ark.loveard@vuw.ac.nz>>

Victoria University of Wellington

PO Box 600, Wellington 6140.

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From: Mark Loveard <Mark.Loveard@vuw.ac.nz>
Date: Thursday, 23 February 2017 at 5:21 PM
To: "Kim.Shannon@education.govt.nz" <Kim.Shannon@education.govt.nz>
Cc: Grant Guilford <Grant.Guilford@vuw.ac.nz>
Subject: ECE Properties & Transfer Process

Kim,

Further to previous discussions, please find attached a letter and appendices providing more information on the background to the ECE properties and a view on the valuation. We look forward to discussing this with you and agreeing a mutually acceptable way forward for completing the transfer process.

Kind Regards

Mark

Mark Loveard

Chief Operating Officer

Victoria University of Wellington

Ph: 9(2)(a) [REDACTED]

mark.loveard@vuw.ac.nz <<mailto:ark.loveard@vuw.ac.nz>>

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Simon Barr

From: Mark Loveard
Sent: Thursday, 11 May 2017 9:28 a.m.
To: Rob Giller
Subject: Re: ECE Properties & Transfer Process

Hi Rob,

Good to hear the information was useful. I've followed up the points below with the team and provided some information in blue below which hopefully will be useful in helping us to close these two items out. Please give me a call once you've had a read.

Kind Regards

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
Ph: 9(2)(a) [REDACTED]
mark.loveard@vuw.ac.nz
Victoria University of Wellington
PO Box 600, Wellington 6140.

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From: Rob Giller
Date: Wednesday, 10 May 2017 at 3:34 PM
To: Mark Loveard
Subject: RE: ECE Properties & Transfer Process

Thanks Mark,
That is exactly what I'm after in terms of the first EY document.
To give you a heads up in advance:

- I accept the \$1 million as a start point for discussion.
 - Issues I want to discuss further:
 - The equity interest of Campbell Kindergarten (I don't think one pertains to number 29 but I'm checking that) and its impact on the value allocated to improvements for 25 Campbell St.
- My teams' advice yesterday was that the equity interest had zero impact. To be honest, my gut wasn't convinced, but having thought about it this morning with a fresh mind and having worked through the full range of scenarios, I arrive at a similar conclusion. Here are the possible scenarios:
1. \$165k 2004 building value was exclusive of equity interests – under this scenario it follows that a transfer back should be at \$165k.
 2. \$165k 2004 building was inclusive of equity interests which the MoE overlooked at the time the property was transferred to Victoria – let's say for illustrative purposes that the equity interest should have been \$50k then the 2004 cost net of equity interest should have been \$115k. If MoE deemed \$115k the correct figure for use in 2017 then Victoria would seek a \$50k refund on the \$165k effectively paid to the MoE in 2004 on the grounds that the MoE had incorrectly overcharged Victoria by

\$50k at the time of the original transfer. So again, aggregate payment would be
 $\$115k + \$50k = \$165k$

3. \$165k 2004 should be adjusted for subsequent equity improvements – this would be inconsistent with unwinding the 2004 transfer at the 2004 cost as this explicitly means that the parties disregard changes/improvements since 2004 (which, for Victoria, includes the significant market value appreciation since 2004)

- o Your request to reduce the area of the site for 25 Campbell Street and the impact it would have on the value of the land for 25 Campbell St.

The difference between the fence and the boundary for Lot 1 has been estimated as $54m^2$ vs $840m^2$ total size of Lot 1. Therefore, suggest we reduce land value of \$320k pro rata - reduction of $54m^2 = 6.4\% \times \$320k = \$20,571$.

Regards,
Rob

From: Mark Loveard [mailto:Mark.Loveard@vuw.ac.nz]

Sent: Wednesday, 10 May 2017 9:36 a.m.

To: Rob Giller

Subject: FW: ECE Properties & Transfer Process

Hi Rob,

Good to chat. Here's the information we sent Kim regarding the 2004 values as independently verified by EY. Let me know if you require any further information. Hopefully we are close to crossing this one off the list

Have a great day

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
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Victoria University of Wellington
PO Box 600, Wellington 6140

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 Please consider the environment before printing this e-mail

From: Mark Loveard <Mark.Loveard@vuw.ac.nz>

Date: Thursday, 23 February 2017 at 5:21 PM

To: "Kim.Shannon@education.govt.nz" <Kim.Shannon@education.govt.nz>

Cc: Grant Guilford <Grant.Guilford@vuw.ac.nz>

Subject: ECE Properties & Transfer Process

Kim,

Further to previous discussions, please find attached a letter and appendices providing more information on the background to the ECE properties and a view on the valuation. We look forward to discussing this with you and agreeing a mutually acceptable way forward for completing the transfer process.

Kind Regards

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
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mark.loveard@vuw.ac.nz
Victoria University of Wellington
PO Box 600, Wellington 6140.

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From: [Rob Giller](#)
To: Arthur.Chung@mc.co.nz
Cc: [Jan Breakwell](#)
Subject: Fwd: Karori Campus - 25 and 29 Campbell Street
Date: Friday, 26 May 2017 5:47:20 p.m.
Attachments: [image001.png](#)

Rather than meet, I'll like to send through something first. Where are we at with that?

Rob

Rob Giller

Begin forwarded message:

From: Stephen Costley <Stephen.Costley@vuw.ac.nz>
Date: 26 May 2017 at 5:43:31 PM NZST
To: "rob.giller@education.govt.nz" <rob.giller@education.govt.nz>
Subject: FW: Karori Campus - 25 and 29 Campbell Street

Hello Rob,

I left a message on your landline on Friday.

Are you able to meet me early in the week commencing 29 May to progress the discussion / negotiation on 25 and 29 Campbell Street?

Look forward to your reply.

Regards,

Stephen

From: Rob Giller [<mailto:Rob.Giller@education.govt.nz>]
Sent: Thursday, 18 May 2017 3:59 PM
To: Stephen Costley <Stephen.Costley@vuw.ac.nz>
Cc: Steph Forrest <steph.forrest@vuw.ac.nz>; Clive Huggins <Clive.Huggins@education.govt.nz>
Subject: RE: Karori Campus - Land for Technology Centre

Hi Stephen,

Good to meet you on Monday.

In terms of the main campus, the Investment Board confirmed the small footprint of carpark and hall do not meet what we need in terms of our Section 50 requirement.

The large footprint (whole of site) significantly exceeds our Section 50 requirement and is not desirable to the Ministry of Education.

To assist both MoE and VUW progress the valuation process (and hopefully facilitate better ultimate outcomes for both), Clive will immediately commission an architect to develop a high level concept plan that considers the interfaces between the activities plus access, car parking, etc.

Our agent's initial comment regarding the evidence supporting the valuation is that it is not quite as complete as we had hoped. This means that further work will be

required before the Ministry is able to comment. However this is a matter for our respective agents to deal with and I understand they are in communication. The Ministry will do what it can to keep the process moving forward at pace.

The Head of EIS is away until 6 June and I will be acting in her absence but will not hold delegations to acquire land. Based on our agent's initial comments, I doubt this will be material. If it does become material, I can always ask the Secretary to consider exercising her delegations.

Clive will contact Steph (if she is available) by the end of the day.

The Investment Board agreed to further funding for due diligence activities. The decision to purchase any piece of land rests with the Head of EIS (or the Secretary) after considering any recommendations provided by Clive.

Regards,
Rob

From: Stephen Costley [<mailto:Stephen.Costley@vuw.ac.nz>]
Sent: Thursday, 18 May 2017 1:28 p.m.
To: Rob Giller
Cc: Steph Forrest
Subject: Karori Campus - Land for Technology Centre

Hello Rob,
Thanks for taking my call on Wednesday afternoon.

I wanted to ensure I have correctly recorded the 17 May Investment Committee outputs you shared with me and the next actions the Committee has asked be completed.

Land:

The small footprint of carpark and hall do not accommodate the user requirements (of up to 12 classrooms plus open spaces).

The large footprint (whole of site) is not wanted.

Clive Huggins (sp) has been asked to confirm the area of interest user requirements for up to 12 classrooms and this will inform the area required (buildings and circulation spaces) on the site. The proposal will provide a Technology Hub for a number of Wellington Schools.

Next Steps:

Clive will call Steph Forrest on Thursday to discuss MoE next steps.

Other matters:

Valuation:

Victoria University has supplied valuation information to MoE.

Timeline:

Victoria has been hopeful that MoE and Wellington City Council would have

concluded their respective processes by 31 May and be in a position to indicate to Victoria which parcels of land they wish to contract to acquire. You were unable to commit to this date due to processes to be completed but agreed to use it as a target.

The Deputy Secretary is unavailable until 7 June in respect of executing any Agreement or Terms Sheet.

A final question so that I may update the Vice Chancellor. Did the Investment Committee approve the proposal to purchase land to establish the Technology Hub subject confirmation of final requirements by the user groups? Please confirm.

I hope have I accurately summarised our conversation.

Look forward to you confirmation of the above.

Regards,

Stephen Costley
Director Property Services

Email: stephen.costley@vuw.ac.nz

Phone: +64 463 5142

Mobile: 9(2)(a)

Gate 7, Kelburn Parade

PO Box 600, Wellington 6140, New Zealand

cid:image001.png@01D28209.5B2A6FB0



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From: [Rob Giller](#)
To: [Jan Breakwell](#)
Subject: FW: Karori Campus - 25 and 29 Campbell Street
Date: Thursday, 1 June 2017 11:52:00 a.m.
Attachments: [image001.jpg](#)
[image002.png](#)
[image003.png](#)

FYI

From: Mark Loveard [mailto:Mark.Loveard@vuw.ac.nz]
Sent: Thursday, 1 June 2017 10:20 a.m.
To: Rob Giller
Subject: FW: Karori Campus - 25 and 29 Campbell Street

Hi Rob,

Just arrived back yesterday. Surprised by email below. I need to catch up today on what's happened over the past two weeks whilst I've been on leave. Will be in touch.

Have a good day

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
Ph: 9(2)(a) [REDACTED]
mark.loveard@vuw.ac.nz
Victoria University of Wellington
PO Box 600, Wellington 6140.

www.victoria.ac.nz | 0800 VICTORIA

 Please consider the environment before printing this e-mail

From: Stephen Costley <Stephen.Costley@vuw.ac.nz>
Date: Thursday, 1 June 2017 at 8:26 AM
To: Mark Loveard <Mark.Loveard@vuw.ac.nz>, Simon Johnson <Simon.Johnson@vuw.ac.nz>
Subject: Fwd: Karori Campus - 25 and 29 Campbell Street

Sent from my iPhone

Begin forwarded message:

From: Rob Giller <Rob.Giller@education.govt.nz>
Date: 1 June 2017 at 07:36:08 NZST
To: Stephen Costley <Stephen.Costley@vuw.ac.nz>
Cc: Jan Breakwell <Jan.Breakwell@education.govt.nz>
Subject: RE: Karori Campus - 25 and 29 Campbell Street

WITHOUT PREJUDICE

Hi Stephen,

I refer to your recent phone message and your email below.

When Mark Loveard and I first agreed to meet and have without prejudice discussions to see if we could negotiate an outcome around the transfer value of the two kindergartens, part of that agreement was to discuss and share drafts of any related correspondence before it was sent.

It has come to the Ministry's attention that the University wrote to Honourable Minister Paul Goldsmith on 19 May claiming that the Ministry would not agree to recommend the waiver of the 20% rebate unless the University transfers the Karori ECE properties back to the Crown for nil value. Not only is that comment untrue, but to the extent it is based on our discussions it also breaches the understanding that we were engaged in a confidential, without prejudice process to try to agree a mutually acceptable outcome in order to try and find a way to resolve the current impasse.

In light of that letter, the Ministry considers that it must take a pause from negotiations and seek independent legal advice. We will be in touch once the Ministry is in a position to re-engage.

Rob

Rob Giller | Group Manager Infrastructure Advisory Services | Infrastructure Delivery
DDI +6444395038 Mobile 9(2)(a) [REDACTED]
19 Aitken St, Wellington

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We get the job done *Ka oti i a matou nga mahi*
We are respectful, we listen, we learn *He ropu manaaki, he ropu whakarongo, he ropu ako matou*
We back ourselves and others to win *Ka manawanui ki a matou, me etahi ake kia wikitoria*
We work together for maximum impact *Ka mahi ngatahi mo te tukinga nui tonu*

Great results are our bottom line *Ko nga huanga tino pai a matou whainga mutunga*

Ministry of Education logo



From: Stephen Costley [<mailto:Stephen.Costley@vuw.ac.nz>]
Sent: Friday, 26 May 2017 5:44 p.m.
To: Rob Giller
Subject: FW: Karori Campus - 25 and 29 Campbell Street

Hello Rob,

I left a message on your landline on Friday.

Are you able to meet me early in the week commencing 29 May to progress the discussion / negotiation on 25 and 29 Campbell Street?

Look forward to your reply.

Regards,

Stephen

From: Rob Giller [<mailto:Rob.Giller@education.govt.nz>]
Sent: Thursday, 18 May 2017 3:59 PM
To: Stephen Costley <Stephen.Costley@vuw.ac.nz>
Cc: Steph Forrest <steph.forrest@vuw.ac.nz>; Clive Huggins
<Clive.Huggins@education.govt.nz>
Subject: RE: Karori Campus - Land for Technology Centre

Hi Stephen,
Good to meet you on Monday.

In terms of the main campus, the Investment Board confirmed the small footprint of carpark and hall do not meet what we need in terms of our Section 50 requirement.

The large footprint (whole of site) significantly exceeds our Section 50 requirement and is not desirable to the Ministry of Education.

To assist both MoE and VUW progress the valuation process (and hopefully facilitate better ultimate outcomes for both), Clive will immediately commission an architect to develop a high level concept plan that considers the interfaces between the activities plus access, car parking, etc.

Our agent's initial comment regarding the evidence supporting the valuation is that it is not quite as complete as we had hoped. This means that further work will be required before the Ministry is able to comment. However this is a matter for our respective agents to deal with and I understand they are in communication. The Ministry will do what it can to keep the process moving forward at pace.

The Head of EIS is away until 6 June and I will be acting in her absence but will not hold delegations to acquire land. Based on our agent's initial comments, I doubt this will be material. If it does become material, I can always ask the Secretary to consider exercising her delegations.

Clive will contact Steph (if she is available) by the end of the day.

The Investment Board agreed to further funding for due diligence activities. The decision to purchase any piece of land rests with the Head of EIS (or the Secretary) after considering any recommendations provided by Clive.

Regards,
Rob

From: Stephen Costley [<mailto:Stephen.Costley@vuw.ac.nz>]
Sent: Thursday, 18 May 2017 1:28 p.m.
To: Rob Giller
Cc: Steph Forrest
Subject: Karori Campus - Land for Technology Centre

Hello Rob,
Thanks for taking my call on Wednesday afternoon.

I wanted to ensure I have correctly recorded the 17 May Investment Committee outputs you shared with me and the next actions the Committee has asked be completed.

Land:

The small footprint of carpark and hall do not accommodate the user requirements (of up to 12 classrooms plus open spaces).

The large footprint (whole of site) is not wanted.

Clive Huggins (sp) has been asked to confirm the area of interest user requirements for up to 12 classrooms and this will inform the area required (buildings and circulation spaces) on the site. The proposal will provide a Technology Hub for a number of Wellington Schools.

Next Steps:

Clive will call Steph Forrest on Thursday to discuss MoE next steps.

Other matters:

Valuation:

Victoria University has supplied valuation information to MoE.

Timeline:

Victoria has been hopeful that MoE and Wellington City Council would have concluded their respective processes by 31 May and be in a position to indicate to Victoria which parcels of land they wish to contract to acquire. You were unable to commit to this date due to processes to be completed but agreed to use it as a target.

The Deputy Secretary is unavailable until 7 June in respect of executing any Agreement or Terms Sheet.

A final question so that I may update the Vice Chancellor. Did the Investment Committee approve the proposal to purchase land to establish the Technology Hub subject confirmation of final requirements by the user groups? Please confirm.

I hope have I accurately summarised our conversation.

Look forward to you confirmation of the above.

Regards,

Stephen Costley
Director Property Services

Email: stephen.costley@vuw.ac.nz

Phone: +64 463 5142

Mobile: 9(2)(a)

Gate 7, Kelburn Parade

PO Box 600, Wellington 6140, New Zealand

id:image001.png@01D28209.5B2A6FB0



From: [Claire Douglas](#)
To: [John Brooker](#)
Subject: Fwd: Phone call with Iona Holsted
Date: Friday, 23 June 2017 11:54:37 a.m.
Attachments: [Key dates Karori divestment.docx](#)
[ATT00001.htm](#)

FYI

Begin forwarded message:

From: 9(2)(a) <[REDACTED]@education.govt.nz>
Date: 23 June 2017 at 9:48:31 AM NZST
To: Sean Teddy <Sean.Teddy@education.govt.nz>, Kim Shannon <Kim.Shannon@education.govt.nz>, Claire Douglas <Claire.Douglas@education.govt.nz>
Subject: FW: Phone call with Iona Holsted

9(2)(a) | Executive Manager
DDI +6444638407

From: Grant Guilford [<mailto:Grant.Guilford@vuw.ac.nz>]
Sent: Friday, 23 June 2017 9:38 a.m.
To: 9(2)(a) <[REDACTED]>
Subject: Phone call with Iona Holsted

Dear 9(2)(a) <[REDACTED]>

Given I have been unable to discuss the on-going delays of the Karori Campus divestment process with Iona, will you please advise her at your earliest convenience that I have today advised the relevant Ministers and Associate Minister that Victoria now wishes to place the main campus site (minus the small parcel of land requested by Wellington City Council for community needs) on the market to enable a competitive bidding process to optimise the value of the remaining land.

If the Ministry of Education does decide over coming weeks that it can identify a definitive requirement for the site (or parts thereof), then we would welcome the Ministry submitting a tender as part of the competitive process.

I have attached for Iona's information the key dates of Victoria's and MoE's communications over the divestment of the main Karori campus site.

Please also advise that the Early Child Care Centres are **not** part of the proposed tender process. To avoid unwelcome precedents for MoE, we have agreed with MoE staff to 'unwind' the 2004 transaction in which Victoria became beneficial owner of the ECE by merger. This allows MoE to be returned the titles for the 2004 market value of \$980,000 (63% of the current market valuation). This compromise

unfortunately results in a negative impact on Victoria's P&L of \$300,000 and balance sheet of \$300,000 during 2017.

I am happy to discuss the Karori divestment with her at any time. Meanwhile, I would respectfully suggest that Iona encourages her staff to re-join the negotiations with the Victoria staff which they abruptly curtailed several weeks ago.

Kind regards

Grant Guilford

Professor Grant Guilford
Vice-Chancellor | Tumu Whakarae

From: 9(2)(a) [redacted] [\[redacted\]@education.govt.nz](mailto:[redacted]@education.govt.nz)

Sent: Friday, 2 June 2017 5:06 p.m.

To: Vicki Faint

Subject: RE: Phone call with Iona Holsted

Good afternoon again Vicki

It isn't likely that Iona will be available on Tuesday or Wednesday next week.

We have Select Committee on Wednesday which you will appreciate takes up a large part of time in preparation.

I will get in touch with you early next week to see what we can do for later in the week.

Could you please pass on Iona's apologies to Grant for this. It is not usual for the diary to be this pressured but with the short week and Select Committee we are very pushed.

9(2)(a) [redacted] | Executive Manager
DDI +6444638407

Key dates

- **March 2016** – commenced conversations with MoE re their interest in Karori
- **April 2016** – held first public meeting in Karori
- **29 August 2016** – Victoria's Council declares Karori site as being surplus to future requirements
- **30 August 2016** – Formal letter to MoE requesting permission to divest Karori site
- **15 September 2016** – Formal letters asking MoE (and WCC) to specify any alternative works requirements by 14 December 2016
- **2 December 2016** – MoE consents under s192 of the Education Act to the divestment
- **21 December 2016** – provided MoE with 3-month extension to 14 March
- **14 March 2017** – MoE replied with a high level "expression of interest" in the Karori site but not the specific requirements requested of them and required by the PWA¹; Victoria has since worked with MoE to try to clarify precise details and agree price.
- **April 2017** – Victoria escalated within MoE because of lack of traction; Victoria and MoE discussed an extension to 31 May and this was outlined in a letter.
- **June 2017** – MoE still has not provided Victoria with their specific requirements for the site or a definitive timeline for making its decision.

