Capital Asset Management at the University of Auckland

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Who are We?

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- The University is a **Tertiary Educational Institute (TEI)**
- **TEI's** are required by **Government** to manage assets well to ensure the efficient use of national resources and must comply with the related statutory processes.

Why is the government interested in the tertiary education sector?

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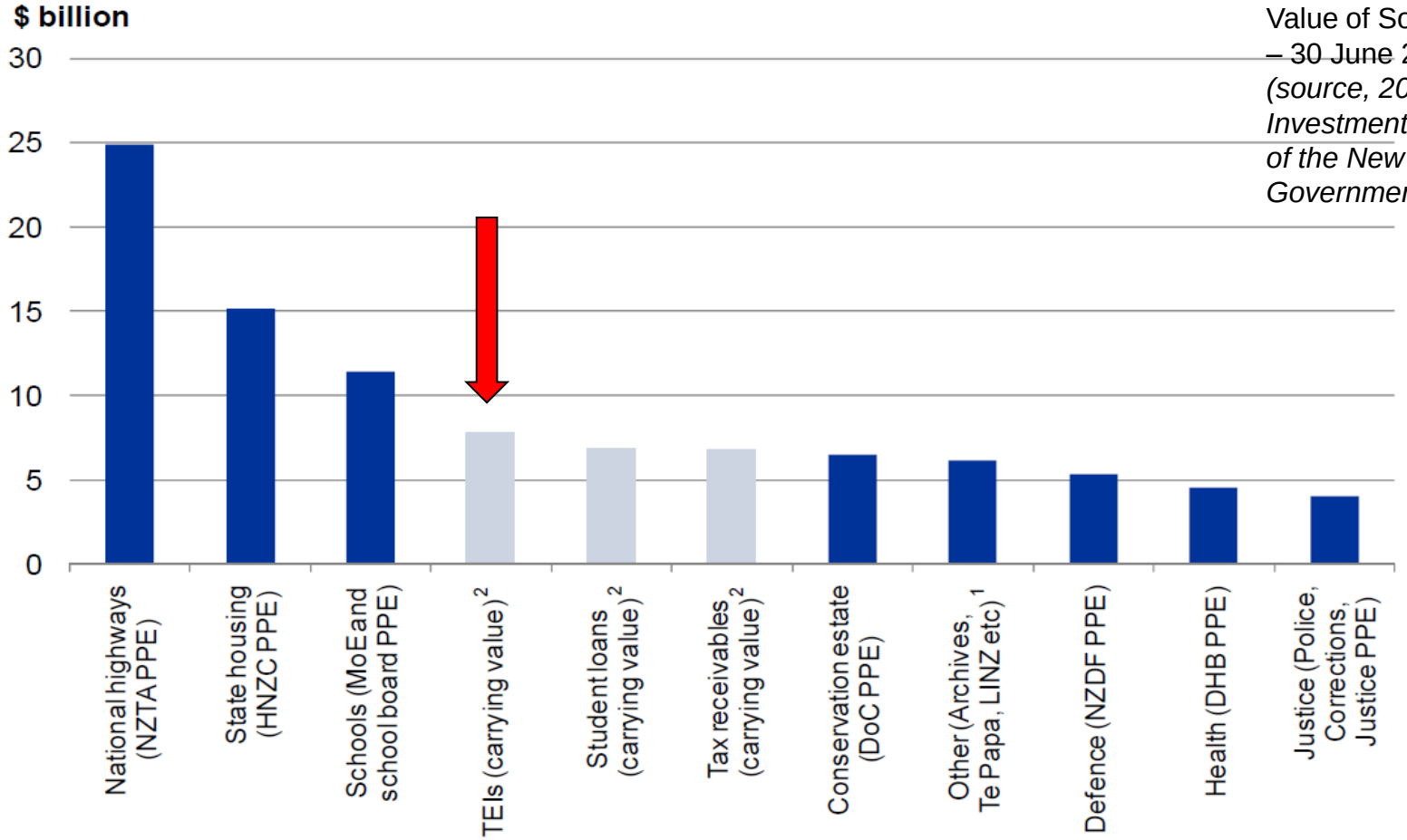
- Tertiary education institutions collectively own and manage the fourth largest asset base across government – approx $6.7 billion (behind NZTA, HNZC and MOE).
- By 2020 asset base is forecast to increase to $10.0 billion



Value of Social Assets – 30 June 2010 *(source, 2010 Investment Statement of the New Zealand Government)*

Why is the TEC interested in Capital Asset Management (CAM)?

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- Institutions telling government:
  - Large amounts of deferred maintenance in sector
  - Requirements to upgrade facilities (i.e. not fit-for-purpose, earthquake strengthening etc)
  - Change in demand – mainly Auckland
  - Major rebuilds in Christchurch
  - Total cost of future upgrades hard to quantify
- Poor investment and maintenance decisions are major contributors to institutional risk
- Need new information to understand impact of the Christchurch earthquakes including the flow on effects to other TEIs (e.g. meeting revised building code requirements)

Capital Asset Management (CAM) What is this?

