



BC ASSESSMENT

**2019 – 2021
SERVICE PLAN**

February 2019



For more information on BC Assessment contact:

400 – 3450 Uptown Boulevard
Victoria, B.C., V8Z 0B9

1-866-valueBC (1-866-825-8322)

<https://info.bcassessment.ca/contact-us>

Or visit our website at
www.bcassessment.ca

Board Chair Accountability Statement



The 2019 – 2021 BC Assessment Service Plan was prepared under the Board’s direction in accordance with the *Budget Transparency and Accountability Act*. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of January 25, 2019 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, BC Assessment’s mandate and goals, and focus on aspects critical to the organization’s performance. The targets in this plan have been determined based on an assessment of BC Assessment’s operating environment, forecast conditions, risk assessment and past performance.

S Bishop

Sylvia Bishop
Board Chair

Table of Contents

Board Chair Accountability Statement 3

Strategic Direction and Alignment with Government Priorities..... 5

Operating Environment..... 6

Performance Plan 6

Financial Plan..... 13

 Summary Financial Outlook..... 13

 Key Forecast Assumptions, Risks and Sensitivities 13

 Management’s Perspective on the Financial Outlook 14

 Significant IT Projects 15

Appendix A: Hyperlinks to Additional Information..... 16

 Corporate Governance 16

 Organizational Overview 16

 Property Assessment Review Panel..... 16

 Property Assessment Appeal Board..... 16

Strategic Direction and Alignment with Government Priorities

The *Assessment Act* mandates BC Assessment to establish and maintain real property assessments that are uniform in the whole of British Columbia. BC Assessment produces an annual Assessment Roll that contains fair, equitable, independent and trusted property assessments for over two million properties in the province. These assessments play a vital role in the property tax system that generates more than \$7.9 billion annually to support services that people count on in B.C. communities, such as schools, libraries, emergency services, infrastructure, parks and recreation, and roads.

BC Assessment continues to focus on delivering its assessment mandate, as a customer-centric organization that creates value and contributes to a strong economy by enhancing its assessment services. BC Assessment is aligned with Government's key priorities and dedicated to maintaining relationships and service delivery with the Province, local governments, First Nations and property owner customer groups.

BC Assessment is aligned with the Government's key priorities:

Government Priorities	BC Assessment Aligns with These Priorities By:
Delivering the services people count on	<ul style="list-style-type: none"> • Ensuring its property assessment information is valued and relied upon (Goal 2)
A strong, sustainable economy	<ul style="list-style-type: none"> • Ensuring it is a leader in the delivery of a high quality, accurate assessment roll (Goal 1)

BC Assessment will continue to support provincial government priorities and policy development through the use and analysis of BC Assessment data and property information. The province is also able to leverage that data, and BC Assessment's extensive expert knowledge on valuation methodology and the real estate market, to support provincial government working groups and committees focused on addressing housing affordability across the province.

BC Assessment's commitment to data quality continues to drive investments in data management processes and infrastructure, including replacement of the aging core property assessment and support systems. This will allow the organization to develop and implement digital capabilities for customer interactions, property data access, and information exchange, to maximize the value of property data for all British Columbians.

BC Assessment assists First Nations in exercising their jurisdiction over real property taxation. This work helps to build First Nations capacity to administer their taxation systems and establish a stable tax base to support their local communities.

As a part of the annual Provincial Assessment Roll, BC Assessment assesses all lands falling within the jurisdiction of the eight Treaty First Nations. Similarly, BC Assessment is the contracted Assessment Service Provider for 95 First Nations who have exercised the option to be the Independent Taxing Authority on their lands through the *Indian Act*, *First Nation Fiscal Management Act* and *Sechelt Indian Self Government Act*. BC Assessment also works closely with other provincial and federal organizations, like the First Nations Tax Commission.

BC Assessment will deliver on the direction contained in the [2019 Mandate Letter](#):

- Continue to focus on BC Assessment's core mandate to establish and maintain uniform real property assessments throughout British Columbia.
- Support provincial government priorities and policy development through the use of BC Assessment data, property information and by leveraging the corporation's extensive expert knowledge on valuation and real estate.
- Participate in the Province's review of the Open Data policy, to determine opportunities to further BC Assessment information sharing.
- Continue the replacement of BC Assessment's existing core operating system (valueBC information system) with iasWorld to improve the collection, development and distribution of assessment information as approved by Treasury Board.
- Support government's commitment to make life more affordable for British Columbians by delivering BC Assessment's services in a fiscally responsible manner.

