

# Financial Performance Report

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

December 2025



**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 koowhaiwhai 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 koowhaiwhai fronds of the design fold up and out, conveying a sense of flourishing energy.

## Executive summary

### Performance summary

#### Year-to-date performance:

Financial performance for the year-to-date for December 2025, continues, in line with the results last year, to reflect a **positive performance against budget** across key controllable Net Everyday Operating Costs. Against our key Long-Term Plan financial strategy indicator of Balancing-the-Books we are currently ahead of budget, with variances in everyday operating revenue, up on budget \$3.8M, and lower everyday operating costs, under budget \$8.3M being offset by YTD net financing costs (\$5.5M) and depreciation timing (\$2.0M).

Accounting surplus / (deficit) is \$1.1M ahead of budget with additional vested asset revenue offsetting losses on disposal The Year-to-Date Accounting Surplus below budget includes the impact of \$(1.2M) in unrealised interest rate swap revaluations and losses on disposal of property, plant & equipment of \$(2.4M), for which no budget allowance had been made in the Annual Plan.

One of the key financial impacts is ongoing movement in market interest rates, which can differ from what we assumed when we set the annual plan. When interest rates change, the amount we earn on our cash and the amount we pay on our debt can move in opposite directions, creating a gap between interest revenue and interest costs.

To help reduce this impact, management regularly reviews the mix of our cash holdings and debt levels throughout the year. By actively adjusting this mix where possible in the coming 6 months, we aim to narrow the gap between what we earn and what we pay, and minimise the effect of unexpected interest rate changes.

While year-to-date capital expenditure appears to be behind budget, this is primarily reflective of lack of seasonality reflected in capital budget phasing, and delivery is expected to be in-line by year end.

#### Full year forecast:

Balancing-the-books is currently forecast to be on budget by year end. While higher finance costs, lower Development Contributions, and reduced NZTA renewal subsidies—already evident in the first half of the year (H1)—continue to place pressure on the forecast, these impacts are expected to be offset through the continued maintenance of strong operational cost control. Although the benefits achieved in Net Everyday Operating Costs during H1 are not assumed to fully carry through into H2, active management of controllable operating expenditure is expected to support delivery of the budget target by year end as forecasts are further refined.

The full-year Accounting Surplus is projected to be better than budget, driven by higher capital revenue and expected improvements in the valuation of interest rate swaps as the market interest rate curve moves upward.

Long-Term Plan Strategic Indicators (\$M)	Current year	Budget current year	Performance indicator	Actual prior year
<b>Council Balancing the Books - Surplus / (Deficit)</b>				
Year to date actual	(1.5)	(3.5)	●	(10.3)
Full year forecast	(12.3)	(12.7)	●	(20.0)
<b>Accounting Surplus / (Deficit)</b>				
Year to date actual	32.6	31.5	●	72.5
Full year forecast	68.3	57.2	●	48.0
<b>Debt to Revenue Limit</b>				
Full year forecast	239 %	241%	●	220%

Other Key Financial Performance Indicators (\$M)	Current year	Budget current year	Performance indicator	Actual prior year
<b>Net Everyday Operating Costs</b>				
Year to date	105.1	116.3	●	90.0
Full year forecast	221.8	236.6	●	199.9
<b>Forecast Capital Expenditure KPIs</b>				
Renewals as a % of Depreciation	96%	88%	●	75%
Renewals Capex net of Capital Revenue	106.8	93.5	●	70.9
LoS / Growth Capex net of Capital Revenue	105.3	86.1	●	47.2
<b>Forecast Debt KPIs</b>				
Net External Debt	1,159	1,127	●	992
Debt Headroom	196	183	●	270

### Performance risks and opportunities

The main risks to our financial performance come from areas where we have some influence but not full control, such as changes in market interest rates that differ from what we planned for, and a lower than assumed impact of growth through development contributions. Another risk is that, when we review our capital projects at the end of the year, some costs may not meet the rules for being counted as capital spending. To reduce this, we've dedicated extra staff time to tidy up and check these projects throughout the year, helping us spot issues earlier and avoid them in the future. This follows recommendations from Audit New Zealand.

On the positive side, we continue to focus on careful, cost-conscious decision-making across the organisation, which is helping us keep everyday operating costs below budget. We're also strengthening our financial planning through better analysis and more robust challenge of risk assumptions. Given the shift in spending patterns between the first and second halves of the year, management will continue to review H2 operating cost forecasts to ensure they are realistic and not overly conservative, which may provide an opportunity to improve the year end result.

## Summary statement of performance

Year to date (\$M)	Current year	Budget current year	Performance indicator	Actual prior year
Rates	175.8	176.0	● -0.2	146.2
Fees & charges	31.2	30.1	● 1.1	27.4
Subsidies and grants for operating purposes	8.3	5.7	● 2.6	7.8
Other operating revenue	5.6	4.5	● 1.1	4.8
<b>Total operating revenue</b>	<b>221.0</b>	<b>216.3</b>	<b>● 4.7</b>	<b>186.1</b>
Subsidies and grants for capital purposes	7.6	9.6	● -2.1	21.4
Development and capital contributions	15.7	20.5	● -4.9	21.0
Vested assets	26.4	19.0	● 7.4	16.3
<b>Total capital funding</b>	<b>49.6</b>	<b>49.2</b>	<b>● 0.5</b>	<b>58.7</b>
<b>Total Revenue</b>	<b>270.6</b>	<b>265.4</b>	<b>● 5.2</b>	<b>244.8</b>
Personnel costs	68.8	70.7	● 1.9	62.3
Operating & maintenance Costs	47.1	47.6	● 0.5	39.2
Professional costs	6.8	7.6	● 0.8	4.8
Administration and property costs	27.6	30.8	● 3.2	23.6
<b>Total direct expenses</b>	<b>150.2</b>	<b>156.6</b>	<b>● 6.4</b>	<b>129.9</b>
Net financing costs	23.5	18.0	● -5.5	23.7
Depreciation & amortisation	61.3	59.3	● -2.0	52.6
Gains/Losses	3.0	0.0	● -3.0	-34.0
<b>Total Expenditure</b>	<b>238.0</b>	<b>233.9</b>	<b>● -4.1</b>	<b>172.2</b>
<b>Total Surplus / (Deficit)</b>	<b>32.6</b>	<b>31.5</b>	<b>● 1.1</b>	<b>72.5</b>

Full year forecast (\$M)	Current year	Budget current year	Performance indicator	Actual prior year
Rates	353.6	353.9	● -0.4	304.1
Fees & charges	63.6	62.1	● 1.5	57.7
Subsidies and grants for operating purposes	14.6	11.0	● 3.6	18.1
Other operating revenue	10.3	9.1	● 1.3	10.4
<b>Total operating revenue</b>	<b>442.1</b>	<b>436.1</b>	<b>● 6.0</b>	<b>390.3</b>
Subsidies and grants for capital purposes	24.7	19.3	● 5.4	35.1
Development and capital contributions	38.4	41.1	● -2.7	44.4
Vested assets	38.0	38.0	● 0.0	29.7
<b>Total capital funding</b>	<b>101.1</b>	<b>98.3</b>	<b>● 2.7</b>	<b>109.2</b>
<b>Total Revenue</b>	<b>543.1</b>	<b>534.4</b>	<b>● 8.7</b>	<b>499.5</b>
Personnel costs	140.1	143.2	● 3.0	127.9
Operating & maintenance Costs	106.7	108.5	● 1.8	107.1
Professional costs	20.3	19.8	● -0.5	13.2
Administration and property costs	43.2	47.3	● 4.1	39.4
<b>Total direct expenses</b>	<b>310.3</b>	<b>318.7</b>	<b>● 8.4</b>	<b>287.6</b>
Net financing costs	45.8	37.5	● -8.3	48.6
Depreciation & amortisation	122.2	121.8	● -0.3	112.7
Gains/Losses	-3.4	-0.8	● 2.6	2.6
<b>Total Expenditure</b>	<b>474.8</b>	<b>477.2</b>	<b>● 2.4</b>	<b>451.5</b>
<b>Total Surplus / (Deficit)</b>	<b>68.3</b>	<b>57.2</b>	<b>● 11.1</b>	<b>48.0</b>

## 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.

(\$M)	Current Month End		Forecast Year End		
	Current	Prior Year	Forecast	Budget	Prior Year
Cash & Cash Equivalents	168	195	95	95	97
Receivables	237	197	39	39	39
Other current assets	16	14	4	4	116
Investment in associates and other investments	182	156	164	164	175
Property plant and equipment	6,755	6,434	7,434	7,402	6,741
Investment Property	32	31	33	33	32
Other non-current assets	-	-	7	7	-
<b>Total Assets</b>	<b>7,390</b>	<b>7,026</b>	<b>7,777</b>	<b>7,745</b>	<b>7,200</b>
Payables and deferred revenue	249	205	66	66	87
Employee entitlements and provisions	10	9	16	16	13
Borrowings	1,246	1,164	1,345	1,323	1,181
Other Liabilities	36	36	23	23	37
<b>Total Liabilities</b>	<b>1,540</b>	<b>1,414</b>	<b>1,449</b>	<b>1,428</b>	<b>1,318</b>
<b>Net Assets</b>	<b>5,850</b>	<b>5,612</b>	<b>6,328</b>	<b>6,317</b>	<b>5,882</b>
<b>Equity</b>	<b>5,850</b>	<b>5,612</b>	<b>6,328</b>	<b>6,317</b>	<b>5,882</b>

## Rates revenue

(\$M)	Current year	Budget current year	Performance indicator	Actual prior year
Year to date	175.8	176.0	●	146.2
Full year forecast	353.6	353.9	●	304.1

### Commentary

Rates overall collection performance remains consistent with prior years at the same point in time, which is a positive result given the significant rates increases of 16.5% in 2024/25 and 15.5% in 2025/26. Historically, Council achieves between 97–98% collection of all current and prior year rates and penalties, and results to date indicate that collection levels are tracking within this expected range. (insight graph 1)

Outstanding rates from prior financial years are subject to additional collection pathways under the Local Government (Rating) Act 2002. Council staff continue to work with ratepayers to establish payment arrangements wherever possible; however, where arrangements cannot be reached, further action may include requesting payment from the mortgagee, or, where no mortgage exists, progressing through the appropriate legal recovery process.

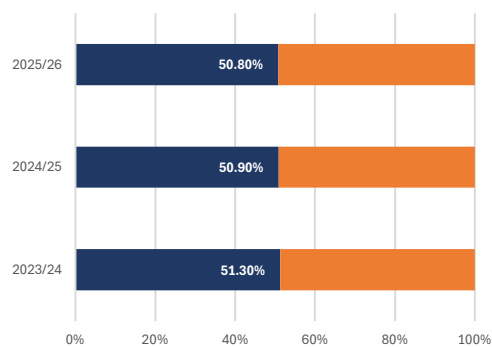
The unpaid rates balance brought forward from 2024/25 into 2025/26 was \$9.34 million. Collection of prior year outstanding rates is monitored independently, and December results continue to demonstrate strong performance, with recovery tracking ahead of the same point in recent years (insights graph two).

Water-by-meter revenue is forecast to be \$0.5M below the current-year budget. The shortfall is due to lower-than-expected water consumption by commercial customers. This appears to reflect weaker economic conditions reducing overall demand, as well as increased water-efficiency initiatives implemented by some high-volume users.

