

Treasurer's Instruction No	1302
Title	Major Office Accommodation Leases
Effective date	7 September 2016
Objective and Background	Provides instruction on the management of major office accommodation leases in Tasmania.
Version Number	2

Bold items within these Instructions are mandatory.

- (1) **This TI applies to all Government major office accommodation leases: (1) in the Hobart Central Business District, of 400m² or more; and (2) for all other areas in Tasmania of 150m² or more.**
- (2) **Agencies, in conjunction with the Department of Treasury and Finance, must liaise and co-ordinate office accommodation strategies, in order to achieve the following whole-of-Government office accommodation management objectives:**
 - i) **maximise the occupation and utilisation of existing Crown owned office accommodation;**
 - ii) **maximise the occupation and utilisation of existing Crown leased office accommodation; and**
 - iii) **ensure compliance with i) and ii) above in the take up of 'lease options' and 'end of lease' renewals.**
- (3) **An Agency's operational and management objectives must not be the sole consideration in office accommodation planning. Adapting organisational and service delivery mechanisms may be required to meet the overall whole-of-Government office accommodation management objectives.**

CENTRALISED MANAGEMENT

- (4) **Treasury will be the signatory on behalf of each tenant Agency, to all major office accommodation leases.**
- (5) **Treasury, with the support of tenant agencies, will negotiate all major office accommodation leases, including; extensions, variations or the exercise of any rights pursuant to the lease.**
- (6) **Treasury will assign agencies to designated tenancies in order to achieve the objectives of the whole of Government office accommodation strategy.**
Any budgetary implications of such directions will be managed through the normal budgetary management processes.
- (7) **Advice must be obtained from the Office of the Crown Solicitor and the Office of the Valuer-General before entering into any office accommodation lease.**
- (8) **Agencies are to provide Treasury with all supporting documentation associated with major office accommodation leases.**

DURING THE TERM OF THE LEASE

- (9) An agency sub-leasing office accommodation from another agency must enter into a formal arrangement with the head tenant Agency, which details the leasing obligations and responsibilities being assumed. Treasury approval will also be required in accordance with the requirements of this Instruction.
- (10) If any agency is restructured or part of an agency reallocated to another agency, then the lease obligation is transferable to the new agency.
- (11) The Head of Agency must ensure that the agency complies with Treasurer's Instruction No. 502 Leases. If a Lessor offers a Lessee the use of capital funding for any purpose, for example, a tenancy fitout, which results in an increase to the gross market rental over the life of the lease, this is to be considered a finance lease and is outside the authorisation of agencies.
- (12) Each tenant agency is responsible for, the day to day management of leases and associated facilities management.

RELOCATION

- (13) Treasury must authorise all proposed relocations.
- (14) An Agency proposing a relocation must be able to demonstrate that strategic objectives are being met with respect to, the overall Government owned and leased office accommodation portfolio. Any relocation should result in a whole of government gain and benefit with consideration to both the proposed relocation and also the possible need to backfill space being vacated.
- (15) No office accommodation relocation will be considered if the tenant agency has not been in place for at least five years, unless the Secretary of the Department of Treasury and Finance is satisfied that there are exceptional circumstances to support the relocation.

DEFINITIONS

For the purposes of this Instruction, the following definitions apply:

- (a) A 'major office accommodation lease' is:

a lease within the Hobart CBD that comprises a net lettable area of 400m² or more; or for all other areas in Tasmania (excluding the Hobart CBD) a lease that comprises a net lettable area of 150m² or more; and

the size of the lease is to include but is not limited to:

- (i) any area, office accommodation, storage or other related space; and
 - (ii) all floors leased within a building regardless of whether they are subject to different lease arrangements; and
 - (iii) multiple buildings on the same land title or conjoined titles, where the lease is effectively over one area.
- (b) 'lease' includes any agreement for lease, lease renewal or lease granted upon the exercise of an option to renew a lease within an existing lease (where the Crown has the sole right to exercise).