More information may be found at <http://www.victoria.ac.nz/about/explore-victoria/campuses/karori>

¹ Note – we are advised that the PWA requires parties declaring an alternative public used to definitively demonstrate that they have a valid requirement for their needs at the time of their request. MoE have provided only an "expression of interest" and have not be able to specify a definitive requirement over the 10 months since they were asked to specify a requirement.



OFFICE OF THE VICE-CHANCELLOR

VICTORIA UNIVERSITY OF WELLINGTON PO Box 600, Wellington 6140, New Zealand
Phone +64-4-463 5301 Fax +64-4-463 5240

23 June 2017

Hon Paul Goldsmith
Minister Tertiary Education, Skills and Employment, Science and Innovation
Parliament Office
Private Bag 18888
WELLINGTON 6160

Dear Minister

I am writing to you for advice, in accordance with the Government's "no surprises" approach, regarding our preferred approach to the final stages of the divestment of the University's Karori Campus.

As you are aware, Victoria has been granted approval by the Crown to divest our Karori site. Unfortunately, the Ministry of Education has over the last 10 months not been able to provide a clear commitment regarding what, if any part of the site, they wish to purchase under the alternative public use provisions of the Public Works Act. This indecision has halted the divestment process and is costing Victoria (and therefore our students and stakeholders) \$200,000 per month.

Victoria does not wish to be party to further delays in the divestment process. Such delays are increasingly squandering the value of the Karori site, fuelling anxiety and frustration in the Karori community, and compromising the University's ability to urgently repair damage caused by the Kaikoura earthquake, manage pressing deferred maintenance, and accommodate our growing student roll.

A brief summary of the key dates regarding our interactions with the Ministry of Education is provided in the Appendix below for your information.

Unless the Minister has a contrary view, Victoria would now like to move to place the main campus site (minus the small parcel of land requested by Wellington City Council for community needs) on the market to enable a competitive bidding process to optimise the value of the remaining land.

If the Ministry of Education does decide over coming weeks that it can identify a definitive requirement for the site (or parts thereof), then we would welcome the Ministry submitting a tender as part of the competitive process.

I would appreciate the opportunity to discuss this matter with you.

Yours sincerely

A handwritten signature in black ink, appearing to read "Grant".

Professor Grant Guilford
Vice-Chancellor | Chief Executive

cc Minister Nikki Kaye, Minister of Education
Minister Tim McIndoe Associate Minister of Education
Minister Stephen Joyce, Minister of Finance

Appendix

Key dates

- March 2016 Commenced conversations with MoE re their interest in Karori
- April 2016 Held first public meeting in Karori
- 29 August 2016 Victoria's Council declares Karori site as being surplus to future requirements
- 30 August 2016 Formal letter to MoE requesting permission to divest Karori site
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- April 2017 Victoria escalated within MoE because of lack of traction; Victoria and MoE discussed an extension to 31 May and this was outlined in a letter.
- June 2017 MoE still has not provided Victoria with their specific requirements for the site or a definitive timeline for making its decision.

More information may be found at <http://www.victoria.ac.nz/about/explore-victoria/campuses/karori>

¹ Note – we are advised that the PWA requires parties declaring an alternative public used to definitively demonstrate that they have a valid requirement for their needs at the time of their request. MoE have provided only an "expression of interest" and have not been able to specify a definitive requirement over the 10 months since they were asked to specify a requirement.

From: [Grant Guilford](#)
To: [Rob Giller](#)
Subject: ECE's on the Karori Campus
Date: Monday, 10 July 2017 7:49:24 p.m.
Attachments: [image001.jpg](#)
[image002.png](#)
[img-710160451-00011.pdf](#)

Hi Rob,

Thank you for your email below to Mark. Unfortunately he is on holiday this week.

I agree with your summary of the general agreement reached in relation to the ECE centres. However, I do not agree with the suggestions made at the meeting that Victoria University has acted unethically and I will be responding separately to Minister Kaye on this.

In the interests of moving forward on the ECE centres, we are prepared to conclude a transfer of the two properties at \$931,500 plus GST (if any). This reflects the value at the time of transfer to Victoria in 2004 (\$1,000,000), with further adjustments of \$21,000 as a result of the boundary adjustment, and a community equity deduction of \$47,500.

In relation to community equity, we note that the Ministry originally proposed a deduction of \$110,000. In our view, any community equity interest is only a percentage of historical conversion costs, rather than a sizeable interest in the building's value, and is only to be considered on termination of the POD (which we note is not occurring here). Effectively, the ECE's interest is only in the existing fit out, and as per the attached Bayley's valuation, is \$15,000.

However, as a gesture of goodwill, we are prepared to 'split the difference' between our view of \$15,000 and the Ministry's view of \$110,000 and deduct \$47,500.

We are currently preparing a sale and purchase agreement reflecting the above and will send this to you tomorrow.

I look forward to concluding this transfer in the near future.

Kind regards

Grant

Professor Grant Guilford
Vice-Chancellor | Tumu Whakarae

From: Rob Giller [<mailto:Rob.Giller@education.govt.nz>]
Sent: Monday, 10 July 2017 12:11 p.m.
To: Mark Loveard <Mark.Loveard@vuw.ac.nz>
Cc: Kim Shannon <Kim.Shannon@education.govt.nz>
Subject: ECE's on the Karori Campus

Hi Mark,

Following the meeting with Minister Kaye this morning, I took there was general agreement in regard to the ECE's on the following:

- The ECE's should continue to operate as a going concern.
- To achieve this the Ministry of Education should be the future landlord.
- VUW and MoE should work together to resolve transfer and associated consideration.

I have the advice I need and would like to get back together and progress this at your earliest convenience.

Grant mentioned a letter this morning on the point I had raised around the equity owned by He Whanau Maanaki Kindergarten Association in the improvements they operate from on the 25 Campbell St site.

This was an issue you were going to take back to the Council before you proceeded on leave. I have not seen a letter on it to date.

Regards,
Rob

Rob Giller | Acting Deputy Head Infrastructure Advisory
DDI +6444395038 Mobile 9(2)(a) [REDACTED]
19 Aitken St, Wellington

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Great results are our bottom line *Ko nga huanga tino pai a matou whainganga mutunga*



From: [Rob Giller](#)
To: [Grant Guilford](#)
Subject: Re: ECE's on the Karori Campus Without Prejudice
Date: Monday, 10 July 2017 10:30:54 p.m.

Agreed. Thanks.
Rob

Rob Giller

> On 10/07/2017, at 10:29 PM, Grant Guilford <Grant.Guilford@vuw.ac.nz> wrote:
>
> Thanks Rob
>
> Sounds good - we will write in the price of \$952,500 (+/- \$21K) into the sale and purchase agreement for the two properties.
>
> I'll ask the legal team to include in the sale and purchase agreement the preferred approach to the changes to the boundary. Our goal will be the same as yours to ensure the ECEs can continue to operate.
>
> I'm aiming to have the sale and purchase agreement to you tomorrow if at all possible.
>
> I'll leave further comment on the ethical issues till another day should it be required. In the meantime both parties need to get on with the job of ensuring these ECE are given certainty over their continuity.
>
> Grant
>
> Professor Grant Guilford
> Vice-Chancellor | Tumu Whakarae
>
>
> -----Original Message-----
> From: Rob Giller [<mailto:Rob.Giller@education.govt.nz>]
> Sent: Monday, 10 July 2017 8:28 PM
> To: Grant Guilford <Grant.Guilford@vuw.ac.nz>
> Subject: Re: ECE's on the Karori Campus Without Prejudice
>
> Thanks Grant,
>
> I will check with Kim but my recollection of today's meeting is you raised the issue of ethical behaviour. I suggest you check with Mark and I what was discussed when the two of us met. As an Army officer of 24 years, I highly prize integrity and your comments today (on a meeting you weren't present at) seriously concerned me. I was willing to give you the benefit of doubt today but suggest you get the full facts before you raise that matter again. As Kim pointed out, Mark had previously joined the two matters together in a meeting you, Kim and Claire were present at before I was even involved. I am happy to share with you the draft document I showed Mark at the time and cover what I said to Mark.
>
> On resolving the transfer of the ECEs, again we are at odds on the facts but I doubt that is material. However for you information we consider the POD between the ECEs and the Ministry terminated on the day we ceased being the Landlord. I only note this because we will be proposing quite different leasing arrangements when we resume the role as Landlord.
>
> I think we can agree on the price of \$952,500 but you will need to EITHER transfer the two sites to us as per our previous requirements and leave us to address the boundary issue with the future owner of 27 Campbell St OR provide an assurance that any changes to boundary will not undermine He Whanau Maanaki's ability to continue to operate from the site in the future (the sole purpose behind the Ministry seeking to acquire the site). We have legal advice that attempting to subdivide will significantly elevate this risk from a legal perspective. While as you indicate this option would be \$21,000 less I'm willing to forego this given my understanding of the work you would need to undertake to ensure the ECE operation can continue to operate from the site.

>
> I strongly recommend the former approach to you based on the advice we have on costs to research and protect He Whanau Maanaki's ongoing ability to operate from 25 Campbell St into the future.
>
> I look forward to a response on your preferred option which you are welcome to reflect in the sale and purchase agreement you are preparing.
>
> Rob Giller
>
>> On 10/07/2017, at 7:49 PM, Grant Guilford <Grant.Guilford@vuw.ac.nz> wrote:
>>
>> Hi Rob,
>>
>> Thank you for your email below to Mark. Unfortunately he is on holiday this week.
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>> I agree with your summary of the general agreement reached in relation to the ECE centres. However, I do not agree with the suggestions made at the meeting that Victoria University has acted unethically and I will be responding separately to Minister Kaye on this.
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>> Kind regards
>>
>> Grant
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>> Professor Grant Guilford
>> Vice-Chancellor | Tumu Whakarae
>>
>>
>>
>> From: Rob Giller [<mailto:Rob.Giller@education.govt.nz>]
>> Sent: Monday, 10 July 2017 12:11 p.m.
>> To: Mark Loveard
>> <Mark.Loveard@vuw.ac.nz><<mailto:Mark.Loveard@vuw.ac.nz>>>
>> Cc: Kim Shannon
>> <Kim.Shannon@education.govt.nz><<mailto:Kim.Shannon@education.govt.nz>>>
>> Subject: ECE's on the Karori Campus
>>
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>>
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>> · VUW and MoE should work together to resolve transfer and associated consideration.
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>>
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a letter on it to date.
>>
>>
>> Regards,
>> Rob
>>
>>
>> Rob Giller | Acting Deputy Head Infrastructure Advisory DDI
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>> 19 Aitken St, Wellington
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>> education.govt.nz<https://apac01.safelinks.protection.outlook.com/?url
>> =http%3A%2F%2Fwww.education.govt.nz%2F&data=02%7C01%7CGrant.Guilford%4
>> 0vuw.ac.nz%7C175d2d2ebbd44705f9308d4c76f687f%7Ccf63e236951427e8683bb
>> 84dcf1d20c%7C0%7C0%7C636352728730077667&sdata=bfXA5TWdX%2BNy5vk3Lvpr5a
>> AJ8f4F4b08amlWbU0qxG4%3D&reserved=0> | Follow us on Twitter:
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>> https%3A%2F%2Ftwitter.com%2FEducationGovtNZ&data=02%7C01%7CGrant.Guilf
>> ord%40vuw.ac.nz%7Cc175d2d2ebbd44705f9308d4c76f687f%7Ccf63e236951427e8
>> 683bb84dcf1d20c%7C0%7C0%7C636352728730077667&sdata=b0YJKgMX25EXNNT%2BF
>> CaW608qxXqnt9vIq2C4K5ER%2BWs%3D&reserved=0>
>>
>>
>> We get the job done Ka oti i a matou nga mahi We are respectful, we
>> listen, we learn He ropu manaaki, he ropu whakarongo, he ropu ako
>> matou We back ourselves and others to win Ka manawanui ki a matou, me
>> etahi ake kia wikitoria We work together for maximum impact Ka mahi
>> ngatahi mo te tukinga nui tonu
>>
>> Great results are our bottom line Ko nga huanga tino pai a matou
>> whaingā mutunga
>>
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Released under the Official Information Act 1982

11 July 2017

Minister Nikki Kaye
Minister of Education
Private Bag
Parliament Buildings
WELLINGTON 6160

Dear Minister

KARORI CAMPUS – EARLY CHILDHOOD EDUCATION CENTRES (ECES)

Thank you for conveying your views on the ECEs at our meeting this week.

It was clear you have been misinformed and I categorically reject the accusations you made at the meeting about Victoria University.

The Asset Verification Schedule required at the time of application to transfer assets was completed correctly by the University.

For both 25 Campbell Street (Campbell Kindergarten) and 29 Campbell Street (Karori Kids) the key columns were completed as follows:

- **Current use of asset (predominant)** (column L) the option selected from the menu was: *“Commercial space, including space leased or rented to others, bookshops, cafeteria etc”*
- **Proposed future use of asset (predominant)** (column M) was stated as: *“Academic space (including dedicated teaching and research space, academic and general support offices)”*
- **Site Description** (column E) was stated as *“Wellington Free Kindergarten (Karori)”* in one instance and *“Kindergarten (Kaori Kids Childcare Centre)”* in the other.

Victoria’s categorisation of the “current use” of the two ECE properties as “commercial space” was correct – the properties were occupied by “others” under agreements granting rights which are akin to leases.

You made repeated reference in the meeting to the alleged failure of the University to make an entry in the “ECE column” of the Schedule. However, in 2010 when the University applied for transfer of the assets, there was no such “ECE column” in the Schedule and neither did the drop down list of options include a separate option for ECE centres. As such, we remain of the view that “commercial space” was (and is) the most appropriate categorisation.

You also spoke of the Ministry's 'surprise' at the inclusion of the ECEs in the transfer. It is difficult to understand how such 'surprise' could arise given the clear site descriptions in the Asset Verification Schedule. Furthermore, in 2011, the LINZ accredited agent retained to assist the transfer process carried out a physical inspection of approximately 10% of the properties. That inspection included the property occupied by Karori Kids. In our view, all parties were well aware that ECE centres were included at the time of transfer.

You also suggested the University was inappropriately linking the transactions pertaining to the ECEs and wider Karori campus with our request to Minister Joyce and Minister Goldsmith to retain 100% of the sale proceeds. I reject that suggestion. We see these matters as separate transactions and find your suggestion to be particularly egregious given that on 19 May 2017 we drew the attention of Ministers Goldsmith (and Joyce) to our concern that it was the Ministry allegedly making this link.

As you also heard at the meeting, we have previously agreed in good faith and without prejudice with the Ministry that:

- The ECEs should continue to operate as a going concern.
- To achieve this the Ministry should be the future landlord.
- VUW and the Ministry should work together to resolve transfer and associated consideration matters in a manner which did not create unwelcome precedents for the Crown.

Accordingly, on 5 May we proposed to transfer these properties back to the Ministry at a price based on a reversal of the transfer at the original values Victoria acquired the assets in 2004. We are now close to reaching agreement with the Ministry on this basis and have sent an agreement for sale and purchase to the Ministry. I thank you for any part you may have played in resolving this impasse. However, it is important to note that at the transfer price agreed with the Ministry, Victoria will incur a negative impact on its 2017 P&L of \$0.360 million and a negative impact on its 2017 balance sheet of \$0.360 million.

Yours faithfully



Professor Grant Guilford
Vice-Chancellor | Chief Executive

cc: Minister Goldsmith
Minister Joyce
Tim Fowler, Tertiary Education Commission

From: [Rob Giller](#)
To: [Jerry Ball](#)
Subject: Re: Karori - Sale and purchase agreement for 25 & 29 Campbell Street
Date: Tuesday, 11 July 2017 9:12:50 p.m.

Thanks Jerry,
I will send you the specific advice we have received early tomorrow.

I want to be very clear that in our legal advisors view, because the operation has no Land Use Resource Consent, subdivision does pose risks.

Can you answer my previous questions in terms of has subdivision of the site already been approved?

Regards,
Rob

Rob Giller

On 11/07/2017, at 9:06 PM, Jerry Ball <Jerry.Ball@vuw.ac.nz> wrote:

Hi Rob

Thank you for your email.

We have reviewed your email to Grant. We have also reviewed Robert Cameron's email to you on 21 April 2017 in response to your email of 18 April.

We do not believe that any action we have taken undermines the ECE's ability to continue to operate from that site into the future.

Council (WCC) agreement is not necessary for the boundary adjustment, and no subdivision consent will be needed. The survey has been done under the PWA and the transfer will be done under the PWA, and no consideration of subdivision rules is required.

Our view is that the outcome of the boundary adjustment is that the ECE continues to have access to the site it currently uses, up to the existing fenceline, and that no other changes have been or will be triggered.

If you would like to let us know what specific issues you consider to be outstanding, then we will investigate further.

Best wishes - Jerry

From: Rob Giller <Rob.Giller@education.govt.nz>

Sent: Tuesday, 11 July 2017 1:51 p.m.

To: Jerry Ball

Subject: RE: Karori - Sale and purchase agreement for 25 & 29 Campbell Street

Jerry,

Please indicate what actions have been taken to protect the ECE occupying 25 Campbell Street rights to continue to operate?

Has the council agreed to the subdivision of the site?

If so, were any resource consent issues raised at the time?

Please review my email to Grant. We have no interest in acquiring a site where the actions you have taken have undermined the ECE ability to continue to operate from that site into the future.

Regards,

Rob

From: Jerry Ball [<mailto:Jerry.Ball@vuw.ac.nz>]

Sent: Tuesday, 11 July 2017 1:25 p.m.

To: Rob Giller

Subject: Karori - Sale and purchase agreement for 25 & 29 Campbell Street

Hi Rob

Following your recent communication with Grant Guilford, please find attached a sale and purchase agreement for 25 & 29 Campbell Street, Karori. This has been signed by Grant.

With regard to 25 Campbell Street, the boundary adjustment to the fence line has already been made, and the sale and purchase agreement reflects this.

We look forward to receiving the countersigned agreement in the near future.

I have arranged for the two original copies of the agreement to be couriered to you at 19 Aitken Street.

Best wishes – Jerry Ball

Jerry.Ball@vuw.ac.nz

04 463 6947

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Room 310, Central Services Building, Gate 7, Kelburn Parade

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From: [Rob Giller](#)
To: [Jerry Ball](#)
Subject: RE: Karori - Sale and purchase agreement for 25 & 29 Campbell Street
Date: Wednesday, 12 July 2017 8:52:00 a.m.

Hi Jerry,

Following up on my email last night I think we have complete agreement regarding 29 Campbell St.

My concern with 25 Campbell St goes to the sole purpose for the Ministry wanting to acquire the site which is to ensure Campbell Kindergarten can continue to operate from the site. I have advice which I'm sharing with you below so you fully understand that concern. Please respect that I have partially shared this legally privileged advice with you without prejudice so you understand our concerns around subdivision of Lot 1 DP 9619. Our intent here is not to be difficult, but rather to ensure we don't end up purchasing a site that cannot be easily used by the very same future tenant we are attempting to purchase it for.

I need to update Ministers on Friday so I'd appreciate you considering the below and providing me a response to the following questions:

- Have you already sub-divided Lot 1 DP 9619?
- If not, what is your rationale for wanting to subdivide Lot 1 DP 9619 rather than transferring the whole site to MoE and leaving us the deal with the owner of 27 Campbell St in the future?
- I know that you don't think that subdividing Lot 1 DP 9619 will impact on Campbell Kindergarten but are you prepared to guarantee that? If not, clearly the MoE wants to avoid any risk and purchase the whole of Lot 1 DP 9619. That was the basis of the options I thought Grant and I had agreed on Monday evening (and as the advice below references, what I had indicated to Mark Loveard on 16 May) but this has not been reflected in the sale and purchase agreement we have received for 25 Campbell St.

I'd appreciate a response by Thursday COP so I can reflect the outcome in the required update note to Ministers.

Regards,
Rob

9(2)(h)



From: Jerry Ball [mailto:Jerry.Ball@vuw.ac.nz]
Sent: Tuesday, 11 July 2017 9:06 p.m.
To: Rob Giller
Subject: Re: Karori - Sale and purchase agreement for 25 & 29 Campbell Street

Hi Rob

Thank you for your email.

We have reviewed your email to Grant. We have also reviewed Robert Cameron's email to you on 21 April 2017 in response to your email of 18 April.

