

# **BC Assessment**

## **2015/16 – 2017/18 SERVICE PLAN**



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## Accountability Statement

BC Assessment's *2015 - 2017 Service Plan* was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The service plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the service plan, including what has been included in the plan and how it has been reported.

All significant assumptions, policy decisions, events and identified risks, as of December 5, 2014 have been considered in preparing the service plan. The performance measures presented are consistent with BC Assessment's mandate and goals, and focus on aspects critical to the organization's performance. The targets in the service plan have been determined based on an assessment of BC Assessment's operating environment, forecast conditions, risk assessment and past performance.

Sincerely,



Judy Rogers  
Chair, Board of Directors



# Table of Contents

<b>Accountability Statement</b> .....	<b>3</b>
<b>Strategic Direction and Operating Context</b> .....	<b>5</b>
<b>Performance Plan</b> .....	<b>6</b>
<b>Financial Plan</b> .....	<b>14</b>
Resource Summary Table.....	14
<b>Appendix</b> .....	<b>16</b>
Hyperlinks to Additional Information .....	16

# Strategic Direction and Operating Environment

## Strategic Direction

BC Assessment's legislative mandate is to establish and maintain uniform real property assessments throughout British Columbia in accordance with the *Assessment Act*. The *2015–2017 Service Plan* aligns with the [Taxpayer Accountability Principles](#) and continues our strategy to increase our value and relevance by leveraging our excellence in property assessment to become a leader in property information for the benefit of our customers.

Specifically, BC Assessment will focus on the directions contained in the [2015/16 Mandate Letter](#):

1. Replace the existing valueBC™ information system with NextGen valueBC by 2018 to improve the collection, maintenance and distribution of assessment information.
2. Develop and execute a plan to ensure up-to-date inventory across all property types with the goal of achieving inventory accuracy by 2017.
3. Develop and execute upon a strategy to maintain the average 2015 tax levy on existing taxpayers at levels equivalent to 2014 and ensure any increase on funds generated through non-market change (e.g. new construction or zoning changes) is used to improve customer service.
4. Identify and assess emerging assessment policy or methodology issues which could impact the current or future economic viability of existing property types or economic sectors and work with the Ministry and key partners to provide policy, regulatory and legislative solutions to ensure fairness and equity.

## Operating Environment

As a result of our strategy to become a leader in providing property information services that our customers' value, BC Assessment is implementing a Customer division that creates a single accountability for the services and products our customers receive.





In addition to aligning with government direction, BC Assessment considers other factors that may have a significant effect on our results. Revenue risks include fluctuations of our estimated tax levies from non-market change and data sales, and our major expense risk is uncertainty about the expected levels of assessment appeals that directly impact our appeals budget. Operational risks include change management (the risk that change results in resistance to new products, services and ways of working), employee engagement, people resources, financial resources, multi-initiative planning, and resource allocation. Opportunities include leveraging technology to enhance productivity, leveraging our excellence in property assessment to add value to our products and services, investing in our employees to improve efficiency, and leveraging partnerships for information exchange and cost sharing.

# Performance Plan

## Goals, Strategies, Measures and Targets

For the 2015-2017 Service Plan, our strategy continues to focus on our customers, our people, our work and our partnerships to assist us in creating a stronger and more relevant role for BC Assessment. Our 10-year story articulates what BC Assessment will look like in the future, and reflects our commitment to operational excellence and the continuous improvement of our products and services.

Our four goals align with defined strategies which provide enhanced clarity around how we achieve our long term objectives.