Operating Environment

Real estate market movement in B.C. in recent years has made headlines, and influenced both the quantity and type of work required for BC Assessment to continue fulfilling its mandate and providing core services. BC Assessment's Market Activity Response Initiative is in place to support customer segments in understanding and responding to the impacts of value changes, while work continues on enhancing access to property information and improving the assessment review and appeal processes.

The scheduled replacement of BC Assessment's core assessment technology is well underway, with anticipated improvements to data quality, management and accessibility over the duration of this plan. This information management and information technology investment, along with the continuously increasing workload created by the addition of approximately 20,000 new properties to the assessment roll each year, will continue to exert pressure on the capacity of BC Assessment. BC Assessment is monitoring and proactively managing this business risk. The organization will continue to pursue partnerships for information and cost sharing, investigate optimization of processes and tools, and implement continuous process improvement initiatives in order to maintain or improve current service delivery and ensure stability of the provincial property tax system.

Performance Plan

BC Assessment values the relationship it has with its responsible ministry, the Ministry of Municipal Affairs and Housing. BC Assessment regularly engages with the Ministry on legislative, regulatory and policy initiatives and will continue to do so on future projects as required by the Minister to deliver its mandate.

BC Assessment has shifted its goals to increase the alignment to government priorities, particularly to ensure it is delivering services that people count on and building a strong, sustainable economy. The previous two customer-related goals have been combined into one that focuses on providing assessment information which is valued and relied upon by customers and important partners. BC Assessment has shifted a goal focused on how its work is done, to a goal that captures why the organization exists – to deliver a high quality assessment roll. And finally, recognizing the important contribution of its employees, BC Assessment identified a goal that includes teamwork, collaboration and innovation.

Goal 1: Trusted Assessments - Leaders in the delivery of a high quality, accurate assessment roll

This goal is aligned to BC Assessment’s mandate, and replaces the previous Goal 1. It captures many of the same concepts, but is succinct in highlighting desired outcomes. Objectives were updated to show the distinction between the accuracy and uniformity attributes of the assessment roll, and property owner acceptance of BC Assessment’s work as reflected in inquiry and appeal outcomes. Accordingly, one of the performance measures based on appeals has been re-aligned under Objective 1.2. The updated objective for efficient and financially responsible operations puts more emphasis on continuous improvement in business processes.

Objective 1.1: Accurate and uniform assessments

Key Strategies:

- Invest in tools and technologies that improve data collection, analysis and process efficiency
- Configure, implement and leverage a modern core mass appraisal system to optimize the delivery of assessment services

Performance Measures	2017 Actual	2018 Actual	2019 Target	2020 Target	2021 Target
1.1a Assessment to sales ratio ¹					
- Residential	98.0%	98.2%	97–100%	97–100%	97–100%
- Non-residential	96.1%	96.5%	95–100%	95–100%	95–100%
1.1b Coefficient of dispersion ¹					
- Urban	6.5%	6.5%	5.0–10.0%	5.0–10.0%	5.0–10.0%
- Rural	9.1%	8.5%	5.0–15.0%	5.0–15.0%	5.0–15.0%

¹ Data Source: Internal property information database.

Linking Performance Measures to Objectives:

1.1a The median Assessment to Sales Ratio (ASR) is a common roll quality measure used by the International Association of Assessing Officers (IAAO). The median ASR measures how closely assessments mirror a property’s actual selling price, tracking assessment accuracy in a market-based property assessment system.

1.1b The Coefficient of Dispersion (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 measures the COD for properties located in both urban and rural areas, according to internationally recognized standards.

Discussion:

An individual ASR is calculated for a single property by dividing the assessed value of a property that has sold by its selling price, and expressing the result as a percentage. This shows how accurately BC Assessment assesses a property at market value. The IAAO has set a standard for a median ASR of 90–110 per cent. BC Assessment has set targets of 97–100 per cent for residential properties and 95–100 per cent for non-residential properties.

The COD is calculated by adding the differences between each ASR in the group and the median ASR, and determining the average difference. BC Assessment has set targets for the COD based on

IAAO standards for single-family residential properties, at a 5–10 per cent range for homogeneous (urban) regions and a 5–15 per cent range for heterogeneous (rural) regions.