We do not believe that any action we have taken undermines the ECE's ability to continue to operate from that site into the future.

Council (WCC) agreement is not necessary for the boundary adjustment, and no subdivision consent will be needed. The survey has been done under the PWA and the transfer will be done under the PWA, and no consideration of subdivision rules is required.

Our view is that the outcome of the boundary adjustment is that the ECE continues to have access to the site it currently uses, up to the existing fenceline, and that no other changes have been or will be triggered.

If you would like to let us know what specific issues you consider to be outstanding, then we will investigate further.

Best wishes - Jerry

From: Rob Giller <Rob.Giller@education.govt.nz>
Sent: Tuesday, 11 July 2017 1:51 p.m.
To: Jerry Ball
Subject: RE: Karori - Sale and purchase agreement for 25 & 29 Campbell Street

Jerry,

Please indicate what actions have been taken to protect the ECE occupying 25 Campbell Street rights to continue to operate?

Has the council agreed to the subdivision of the site?

If so, were any resource consent issues raised at the time?

Please review my email to Grant. We have no interest in acquiring a site where the actions you have taken have undermined the ECE ability to continue to operate from that site into the future.

Regards,

Rob

From: Jerry Ball [<mailto:Jerry.Ball@vuw.ac.nz>]

Sent: Tuesday, 11 July 2017 1:25 p.m.

To: Rob Giller

Subject: Karori - Sale and purchase agreement for 25 & 29 Campbell Street

Hi Rob

Following your recent communication with Grant Guilford, please find attached a sale and purchase agreement for 25 & 29 Campbell Street, Karori. This has been signed by Grant.

With regard to 25 Campbell Street, the boundary adjustment to the fence line has already been made, and the sale and purchase agreement reflects this.

We look forward to receiving the countersigned agreement in the near future.

I have arranged for the two original copies of the agreement to be couriered to you at 19 Aitken Street.

Best wishes – Jerry Ball

Jerry.Ball@vuw.ac.nz

04 463 6947

9(2)(a)

Room 310, Central Services Building, Gate 7, Kelburn Parade

[\[1\]](#) Obviously the kindergarten will, at some future point, have to consider the risk associated with the lack of designation and regularise its position.

[\[2\]](#) Section 10(1)(b)(ii) of the RMA.

[\[3\]](#) Section 10(2) of the RMA.

[\[4\]](#) Section 10(3) of the RMA.

[\[5\]](#) [2003] NZRMA 464.

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From: [Jerry Ball](#)
To: [Rob Giller](#)
Cc: [Kim Shannon](#); [Grant Guilford](#)
Subject: RE: Karori - Sale and purchase agreement for 25 & 29 Campbell Street
Date: Thursday, 13 July 2017 12:40:58 p.m.
Attachments: [image001.jpg](#)
[image002.png](#)
[170713 Letter to Minister of Education - Karori main campus.pdf](#)

Hi Rob

Thank you – we're pleased to hear that. We look forward to hearing that you have completed your requirements. We will do everything we can at our end to move things along.

As set out in Grant's letter to the Minister of Education (attached) we will now delay the start of the marketing campaign for the main campus site until the end of July.

Best wishes – Jerry

From: Rob Giller [mailto:Rob.Giller@education.govt.nz]
Sent: Thursday, 13 July 2017 12:20 p.m.
To: Rob Giller <Rob.Giller@education.govt.nz>; Jerry Ball <Jerry.Ball@vuw.ac.nz>
Cc: Kim Shannon <Kim.Shannon@education.govt.nz>; Grant Guilford <Grant.Guilford@vuw.ac.nz>
Subject: RE: Karori - Sale and purchase agreement for 25 & 29 Campbell Street

Hi Jerry,

I have discussed with Kim. We can now progress sale and purchase of both (25 and 29 Campbell St) sites.

However we have some requirements including getting a report drafted by a LINZ supplier to get Crown property clearances to approve.

This is being prioritised. We will get back to you when Kim has the necessary documents and has signed them.

We are keen to be kept updated on timelines and communications regarding going to the market for the main campus.

Regards,
Rob

Rob Giller | Acting Deputy Head Infrastructure Advisory
DDI +6444395038 Mobile 9(2)(a) [REDACTED]
19 Aitken St, Wellington

education.govt.nz | [Follow us on Twitter: @EducationGovtNZ](#)

We get the job done *Ka oti i a matou nga mahi*
We are respectful, we listen, we learn *He ropu manaaki, he ropu whakarongo, he ropu ako matou*
We back ourselves and others to win *Ka manawanui ki a matou, me etahi ake kia wikitoria*
We work together for maximum impact *Ka mahi ngatahi mo te tukinga nui tonu*

Great results are our bottom line *Ko nga huanga tino pai a matou whaingā mutunga*

Ministry of Education logo



From: Rob Giller
Sent: Wednesday, 12 July 2017 5:50 p.m.
To: Jerry Ball
Cc: Kim Shannon
Subject: Re: Karori - Sale and purchase agreement for 25 & 29 Campbell Street

Thanks Jerry

I think the key point in your email is this line:

Further, we are not currently able to sell the Ministry the part of Lot 1 DP 9619 to the east of the fence as we have offered that land for sale to the former owners under section 40 of the PWA.

I will now discuss this with Kim but I think given this situation, there are limited options available.

To be clear, we were not interested in that land for future expansion, only to mitigate the potential extinguishing of existing use rights.

I hope to get back to you tomorrow with a resolution.

Regards,
Rob

Rob Giller

On 12/07/2017, at 5:24 PM, Jerry Ball <Jerry.Ball@vuw.ac.nz> wrote:

Hi Rob

Thank you for your email this morning. Further to my earlier note, here is our comment in response to your specific questions.

- [Have you already sub-divided Lot 1 DP 9619?](#)
No. The survey plan has been completed but the subdivision will not be completed until the earlier of (a) the Ministry acquiring the land and (b) the land at 27 Campbell Street being transferred to the former owners.
- [If not, what is your rational for wanting to subdivide Lot 1 DP 9619 rather than transferring the whole site to MoE and leaving us the deal with the owner of 27 Campbell St in the future?](#)
Victoria was required by section 40 of the PWA to make an offer to the former owners of 27 Campbell Street of all land which is not required for a public work. Victoria has made that offer and this includes the part of Lot 1

DP 9619 to the east (27 Campbell Street side) of the fence. The offer was made on the basis of the following information:

1. the part of Lot 1 DP 9619 located to the east of the fence is not used for kindergarten purposes and, as the fence is at least 20 years old, has either never been used for that purpose or has not been used for that purpose for some decades;
2. the Ministry's identified requirement for land for another public work (by letter dated 7 February 2017) was for the "sites" of the ECEs;
3. as the Ministry's letter contained no legal definitions or plans and did not refer to future expansion requirements, the reference to the "site" of the kindergarten has been taken to be the land currently physically occupied by the kindergarten – i.e. the fenced area; and
4. we took from your conversation with Mark Loveard on 16 May that the site boundary was to be aligned to the fence line.

Even if the former owners of 27 Campbell Street accept the offer of sale, this does not prevent the Ministry from dealing with them in the future should part of 27 Campbell Street be required for an expansion of the kindergarten.

- I know that you don't think that subdividing Lot 1 DP 9619 will impact on Campbell Kindergarten but are you prepared to guarantee that? If not, clearly the MoE wants to avoid any risk and purchase the whole of Lot 1 DP 9619. That was the basis of the options I thought Grant and I had agreed on Monday evening (and as the advice below references, what I had indicated to Mark Loveard on 16 May) but this has not been reflected in the sale and purchase agreement we have received for 25 Campbell St. It is our view that it is up to the Ministry to satisfy itself of all resource consenting and other matters before it acquires the land. It would be highly unusual for a guarantee of the kind the Ministry has suggested to be given, and we see it as inappropriate when land is being acquired under the PWA. We also expect our empowering legislation would not permit the guarantee to be given. Further, we are not currently able to sell the Ministry the part of Lot 1 DP 9619 to the east of the fence as we have offered that land for sale to the former owners under section 40 of the PWA.

Additionally, while we do not wish to comment in detail on the advice you have shared, we do note the following:

The Ministry may wish to obtain advice on the current rules under the district plan, as:

1. there are many triggers for existing use protections to be lost and we have no information as to how the kindergarten has been operated since the district plan was notified or how it may be operated post-acquisition by the Crown – any existing use may already have ended; and

2. existing uses are only relevant to the extent that the current use contravenes the district plan – if the current use complies with the district plan, there is no need to consider the history of the site.

On this point, we note that the district plan contains specific rules regarding educational uses of the former Karori campus.

The advice on section 11(1)(b) of the RMA considers the limitation on the “disposal” of land under the PWA. As the Crown will be acquiring land for a public work, we consider that the emphasis of this analysis of “disposal” is misplaced. No subdivision consent is required for the acquisition of part of an allotment by the Crown for a public work.

Rob, we are also very keen to move this through to a conclusion as speedily as possible, and in a way that enables Campbell Kindergarten to continue to operate from the site.

Best wishes – Jerry

Released under the Official Information Act 1982

From: [Grant Guilford](#)
To: [Rob Giller](#); [Jerry Ball](#)
Cc: [Kim Shannon](#)
Subject: RE: Karori - Sale and purchase agreement for 25 & 29 Campbell Street
Date: Thursday, 13 July 2017 12:42:45 p.m.
Attachments: [image001.jpg](#)
[image002.png](#)

Thanks for the Cc Rob

That is welcome news.

Re the main campus site, as Jerry has just advised, I've written to the Ministers this morning confirming my offer at the meeting with Minister Kaye to hold fire on the open market process for another 3 weeks rather than the 1 week she suggested. i.e. till the end of the month. We remain keen to see if we can resolve MoE's interest in the main site either before we go to market or by MoE's participation in the open market process. I agree with your (or Kim's) comments prior to the meeting that the open market process may well be the most expedient way to establish a commercial value for the main site. Another advantage is that it gives all the various parties with an interest in the site (including, community and iwi consortia, central and local government, and private sector groups) a fair and even-handed opportunity to bid for the property.

All the best

Grant

Professor Grant Guilford
Vice-Chancellor | Tumu Whakarae

From: Rob Giller [mailto:Rob.Giller@education.govt.nz]
Sent: Thursday, 13 July 2017 12:20 PM
To: Rob Giller <Rob.Giller@education.govt.nz>; Jerry Ball <Jerry.Ball@vuw.ac.nz>
Cc: Kim Shannon <Kim.Shannon@education.govt.nz>; Grant Guilford <Grant.Guilford@vuw.ac.nz>
Subject: RE: Karori - Sale and purchase agreement for 25 & 29 Campbell Street

Hi Jerry,

I have discussed with Kim. We can now progress sale and purchase of both (25 and 29 Campbell St) sites.

However we have some requirements including getting a report drafted by a LINZ supplier to get Crown property clearances to approve.

This is being prioritised. We will get back to you when Kim has the necessary documents and has signed them.

We are keen to be kept updated on timelines and communications regarding going to the market for the main campus.

Regards,
Rob

Rob Giller | Acting Deputy Head Infrastructure Advisory
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19 Aitken St, Wellington

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Great results are our bottom line *Ko nga huanga tino pai a matou whaingia mutunga*

Ministry of Education logo



From: Rob Giller
Sent: Wednesday, 12 July 2017 5:50 p.m.
To: Jerry Ball
Cc: Kim Shannon
Subject: Re: Karori - Sale and purchase agreement for 25 & 29 Campbell Street

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On this point, we note that the district plan contains specific rules regarding educational uses of the former Karori campus.

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Rob, we are also very keen to move this through to a conclusion as speedily as possible, and in a way that enables Campbell Kindergarten to continue to operate from the site.

Best wishes – Jerry

13 July 2017

Hon Nikki Kaye
Minister of Education
Parliament House
Private Bag 18888
WELLINGTON 6160

Dear Minister

Thank you for your time earlier this week to discuss the divestment of the University's Karori Campus.

As we discussed, having met its section 40 obligations under the Public Works Act, Victoria would now like to place the remainder of the main campus site on the market (other than the small parcel of land requested by WCC for community needs). We cannot justify the on-going expenses of maintaining the vacant campus and are unwilling to subject the Karori community to on-going uncertainty.

Unfortunately, despite almost 10 months of discussions, Victoria has not yet received from the Ministry of Education a clear and definitive plan for (or an offer to purchase) the land required so that we can be reasonably satisfied that the land is required by the Crown for a public work in terms of sections 16(1) and 40(1)(b) of the Public Works Act.

At the meeting you asked Victoria to delay going to market by another week in order to allow time for you to take further advice on this matter. I accept this request and confirm that Victoria will delay the start of the marketing campaign for 3 weeks until the end of July 2017.

If the Ministry does not make a binding offer for the site (or parts thereof) by the end of July, then we will take the view that the Ministry has no requirement for the land under the Public Works Act and therefore the sale process need not be delayed further. Nevertheless, in that eventuality, we would welcome the Ministry's participation in the competitive sale process which will take many weeks to complete.

Yours faithfully



Professor Grant Guilford
Vice-Chancellor

Cc: Minister Paul Goldsmith
Tim Fowler, Tertiary Education Commission

From: [Jerry Ball](#)
To: [Clive Huggins](#)
Cc: [Rob Giller](#); [James Clareburt](#); ISmith@propertygroup.co.nz; [Julian Smith](#)
Subject: Re: Karori - Sale and purchase agreement for 25 & 29 Campbell Street
Date: Tuesday, 18 July 2017 7:06:28 p.m.
Attachments: [image001.jpg](#)
[image002.png](#)

Thanks Clive

I understand that James and Julian have been in touch and anticipate being able to progress further tomorrow.

Best wishes - Jerry

From: Clive Huggins <Clive.Huggins@education.govt.nz>
Sent: Tuesday, 18 July 2017 3:26 p.m.
To: Jerry Ball
Cc: Rob Giller; James Clareburt; ISmith@propertygroup.co.nz
Subject: RE: Karori - Sale and purchase agreement for 25 & 29 Campbell Street

Hi Jerry,
Thanks for your time earlier. To summarise our discussion:

At the moment the sale and purchase agreement is not in a form that I, or our LINZ accredited agents TPG can recommend for execution. However as discussed, the majority of the hard work has been done in that we have a price. The points that require some fettling to get the agreement across the line are:

- Reference to the transfer under Sec 17 rather than Sec 50 PWA. The main issue being that Sec 17 would require independent valuations to be sought to substantiate the level of compensation payable. As the parties already have a agreed compensation level (permissible under Sec 50) this would be counterintuitive and problematic.
- Our advice is that the ECE will need to be defined by Survey Office Plan not Limited to Titles (LT 512156) as currently suggested.
- The new encumbrance seeking to fetter the Minister's rights to oppose any activity on the balance land is inappropriate and unreasonable.

We agreed that the next steps would be for our respective experts (Julian Smith and James Clareburt/Iain Smith) to discuss the points that require clarification and report back to us. I am sure there may be a few other process matters that will require confirmation but nothing that stands out as fatal to reaching an agreement.

Kind regards

From: Jerry Ball [<mailto:Jerry.Ball@vuw.ac.nz>]
Sent: Tuesday, 18 July 2017 1:03 p.m.
To: Clive Huggins
Cc: Rob Giller
Subject: RE: Karori - Sale and purchase agreement for 25 & 29 Campbell Street

Thanks Clive. Around 2:15 would be good for me.

Best wishes – Jerry

Jerry.Ball@vuw.ac.nz

04 463 6947

9(2)(a)

Room 310, Central Services Building, Gate 7, Kelburn Parade

From: Clive Huggins [<mailto:Clive.Huggins@education.govt.nz>]
Sent: Tuesday, 18 July 2017 1:01 p.m.
To: Jerry Ball <Jerry.Ball@vuw.ac.nz>; Rob Giller <Rob.Giller@education.govt.nz>
Subject: RE: Karori - Sale and purchase agreement for 25 & 29 Campbell Street

Hi Jerry,

I'm just popping out of the office but will call you early this afternoon. There is nothing too major in my opinion, some are due to the nuances of PWA transactions but we can discuss later.

Regards

Clive Huggins | National Manager Acquisitions & Designations | Land and Property Services
DDI 07 571 7857 | Ext 77857 | Mobile 9(2)(a)

From: Jerry Ball [<mailto:Jerry.Ball@vuw.ac.nz>]
Sent: Tuesday, 18 July 2017 12:54 p.m.
To: Rob Giller
Cc: Clive Huggins
Subject: RE: Karori - Sale and purchase agreement for 25 & 29 Campbell Street

Thanks Rob.

I'm the appropriate central contact. If you could please let me know what the issues are as soon as possible, then we can work on getting them resolved. Hopefully there isn't anything too difficult.

Depending on the specific issues, I will redirect to the relevant specialist. It may be that the specialists will need to confer directly.

Best wishes - Jerry

From: Rob Giller [<mailto:Rob.Giller@education.govt.nz>]
Sent: Tuesday, 18 July 2017 12:41 p.m.

To: Jerry Ball <Jerry.Ball@vuw.ac.nz>
Cc: Clive Huggins <Clive.Huggins@education.govt.nz>
Subject: RE: Karori - Sale and purchase agreement for 25 & 29 Campbell Street

Thanks Jerry, I was just about to email you.

The Property Group (TPG) as our agent, has now reviewed the sale and purchase agreement. In summary TPG have confirmed that the agreement is not in a form that can be executed through the PWA.

They will soon be in touch to discuss some of the changes required so that Kim and the Minister for Land Information can sign the agreement.

The quickest way to achieve this is for TPG and Clive to liaise directly with your lead. Is that you Jerry?

Regards,
Rob

From: Jerry Ball [<mailto:Jerry.Ball@vuw.ac.nz>]
Sent: Tuesday, 18 July 2017 12:28 p.m.
To: Rob Giller
Subject: RE: Karori - Sale and purchase agreement for 25 & 29 Campbell Street

Hi Rob

Following on from progress last week, are you able to give me an update on the anticipated timing to complete the necessary work at your end, and, in particular, when you expect to be able to send the counter-signed sale and purchase agreement back? That would be most helpful.

Best wishes - Jerry

From: Jerry Ball
Sent: Thursday, 13 July 2017 12:41 p.m.
To: 'Rob Giller' <Rob.Giller@education.govt.nz>
Cc: Kim Shannon <Kim.Shannon@education.govt.nz>; Grant Guilford <Grant.Guilford@vuw.ac.nz>
Subject: RE: Karori - Sale and purchase agreement for 25 & 29 Campbell Street

Hi Rob

Thank you – we're pleased to hear that. We look forward to hearing that you have completed your requirements. We will do everything we can at our end to move things along.

As set out in Grant's letter to the Minister of Education (attached) we will now delay the start of the marketing campaign for the main campus site until the end of July.

Best wishes – Jerry

From: Rob Giller [<mailto:Rob.Giller@education.govt.nz>]
Sent: Thursday, 13 July 2017 12:20 p.m.
To: Rob Giller <Rob.Giller@education.govt.nz>; Jerry Ball <Jerry.Ball@vuw.ac.nz>
Cc: Kim Shannon <Kim.Shannon@education.govt.nz>; Grant Guilford <Grant.Guilford@vuw.ac.nz>
Subject: RE: Karori - Sale and purchase agreement for 25 & 29 Campbell Street

Hi Jerry,

I have discussed with Kim. We can now progress sale and purchase of both (25 and 29 Campbell St) sites.

However we have some requirements including getting a report drafted by a LINZ supplier to get Crown property clearances to approve.

This is being prioritised. We will get back to you when Kim has the necessary documents and has signed them.

We are keen to be kept updated on timelines and communications regarding going to the market for the main campus.

Regards,
Rob

Rob Giller | Acting Deputy Head Infrastructure Advisory
DDI +6444395038 Mobile 9(2)(a) [REDACTED]
19 Aitken St, Wellington

education.govt.nz | [Follow us on Twitter: @EducationGovtNZ](#)

We get the job done *Ka oti i a matou nga mahi*
We are respectful, we listen, we learn *He ropu manaaki, he ropu whakarongo, he ropu ako matou*
We back ourselves and others to win *Ka manawanui ki a matou, me etahi ake kia wikitoria*
We work together for maximum impact *Ka mahi ngatahi mo te tuinga nui tonu*

Great results are our bottom line *Ko nga huanga tino pai a matou whaingā mutunga*



From: Rob Giller
Sent: Wednesday, 12 July 2017 5:50 p.m.
To: Jerry Ball
Cc: Kim Shannon
Subject: Re: Karori - Sale and purchase agreement for 25 & 29 Campbell Street

Thanks Jerry

I think the key point in your email is this line:

Further, we are not currently able to sell the Ministry the part of Lot 1 DP 9619 to the east of the fence as we have offered that land for sale to the former owners under section 40 of the PWA.