10-YEAR STORY: IMAGINE...	GOALS	STRATEGIES
<b>Our Customers...</b>		
Enjoying high customer service standards	 <p><b>Our customers trust us and see us as essential to satisfying their property information needs.</b></p>	Increase the level of customer orientation in everything we do
Having easily accessible, comprehensive and current property data		Develop our customer relationship management capabilities
Becoming actively engaged in maintaining and using property information		Embed innovative products & services into our customers' processes and decision making
<b>Our People ...</b>		
Focusing on delivering value to our customers	 <p><b>Our people are personally invested in making our 10-year story happen.</b></p>	Build and promote a great place to work and grow a career
Working collaboratively and more virtually with each other and partners in support of our strategic direction		Enable continuous learning where everyone develops leadership, grows skills and shares knowledge
Being personally invested in this story		Build an employee experience that inspires personal ownership of our results
<b>Our Work ...</b>		
Applying the most innovative industry practices	 <p><b>Our work delivers current property information and an accurate assessment roll.</b></p>	Develop innovative and risk-based practices for all operations to ensure delivery of quality products and services
Leveraging the latest technologies		Ensure cost-effective and value-added operations
Striving toward operational excellence in all parts of the business		Improve ability to deliver our products and services through increased process maturity
<b>Our Partnerships ...</b>		
Creating property information-sharing communities in B.C.	 <p><b>Our partnerships add value for customers and each other.</b></p>	Lead development of a community of organizations that share and integrate property information.
Exchanging assessment-related information seamlessly		Seek mutual efficiencies and innovation.
Cost-sharing for mutually beneficial information		

## Goal 1: Our customers trust us and see us as essential to satisfying their property information needs.

BC Assessment is a customer-focused organization that aims to meet the needs of our customers while operating within our mandate and financial capacity. Our vision is, “We are trusted to value B.C.” Implicit in achieving this vision is that our customers trust us and see us as essential to satisfying their property information needs. In support of this goal, BC Assessment has articulated three broad strategies that provide clarity around how we will achieve this goal.

### Strategies

- Increase the level of customer orientation in everything we do.
- Develop our customer relationship management capabilities.
- Embed innovative products & services into our customer processes and decision making.

### Performance Measure 1: Percentage of assessments accepted without appeal.

Performance Measure	2013 Actual	2014 Forecast	2015 Target	2016 Target	2017 Target
Percentage of assessments accepted without appeal	99.1%	On target	≥ 98.0%	≥ 98.0%	≥ 98.0%

Data Source: Internal property information database.

### Discussion

BC Assessment interprets high acceptance of assessments by both residential and non-residential property owners as a validation of the quality, accuracy and uniformity of assessments. Property owners who do not agree with the estimate of their property’s market value or exemption status, or who believe that their property was improperly classified, can challenge the assessment. The Ministry of Community, Sport and Cultural Development is responsible for administering the independent [Property Assessment Review Panel](#) (PARP) process between February 1 and March 15 each year. The number of complaints (appeals) to the PARPs gives a useful measure of public acceptance.

Property owners are encouraged to contact BC Assessment staff following the receipt of their annual assessment notices in January of each year if they have concerns or questions. For unresolved issues, customers can register an appeal with BC Assessment by January 31 and request a formal hearing by an independent review panel. A Notice of Hearing will be issued and a meeting with the PARP will be scheduled for the property owner. Following the hearings and prior to April 7 each year, BC Assessment is required to send a Notice of Decision to each property owner, indicating what the panel’s decision was and whether the complaint was successful or unsuccessful. Data quality is maintained through internal controls including a review and audit of the complaint data and comparison with historical trends and current market movement to ensure the data’s accuracy. Historically, formal complaints have been low, usually fewer than 2% of all property owners.

The actual 2014 results (for the 2015 Assessment Roll) for this performance measure will not be available until April 2015, and thus are not provided in this service plan. Appeal rates for the

2015 Assessment Roll will be included in the *2014 Annual Service Plan Report* to be published in May 2015.

**Changes to Customer Satisfaction Surveys**

BC Assessment regularly reviews customer feedback to identify areas where we can improve and enhance the customer experience. Based on this feedback, we engaged a market research firm to update our surveying processes and methodologies. We worked with our key customer groups to develop and implement new service standards that will guide service delivery, inform our customers about the level of service they can expect from us and allow us to monitor and report our performance. The updated customer surveys will be implemented in 2015 to establish baselines and targets for future years.

**Goal 2: Our people are personally invested in making our 10-year story happen.**

Research suggests that successful employee engagement is the foundation for a workplace that enhances satisfaction and commitment, and creates an environment where people want to come to work. Engaged employees contribute to higher levels of customer satisfaction, trust and confidence in what an organization does.

