



CASTLECORP

Overview of Castlecorp

Castlecorp's provides infrastructural related services as a service provider to council departments. Council undertakes this activity to meet legislative requirements and community expectations.

Castlecorp is a business unit of Council which generates its income from regularly reviewed contracts and service agreements for in-house service delivery 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
- Janitorial Services
- Purchasing and maintenance of small plant and fleet vehicles
- Rural Fire
- Events Management. Assisting before, during and after events (Night Market, Raggamuffin etc).

Castlecorp aims to improve the quality of life of residents and visitors through provision of quality services and the maintenance of essential infrastructure, employing sound business practices based on continuous improvements to match quality and cost effectiveness of the private sector.

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

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 being required for contract specification and contract performance monitoring.
- Castlecorp as a business unit 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 social cost on the community through potential redundancies and social impacts.
- Castlecorp has developed strong organisational expertise, 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 provided.



Asset management

Key assets

The key assets associated with this activity are council's fleet of vehicles, including cars, trucks and tractors.

Maintaining our assets

Council assets are maintained as per agreed specifications within service contracts. The performance of assets is regularly reviewed to ensure that current levels of service/community expectations are still being met by the asset/s. Major works are competitively tendered out to specialised contractors ensuring that the final product is of a high standard and delivered at a competitive cost to Council.

Major changes planned for assets

Reason for change	What will be done?	Year 1 (\$000)	Year 2 (\$000)	Year 3 (\$000)	Year 4-10 (\$000)
Renewals and replacements	Furniture and office equipment renewal	11	16	11	104
	Fleet replacement	1,794	1,074	664	11,045
	Fleet sales	(500)	(324)	(178)	(3,381)
Total		1,305	766	497	7,768



Funding Impact Statement

	Annual Plan	Long-term Plan Budget >>									
	Budget 2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Sources of operating funding											
General Rates, uniform annual general charges, rates penalties	240	465	-	-	57	-	-	-	-	-	277
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	17,423	18,780	19,401	20,058	20,749	21,524	22,227	22,865	23,607	24,415	24,980
Local authorities fuel tax, fines, infringement fees and other receipts	302	332	471	511	551	592	631	671	713	755	798
Total operating funding (A)	17,965	19,577	19,872	20,569	21,357	22,116	22,858	23,536	24,320	25,170	26,055
Applications of operating funding											
Payments to staff and suppliers	10,280	10,848	11,202	11,564	11,963	12,395	12,796	13,178	13,618	14,086	14,567
Finance costs	67	33	33	35	33	37	39	41	42	43	43
Internal charges and overheads applied	6,593	7,391	7,639	7,887	8,143	8,400	8,651	8,883	9,154	9,455	9,631
Other operating funding applications	-	-	221	575	-	51	275	543	312	650	-
Total applications of operating funding (B)	16,940	18,272	19,095	20,061	20,139	20,883	21,761	22,645	23,126	24,234	24,241
Surplus (deficit) of operating funding (A - B)	1,025	1,305	777	508	1,218	1,233	1,097	891	1,194	936	1,814
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	64	-	(11)	(11)	(54)	(62)	(54)	(70)	(95)	(88)	(191)
Gross proceeds from sale of assets	203	500	324	178	572	502	362	392	456	376	721
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	267	500	313	167	518	440	308	322	361	288	530
Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	64	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	1,228	1,805	1,090	675	1,736	1,673	1,405	1,213	1,555	1,224	2,344
Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	1,291	1,805	1,090	675	1,736	1,673	1,405	1,213	1,555	1,224	2,344
Surplus (deficit) of capital funding (C - D)	(1,025)	(1,305)	(777)	(508)	(1,218)	(1,233)	(1,097)	(891)	(1,194)	(936)	(1,814)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0