I will now discuss this with Kim but I think given this situation, there are limited options available.

To be clear, we were not interested in that land for future expansion, only to mitigate the potential extinguishing of existing use rights.

I hope to get back to you tomorrow with a resolution.

Regards,
Rob

Rob Giller

On 12/07/2017, at 5:24 PM, Jerry Ball <Jerry.Ball@vuw.ac.nz> wrote:

Hi Rob

Thank you for your email this morning. Further to my earlier note, here is our comment in response to your specific questions.

- Have you already sub-divided Lot 1 DP 9619?

No. The survey plan has been completed but the subdivision will not be completed until the earlier of (a) the Ministry acquiring the land and (b) the land at 27 Campbell Street being transferred to the former owners.

- If not, what is your rational for wanting to subdivide Lot 1 DP 9619 rather than transferring the whole site to MoE and leaving us the deal with the owner of 27 Campbell St in the future?

Victoria was required by section 40 of the PWA to make an offer to the former owners of 27 Campbell Street of all land which is not required for a public work. Victoria has made that offer and this includes the part of Lot 1 DP 9619 to the east (27 Campbell Street side) of the fence. The offer was made on the basis of the following information:

1. the part of Lot 1 DP 9619 located to the east of the fence is not used for kindergarten purposes and, as the fence is at least 20 years old, has either never been used for that purpose or has not been used for that purpose for some decades;
2. the Ministry's identified requirement for land for another public work (by letter dated 7 February 2017) was for the "sites" of the ECEs;
3. as the Ministry's letter contained no legal definitions or plans and did not refer to future expansion requirements, the reference to the "site" of the kindergarten has been taken to be the land currently physically occupied by the kindergarten – i.e. the fenced area; and
4. we took from your conversation with Mark Loveard on 16 May that the site boundary was to be aligned to the fence line.

Even if the former owners of 27 Campbell Street accept the offer of sale, this does not prevent the Ministry from dealing with them in the future should part of 27 Campbell Street be required for an expansion of the kindergarten.

- I know that you don't think that subdividing Lot 1 DP 9619 will impact on Campbell Kindergarten but are you prepared to guarantee that? If not, clearly the MoE wants to avoid any risk and purchase the whole of Lot 1 DP 9619. That was the basis of the options I thought Grant and I had agreed on Monday evening (and as the advice below references, what I had indicated to Mark Loveard on 16 May) but this has not been reflected in the sale and purchase agreement we have received for 25 Campbell St.

It is our view that it is up to the Ministry to satisfy itself of all resource consenting and other matters before it acquires the land. It would be highly unusual for a guarantee of the kind the Ministry has suggested to be given, and we see it as inappropriate when land is being acquired under the PWA. We also expect our empowering legislation would not permit the guarantee to be given. Further, we are not currently able to sell the Ministry the part of Lot 1 DP 9619 to the east of the fence as we have offered that land for sale to the former owners under section 40 of the PWA.

Additionally, while we do not wish to comment in detail on the advice you have shared, we do note the following:

The Ministry may wish to obtain advice on the current rules under the district plan, as:

1. there are many triggers for existing use protections to be lost and we have no information as to how the kindergarten has been operated since the district plan was notified or how it may be operated post-acquisition by the Crown – any existing use may already have ended; and
2. existing uses are only relevant to the extent that the current use contravenes the district plan – if the current use complies with the district plan, there is no need to consider the history of the site.

On this point, we note that the district plan contains specific rules regarding educational uses of the former Karori campus.

The advice on section 11(1)(b) of the RMA considers the limitation on the "disposal" of land under the PWA. As the Crown will be acquiring land for a public work, we consider that the emphasis of this analysis of "disposal" is misplaced. No subdivision consent is required for the acquisition of part of an allotment by the Crown for a public work.

Rob, we are also very keen to move this through to a conclusion as speedily as possible, and in a way that enables Campbell Kindergarten to continue to operate from the site.

Best wishes – Jerry



Professor Grant Guilford
Vice-Chancellor / Chief Executive
Victoria University of Wellington
PO Box 600
Wellington 6140
grant.guilford@vuw.ac.nz

Dear Grant

I have been forwarded copies of your 11 and 13 July 2017 letters to the Minister of Education to respond to in part.

Early Childhood Centres (ECEs)

As you know the Ministry does not accept the categorisation of the ECE properties as "commercial space". Both ECEs have and continue to operate autonomously under historical occupation arrangements on peppercorn rentals which pre-date the 2005 merger between the University and the Teachers College. It is our view that the University did not actively manage these properties, nor did it put in place its own lease arrangements with either ECE property.

The use of both ECEs was not, in the view of the Ministry, commercial and should not have been categorised as "commercial space" in the Asset Verification Schedule. Simply put, these properties should not have been included in the asset transfer under the 2010 policy. Secondly, the ECE properties were transferred under the 2010 policy at nominal consideration. With this background, the Ministry considers that the fair and equitable solution should be for these assets to be transferred back to the Crown for nil consideration.

On your comment that the University will be negatively impacted because of the current proposed transfer price, I simply note that the Ministry will also be negatively impacted by paying more than the nominal amount paid under the original transfer.

Despite the difference of views taken by the Ministry and the University on this matter, I am pleased that progress is being made. It is common ground now that the ECEs should continue to operate as they presently do, that the Ministry should be the future landlord, and that resolution of this matter should be done in a manner which does not create unwelcome precedents for the Crown. The transfer price has now been agreed and the Ministry and University are working to finalise a sale and purchase agreement.

Main Campus Site

I understand your concerns about ongoing maintenance costs and how the continued uncertainty about the future of site might affect the Karori community.

However, contrary to the assertions in your letter to Minister Kaye, the Ministry has given the University sufficient details of its interest in part of Karori Campus.

The Ministry first declared an interest under section 50 of the Public Works Act (PWA) on 7 February (five months ago). Following your request for clarification, the Ministry considers that a clear plan for our requirement for the land was provided to you on 24 March 2017. Victoria University did not dispute this at the time but rather your agents started discussions with the Ministry's agents on the value of the part of the main campus we had specified.

The Ministry does not require the whole of the Karori campus, and Section 50 of the PWA does not require the Ministry to take the whole of the site. The issues outstanding that I would like to resolve with you are:

- how the proposed subdivision can best be configured to preserve as much as possible the usefulness and value of the balance part which is not required (which may include granting of easements etc); and
- the transfer price / compensation to be paid.

While it is an issue for the Ministry and Victoria University, an important aspect of a section 50 transfer is both parties agreeing to price. I therefore can't see how you think placing an ultimatum on the Ministry to make a binding offer by the end of July is helpful when you are a party to agreeing the transfer value.

Given the Ministry had notified the University of its interest in part of the campus, the University cannot market the site without declaring the Ministry's interest in part of the property.

I have been advised that the University would also not be able to complete the s 40 clearance in accordance with the LINZ Standard LINZS15000 (Standard for Disposal of Land held for Public Works) to allow it to proceed with a sale under s 42 of the PWA whilst the terms of transfer from the University to the Ministry of part of the property remains unresolved.

I am looking for your commitment to resolving the issues, bearing in mind the need for both parties to act reasonably and appreciating that ultimately we are dealing with a inter Crown agency transfer, not a compulsory acquisition by the Crown or a local authority from the public.

Yours sincerely



Kim Shannon
Head of Education Infrastructure Service

26 July 2017

Kim Shannon
Head of Education Infrastructure Service
Ministry of Education
PO Box 1666
Wellington 6140

By email: Kim.Shannon@education.govt.nz

Dear Kim

Karori Campus

Thank you for your recent letter received on 20 July 2017.

Early Childhood Centres (ECEs)

I am pleased that we have now agreed key terms for the transfer of the ECEs. We look forward to reaching the point where all formalities have been completed. I understand that our respective advisors are working collaboratively to finalise these details.

Main Campus Site

We appreciate your recognition of the impact of the ongoing maintenance costs and the impact of uncertainty on the Karori community.

We note that your letter of 7 February 2017 was specifically about the ECEs and not the main campus. The first indication of the Ministry's potential interest in the main campus for the purposes of a technology hub was at the public meeting hosted by Victoria on 6 March 2017. The letters of 15, 20 and 24 March then provided further indication of the area of the campus land that might be required. This exchange of letters was not specific as to the nature of the public work and was clear that the land identified was not the final area required. We note that, while the Ministry might be comfortable that the nature of the public work need not be specified in detail, it is Victoria as the local authority holding the land that is required to make the necessary determinations to ensure compliance with its obligations under the Public Works Act 1981 (PWA), and must therefore decide what information it reasonably needs to make those determinations.

It was in subsequent meetings between our agents (and documented in the letter dated 5 May 2017) that we then understood the requirement to be twofold: a site for a new technology hub and additional capacity for Karori Normal School. In the meeting with the Minister on 10 July 2017, there was also mention that the interest might encompass a future secondary school.

We understood that the "area of interest" set out in the letter of 24 March was still indicative rather than definitive, and believe that subsequent discussions supported this view. We were

advised that the Ministry was instructing an architect as it sought to refine its land requirement with a view to significantly reducing the land area required.

We acknowledge that the Ministry does not want the whole of the Karori campus, although we are surprised that that would be the case if land was required for a future secondary school. Likewise, we are also surprised that the Ministry is not interested in repurposing any of the existing buildings to meet its requirements for a technology hub or additional teaching space for Karori Normal School.

It is our view, as has been expressed to the Ministry, that if the Ministry were to take all the land the Ministry identified as its area of interest in the letter of 24 March 2017, this would render the balance land significantly less useful and, one way or another as we follow the pathway through the PWA, we would most likely end up with the University seeking to have the Ministry buy the balance land. There may be a threshold where a lesser land transfer might still meet the Ministry's needs and leave the balance of the land viable for another owner. We remain open to discussing alternatives, as we have done throughout.

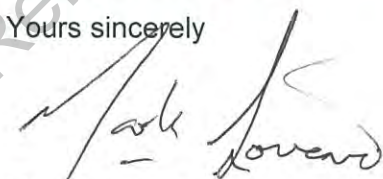
We agree that it is important to agree a price. Our agents have also discussed our valuation for the whole campus and the related impairment impact if the Ministry were to take only part of the site. Our understanding is that the Ministry has now commissioned its own valuation. As the specific land that may be required by the Ministry has not yet been finalised, it is hard to see how a price can be determined, although we believe that you now have enough information about our valuation to assess what our price expectations might be for any particular land area the Ministry might determine best suits its needs.

We also consider that it is important to progress the process to complete the divestment of the campus. Given that the Ministry's preferred area is less than the whole of the campus and, until we reach agreement, is not yet binding, we consider that the most expedient way to proceed is to engage with the wider market in accordance with Section 42 of the PWA, and that it is not unreasonable to do so. We will make the current engagement with the Ministry clear in the sales information, and will seek responses for options ranging from part to all of the campus. We see no material barriers to running this process in parallel with continuing discussion with the Ministry.

Therefore, and as we have previously stated, we request a binding offer for the site (or parts thereof) by July 31. If that is not forthcoming, then we would welcome the Ministry's participation in the competitive sale process.

We remain happy to work with the Ministry to find a resolution that is acceptable to both parties (whether that results in the Ministry purchasing part, all or none of the campus). However, it is in the best interest of the public in the wider Wellington Region (and beyond) that the University is able to divest all parts of the campus within a reasonable time frame and at optimum value.

Yours sincerely



Mark Loveard
Chief Operating Officer

From: [Grant Guilford](#)
To: [Kim Shannon](#)
Subject: RE: Victoria University's Karori Campus
Date: Friday, 28 July 2017 3:57:06 p.m.
Attachments: [image001.jpg](#)
[image002.png](#)

Thanks very much Kim

We'll be back in touch early next week once we have had a chance to consider the offer.

Kind regards

Grant

Professor Grant Guilford
Vice-Chancellor | Tumu Whakarae

From: Kim Shannon [mailto:Kim.Shannon@education.govt.nz]
Sent: Friday, 28 July 2017 3:44 PM
To: Grant Guilford <Grant.Guilford@vuw.ac.nz>
Cc: Chancellor <chancellor@vuw.ac.nz>
Subject: Victoria University's Karori Campus

Letter as attached.

Regards
Kim

Kim Shannon | Head of Education Infrastructure Service
Mobile 9(2)(a) [REDACTED]
19 Aitken St, Wellington

education.govt.nz | [Follow us on Twitter: @EducationGovtNZ](#)

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We work together for maximum impact *Ka mahi ngatahi mo te tuinga nui tonu*

Great results are our bottom line *Ko nga huanga tino pai a matou whainga mutunga*

Ministry of Education logo





28 July 2017

Grant Guilford
Vice Chancellor
Victoria University of Wellington
PO Box 600
Wellington 6140

IN CONFIDENCE

Dear Grant

Victoria University's Karori Campus

The Ministry is pleased to be able to present an offer for a partial purchase of the Victoria University Wellington Karori Campus.

That offer being the land, including improvements on the land, shown edged red on the attached plan of 9(2)(b)(ii), 9(2)(i) [redacted] The legal description of that land being part section 67 Karori District comprised in part CFR WN40B/354 from Victoria University of Wellington (VUW).

This offer is necessarily subject to contract and to Land Information New Zealand (LINZ) signing the necessary agreement. However, as the offer hereby made is based on an understanding that section 50 Public Works Act 1981 applies, the terms of any agreement can be as the parties "think fit". Accordingly LINZ does not have strong policies or practices around these agreements. As such, and as the Ministry having the financial responsibility for the agreement is prepared to commit to the offer, we consider it only a matter of process and detail to finalise terms from here.

I am advised a fairly standard form of agreement can be prepared to detail the necessary further terms of the land transaction, and this can be produced in a matter of days. I propose settlement can be made within one month of the date an agreement is signed, however possibly both parties could benefit from discussion around a more certain and mutually beneficial settlement date. I foresee other matters required to be addressed in the agreement could benefit from a similar discussion.

The Ministry shall provide an agreement with proposed reasonable terms as soon as possible, in the spirit of meeting the requirements of your letter. As may be required, these initially proposed terms can be refined through negotiation with VUW, if this is of interest to you.

This offer is open for acceptance by the close of business (5pm) on Friday 4 August 2017.

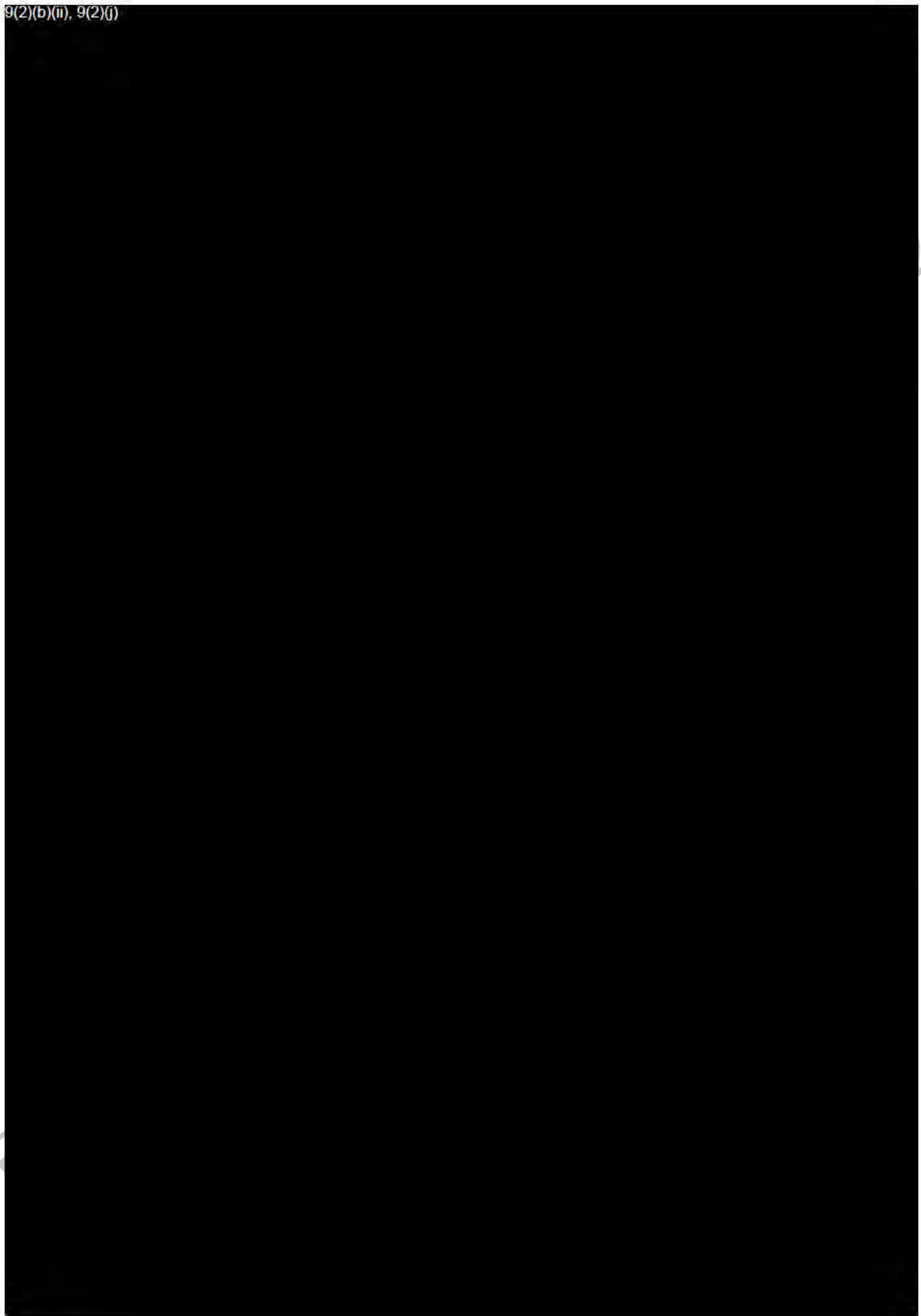
Yours sincerely



Kim Shannon
Head of Education Infrastructure Service

Cc: Chancellor Sir Neville Jordan KNZM, Chair Victoria University Council

9(2)(b)(ii), 9(2)(j)



IN CONFIDENCE

education.govt.nz

From: [Suze Strowger](#)
To: [Rob Giller](#)
Subject: Fwd: Karori Campus Update
Date: Wednesday, 2 August 2017 12:42:39 p.m.

Don't know if you get this?

Sent from my iPhone

Begin forwarded message:

From: FM Admin <FM-admin@vuw.ac.nz>
Date: 2 August 2017 at 12:22:17 PM NZST
To: Undisclosed recipients;
Subject: Karori Campus Update

I am pleased to provide the monthly update on Victoria's processes for divesting the former Karori campus.

Alternative public use

We are continuing to work with Wellington City Council to finalise its requirement for land on the former campus to provide additional car parking adjacent to the Karori swimming pool.

Discussions are also continuing with the Ministry of Education as to its exact requirement for parts of the former Karori campus. Marketing of the remainder of the campus will commence shortly.

Offer back process and sale of smaller residential properties in Campbell Street and Donald Street

The process of offering back land that is surplus to requirements to the original owner or successor—something we are required to do for some parts of the campus under the Public Works Act—is almost complete. Properties where the offer has not been accepted are being sold on the open market.

Supporting the community

The money received so far from divestment of the campus has been placed in Victoria University's Research Trust and interest from the funds will provide scholarships for Maori and Pasifika students from seven secondary schools in the Wellington region.

Recipients of the new Nga Hoe a Kupe Pathfinder Scholarships will be selected by the Principal of their secondary school and will receive \$7000 a year for three years towards the cost of completing an undergraduate degree at Victoria.

The scholarships will be available to students at Wainuiomata High School, Naenae College and Taita College in the Hutt Valley and Porirua College, Bishop Viard College, Mana College and Aotea College in Porirua—all low

decile schools with large numbers of Maori and Pasifika students.

Victoria is also supporting students at a range of other schools by donating equipment from the former Karori campus to them, with twenty-seven schools and one playcentre having so far taken up the offer.

You can read more about these initiatives [here](#).