For performance measures 1.1a and 1.1b, the 2018 figures presented in this plan show calculations using the 2019 Completed Roll. The 2018 Actual results to be reported in the 2018 Annual Service Plan Report may differ slightly, as they will be based on the 2019 Revised Roll, which reflects the final assessments following any appeal revisions made in early 2019.

BC Assessment has kept future targets constant for these performance measures, as the targets align to international standards.

Objective 1.2: Stable and accepted assessment rolls

Key Strategies:

- Pursue assessment quality management and data maintenance initiatives that increase the accuracy and improve the fairness of the assessment roll
- Collaborate with stakeholders to improve assessment review and appeal processes

Performance Measures	2017 Actual	2018 Forecast	2019 Target	2020 Target	2021 Target
1.2a Assessment roll stability – change in taxes collected ¹	0.17%	0.18% ²	≤ 0.22%	≤ 0.22%	≤ 0.22%
1.2b Percentage of assessments accepted without appeal ¹	98.7%	≥ 98.0%	≥ 98.0%	≥ 98.0%	≥ 98.0%

¹ Data Source: Internal property information database.

² Actual result for 2018.

Linking Performance Measures to Objectives:

1.2a Roll stability is a critical issue for local governments, which rely largely on property taxes to fund services for their residents. The Assessment Roll Stability measure tracks changes in taxes collected or refunded by the taxing jurisdictions. Minimal changes indicate a stable, dependable assessment roll. This performance measure is accepted throughout the taxing jurisdictions as a good measure of the stability of the assessment roll.

1.2b BC Assessment interprets high acceptance of assessments by residential, commercial and major industry customer groups as a validation of the quality, accuracy and uniformity of assessments. Property owners who do not agree with the estimate of their property’s assessed value or exemption status, or who believe that their property was improperly classified, can challenge the assessment.

Discussion:

In any given year, property status can change, data errors are corrected and new properties may be created while others are deleted. The annual assessment roll may also be subject to supplementary changes made after an appeal to the [Property Assessment Appeal Board](#). Performance measure 1.2a 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 20 months after the Revised Roll. Therefore, the 2018 Actual measures 2017 roll stability by estimating the changes in taxes collected as a result of supplementary rolls issued between May 1, 2017, and December 31, 2018.

For 1.2a, the targets were determined based on analysis of historical data for taxes collected or refunded.

For 1.2b, property owners are encouraged to contact BC Assessment following the receipt of their assessment notices in January of each year if they have concerns or questions. For unresolved issues, customers can register a complaint with BC Assessment by January 31 and request a formal hearing by an independent [Property Assessment Review Panel](#) (PARP). A Notice of Hearing is then issued and a meeting with the PARP scheduled for the property owner. Following the hearing, and prior to April 7 each year, BC Assessment is required to send a Notice of Decision to the 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.

The actual 2018 results (for the 2019 Assessment Roll) for this performance measure will not be available until April 2019, and thus are not provided in this service plan. As data quality and accessibility have improved, the number of formal complaints has been low and usually filed by fewer than two per cent of all property owners. BC Assessment has kept the target constant as it represents a balance between delivering a quality assessment roll while managing available resources.

Objective 1.3: Efficient and financially responsible operations

Key Strategies:

- Find a balance to deliver assessments today while investing to improve services in the future

Performance Measure	2017 Actual	2018 Forecast	2019 Target	2020 Target	2021 Target
1.3a Average net cost per Property for assessment services ¹	\$42.85 ²	\$42.93	\$46.13 ³	\$46.51	\$46.88

¹ Data Source: Internal property information database.

² One-time extraordinary revenue from the conclusion of the Parcel Map BC Grant Program in late 2017 was excluded from the cost per property calculation to retain year over year comparability in figures.

³ Estimates for wage and benefits increases and tax levy rate increases have not been included in the 2019–2021 figures.

Linking Performance Measures to Objectives:

1.3a This performance measure reflects BC Assessment’s commitment to keeping costs to the taxpayer as low as possible while delivering the services that customers count on.

Discussion:

BC Assessment’s primary source of revenue is 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.

Cost per property target adjustments are made each year as new information becomes available and forecasts are refined. Targets for 2019 to 2021 take into consideration projected new construction and development, and key assumptions regarding changes in revenues and expenditures. 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 2: Valued by Customers and Partners - Our property assessment information is valued and relied upon

This goal combines the intent of two previous organizational goals related to BC Assessment’s customers (formerly Goal 3) and its products and services (formerly Goal 4). The underlying concepts were aligned to recognize joint contribution to delivering the services that people count on. Updated objectives and strategies were similarly regrouped under this new goal, along with associated performance measures.

