

SECTION 1

1 Introduction

1.1 Overview of NAMS Property

1.1.1 What is Property Asset Planning

Your property is the physical platform for your people, technology and processes. It provides essential services for your tenants and users through hospitals, schools, community facilities, or housing. The property may be tenanted or be your staff workplace. It may be seen by occasional visitors or visited regularly. Whatever the configuration of your property portfolio, you are expected to manage it to the best of your ability including planning for a range of future events that may or may not happen. No one said it would be easy!

Good property asset planning involves common business processes such as:

- Risk management.
- Information management.
- Financial planning.
- Customer consultation.
- Maintenance management.
- Project planning.
- Facility management.
- Lease or occupancy management.

Note: These may not mean the same thing in every country or industry. For example, some see 'facilities management' as a subset of 'asset management', while others see it the other way round.

Property asset management brings together these processes with your people, data and systems, so that your property portfolio is well managed and meets your organisation's objectives. It takes into account changing physical, environmental, economic, social, political and legal circumstances that might affect your organisation's properties and core activities.

Property asset planning is all about having the right property, in the right place, maintained in the right state, performing in the right way, at the right time and delivering the right benefits.

1.1.2 What is the Purpose of this Manual?

This manual has been designed to help you with the long-term planning of your portfolio of property assets to deliver the best outcomes to all stakeholders. You will find useful information, processes, and tools to

- Know your asset base.
- Define asset and service requirements.
- Know how to plan for current and future gaps.
- Develop options to deal with these gaps.
- Plan to do the right things at the right time considering both the financial and non-financial implications.

It will help any organisation that has a significant property portfolio to see their property assets as a key factor in achieving their organisation's strategic objectives.

1.1.3 Who is this manual for?

Asset management is useful to organisations of any size and complexity, but particularly this manual will help any organisation that has a significant property portfolio. The principles are generic, and can be applied to all or parts, of an organisation.

Both commercial organisations and public bodies can use NAMS Property. For example, a commercial property owner who wants to secure long-term leases will find many of these tools and processes helpful. NAMS Property is also very useful to organisations that own and operate public buildings, including,

- Local government (such as councils).
- Social housing organisations.
- Health boards or health authorities.
- Central or federal government agencies (Defence, Police, and Corrections).
- Educational institutions (such as universities, schools and polytechnics).

NAMS Property works best if the property portfolio is seen as part of the organisation's long-term strategic agenda for delivering objectives.

INTRODUCTION

1.1.4 How will this Manual help me?

The advice in this manual will help you see your property assets as a key factor in achieving your organisation's objectives. You'll understand how to manage property assets so they add value to your organisation's strategic objectives.

The manual will also help you to:

- Recognise your property as a business 'enabler' rather than a cost centre.
- See property asset planning as an agent of change for your business.

Ministry of Health

Knowing asset status and industry intentions

MoH asked District Health Boards to produce asset management plans so the Ministry knew what capital investment the boards were planning. The first national summary was produced in January 2006. It gave key benchmark information that meant the Ministry could make consistent funding decisions.

- Bring your property strategy into line with your overall strategic objectives to enable better long-term property decisions.
- Find out what your stakeholders (customers, tenants and management) want.

Christchurch City Council

Full implementation / level of service focus

Council reviewed levels of service for property and brought them into line with its strategic objectives. The levels of service are now connected to the council's business operations and activities, and to its planning processes. They are also connected to customer satisfaction and to the core objective of contributing to community outcomes. One key result is that the council now has a tool for assessing performance and setting priorities. This means it can focus attention on what is critical.

- Understand how to find answers to stakeholder needs that are cost effective and meet your organisation's objectives.
- Manage property proactively and avoid unplanned or reactive decisions.

Wellington City Housing

Forecasting costs and budgeting

WCH did a housing condition assessment and then used the asset management process to justify and prioritise projects. This resulted in a reduction in budget for maintenance and renewals. It was then able to use the surplus for improvements and upgrades that provide a better quality of living for its tenants.

- Identify and manage risk, including predicting the timing and extent of 'whole of life' costs.
- Know how to predict future costs and prioritise work and purchases so you have sufficient funds when required.

Housing New Zealand Corporation

Full implementation of the process

HNZC has introduced an Asset Management Framework that will develop asset initiatives such as Precinct Planning, Lifecycle Modelling, Decent Homes, Levels of Service, and Information Management. The outputs of these will provide an understanding of future demand; a demand model tool by location; component Lifecycle Modelling to predict the timing of maintenance works; a standard to measure all homes; and a process that will measure financial impacts.

- Use industry-wide principles to allow information sharing and benchmarking.
- Use practical tools to keep track of your property its condition, how it is performing and how to improve performance.
- Make a recognised and valuable contribution to the success of your organisation.