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- Business process that contributes to organisational efficiencies,
- Improved asset utilisation,
- Reduced operating costs,
- More effective use of capital

In Other Words - Sweat the Assets

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Where have we come from?

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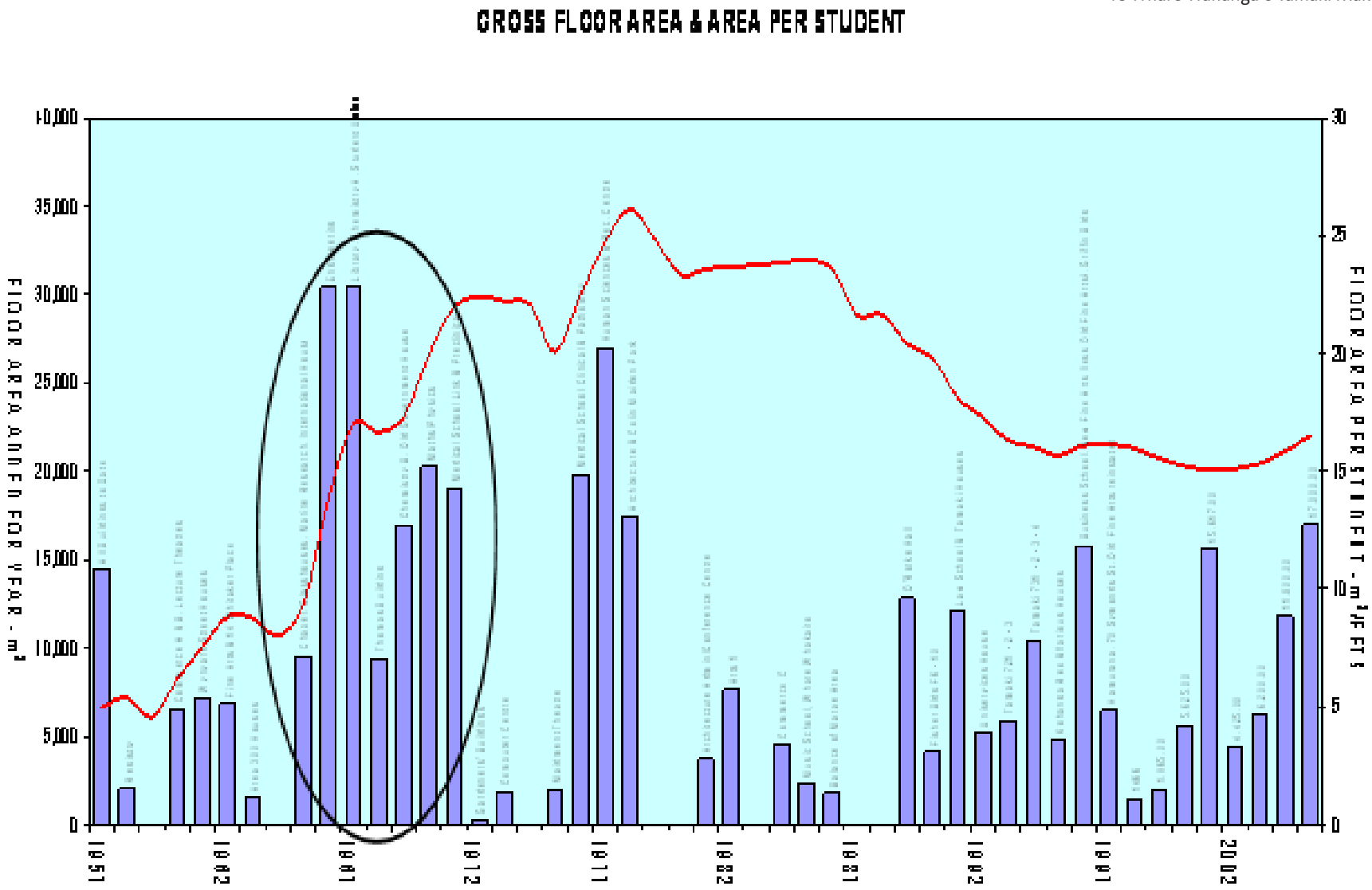

Where are we today?