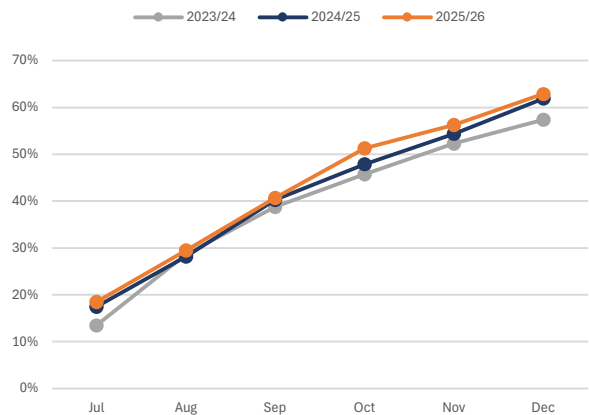
The three-yearly revaluation of all properties in Hamilton was completed in late June 2025 and these updated values were used to calculate rates from 1 July 2025. Property owners were advised of their new valuations and given the opportunity to lodge objections, with more than 1,200 objections received. Where a property's valuation is amended following review, the corresponding 2025/26 rates are adjusted. The current-year budget includes a forecast net reduction of \$1.1 million in rates revenue to reflect anticipated valuation changes; however, most objections have not yet been completed.

### 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
<b>Operating subsidies and grants</b>				
Year to date	8.3	5.7	●	7.8
Full year forecast	14.6	11.0	●	18.1
<b>Fees and charges</b>				
Year to date	31.2	30.1	●	27.4
Full year forecast	63.6	62.1	●	57.7
<b>Sundry operating revenue</b>				
Year to date	5.6	4.5	●	4.8
Full year forecast	10.3	9.1	●	10.4

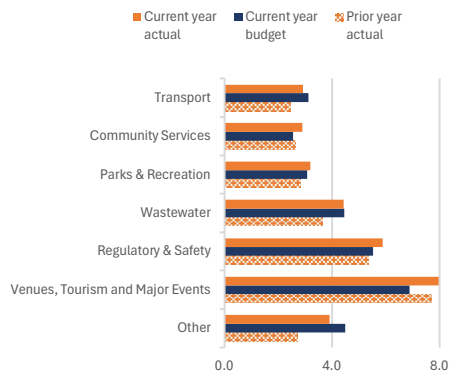
### Commentary

Other operating revenue is performing well overall. Our Venues, Tourism and Major Events teams continue to deliver strong results, with fees, charges, and sales holding up at similar levels to last year and above budget. However, we've also factored in some risk for the rest of the year because competition for events is increasing nationwide, and funding is becoming harder for organisers to secure. Regulatory services are tracking strongly, supported by higher levels of commercial activity in the city. Transportation revenue is also ahead of budget, mainly due to higher subsidies linked to capital projects that were delayed from last year and are now taking place. In Community Services, performance includes a one-off insurance payment of \$480K as an interim settlement for the Hillcrest Library claim.

### Insights

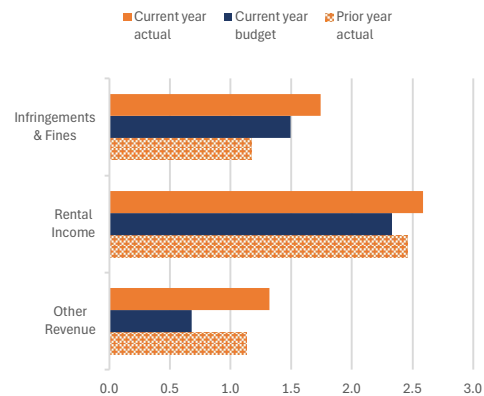
#### Fees and charges by key activity group

Year to date

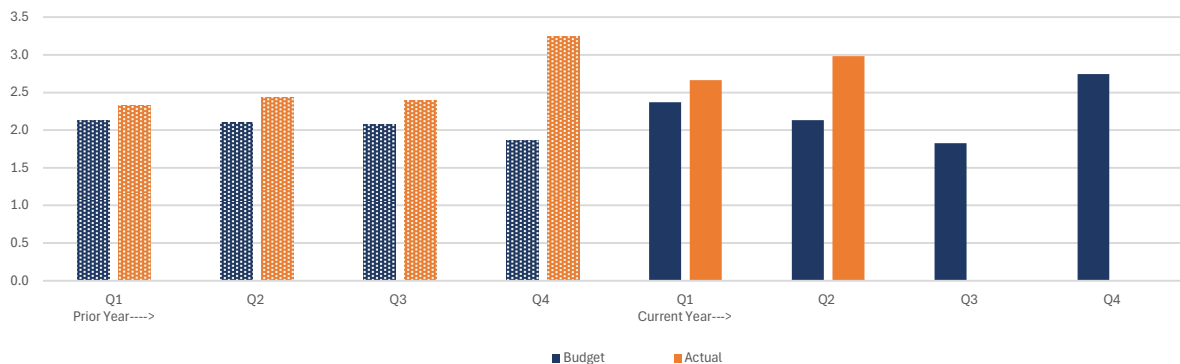


#### Sundry operating income by type

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	68.8	70.7	●	62.3
Full year forecast	140.1	143.2	●	127.9

### Commentary

Personnel costs so far this year are below budget and are expected to remain favourable through to year end. This is mainly because we have more vacancies than planned, although some of these savings are being used to bring in temporary contractors so that essential work can continue while recruitment takes place.

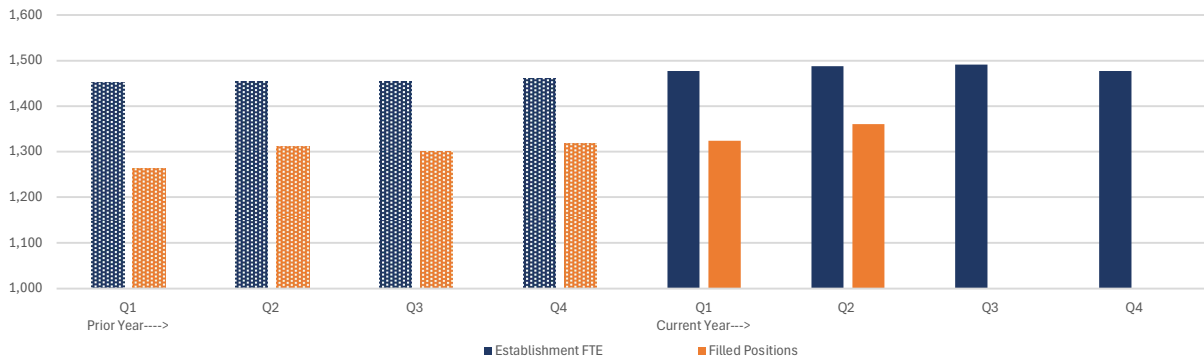
While training and development remain important for the organisation, they are not always prioritised in day-to-day operations due to limited staff capacity. If this continues, it could slow down long-term staff development.

Within Digital Services, some work that used to be done by external providers has now been brought in-house. This shift has provided a financial benefit and increased our internal capability, supporting a more sustainable and cost-effective way of working.

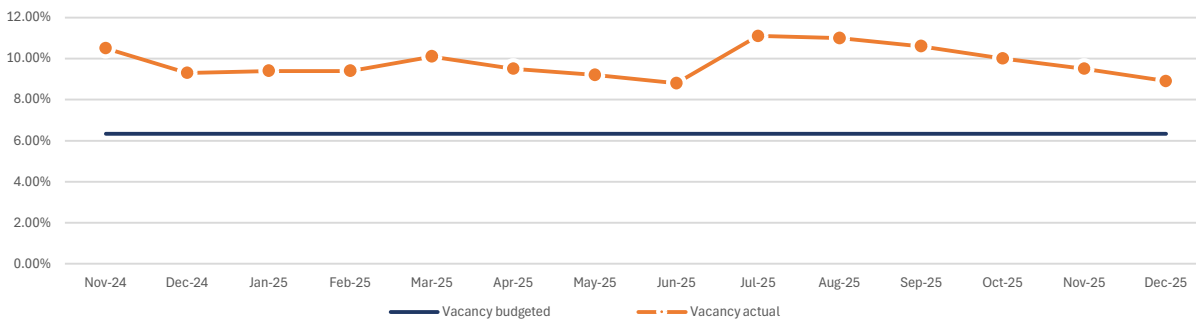
From a governance perspective, vacancy-related underspends provide useful short-term financial relief; however, ongoing oversight is required to ensure that capacity constraints, deferred training, and reliance on contracted resources do not create long-term operational or workforce risks.

### 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	47.1	47.6	●	39.2
Full year forecast	106.7	108.5	●	107.1

### Commentary

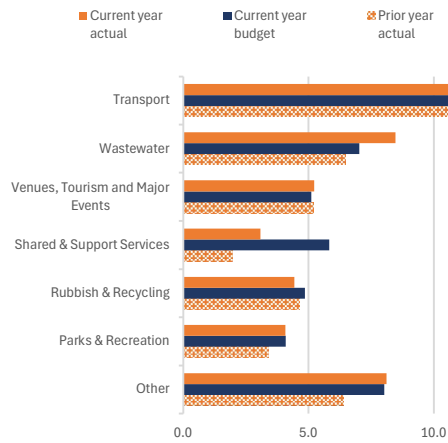
So far this year, we've spent money on a number of essential contracts that help keep the city running smoothly. These costs reflect the core day-to-day work needed to maintain service levels across the city and are in line with what we planned for the year. They include:

- Transport maintenance – \$11.3 million for road upkeep and related services
- Refuse and recycling – \$4.1 million for waste collection and recycling services
- Facility maintenance – \$4.2 million for cleaning, security, and planned and reactive building maintenance, including painting
- Digital services – \$4.1 million for data storage and the rollout of our new employee and payroll system
- Biosolids disposal – \$2.5 million for safe and compliant disposal services

### Insights

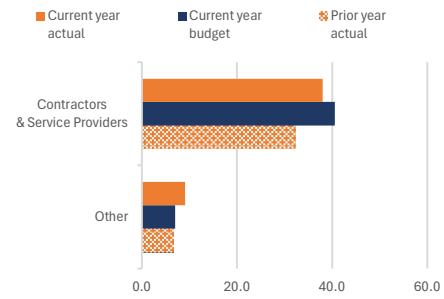
#### Operating and maintenance costs by key activity groups

Year to date

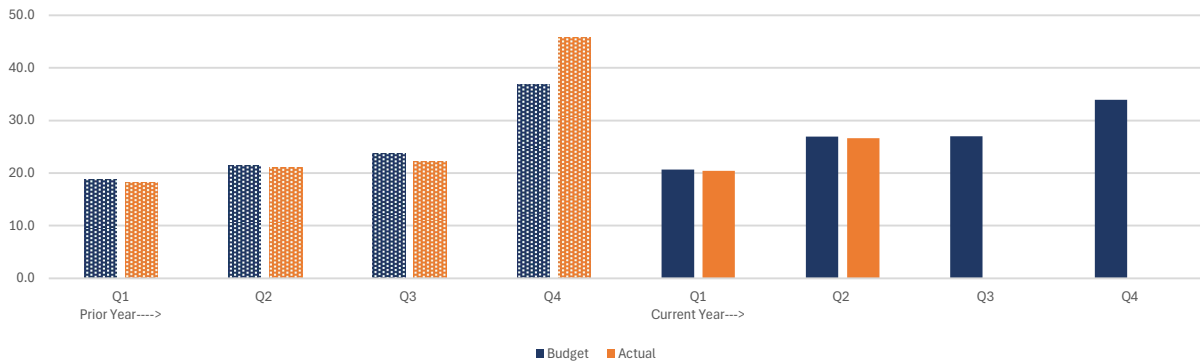


#### Operating and maintenance costs by type

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	6.8	7.6	●	4.8
Full year forecast	20.3	19.8	●	13.2

### Commentary

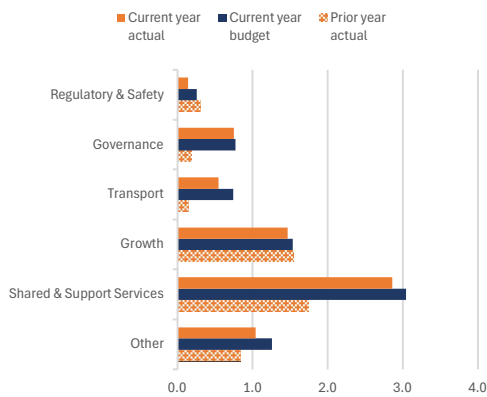
Professional services spending is being carefully managed and focused on priority work. Year -to-date costs relate to Elections and Poll services, Plan Change and FastTrack project work, with additional specialist support for transformation, the capital programme. Performance also includes allowance for costs associates with IAWAI establishment not attributable to Council but under accounting standard need to be recognised here and offset by revenue recoveries.