The decisions you make about your property affect how well your organisation does its job and how people feel about it. A good working environment keeps staff happy, encourages recruitment, and improves productivity. Tenants whose needs are met are also less likely to leave. Expectations are growing rapidly and your property strategy needs to keep up.

Property asset planning has been a secondary priority for most government sector, asset intensive organisations. Audits of asset management plans and financial statements have focussed on assets that are "material to organisation's operations". In many cases, buildings owned, operated and managed by these organisations have not been regarded as material to their operations. This is changing for both Government and responsible private sector organisations as they better manage risks and focus more on customer requirements.

1.1.5 What does this Manual Cover?

The manual provides essential information for readers to gain a high level of understanding about the philosophies of asset planning, and an overview of the key concepts. It further describes some of the tangible benefits of implementing the process.

You'll find specific guidance on knowing what assets you have and what is required to support your organisations needs, through

- understanding the asset management framework
- gathering asset information like property condition

INTRODUCTION

- deciding on levels of service, including assessing whether a property meets a defined quality standard, is being well utilised, and is functional
- using relevant analytical techniques such as discounted cash flow, life cycle analysis and multi-criteria analysis
- using systems to store, analyse, and report property information.

The manual also gives guidance on managing significant movable assets that belong to a tenant, such as clinical equipment or computer servers.

The manual does not deal with operational activities. There are many other publications that give information on issues such as project management, operating revenue and costs, staff management, market valuations, tenancy issues, and property investment.

Finally the manual also gives an insight into how various organisations have successfully used the NAMS Property approach.

1.2 How to Use NAMS Property

1.2.1 Overview

NAMS Property provides you with the theory, case studies, and examples of the key asset planning principles. It also provides you with practical tools such as MS Excel spreadsheets, data collection forms and report templates. More importantly, it provides you with access to an easy to use asset management system so that you can put the theory in to practice.

This manual is one of the following three components of NAMS Property.

This manual

The manual includes the theory of asset planning for a portfolio of property assets. It offers case studies and examples. It also gives you templates, data collection forms and analytical models to use in planning and managing your own portfolio.



The interactive website

From the interactive website (www.namsproperty.com) you can download analytical models, building component guidelines, health asset standards and planning templates. You can get general industry news and find out about events. You can also take part in online discussion forums.



The demonstration asset planning system

The demonstration asset planning system gives you access to a full range of planning tools and reports. You can enter your own data into the system, then run analytical models such as renewals analysis, levels of service analysis and valuations. From these, you can produce your own reports.



1.2.2 Website

The full use of the www.namsproperty.com website is described in the Tool Kit – Section 7. The website provides member services and non-member services:



Non-member Services

- Industry events and training sessions – provides downloads of brochures and links to event websites.
- Regular updates of industry news.
- Links to other websites that discuss property asset management issues. Including CONSILIAN in the UK and the Institute of Asset Management.
- An overview of NAMS Property including latest issues, progress, new developing theories, discussion topics, etc.
- A list of service providers and software vendors that are known and proven in the industry.
- A list of member organisations including contact e-mails.
- Downloads of publications and general industry information. For example from The Local Authority Property Association.

Member Services

Additional services available to members include

- Full access to the Demonstration System including having the ability to create your own portfolio of up to 20 properties, enter your own data, and the ability to report the information back.
- Access to discussion forums.

INTRODUCTION

- Ability to download case studies contained within this manual,
- Ongoing access to new case studies and examples provided from other members.
- All the tools mentioned in this manual (detailed in Section 7) including spreadsheets and templates such as preformatted renewal analysis models, project data and AMP templates.

1.2.3 Demonstration System

The demonstration asset planning system contains sample data that represents a portfolio of property.

The Demonstration System can be accessed from www.namsproperty.com. Once membership is confirmed, a logon and password will be e-mailed. The user can create up to 20 properties and up to 500 components within their own portfolio.

The use of the Demonstration System is described in Tool Kit – Section 7. The intention is to help you gain a greater understanding of how a property asset planning system should store, analyse and report asset data.



D123

When you see this icon, find the reference in the 'nams jump page' in the demonstration system to provide a real example of the issue being discussed in the adjacent paragraph.

The Demonstration System provides:

Portfolio Summary

- The number and value of properties.
- Condition by replacement cost.
- The ability to search for and select an individual property or group of properties.
- Expenditure needed to bring properties up to standard.



Component	Count	Cost (\$)	Percentage
Plaster & Fills	2287	\$ 4,305,825	20%
Wall Finishes	1180	\$ 3,361,061	14%
Kitchen & Drooms	157	\$ 1,618,790	7%
San Plumbing	1897	\$ 3,762,251	17%
Roof Work	89	\$ 1,518,098	7%
Interior Doors	1245	\$ 2,811,282	12%
Floor Finishes	916	\$ 1,318,136	6%
Ceiling Finishes	670	\$ 1,431,887	6%
Others	1180	\$ 4,611,190	21%
Total	8767	\$ 21,882,658	100%

Detailed Information

- View Building Component Guidelines.
- Change component level data.
- View Property Quality Standards.
- Enter and edit data.

