

Financial Performance Report

How we are performing against our
funding plans so far for the year
ending 30 June 2026.

February 2026



**Hamilton
City Council**
Te kaunihera o Kirikiriroa

Hamilton City Council

Financial Performance Report

Cover Image: Te Waharoa ki te Ao Maarama

[Ruakiwi Road and Pembroke Street](#)

Te Waharoa ki te Ao Maarama is a significant public artwork located near Lake Rotorua in Hamilton, designed to honor the lake's historical and cultural importance. The artwork, created by Lonnie Hutchinson, features a kowhaiwhai design that symbolises strength and perseverance, often associated with the Maango-pare (Hammerhead shark).

The design is inspired by Hutchinson's signature concertina cut-out works in black builder's paper, creating a waharoa or gateway that leads into a public recreational space. The kowhaiwhai fronds of the design fold up and out, conveying a sense of flourishing energy.

Executive summary

Performance summary

Year-to-date performance:

Financial performance year to date to February 2026 continues to reflect a positive position against budget, consistent with the January results, across all key metrics in both actuals and the forecast year end outcome. This is driven by higher everyday operating revenue of \$4.9 million and lower everyday operating costs of \$10.5 million, partially offset by higher year to date net financing costs of \$7.3 million and depreciation timing impacts of \$2.1 million.

Interest costs remain a challenge, and management continues to actively manage treasury holdings to minimise the impact, with improved February outcome as a result of this strategy. Clarity on the debt transfer with IAWAI enables longer term view of borrowing profiles and associated interest swap arrangements.

Full year forecast:

Quarterly forecasts have not yet been updated to reflect the current month's results, but will be updated for the end of March 2026 (Q3) and reported to the next Finance and Assurance Committee meeting of 13 May 2026.

The full year Accounting Surplus is forecast to exceed budget, primarily due to higher than expected capital revenue and anticipated favourable movements in the valuation of interest rate swaps as market interest rate curves trend upward. Net debt at 30 June 2026 is now forecast to be largely in line with budget, after having appeared outside the budget range in the January result, this is a result of revised treasury modelling reflecting improved performance and revised phasing of working capital impacts.

| Actual Year to Date Strategic Indicators (\$M) | Current year | Budget current year | Performance indicator | Actual prior year |
|---------------------------------------------------|-----------------|------------------------|--------------------------|----------------------|
| Operating Performance | | | | |
| Net Everyday Operating Costs | 134.1 | 149.5 | ● | 118.2 |
| Balancing the Books - Surplus / (Deficit) | 4.8 | 0.4 | ● | (6.9) |
| Operating Surplus / (Deficit) | 59.2 | 46.9 | ● | 48.9 |

| Full year Forecast Strategic Indicators (\$M) | Current year | Budget current year | Performance indicator | Long Term Plan | Actual prior year |
|--------------------------------------------------|-----------------|------------------------|--------------------------|-------------------|----------------------|
| Operating Performance | | | | | |
| Net Everyday Operating Costs | 219.0 | 236.6 | ● | 231.3 | 199.9 |
| Balancing the Books - Surplus / (Deficit) | (11.8) | (12.7) | ● | (22.4) | (20.0) |
| Operating Surplus / (Deficit) | 67.4 | 56.4 | ● | 83.9 | 50.6 |
| Debt | | | | | |
| Net Debt to Revenue Ratio | 232% | 241% | ● | 271% | 220% |
| Net External Debt | 1,130 | 1,127 | ● | 1,385 | 992 |
| Debt Headroom | 233.8 | 183.0 | ● | 46.0 | 270.4 |
| Capital Expenditure excl. vested assets | | | | | |
| Capital Renewals as a % of Depreciation | 98% | 77% | ● | 80% | 75% |
| Capital Renewals net of Capital Revenue | 109.1 | 80.0 | ● | 98.3 | 70.9 |
| LoS / Growth Capex net of Capital Revenue | 93.3 | 75.5 | ● | 108.5 | 47.1 |

Performance risks and opportunities

The key risks to our financial performance remain largely unchanged from the previous period and continue to arise from factors that we can influence, but do not fully control. These include movements in market interest rates that differ from those assumed in our planning, as well as the potential for development related growth contributions to be lower than forecast.

There also remains a risk that, following year end review, some capital project costs may not meet the criteria for capitalisation. To mitigate this, we have maintained a stronger focus on in year monitoring and review of capital projects, supported by additional staff effort to improve project documentation and compliance. This proactive approach is intended to identify and address issues earlier and reflects the recommendations previously raised by Audit New Zealand.