Campus activity

- The Police have expressed their gratitude for using two buildings on the campus (the Gray and Waghorn blocks) for training. This activity is taking place indoors with minimal impact on neighbours or users of the campus.
- Donald Street Preschool is temporarily using the former marae buildings while renovations are completed to their permanent premises at 37 Donald Street.
- Victoria will run a rescue training exercise at the campus from 5.30pm to 9pm on Monday 28 August.

Security of campus facilities

Just a reminder that if you see any suspicious behaviour or wish to report anything that requires attention, we would be grateful if could contact us on 0800 VIC 8888 (0800 842 8888) or 04 463 5398 or FM-admin@vuw.ac.nz.

Access to campus facilities

Access to the recreational facilities at the Karori campus remains available to current users.

Groups are able to extend their current bookings at the former Karori campus until Friday 1 December, 2017. Bookings will not be available for spaces at the former campus beyond that date. For any queries, please contact fm-admin@vuw.ac.nz.

You can keep up to date by visiting: www.victoria.ac.nz/about/explore-victoria/campuses/karori.

If you do not wish to receive these monthly updates on divestment of the Karori campus, please let us know by emailing fm-admin@vuw.ac.nz.

Kind Regards,

Stephen Costley
Director, Property Services, Victoria University of Wellington



OFFICE OF THE CHIEF OPERATING OFFICER
VICTORIA UNIVERSITY OF WELLINGTON, PO Box 600, Wellington 6140, New Zealand
Phone +64-4-463 9489

2 August 2017

Kim Shannon
Head of Education Infrastructure Service
Ministry of Education
PO Box 1666
Wellington 6140

By email: Kim.Shannon@education.govt.nz

Without prejudice

Dear Kim,

Thank you for your offer of 28 July 2017 to purchase [REDACTED] of the former Karori Campus ("the Land") 9(2)(b)(ii), 9(2)(j)

Under section 181(e) of the Education Act 1989, the Council of the University has a duty to operate the University in a financially responsible manner that ensures the efficient use of resources and maintains the institution's long-term viability. Given this duty, the University is unable to accept your offer as it currently stands for the following reasons:

- Valuation: As you will be aware, your offered price is well below the 9(2)(b)(ii), 9(2)(j) valuation for the Land provided by Bayleys. Your price is also significantly below the price offered per m2 by other parties.
- Impairment: Transferring the Land to the Ministry would significantly impair the value of the remaining parts of the former Campus. The Ministry's offer does not include any compensation for the injurious affect as required by the Public Works Act 1981. The assessment completed by our independent registered valuer is that the impairment impact on the value of the residual buildings is approximately \$4 million, and in the final analysis may significantly exceed this value.
- Specification of Requirement: From a technical perspective, your offer does not contain any reference to the public work for which the Land is required. During the course of our discussions, the proposed purpose for which the Ministry wishes to utilise the Land has ranged from a 'technology centre' to a future secondary school. As we have indicated previously, while the Ministry might be comfortable that the nature of the public work need not be specified in detail, Victoria's Council as the local authority holding the Land, is obliged by the Public Works Act to ensure that any transfer to another agency is for a specified and legitimate public work. Therefore, please can the Ministry ensure that any revised offer specifically identifies the public work requirement for the Land. This will enable us to furnish our Council with the necessary facts to discharge its obligations.

To comply with the deadline you set in your most recent letter to us, we invite you to table a revised offer which satisfactorily addresses the above matters before 5:00pm on Friday 4th August.

We also offer to defer the commencement of the open-market sale process for the former campus until 5pm Friday 4 August 2017.

Please do not hesitate to call me on 9(2)(a) if you would like to discuss any aspect of this letter.

Kind regards



Mark Loveard
Chief Operating Officer



3 August 2017

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
PO Box 600
Wellington 6140
By email: mark.loveard@vuw.ac.nz

IN CONFIDENCE
Without prejudice

Dear Mark

Thank you for your letter dated 2 August 2017 regarding the Ministry of Education's offer to acquire 9(2)(b)(ii), 9(2)(j) of the former Karori Campus.

In regards to valuation our original intention was to work with your property agents and valuers to use the same base data and evidence that Victoria University Wellington (VUW) had relied upon (in the spirit of working together to achieve a mutually acceptable outcome). It was only after analysis of this data that it became clear to the Ministry's appointed valuers that they could not support the findings. Despite repeated attempts to obtain clarity on the basis for many of VUW's valuers assumptions a satisfactory level of information to support a robust valuation was not made available.

For clarity I have replied to each of your bullet points in turn:

- Valuation: Page 45 of Bayleys valuation dated 1 May 2017 cited a value of 9(2)(j), 9(2)(b)(ii) (plus GST if any) for the combined South East and South Western quartiles based on residential development as the highest and best use of the land. The advice we have received is that the valuation evidence provided by Bayleys is insufficient to determine a compelling case for the value at 9(2)(b)(ii), 9(2)(j) therefore we have deferred to the lower of the two values.
- Impairment: Again I refer to the Bayleys valuation and the lack of evidence (in the opinion of our experts) to substantiate the position taken regarding the value of impairment.
- Specification of Requirement: The Ministry of Education can only acquire land for a Public Work (education). Previous advice has been clear that it is the Ministry's intention to establish a technology hub and additional recreation space for Karori Normal School on the subject land. For your reporting purposes the legitimate public work requirement would be stated as "education".

If, in the opinion of Victoria University Wellington, the offer made is considered unacceptable we invite you to make a counter offer no later than 5:00pm on Friday 4th August.

Yours sincerely



Kim Shannon
Head of Education Infrastructure Service

Cc: Professor Grant Guilford, Vice Chancellor, Victoria University of Wellington
Chancellor Sir Neville Jordan KNZM, Chair Victoria University Council



OFFICE OF THE VICE-CHANCELLOR

VICTORIA UNIVERSITY OF WELLINGTON PO Box 600, Wellington 6140, New Zealand
Phone +64-4-463 5301 Fax +64-4-463 5240

4 August 2017

Kim Shannon
Head of Education Infrastructure Service
Ministry of Education
PO Box 1666
WELLINGTON 6140

Without Prejudice

Dear Kim

Thank you for letter of 3 August 2017 in relation to the Ministry's proposal to acquire 9(2)(b)(ii), 9(2)(i) (subject to survey) of the University's former Karori Campus ("the Land").

In our letter dated 2 August 2017, we invited the Ministry to table a revised offer for the Land which satisfactorily addressed the matters set out in the letter. In response, the Ministry has instead requested that Victoria provides the Ministry with a counter offer.

As previously indicated, Victoria's preference is to sell the Campus as a whole and, as such, Victoria does not wish to make a counter offer for the Land. This reflects Victoria's concerns that the sale of the Land to the Ministry will make the residual land and buildings very difficult to repurpose and will significantly impair the overall value of the Campus.

Victoria is seeking a minimum price for the whole Campus 9(2)(b)(ii), 9(2)(i) (being the Bayley's valuation of the whole Campus site as provided to you on 9 May 2017). We encourage the Ministry to reconsider its position and make an offer for the whole site less the area transferred to the Wellington City Council.

Alternatively, we invite the Ministry to make a revised offer for the Land (plus the Ministry's assessment of the associated impairment on the balance of the Campus land, which Victoria expects will be a minimum 9(2)(b)(ii), 9(2)(i) as part of the market process that Victoria intends to commence from 7 August. Victoria will consider the Ministry's offer alongside any other offers received through that process. We feel that the market process is the best way to provide all interested parties a guide to both the value of the Land (and the impairment). Furthermore, we believe the diverse participants in an open-market process are likely to generate a range of beneficial options for the future use of the site that will be worthy of serious consideration.

We will advise you when this process commences.

Please don't hesitate to call me on 9(2)(a) if you wish to discuss.

Yours sincerely

Professor Grant Guilford
Vice-Chancellor & Chief Executive

From: [Mark Loveard](#)
To: [Kim Shannon](#)
Subject: Karori Campus
Date: Monday, 7 August 2017 12:03:12 p.m.

Dear Kim,

Just a brief note to advise you that Victoria has initiated a process today, 7 August 2017, to market the land and buildings on the main Karori campus site.

Given the wide range of parties interested in the campus site, we believe a market process is the best way to identify the most practical, beneficial and realizable options for its future use. There is a range of possible outcomes from this process, including there being multiple purchasers.

The marketing process consists of two stages, each approximately six weeks long.

More detail can be found on our website - <http://www.victoria.ac.nz/about/explore-victoria/campuses/karori>.

PWC are acting as our agents and will provide the Ministry with a copy of the marketing pack shortly.

Kind Regards

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
Ph: 9(2)(a) [REDACTED]
mark.loveard@vuw.ac.nz
Victoria University of Wellington
PO Box 600, Wellington 6140.

www.victoria.ac.nz | 0800 VICTORIA

 Please consider the environment before printing this e-mail

From: [Mark Loveard](#)
To: [Rob Giller](#)
Subject: Re: Karori Campus
Date: Monday 7 August 2017 1:13:11 p.m.
Attachments: [image001.png](#)

Weird – works when I click it. Leave with me and I'll follow up.

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
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Vctor a University of We ling on
PO Box 600, We lington 61 0.

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 Please consider the environment before printing this e-mail

From: Rob Giller <Rob.Giller@education.govt.nz>
Date: Monday 7 August 2017 at 1 09 PM
To: Mark Loveard <Mark.Loveard@vuw.ac.nz>
Subject: RE: Karori Campus

Twice that is what took me to the screenshot below.

From: Mark Loveard [<mailto:Mark.Loveard@vuw.ac.nz>]
Sent: Monday, 7 August 2017 1:01 p.m.
To: Rob Giller
Subject: Re: Karori Campus

Hi Rob

Did you try clicking on the link I sent through?

Cheers

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
Ph 
mark.loveard@vuw.ac.nz
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PO Box 600, We lington 61 0.

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 Please consider the environment before printing this e-mail

From: Rob Giller <Rob.Giller@education.govt.nz>
Date: Monday 7 August 2017 at 12 20 PM
To: Mark Loveard <Mark.Loveard@vuw.ac.nz>
Subject: RE: Karori Campus

Thanks Mark

I went to take a look at what you have said about our interest in part of the main campus but as you can see below the site may not be live yet.

Regards

Rob

ge not found Emergency Site: Victoria University Internet Explorer



From: Mark Loveard [<mailto:Mark.Loveard@vuw.ac.nz>]
Sent: Monday, 7 August 2017 12:03 p.m.
To: Rob Giller
Subject: Karori Campus

Dear Rob

Just a brief note to advise you that Victoria has initiated a process today 7 August 2017 to market the land and buildings on the main Karori campus site.

Given the wide range of parties interested in the campus site we believe a market process is the best way to identify the most practical beneficial and realizable options for its future use. There is a range of possible outcomes from this process including there being multiple purchasers.

The marketing process consists of two stages each approximately six weeks long.

More detail can be found on our website - <http://www.victoria.ac.nz/about/explore-victoria/campuses/karori>.

PWC are acting as our agents and will provide the Ministry with a copy of the marketing pack shortly.

Kind Regards

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
Ph 
mark.loveard@vuw.ac.nz
Vctor a University of We ling on
PO Box 600, We lington 61 0.

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From: [Grant Guilford](#)
To: [Kim Shannon](#)
Subject: RE: Joint Press Release
Date: Wednesday, 9 August 2017 4:33:32 p.m.

Hi Kim

Sorry that got away on me too quickly..

I've also attached some of the Andy Foster (and other) media release and social media commentary by way of context!

Grant

Professor Grant Guilford
Vice-Chancellor | Tumu Whakarae

From: Grant Guilford
Sent: Wednesday, 9 August 2017 4:32 PM
To: 'Kim Shannon' <Kim.Shannon@education.govt.nz>
Subject: Joint Press Release

Hi Kim

Thanks for texting through the proposed key messages.

I've spoken to Sir Neville Jordan to clarify his perspectives on what was agreed at this week's meeting with Minister Kaye and yourself.

How would the following key bullet points sound?

- The Ministry of Education and Victoria University remain in positive and constructive discussions over the future of a parcel of land on the Karori campus site that the Ministry is interested in developing for a future Technology Hub
- We are mindful of the strong interest from various other parties and the community regarding the outcomes for the Karori Campus and intend to finish our discussions in a timely manner to give the community certainty
- However, it is in the best interests of all parties to take the time to get this right

I am thinking brief is better!

Grant

Professor Grant Guilford
Vice-Chancellor | Tumu Whakarae

From: [Grant Guilford](#)
To: [Kim Shannon](#)
Subject: Re: Joint Press Release
Date: Wednesday, 9 August 2017 5:38:35 p.m.

Yep all good
Grant

On 9/08/2017, at 5:35 PM, Kim Shannon <Kim.Shannon@education.govt.nz> wrote:

Hi Grant
Thanks, just need to check with Comms. Can I get back to you tomorrow morning?

Regards

Kim
Kim Shannon | Head of Education Infrastructure Service
Mobile 9(2)(a) [REDACTED]

From: Grant Guilford [<mailto:Grant.Guilford@vuw.ac.nz>]
Sent: Wednesday, 9 August 2017 4:32 p.m.
To: Kim Shannon
Subject: Joint Press Release

Hi Kim

Thanks for texting through the proposed key messages.
I've spoken to Sir Neville Jordan to clarify his perspectives on what was agreed at this week's meeting with Minister Kaye and yourself.

How would the following key bullet points sound?

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- We are mindful of the strong interest from various other parties and the community regarding the outcomes for the Karori Campus and intend to finish our discussions in a timely manner to give the community certainty
- However, it is in the best interests of all parties to take the time to get this right

I am thinking brief is better!

Grant

Professor Grant Guilford
Vice-Chancellor | Tumu Whakarae

From: [Ruth Berry](#)
To: [Kim Shannon](#); [Rob Giller](#)
Subject: FW: Legal advice - see below from VUW
Date: Thursday, 10 August 2017 4:19:14 p.m.

Ruth Berry | Chief Media Advisor | Communications
DDI 04 439 5060 | Ext 45060 | Mobile 9(2)(a) [REDACTED]

From: Katherine Edmond [mailto:Katherine.Edmond@vuw.ac.nz]
Sent: Thursday, 10 August 2017 4:17 p.m.
To: Ruth Berry
Subject: Legal advice

Hi there, just following up on one question you raised about our interpretation of the Public Works Act.

I'm advised that we have examined and discussed our obligations under the PWA extensively and for many months and our understanding has been built up over a long period – nothing to do with recent developments.

A very high level summary of that advice is that:

- Victoria is continuing to work through the broader disposal process as set out in sections 40-42 of the Public Works Act 1981 in relation to the Karori Campus.
- As part of this disposal process, Victoria is entitled by section 42(1)(d) of the PWA to proceed to offer the land on the open market and does not have to pause this open market process until any agreement with MOE is concluded.
- MOE can participate in that process and, if agreement is reached between MOE and Victoria to purchase part of the land, MOE could acquire that part of the land pursuant to its powers under section 16 or 17 of the PWA.

Any further questions, let me know.

Thanks, Katherine

From: Ruth Berry [mailto:Ruth.Berry@education.govt.nz]
Sent: Thursday, 10 August 2017 2:15 PM
To: Katherine Edmond <Katherine.Edmond@vuw.ac.nz>
Subject: FW: Media Statement from Victoria University and Ministry of Education.docx

We're proposing an extra line as per attached. Kim has sent this on to Grant. Let me know what the view is at your end. cheers

Ruth Berry | Chief Media Advisor | Communications
DDI 04 439 5060 | Ext 45060 | Mobile 9(2)(a) [REDACTED]

From: [Rob Giller](#)
To: [Mark Loveard](#)
Subject: Re: ECE contracts
Date: Thursday, 10 August 2017 11:44:08 a.m.

Excellent and thanks
Rob

Rob Giller

On 10/08/2017, at 10:35 AM, Mark Loveard <Mark.Loveard@vuw.ac.nz> wrote:

Hi Rob. Just signed contracts off. Should be winding their way to you today.

Have a great day

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington

Ph: 9(2)(a)

mark.loveard@vuw.ac.nz

Victoria University of Wellington
PO Box 600, Wellington 6140.

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From: Rob Giller <Rob.Giller@education.govt.nz>

Date: Wednesday, 9 August 2017 at 5:38 PM

To: Mark Loveard <Mark.Loveard@vuw.ac.nz>

Cc: Clive Huggins <Clive.Huggins@education.govt.nz>, Jerry Ball
<Jerry.Ball@vuw.ac.nz>

Subject: RE: ECE contracts

Thanks Mark,

Look forward to getting an adjusted and signed version so we can get it to Kim and then LINZ.

Regards,
Rob

From: Mark Loveard [<mailto:Mark.Loveard@vuw.ac.nz>]

Sent: Wednesday, 9 August 2017 5:01 p.m.

To: Rob Giller

Subject: FW: ECE contracts

Hi Rob,

Good to chat this morning. FYI below – looks like signing of ECE sales agreement is imminent from this end too.

Cheers

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington

Ph: 9(2)(a) [REDACTED]

mark.loveard@vuw.ac.nz

Victoria University of Wellington
PO Box 600, Wellington 6140.

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From: Jerry Ball <Jerry.Ball@vuw.ac.nz>

Date: Wednesday, 9 August 2017 at 11:49 AM

To: Mark Loveard <Mark.Loveard@vuw.ac.nz>

Subject: RE: ECE contracts

Hi Mark

Thank you for letting me know that.

I've just been talking with Greenwood Roche about this. Rob Giller is almost correct – there is one final tweak to be made.

I anticipate that we will have revised documentation to you by tomorrow, possibly today.

Best wishes - Jerry

From: 9(2)(a) on behalf of [Kim Shannon](#)
To: [Rob Giller](#)
Subject: FW: Final Draft media statement
Date: Friday, 11 August 2017 4:12:14 p.m.
Attachments: [Media Statement from Victoria University and Ministry of Education Final Draft.docx](#)

9(2)(a) | Executive Manager | Head of Education Infrastructure Service
DDI +6444638004 | Mobile 9(2)(a)

From: Grant Guilford [mailto:Grant.Guilford@vuw.ac.nz]
Sent: Friday, 11 August 2017 4:10 p.m.
To: Iona Holsted
Cc: 9(2)(a); Kim Shannon; Neville Jordan; Katherine Edmond; Media Team Shared Mailbox
Subject: Final Draft media statement

Dear Iona

Please find attached a suggested final draft of the joint press release. This draft was agreed in a meeting this afternoon of the Chancellor, Pro Chancellor and myself.

As befits a joint press release, it carries the key messages of both organisations.

Please do not hesitate to call if this statement still needs finessing. It may be easy to explain over the phone why we have ended up as per the attached.

All the best

Grant

Professor Grant Guilford
Vice-Chancellor | Tumu Whakarae

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11 August 2017

Media Statement

The Ministry of Education and Victoria University of Wellington are continuing with positive and constructive discussions over the future of a parcel of land on the University's former Karori campus site.

The Ministry has indicated previously that it is interested in potentially developing a Technology Hub on the campus land.

Victoria University Vice-Chancellor Grant Guilford and Ministry of Education Head of Infrastructure Service Kim Shannon say: "discussions are ongoing to see if an agreement can be made in a timely manner. We're mindful of the strong interest from various other parties and the community regarding the Karori campus land."

Kim Shannon says "We are working hard and trying to secure a parcel of the land for schools and for community amenities. The Ministry is keen to help facilitate progress with the community and the Wellington City Council. It is important that we continue negotiations to try and secure a path that balances all parties' interests."

Professor Guilford says "while we complete these discussions, Victoria University will not be accepting offers on this parcel of campus land but welcomes registrations of interest through its agents in order to prequalify prospective buyers for the wider campus sale process. The prequalification must include a description of the benefits the Karori and wider Wellington community is expected to enjoy as a result of the proposed development."

"It is in the best interests of all parties to take the time to get this right."

For more information:

Katherine Edmond, Associate Director Communications, Victoria University, on 04-4636017 or katherine.edmond@vuw.ac.nz

Ruth Berry, Chief Media Advisor, Ministry of Education, on 04-439 5060 or media@education.govt.nz

Victoria University of Wellington: Capital thinking. Globally minded.



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From: [Rob Giller](#)
To: [Mark Loveard](#); john.b.schellekens@nz.pwc.com
Cc: [Stephen Costley](#); [Jerry Ball](#)
Subject: RE: Options for Tech Hub at Karori
Date: Friday, 11 August 2017 7:52:00 a.m.
Attachments: [image001.jpg](#)
[image002.png](#)

Many thanks,
John has been in touch already and I'll get back to him once I have coordinated internally.