Data Verification Tools

- Compare condition grades, assessed remaining lives and base lives.
- Compare replacement cost of components with the Capital Replacement Value (CRV).
- Check the annual average expenditure over 20 years.

Portfolio Analysis Tools

- Projecting the timing for replacing components based on condition and criticality
- Costing works to address gaps in performance based on the significance of quality standards.
- Knowing the depreciated replacement cost valuation and associated depreciation.



Planning for future works

- Using the output of renewals, maintenance, prioritisation and performance gaps to define a physical works schedule.
- Running scenarios of changes to base data showing the results graphically.



1.2.4 How to Use the Manual



Overview of the Manual

The manual is loaded with examples, real life case studies, diagrams and tables. It has been written in a way that links with both the website and the demonstration system. Downloads of tools can be accessed from the website along with participation in discussion forums. The demonstration system contains examples that are used within the manual.

Section 1 - Overview and Introduction

The Overview and Introduction section provides a summary of the background to NAMS Property and the other publications of the NAMS Group. It provides compelling reasons why people who are involved with asset intensive organisations should use the manual. This section also provides an overview of the process and benefits that you can expect.



As part of this first section, it is intended that the reader has browsed and used the website www.namsproperty.com. Logging on as a registered member allows access to downloads and discussion forums. The reader will receive a logon and password to the demonstration system after membership is confirmed.

Section 2 - Asset Planning Framework

This section sets the context for property asset planning by describing key concepts of information flow and decision making and mapping these to the levels of the organisation that deals with the strategic, tactical and operational aspects of asset management. Five key models are presented and discussed.

Figure 1.1 relates the structure of the manual to the Asset Planning Framework, which is central to NAMS Property. The figure is described in detail in this section and used as a referenced map throughout the manual.

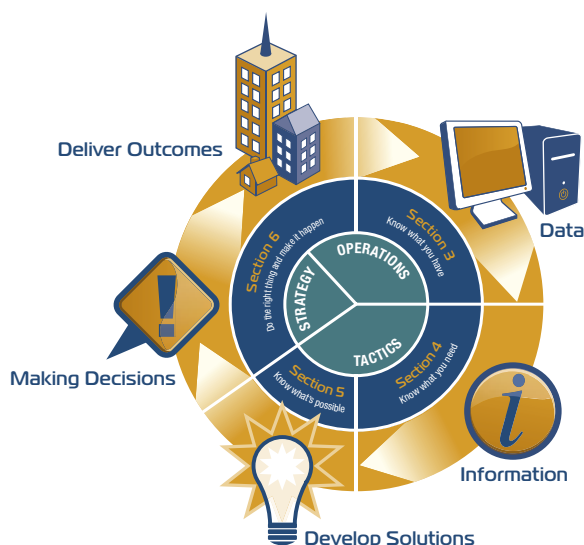


Figure 1.1 Framework & Manual Map

This figure appears as a reference icon on the top left-hand side of each page to help you understand what the content is referring to. Figure 1.2 shows this icon highlighting that Data is the focus of this particular section.

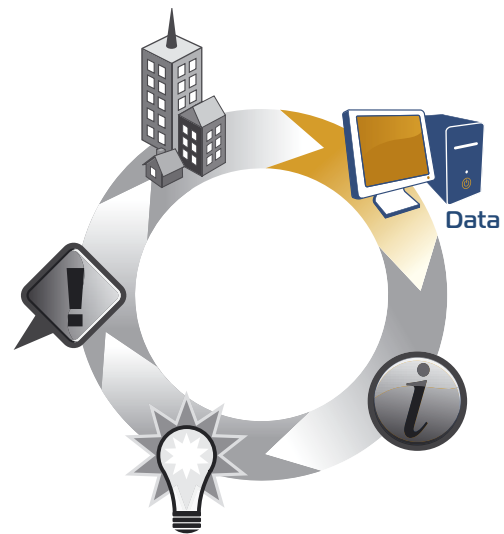


Figure 1.2 Framework reference icon

Section 3 - Knowing What You Have

The overall process begins by establishing an Information Management Strategy (IMS). This section describes ways to obtain the appropriate level of data suitable to the needs of the organisation.

Section 4 - Know What You Need

This section describes data analysis methods including renewal expenditure, establishing functional requirements, utilisation studies, establishing levels of service, financial analysis and demand scenarios. It emphasises using these outputs to develop solutions and identifies the 'Organisation's Requirements' that need to be considered.

Section 5 - Know What's Possible

Armed with the information from the previous sections, this section outlines how to develop options and describes a 'decision making framework'. This decision making framework provides a robust process that will help you describe requirements and measure gaps, then determine options to address these.

