

Financial Performance Report

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

January 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 January 2026 continues to reflect a positive position against budget, consistent with the December results, across all key metrics in both actuals and the forecast year-end outcome. This is driven by higher everyday operating revenue of \$4.1 million and lower everyday operating costs of \$8.3 million, partially offset by higher year-to-date net financing costs of \$6.6 million and depreciation timing impacts of \$2.2 million.

Interest costs remain a challenge, and management continues to actively manage treasury holdings to minimise the impact. 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 been updated to reflect the current month's results. However, continued positive operational performance indicates the budget target remains achievable by year end, offsetting finance cost pressures and may present further opportunity to reduce debt levels.

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.

Actual Year to Date Strategic Indicators (\$M)	Current year	Budget current year	Performance indicator	Actual prior year
Operating Performance				
Net Everyday Operating Costs	118.4	132.3	●	101.1
Balancing the Books Surplus / (Deficit)	3.2	0.7	●	(5.9)
Operating Surplus / (Deficit)	41.5	41.4		43.8

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	221.8	236.6	●	231.3	199.9
Balancing the Books Surplus / (Deficit)	(12.3)	(12.7)	●	(22.4)	(20.0)
Operating Surplus / (Deficit)	64.9	56.4	●	83.9	50.6
Debt					
Net Debt to Revenue Ratio	239%	241%	●	271%	220%
Net External Debt	1,159	1,127	●	1,385	992
Debt Headroom	197	183	●	46	270
Capital Expenditure excl. vested assets					
Capital Renewals as a % of Depreciation	95%	83%	●	80%	75%
Capital Renewals net of Capital Revenue	106.0	93.5	●	98.3	70.9
LoS / Growth Capex net of Capital Revenue	99.4	86.1	●	108.5	47.2

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.

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	206.6	206.7	● -0.1	172.7
Fees & charges	35.6	34.4	● 1.2	31.1
Subsidies and grants for operating purposes	10.4	6.8	● 3.6	9.9
Other operating revenue	6.6	5.1	● 1.5	5.6
Total operating revenue	259.2	253.0	● 6.2	219.4
Subsidies and grants for capital purposes	9.5	11.2	● -1.7	23.5
Development and capital contributions	16.7	24.0	● -7.3	22.5
Vested assets	26.4	22.2	● 4.3	16.5
Total capital funding	52.6	57.4	● -4.7	62.5
Total Revenue	311.9	310.4	● 1.5	281.9
Personnel costs	79.9	81.7	● 1.8	72.0
Operating & maintenance Costs	53.8	55.2	● 1.4	45.1
Professional costs	7.6	8.7	● 1.1	5.1
Administration and property costs	29.9	33.0	● 3.1	25.6
Total direct expenses	171.2	178.6	● 7.4	147.8
Net financing costs	27.7	21.0	● -6.7	27.5
Depreciation & amortisation	71.5	69.3	● -2.2	62.8
Total Expenditure	270.4	269.0	● -1.4	238.1
Operating Surplus / (Deficit)	41.5	41.4	● 0.1	43.8
Gains/Losses	0.9	0.0	● 0.9	37.0
Total Surplus / (Deficit)	42.3	41.4	● 0.9	80.8

Full year Forecast (\$M)	Current year	Budget current year	Performance indicator	Long Term Plan	Actual prior year
Rates	353.6	353.9	● -0.4	354.0	304.1
Fees & charges	63.6	62.1	● 1.5	54.4	57.7
Subsidies and grants for operating purposes	14.6	11.0	● 3.6	11.0	18.1
Other operating revenue	10.3	9.1	● 1.3	8.6	10.4
Total operating revenue	442.1	436.1	● 6.0	428.0	390.3
Subsidies and grants for capital purposes	24.7	19.3	● 5.4	70.8	35.1
Development and capital contributions	38.4	41.1	● -2.7	28.5	44.4
Vested assets	38.0	38.0	● 0.0	38.2	29.7
Total capital funding	101.1	98.3	● 2.7	137.5	109.2
Total Revenue	543.1	534.4	● 8.7	565.5	499.5
Personnel costs	140.1	143.2	● 3.0	137.3	127.9
Operating & maintenance Costs	106.7	108.5	● 1.8	105.3	107.1
Professional costs	20.3	19.8	● -0.5	16.2	13.2
Administration and property costs	43.2	47.3	● 4.1	46.5	39.4
Total direct expenses	310.3	318.7	● 8.4	305.3	287.6
Net financing costs	45.8	37.5	● -8.3	53.8	48.6
Depreciation & amortisation	122.2	121.8	● -0.3	122.4	112.7
Total Expenditure	478.2	478.0	● -0.2	481.5	449.0
Operating Surplus / (Deficit)	64.9	56.4	● 8.6	84.0	50.6
Gains/Losses	3.4	0.8	● 2.6	0.9	-17.1
Total Surplus / (Deficit)	68.3	57.2	● 11.2	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.