**Strategies**

- Build and promote a great place to work and grow a career.
- Enable continuous learning where everyone develops leadership, grows skills and shares knowledge.
- Build an employee experience that inspires personal ownership of our results.

**Performance Measure 2: Level of employee engagement.**

Performance Measure	2013 Actual	2014 Forecast	2015 Target	2016 Target	2017 Target
Level of employee engagement	61	Biennial survey	63	Biennial survey	Previous result +2

**Data Source:** BC Assessment has a contract with BC Stats, part of the Ministry of Technology, Innovation and Citizens' Services, to act as an independent third party to conduct our employee engagement survey.

**Discussion**

Employee engagement is measured through a biennial employee engagement survey that gauges employee perceptions on motivation, work capacity and capability, leadership, and alignment with the organization's vision, mission and goals. The target is an average score (not a percentage) that expresses all responses to a series of survey questions. To calculate average scores, a two-step process is employed. First, the five-point scale is converted to points, and second, all of the points are added up and divided by the number of people in the group. This calculation gives the average score. The



survey is conducted by an independent organization, and only those results with a confidence level of 95% are reported. The average scores from the employee engagement survey allow comparisons within and between departments and organizations. As an example, in 2009, BC Assessment began using the same employee engagement survey approach as the provincial government, to permit benchmarking against the government’s annual engagement score results.

In spring 2012, BC Assessment’s management implemented a biennial survey schedule for employee engagement, to allow sufficient time to analyze previous results and effect improvements. It was acknowledged at the same time that a static long-term target cannot account for the future state of the many, complex engagement drivers; thus, targets have been set at “previous result + 2” to reflect both the previous result and the desired level of continuous improvement to the score.

### **Goal 3: Our work delivers current property information and an accurate assessment roll.**

BC Assessment is committed to improving operational effectiveness while adhering to sound environmental practices. Continued investment in new technologies and systems will enable BC Assessment to contribute to a stable tax base and provide innovative assessment solutions to customers, while continuing to limit increases in the costs associated with property assessment services.

#### **Strategies**

- Develop innovative and risk-based practices for all operations to ensure delivery of quality products and services.
- Ensure cost-effective and value-added operations.
- Improve ability to deliver our products and services through increased process maturity.

#### **Performance Measure 3: Assessment to sales ratio (ASR).**

Performance Measure	2013 Actual	2014 Result	2015 Target	2016 Target	2017 Target
Assessment to sales ratio					
- Residential	98.0%	98.0%	97-100%	97-100%	97-100%
- Non-residential	96.2%	96.5%	95-100%	95-100%	95-100%

Data Source: Internal property information database.

#### **Discussion**

The ASR is a common roll quality measure used by the International Association of Assessing Officers (IAAO). The ASR measures how closely assessments mirror a property’s actual selling price. BC Assessment measures the ASR for properties according to internationally recognized standards. The ASR is calculated by dividing the assessed value (as determined by BC Assessment) of a property that has sold by its selling price and expressing the result as a percentage. For example, if a

property is assessed with a value of \$243,000 and it sold for \$250,000, the ASR would be 97.2%. In short, the ASR measures how accurately BC Assessment appraises property at market value. The IAAO has set a standard for a median ASR of 90-110% for an acceptable level of assessment achievement. BC Assessment’s targets of 97-100% for residential properties and 95-100% for non-residential properties are far more challenging targets than the international standards.

BC Assessment’s statistics are based on all available single-family residential arms’ length sales for the two quarters surrounding BC Assessment’s valuation date of July 1. In regions with significant market movement over the six-month period, the dispersion will be overstated. For non-residential sales, data are based on sales occurring throughout the year.

The actual 2014 (2015 Assessment Roll) ASR results in the *2015–2017 Service Plan* are based on the 2015 Completed Roll. The 2014 results that will be included in the *2014 Annual Service Plan Report* will be based on the 2015 Revised Roll, and may differ slightly from the 2015 Completed Roll results.

**Performance Measure 4: Coefficient of dispersion (COD).**

Performance Measure	2013 Actual	2014 Result	2015 Target	2016 Target	2017 Target
Coefficient of dispersion					
- Urban	5.6%	5.8%	5.0 – 10.0%	5.0 – 10.0%	5.0 – 10.0%
- Rural	7.8%	7.8%	5.0 – 15.0%	5.0 – 15.0%	5.0 – 15.0%

Data Source: Internal property information database.