The full-year forecast is above budget because extra specialist support is required for government -mandated FastTrack work that wasn't included in the original budget. Overall, we focus on using external experts only where specialist skills are needed, with the majority of costs recoverable to help minimise financial impacts.

### Insights

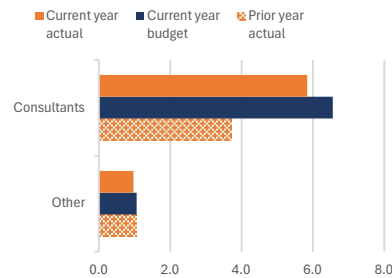
#### Professional costs by key activity groups

Year to date

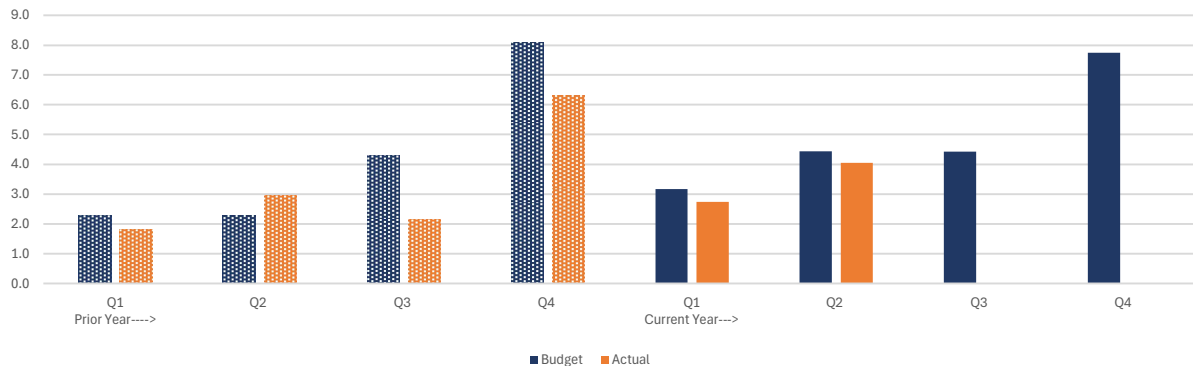


#### Professional costs by key type

Year to date



#### Operating professional costs by quarter



## Administration and property costs

(\$M)	Current year	Budget current year	Performance indicator	Actual prior year
<b>Administration expenses</b>				
Year to date	16.0	18.1	●	12.8
Full year forecast	25.1	28.3	●	22.8
<b>Property costs</b>				
Year to date	11.6	12.7	●	10.8
Full year forecast	18.1	19.0	●	16.6

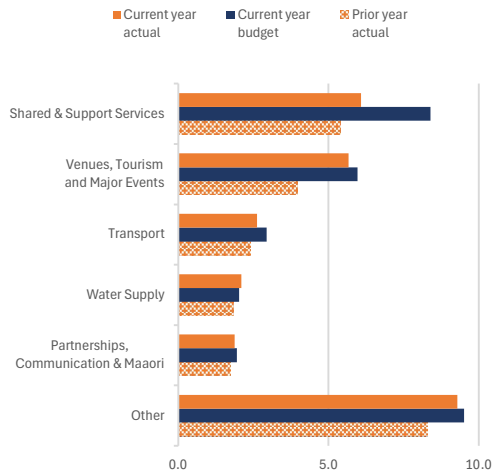
### Commentary

Administration and property costs are tracking slightly better than budget. Most areas are performing as expected, with small differences mainly due to timing rather than increases in underlying costs. Steady property expenses, controlled insurance costs, and careful management of utilities and licensing continue to support a stable cost base.

### Insights

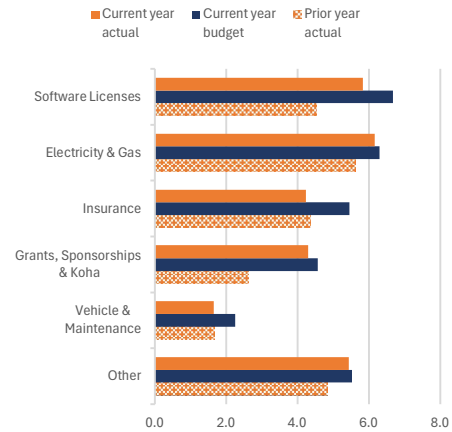
#### Administration and property costs by key activity groups

Year to date

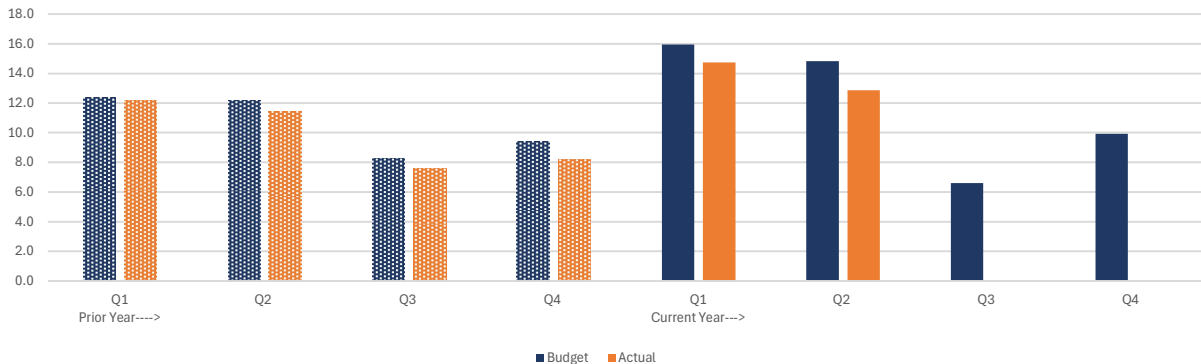


#### Administration and property costs by key types

Year to date



#### Administration and property costs by quarter



## Capital expenditure

(\$M)	Current year	Revised Budget current year	Performance indicator	Actual prior year
<b>Capital expenditure - renewals</b>				
Year to date	47.8	53.2	●	28.9
Full year forecast	117.3	106.7	●	84.7
<b>Capital expenditure – growth and levels of service</b>				
Year to date	72.8	85.6	●	70.8
Full year forecast	167.4	171.2	●	142.6
<b>Capital expenditure – vested assets</b>				
Year to date	26.4	19.0	●	16.0
Full year forecast	38.0	38.0		29.5
<b>Capital revenue</b>				
Year to date	49.6	49.2	●	58.7
Full year forecast	72.6	98.3	●	109.2
<b>Depreciation</b>				
Year to date	61.3	59.3	●	52.6
Full year forecast	122.2	121.8	●	112.7

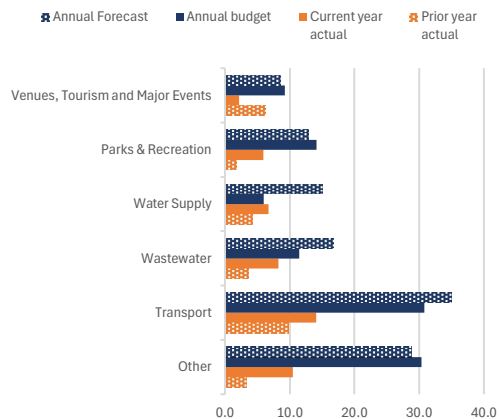
### Commentary

Council’s capital programme, originally approved at \$255M in the Annual Plan, has been revised to \$276M to reflect updates as outlined in the capital monitoring report including carry overs from the prior year. Council remains on track to deliver this revised programme, with a year-end forecast currently expected to align with the revised budget. To date, 43% of the forecast annual spend has been delivered, which is in line with expectations given that capital expenditure typically accelerates during the summer months.

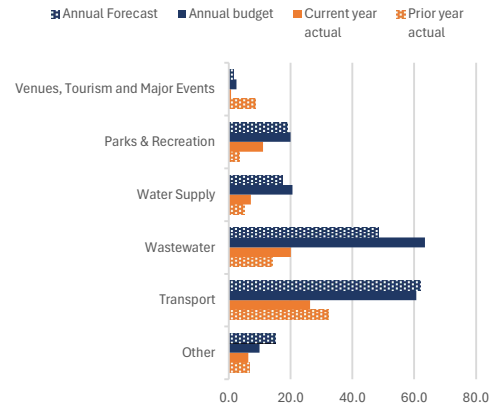
Depreciation is expected to be \$0.3M over budget at year end. This is primarily due to depreciation on transportation assets. Concentrated efforts have been made to reduce outstanding Work in Progress (WIP) resulting in capitalisations at December 2025 totalling \$185M which represents \$100M more than was capitalised at the same time in FY25. Accrued depreciation on long-outstanding WIP was conservative, with actual depreciation recognised exceeding the accrued estimates. Forecasted depreciation is projected to be \$3.8M higher than forecasted renewal spend for the year.

