

- The period of benefit provided by each activity. For instance, investment in the city's roading and stormwater infrastructure provides a long-term and ongoing benefit to the city, whereas a one-off grant for a particular activity will typically be short-term and temporary in nature.
- Whether or not there is an identifiable exacerbator who should pay ('polluter pays' principle).
- The costs and benefits of distinct funding. This includes an assessment of how we fund each individual activity taking into account issues such as transparency and accountability, and the impacts of a chosen funding mechanism. For instance, where a service is deemed to be essential or very important in terms of contributing to the general health and wellbeing of the community, consideration will be given to ensuring that people are not excluded from access to the service because they cannot afford to pay.
- The overall impact of the funding of the activity on the current and future social, economic, environmental and cultural wellbeing of the community.

While each of these areas were considered when assessing who should pay, not all were relevant to each activity, while some had more weight than others in relation a certain activity.

- **Our funding targets.** This provides the final analysis of how we will fund our activities after consideration of the issues outlined under "Who should pay?"

5. THE COMMERCIAL AND RESIDENTIAL RATING DIFFERENTIAL AND THE MODIFIER

In 2000, the Council voted to alter the rates differential (the rates split) that decides the share of general rates only paid by residents and by businesses. Over a 10-year period, the balance will shift from a point where the commercial sector contributed 7.0 times more general rate (for a property with the same value) to a stage where they will end up contributing 2.8 times more to the general rate than the residential ratepayer by 2009/10.

The general rate is split between the base differential rate, which applies to residential ratepayers, community organisations and rural land, and the commercial, industrial and business differential rate.

During the development of the Revenue and Financing Policy, Council has taken the opportunity to review the rating differential and has concluded that the 2.8 ratio is still appropriate.

The Council also believes it is appropriate to spread the impact of proposed activity funding changes, and that a smooth transition to the 2.8 ratio in 2009/10 continues. The target general rates differential for 2006/07 is 4.4 : 1. This means that for that a commercial ratepayer will have 4.4 times the general rate payable by residential (and other base differential) ratepayers on each dollar of property capital value.

The differential transition planned through to 2009/10 is as follows:

	06/07	07/08	08/09	09/10
GR Ratio	4.4	3.8	3.3	2.8