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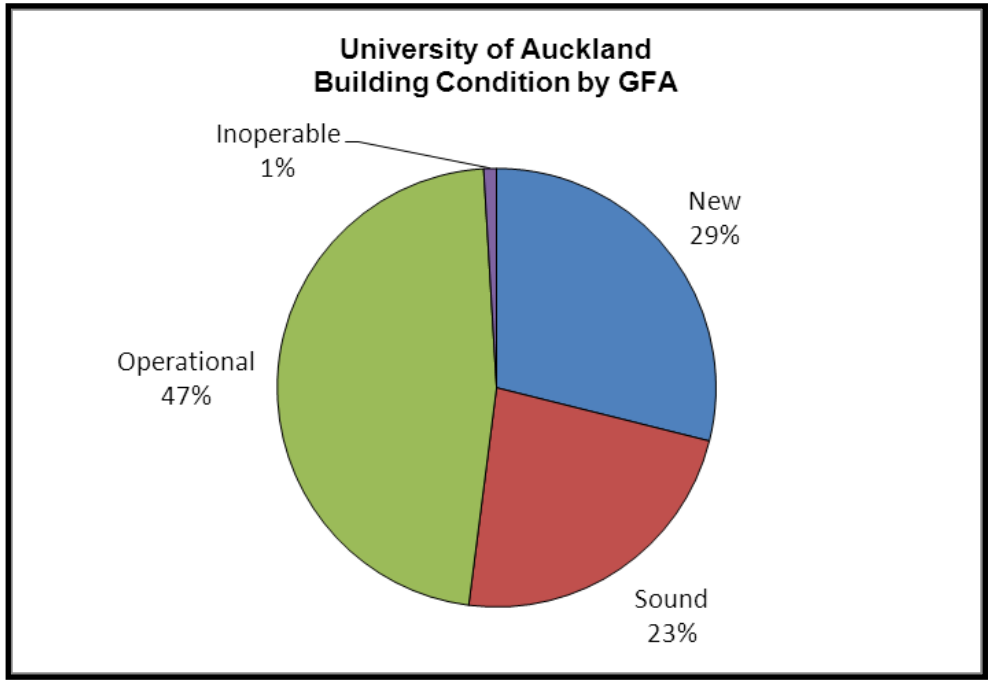
- Condition based assessments have identified a considerable backlog maintenance liability at the University
- Approximately 47% of the overall University buildings is assessed as operational but requiring major repair or replacement within 3 to 10 years,
- A significant portion of this will be addressed in time due to the reconfiguration and refurbishment of buildings through the major capital works programme.
- There are considerable differences in building condition by sector



TEC Monitoring

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Three areas identified:

1. Financial performance (i.e. how much are TEIs spending and on what?)

2. Capacity and Capability (i.e. how are assets performing now, and planned to perform in the future?)

3. Organisational Asset Management Enablers:
   - CAM Capability (how are assets being managed, how are TEIs doing at linking capital planning to their strategy?)
   - Business Cases (i.e. how are decisions about new high-risk and high-value investments made?)

Where are we heading?

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		EFTS Growth 2011 to 2019					
	2011 EFTS Actual	UG & Non-Degree	PGT	PGR	Total Growth		2019 EFTS
	EFTS	EFTS	EFTS	EFTS	EFTS	%	EFTS
Arts	5,890	146	218	123	487	8%	6,377
Business & Economics	5,655	100	570	182	852	15%	6,507
Education	3,176	(726)	794	81	149	5%	3,325
Engineering	2,855	297	118	88	503	18%	3,358
Law	1,395	43	37	-	80	6%	1,475
Medicine	3,574	75	7	51	133	4%	3,707
NICAI	1,760	(63)	50	83	70	4%	1,830
Science	7,199	151	212	249	612	9%	7,811
	31,504	**23**	**2,006**	**857**	**2,886**	**8%**	**36,419**