From a positive perspective, the organisation continues to demonstrate disciplined, cost conscious decision making, which has contributed to operating expenditure tracking below budget. We are also continuing to strengthen our financial management practices through improved analysis and more robust challenge of underlying risk assumptions which is being incorporated into our budget planning and forecasting. In light of the changing expenditure profile between the first and second halves of the year, management will continue to reassess H2 operating cost forecasts to ensure they remain realistic and appropriately calibrated. This ongoing review may provide scope for an improved year end financial outcome.

Impacts from direct fuel price increases are unlikely to materially impact direct everyday costs assuming ongoing supply. Supply shortages in fuel or infrastructure capital goods for a sustained period to year end would impact operational performance and impact project delivery costs and timing. Sustained conflict impacting fuel and other supply chain will need to be considered carefully for Annual Plan 2026/27 and is being monitored closely in advance of Annual Plan Adoption in June 2026.

Current year full year forecast – IAWAI Flowing waters Establishment Costs impact

As shown in the Full Year Forecast – Summary Statement of Financial Performance on page 5 of this report, which compares the current year full-year forecast with both the current year budget and the Long-Term Plan (LTP) 2024–2034, you may note that forecast Total Direct Costs of \$310.3 million are projected to be higher than the LTP assumption of \$305.3 million, while still remaining below the current year budget of \$318.7 million.

This variance arises primarily from the inclusion of approximately \$7.3 million of establishment-related costs for IAWAI now recognised in the 2025/26 forecast - costs that were not anticipated when the LTP was set, as Council had not yet made decisions regarding the formation of a joint, asset-owning water services CCO. Council subsequently resolved on 29th May 2025 to approve the establishment of the joint Hamilton City Council–Waikato District Council CCO and agreed that the 2025/26 establishment and operating costs (\$7.35m and \$3.95m respectively) would be debt-funded by Council and recovered from the CCO on 1 July 2026.

To correctly recognize required accounting treatment, these costs must now be recognised as Council expenditure in 2025/26 and then fully recovered from IAWAI as operating revenue, resulting in forecast Fees and Charges of \$63.6 million, compared with the LTP assumption of \$54.4 million. This recovery fully offsets the additional expenditure, ensuring there is no net operating impact on Council, even though both revenues and expenses appear materially higher in the comparative tables.

Summary statement of performance

| Year to date (\$M) | Current year | Budget current year | Performance indicator | Actual prior year |
|---------------------------------------------|--------------|---------------------|-----------------------|-------------------|
| Rates | 233.7 | 234.3 | ● -0.6 | 199.2 |
| Fees & charges | 40.3 | 38.6 | ● 1.7 | 35.0 |
| Subsidies and grants for operating purposes | 11.3 | 7.7 | ● 3.6 | 11.3 |
| Other operating revenue | 7.3 | 5.7 | ● 1.6 | 6.4 |
| Total operating revenue | 292.6 | 286.3 | ● 6.3 | 251.8 |
| Subsidies and grants for capital purposes | 17.0 | 21.2 | ● -4.2 | 35.6 |
| Development and capital contributions | 15.8 | 19.0 | ● -3.2 | 13.5 |
| Vested assets | 39.9 | 25.3 | ● 14.5 | 21.5 |
| Total capital funding | 72.7 | 65.6 | ● 7.1 | 70.6 |
| Total Revenue | 365.3 | 351.8 | ● 13.5 | 322.5 |
| Personnel costs | 91.0 | 92.4 | ● 1.4 | 82.8 |
| Operating & maintenance Costs | 61.3 | 63.9 | ● 2.6 | 53.0 |
| Professional costs | 8.6 | 10.1 | ● 1.5 | 5.9 |
| Administration and property costs | 32.4 | 35.1 | ● 2.8 | 29.1 |
| Total direct expenses | 193.2 | 201.5 | ● 8.3 | 170.9 |
| Net financing costs | 31.4 | 24.0 | ● -7.4 | 30.8 |
| Depreciation & amortisation | 81.5 | 79.4 | ● -2.1 | 71.9 |
| Total Expenditure | 306.1 | 304.9 | ● -1.2 | 273.6 |
| Operating Surplus / (Deficit) | 59.2 | 46.9 | ● 12.3 | 48.9 |
| Gains/Losses | -4.9 | 0.0 | ● -4.9 | 36.5 |
| Total Surplus / (Deficit) | 54.4 | 46.9 | ● 7.4 | 85.4 |