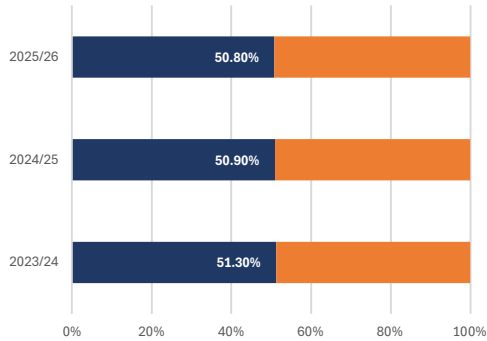
Full year Forecast (\$M)	Current year	Budget current year	Long Term Plan	Actual prior year
Cash & Cash Equivalents	60	95	159	97
Receivables	39	39	44	39
Other current assets	17	130	41	116
Investment in associates and other investments	183	39	56	175
Property plant and equipment	7,243	7,402	7,514	6,741
Investment Property	34	33	38	32
Other non-current assets	-	7	-	-
Total Assets	7,576	7,745	7,852	7,200
Payables and deferred revenue	66	66	87	87
Employee entitlements and provisions	16	16	35	13
Borrowings	1,230	1,323	1,572	1,181
Other Liabilities	30	23	-	37
Total Liabilities	1,341	1,428	1,694	1,318
Net Assets	6,235	6,317	6,158	5,882
Equity	6,235	6,317	6,158	5,882

Rates revenue

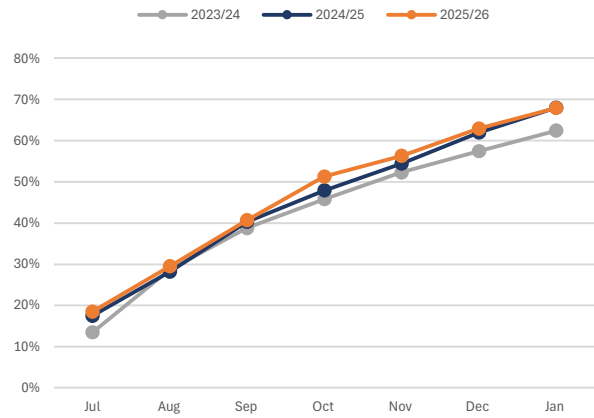
(\$M)	Current year	Budget current year	Performance indicator	Actual prior year
Year to date	206.6	206.7	●	172.7
Full year forecast	353.6	353.9	●	304.1

Insights

Collection of all rates and penalties



Collection progress of unpaid rates brought forward from prior years



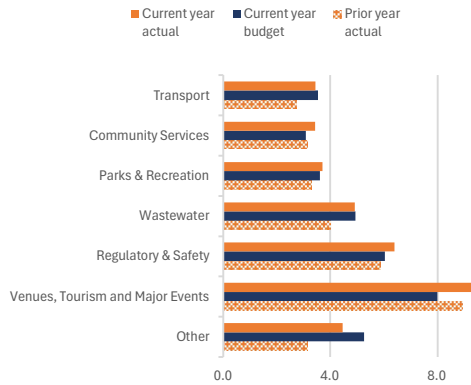
Other operating revenue

(\$M)	Current year	Budget current year	Performance indicator	Actual prior year
Operating subsidies and grants				
Year to date	10.4	6.8	●	9.9
Full year forecast	14.6	11.0	●	18.1
Fees and charges				
Year to date	35.6	34.4	●	31.1
Full year forecast	63.6	62.1	●	57.7
Sundry operating revenue				
Year to date	6.6	5.1	●	5.6
Full year forecast	10.3	9.1	●	10.4