Maturity by Agency

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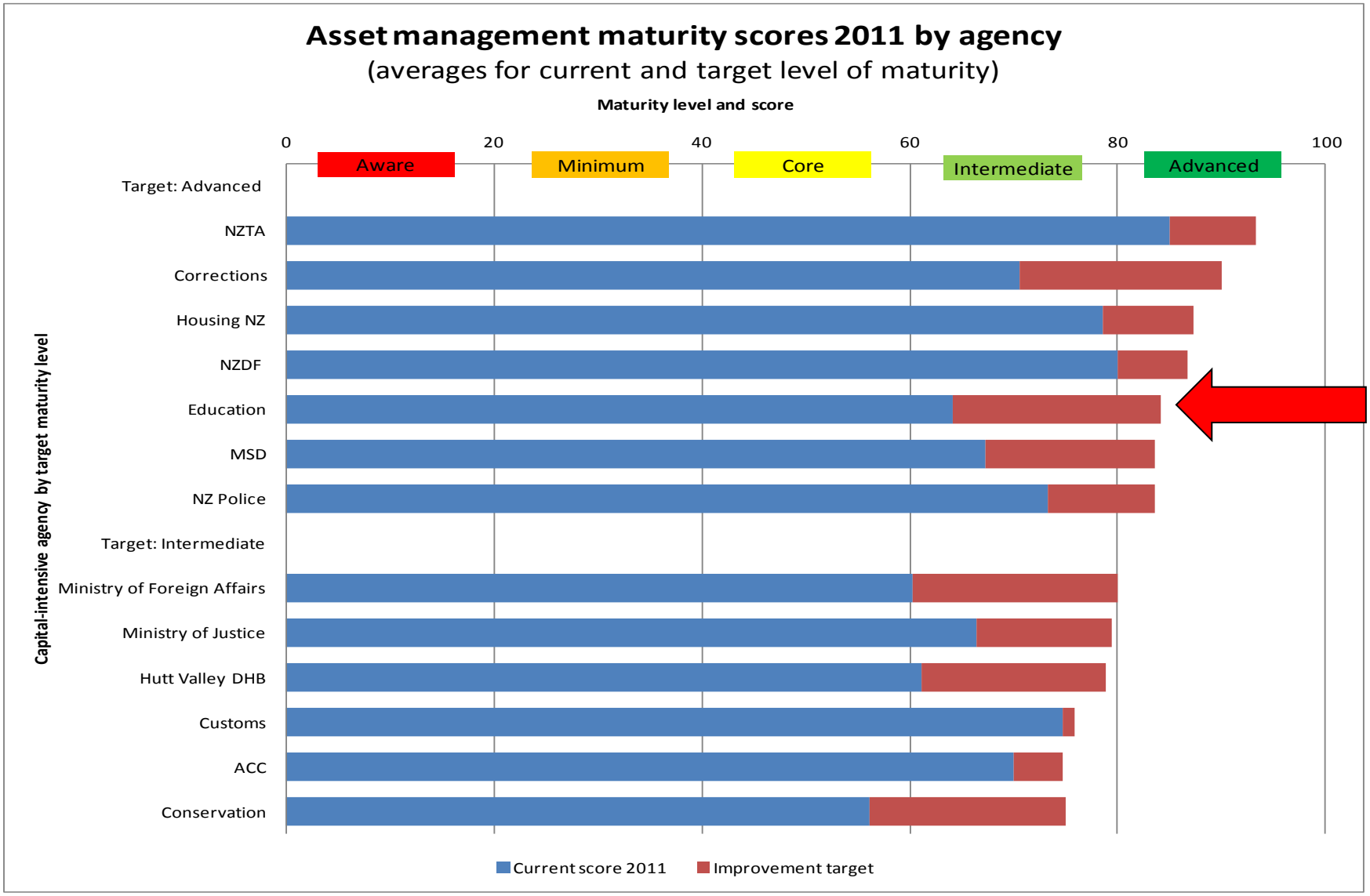

Sector Self-Assessment

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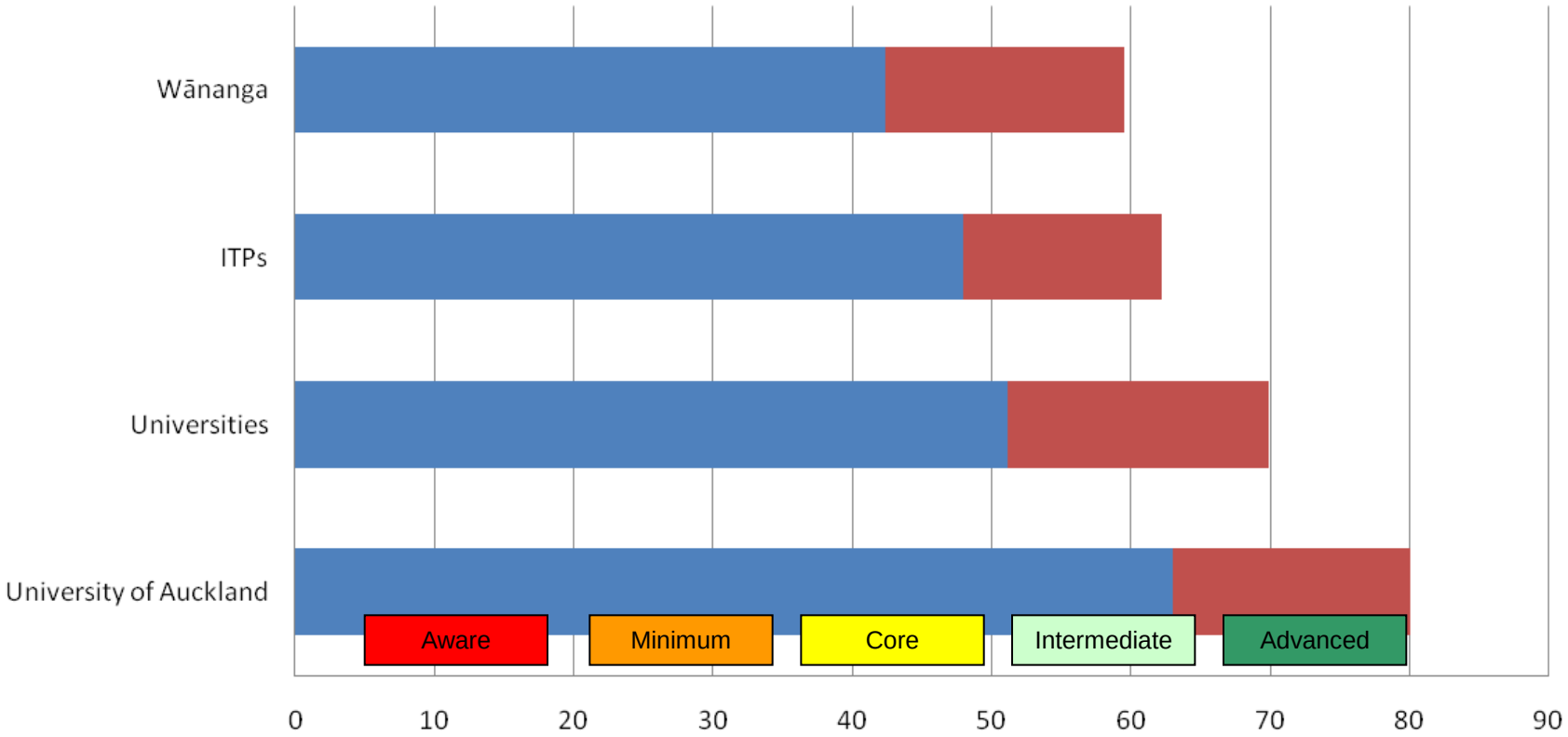

