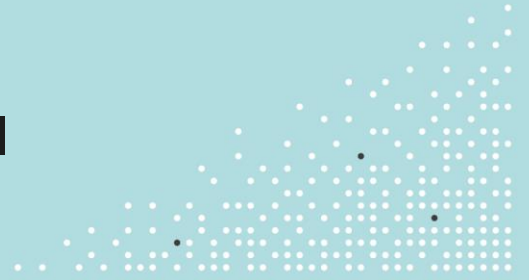




2023 Office Data Collection Manual Reporting Scenarios

June 2023



1. Purpose

This document has been designed to support the Australian Government Property Register (AGPR) Office Data Collection Manual, by providing additional details on how to correctly record details of tenancies (including sub-leases/MOUs) in the AGPR for a number of common and not-so common scenarios.

2. Reporting scenarios

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Commonwealth MOUs/subleasing arrangements

A sublease is where the whole or part of a lease's floorplate is rented to another entity for a period. There are a number of scenarios within these arrangements that require special attention when reporting within the AGPR.

Collection Scope

All subleases which involve an exchange of payment to the head lease (or payment direct to landlord) are required to be reported in the AGPR. This includes those that do not have a formal lease agreement, and those which are agreed through a Memorandum of Understanding (MOU). Subleases containing only non-office area may be required to be reported – see [Requirement to report sublet non-office areas](#).

Reconciling sublease revenue, rent and lessors outgoings

To ensure that sublease revenue, rent and lessor's outgoings all reconcile correctly, the values entered into each field must be correct.

All costs reported in the AGPR are reported **GST inclusive**.

Sublease Revenue (recorded by the head lessor) is the total amount of rent paid by the sub-lessee, plus any additional expenses (lessor's outgoings) for services provided within the lease, for example landscaping, cleaning, maintenance, after-hours air conditioning, etc. Credit notes are to be included in total amount of rent paid by the sub-lessee.

Sublease Current Year Actual Rent (in the sublease record) is therefore to be reported in line with a Fully Gross or Gross lease, which means that it includes both rent and all additional expenses paid to the head lessor. These additional expenses will be the *Lessor's Outgoing Expenses* and the value of these must be recorded in the **Lessor's Outgoing Expenses** field within the sublet tenant record.

When reconciling values between the head lessors and sub-lessors it then becomes necessary to do so as follows:

Head Lessor Sublease Revenue = Sublease *Current Year Actual Rent*

Sublease Rent = Sublease *Current Year Actual Rent* – Lessor's *Outgoing Expenses*

Where the negotiated sub-lease rent is a fixed amount (i.e., all additional services are inclusive in the rent rate) then Sublease Rent = Sublease *Current Year Actual Rent*, with *Lessor's Outgoing Expenses* being recorded as zero.



Where there are discrepancies in the reported rent between the head-lessor and the sub-lessee, the data supplier for the sub-lease should contact the head-lessor to confirm information in the first instance.

Non-office areas in sublease or MOU arrangement

In general, operational tenancies are out of scope for reporting in the Office Data Collection. However, there are two scenarios where reporting of these tenancies is required:

1. Operational sublease or MOU within an office head-lease.

The head-lessor will need to record details of the Commonwealth MOU/sublease within their tenancy record in order to accurately record the area within their tenancy and the sublease revenue attached to the sublease.

This will automatically generate a sublet tenant record on the sub-lessor's records within the AGPR. Where this sublease is used solely for operational purposes, i.e., has no usable office area, then the appropriate non-office area values should be entered into the sublet tenant record to show the entire net lettable area (NLA) is non-office area. This will result in the AGPR calculating the usable office area as zero, which will then exempt the tenancy from any further reporting requirements.

The sublet tenant record must **not** be deleted from the AGPR.

2. Head-lease that supports a Commonwealth MOU/sublease with usable office area.

Where a sublease has usable office area the head lease must be reported in the AGPR, regardless of whether the entire NLA is subleased or only part of it.

Tenancies of this nature are deemed to have Usable Office Area as the sub-lease (with Usable Office Area) exists within the NLA of the head lease.