**Discussion**

The COD measures the quality of assessments by calculating the dispersion, or spread, of all the ASRs around the median ASR. The COD is a measure of appraisal uniformity. A more accurate portfolio of assessments would be indicated by a lower COD percentage. BC Assessment also measures the COD for properties located in both urban and rural areas, according to internationally recognized standards.

BC Assessment has set targets for the COD based on IAAO standards for single-family residential properties of 5-10% for homogeneous (urban) regions and 5-15% for heterogeneous (rural) regions. To calculate the COD, add together the differences between each ASR in the group and the median ASR. The average difference is the sum of these numbers divided by the median and expressed as a percentage. An example calculation is presented in the box to the right.

EXAMPLE CALCULATION OF COEFFICIENT OF DISPERSION	
Using 97.5% as the Median	
Assessment to Sales Ratio (ASR)	Deviation from Median
95.5%	2.0
96.7%	1.8
97.5%	0.0
98.7%	1.2
99.2%	1.7
<b>Total Deviation</b>	<b>5.7</b>
<b>Average Deviation</b>	<b>1.14</b>
<b>Coefficient of Dispersion = 1.14 ÷ 97.5% = 1.17</b>	

The actual 2014 (2015 Assessment Roll) COD results in the *2015–2017 Service Plan* are based on the 2015 Completed Roll. The 2014 results that will be included in the *2014 Annual Service Plan Report* will be based on the 2015 Revised Roll, and may differ slightly from the 2015 Completed Roll results.

**Performance Measure 5: Assessment roll stability – change in taxes collected.**

Performance Measure	2013 Actual	2014 Forecast	2015 Target	2016 Target	2017 Target
Assessment roll stability – change in taxes collected	0.37% <sup>1</sup>	On target	≤ 0.22%	≤ 0.22%	≤ 0.22%

Data Source: Internal property information database.

**Discussion**

In any given year, property status can change, and new properties may be created while others are deleted. BC Assessment annually measures the stability of the assessment roll by analyzing the number of additions or deletions made to the roll. Roll stability is a critical issue for local governments, which rely almost exclusively on property taxes to fund services to their taxpayers. The objective of this measure is to track changes in taxes collected by the taxing jurisdictions, indicating a stable, dependable assessment roll. This performance measure is accepted by BC Assessment and throughout the taxing jurisdictions as a good measure of the stability of the assessment roll.

Supplementary changes after the annual assessment roll has been revised by Property Assessment Review Panels ([www.cscd.gov.bc.ca/parp/](http://www.cscd.gov.bc.ca/parp/)) can be due to mistakes in information or to adjustments made after a property is appealed to the Property Assessment Appeal Board ([www.assessmentappeal.bc.ca/](http://www.assessmentappeal.bc.ca/)). This performance measure estimates the change in the amount of taxes collected or refunded by taxing jurisdictions based on the change in general taxable value for a period of 19 months after the Revised Roll. For example, the 2014 value measures the 2013 roll stability by estimating the changes in taxes collected as a result of supplementary rolls issued between May 1, 2013 and December 31, 2014. The 2014 value will be reported in the *2014 Annual Service Plan Report*, which will be published in May 2015.

**Performance Measure 6: Net cost per property for assessment services**

Performance Measure	2013 Actual	2014 Forecast	2015 Target	2016 Target	2017 Target
Net cost per property for assessment services	\$41.62	\$42.49	\$43.54	\$44.40	\$45.29

Data Source: Internal property information database.

**Discussion**

BC Assessment's primary source of revenue is from a tax levy collected from each taxable property. This tax levy is a component of the property taxes paid by property owners to the taxing jurisdictions, which in turn remit the tax levy collected to BC Assessment. This performance measure reflects BC Assessment's commitment to keeping costs for assessment services to the taxpayer as low as

<sup>1</sup> The result for 2013 showed only deductions and achieved the performance target of ≤ 0.37%. For 2014 onward, the measure has been adjusted to capture both gains and deductions, whereas the previous measure only measured deductions.

possible while still meeting increased service demands in a progressively more complex assessment environment.