	University of Auckland	Universities	ITPs	Wānanga
Current Score	63	51	48	42
Improvement Target	17	19	14	17

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Audit Results

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- The results show that the University has:
  - Attained a very high level of lifecycle decision making maturity
  - "UoA is advanced in asset management practices" comment from external auditor.
  - Capital asset management planning has largely become a business as usual process for the University
  - The asset management planning outcomes have been used to inform the financial projections and long term capital plan
  - For demand forecasting, decision making and capital investment strategies the appropriate level of asset management maturity has already been reached

Property Services – IT Systems

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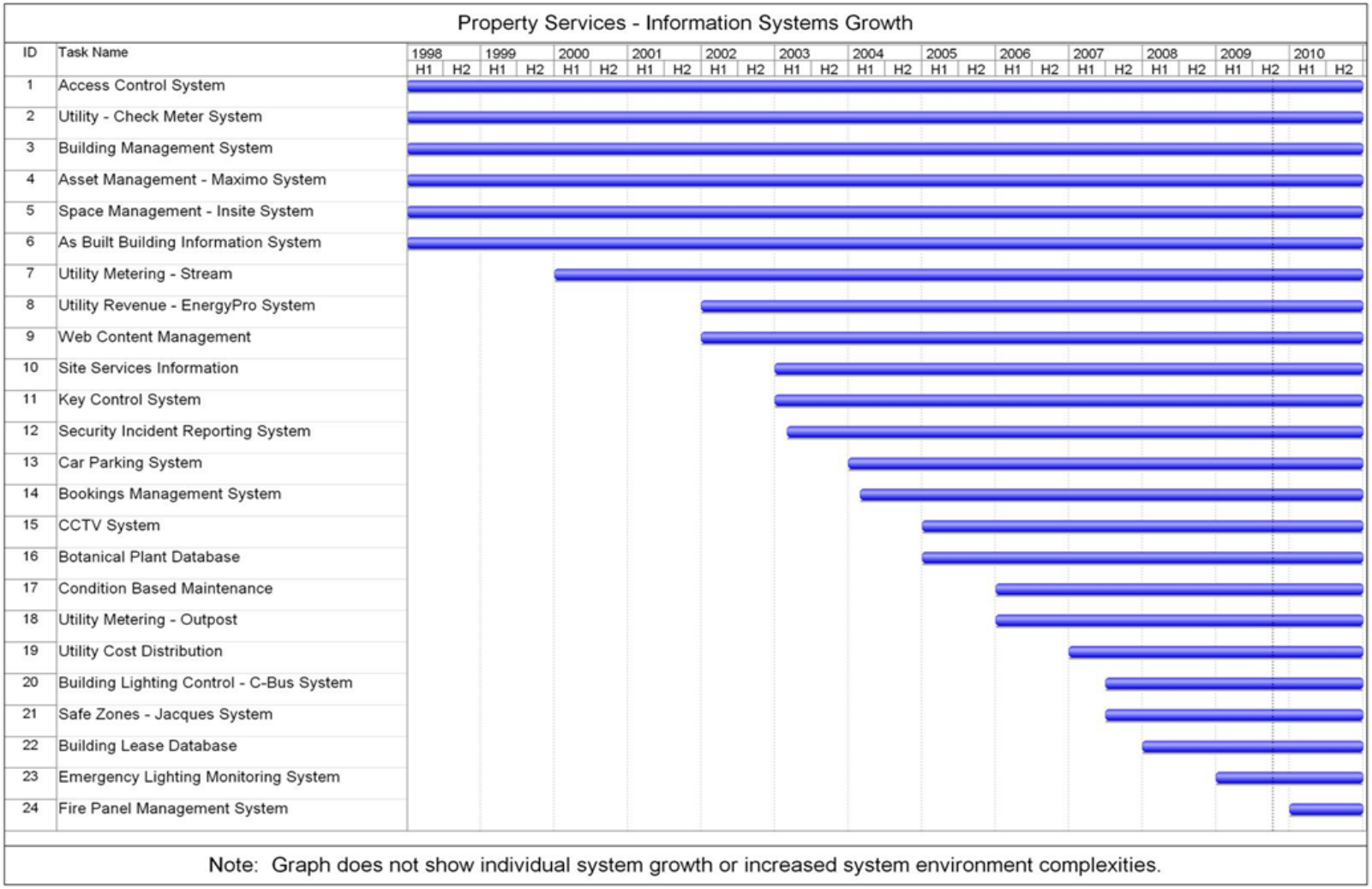