### Insights

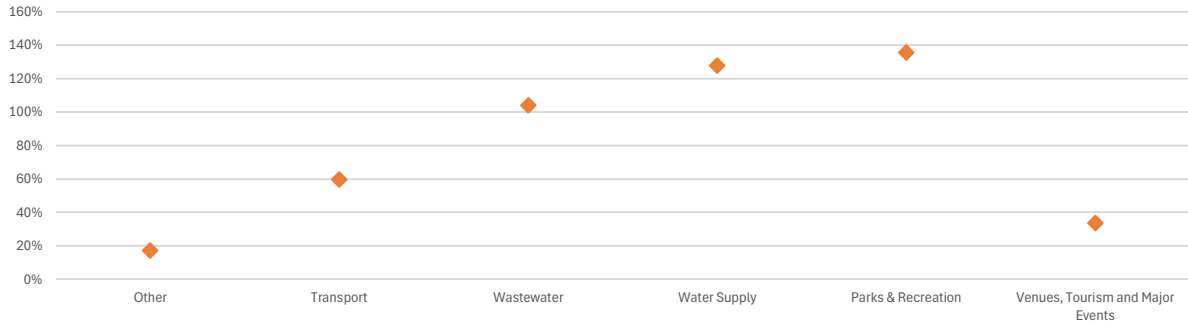
Capital expenditure on renewals by key activity groups



Capital expenditure on growth and levels of service by key activity groups



Capital expenditure for renewals as a ratio to depreciation by key activity group



## Sundry Receivables

### Commentary

Sundry receivables continue to show positive movement, with several larger outstanding balances either fully resolved or significantly reduced during January 2026. For the 2025/26 financial year to 31 December, approximately \$80.6M (GST inclusive) of (non-rates) charges have been invoiced, with overall ageing remaining favourable compared with the same period last year.

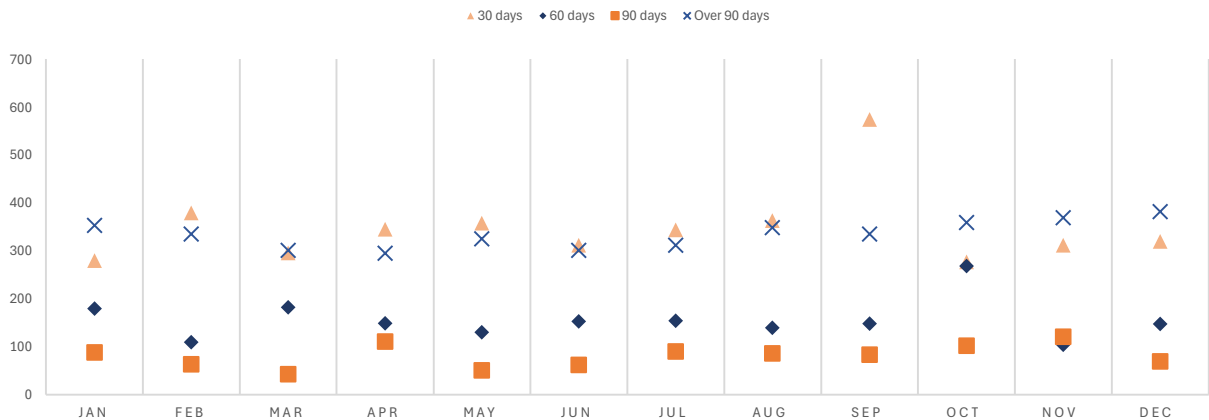
At 31 December 2025, the sundry receivables balance was \$7.6M, with around 70% current and 11.6% over 90 days, and account volumes showing similar stability. This represents a collection rate of 90.5% of all invoices raised during 2025.

A higher proportion of this current balance relates to development activities. Generally, for building (and some planning) related invoices, Council's risk is minimised as we will not issue consents, code of compliance, or final subdivision certificates until such time as outstanding invoices are paid in full.

Significant aged item management (>\$10,000) has seen meaningful improvement. Of the 18 accounts over both 90 days and \$10,000 at 31 December 2025 (\$675k), six have now been resolved, and three more reduced below the \$10,000 reporting threshold. Following these movements, the balance of these specific invoices has reduced to approximately \$315k.

### Insights

#### Ageing profile of sundry debtor accounts – 2025 Calendar year



*This count-based view avoids distortion from one-off high-value invoices*

*Temporary fluctuations observed in September and October reflect the annual timing of Trade Waste invoicing rather than any change in customer payment behaviour.*

## Treasury including debt management

(\$M)	Current year	Budget current year	Performance indicator	Actual prior year
<b>Net external debt</b>				
Year to date	1,078	1,127	●	965
Full year forecast	1,159	1,127	●	992
<b>External borrowing</b>				
Year to date	1,246	1,323	●	1,164
Full year forecast	1,230	1,323	●	1,181
<b>Net financing cost</b>				
Year to date	23.5	18.0	●	23.7
Full year forecast	45.8	37.5	●	48.6
<b>Debt ratio</b>				
Year to date	210%	241%	●	215%
Full year forecast	239%	241%	●	220%
<b>Debt headroom</b>				
Year to date	277	183	●	293
Full year forecast	196	183	●	270

### Commentary

At 31 December 2025 net interest costs are forecast to end 2025/26 year \$8.3M over budget. This variance is driven by lower interest received on term deposits and cash bank balances due to lowering of the Official Cash Rate (OCR) throughout the year; currently at 2.25%.

The other driver is changes in the market interest rate swap index where, on average, council pays 4.1% on the fixed leg of the swaps and receives 2.5% (PY 4.4%) on the floating leg. These costs reflect the cyclical nature of Council's treasury management approach, where changes in market interest rates typically flow through 18–24 months later.

Year to date, financial instrument revaluations have incurred unrealised losses of \$1.2M. Forecasts for the remainder of the year expect unrealised gains of \$5.9M, therefore ending the year with unrealised gains of \$4.7M. These gains and losses are unrealised because, on maturity of each interest rate swap contract, no interest gain or loss eventuates, however they are required to be provided for under accounting standards.

The forecast net external debt for 2025/26 of \$1.159B is unfavourable against a projected budget at this point of \$1.127B, while the full year Debt ratio forecast of 239 % favourable against budget of 241%, and the available debt headroom full year forecast \$196M favourable to the planned budget of \$183M.

The additional debt headroom enables council to be strongly placed to respond to risk of unexpected financial shocks, whether financial or operational in nature, as they arise.

## Activity group performance – Community Services

Summary performance statement (\$'000)	Current year	Budget current year	Performance indicator	Actual prior year
Rates	17,200	17,279	(79)	13,846
Fees & charges	2,898	2,546	● 353	2,633
Subsidies and grants for operating purposes	2	2	(0)	3
Other operating revenue	514	29	● 485	31
Internal charges and overheads recovered	-	-	-	-
<b>Total operating revenue</b>	<b>20,614</b>	<b>19,855</b>	● <b>758</b>	<b>16,514</b>
<b>Total capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue</b>	<b>20,614</b>	<b>19,855</b>	● <b>758</b>	<b>16,514</b>
Personnel costs	6,934	6,566	● (368)	6,275
Operating & maintenance costs	1,512	1,337	● (175)	1,157
Professional costs	96	69	(27)	50
Administration and property costs	2,053	1,953	● (100)	1,791
Internal charges and overheads charged	5,388	6,608	● 1,220	2,624
<b>Total direct expenses</b>	<b>15,983</b>	<b>16,534</b>	● <b>551</b>	<b>11,896</b>
Net financing costs	774	575	● (199)	887
Depreciation & amortisation	3,079	3,062	(17)	3,177
<b>Total Expenditure</b>	<b>19,836</b>	<b>20,171</b>	● <b>335</b>	<b>15,960</b>
<b>Total Surplus / (Deficit)</b>	<b>777</b>	<b>(316)</b>	● <b>1,093</b>	<b>554</b>

### Commentary

Customer Services has experienced higher-than-expected demand for LIMs which means the associated revenue is tracking \$289k ahead of budget.

Warmer weather saw higher than forecast usage, and pools reaching capacity limits over the pre-Christmas period contributed to increased revenue of \$59k. This trend is expected to continue through the traditionally busy months of January and February with the next quarter's reporting showing the full summer season's impact on the two aquatic centres.

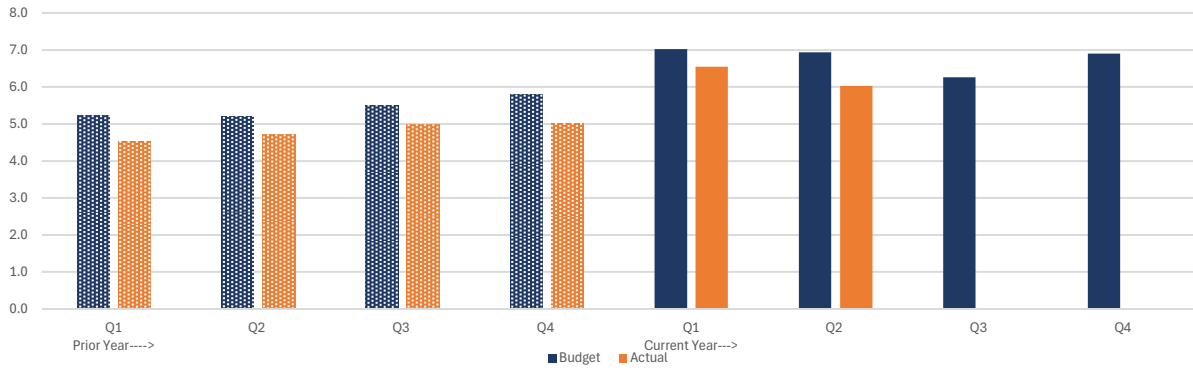
Libraries revenue includes a \$478k insurance progress payment following the 58 Masters Avenue fire. This initial payment is supporting early costs associated with assessing the building damage and establishing a temporary pop-up library at Hamilton Gardens. Further progress payments may be sought if expenditure exceeds this value. Further negotiations with the insurer will proceed over the upcoming months. Council will consider options for the future of this site in April/May 26.

Staff retention across these activities remains strong, which helps ensure consistent service delivery. Our pools are operating at or near full capacity, meaning we need more staff to meet safety requirements and manage high visitor demand. Staffing levels will continue to adjust with the seasons, and personnel costs are currently above budget because we're prioritising essential frontline services. Next year's annual plan will set vacancy expectations, which are also impacting YTD performance, more accurately at the activity level.

Operating and maintaining our busy facilities to ensure they are safe, functioning and tidy has meant that our operating and maintenance costs are tracking ahead of budget. This is largely due to the higher usage at pools resulting in increased pool and plant maintenance, reactive maintenance on the 25-meter pool, and the significant increase in natural gas costs.

