

Unofficial translation

Ministry of Finance, Finland

Government Decree on the Acquisition, Possession and Management of State Real Estate Assets

(1070/2002)

In accordance with the Government decision made on the submission of the Ministry of Finance, the following is decreed under the Act on the Right to Transfer State Real Estate Assets (973/2002) issued on 25 November 2002;

Section 1 – *Scope of application*

- (1) This Decree provides on:
 - 1) the acquisition of real estate assets for State use;
 - 2) the lease of real estate assets for use by the Office of the President of Finland, the Prime Minister's Office, a ministry, a State agency or institution or an extra-budgetary fund from the Office of the President of Finland, another ministry, an unincorporated State enterprise, a fund or another State agency or institution or from an outsider;
 - 3) possession and transfer of possession of State real estate assets;
 - 4) management and use of State real estate assets;
 - 5) registration of State real estate assets;
 - 6) lease of State real estate assets to other State agencies and institutions and outsiders.
- (2) For the purposes of this Decree, *leasing* means leasing as referred to in the Act on Residential Leases (471/1995), the Act on Commercial Leases (482/1995) and the Land Tenancy Act (258/1966) when leasing real estate assets to the State.
- (3) This Decree does not apply to organs of the Finnish Parliament or its agencies or institutions, the Bank of Finland or the Social Insurance Institution (KELA). In addition, with the exception of section 8 and section 9(4), it does not apply to unincorporated State enterprises.

Section 2 – *Possessor agencies*

- (1) The Office of the President of Finland, the Ministry for Foreign Affairs, the Frontier Guard, the National Board of Antiquities, the Governing Body for Suomenlinna, the University of Helsinki, the University of Joensuu, the Ministry of Agriculture and Forestry, MTT Agrifood Research Finland, the Finnish Forest Research Institute, the Ministry of Transport and Communications, the Finnish Road Administration, the Finnish Rail Administration, the National Board of Navigation and the Ministry of the Environment (*administrative agency*) may be possessors of the real estate assets referred to in section 3(1) of the Act on the Right to Transfer State Real Estate Assets (973/2002).
- (2) The Finnish National Gallery and universities and other institutes of higher education (*possessor agency*) may hold State-owned shares in housing companies.

Section 3 – *Decision-making authority regarding acquisitions*

- (1) Ministry decides on:
 - 1) the acquisition of real estate assets with a value of at least 5 million euros for the State;
 - 2) the conclusion of a lease agreement when the costs incurred from the agreement by the

State and other related costs (*lease costs*) over the entire agreement period total at least 5 million euros.

- (2) Leasing costs include absolute net rent and running management costs as well as value added tax costs incurred from leasing.

Section 4 – *Procurement*

- (1) In addition to what is laid down in section 38(1) of the State Budget Decree (1243/1992), agencies and bodies must, whether or not they are possessor agencies, investigate the following before making decisions to acquire or lease properties or real estate for the State:
 - 1) whether real estate assets already owned by the State could be used;
 - 2) how to use State real estate assets that become available as a result of acquisition or lease;
 - 3) costs of use and other costs of the real estate assets to be acquired or leased; and
 - 4) alternative ways to satisfy the demand for real estate assets, and their costs.
- (2) Separate provisions will be laid down on the acceptance of real estate assets donated to the State and their use.

Section 5 – *Management and use*

Possessor agencies must watch over rights related to State real estate assets they possess and ensure that obligations are fulfilled, and also manage the assets in a manner befitting their nature and purpose.

Section 6 – *Transfer of possession*

When a possessor agency has no justified use for a State real estate asset, it must transfer possession of the asset to the Ministry of Finance or the Ministry of Agriculture and Forestry so that its possession and use can be reorganized. Agreement must be reached in advance with the ministry on the transfer, its date and related measures.

Section 7 – *Agencies' right to transfer and lease State real estate assets*

- (1) A ministry may transfer State real estate assets and lease State land property as laid down in the Act on the Right to Transfer State Real Estate Assets.
- (2) An agency or body may transfer State real estate assets to an outsider provided that:
 - 1) the provisions of sections 4, 5 and 12 of the Act on the Right to Transfer State Real Estate Assets are observed;
 - 2) the Government has delegated to it the decision-making authority of a ministry under section 6(4) of the Act on the Right to Transfer State Real Estate Assets; and
 - 3) the agency or institution is a possessor agency as referred to in section 2.
- (3) Possession agencies may lease State real estate assets other than land property to other State agencies and institutions and outsiders for a short period.

Section 8 – *Registration*

- (1) Possessor agencies, unincorporated State enterprises and extra-budgetary funds must register State real estate assets that have come into State ownership in the Land Ownership and Mortgages Register, share registers and any other registers in which they must be entered under law, in the name of the State of Finland and in their possession.
- (2) Details on possessors are entered in the Land Ownership and Mortgages Register as reminder data.

- (3) If the possession of State real estate assets is transferred from a State possessors agency to another or to an unincorporated State enterprise or a fund, the receiving possessor agency, unincorporated State enterprise or fund must report the change in possessor information for entry in the registers referred to in subsection 1.
- (4) Possessor agencies, unincorporated State enterprises and funds must ensure that register data is up to date.

Section 9 – *Entry into force*

- (1) This Decree enters into force on 1 January 2003.
- (2) This Decree repeals the Decree on the Management of State Real Estate Assets (159/1995) issued on 3 February 1995.
- (3) The provisions of section 7(3) do not apply to lease agreements made before this Decree enters into force.
- (4) By the end of 2003, possessor agencies, unincorporated State enterprises and extra-budgetary funds must verify and ensure that the information of ownership and possession regarding State real estate assets in their possession is up to date.
- (5) Measures necessary for the implementation of this Decree may be undertaken before the Decree's entry into force.