Insights

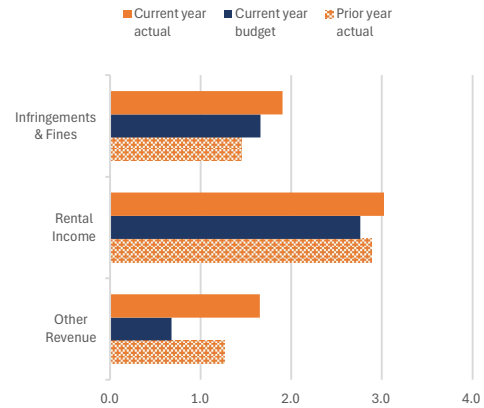
Fees and charges by key activity group

Year to date

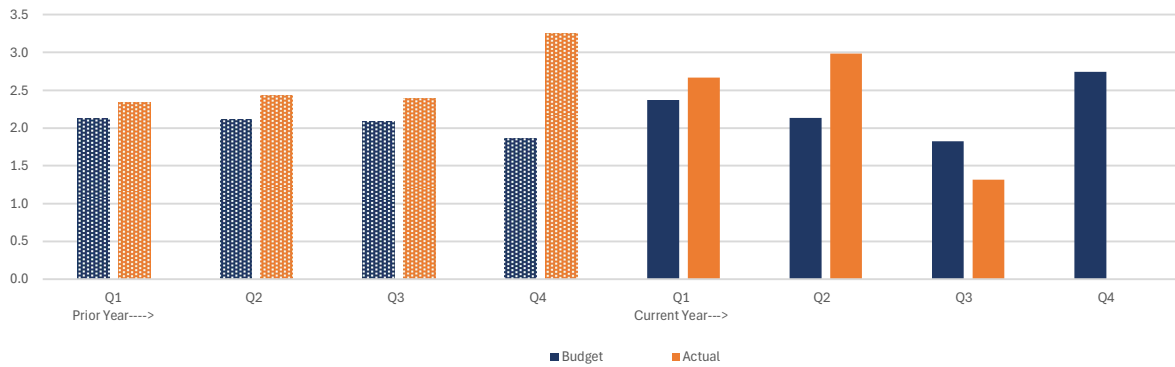


Sundry operating income by type

Year to date



Total other operating revenue by quarter

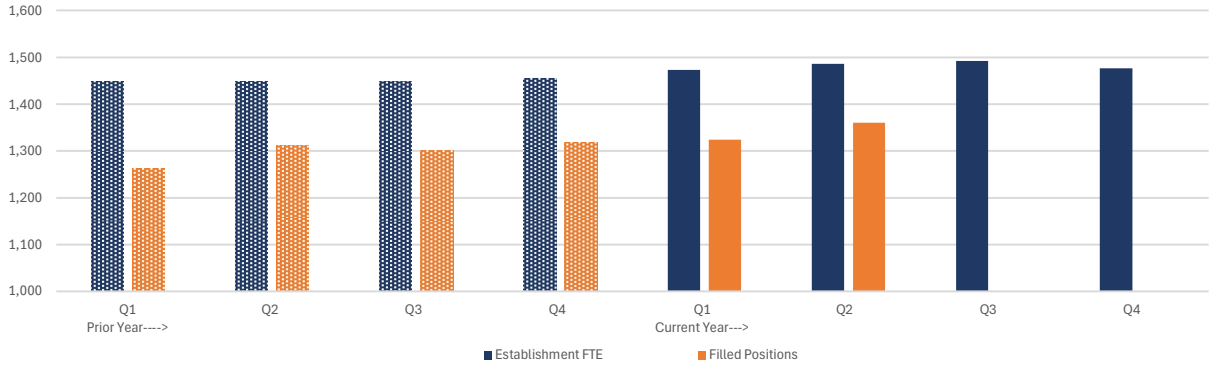


Personnel costs

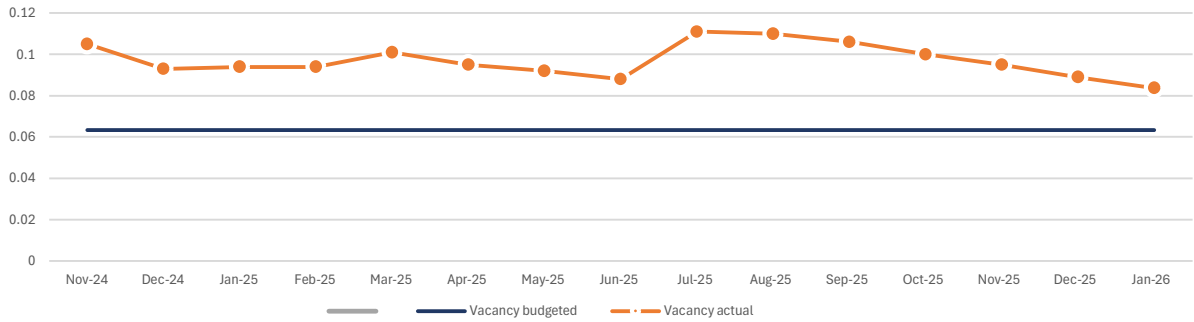
(\$M)	Current year	Budget current year	Performance indicator	Actual prior year
Year to date	79.9	81.7	●	72.0