### Insights

#### Net everyday operating costs by quarter



## Activity group performance – Governance

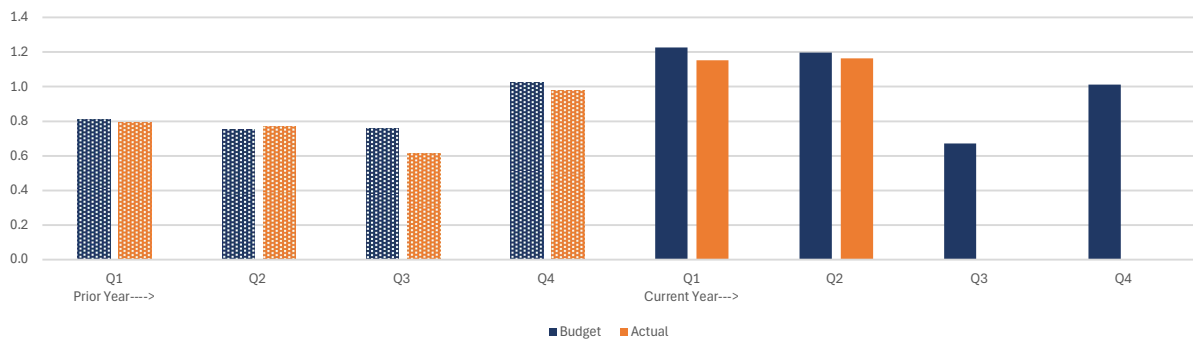
Summary performance statement (\$'000)	Current year	Budget current year	Performance indicator	Actual prior year
Rates	2,020	2,019	1	1,685
Fees & charges	0	-	0	0
Subsidies and grants for operating purposes	-	-	-	-
Other operating revenue	4	-	4	-
Internal charges and overheads recovered	-	-	-	-
<b>Total operating revenue</b>	<b>2,025</b>	<b>2,019</b>	<b>6</b>	<b>1,686</b>
<b>Total capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue</b>	<b>2,025</b>	<b>2,019</b>	<b>6</b>	<b>1,686</b>
Personnel costs	310	280	(30)	206
Operating & maintenance costs	1	18	17	7
Professional costs	754	771	17	194
Administration and property costs	1,115	1,179	64	964
Internal charges and overheads charged	139	176	36	194
<b>Total direct expenses</b>	<b>2,319</b>	<b>2,424</b>	<b>105</b>	<b>1,565</b>
Net financing costs	-	-	-	-
Depreciation & amortisation	-	-	-	-
<b>Total Expenditure</b>	<b>2,319</b>	<b>2,424</b>	<b>105</b>	<b>1,565</b>
<b>Total Surplus / (Deficit)</b>	<b>(295)</b>	<b>(405)</b>	<b>110</b>	<b>120</b>

### Commentary

The triennial local government election was the big focus for our Democracy and Governance teams in the first half of councils business year. Voter turnout was higher than the previous election and we achieved significant community engagement both in person and online, enabled by working in collaboration with the Communication & Engagement team.

### Insights

#### Net everyday operating costs by quarter



## Activity group performance – Growth

Summary performance statement (\$'000)	Current year	Budget current year	Performance indicator	Actual prior year
Rates	6,705	6,681	24	6,310
Fees & charges	2,207	1,510	●	1,920
Subsidies and grants for operating purposes	-	-	-	35
Other operating revenue	1,284	965	●	1,244
Internal charges and overheads recovered	-	-	-	(0)
<b>Total operating revenue</b>	<b>10,196</b>	<b>9,157</b>	<b>●</b>	<b>1,039</b>
<b>Total capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue</b>	<b>10,196</b>	<b>9,157</b>	<b>●</b>	<b>9,510</b>
Personnel costs	4,943	5,321	●	4,762
Operating & maintenance costs	808	487	●	609
Professional costs	1,466	1,537	●	1,542
Administration and property costs	533	618	●	611
Internal charges and overheads charged	1,750	2,128	●	1,195
<b>Total direct expenses</b>	<b>9,500</b>	<b>10,090</b>	<b>●</b>	<b>8,720</b>
Net financing costs	(798)	(802)	(4)	(680)
Depreciation & amortisation	30	10	(20)	7
<b>Total Expenditure</b>	<b>8,733</b>	<b>9,299</b>	<b>●</b>	<b>8,046</b>
<b>Total Surplus / (Deficit)</b>	<b>1,464</b>	<b>(142)</b>	<b>●</b>	<b>1,464</b>

### Commentary

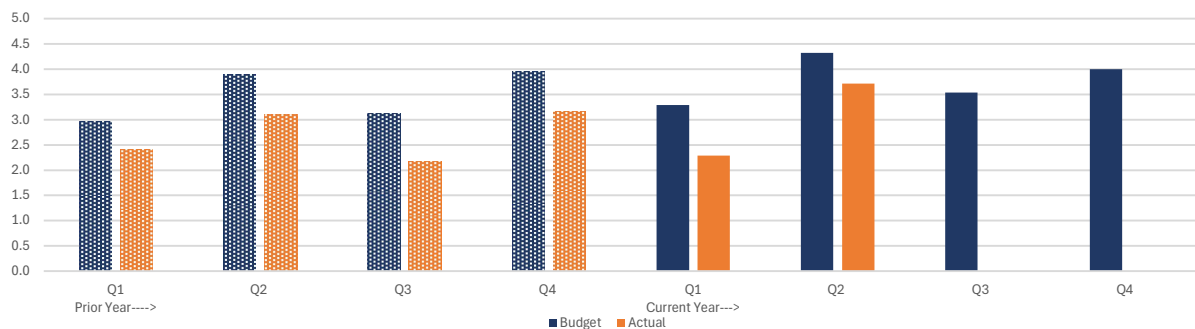
Across the Growth group, performance remained strong, with all areas benefiting from higher fees and charges supported by a commercial approach to applicant engagement and cost recovery. In Commercial and Analytics, revenue exceeded expectations through higher contributions from leased properties, helping offset related costs. Additional rent from properties originally planned for demolition also provided unbudgeted income. A one-off increase in operating costs from the Hillcrest fire will be included in the insurance claim.

Planning Guidance also delivered a favourable result. Fees and charges were supported by recovering staff time for work that exceeded initial deposits, while core fee revenue stayed steady. Personnel costs were slightly favourable due to vacancies in the first half of the year.

Urban & Spatial Planning performed above plan, with higher fees driven by unbudgeted FastTrack and Private Plan Change recoveries. Consultant costs increased to support FastTrack work but were fully offset through recovery agreements, contributing to the area's positive result.

### Insights

#### Net everyday operating costs by quarter



## Activity group performance – Parks & Recreation

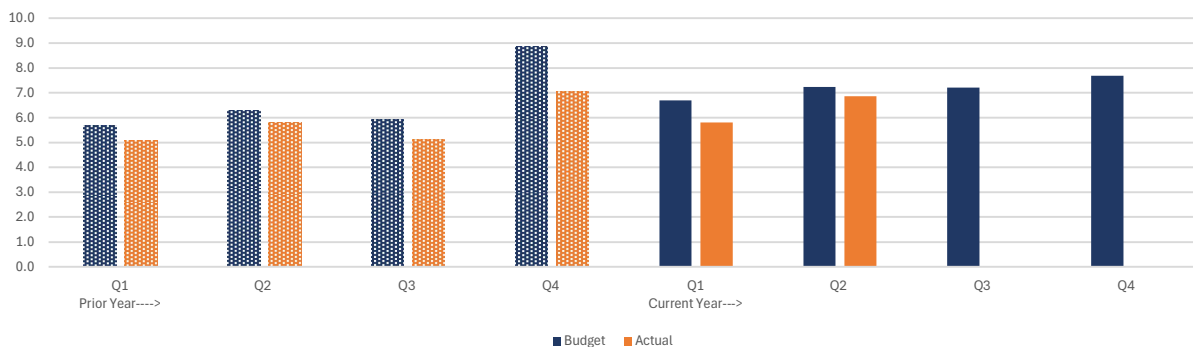
Summary performance statement (\$'000)	Current year	Budget current year	Performance indicator	Actual prior year
Rates	19,599	19,571	28	17,365
Fees & charges	3,194	3,076	● 118	2,817
Subsidies and grants for operating purposes	2	-	2	6
Other operating revenue	149	89	61	135
Internal charges and overheads recovered	-	-	-	-
<b>Total operating revenue</b>	<b>22,944</b>	<b>22,736</b>	<b>● 208</b>	<b>20,323</b>
Subsidies and grants for capital purposes	-	-	-	-
Development and capital contributions	546	438	● 107	316
Vested assets	2	-	2	184
<b>Total capital funding</b>	<b>548</b>	<b>438</b>	<b>● 110</b>	<b>499</b>
<b>Total Revenue</b>	<b>23,492</b>	<b>23,174</b>	<b>● 318</b>	<b>20,822</b>
Personnel costs	5,885	5,939	54	5,328
Operating & maintenance costs	4,081	4,096	14	3,396
Professional costs	152	155	3	124
Administration and property costs	1,498	1,615	● 116	1,415
Internal charges and overheads charged	4,392	5,289	● 896	3,572
<b>Total direct expenses</b>	<b>16,010</b>	<b>17,093</b>	<b>● 1,084</b>	<b>13,835</b>
Net financing costs	2,156	1,618	● (539)	2,242
Depreciation & amortisation	4,370	3,921	● (450)	3,857
<b>Total Expenditure</b>	<b>22,536</b>	<b>22,632</b>	<b>95</b>	<b>19,934</b>
<b>Total Surplus / (Deficit)</b>	<b>956</b>	<b>542</b>	<b>● 413</b>	<b>889</b>

### Commentary

The Parks and Recreation team has been maintaining a steady pace during the spring and summer period. Our teams have been busy managing the seasonal transitions for various sporting codes, completing essential spring renovations for the fields, and handling facility bookings for the summer sports codes. This period has also seen our operational teams working hard to maintain the expected levels of service amidst a warm and wet weather spell, which has led to significant grass and weed growth. In anticipation of the busy lead-up to Christmas, our teams put in extra hours and we brought in contractors to ensure we kept up with the demands.

### Insights

#### Net everyday operating costs by quarter



## Activity group performance – Partnerships, Communication & Maori

Summary performance statement (\$'000)	Current year	Budget current year	Performance indicator	Actual prior year
Rates	5,698	5,695	3	5,439
Fees & charges	53	40	13	46
Subsidies and grants for operating purposes	8	-	8	10
Other operating revenue	3	-	3	3
Internal charges and overheads recovered	-	-	-	-
<b>Total operating revenue</b>	<b>5,763</b>	<b>5,735</b>	<b>28</b>	<b>5,498</b>
<b>Total capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue</b>	<b>5,763</b>	<b>5,735</b>	<b>28</b>	<b>5,498</b>
Personnel costs	2,535	2,519	(16)	2,400
Operating & maintenance costs	127	178	52	111
Professional costs	53	115	62	64
Administration and property costs	1,876	1,953	77	1,732
Internal charges and overheads charged	931	1,164	233	642
<b>Total direct expenses</b>	<b>5,522</b>	<b>5,929</b>	<b>407</b>	<b>4,950</b>
Net financing costs	10	8	(1)	-
Depreciation & amortisation	-	-	-	0
<b>Total Expenditure</b>	<b>5,532</b>	<b>5,937</b>	<b>406</b>	<b>4,950</b>
<b>Total Surplus / (Deficit)</b>	<b>231</b>	<b>(202)</b>	<b>433</b>	<b>548</b>

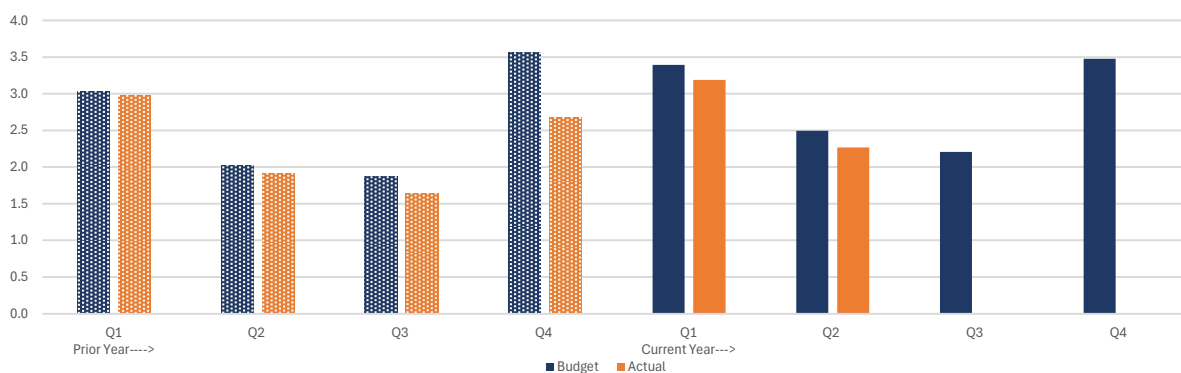
### Commentary

Amorangi Maaori have continued the roll out of the He Pou Manawa Ora programme, with the latest initiative being reo classes for staff to help build cultural capacity. The way we've recorded hapuu engagement costs has changed recently, resulting in some favourability in professional costs, but ensures our financial results and budgets align. Our recent celebration of He Raa Maumahara (Land Wars) was well received, with work underway for Waitangi and Matariki events.