Cost per property target adjustments are made each year as new information becomes available and our forecasts are refined. The targets for 2015 to 2017 have been set using service plan forecasts that take into consideration projected new construction and development, and assumptions regarding changes in revenues and expenditures. The targets reflect a commitment by BC Assessment to increasing its internal efficiencies.

The cost per property for assessment services funded from the levy has been calculated by taking total expenditures for the year, less revenues that are not categorized as tax levies, payments in lieu of taxes or First Nations revenue and dividing that figure by the number of properties for the revised roll produced for the following year. BC Assessment maintains appropriate internal controls and will continue reporting regularly to the Board of Directors and to the Office of the Comptroller General.

## **Goal 4: Our partnerships add value for customers and each other.**

BC Assessment is also focused on its partnerships, such as with the Surveyor of Taxes of the Ministry of Finance, local governments and other industry groups. For BC Assessment, the objective of working with partners is to advance mutually beneficial objectives while operating within its mandate and financial capacity.

### **Strategies**

- Lead development of a community of organizations that share and integrate property information.
- Seek mutual efficiencies and innovation.

### **Performance Measure 7: Percentage of partnerships formalized.**

Performance Measure	2013 Actual	2014 Forecast	2015 Target	2016 Target	2017 Target
Percentage of partnerships formalized	N/A	New	Establish baseline	Maintain or improve result	Maintain or improve result

### **Discussion**

BC Assessment is developing a strategic framework and partnership model by conducting research through interviews with key partners. This research will help us identify what is important to our partnerships. Specific performance measures will be developed in 2015 for the *2016-2018 Service Plan*.

## Taxpayer Accountability Principles

All our work directly supports the Taxpayer Accountability Principles. Examples of how we support each principle are described in the table below.

<b>Principle</b>	<b>BC Assessment Implementation</b>
Cost consciousness (efficiency)	<ul style="list-style-type: none"> <li>Continuing to strengthen our cost management capabilities to provide services and programs efficiently and effectively.</li> <li>Absorbing the growth in properties without increasing staff has been strengthened through process improvements that have resulted in more efficient property data collection. Financial controls and adoption of LEAN methodology to minimize waste have allowed us to contain costs and stay within our budget, as well as absorb an increase in demand for assessment services. Over the past two decades, the number of properties in B.C. has increased by 50% while the number of employees has remained at the same level as in 1991.</li> <li>Continuing work to improve property data leads to lower appeals that result in cost savings that can be redirected to further improving data.</li> </ul>
Accountability	<ul style="list-style-type: none"> <li>Demonstrating accountability to taxpayers and alignment with government's strategic agenda by incorporating the 2015/16 Mandate Letter from our Minister into our <i>2015-2017 Service Plan</i>. Our planning process is focused on identifying the priorities that will ensure the directions in the mandate letter are accomplished. Through reporting quarterly to government on our financial results and annually to the public, we transparently show our progress and performance against our goals and targets.</li> <li>Increasing the amount of property data available to the public online demonstrates transparency for taxpayers and our customers.</li> </ul>
Appropriate compensation	<ul style="list-style-type: none"> <li>Our compensation oversight rests with the Public Sector Employers' Council (PSEC) and the PSEC Secretariat approves all compensation plans. Our Board of Directors complies with the <i>Public Sector Employers Act</i> by disclosing the annual total compensation for the Chief Executive Officer and the top four highest paid executives. Our compensation philosophy is to provide fair compensation and to target the total compensation package at the 50th percentile of the defined comparator markets.</li> </ul>
Service	<ul style="list-style-type: none"> <li>Building a culture of innovation and continuous improvement to deliver cost-efficient, effective, value-for-money public services.</li> <li>Established Customer Service Commitments that set out service levels to our customers, which we report publicly on how we perform on these commitments.</li> <li>Reorganizing our core assessment functions to increase efficiency to improve service to our customers.</li> </ul>
Respect	<ul style="list-style-type: none"> <li>Demonstrated through a number of our people practices, most notably through supervisor and employee feedback sessions held throughout the year.</li> <li>Standards of Conduct policy has recently been amended to address building respectful workplaces.</li> </ul>
Integrity	<ul style="list-style-type: none"> <li>Addressed in our Standards of Conduct policy which has been regularly updated and communicated to all employees and managers, as well as to the public.</li> </ul>