More Complex Buildings

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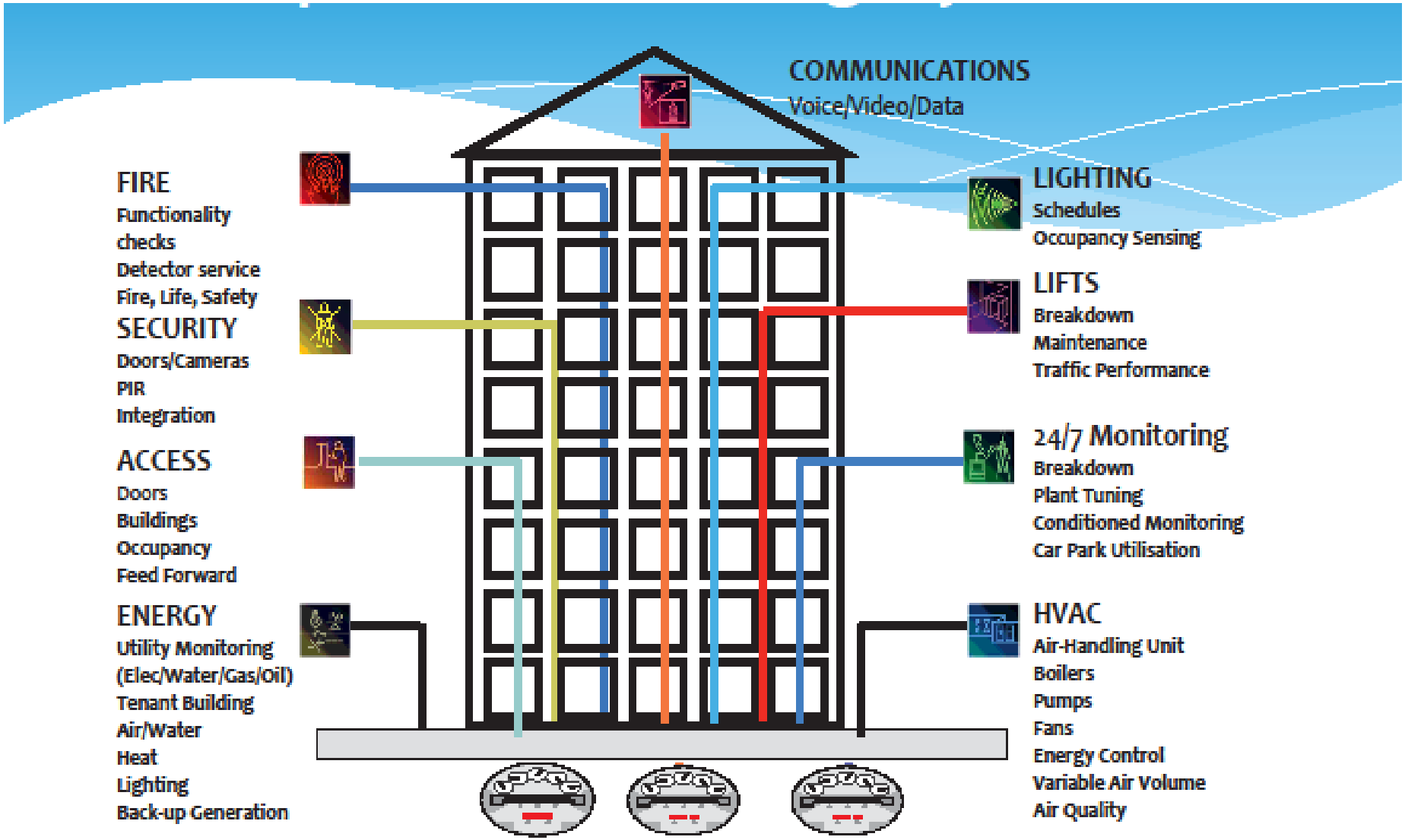