Within our Community Partnerships, Funding and Events team, we have allocated out 79% of budgeted community grants and are in the middle of delivering our trial Whanaau Summer Series of Events to help combat anti-social behaviour in the CBD. We are continuing to celebrate and support our community through Christmas events, civic awards and citizenship ceremonies, and our City Investment Programme team raised the required funds to unlock the Medieval Garden, Waiwhakareke Natural Heritage Park predator proof fence and Korikori Park artificial turf projects. A big focus for our Communication & Engagement team was supporting Governance and Democracy with the election, which resulted in increased voter turnout.

### Insights

#### Net everyday operating costs by quarter



## Activity group performance – Regulatory & Safety

Summary performance statement (\$'000)	Current year	Budget current year	Performance indicator	Actual prior year
Rates	5,408	5,398	10	4,126
Fees & charges	5,892	5,523	●	5,370
Subsidies and grants for operating purposes	26	26	(1)	25
Other operating revenue	90	19	71	50
Internal charges and overheads recovered	-	-	-	-
<b>Total operating revenue</b>	<b>11,415</b>	<b>10,967</b>	●	<b>9,571</b>
<b>Total capital funding</b>	<b>-</b>	<b>-</b>	-	<b>-</b>
<b>Total Revenue</b>	<b>11,415</b>	<b>10,967</b>	●	<b>9,571</b>
Personnel costs	5,127	5,253	●	4,719
Operating & maintenance costs	607	675	67	676
Professional costs	141	261	●	302
Administration and property costs	691	729	38	548
Internal charges and overheads charged	2,561	2,947	●	1,503
<b>Total direct expenses</b>	<b>9,128</b>	<b>9,864</b>	●	<b>7,749</b>
Net financing costs	123	97	(27)	104
Depreciation & amortisation	65	59	(6)	154
<b>Total Expenditure</b>	<b>9,317</b>	<b>10,020</b>	●	<b>8,006</b>
<b>Total Surplus / (Deficit)</b>	<b>2,098</b>	<b>947</b>	●	<b>1,565</b>

### Commentary

Building Control revenue remains strong, driven by increased commercial development activity, including major projects such as the new medical school, which continue to support higher value consent fees. Emerging Government reforms and legislative changes are expected to significantly reshape the regulatory environment, prompting careful consideration of workforce capability needs and the future use of professional expertise.

Personnel costs remain favourable due to vacancies during the first half of the year and some personnel costs being absorbed into capital projects where staff time and services are involved in processing consents.

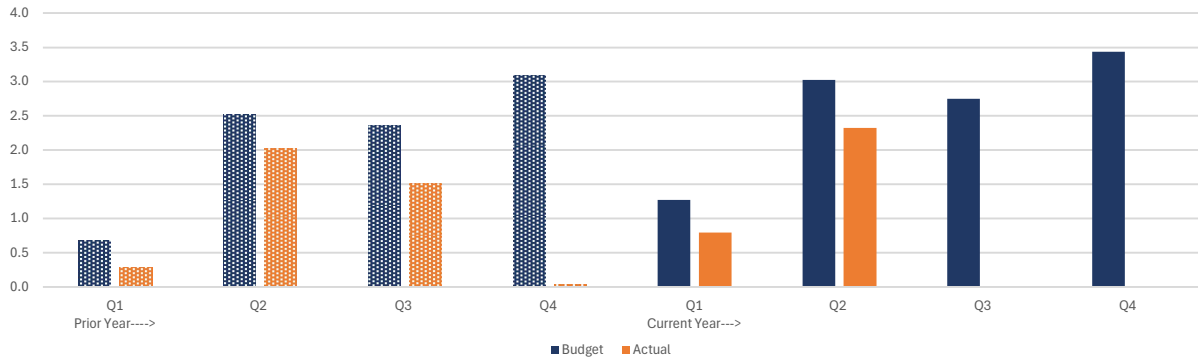
Consultants are engaged only when specialist expertise is required for legal claims, technical assessments, or specific compliance checks. As these needs occur on a case-by-case basis, spend has remained significantly below budget.

City Safety & Resilience revenue is tracking slightly above budget overall, largely due to higher other revenue (infringements) - Animal Control registrations and fines. The proportion of revenue collected from animal infringements remains low compared to the volume issued.

At reporting date 90.4% of dogs have been registered for the 2025/26 year, with 80% registering before the 31 July penalty date.

### Insights

#### Net everyday operating costs by quarter



## Activity group performance – Rubbish & Recycling

Summary performance statement (\$'000)	Current year	Budget current year	Performance indicator	Actual prior year
Rates	6,624	6,477	● 148	6,673
Fees & charges	(95)	(140)	45	(71)
Subsidies and grants for operating purposes	1,738	769	● 969	1,615
Other operating revenue	253	242	11	246
Internal charges and overheads recovered	-	-	-	-
<b>Total operating revenue</b>	<b>8,520</b>	<b>7,347</b>	<b>● 1,173</b>	<b>8,463</b>
<b>Total capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue</b>	<b>8,520</b>	<b>7,347</b>	<b>● 1,173</b>	<b>8,463</b>
Personnel costs	780	855	75	533
Operating & maintenance costs	4,430	4,858	● 428	4,649
Professional costs	131	206	75	235
Administration and property costs	146	210	63	87
Internal charges and overheads charged	676	811	● 136	960
<b>Total direct expenses</b>	<b>6,162</b>	<b>6,939</b>	<b>● 777</b>	<b>6,463</b>
Net financing costs	(4)	(7)	(4)	44
Depreciation & amortisation	254	257	3	270
<b>Total Expenditure</b>	<b>6,412</b>	<b>7,188</b>	<b>● 776</b>	<b>6,777</b>
<b>Total Surplus / (Deficit)</b>	<b>2,108</b>	<b>159</b>	<b>● 1,949</b>	<b>1,686</b>

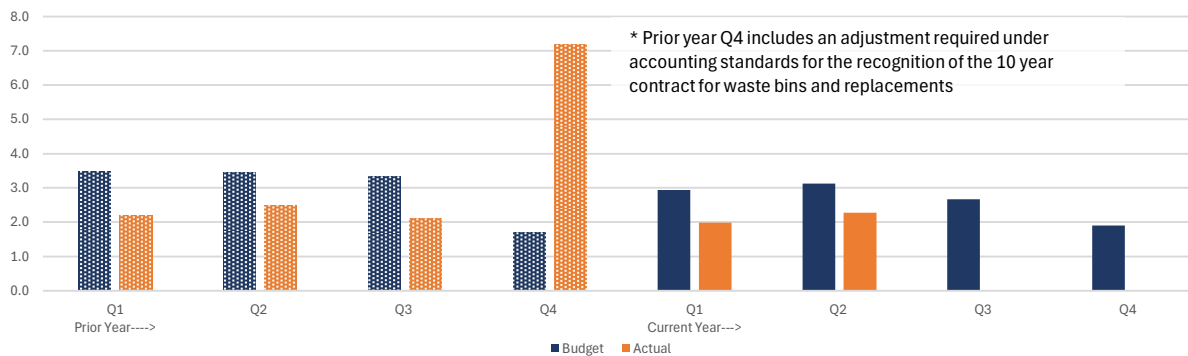
### Commentary

Waste Minimisation Levy subsidy income continues to track favourably, building on the \$5.2M of reserves accumulated at the end of the last financial year. The work programme funded out of the reserve that must comply with the specific requirements of the Waste Minimisation Act has been scoped since Annual Plan 2025-26 budgets were formulated. Investment in initiatives such as the Organic Centre peer review, the Go Eco service-level agreement, and an additional waste minimisation campaign are reflected in additional operating and maintenance costs.

These additional costs are being offset by lower rubbish collection costs because actual residential growth has been below the levels assumed in the budgets.

### Insights

#### Net everyday operating costs by quarter



## Activity group performance – Stormwater

Summary performance statement (\$'000)	Current year	Budget current year	Performance indicator	Actual prior year
Rates	11,464	11,986	● (522)	8,174
Fees & charges	241	98	● 143	230
Subsidies and grants for operating purposes	-	-	-	-
Other operating revenue	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
<b>Total operating revenue</b>	<b>11,704</b>	<b>12,084</b>	<b>● (379)</b>	<b>8,404</b>
Subsidies and grants for capital purposes	-	-	-	-
Development and capital contributions	1,776	1,241	● 535	4,761
Vested assets	1,459	2,593	● (1,134)	9,878
<b>Total capital funding</b>	<b>3,235</b>	<b>3,834</b>	<b>● (599)</b>	<b>14,639</b>
<b>Total Revenue</b>	<b>14,939</b>	<b>15,917</b>	<b>● (978)</b>	<b>23,043</b>
Personnel costs	794	987	● 193	432
Operating & maintenance costs	1,258	1,238	(20)	916
Professional costs	91	192	● 101	80
Administration and property costs	701	534	● (166)	488
Internal charges and overheads charged	1,987	2,455	● 467	1,501
<b>Total direct expenses</b>	<b>4,831</b>	<b>5,406</b>	<b>● 575</b>	<b>3,418</b>
Net financing costs	857	619	● (238)	913
Depreciation & amortisation	6,531	6,461	(70)	5,323
<b>Total Expenditure</b>	<b>12,219</b>	<b>12,485</b>	<b>● 266</b>	<b>9,655</b>
<b>Total Surplus / (Deficit)</b>	<b>2,721</b>	<b>3,432</b>	<b>● (712)</b>	<b>13,388</b>

### Commentary

The Stormwater activity is tracking steadily this period. A key component of this is Project Watershed, a long-standing stream cleaning and monitoring programme funded by Waikato Regional Council. The programme plays an important role in improving the quality of water entering the river from major catchments, with ongoing work in stream maintenance, sediment control and environmental monitoring.