Objective 2.1: Satisfied customers

Key Strategies:

- Improve access to and use of property data through a flexible digital service hub
- Create insights into all customer segments to provide relevant assessment information and services

Performance Measure	2017 Actual	2018 Forecast	2019 Target	2020 Target	2021 Target
2.1a Customer Satisfaction Index – Employee Interaction ¹					
- Property Owners	82	79 ²	73 to 85	73 to 85	73 to 85
- Taxing Authorities	Biennial survey	≥ 86	Biennial survey	≥ 86	Biennial survey

¹ Data Source: BC Assessment has a contract with a market research firm to act as an independent third party to conduct the customer satisfaction surveys. The index figure is relative to 100.

² Actual result for 2018.

Linking Performance Measures to Objectives:

2.1a BC Assessment regularly reviews customer feedback to identify areas where it can enhance the customer experience. The approach uses e-mail surveying, with questions designed to evaluate customer interactions with BC Assessment. The results are analyzed to determine what specific service attributes are important to customers, and to provide an indicator of the quality of service that customers perceive they are receiving. BC Assessment has learned that customers often want to be able to find answers to their own questions before making contact. BC Assessment is enhancing how customers can access information through its website, to enable customers to take more control over their assessment and real estate information experience.

Discussion:

The figure for property owners represents the combined results for all property owners; this includes residential, commercial, and major industry. Property owners are surveyed annually while taxing authorities are on a biennial survey program, at their request.

The index number itself is relative to 100. BC Assessment has reduced its property owners’ performance targets since the last service plan, based on third party consultation and insights gained from the previous surveys. The expert opinion of the independent market research firm that administers the surveys is that BC Assessment’s past scores are high, relative to other entities conducting customer interaction research. BC Assessment was also advised that survey responses can be impacted by matters beyond its control. For instance, rapidly changing local property markets set the tone for the broader provincial real estate market, which can lead to misconceptions of

BC Assessment’s role. A simple and common example is when a property owner who receives an assessment notice indicating a 40% increase in property value believes that their property taxes will also increase by 40%, and that BC Assessment is responsible for the increase. This misconception could impact their satisfaction with BC Assessment. While BC Assessment is actively supporting property owners to understand its role in the property tax system, it has accepted the expert recommendation to revise the performance targets.

BC Assessment will continue to analyze data, through customer focus groups and through additional surveys embedded on the website, to increase its understanding of customer needs and to improve processes. BC Assessment is also acting on customer feedback by delivering more educational information that helps property owners to better understand their assessment, the market and property taxes even before they contact the organization.

Objective 2.2: Valued products and services

Key Strategies:

- Engage stakeholder groups to evolve processes and ensure assessments remain fair and accurate
- Encourage use of real estate expertise and property data by the public sector to support policy decisions and service improvements

Performance Measure	2017 Actual	2018 Forecast	2019 Target	2020 Target	2021 Target
2.2a Customer Satisfaction Index – Products and Services ¹					
- Property Owners	65	65 ²	≥ 73	≥ 73	≥ 73
- Taxing Authorities	Biennial survey	≥ 73	Biennial survey	≥ 73	Biennial survey

¹ Data Source: BC Assessment has a contract with a market research firm to act as an independent third party to conduct the customer satisfaction surveys. The index figure is relative to 100.

² Actual result for 2018.

Linking Performance Measures to Objectives:

2.2a Customer satisfaction with assessment information products and services is measured using the same survey methodology as that used to evaluate customer satisfaction with employee interaction (Performance Measure 2.1a).

Survey results are analyzed to determine what specific attributes are important to customers, with a relative weight analysis used to create the index for Customer Satisfaction – Products and Services.

Discussion:

The number for property owners represents the combined results for all property owners, including residential, commercial and major industry. Property owners are surveyed annually while taxing authorities are on a biennial survey program, at their request.

BC Assessment is continually developing, enhancing and implementing products, information and services to meet or exceed customer expectations. Specifically, annual website enhancements will provide greater functionality for customers to access and analyze the information they need to make assessment and real estate decisions. The amount and depth of this information is also increasing.

Replacement of the aging core assessment business system will create opportunities to present property owners with additional information and analysis.

BC Assessment has set performance targets to provide above average customer satisfaction with assessment information. BC Assessment has kept its targets constant until sufficient years of data are available to determine if the target is achievable and reasonable before contemplating a revision.