| Full year Forecast (\$M) | Current year | Budget current year | Performance indicator | Long Term Plan | Actual prior year |
|---------------------------------------------|--------------|---------------------|-----------------------|----------------|-------------------|
| Rates | 353.5 | 353.9 | ● -0.5 | 354.0 | 304.1 |
| Fees & charges | 64.8 | 62.1 | ● 2.8 | 54.4 | 57.7 |
| Subsidies and grants for operating purposes | 14.7 | 11.0 | ● 3.7 | 11.0 | 18.1 |
| Other operating revenue | 11.5 | 9.1 | ● 2.4 | 8.6 | 10.4 |
| Total operating revenue | 444.6 | 436.1 | ● 8.5 | 428.0 | 390.3 |
| Subsidies and grants for capital purposes | 42.4 | 31.9 | ● 10.5 | 70.8 | 60.6 |
| Development and capital contributions | 20.7 | 28.5 | ● -7.8 | 28.5 | 19.0 |
| Vested assets | 39.8 | 38.0 | ● 1.8 | 38.2 | 29.7 |
| Total capital funding | 102.9 | 98.3 | ● 4.5 | 137.5 | 109.2 |
| Total Revenue | 547.4 | 534.4 | ● 13.0 | 565.5 | 499.5 |
| Personnel costs | 141.4 | 143.2 | ● 1.8 | 137.3 | 127.9 |
| Operating & maintenance Costs | 105.7 | 108.5 | ● 2.8 | 105.3 | 107.1 |
| Professional costs | 20.1 | 19.8 | ● -0.3 | 16.2 | 13.2 |
| Administration and property costs | 42.9 | 47.3 | ● 4.4 | 46.5 | 39.4 |
| Total direct expenses | 310.0 | 318.7 | ● 8.7 | 305.3 | 287.6 |
| Net financing costs | 47.8 | 37.5 | ● -10.4 | 53.8 | 48.6 |
| Depreciation & amortisation | 122.2 | 121.8 | ● -0.3 | 122.4 | 112.7 |
| Total Expenditure | 480.0 | 478.0 | ● -2.0 | 481.5 | 449.0 |
| Operating Surplus / (Deficit) | 67.4 | 56.4 | ● 10.7 | 84.0 | 50.6 |
| Gains/Losses | 3.4 | 0.8 | ● 2.6 | 0.9 | -17.1 |
| Total Surplus / (Deficit) | 70.8 | 57.2 | ● 13.3 | 84.9 | 33.4 |

Summary statement of position

Position summary

The Statement of Position reflects the Council's financial standing for the current year compared to the budget and prior year. It highlights asset composition, liability levels, and overall equity position.

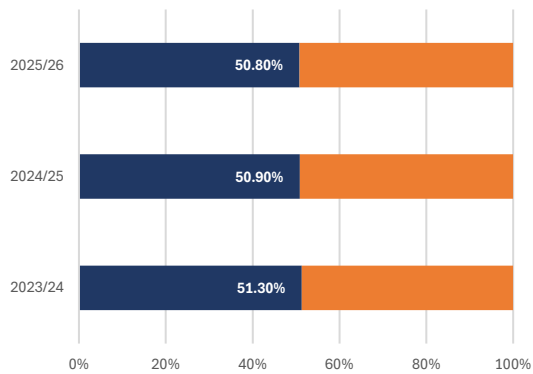
| Full year Forecast (\$M) | Current year | Budget current year | Long Term Plan | Actual prior year |
|------------------------------------------------|--------------|---------------------|----------------|-------------------|
| Cash & Cash Equivalents | 54 | 95 | 159 | 97 |
| Receivables | 39 | 39 | 44 | 39 |
| Other current assets | 18 | 130 | 41 | 116 |
| Investment in associates and other investments | 185 | 39 | 56 | 175 |
| Property plant and equipment | 7,216 | 7,402 | 7,514 | 6,741 |
| Investment Property | 34 | 33 | 38 | 32 |
| Other non-current assets | - | 7 | - | - |
| Total Assets | 7,546 | 7,745 | 7,852 | 7,200 |
| Payables and deferred revenue | 66 | 66 | 87 | 87 |
| Employee entitlements and provisions | 16 | 16 | 35 | 13 |
| Borrowings | 1,197 | 1,323 | 1,572 | 1,181 |
| Other Liabilities | 30 | 23 | - | 37 |
| Total Liabilities | 1,309 | 1,428 | 1,694 | 1,318 |
| Net Assets | 6,238 | 6,317 | 6,158 | 5,882 |
| Equity | 6,238 | 6,317 | 6,158 | 5,882 |