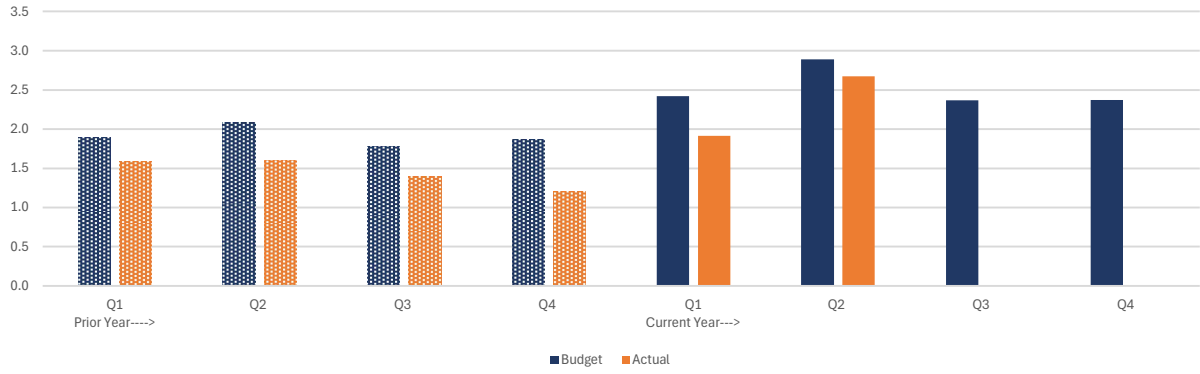
Project Watershed is fully cost-recoverable, with any increase in expenditure within a catchment matched by a corresponding increase in revenue. This means that while activity levels may fluctuate – as seen in the Waitawhiriwhiri catchment – the financial impact remains neutral.

Personnel costs are also tracking below budget, reflecting vacancies within the supporting waters team and across the wider organisation. While this has contributed to the positive financial result, it also highlights ongoing capacity constraints that may influence delivery timeframes, particularly within Asset Planning and Strategic Planning functions.

Across the wider programme, Strategic Planning and Monitoring and Compliance projects are progressing at different stages. Despite this variation, current indications suggest that professional services expenditure will align with budget by year end, and no significant financial risks are emerging at this point.

### Insights

#### Net everyday operating costs by quarter



## Activity group performance – Shared and Support Services

Summary performance statement (\$'000)	Current year	Budget current year	Performance indicator	Actual prior year
Rates	(199)	(254)	54	(215)
Fees & charges	2,217	3,121	● (904)	838
Subsidies and grants for operating purposes	7	-	7	1,201
Other operating revenue	132	104	28	142
Internal charges and overheads recovered	38,177	44,942	● (6,765)	27,253
<b>Total operating revenue</b>	<b>40,333</b>	<b>47,913</b>	<b>● (7,580)</b>	<b>29,220</b>
<b>Total capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue</b>	<b>40,333</b>	<b>47,913</b>	<b>● (7,580)</b>	<b>29,220</b>
Personnel costs	21,413	22,029	● 616	20,255
Operating & maintenance costs	3,075	5,812	● 2,737	1,958
Professional costs	2,860	3,039	● 179	1,745
Administration and property costs	6,076	8,386	● 2,311	5,411
Internal charges and overheads charged	3,388	3,435	46	(4,225)
<b>Total direct expenses</b>	<b>36,812</b>	<b>42,701</b>	<b>● 5,889</b>	<b>25,145</b>
Net financing costs	250	209	(41)	80
Depreciation & amortisation	3,362	3,811	● 449	3,744
<b>Total Expenditure</b>	<b>40,424</b>	<b>46,721</b>	<b>● 6,297</b>	<b>28,970</b>
<b>Total Surplus / (Deficit)</b>	<b>(91)</b>	<b>1,192</b>	<b>● (1,283)</b>	<b>250</b>

### Commentary

Digital Services continues to drive organisational improvements focused on modernising systems and lifting efficiency. Key initiatives include the rollout of the new payroll and HR system (HRIS) and a range of automation and platform upgrades at various stages of delivery. Together, these initiatives will improve data quality, streamline processes, and strengthen organisational capability, while also generating savings through reduced software and data storage costs.

Infrastructure and Asset support units continue to provide essential planning, operational oversight, and technical expertise that help Council deliver services responsibly and sustainably. A key part of this work is the operating contributions from IAWAI, which are offsetting the establishment costs of the new Council Controlled Organisation. This recovery approach ensures the costs are assigned fairly to the activities that benefit, rather than being absorbed into wider budgets.

### Insights

#### Net everyday operating costs by quarter



## Activity group performance – Transport

Summary performance statement (\$'000)	Current year	Budget current year	Performance indicator	Actual prior year
Rates	34,528	33,775	● 754	29,918
Fees & charges	2,925	3,123	● (198)	2,446
Subsidies and grants for operating purposes	6,468	4,833	● 1,635	4,830
Other operating revenue	2,632	2,416	● 216	2,215
Internal charges and overheads recovered	-	-	-	-
<b>Total operating revenue</b>	<b>46,553</b>	<b>44,146</b>	<b>● 2,407</b>	<b>39,408</b>
Subsidies and grants for capital purposes	7,554	9,632	● (2,078)	21,436
Development and capital contributions	5,201	5,627	● (426)	6,386
Vested assets	22,667	13,651	● 9,016	3,460
<b>Total capital funding</b>	<b>35,422</b>	<b>28,910</b>	<b>● 6,512</b>	<b>31,282</b>
<b>Total Revenue</b>	<b>81,975</b>	<b>73,056</b>	<b>● 8,919</b>	<b>70,690</b>
Personnel costs	3,308	3,410	● 102	3,005
Operating & maintenance costs	13,677	12,623	● (1,054)	11,094
Professional costs	544	742	● 198	143
Administration and property costs	2,621	2,937	● 317	2,401
Internal charges and overheads charged	5,308	6,148	● 840	8,747
<b>Total direct expenses</b>	<b>25,458</b>	<b>25,860</b>	<b>● 402</b>	<b>25,389</b>
Net financing costs	11,797	9,295	● (2,503)	12,072
Depreciation & amortisation	23,971	20,383	● (3,588)	19,289
<b>Total Expenditure</b>	<b>61,226</b>	<b>55,538</b>	<b>● (5,688)</b>	<b>56,750</b>
<b>Total Surplus / (Deficit)</b>	<b>20,749</b>	<b>17,518</b>	<b>● 3,231</b>	<b>13,940</b>

### Commentary

The Transport activity is presenting a mixed performance profile, largely influenced by vacancies across several teams. While reduced staffing levels have generated short-term cost savings, they have also limited the organisation's ability to recover the full cost of staff time and overheads normally allocated to capital and operational projects. Recruitment activity is progressing, with several roles expected to be filled in early January, which should improve capacity and cost recovery.

Subsidised maintenance expenditure is tracking above budget year to date. This reflects deliberate programme management decisions that brought forward NZTA-funded works under favourable weather conditions. Under NZTA's FY24–FY27 funding model, this timing shift is fiscally neutral, with higher expenditure fully offset by increased operating subsidies.

Parking operations continue to face structural under-recoverability. Lower utilisation at Garden Place and Opoia Pā carparks has not been fully balanced by stronger On-Street parking performance. While revenue from infringements and parking fees has increased, this is primarily attributable to central government fee changes rather than increased enforcement activity (infringements up just 5% year on year). Non-recoverability remains elevated at 32.1%, resulting in higher debt collection costs and signalling an ongoing financial risk requiring continued monitoring.

Within the Transport Centre, operating grants are trending favourably and helping offset higher-than-planned security contract expenditure at the Rotokauri Transport Hub.

Corridor Access Request (CAR) income has declined compared with the same period last year. This reduction is driven by both lower application volumes and the introduction of a new billing function. Connect Hamilton is undertaking analysis to determine the underlying causes and identify any required operational or strategic responses.

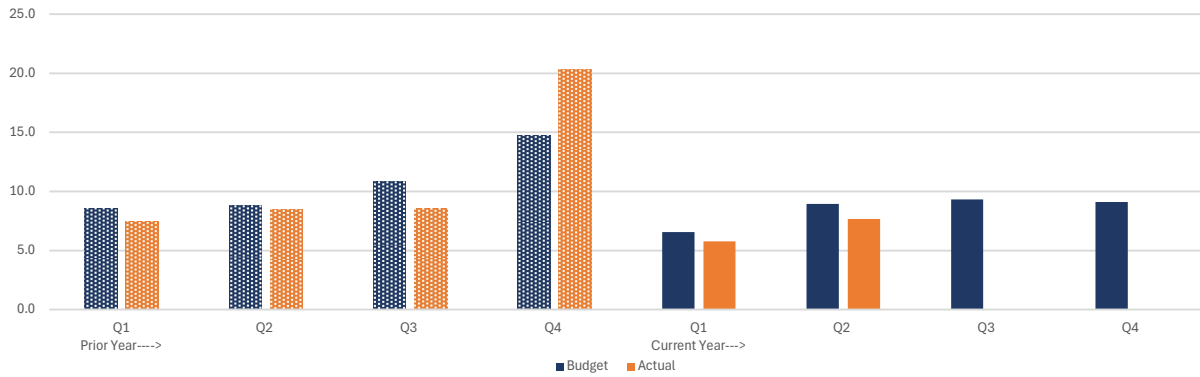
A more detailed compliance-aligned review of expenditure—particularly as capitalisation decisions progress—has resulted in prior-year WIP adjustments being recognised. These adjustments have increased operating and maintenance costs and reinforce the need for strong financial controls over project accounting.

Professional services spending remains below forecast, primarily due to timing differences. Key pieces of work—including the Transport revaluation (Q3), traffic counting, and asset management planning (Q4)—are scheduled for later in the year.

Overall, favourable labour variances, strategic cost-recovery mechanisms, and the timing of maintenance activities are helping to mitigate revenue pressures and operational cost increases. Continued governance oversight will be required to ensure the sustainability of these trends and to monitor risks associated with vacancies, recovery rates, and downward revenue movements in specific areas such as CAR income.

## Insights

### Net everyday operating costs by quarter



## Activity group performance – Venues, Tourism and Major Events

Summary performance statement (\$'000)	Current year	Budget current year	Performance indicator	Actual prior year
Rates	26,669	26,504	● 165	23,219
Fees & charges	7,970	6,886	● 1,084	7,722
Subsidies and grants for operating purposes	43	40	3	40
Other operating revenue	577	641	(63)	697
Internal charges and overheads recovered	-	-	-	-
<b>Total operating revenue</b>	<b>35,260</b>	<b>34,071</b>	<b>● 1,189</b>	<b>31,679</b>
Subsidies and grants for capital purposes	-	-	-	-
Development and capital contributions	34	-	34	43
Vested assets	-	-	-	-
<b>Total capital funding</b>	<b>34</b>	<b>-</b>	<b>34</b>	<b>43</b>
<b>Total Revenue</b>	<b>35,293</b>	<b>34,071</b>	<b>● 1,223</b>	<b>31,721</b>
Personnel costs	10,247	10,222	(25)	9,390
Operating & maintenance costs	5,223	5,113	● (110)	5,189
Professional costs	151	154	3	126
Administration and property costs	5,662	5,966	● 304	3,965
Internal charges and overheads charged	5,416	6,252	● 836	3,950
<b>Total direct expenses</b>	<b>26,699</b>	<b>27,706</b>	<b>● 1,008</b>	<b>22,620</b>
Net financing costs	1,654	1,202	● (452)	1,679
Depreciation & amortisation	6,474	5,944	● (530)	5,339
<b>Total Expenditure</b>	<b>34,827</b>	<b>34,853</b>	<b>26</b>	<b>29,639</b>
<b>Total Surplus / (Deficit)</b>	<b>466</b>	<b>(782)</b>	<b>● 1,248</b>	<b>2,083</b>

### Commentary

The first half of the year has demonstrated robust revenue growth across our tourism and events activities. Although attendance at our visitor attractions has not exceeded budget expectations significantly, the yield from our visitors has been higher. Notably, 75% of our visitation at Hamilton Gardens has come from paying customers, which has also driven strong retail store sales and other upselling opportunities. This aligns with the national tourism trend indicating a return to pre-Covid levels.