Reporting work-points when subleasing or hosting

Where a tenancy has a sublease, Commonwealth MOU or hosting arrangement, the treatment of work-points contained within the subleased area may vary. There are three common scenarios, which are listed below with the correct treatment for the work-points.

Scenario	Description	Work-point Treatment
Discreet sub-lease	The sub-leased area is separated from the head lease by physical barriers, such as internal walls, partitions, etc. with staff unable to move between these areas	Each tenancy must only report the work-points within their physical space.
Shared accommodation	Two or more entities share the same workspace (on an ongoing basis under an MOU) with no physical barriers between areas accessible by staff, however each entity has specific work-points assigned for their use.	Each entity must only report the work-points assigned to their agency through their MOU/ agreement.
Hosting Arrangement	Where an entity hosts staff from other entity/ies for short periods of time with no exchange of rent.	<p>Only the hosting entity's tenancy is to be reported (i.e., do not report these arrangements as separate tenancies).</p> <p>The entity holding the head lease should report all work-points within their tenancy.</p> <p>Please note, these arrangements may also have an impact on the number of staff reported under the head lease.</p> <p>Where these work-points are occupied by another entity consistently (more than three days in any week), report their occupation by increasing the number of staff allocated to lease. However, if these work points are available for other entities to use do not report staff as occupying these work points.</p>

Head lease actual rent and sublease revenue

The AGPR has two separate fields for recording the rent and sublease revenue applicable for a tenancy.

Where one or more subleases exist, the *Current Year Actual Rent* must include the full amount paid to the landlord, regardless of whether the sub-lessor pays their rent directly to the entity or the landlord.

In the past some entities have reported *Current Year Actual Rent* as the net value (*Current Year Actual Rent – Sublease Revenue*), however the AGPR calculates Net Tenancy Costs as *Current Year Actual Rent – Sublease Revenue* so reporting rent in this way results in double counting of the sub-lease revenue, which in turn reduces the net tenancy cost reported for both the entity and Commonwealth as a whole.

The following two scenarios show the correct reporting of *Current Year Actual Rent* where there are one or more subleases.

Scenario 1

Head Lease: \$600/m² for 1000m² (NLA) for the year

Sub-lease: \$600/m² for 300m² for the year

This equates to:

- *Current Year Actual Rent* = \$600,000
- *Sublease Revenue* = \$180,000

The AGPR will then calculate Net Tenancy Cost for the tenancy as \$600,000 - \$180,000 = \$420,000

Scenario 2

Head Lease: \$450/m² for 5000m² (NLA) for the year

Sub-lease 1: \$475/m² for 650m² for the year

Sub-lease 2: \$400/m² for 900m² for the year

This equates to:

- *Current Year Actual Rent* = \$2,250,000
- *Sublease Revenue* = \$308,750 + \$360,000 = \$668,750

The AGPR will then calculate Net Tenancy Cost for the tenancy as:

\$2,250,000 - \$668,750 = \$1,581,250

Last Major Fit-out

What fit-outs must be included?

All fit-outs conducted must be considered for inclusion in this field, regardless of how they are delivered. These include fit outs conducted by the entity or the landlord before or after the commencement of the original lease for the site.

All of the following are considered a major fit-out:

- the initial fit-out completed by the entity or landlord to support occupancy within the site by the entity – regardless of whether it was for a previous (concurrent) lease or the current lease
- more than 20 per cent of the tenancy’s existing fit-out was refreshed or replaced
- the project was of a sufficient value to require notifying or referring to the Public Works Committee (PWC).

What must be recorded?

Fit-out is the design and delivery of the interior partitioning, floor, ceiling, mechanical, electrical, and environmental components to meet the requirements of the building’s occupants.

This includes the customising and finishing of the base building (where base building is the raw floor space bounded by walls but not specifically adapted to the requirements of its occupants). This should be recorded at the date the last major fit-out was completed – even where it was prior to the current lease start date. All costs for this fit-out must also be reported in the *Last Major Fit-out Cost* field.

Where the fit out was completed in full by a previous tenant, or by the landlord prior to advertising the lease, then no date or costs should be recorded.

Legacy fit-outs

Fit-outs must only be recorded as ‘Legacy fit-out’ when:

- the lease is more than 10 years old as at 30 June; and
- all or some details of the last major fit-out cannot be located

If partial details can be located for the fit-out, for example date but not cost, the available information must be entered into the AGPR.