Regards,
Rob

From: Mark Loveard [<mailto:Mark.Loveard@vuw.ac.nz>]
Sent: Friday, 11 August 2017 6:46 a.m.
To: Rob Giller; john.b.schellekens@nz.pwc.com
Cc: Stephen Costley; Jerry Ball
Subject: Re: Options for Tech Hub at Karori

Hi Rob,

I'll ask John Schellekens at PWC (our agents) to liaise with you to arrange a suitable time.

Have a great day

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
Ph: 9(2)(a) [REDACTED]

mark.loveard@vuw.ac.nz

Victoria University of Wellington
PO Box 600, Wellington 6140.

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From: Rob Giller <Rob.Giller@education.govt.nz>
Date: Thursday, 10 August 2017 at 5:52 PM
To: Mark Loveard <Mark.Loveard@vuw.ac.nz>
Cc: Clive Huggins <Clive.Huggins@education.govt.nz>, Suze Strowger
<Suze.Strowger@education.govt.nz>
Subject: FW: Options for Tech Hub at Karori

Thanks Mark,
Clive and I (and possibly someone from Suze's team) would be happy to take up your offer but it will more likely be later next week after we meet with Wellington City Council to better understand their interests.

Regards,

Rob

Rob Giller | Acting Deputy Head Infrastructure Advisory
DDI +6444395038 Mobile 9(2)(a)
19 Aitken St, Wellington

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We get the job done *Ka oti i a matou nga mahi*
We are respectful, we listen, we learn *He ropu manaaki, he ropu whakarongo, he ropu ako matou*
We back ourselves and others to win *Ka manawanui ki a matou, me etahi ake kia wikitoria*
We work together for maximum impact *Ka mahi ngatahi mo te tukinga nui tonu*

Great results are our bottom line *Ko nga huanga tino pai a matou whainganga mutunga*



From: 9(2)(a) **On Behalf Of** Kim Shannon
Sent: Thursday, 10 August 2017 3:18 p.m.
To: Rob Giller
Subject: FW: Options for Tech Hub at Karori

9(2)(a) | Executive Manager | Head of Education Infrastructure Service
DDI +6444638004 | Mobile 9(2)(a)

From: Mark Loveard [<mailto:Mark.Loveard@vuw.ac.nz>]
Sent: Thursday, 10 August 2017 3:16 p.m.
To: Kim Shannon
Cc: Grant Guilford
Subject: Options for Tech Hub at Karori

Hi Kim,

Further to your discussion with Grant, we've looked into potential, smaller parcels of land or buildings at Karori that could offer the Ministry a suite of options for a new tech hub. We started to write these up for you and quickly realized that it is tricky to accurately convey the many different points and complexities of each option in a written document.

Accordingly, we'd like to suggest that a more informative and useful approach would be for PWC, our agents, to walk you and your key staff through the options on-site first. We will then follow this up quickly with a written summary of the options that are of the most interest to the Ministry. We could definitely walk you through different options at Karori on Monday or possibly tomorrow (Friday).

Let me know if this would work for you and we will quickly arrange it.

Have a great day

Kind Regards

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
Ph: 9(2)(a)
mark.loveard@vuw.ac.nz
Victoria University of Wellington
PO Box 600, Wellington 6140.

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From: [Councillor Simon Woolf](#)
To: [Vicki Faint](#); [Kim Shannon](#); [Kevin Lavery](#); [Justin Lester](#); [Mark Loveard](#); [Caroline Ward](#); [Neil Paviour-Smith](#); [Iona Holsted](#); [Councillor Diane Calvert](#); [David Chick](#); steve.g.rodgers@nz.pwc.com
Cc: [Denise Young](#); 9(2)(a); [Waveney Parkinson](#); [Linda Vekula](#)
Subject: RE: Karori Campus Meeting
Date: Thursday, 17 August 2017 12:49:29 p.m.
Attachments: [image001.png](#)
[image002.png](#)

Hi Vicki,

Thanks for your email.

After yesterday's meetings, I am sure there is a way forward. The goodwill shown by all the parties, gave me a great deal of confidence. With that goodwill, some great leadership and vision, plus a bit of luck, we can nail a best case scenario for The Karori Teachers Training College Campus. With the right people all around the table, a win win for all, is certainly possible. I remain totally optimistic.

Justin, Diane, our CEO Kevin Lavery, Chief City Planner David Chick and myself, are all keen to be involved from a council perspective.

Happy to meet up soon, however it may best if we meet up after receiving the current valuation, which is being undertaken currently. As I understand it that valuation will be completed by September 13th.

Irrespective, the meetings of the past few days have been both positive and constructive. It is very important we keep the communication channels open, and that we work together to create solutions.

The sentiments, and the positivity of the discussions of the past few days have been appreciated. Thank you all.
All the best.

Kind Regards

Simon

Kind Regards

Simon

Simon Woolf

Councillor | Onslow-Western Ward | Wellington City Council

P 04 499 4444 | M 9(2)(a)

E simon.woolf@wcc.govt.nz | W Wellington.govt.nz | ☐ ☐

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If you are not the intended recipient, you are asked to respect that confidentiality and not disclose, copy or make use of its contents.

If received in error you are asked to destroy this email and contact the sender immediately. Your assistance is

appreciated.

Thanks and all the best

From: Vicki Faint [mailto:Vicki.Faint@vuw.ac.nz]
Sent: Thursday, August 17, 2017 12:15 PM
To: kim.shannon@education.govt.nz; Kevin Lavery; Justin Lester; Councillor Simon Woolf; Mark Loveard; Caroline Ward; Neil Paviour-Smith; Iona.Holsted@education.govt.nz; Councillor Diane Calvert; David Chick; steve.g.rodgers@nz.pwc.com
Cc: Denise Young; Sue Wilson; Waveney Parkinson; Linda Vekula
Subject: Karori Campus Meeting

Dear all

It has been suggested that Victoria University of Wellington, Ministry of Education and Wellington City Council senior staff meet to discuss the different interests in the Karori Campus within the next two weeks.

Can you please advise if you would be interested and available to attend this meeting via the attached doodle link.

<https://beta.doodle.com/poll/2s243cgvza656q3n>

Kind regards

Vicki Faint (AAPNZ Cert., NZDipBus Admin)
Kaiawhina matua to Tumu Whakarāe / Kaiwhakahaere matua, Executive Assistant to the Vice-Chancellor
Victoria University of Wellington
Ph: +6444635301
Mob: 9(2)(a) [REDACTED]
vicki.faint@vuw.ac.nz
Victoria University of Wellington
PO Box 600, Wellington 6140.

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From: [Vicki Faint](#)
To: [Rob Giller](#)
Cc: [Suze Strowger](#); [Kim Shannon](#); 9(2)(a); Simon.Woolf@wcc.govt.nz
Subject: RE: Karori Campus Meeting
Date: Thursday, 17 August 2017 2:19:41 p.m.

Hi Rob

Thank you for your email, the Vice-Chancellor would like this meeting to take place before 13 September, so at this stage we would like to set this meeting up as per my original email of within the next two weeks. At this stage, the 1 September seems to be the preferred option.

Kind regards

Vicki Faint (AAPNZ Cert., NZDipBus Admin)

Kaiawhina matua to Tumu Whakarae / Kaiwhakahaere matua, Executive Assistant to the Vice-Chancellor

Victoria University of Wellington

 Please consider the environment before printing this e-mail

From: Rob Giller [mailto:Rob.Giller@education.govt.nz]
Sent: Thursday, 17 August 2017 2:16 p.m.
To: Vicki Faint <Vicki.Faint@vuw.ac.nz>
Cc: Suze Strowger <Suze.Strowger@education.govt.nz>; Kim Shannon <Kim.Shannon@education.govt.nz>; 9(2)(a) @education.govt.nz>; Simon.Woolf@wcc.govt.nz
Subject: FW: Karori Campus Meeting

Hi Vicki,

Following consultation with the Secretary for Education, the Ministry of Education attendees will be Suze Strowger and I.

As to dates, Suze and I will work around Wellington City Council Councillor and officer availability. I see from a separate email that Councillor Woolf is suggesting a date after 13 September when both Wellington City Council and ourselves will have had a chance to review independent valuation information on the site.

Perhaps 18,19 or 20 September are options?

Regards,

Rob

From: Vicki Faint [mailto:Vicki.Faint@vuw.ac.nz]
Sent: Thursday, 17 August 2017 12:15 p.m.
To: Kim Shannon; 'kevin.lavery@wcc.govt.nz'; Justin Lester; Councillor Simon Woolf; Mark Loveard; Caroline Ward; Neil Paviour-Smith; Iona Holsted; Diane.Calvert@wcc.govt.nz; David Chick; steve.g.rodgers@nz.pwc.com
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<https://beta.doodle.com/poll/2s243cgvza656q3n>

Kind regards

Vicki Faint (AAPNZ Cert., NZDipBus Admin)

Kaiawhina matua to Tumu Whakarae / Kaiwhakahaere matua, Executive Assistant to the Vice-Chancellor

Victoria University of Wellington

Ph: +6444635301

Mob: 9(2)(a)

vicki.faint@vuw.ac.nz

Victoria University of Wellington
PO Box 600, Wellington 6140.

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From: john.b.schellekens@nz.pwc.com
To: [Rob Giller](#)
Cc: steve.g.rodgers@nz.pwc.com
Subject: RE: Options for Tech Hub at Karori
Date: Friday, 18 August 2017 3:44:39 p.m.
Attachments: [ATT00001.jpg](#)
[ATT00002.png](#)

Hi Rob

That is fine. We will confirm details early next week, but at this stage let's work to say 1:30 pm.

Regards
John

John Schellekens

PwC | Partner
Office: +64 9 355 8681 | Mobile: 9(2)(a)
Email: john.b.schellekens@nz.pwc.com
PricewaterhouseCoopers New Zealand
188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
pwc.co.nz

www.linkedin.com/in/john-schellekens-nz/

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From: Rob Giller <Rob.Giller@education.govt.nz>
To: John B Schellekens/NZ/FAS/PwC@ASIAPAC
Cc: Steve G Rodgers/NZ/FAS/PwC@ASIAPAC
Date: 18/08/2017 03:34 p.m.
Subject: RE: Options for Tech Hub at Karori
Sent by: 9(2)(a) @education.govt.nz>

Good afternoon.

Could I please ask this to be arranged for the afternoon of Thursday 24th Aug?

Many thanks
Katie

9(2)(a) | Personal Assistant - Contractor
DDI +6444637068

From: john.b.schellekens@nz.pwc.com [<mailto:john.b.schellekens@nz.pwc.com>]
Sent: Wednesday, 16 August 2017 2:26 p.m.
To: Rob Giller
Cc: steve.g.rodgers@nz.pwc.com
Subject: Re: Options for Tech Hub at Karori

Hi Rob

Just following up on the correspondence below, and wondering what your availability is like for an inspection.

Would Monday work for you?

Regards

John

John Schellekens

PwC | Partner
Office: +64 9 355 8681 | Mobile: 9(2)(a)
Email: john.b.schellekens@nz.pwc.com
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188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
pwc.co.nz

www.linkedin.com/in/john-schellekens-nz/

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From: John B Schellekens/NZ/FAS/PwC

To: Mark Loveard <Mark.Loveard@vuw.ac.nz>@INTL, Steve G Rodgers/NZ/FAS/PwC@ASIAPAC

Cc: Jerry Ball <Jerry.Ball@vuw.ac.nz>, Rob Giller <Rob.Giller@education.govt.nz>, Stephen Costley

<Stephen.Costley@vuw.ac.nz>

Date: 11/08/2017 07:40 a.m.

Subject: Re: Options for Tech Hub at Karori

Hi Rob

Would Friday next week work, or Tuesday morning if that is not too early?

Regards

John

John Schellekens

PwC | Partner
Office: +64 9 355 8681 | Mobile: 9(2)(a)
Email: john.b.schellekens@nz.pwc.com
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pwc.co.nz

www.linkedin.com/in/john-schellekens-nz/

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From: Mark Loveard <Mark.Loveard@vuw.ac.nz>

To: Rob Giller <Rob.Giller@education.govt.nz>, John B Schellekens/NZ/FAS/PwC@ASIAPAC
Cc: Stephen Costley <Stephen.Costley@vuw.ac.nz>, Jerry Ball <Jerry.Ball@vuw.ac.nz>
Date: 11/08/2017 06:46 a.m.
Subject: Re: Options for Tech Hub at Karori

Hi Rob,

I'll ask John Schellekens at PWC (our agents) to liaise with you to arrange a suitable time.

Have a great day

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
Ph: 9(2)(a) [REDACTED]
mark.loveard@vuw.ac.nz
Victoria University of Wellington
PO Box 600, Wellington 6140.

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From: Rob Giller <Rob.Giller@education.govt.nz>
Date: Thursday, 10 August 2017 at 5:52 PM
To: Mark Loveard <Mark.Loveard@vuw.ac.nz>
Cc: Clive Huggins <Clive.Huggins@education.govt.nz>, Suze Strowger <Suze.Strowger@education.govt.nz>
Subject: FW: Options for Tech Hub at Karori

Thanks Mark,
Clive and I (and possibly someone from Suze's team) would be happy to take up your offer but it will more likely be later next week after we meet with Wellington City Council to better understand their interests.

Regards,
Rob

Rob Giller | Acting Deputy Head Infrastructure Advisory
DDI +6444395038 Mobile 9(2)(a) [REDACTED]
19 Aitken St, Wellington

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We get the job done *Ka oti i a matou nga mahi*
We are respectful, we listen, we learn *He ropu manaaki, he ropu whakarongo, he ropu ako matou*
We back ourselves and others to win *Ka manawanui ki a matou, me etahi ake kia wikitoria*

We work together for maximum impact *Ka mahi ngatahi mo te tuinga nui tonu*

Great results are our bottom line *Ko nga huanga tino pai a matou whainga mutunga*



From: 9(2)(a) **On Behalf Of** Kim Shannon
Sent: Thursday, 10 August 2017 3:18 p.m.
To: Rob Giller
Subject: FW: Options for Tech Hub at Karori

9(2)(a) | Executive Manager | Head of Education Infrastructure Service
DDI +6444638004 | Mobile 9(2)(a)

From: Mark Loveard [<mailto:Mark.Loveard@vuw.ac.nz>]
Sent: Thursday, 10 August 2017 3:16 p.m.
To: Kim Shannon
Cc: Grant Guilford
Subject: Options for Tech Hub at Karori

Hi Kim,

Further to your discussion with Grant, we've looked into potential, smaller parcels of land or buildings at Karori that could offer the Ministry a suite of options for a new tech hub. We started to write these up for you and quickly realized that it is tricky to accurately convey the many different points and complexities of each option in a written document.

Accordingly, we'd like to suggest that a more informative and useful approach would be for PWC, our agents, to walk you and your key staff through the options on-site first. We will then follow this up quickly with a written summary of the options that are of the most interest to the Ministry. We could definitely walk you through different options at Karori on Monday or possibly tomorrow (Friday).

Let me know if this would work for you and we will quickly arrange it.

Have a great day

Kind Regards

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
Ph: 9(2)(a)
mark.loveard@vuw.ac.nz

Victoria University of Wellington
PO Box 600, Wellington 6140.

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From: john.b.schellekens@nz.pwc.com
To: [Rob Giller](#)
Cc: steve.g.rodgers@nz.pwc.com
Subject: Sale of the former Karori Campus in Karori, Wellington
Date: Monday, 21 August 2017 3:55:48 p.m.
Attachments: [ATT00001.jpg](#)
[ATT00002.png](#)
[Victoria University Karori Campus Sale ROI.pdf](#)

Hi Rob

In advance of our inspection on Thursday, please find attached the Registrations of Interest (ROI) document for the sale of the former Karori Campus in Karori, Wellington.

Please advise if you would like dataroom access, which we can arrange following execution of a Non Disclosure & Confidentiality Agreement.

We are seeking ROI responses on Friday 22 September 2017.

See you Thursday.

Regards
John

John Schellekens

PwC | Partner
Office: +64 9 355 8681 | Mobile: 9(2)(a)
Email: john.b.schellekens@nz.pwc.com
PricewaterhouseCoopers New Zealand
188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
pwc.co.nz

www.linkedin.com/in/john-schellekens-nz/

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From: Rob Giller <Rob.Giller@education.govt.nz>
To: John B Schellekens/NZ/FAS/PwC@ASIAPAC
Cc: Steve G Rodgers/NZ/FAS/PwC@ASIAPAC
Date: 18/08/2017 04:12 p.m.
Subject: RE: Options for Tech Hub at Karori
Sent by: 9(2)(a) @education.govt.nz>

Thanks John.

9(2)(a) | Personal Assistant - Contractor
DDI +6444637068

From: john.b.schellekens@nz.pwc.com [<mailto:john.b.schellekens@nz.pwc.com>]
Sent: Friday, 18 August 2017 3:44 p.m.

To: Rob Giller
Cc: steve.g.rodgers@nz.pwc.com
Subject: RE: Options for Tech Hub at Karori

Hi Rob

That is fine. We will confirm details early next week, but at this stage let's work to say 1:30 pm.

Regards
John

John Schellekens

PwC | Partner
Office: +64 9 355 8681 | Mobile: +9(2)(a)
Email: john.b.schellekens@nz.pwc.com
PricewaterhouseCoopers New Zealand
188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
pwc.co.nz

www.linkedin.com/in/john-schellekens-nz/

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From: Rob Giller <Rob.Giller@education.govt.nz>
To: John B Schellekens/NZ/FAS/PwC@ASIAPAC
Cc: Steve G Rodgers/NZ/FAS/PwC@ASIAPAC
Date: 18/08/2017 03:34 p.m.
Subject: RE: Options for Tech Hub at Karori
Sent by: 9(2)(a) <[9\(2\)\(a\)@education.govt.nz](mailto:9(2)(a)@education.govt.nz)>

Good afternoon.

Could I please ask this to be arranged for the afternoon of Thursday 24th Aug?

Many thanks

9(2)(a)

9(2)(a) | Personal Assistant - Contractor
DDI +6444637068

From: john.b.schellekens@nz.pwc.com [<mailto:john.b.schellekens@nz.pwc.com>]
Sent: Wednesday, 16 August 2017 2:26 p.m.
To: Rob Giller
Cc: steve.g.rodgers@nz.pwc.com
Subject: Re: Options for Tech Hub at Karori

Hi Rob

Just following up on the correspondence below, and wondering what your availability is like for an inspection.

Would Monday work for you?

Regards
John

John Schellekens

PwC | Partner
Office: +64 9 355 8681 | Mobile: 9(2)(a) [REDACTED]
Email: john.b.schellekens@nz.pwc.com
PricewaterhouseCoopers New Zealand
188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
pwc.co.nz

www.linkedin.com/in/john-schellekens-nz/

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From: John B Schellekens/NZ/FAS/PwC
To: Mark Loveard <Mark.Loveard@vuw.ac.nz>@INTL, Steve G Rodgers/NZ/FAS/PwC@ASIAPAC
Cc: Jerry Ball <Jerry.Ball@vuw.ac.nz>, Rob Giller <Rob.Giller@education.govt.nz>, Stephen Costley <Stephen.Costley@vuw.ac.nz>
Date: 11/08/2017 07:40 a.m.
Subject: Re: Options for Tech Hub at Karori

Hi Rob

Would Friday next week work, or Tuesday morning if that is not too early?

Regards
John

John Schellekens

PwC | Partner
Office: +64 9 355 8681 | Mobile: 9(2)(a) [REDACTED]
Email: john.b.schellekens@nz.pwc.com
PricewaterhouseCoopers New Zealand
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pwc.co.nz

www.linkedin.com/in/john-schellekens-nz/

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From: Mark Loveard <Mark.Loveard@vuw.ac.nz>
To: Rob Giller <Rob.Giller@education.govt.nz>, John B Schellekens/NZ/FAS/PwC@ASIAPAC
Cc: Stephen Costley <Stephen.Costley@vuw.ac.nz>, Jerry Ball <Jerry.Ball@vuw.ac.nz>
Date: 11/08/2017 06:46 a.m.
Subject: Re: Options for Tech Hub at Karori

Hi Rob,

I'll ask John Schellehens at PWC (our agents) to liaise with you to arrange a suitable time.