Rates revenue

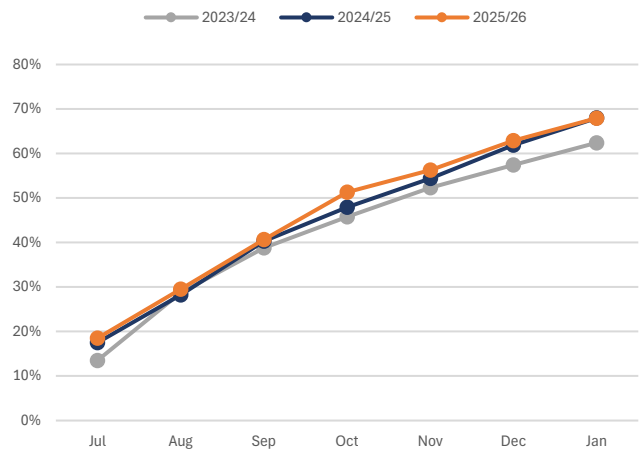
| (\$M) | Current year | Budget current year | Performance indicator | Actual prior year |
|--------------------|--------------|---------------------|-----------------------|-------------------|
| Year to date | 233.7 | 234.3 | ● | 199.2 |
| Full year forecast | 353.5 | 353.9 | ● | 304.1 |

Insights

Collection of all rates and penalties



Collection progress of unpaid rates brought forward from prior years



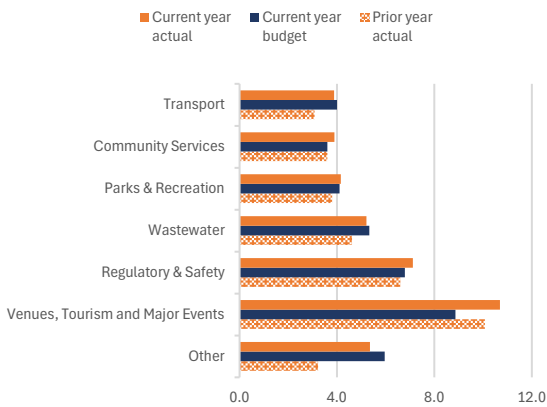
Other operating revenue

| (\$M) | Current year | Budget current year | Performance indicator | Actual prior year |
|---------------------------------------|--------------|---------------------|-----------------------|-------------------|
| Operating subsidies and grants | | | | |
| Year to date | 11.3 | 7.7 | ● | 11.3 |
| Full year forecast | 14.7 | 11.0 | ● | 18.1 |
| Fees and charges | | | | |
| Year to date | 40.3 | 38.6 | ● | 35.0 |
| Full year forecast | 64.8 | 62.1 | ● | 57.7 |
| Sundry operating revenue | | | | |
| Year to date | 7.3 | 5.7 | ● | 6.4 |
| Full year forecast | 11.5 | 9.1 | ● | 10.4 |