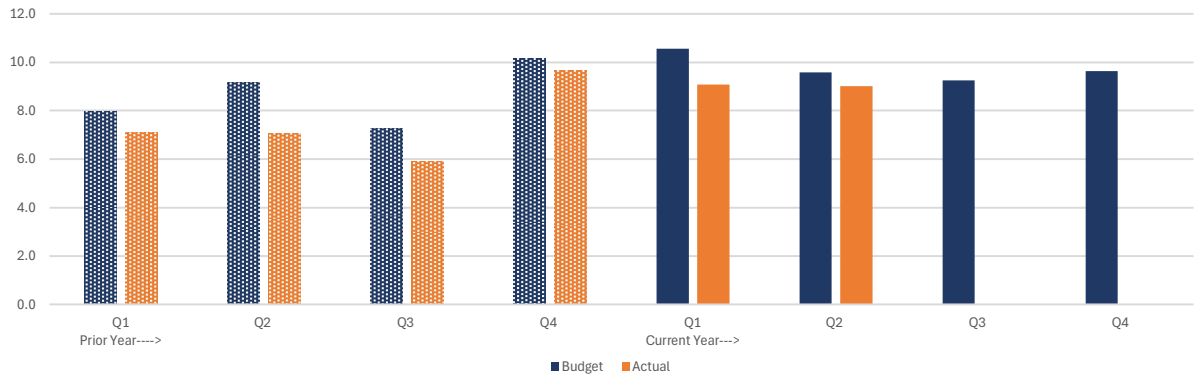
Event revenue is tracking ahead of budget across all venues. The Stadium delivered strong gains from International Rugby and unbudgeted NRLW matches, though at lower margins. Seddon performed slightly above expectations due to international cricket, while Claudelands benefited from a favourable event mix and remains marginally ahead of budget.

With the increased revenue however, comes a proportional rise in direct cost of sales, such as retail stock and customer event requirements. Additionally, the higher levels of paying customers place cost pressures on maintaining delivery standards, particularly in terms of staffing and ensuring our facilities' presentation meets appropriate levels.

In advance of the opening of the Waikato Regional Theatre, the annual property asset maintenance grant (PEMA) timing was finalised and agreed, with the Theatre Trust. This resulted in a favourability in the financials.

### Insights

#### Net everyday operating costs by quarter



## Activity group performance – Wastewater

Summary performance statement (\$'000)	Current year	Budget current year	Performance indicator	Actual prior year
Rates	22,862	23,401	● (538)	16,545
Fees & charges	4,431	4,459	(28)	3,650
Subsidies and grants for operating purposes	-	-	-	-
Other operating revenue	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
<b>Total operating revenue</b>	<b>27,293</b>	<b>27,860</b>	● (566)	<b>20,195</b>
Subsidies and grants for capital purposes	-	-	-	-
Development and capital contributions	4,808	6,077	● (1,270)	5,637
Vested assets	1,614	1,789	● (175)	1,992
<b>Total capital funding</b>	<b>6,421</b>	<b>7,866</b>	● (1,445)	<b>7,629</b>
<b>Total Revenue</b>	<b>33,714</b>	<b>35,726</b>	● (2,011)	<b>27,824</b>
Personnel costs	3,864	4,429	● 566	3,202
Operating & maintenance costs	8,477	7,033	● (1,444)	6,485
Professional costs	57	146	89	155
Administration and property costs	2,543	2,662	● 119	2,369
Internal charges and overheads charged	3,651	4,385	● 734	3,940
<b>Total direct expenses</b>	<b>18,592</b>	<b>18,656</b>	● 63	<b>16,151</b>
Net financing costs	4,790	3,776	● (1,015)	4,179
Depreciation & amortisation	7,910	9,360	● 1,450	7,305
<b>Total Expenditure</b>	<b>31,293</b>	<b>31,792</b>	● 499	<b>27,634</b>
<b>Total Surplus / (Deficit)</b>	<b>2,421</b>	<b>3,934</b>	● (1,513)	<b>189</b>

### Commentary

Wastewater Biosolids disposal expenses have risen as a result of increased contract rates. In addition, recent wastewater overflows have required more jetting and cleaning to meet regulatory requirements, further contributing to unfavourable operating and maintenance costs.

Trade waste income is continuing to track below expectations due to lower trade waste volumes than expected. This shortfall is largely offset by strong septage income. This trend in increased septage income is being investigated to determine if this will continue.

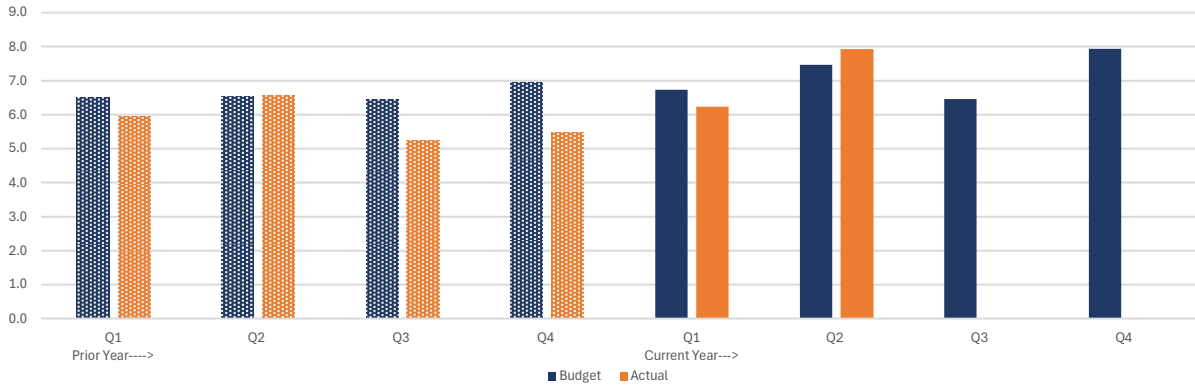
Vacancies across some delivery teams - especially in asset planning - mean some work has been rescheduled to line up with when these roles are filled and associated consultant spend will align with that work later in the year. Service provider costs are tracking lower too, particularly for inflow and infiltration work and compliance tasks. Planned civil and mechanical maintenance is also underspent as teams have had to focus more on reactive maintenance to avoid service failures and non-compliance.

Electricity costs at wastewater treatment plants are slightly favourable.

Overall, operational cost pressures and revenue variability are being cushioned by staff vacancies, lower consultant spend, and favourable electricity and maintenance trends.

### Insights

#### Net everyday operating costs by quarter



## Activity group performance – Water Supply

Summary performance statement (\$'000)	Current year	Budget current year	Performance indicator	Actual prior year
Rates	17,231	17,445	● (214)	13,085
Fees & charges	(718)	(141)	● (578)	(247)
Subsidies and grants for operating purposes	-	-	-	-
Other operating revenue	10	-	10	-
Internal charges and overheads recovered	-	-	-	-
<b>Total operating revenue</b>	<b>16,523</b>	<b>17,305</b>	<b>● (782)</b>	<b>12,838</b>
Subsidies and grants for capital purposes	-	-	-	-
Development and capital contributions	3,293	7,155	● (3,862)	3,821
Vested assets	669	967	● (298)	784
<b>Total capital funding</b>	<b>3,962</b>	<b>8,122</b>	<b>● (4,160)</b>	<b>4,605</b>
<b>Total Revenue</b>	<b>20,485</b>	<b>25,427</b>	<b>● (4,943)</b>	<b>17,443</b>
Personnel costs	2,622	2,852	● 230	1,828
Operating & maintenance costs	3,798	4,098	● 300	2,904
Professional costs	305	222	(83)	10
Administration and property costs	2,093	2,020	(72)	1,853
Internal charges and overheads charged	2,589	3,145	● 556	2,651
<b>Total direct expenses</b>	<b>11,407</b>	<b>12,338</b>	<b>● 931</b>	<b>9,245</b>
Net financing costs	1,930	1,429	● (501)	2,177
Depreciation & amortisation	5,226	6,055	● 829	4,132
<b>Total Expenditure</b>	<b>18,563</b>	<b>19,821</b>	<b>● 1,258</b>	<b>15,555</b>
<b>Total Surplus / (Deficit)</b>	<b>1,922</b>	<b>5,606</b>	<b>● (3,684)</b>	<b>1,889</b>

### Commentary

Water Supply's financial picture this period is shaped largely by the weather. With rainfall and cooler conditions reducing how much water people are using, metered water revenue has dropped. This lower demand is the biggest factor influencing the overall result. At the same time, using less water also means using fewer treatment chemicals, which has helped keep some operating and maintenance costs favourable. These benefits are unlikely to continue once the weather settles and consumption returns to normal levels.

On the operational side, the team has been working through planned maintenance at our Water Treatment Plants, and some of that work has cost more than what was budgeted. Fortunately, this has been partly balanced by lower-than-expected spending on planned maintenance in Wastewater. The new Membrane Filtration Plant is now in use, which has increased internal trade waste charges as it becomes part of regular operations.

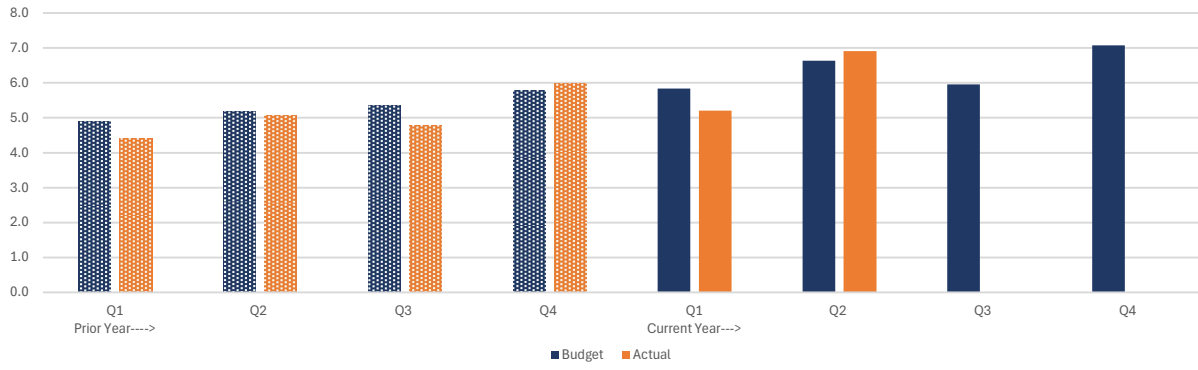
Personnel costs are also tracking below budget, reflecting vacancies within the supporting waters team and across the wider organisation. While this has contributed to the positive financial result, it also highlights ongoing capacity constraints that may influence delivery timeframes, particularly within Asset Planning functions.

Electricity costs at Water Treatment Plants are higher than last year but remain favourable against a budget that assumed an increase in costs resulting from the Membrane Filtration process at the Waiora Water Treatment Plant.

Overall, lower consumption and increased maintenance costs are being balanced by favourable personnel variances, slightly lower operational costs, including chemicals and electricity.

### Insights

#### Net everyday operating costs by quarter




## FURTHER INFORMATION

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