Have a great day

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington

Ph: 9(2)(a)

mark.loveard@vuw.ac.nz

Victoria University of Wellington

PO Box 600, Wellington 6140.

www.victoria.ac.nz | 0800 VICTORIA

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From: Rob Giller <Rob.Giller@education.govt.nz>

Date: Thursday, 10 August 2017 at 5:52 PM

To: Mark Loveard <Mark.Loveard@vuw.ac.nz>

Cc: Clive Huggins <Clive.Huggins@education.govt.nz>, Suze Strowger
<Suze.Strowger@education.govt.nz>

Subject: FW: Options for Tech Hub at Karori

Thanks Mark,

Clive and I (and possibly someone from Suze's team) would be happy to take up your offer but it will more likely be later next week after we meet with Wellington City Council to better understand their interests.

Regards,

Rob

Rob Giller | Acting Deputy Head Infrastructure Advisory
DDI +6444395038 Mobile 9(2)(a)
19 Aitken St, Wellington

education.govt.nz | Follow us on Twitter: @EducationGovtNZ



We get the job done *Ka oti i a matou nga mahi*

We are respectful, we listen, we learn *He ropu manaaki, he ropu whakarongo, he ropu ako matou*

We back ourselves and others to win *Ka manawanui ki a matou, me etahi ake kia wikitoria*

We work together for maximum impact *Ka mahi ngatahi mo te tuinga nui tonu*

Great results are our bottom line *Ko nga huanga tino pai a matou whainga mutunga*

From: 9(2)(a) On Behalf Of Kim Shannon
Sent: Thursday, 10 August 2017 3:18 p.m.
To: Rob Giller
Subject: FW: Options for Tech Hub at Karori

9(2)(a) | Executive Manager | Head of Education Infrastructure Service
DDI +6444638004 | Mobile 9(2)(a)

From: Mark Loveard [<mailto:Mark.Loveard@vuw.ac.nz>]
Sent: Thursday, 10 August 2017 3:16 p.m.
To: Kim Shannon
Cc: Grant Guilford
Subject: Options for Tech Hub at Karori

Hi Kim,

Further to your discussion with Grant, we've looked into potential, smaller parcels of land or buildings at Karori that could offer the Ministry a suite of options for a new tech hub. We started to write these up for you and quickly realized that it is tricky to accurately convey the many different points and complexities of each option in a written document.

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Let me know if this would work for you and we will quickly arrange it.

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Kind Regards

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Key Highlights



Boundaries are indicative only

- **Large-scale development/redevelopment** opportunity in a central Wellington suburb.
- **3.05ha site** with two road frontages, zoned Outer Residential.
- **Established location** – Karori is located only 4km from central Wellington. The campus sits in the heart of the suburb and is conveniently located to the local shopping centre, public transport and other amenities.
- **In-zone** for Wellington College and Wellington Girls College.
- **Multiple Opportunities**; combination of 1.5ha of semi greenfield land and circa 1.6ha of land developed with existing buildings that lend themselves to adaptive reuse.
- **Scale opportunities** of this nature are unique in Wellington
- Suits **mixed use development** and has sufficient scale to facilitate precinct outcomes.
- Victoria University of Wellington (“Victoria”) is seeking to divest the **entire site**.

Overview

This is a rare opportunity to secure a scale mixed use development opportunity proximate to central Wellington

Introduction

- The Karori campus comprises some 3.05ha across two titles.
- The campus was designed by renowned Wellington architect William (Bill) Toomath, and built in the 1960's. Stage One was awarded an NZIA Silver Medal (1972), and an NZIA Local Award (Enduring Architecture) (2005).
- The former home of the Wellington College of Education since the 1970's. The College merged with Victoria's School of Education in 2005 to form Victoria's Faculty of Education, which operated from the site until 2015 when it was relocated.
- In August 2016, Victoria's Council confirmed that the campus was no longer required for Victoria's current or future needs.
- The Ministry of Education (MoE) tabled a conditional offer for the undeveloped portion of the site which lapsed at 5pm on Friday 4 August 2017. The MoE has been invited to participate in, and make any revised offer via, the call for Registration of Interest process. Victoria will consider any offer received from the MoE as part of the ROI process alongside the other expressions of interest received under this process.

The Opportunity

- Principally relates to either or both a part greenfield, part brownfield site; open land areas of approximately 1.5ha and an indicative redevelopable gross floor area (GFA) of circa 13,300sqm across 9 former education buildings.
- Multiple potential uses with adaptive reuse of existing buildings.
- A two-stage sale process is planned. This ROI represents Stage 1 and provides a high-level overview of the Opportunity.
- Victoria will evaluate the responses to this ROI and select a party, or shortlist of parties, to take forward to Stage 2.
- Distribution of additional information and access to due diligence material will be provided to qualified respondents through a data room (incl. drawings, seismic, asbestos, geotechnical, environmental, and other information). Stage 2 will proceed through to formal negotiations with shortlisted bidders in order to finalise an agreement.

The Location



The Suburb

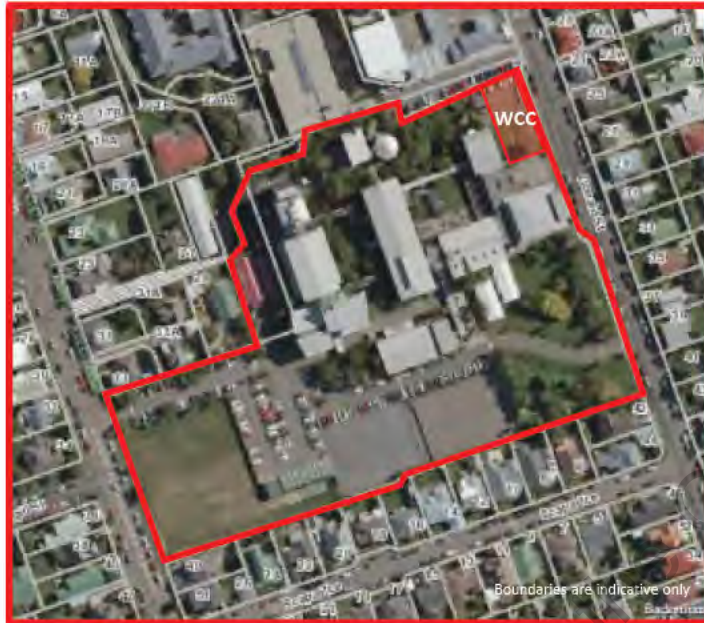


- Karori is one of New Zealand's largest suburbs with a current population of circa 14,700.
- Karori has a strong focus on family with 71% one-family households recorded, as opposed to 63% in Wellington City.
- There is a high standard of schooling in Karori, with four decile 8-10 schools in the area, three of which are primary. It is zoned for both Wellington College as well as Wellington Girls College. The private Samuel Marsden Collegiate School is the only single-sex school in the area and the only one to offer primary and secondary.

- The suburb is well serviced by a shopping mall, a public library, a recreation centre, public swimming pool, a first class cricket venue, cafés, a number of small shops, a new Events Centre (currently under construction), and a world-class wildlife sanctuary and mountain bike park.
- 47% of Karori households earn over \$100K vs New Zealand's average 23%
- 45% of people in Karori had a tertiary qualification in 2013
- The 2013 Statistics NZ census data indicates there are some 7,500 people that are 75 years or older in Wellington City. This is forecast to grow to 11,300 by 2023, and 14,000 by 2028.
- Based on the current population of 75+ year olds within Wellington, retirement /aged care penetration rates are sitting at around 7% for independent living units (ILUs) or 12% for care beds. These penetration rates in the central Wellington area are relatively low, and will continue to remain low and decrease further as the population increases, indicating a growing need for the provision of ILUs and care beds.

Statistics from Wellington City Community Profile, 2013 census data, sourced:
<http://profile.idnz.co.nz/wellington>

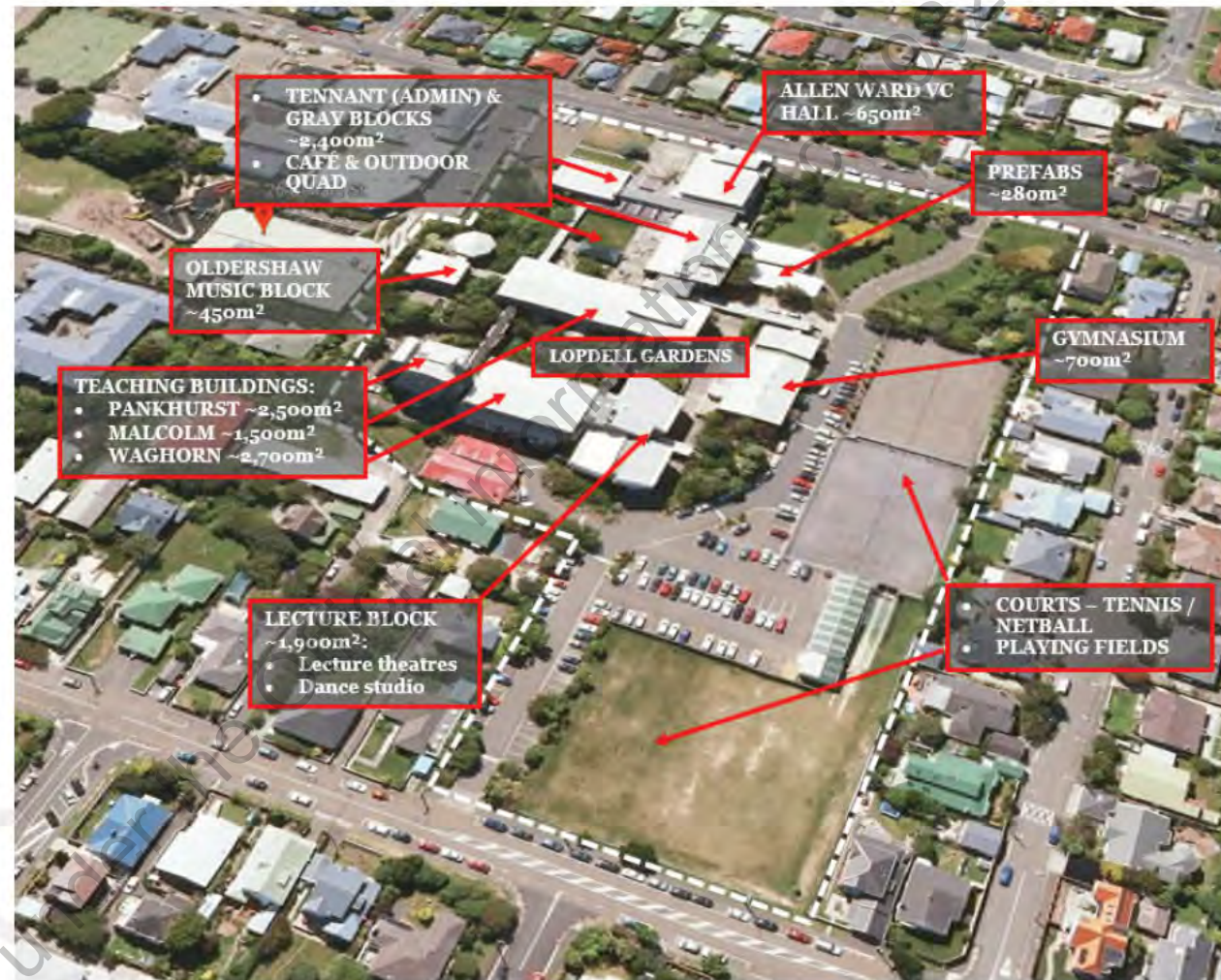
The Site



- The site is made up of two titles with the following legal descriptions:
 - Main campus buildings & open areas - Part Section 67 Karori District, being 3.0225ha (but subject to the WCC 774sqm requirement below); and
 - Section 1 SO 28414, being 0.1126ha.
- There are no outstanding Treaty settlements that could require the Karori campus land to be retained for Treaty settlement purposes, and the land is not subject to Right of First Refusal (RFR) under existing Treaty settlement legislation.
- Victoria has worked through its offer back obligations under section 40 of the Public Works Act 1981 with its Land Information New Zealand (LINZ) accredited supplier and has discharged these obligations in relation to the site.
- A portion of the land (shaded red and labelled "WCC") fronting Donald St having an area of circa 774sqm includes an existing carpark and lawn area. Victoria is concluding negotiations with Wellington City Council (WCC) for WCC to acquire this portion. This area is excluded from this opportunity.

The Campus

Wide range of interconnected existing purpose built teaching spaces with lecture theatres, a dance studio, gymnasium, hall, music block, and general common spaces (e.g. cafeteria/kitchen)



Development Considerations

- The Campus appears to have strong potential for retirement and/or residential development + learning and research reuse.
- The site is zoned Outer Residential with an Education Precinct overlay under the Wellington District Plan, permitting (but not limited to) a mix of residential and education uses.
- The maximum building height is 8m, with site coverage standard of 35%. Building recession planes extend 2.5m up from the boundary ground level and incline into the site at 45 degrees.
- There are historic heritage values that warrant recognition, and although protection mechanisms are, at this time, still to be defined, the potential for adaptive re-use and appropriate development is equally recognisable. Victoria will work with the preferred purchaser and Heritage New Zealand to determine how the heritage values will be protected in the context of adaptive reuse. These arrangements are unlikely to apply to the minor buildings.



The Process

Responses to be addressed to:

PwC Advisory Services
113-119 The Terrace, PO Box 243
Wellington 6140

Attention: Steve Rodgers
E: steve.g.rodgers@nz.pwc.com
W: www.pwcrealestate.co.nz

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Interested parties are invited to submit a Registration of Interest in order to prequalify for the next stage of the sale process. Responses should be no more than four A4 pages (plus appendices) which should contain the following information:

- Respondent's company (or other entity) name and contact details.
- Names of the respondent's senior executives and project team and a summary of their relevant skills.
- A clear and concise description of the respondent's relevant experience and track record in the successful delivery of similar property developments.
- Summary details of the respondent's three most recent relevant major property developments.
- Financial capability – Evidence of financial ability to develop the property; i.e. Funder / accountant letters of support.
- The extent of the development footprint sought, and whether you are interested in all, or part of the campus, noting Victoria's preference is to dispose of the entire campus.
- Expected use and indicative scale of development on site and, if relevant, other components of the site.
- Experience in partnering and/or working with local stakeholders, including iwi.

- A description of the benefits the Karori and wider Wellington Community is expected to enjoy as a result of the development.
- Indicative pricing expectations and any condition precedents that underpin the same, such as resource consent expectations. Victoria acknowledges that, while pricing of the "greenfield" portion should be relatively straight forward, pricing of the "brownfield" component will be challenging until formal planning and feasibility studies are completed. Where pricing parameters can be provided this would be advantageous.

Queries should be submitted via e-mail to:
Steve.g.rodgers@nz.pwc.com

Responses should be delivered in duplicate hard copy and on USB in digital copy.

Closing time and date for PwC's receipt of ROIs is 4pm 22 September 2017.

Victoria's evaluation team will review the responses received and aim to advise of the outcome by 6 October 2017.

Inspections of the former campus will be available by appointment. Please contact Steve Rodgers to arrange.

Important notice



- These particulars were finalised in August 2017.
- This short form request for Registrations of Interest (ROI) has been prepared by PwC Advisory Services ("PwC" or "PricewaterhouseCoopers"), as advisor to Victoria University of Wellington (Victoria) in relation to the commercial negotiations for the main campus of Victoria's former Karori Campus (the Opportunity). PwC and PricewaterhouseCoopers refer to the New Zealand member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.
- This ROI does not constitute an offer capable of acceptance by any party. Nothing in this ROI, or any other document referred to in this ROI, creates any legal or other obligation on Victoria in favour of any person participating in the ROI in relation to the conduct, process or outcome of the ROI. Victoria will only be contractually bound if and when Victoria enters into a binding and unconditional sale agreement.
- This document is not intended to create an obligation to consider proposals received in a particular manner, to proceed to any further process or negotiation or to enter into an agreement at all. Victoria reserves the right to alter or to terminate the ROI process at any stage or to re-advertise for further proposals (including on the same or a different basis).
- While all reasonable care has been taken in the preparation of the information contained in this document, no warranties are given or representations made in respect of any information included herein or otherwise provided, including as to the correctness or sufficiency of such information by Victoria or its consultants. Respondents must make their own enquiries and rely on their own experience and knowledge to make their own assessments regarding this ROI.
- Victoria may accept, reject or negotiate with any, all or none of the persons who provide proposals, or other persons, including to the exclusion of others. Victoria may seek further clarifications or information from any person at any time. Victoria does not need to give any reason for any actions or decisions of Victoria relating to this ROI.
- Victoria is not bound to accept any proposal or other response and may, at its option, accept proposals after the closing time.
- Victoria reserves the right to extend any dates and waive any irregularities or informalities in the ROI process.
- Victoria will use its reasonable endeavours to keep information confidential, but cannot assure that information disclosed to Victoria or PwC will be kept confidential, especially as Victoria may be required to make disclosures at law (including under applicable legislation). Victoria reserves the right to disclose information contained in proposals as required at law and to its consultants, advisers and other members of Victoria's project team.
- Persons submitting a proposal shall bear all costs of preparing and submitting the proposal and any subsequent discussions and negotiations.
- Persons submitting a proposal agree that Victoria may, for the purpose of considering or verifying the information in the proposal, collect any information (including from third parties) as Victoria considers reasonable and use that information for those purposes.
- By accepting this ROI, interested parties acknowledge that Victoria and PwC disclaim any liability to reimburse or compensate any interested party for any costs, losses or expenses incurred by that interested party in evaluating an agreement or otherwise acting in connection with the process of evaluating the Opportunity.
- Selected potential purchasers may be afforded the Opportunity to undertake due diligence to satisfy themselves as to the truth and accuracy of the information contained in this ROI or that which is obtained from any discussions with PwC, Victoria or their respective partners, directors, officers, employees, agents, advisers and representatives.

Important notice cont'd

- Any agreement related to the Opportunity will include an acknowledgement from the purchaser that, save in respect of those warranties and representations expressly included in the agreement, there has been no reliance on information, warranties or representations which may have been made by Victoria or PwC, or any of their respective shareholders, partners, directors, officers, employees, agents, advisers and representatives and that the submitter has relied solely upon its own investigation and enquiries in order to formulate its proposal and in entering into the agreement.
- PwC Advisory Services is licenced under the Real Estate Agents Act ("REAA") 2008.

Victoria's council, directors, employees, suppliers or customers must not be contacted directly.

All communications or enquiries relating to this ROI or to a possible agreement involving Victoria should be directed to:

PwC Advisory Services

113-119 The Terrace
PO Box 243
Wellington

to the attention of:

John Schellekens

Partner, Real Estate Advisory
M: +64 27 489 9541
DD: +64 9 355 8681
E: john.b.schellekens@nz.pwc.com

OR

Steve Rodgers

Director, Real Estate Advisory
M: +64 21 555 031
DD: +64 4 462 7036
E: steve.g.rodgers@nz.pwc.com





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From: 9(2)(a)
To: [Rob Giller](#)
Subject: FW: Karori Update | 1 September 2017
Date: Thursday, 31 August 2017 12:18:34 p.m.

9(2)(a) | Personal Assistant - Contractor
DDI +6444637068

From: Vicki Faint [<mailto:Vicki.Faint@vuw.ac.nz>]
Sent: Thursday, 31 August 2017 12:13 p.m.
To: Suze Strowger
Cc: Brian Mitchell
Subject: Karori Update | 1 September 2017

Dear Suze

The Karori Campus meeting originally scheduled for Friday 1 September is not now proceeding. I will send through a meeting cancellation.

The VC will be providing Diane Calvert and Simon Wolfe from WCC with an update tomorrow at 3.00 p.m. here at the University. Suze you are welcome to attend this update if you so wish.

Kindest

Vicki Faint (AAPNZ Cert., NZDipBus Admin)
Kaiawhina matua to Tumu Whakarae / Kaiwhakahaere matua, Executive Assistant to the Vice-Chancellor
Victoria University of Wellington
Ph: +6444635301
Mob: 9(2)(a)
vicki.faint@vuw.ac.nz
Victoria University of Wellington
PO Box 600, Wellington 6140.
www.victoria.ac.nz | 0800 VICTORIA

From: john.b.schellekens@nz.pwc.com
To: [Rob Giller](#)
Cc: steve.g.rodgers@nz.pwc.com
Subject: Re: Sale of the former Karori Campus in Karori, Wellington
Date: Monday, 4 September 2017 7:58:09 p.m.
Attachments: [ATT00001.jpg](#)
[ATT00002.png](#)

Hi Rob

Just checking whether you are back at work, and if so whether it is worth reconnecting on Karori?