Section 6 - Do the Right Thing and Make it Happen

This section highlights the importance of linking asset planning to other strategic documents and financial information. A prioritisation process is discussed including recognition of the consequences of under-funding works that control or affect risk. Documentation of final decisions based on clear, concise and confident information is also covered.

INTRODUCTION

This section discusses how the property asset planning process should link with the completion of physical works. Understanding the importance of, and how to do, effective project accounting is the key outcome.

Section 7 - Tool Kit



Apart from the demonstration system, the tool kit has practical MS Excel spreadsheets, tables of useful information and word templates to 'get you started'. Some of the specific tools include:

- AMP templates to assist in the development of your first Asset Management Plan. These include a sophisticated full AMP, a simple cut down version, a specific Health Clinical Services Asset Plan (CSAP), and a Regional Housing AMP.
- Building component guideline tables and references to the on-line database.
- Condition assessment forms.
- User manual for the Demonstration system.
- Spreadsheets for discounted cash flow including Net Present Value and Internal Rate of Return.
- Multi Criteria Analysis tool including a library of level of service statements and measures.

These tools are also available in www.namsproperty.com and will continually be updated and added to for NAMS Property members. Suggestions for additional tools are welcome.

Section 8 - Case Studies



Case studies and examples are provided in shaded boxes throughout the Manual. These have been drawn from local government, housing organisations, health organisations, commercial and corporate property entities. Some of the examples have direct linkage to the demonstration system to allow the reader to view the detail, structure and predictions in the system.

The website provides a means of sharing the current and future case studies and examples. NAMS Group will review and post relevant ones on to the website for other members to download.

The case studies have all been provided by organisations that have been practicing the principles of property asset planning as described in this manual. These organisations have shared their knowledge with the reader. We greatly appreciate their contribution.

1.3 About NAMS Group

New Zealand has led the development of best practice asset planning and asset management since 1990 largely due to the New Zealand Government requiring their organisations to more proactively plan for future asset related capital expenditure. Started in 1995, the National Asset Management Steering (NAMS) Group has led the development of asset management best practice within New Zealand. The NAMS Group is

internationally recognised in producing effective and innovative guidelines and tools.

The NAMS group is a New Zealand based organisation that develops asset management best practice publications, knowledge and services

The NAMS Group is a non-profit industry organisation established to promote best practice asset management through advocacy and the development of guidelines and training. The NAMS Group provides a hub through which industry professionals can both gain and distribute information on the latest developments in asset management. The following NAMS Group's manuals and guidelines are distributed worldwide:

- **International Infrastructure Management Manual (IIMM).** - Recognised internationally as the core document in asset management theory.
- **Optimised Decision Making Guidelines** - Decision making and economic analysis of the maintenance, renewal and replacement of infrastructure assets, including over 30 case studies.
- **Depreciation and Valuation Guidelines** A practical guide into the assessment of value, economic life and depreciation methods for infrastructure assets including the update to the new international accounting standards.
- **Creating Customer Value From Community Assets** - How to establish levels of service for your assets based on the requirements of your community or client.



The NAMS Property Manual is the most recent manual in the series. There is general recognition that property professionals using these other manuals want the benefits from a separate property asset planning manual that describes, discusses and documents specific 'property asset planning' issues and provides relevant case studies. These benefits are also desired by commercial and corporate property organisations that need to increase their planning horizons, provide a long term sustainable service to customers, enhance their tactical activities and introduce non-financial performance targets.

ORDER FORM – NAMS PROPERTY.

Mail or Fax this order to:

National Asset Management Steering Group
P.O. Box 118,
THAMES,
NEW ZEALAND.

Tel: +64 7 868 3930
Fax: +64 7 868 3930
Email: trina@ingenium.org.nz

Please send manual to:

Organisation: _____ Contact: _____

Postal address: _____

Delivery address: _____

Phone: _____ Fax: _____ Email: _____

PLEASE PROVIDE THE EMAIL ADDRESS YOU WOULD LIKE THE LOGON INFORMATION FOR THE DEMONSTRATION SYSTEM SENT TO. Purchasing the NAMS Property System allows the user 1 year's access to the demonstration system. After the first year there is an annual subscription of \$100 per annum.

Purchase Price of \$ 595.00+ GST Quantity _____

Postage/Handling Fees \$ 15.00 +GST New Zealand, \$65 International per manual.

Total: \$ _____

Your order number _____ or Cheque enclosed \$

Signed: _____

CREDIT CARD PAYMENT. Please debit my Visa/MasterCard as detailed below:

Card holder name _____

Amount payable = \$ _____

--	--	--	--

--	--	--	--

--	--	--	--

--	--	--	--

Signature of card holder _____

Expiry date

--	--