Full year forecast	140.1	143.2	●	127.9

Insights

Establishment at quarter end



Vacancy factor by month



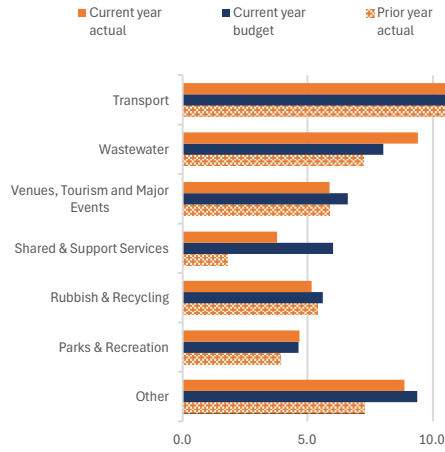
Operating and maintenance costs

(\$M)	Current year	Budget current year	Performance indicator	Actual prior year
Year to date	53.8	55.2	●	45.1
Full year forecast	106.7	108.5	●	107.1

Insights

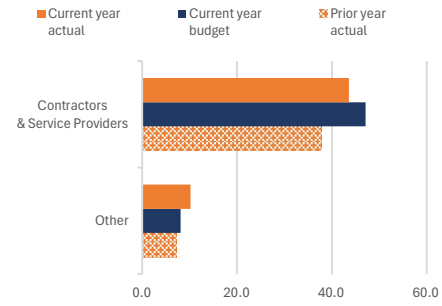
Operating and maintenance costs by key activity groups