Insights

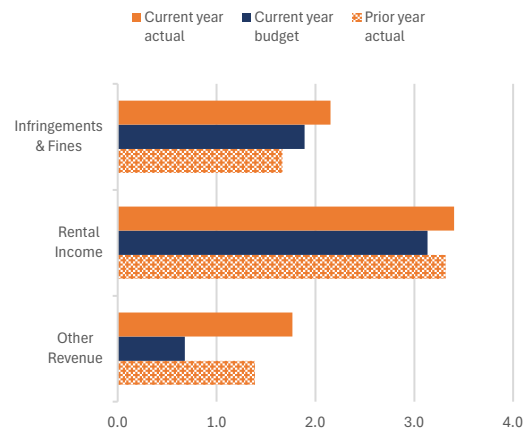
Fees and charges by key activity group

Year to date

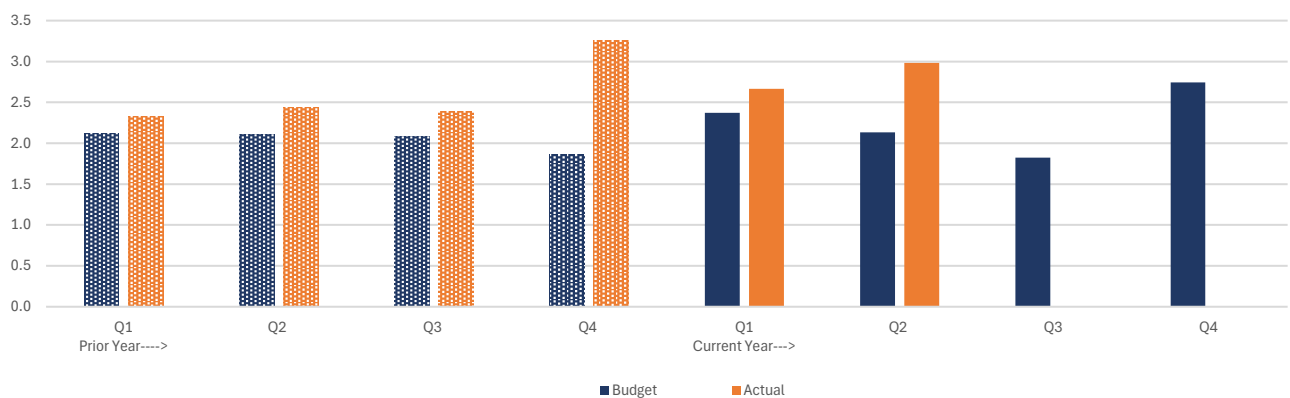


Sundry operating income by type

Year to date



Total other operating revenue by quarter

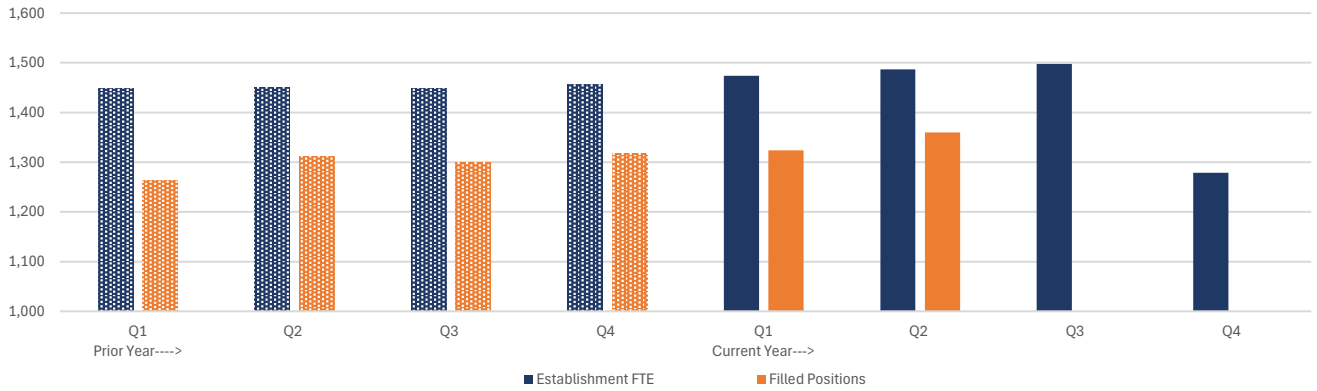


Personnel costs

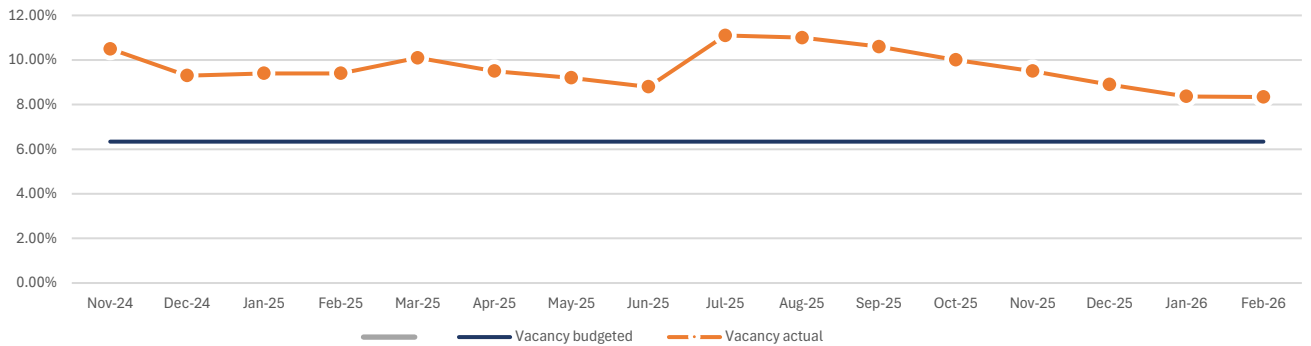
| (\$M) | Current year | Budget current year | Performance indicator | Actual prior year |
|--------------------|--------------|---------------------|-----------------------|-------------------|
| Year to date | 91.0 | 92.4 | ● | 82.8 |
| Full year forecast | 141.4 | 143.2 | ● | 127.9 |

