

# Revenue and financing policy update

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**Council meeting**  
27 February 2026

## Confirmation of approach

### Why are we reviewing the RFP

- Water services transition requires updates to the policy
- RFP sets how General Rates are shared across property groups

### Review findings

- Funding mix broadly comparable with peer councils
- Overall framework remains fit for purpose

### Confirmation of December 2025 direction

- Continue using Capital Value as rating base
- Do not introduce a Uniform Annual General Charge (UAGC)
- Retain existing property categories and maintain fixed percentage allocation of General Rates

## Utilities Category – Issue & Recommended Response

### What has changed

- 2025 revaluation increased Utilities capital values by 142%
- Driven primarily by water infrastructure revaluation
- Reflects updated asset information and higher replacement cost assumptions

### Impact under current policy

- Utilities share of General Rates remains fixed at 5.6%
- Significant redistribution within the category – Water utilities: + 37% and Non-water utilities: – 57%

### Officer recommendation (Option 3)

- Create separate Water Utilities category and fix water / non-water contribution at 2025/26 levels
- Moderates impacts while retaining valuation basis

# Utilities Category – Options for DAP27

Scenario	Option 1 – Status quo	Option 2 – Merge utilities and commercial – suburban categories	Option 3 – Create new water utility category and fix contribution at 2025/26 level	Option 4 – Create temporary water utility category with 3 year transition to status quo
<b>Description</b>	Retain the current RFP settings and fixed percentage allocation for the Utilities category.	Combine Utilities and Commercial–Suburban categories into a single rating category.	Create a separate ‘Water Utilities’ category for DAP27 and fix the relative contribution of water and non–water utilities at 2025/26 levels.	Create a temporary ‘Water Utilities’ category, adjust the contribution split over 3 years before returning to one Utilities category.
<b>Outcomes/Impacts</b>	<ul style="list-style-type: none"> <li>- Utilities category insulated from other sectors</li> <li>- Significant redistribution within Utilities</li> <li>- Large increases for water utilities</li> <li>- Substantial reductions for non–water utilities</li> </ul>	<ul style="list-style-type: none"> <li>- Simplifies rating structure</li> <li>- Significant redistribution across sectors</li> <li>- Material reductions for Commercial–Suburban properties</li> <li>- Very large increases for water utilities</li> </ul>	<ul style="list-style-type: none"> <li>- Moderates rating impacts within Utilities</li> <li>- Prevents windfall gain to non–water utilities</li> <li>- Fixes water vs non–water contribution at 2025/26 levels</li> <li>- Still exposed to valuation volatility over time</li> </ul>	<ul style="list-style-type: none"> <li>- Smooths 2025 revaluation impacts</li> <li>- General rate contribution split adjusts each year over three years</li> <li>- Reduces initial rate shock for water utilities</li> </ul>
Average Residential	\$2,487 (+10%)	\$2,487 (+10%)	\$2,487 (+10%)	\$2,487 (+10%)
Average Commercial Central	\$22,549 (+10%)	\$22,549 (+10%)	\$22,549 (+10%)	\$22,549 (10%)
Average Commercial Suburban	\$16,630 (+1%)	\$12,988 (-21%)	\$16,630 (+1%)	\$16,630 (+1%)
Average Utilities	\$463,733 (+10%)	\$875,590 (+107%)	\$463,733 (+10%)	\$463,733 (+10%)
Average Water Utilities	\$1,395,176 (+37%)	\$2,634,280 (+159%)	\$1,118,755 (10%)	\$1,202,087 (+18%)
Average Non–water utilities	\$76,472 (-57%)	\$142,802 (-18%)	\$191,500 (10%)	\$151,426 (-13%)