# Financial Plan

## Resource Summary Table

(\$m)	2013 Actual	2014 Forecast	2015 Budget	2016 Budget	2017 Budget
<b>Revenue</b>					
Tax levies	82,085	83,781	85,282	87,852	90,549
Other	5,838	5,739	5,276	5,436	5,598
<b>Total revenue</b>	<b>87,923</b>	<b>89,520</b>	<b>90,558</b>	<b>93,288</b>	<b>96,147</b>
<b>Operating expenditures</b>					
Salaries and benefits	54,588	55,838	58,619	59,816	61,169
Other operating expenditures	27,083	27,065	28,344	29,182	30,692
Amortization	3,962	3,595	3,595	4,290	4,287
<b>Total operating expenditures</b>	<b>85,633</b>	<b>86,498</b>	<b>90,558</b>	<b>93,288</b>	<b>96,147</b>
<b>Net income</b>	<b>2,290</b>	<b>3,022</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital investment</b>					
Information technology	1,226	2,512	6,787	8,530	8,700
Other (tenant improvements, vehicles, furniture)	1,146	1,440	1,205	454	2,006
<b>Total capital investment</b>	<b>2,372</b>	<b>3,952</b>	<b>7,991</b>	<b>8,984</b>	<b>10,706</b>
<b>Accumulated surplus</b>					
Equity in capital assets	12,571	13,110	17,751	22,672	27,951
Equity from operations – appropriated	16,000	17,400	13,089	7,772	4,164
Equity from operations – unappropriated	2,272	3,355	3,025	3,421	1,750
<b>Total accumulated surplus</b>	<b>30,843</b>	<b>33,865</b>	<b>33,865</b>	<b>33,865</b>	<b>33,865</b>
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Key Forecast Assumptions

BC Assessment's financial planning process takes a long term view of the nature and level of operating and capital expenditures, cash flows, equity balances, and tax levy revenue requirements to ensure finances are managed to meet current and long-term spending commitments, address increasing demands, and execute the highest priority programs.

Tax levy revenue, cash flow, and operating and capital requirements are anticipated far enough in advance so planning decisions can be made proactively in an appropriate timeframe to ensure financial long-term sustainability.

## **Management Perspective on Future Financial Outlook**

BC Assessment is funded primarily through property tax levies administered by the taxing authorities – budgeted to be approximately \$85.3 million in 2015. In addition, BC Assessment receives revenue from a number of other sources, including contracts with First Nations, payments in lieu of taxes and data sales. The latter includes provision of bulk electronic assessment roll, sales and residential inventory data, custom reports, and enhanced data provision with BC OnLine and private sector data agents. Revenue from all these non-tax sources helps reduce the levy paid by property owners.

The organization collects its revenues from taxing authorities in July of each year. BC Assessment borrows funds from the provincial government to finance operations and capital expenditures during the first half of the year and repays its debt in full by August of each year. The Minister of Finance acts as the fiscal agent of BC Assessment.

The Board of Directors approves the annual operating and capital budget. The Board also approves the annual levy following the provincial Cabinet's review and agreement.

BC Assessment manages the increasing financial pressures resulting from folio growth, continuous improvement of customer service levels and the fiscal environment by encouraging and investing in innovation to improve workforce productivity, and by using risk-based operating and resource allocation methodologies.

## **Appendix:**

# **Hyperlinks to Additional Information**

**Board of Directors and Corporate Governance -**

[www.bcassessment.ca/about/Pages/BoardofDirectors.aspx](http://www.bcassessment.ca/about/Pages/BoardofDirectors.aspx)

**Organizational Overview -** [www.bcassessment.ca/about/Pages/Default.aspx](http://www.bcassessment.ca/about/Pages/Default.aspx)

**Executive Management Team -**

[www.bcassessment.ca/ABOUT/Pages/ExecutiveManagementTeam.aspx](http://www.bcassessment.ca/ABOUT/Pages/ExecutiveManagementTeam.aspx)