Insights

Establishment at quarter end



Vacancy factor by month



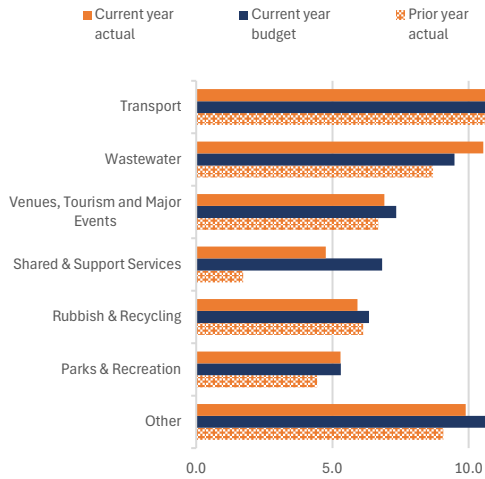
Operating and maintenance costs

| (\$M) | Current year | Budget current year | Performance indicator | Actual prior year |
|--------------------|--------------|---------------------|-----------------------|-------------------|
| Year to date | 61.3 | 63.9 | ● | 53.0 |
| Full year forecast | 105.7 | 108.5 | ● | 107.1 |

Insights

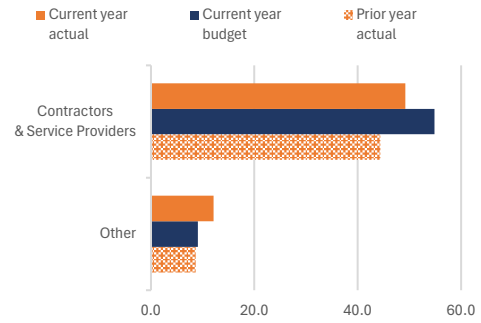
Operating and maintenance costs by key activity groups

Year to date

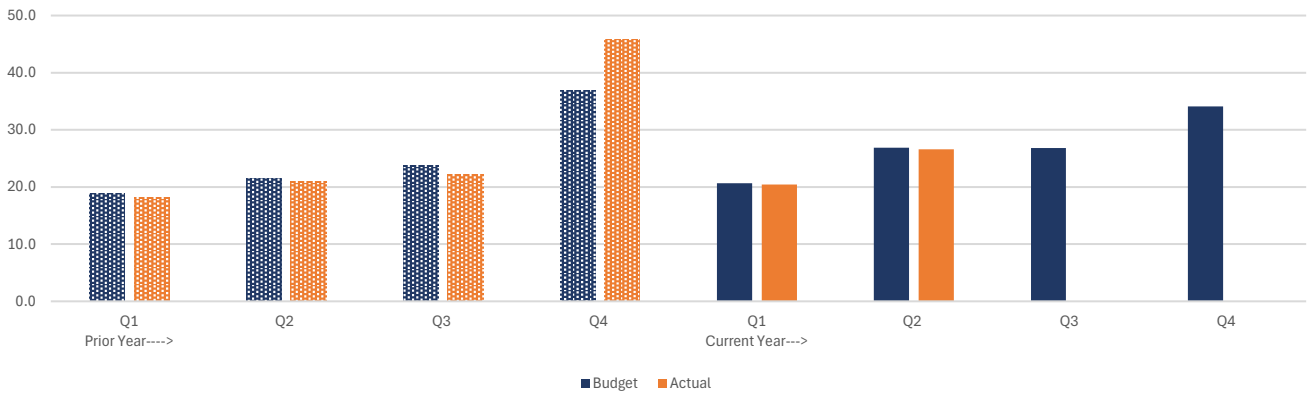


Operating and maintenance costs by type

Year to date



Operating and maintenance costs by quarter



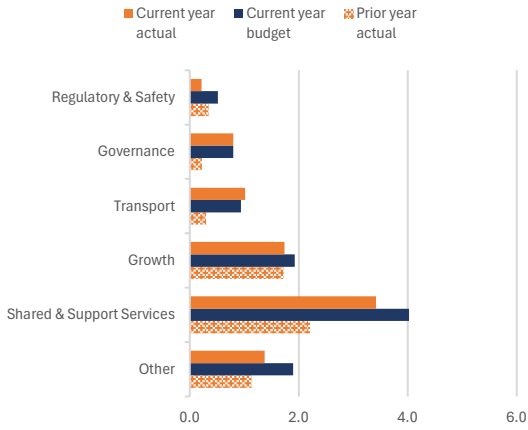
Operating professional costs

| (\$M) | Current year | Budget current year | Performance indicator | Actual prior year |
|--------------------|--------------|---------------------|-----------------------|-------------------|
| Year to date | 8.6 | 10.1 | ● | 5.9 |
| Full year forecast | 20.1 | 19.8 | ● | 13.2 |