Year to date

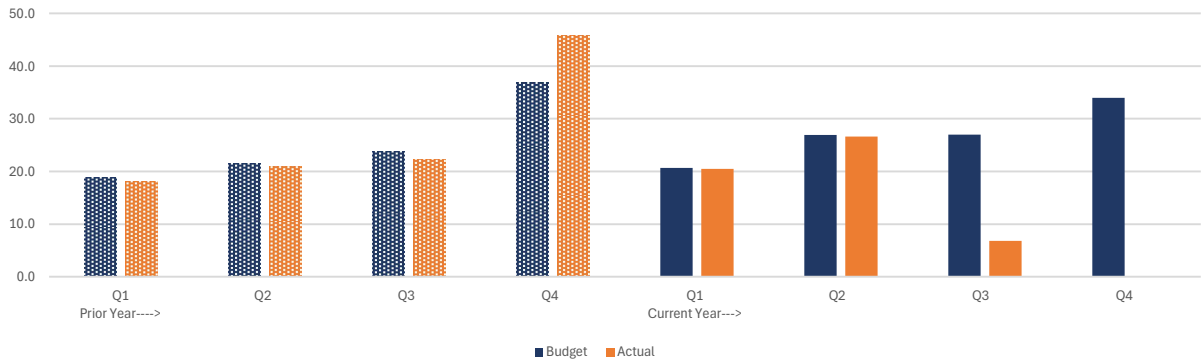


Operating and maintenance costs by type

Year to date



Operating and maintenance costs by quarter



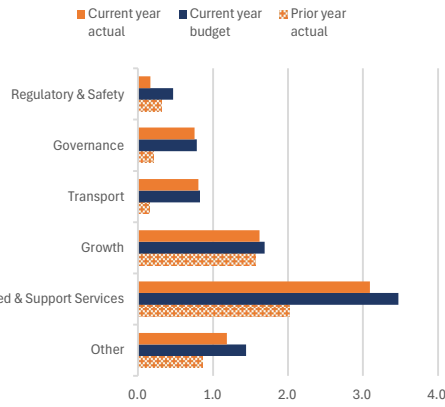
Operating professional costs

(\$M)	Current year	Budget current year	Performance indicator	Actual prior year
Year to date	7.6	8.7	●	5.1
Full year forecast	20.3	19.8	●	13.2

Insights

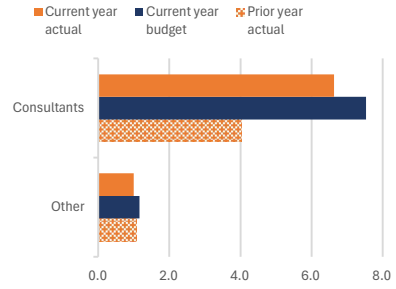
Professional costs by key activity groups

Year to date

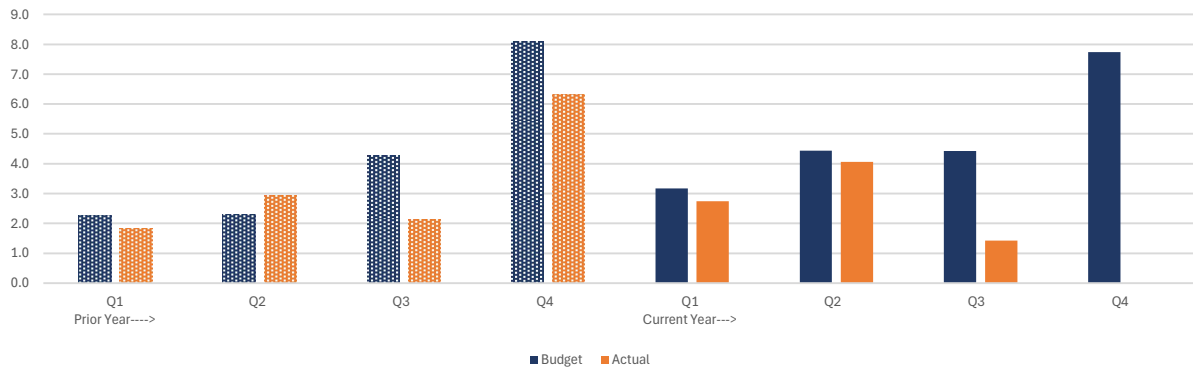


Professional costs by key type

Year to date



Operating professional costs by quarter



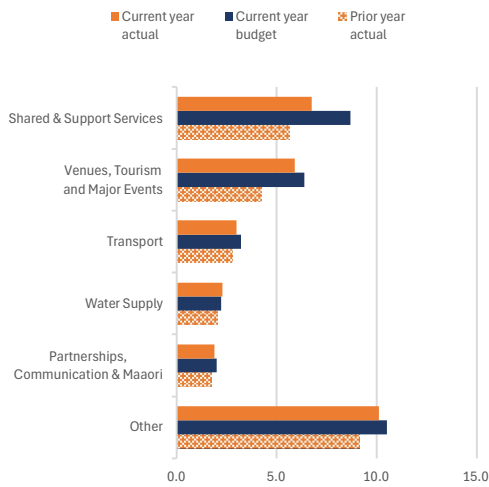
Administration and property costs

(\$M)	Current year	Budget current year	Performance indicator	Actual prior year
Administration expenses				
Year to date	17.4	19.4	●	13.9
Full year forecast	25.1	28.3	●	22.8
Property costs				
Year to date	12.5	13.6	●	11.7
Full year forecast	18.1	19.0	●	16.6