‘Legacy fit-out’ must never be used as a placeholder value.

Non office areas (including non-office area L, Shopfronts): reporting work-points and staff

Work-points within non-office areas must not be counted or reported as work-points for the tenancy. This means any desk within the space marked as a non-office area must be excluded from the count of work-points for the tenancy.

All staff assigned to work at the tenancy (employed or contracted by the entity) must be reported for the tenancy, including those that predominantly (or solely) work in the non-office area.

Reporting Net Lettable Area (NLA) for tenancies with a land component

Reporting in the Office Data Collection should focus on building NLA.

The NLA of a building is the sum of its whole floor lettable areas. The whole floor net lettable area is calculated by taking measurements from the internal finished surfaces of permanent internal walls and the internal finished surfaces of dominant portions of the permanent outer buildings walls.

Balconies, terraces, planter boxes, verandahs, awnings and covered areas and grounds surrounding a building should be excluded from tenancy area calculations but may be separately identified for negotiating rentals.

Where assessing adjustments to NLA for the above, consideration also needs to be given to rent adjustments as only rent for reportable NLA should be recorded in the AGPR.

Car parking

Leased areas used for car-parking, whether they be within the building structure or outside, must **not** be recorded in either the NLA or within the *Non-Office Area C – Basement or Inadequate Amenity* field.

Holdover leases

Leases that have passed their end date but not been divested or vacated on the reporting date still need to be reported in the AGPR.

Where negotiations are planned or underway for an extension (option) for the lease then the *lease status* in the AGPR should be recorded as 'Holdover' with an end date no later than one month beyond the collection date (e.g., 31 July).

Similarly, if a lease has expired but is continuing on a rolling basis without new terms being agreed, then it must also be recorded with a *lease status* of 'Holdover,' with an end date reflecting the terms of the holdover clauses in the lease. This is likely to be a monthly period, as recommended in the Commonwealth National Lease. For more information on this, see <https://www.finance.gov.au/sites/default/files/2021-08/cnl-user-guide.pdf>, p.15

Where a lease has entered a holdover period, consideration should be given to the ongoing 'holdover' rental rates for the tenancy with respect to current market conditions to determine whether this arrangement provides good value for money for the entity and the Commonwealth.

Multiple leases in same building

Where there are multiple leases within a single building for the same entity, there may be some modifications to reporting rules.

The AGPR must reflect a separate record for each lease agreement (including subleases and MOUs), regardless of payment or staffing arrangements.

Work-points

Work-points must be assigned to the record where they are physically located. See the above sections for guidance on work-points in subleased and non-office areas.

Staff Allocated to Lease

Each individual staff member must only be reported against one lease. The following table shows how to report staff where multiple leases are held by the same entity in one building.

Scenario	Description	Work-point Treatment
Distinct staff allocation	Staff are assigned to a particular work area within the building	Staff are reported in the lease where they are assigned to work
Shared staff allocation	Staff move between leased areas in the building interchangeably for work purposes	Split the count of total individual staff between leases based on net lettable area. Round to the nearest whole number. (If Lease 1 = 40% of total NLA for the building, report 40% of staff against this lease.)

Rent, outgoings and fit-out costs

Rent, outgoings and fit-out costs may at times be combined for multiple leases within a single building. See the below table for guidance on how to report these expenses.

Scenario	Description	Work-point Treatment
Distinct expenses	Expenses are invoiced and paid separately for each lease in the building	Report the expenses against each individual lease as outlined in the Collection Manual.
Combined payments, separate invoices	Expenses are combined for multiple leases in the building, but with separate invoices or distinct references to each lease within the invoice.	Report the expenses against each individual lease as outlined in the Collection Manual.
Combined payments and invoice	Expenses are paid combined for multiple leases in the building, with no distinction of individual leases within invoicing	Split the expense between leases based on net lettable area. (If Lease 1 = 40% of total NLA for the building, report 40% of expenses against this lease.)

Payments made after reporting date

By incurring costs, entities are entering into an agreement to provide payment for goods and services. Therefore, any expenses incurred as at 30 June must be reported whether or not they have yet been paid.