Insights

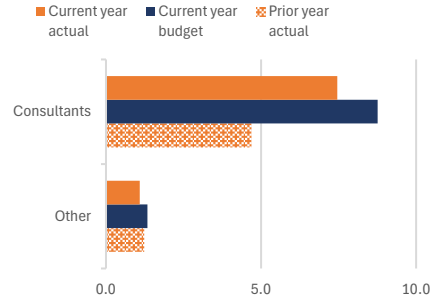
Professional costs by key activity groups

Year to date

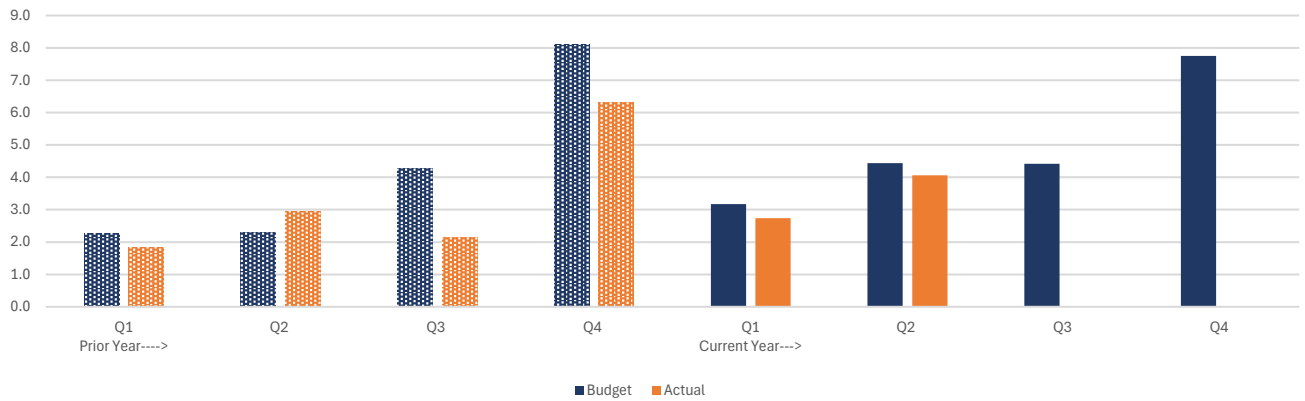


Professional costs by key type

Year to date



Operating professional costs by quarter



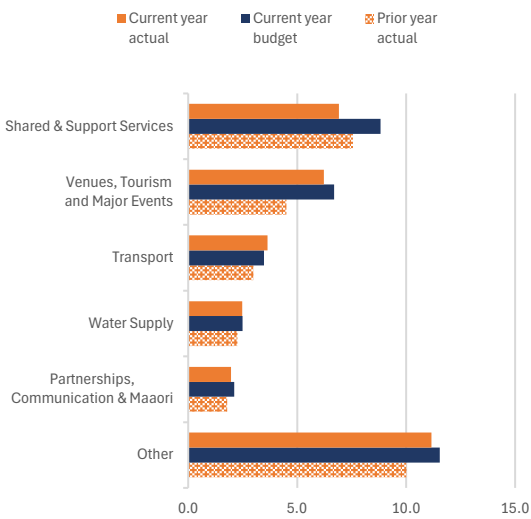
Administration and property costs

| (\$M) | Current year | Budget current year | Performance indicator | Actual prior year |
|--------------------------------|--------------|---------------------|-----------------------|-------------------|
| Administration expenses | | | | |
| Year to date | 19.0 | 20.6 | ● | 16.6 |
| Full year forecast | 24.9 | 28.3 | ● | 22.8 |
| Property costs | | | | |
| Year to date | 13.4 | 14.6 | ● | 12.5 |
| Full year forecast | 18.0 | 19.0 | ● | 16.6 |

Insights

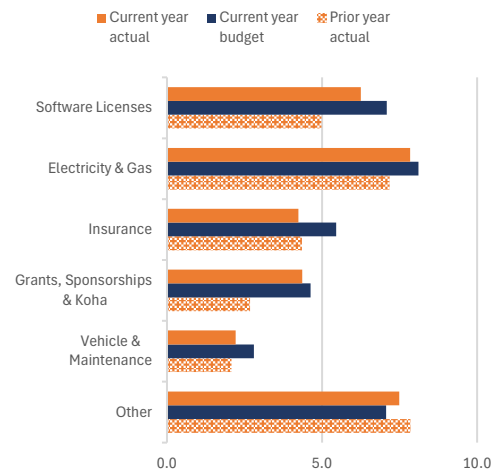
Administration and property costs by key activity groups