Insights

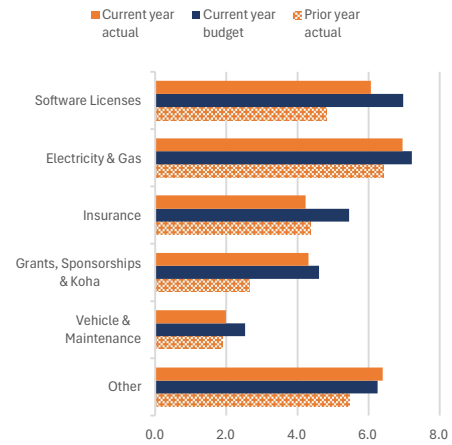
Administration and property costs by key activity groups

Year to date

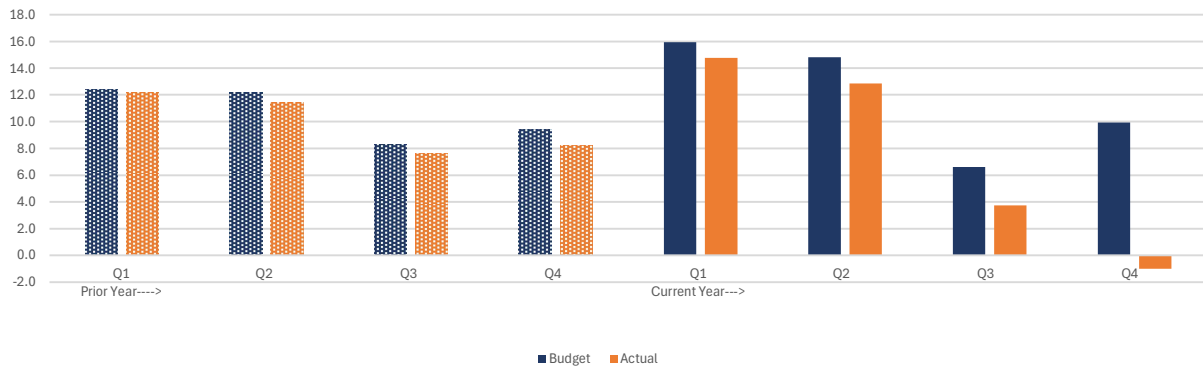


Administration and property costs by key types

Year to date



Administration and property costs by quarter



Capital expenditure

(\$M)	Current year	Revised Budget current year	Performance indicator	Actual prior year
Capital expenditure - renewals				
Year to date	57.8	67.8	●	36.4
Full year forecast	116.4	106.7	●	84.7
Capital expenditure – growth and levels of service				
Year to date	83.1	143.6	●	76.4
Full year forecast	161.6	171.2	●	142.6
Capital expenditure – vested assets				
Year to date	26.4	22.2	●	16.2
Full year forecast	38.0	38.0		29.5
Capital revenue				
Year to date	52.6	57.4	●	62.5
Full year forecast	72.6	98.3	●	109.2
Depreciation				
Year to date	71.5	69.3	●	62.8
Full year forecast	122.2	121.8	●	112.7

Treasury including debt management


(\$M)	Current year	Budget current year	Performance indicator	Actual prior year
External borrowing				
Year to date	1,245			1,161
Full year forecast	1,357	1,323	●	1,181
Net external debt				
Year to date	1,089			977
Full year forecast	1,159	1,127	●	992
Debt ratio				
Year to date	225%			217%
Full year forecast	239%	241%	●	220%
Debt headroom				
Year to date	267			285
Full year forecast	197	183	●	270
Interest revenue				
Year to date	4.0	6.5	●	9.2
Full year forecast	7.3	11.1	●	15.1
Financing costs				
Year to date	31.7	27.5	●	36.7
Full year forecast	53.1	48.6	●	63.7
Net financing cost				
Year to date	27.7	21.0	●	27.5
Full year forecast	45.8	37.5	●	48.6

FURTHER INFORMATION

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