

Castlecorp



Overview of Castlecorp

Castlecorp's purpose is to provide infrastructural services for the residents of Rotorua District, representing Council as a service provider. Council undertakes this activity to deliver services to meet legislative requirements and community expectations.

Castlecorp is a business unit of Council that earns its income from regularly reviewed and negotiated contracts and service level agreements for in-house services provided to departments of Council. These services include:

- Refuse collection
- Litter clearance
- Footpath and verge maintenance
- Stormwater system maintenance
- Water supply reticulation maintenance
- Water supply pump stations and reservoir operation and maintenance
- Water supply leak detection, meter reading, and water sampling
- Wastewater reticulation maintenance including forest irrigation
- Cemetery maintenance and operation, and management of crematorium
- Sportsfield and reserve maintenance
- Public garden and horticultural maintenance
- Purchasing and maintenance of small plant and fleet vehicles
- Rural Fire

Castlecorp's aim is to improve the quality of life for residents and visitors through provision of quality services and the maintenance of essential infrastructure, through sound business practices based on continuous improvements that match the quality and cost effectiveness of the private sector.

Castlecorp not only maintains essential networks of underground services and parks, but also helps maintain the overall-well being of the Rotorua community by participating in a wide range of community activities, and developing close working relationships with external community organisations. Customer-based strategies and a strong commitment to sustainable operations reflect the values of continuous improvement and value for customers.

Strategic Direction and Highlights

Castlecorp is dedicated to developing innovative ways to deliver services to the community, while improving the timeliness, quality and cost effectiveness of core services. Castlecorp is a significant component of the district council representing 25% of the RDC workforce and 20% of the annual expenditure.

Castlecorp will continue to have a focus on quality with the objective of customer satisfaction. The unit will continue to review and improve business processes and procedures to produce value for money services which meet the needs and expectations of residents and visitors to the district.

Any changes in demand will be identified where service level agreements exist, and subsequent changes in costings will reflect any increase in demand, service, or compliance requirements.

Partnerships will be developed within the community where initiatives will be directly beneficial to community outcomes.

Castlecorp intends to maintain its position within the community by reducing risk through cost effective and efficient processes which are continuously improved and audited using ISO standards.

Winning a 2008 Westpac Rotorua Business Excellence Award as Community Organisation of the Year reinforces Castlecorp's position in the community as a leading service provider.



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Service Delivery Considerations

Each year, options for providing services are considered by Castlecorp management, RDC management, and elected officials.

Council has chosen to retain these services in-house for the following reasons:

- Contracting services out would prove more costly in the long term due to greater resources required for contract specification and contract performance monitoring.
- Castlecorp as a department of Council is responsive to changing consumer demands while maintaining high standards expected from the public.
- Castlecorp is service driven rather than profit driven. Quality maintenance is in the interest of all parties and the long term good of the community.
- Contracting out services imposes a high cost on the community through potential redundancies and social impacts.
- Castlecorp has developed a strong organisational memory, competence and knowledge of the Rotorua infrastructure that could be lost through any potential change of service delivery
- Castlecorp provides a convenient one-stop-shop approach to services to the community.
- Benchmarking used throughout sectors within New Zealand confirm the cost effective nature of Castlecorp while resident satisfaction surveys endorse the quality of services received.

Potential Significant Negative Effects

Any significant effects are identified in the specific activity areas for which Castlecorp provides services.

Asset Management Plans Information

The key assets used in this Activity Group are:

- Vehicles

Further details are provided in each activity section.



Castlecorp assets

Asset Type	Cost/Valuation (\$000s)	Accumulated Depreciation (\$000s)	Book Value 1 July 2008 (\$000s)
Computer Hardware	66	34	33
Computer Software	8	8	-
Furniture	9	2	7
Office Equipment	159	138	22
Plant and Machinery	113	55	58
Vehicle	7,151	3,820	3,331
	7,507	4,057	3,450

Financial summary (plan 2009/10 and forecast 2010/11 to 2018/19)

Castlecorp Business Unit (\$000s)	Actual 2007/08	Annual Plan 2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Operating Expenses												
Direct Costs	15,582	15,103	15,615	16,042	16,459	16,790	17,240	17,683	18,139	18,678	19,191	19,775
Financial Costs	20	15	54	65	68	77	82	86	79	80	80	69
Depreciation	785	907	840	1,191	1,443	1,130	1,083	949	875	1,025	1,093	974
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Costs	16,387	16,025	16,509	17,298	17,970	17,997	18,405	18,718	19,093	19,783	20,364	20,818
Revenue												
Capital Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Fees and Charges	298	153	148	152	157	162	167	172	177	182	188	193
Investment Income	-	-	-	-	-	-	-	-	-	-	-	-
Subsidies and Grants	-	-	-	-	-	-	-	-	-	-	-	-
Targeted Rates	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	298	153	148	152	157	162	167	172	177	182	188	193
Internal Recoveries												
Internal Recoveries	16,210	15,872	16,361	17,146	17,813	17,835	18,238	18,546	18,916	19,601	20,176	20,625
Total Internal Recoveries	16,210	15,872	16,361	17,146	17,813	17,835	18,238	18,546	18,916	19,601	20,176	20,625
Net Cost of Service	(121)	-	-	-	-	-	-	-	-	-	-	-
Capital Costs												
Renewals	-	-	1,861	1,023	1,177	1,258	933	970	1,586	1,687	965	1,857
Growth	-	-	-	-	-	-	-	-	-	-	-	-
Backlog	-	-	-	-	-	-	-	-	-	-	-	-
Level of Service	-	-	(338)	(201)	(233)	(249)	(180)	(192)	(315)	(334)	(191)	(369)
Total Capital	892	1,431	1,523	822	944	1,009	753	778	1,271	1,353	774	1,488
Operational Funding												
Net Cost of Service	-	-	-	-	-	-	-	-	-	-	-	-
Plus Capital Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Less Depreciation	-	-	(840)	(1,191)	(1,443)	(1,130)	(1,083)	(949)	(875)	(1,025)	(1,093)	(974)
Add back Depreciation Funded by Rates	-	-	778	1,023	1,177	1,258	933	970	1,586	1,687	965	1,857
Operations Funded by General Rates	-	-	(62)	(168)	(267)	128	(150)	21	710	662	(127)	882
Capital Funding												
Funding from Depreciation (Rates)	-	-	778	1,023	1,177	1,258	933	970	1,586	1,687	965	1,857
Loans from/(to) Corporate Fund	-	-	1,083	-	-	-	-	-	-	-	-	-
Capital Grants	-	-	-	-	-	-	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Asset Sales	-	-	(338)	(201)	(233)	(249)	(180)	(192)	(315)	(334)	(191)	(369)
Total Capital	892	1,431	1,523	822	944	1,009	753	778	1,271	1,353	774	1,488