Year to date

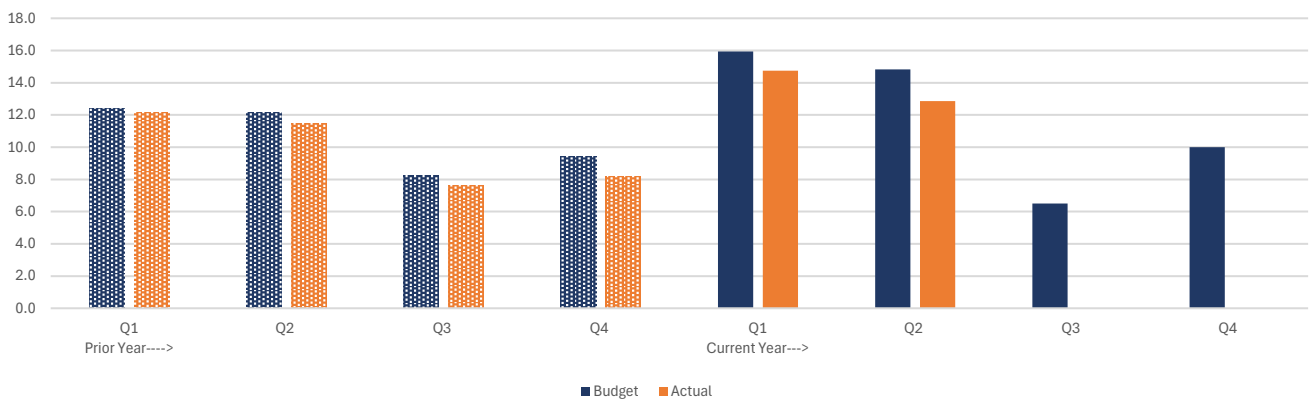


Administration and property costs by key types

Year to date



Administration and property costs by quarter



Capital expenditure

| (\$M) | Current year | Budget current year | Performance indicator | Actual prior year |
|-----------------------------------------------------------|--------------|---------------------|-----------------------|-------------------|
| Capital expenditure - renewals | | | | |
| Year to date | 68.0 | 62.2 | ● | 43.1 |
| Full year forecast | 119.6 | 93.3 | ● | 84.7 |
| Capital expenditure – growth and levels of service | | | | |
| Year to date | 93.7 | 107.1 | ● | 83.2 |
| Full year forecast | 157.3 | 160.6 | ● | 142.5 |
| Capital expenditure – vested assets | | | | |
| Year to date | 39.9 | 25.3 | ● | 21.3 |
| Full year forecast | 39.8 | 38.0 | ● | 29.5 |
| Capital revenue | | | | |
| Year to date | 72.7 | 65.6 | ● | 70.6 |
| Full year forecast | 74.4 | 98.3 | ● | 109.2 |
| Depreciation | | | | |
| Year to date | 81.5 | 79.4 | ● | 71.9 |
| Full year forecast | 122.2 | 121.8 | ● | 112.7 |

Treasury including debt management

| Actual Year to Date (\$M) | Current year | Budget current year | Performance indicator | Actual prior year |
|------------------------------|-----------------|------------------------|--------------------------|----------------------|
| External borrowing | 1,162 | | | 1,262 |
| Net external debt | 1,048 | | | 946 |
| External Finance costs | 31.8 | 27.6 | ● | 37.4 |
| Financing cost adjustment* | 3.9 | 3.8 | | 3.7 |
| Total Financing costs | 35.7 | 31.5 | ● | 41.1 |
| Interest revenue | 4.3 | 7.4 | ● | 10.3 |
| Net financing cost | 27.5 | 20.2 | ● | 27.1 |

| Full year Forecast (\$M) | Current year | Budget current year | Performance indicator | Actual prior year |
|-----------------------------|-----------------|------------------------|--------------------------|----------------------|
| External borrowing | 1,197 | 1,323 | ● | 1,181 |
| Net external debt | 1,130 | 1,127 | ● | 992 |
| Debt ratio | 232% | 241% | | 220% |
| Debt headroom | 234 | 183 | | 270 |
| External Finance costs | 46.4 | 41.5 | ● | 55.1 |
| Financing cost adjustment* | 7.2 | 7.1 | | 8.7 |
| Total Financing costs | 53.5 | 48.6 | ● | 63.7 |
| Interest revenue | 5.7 | 11.1 | ● | 15.1 |
| Net financing cost | 40.7 | 30.4 | ● | 40.0 |


* Financing cost adjustment reflects interest on Landfill provision and FV discount unwinding on HIF loan

FURTHER INFORMATION

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 /HamiltonCityCouncil

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