Bridging the Gap

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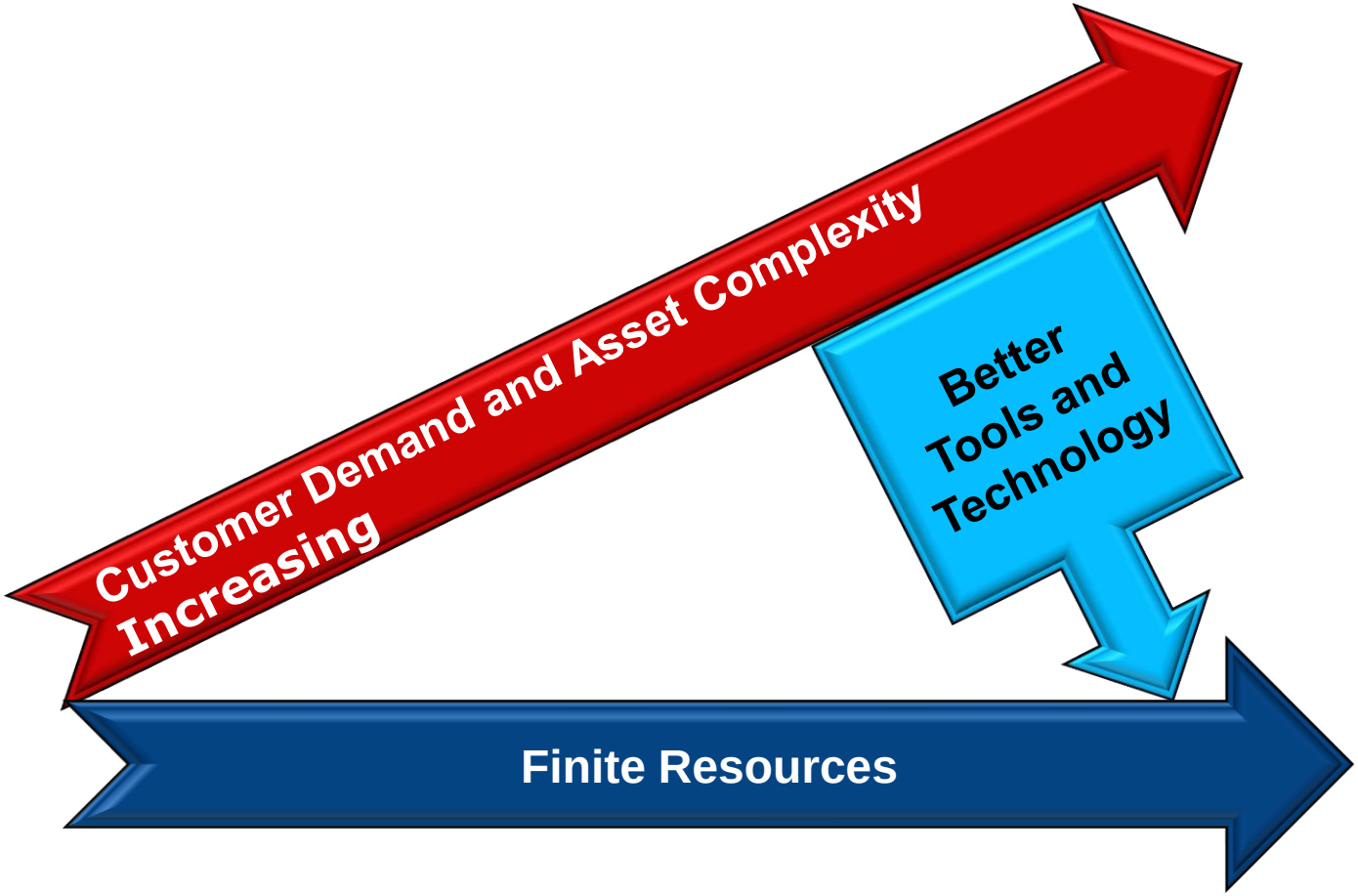