Regards

John

John Schellekens

PwC | Partner
Office: +64 9 355 8681 | Mobile: 9(2)(a)
Email: john.b.schellekens@nz.pwc.com
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188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
pwc.co.nz

www.linkedin.com/in/john-schellekens-nz/

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From: John B Schellekens/NZ/FAS/PwC
To: Rob Giller <Rob.Giller@education.govt.nz>@INTL
Cc: Steve G Rodgers/NZ/FAS/PwC@ASIAPAC
Date: 21/08/2017 03:55 p.m.
Subject: Sale of the former Karori Campus in Karori, Wellington

Hi Rob

In advance of our inspection on Thursday, please find attached the Registrations of Interest (ROI) document for the sale of the former Karori Campus in Karori, Wellington.

Please advise if you would like dataroom access, which we can arrange following execution of a Non Disclosure & Confidentiality Agreement.

We are seeking ROI responses on Friday 22 September 2017.

See you Thursday.

Regards

John

John Schellekens

PwC | Partner
Office: +64 9 355 8681 | Mobile: 9(2)(a)
Email: john.b.schellekens@nz.pwc.com

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188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
pwc.co.nz

www.linkedin.com/in/john-schellekens-nz/

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[attachment "Victoria University Karori Campus Sale ROI.pdf" deleted by John B Schellekens/NZ/FAS/PwC]

From: Rob Giller <Rob.Giller@education.govt.nz>
To: John B Schellekens/NZ/FAS/PwC@ASIAPAC
Cc: Steve G Rodgers/NZ/FAS/PwC@ASIAPAC
Date: 18/08/2017 04:12 p.m.
Subject: RE: Options for Tech Hub at Karori
Sent by: 9(2)(a) @education.govt.nz>

Thanks John.

9(2)(a) | Personal Assistant - Contractor
DDI +6444637068

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Sent: Friday, 18 August 2017 3:44 p.m.
To: Rob Giller
Cc: steve.g.rodgers@nz.pwc.com
Subject: RE: Options for Tech Hub at Karori

Hi Rob

That is fine. We will confirm details early next week, but at this stage let's work to say 1:30 pm.

Regards
John

John Schellekens

PwC | Partner
Office: +64 9 355 8681 | Mobile: 9(2)(a)
Email: john.b.schellekens@nz.pwc.com
PricewaterhouseCoopers New Zealand
188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
pwc.co.nz

www.linkedin.com/in/john-schellekens-nz/

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From: Rob Giller <Rob.Giller@education.govt.nz>
To: John B Schellekens/NZ/FAS/PwC@ASIAPAC
Cc: Steve G Rodgers/NZ/FAS/PwC@ASIAPAC
Date: 18/08/2017 03:34 p.m.
Subject: RE: Options for Tech Hub at Karori
Sent by: 9(2)(a) <[REDACTED]>@education.govt.nz>

Good afternoon.

Could I please ask this to be arranged for the afternoon of Thursday 24th Aug?

Many thanks

9(2)(a)

Personal Assistant - Contractor
DDI +6444637068

From: john.b.schellekens@nz.pwc.com [<mailto:john.b.schellekens@nz.pwc.com>]
Sent: Wednesday, 16 August 2017 2:26 p.m.
To: Rob Giller
Cc: steve.g.rodgers@nz.pwc.com
Subject: Re: Options for Tech Hub at Karori

Hi Rob

Just following up on the correspondence below, and wondering what your availability is like for an inspection.

Would Monday work for you?

Regards
John

John Schellekens

PwC | Partner
Office: +64 9 355 8681 | Mobile: 9(2)(a) <[REDACTED]>
Email: john.b.schellekens@nz.pwc.com
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pwc.co.nz

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From: John B Schellekens/NZ/FAS/PwC
To: Mark Loveard <Mark.Loveard@vuw.ac.nz>@INTL, Steve G Rodgers/NZ/FAS/PwC@ASIAPAC
Cc: Jerry Ball <Jerry.Ball@vuw.ac.nz>, Rob Giller <Rob.Giller@education.govt.nz>, Stephen Costley <Stephen.Costley@vuw.ac.nz>
Date: 11/08/2017 07:40 a.m.
Subject: Re: Options for Tech Hub at Karori

Hi Rob

Would Friday next week work, or Tuesday morning if that is not too early?

Regards
John

John Schellekens

PwC | Partner
Office: +64 9 355 8681 | Mobile: 9(2)(a)
Email: john.b.schellekens@nz.pwc.com
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pwc.co.nz

www.linkedin.com/in/john-schellekens-nz/

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From: Mark Loveard <Mark.Loveard@vuw.ac.nz>
To: Rob Giller <Rob.Giller@education.govt.nz>, John B Schellekens/NZ/FAS/PwC@ASIAPAC
Cc: Stephen Costley <Stephen.Costley@vuw.ac.nz>, Jerry Ball <Jerry.Ball@vuw.ac.nz>
Date: 11/08/2017 06:46 a.m.
Subject: Re: Options for Tech Hub at Karori

Hi Rob,

I'll ask John Schellekens at PwC (our agents) to liaise with you to arrange a suitable time.

Have a great day

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
Ph: 9(2)(a)
mark.loveard@vuw.ac.nz

Victoria University of Wellington
PO Box 600, Wellington 6140.

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From: Rob Giller <Rob.Giller@education.govt.nz>
Date: Thursday, 10 August 2017 at 5:52 PM
To: Mark Loveard <Mark.Loveard@vuw.ac.nz>
Cc: Clive Huggins <Clive.Huggins@education.govt.nz>, Suze Strowger <Suze.Strowger@education.govt.nz>
Subject: FW: Options for Tech Hub at Karori

Thanks Mark,

Clive and I (and possibly someone from Suze's team) would be happy to take up your offer but it will more likely be later next week after we meet with Wellington City Council to better understand their interests.

Regards,
Rob

Rob Giller | Acting Deputy Head Infrastructure Advisory
DDI +6444395038 Mobile +9(2)(a) [REDACTED]
19 Aitken St, Wellington

education.govt.nz | Follow us on Twitter: @EducationGovtNZ



We get the job done *Ka oti i a matou nga mahi*
We are respectful, we listen, we learn *He ropu manaaki, he ropu whakarongo, he ropu ako matou*
We back ourselves and others to win *Ka manawanui ki a matou, me etahi ake kia wikitoria*
We work together for maximum impact *Ka mahi ngatahi mo te tukinga nui tonu*

Great results are our bottom line *Ko nga huanga tino pai a matou whainga mutunga*



From: 9(2)(a) [REDACTED] **On Behalf Of** Kim Shannon
Sent: Thursday, 10 August 2017 3:18 p.m.
To: Rob Giller
Subject: FW: Options for Tech Hub at Karori

[REDACTED] | Executive Manager | Head of Education Infrastructure Service
DDI +6444638004 | Mobile +9(2)(a) [REDACTED]

From: Mark Loveard [<mailto:Mark.Loveard@vuw.ac.nz>]
Sent: Thursday, 10 August 2017 3:16 p.m.
To: Kim Shannon
Cc: Grant Guilford
Subject: Options for Tech Hub at Karori

Hi Kim,

Further to your discussion with Grant, we've looked into potential, smaller parcels of land or buildings at Karori that could offer the Ministry a suite of options for a new tech hub. We started to write these up for you and quickly realized that it is tricky to accurately convey the many different points and complexities of each option in a written document.

Accordingly, we'd like to suggest that a more informative and useful approach would be for PwC, our agents, to walk you and your key staff through the options on-site first. We will then follow this up quickly with a written summary of the options that are of the most interest to the Ministry. We could definitely walk you through different options at Karori on Monday or possibly tomorrow (Friday).

Let me know if this would work for you and we will quickly arrange it.

Have a great day

Kind Regards

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
Ph: 9(2)(a) [REDACTED]
mark.loveard@vuw.ac.nz

Victoria University of Wellington
PO Box 600, Wellington 6140.

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From: [Iona Holsted](#)
To: [Kim Shannon](#)
Subject: Fwd: Divestment of Karori Campus
Date: Friday, 29 September 2017 9:02:42 a.m.

Sent from my iPhone

Begin forwarded message:

From: Grant Guilford <Grant.Guilford@vuw.ac.nz>
Date: 29 September 2017 at 9:00:41 AM NZDT
To: Iona Holsted <Iona.Holsted@education.govt.nz>
Subject: Divestment of Karori Campus

Dear Iona

Just a brief note to keep you apprised of the divestment process for Victoria's Karori Campus.

The expression of interest phase of the open-market process has now been completed. There was strong interest in the site.

The Finance Committee of Council met this week with our agents and selected a shortlist of bidders based on a set of criteria that included development experience, proposed community benefits, experience working with iwi, and estimated price.

The shortlisted bidders have now entered a formal tendering process.

No further updates are planned until the tender process is concluded. However, please do not hesitate to call me on 9(2)(a) if you or members of your staff wish to discuss the divestment process.

Yours sincerely

Grant Guilford

Professor Grant Guilford
Vice-Chancellor | Tumu Whakarae

From: [Mark Loveard](#)
To: [Kim Shannon](#); [Rob Giller](#)
Subject: Karori Upate
Date: Friday, 29 September 2017 9:54:39 a.m.

Dear Kim & Rob,

Just a brief note to keep you apprised of the divestment process for Victoria's Karori Campus.

The expression of interest phase of the open-market process has now been completed. There was strong interest in the site.

The Finance Committee of Council met this week with our agents and selected a shortlist of bidders based on a set of criteria that included development experience, proposed community benefits, experience working with iwi, and estimated price.

The shortlisted bidders have now entered a formal tendering process.

No further updates are planned until the tender process is concluded. However, please do not hesitate to call me on 9(2)(a) if you wish to discuss the divestment process.

Kind Regards

Mark

Mark Loveard
Chief Operating Officer
Victoria University of Wellington
Ph: 9(2)(a)
mark.loveard@vuw.ac.nz
Victoria University of Wellington
PO Box 600, Wellington 6140.

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2 October 2017

Professor Grant Guilford
Vice Chancellor
Victoria University of Wellington

Grant.Guilford@vuw.ac.nz

Tēnā koe Grant

Thank you for your email of 29 September 2017. I appreciate you providing this update about the divestment process for the Karori Campus of Victoria University of Wellington.

Just to ensure that there is an agreed understanding of this matter, I want to record the Ministry of Education's understanding that VUW is conducting parallel negotiations with the Ministry for a proposed Public Works Act 1981 (PWA) acquisition of part of the site. I understand that this has been disclosed by VUW to the tenderers, as the PWA requirement would take priority and potentially impact on the plans of a purchaser.

With regard to the negotiations between the Ministry and VUW, we expect to share valuation advice with you within the next couple of weeks. The Ministry will present you with another offer for part of the site following this.

I look forward to continuing to work with you towards resolution of this matter.

Ngā mihi



Iona Holsted
Secretary for Education

cc: Sir Neville Jordan KNZM, Chancellor, Victoria University of Wellington

From: [Iona Holsted](#)
To: [Sean Teddy](#); [Kim Shannon](#)
Subject: Fwd: Karori Campus
Date: Tuesday, 3 October 2017 6:02:15 p.m.
Attachments: [image003.png](#)
[ATT00001.htm](#)
[image004.png](#)
[ATT00002.htm](#)
[Iona Holsted letter to Grant Guilford 2 Oct 17.pdf](#)
[ATT00003.htm](#)
[2017-08-04 - Letter to Kim Shannon - Karori Campus11.pdf](#)
[ATT00004.htm](#)

Sent from my iPhone

Begin forwarded message:

From: Grant Guilford <Grant.Guilford@vuw.ac.nz>
Date: 3 October 2017 at 5:44:55 PM NZDT
To: Iona Holsted <Iona.Holsted@education.govt.nz>
Subject: Karori Campus

Dear Iona

Many thanks for your letter of 2 October.

To my knowledge there are no current negotiations with the Ministry over the Karori Campus and Victoria has not received a reply to my letter of 04 August 2017 attached above.

Despite this, a Ministry official was provided with a copy of the Call for Registrations of Interest and was shown the site by Victoria's agents. Unfortunately, no Registration of Interest was received from the Ministry by the closing date of 22 September.

The Call for Registration of Interest contained the following information in relation to the Ministry:

"The Ministry of Education (MoE) tabled a conditional offer for the undeveloped portion of the site which lapsed at 5pm on Friday 4 August 2017. The MoE has been invited to participate in, and make any revised offer via, the call for Registration of Interest process. Victoria will consider any offer received from the MoE as part of the ROI process alongside the other expressions of interest received under this process."

The Registration of Interest phase of the open-market process generated strong interest in the site and the Finance Committee of the University Council has now selected a shortlist of bidders based on a set of criteria that included development experience, proposed community benefits, experience working with iwi, and estimated price. These bidders have now entered a formal tendering process.

Thank you for notifying me that the Ministry will present another offer for part of the site. As indicated in my letter of 4 August 2017, the Ministry is welcome to submit a revised offer and we will consider that offer alongside any other offers received through the formal tender process. Please note, however, that our preference remains to sell the campus as a whole.

As we have entered the formal tender process, any offer would therefore need to be received by Friday 24 November 2017.

Furthermore, it is now very important that matters of probity and due process in relation to the formal tender are respected by both Victoria and the Ministry.

Please do not hesitate to call me on 9(2)(a) if you wish to discuss this matter further. I would be very happy to do so.

Kind regards

Grant

Professor Grant Guilford
Vice-Chancellor | Tumu Whakarae

From: 9(2)(a) [redacted] education.govt.nz

Sent: Monday, 2 October 2017 7:36 PM

To: Grant Guilford <Grant.Guilford@vuw.ac.nz>

Cc: 'njordan@ecap.co.nz' <njordan@ecap.co.nz>

Subject: Secretary for Education correspondence

Good evening Grant

Please find attached correspondence from Iona Holsted.

Kind regards

9(2)(a) [redacted] | Executive Manager | Chief Executive's Office
DDI +64 4 463 8407 | 9(2)(a) [redacted]
33 Bowen Street, Wellington

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<!--[if !vml]-->



2 October 2017

Professor Grant Guilford
Vice Chancellor
Victoria University of Wellington

Grant.Guilford@vuw.ac.nz

Tēnā koe Grant

Thank you for your email of 29 September 2017. I appreciate you providing this update about the divestment process for the Karori Campus of Victoria University of Wellington.

Just to ensure that there is an agreed understanding of this matter, I want to record the Ministry of Education's understanding that VUW is conducting parallel negotiations with the Ministry for a proposed Public Works Act 1981 (PWA) acquisition of part of the site. I understand that this has been disclosed by VUW to the tenderers, as the PWA requirement would take priority and potentially impact on the plans of a purchaser.

With regard to the negotiations between the Ministry and VUW, we expect to share valuation advice with you within the next couple of weeks. The Ministry will present you with another offer for part of the site following this.

I look forward to continuing to work with you towards resolution of this matter.

Ngā mihi



Iona Holsted
Secretary for Education

cc: Sir Neville Jordan KNZM, Chancellor, Victoria University of Wellington



OFFICE OF THE VICE-CHANCELLOR

VICTORIA UNIVERSITY OF WELLINGTON PO Box 600, Wellington 6140, New Zealand
Phone +64-4-463 5301 Fax +64-4-463 5240

4 August 2017

Kim Shannon
Head of Education Infrastructure Service
Ministry of Education
PO Box 1666
WELLINGTON 6140

Without Prejudice

Dear Kim

Thank you for letter of 3 August 2017 in relation to the Ministry's proposal to acquire 9(2)(i), 9(2)(b) (subject to survey) of the University's former Karori Campus ("the Land").

In our letter dated 2 August 2017, we invited the Ministry to table a revised offer for the Land which satisfactorily addressed the matters set out in the letter. In response, the Ministry has instead requested that Victoria provides the Ministry with a counter offer.

As previously indicated, Victoria's preference is to sell the Campus as a whole and, as such, Victoria does not wish to make a counter offer for the Land. This reflects Victoria's concerns that the sale of the Land to the Ministry will make the residual land and buildings very difficult to repurpose and will significantly impair the overall value of the Campus.

Victoria is seeking a minimum price for the whole Campus 9(2)(b)(ii), 9(2)(i) (being the Bayley's valuation of the whole Campus site as provided to you on 9 May 2017). We encourage the Ministry to reconsider its position and make an offer for the whole site less the area transferred to the Wellington City Council.

Alternatively, we invite the Ministry to make a revised offer for the Land (plus the Ministry's assessment of the associated impairment on the balance of the Campus land, which Victoria expects will be a minimum 9(2)(b)(ii), 9(2)(i) as part of the market process that Victoria intends to commence from 7 August. Victoria will consider the Ministry's offer alongside any other offers received through that process. We feel that the market process is the best way to provide all interested parties a guide to both the value of the Land (and the impairment). Furthermore, we believe the diverse participants in an open-market process are likely to generate a range of beneficial options for the future use of the site that will be worthy of serious consideration.

We will advise you when this process commences.

Please don't hesitate to call me on 9(2)(a) if you wish to discuss.

Yours sincerely

Professor Grant Guilford
Vice-Chancellor & Chief Executive



4 October 2017

Professor Grant Guilford
Vice Chancellor
Victoria University of Wellington

via email Grant.Guilford@vuw.ac.nz

Tēnā koe Grant

Thank you for your email response to my letter of 2 October 2017.

In my letter I recorded my understanding that Victoria University of Wellington is conducting parallel negotiations with the Ministry for a proposed Public Works Act 1981 (PWA) acquisition of part of the site. This is consistent with the joint statement we had previously released on 11 August and conversations with you and the Chancellor at that time. That statement is attached and includes the quote below from you:

Professor Guilford says "while we complete these discussions, Victoria University will not be accepting offers on the parcel of campus land on which the Ministry has made an offer."

I mentioned in my letter that we will be sharing valuation advice with you in the next 1-2 weeks. This was commissioned on the main campus at taxpayer's expense to support our discussions. Once finalised, we will present another offer for part of the site. This would allow us to recommence discussions.

We have been clear with you from the offset that we cannot acquire the whole site as it exceeds our educational requirements.

Your email of 3 October 2017 indicates a change of approach where our offer will now be considered alongside other offers but that your preference is to sell the campus as a whole.

I am deeply concerned that in good faith the Ministry has incurred cost and effort to be able to undertake informed discussion with you only to be told the process has changed.

As well as educational interests, there are other community interests that were also recognised in the attached media statement. We have been in discussion with Wellington City Council and your change of approach will impact on what the Council is trying to achieve for community groups.

I hope that this clarifies our position as agreed in August and stated publicly at that time, and that we are now able to recommence discussions once you have received our valuation informed offer.

Ngā mihi



Iona Holsted
Secretary for Education

cc Sir Neville Jordan KNZM, Chancellor, Victoria University of Wellington

Attachment Media statement

Released under the Official Information Act 1982

11 August 2017

Media Statement

The Ministry of Education and Victoria University of Wellington are continuing with positive and constructive discussions over the future of a parcel of land on the University's former Karori campus site.

The Ministry has indicated previously that it is interested in potentially developing a Technology Hub on the campus land.

Victoria University Vice-Chancellor Grant Guilford and Ministry of Education Head of Infrastructure Service Kim Shannon say: "discussions are ongoing to see if an agreement can be made in a timely manner. We're mindful of the strong interest from various other parties and the community regarding the Karori campus land."

Kim Shannon says "We are working hard and trying to secure a parcel of the land for schools and for community amenities. The Ministry is keen to help facilitate progress with the community and the Wellington City Council. It is important that we continue negotiations to try and secure a path that balances all parties' interests."

Professor Guilford says "while we complete these discussions, Victoria University will not be accepting offers on the parcel of campus land on which the Ministry has made an offer."

"It is in the best interests of all parties to take the time to get this right."

For more information:

Katherine Edmond, Associate Director Communications, Victoria University, on 04-4636017 or katherine.edmond@vuw.ac.nz

Ruth Berry, Chief Media Advisor, Ministry of Education, on 04-439 5060 or media@education.govt.nz

Issued by Victoria University of Wellington Communications & Marketing. Katherine Edmond, Associate Director, Communications can be contacted by emailing katherine.edmond@vuw.ac.nz or phoning 04 463-6017 or 027 563 6017.

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