Better Tools Better Results

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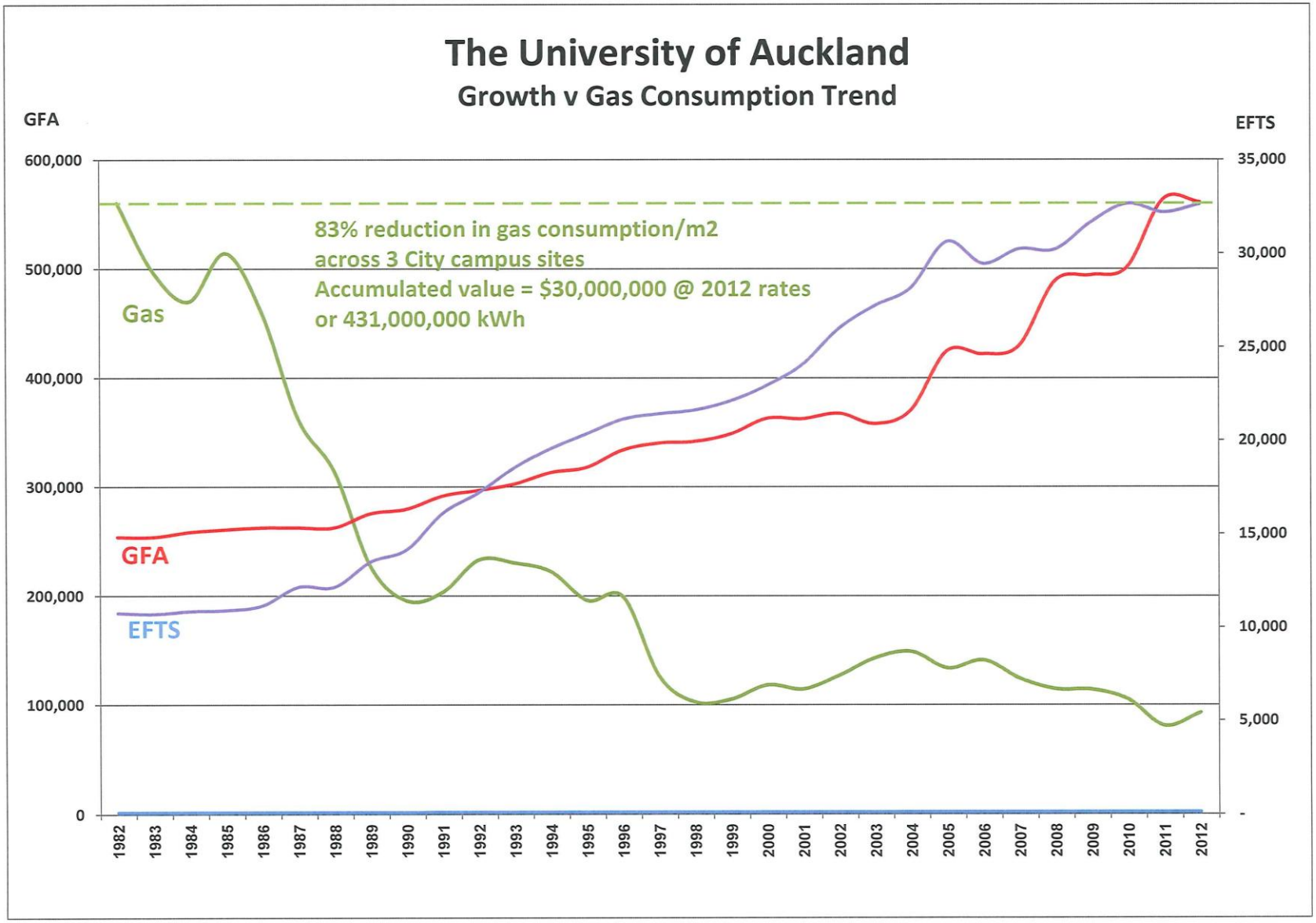

Data Accuracy Challenges

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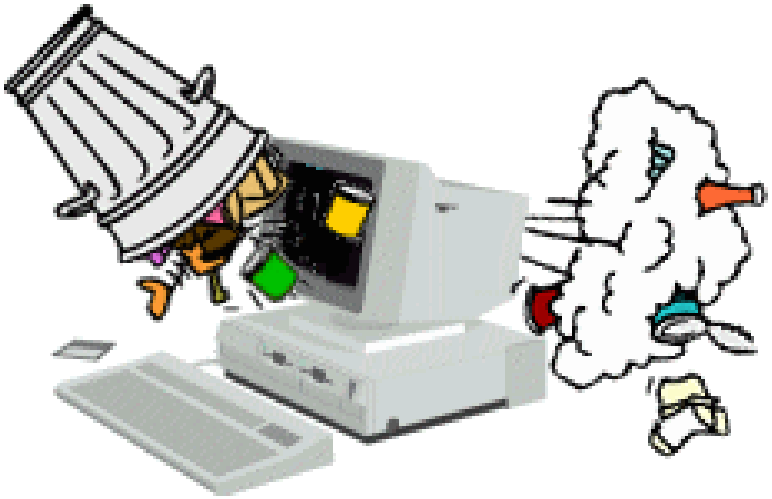
- Condition Surveys (Engineers/Trades/Contractors)
- As-Built Documents (Project Managers/Contractors)
- Asset Data Updates (Additions **and** Deletions)
- Space Data Updates (Project Managers)
- Refurbishment Updates (Project Managers)



Conclusions are no better than the data they are based on

Data Quality Improvement

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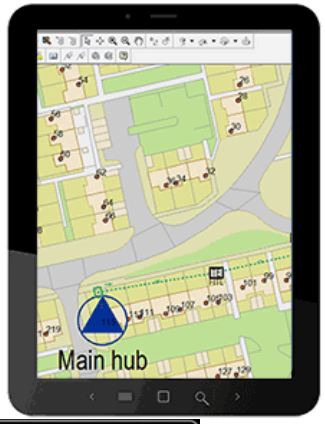

Versus

Cycle of Review & Improvement

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Summary

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- Three areas have developed as requiring focus
  - Customer levels of service,
  - Documenting business processes,
  - Enhancing the Capital Asset Management plan

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Questions?