Goal 3: High-Performing Team - Our people realize our vision by collaboratively creating innovative solutions

This goal is an evolution of Goal 2, contained in the last service plan. The objective and strategies have changed slightly, but BC Assessment continues to monitor employee engagement as a performance measure for year-over year comparability.

Objective 3.1: Engaged team members

Key Strategies:

- Implement modern practices and technology that support engagement, collaboration and flexible work options
- Define the future workforce and invest in the professional development of highly skilled people

Performance Measure	2017 Actual	2018 Forecast	2019 Target	2020 Target	2021 Target
3.1a Level of Employee Engagement	69	Biennial survey	71	Biennial survey	Previous result +2

Linking Performance Measures to Objectives:

3.1a This performance measure is tracked 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.

Discussion:

The survey is conducted by an independent organization, and only those results with a confidence level of at least 95 per cent are reported. A biennial survey schedule allows for sufficient time to analyze previous results and effect improvements. Targets have been set at “previous result + 2” to reflect both the previous result and the desired level of continuous improvement to the score. The score is improving over time, and BC Assessment continues to build upon this success through developing and implementing actions plans in response to the findings. In addition, BC Assessment has supplemented the findings from the 2017 engagement survey with more current information through an abbreviated “pulse check” survey in 2018. The pulse check allowed participating work units to check the impact of their engagement action plans and to make adjustments prior to the planned 2019 engagement survey.

Financial Plan

Summary Financial Outlook

(\$m) or (\$000)	2018 Forecast	2019 Budget ¹	2020 Budget	2021 Budget
Total Revenue				
Tax Levies	92,973	94,700	96,406	98,134
Other	7,050	5,674	5,358	5,298
Total Revenue	100,023	100,374	101,764	103,432
Total Expenses				
Employee Expenses	63,432	66,903	64,310	63,836
Other operating expenditures	27,331	29,901	31,418	30,856
Amortization	3,479	3,570	6,036	8,740
Total Expenses	94,242	100,374	101,764	103,432
Net Income	5,781	0	0	0
Total Liabilities	16,374	15,166	14,708	14,249
Accumulated Surpluses	47,335	47,335	47,335	47,335
Capital Expenditures	9,892	14,525	11,496	5,205

¹ Estimates for wage and benefits increases and tax levy rate increases have not been included in the 2019–2021 figures.

Key Forecast Assumptions, Risks and Sensitivities

Key forecast assumptions include: replacement of the core assessment business system, which will be completed within the capital budget approved by Treasury Board; annual increase in revenue related to the projected increase in the number of properties from growth; and expenditures that include increases for known contractual and inflationary pressures only.

Key risks and uncertainties affecting BC Assessment's financial outlook include: continued real estate market movement; increase in the number and complexity of appeals and future Property Assessment Review Panel and Property Assessment Appeal Board costs; change in the level of new construction and development in the province; and changes in interest and inflation rates.

Management's Perspective on the Financial Outlook

BC Assessment does not receive grants or government transfers. The primary source of revenue is a tax levy collected from each taxable property, which is budgeted to provide approximately \$94.7 million in 2019 calculated using 2018 rates. Levy rates require annual approval by Provincial Cabinet and BC Assessment's Board of Directors. In addition, BC Assessment receives approximately six per cent of its revenue from a number of other sources, including contracts with First Nations, payments in lieu of taxes and data access services.

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. BC Assessment 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.

BC Assessment manages the increasing financial pressures resulting from employee costs, folio growth, continuous improvement of customer service levels and inflationary pressures by leveraging technology to enable optimization of assessment methods and innovation in business processes to drive operational efficiency.

In 2016, BC Assessment received Treasury Board approval to replace its core property assessment system. The new system will go live in 2020 and will allow development and implementation of digital capabilities for customer interactions, property data access and information exchange, and business process efficiencies.

BC Assessment will continue to respond to real estate market movement, and to monitor the effort required to manage appeal rates and maintain property owner confidence in the property assessments that form the foundation for the provincial property taxation system.

Significant IT Projects

Project Name: *nextGen valueBC*

Scope: Implement a replacement solution for BC Assessment's aging core assessment business system.

Objectives:

- Replace the existing system prior to the loss of vendor support at end December, 2020.
- Improve efficiency of assessment roll production through automation.
- Implement a modern application that can be integrated with other existing and planned systems, and that can be extended to introduce new functionality as needed.

Benefits:

- Will allow obsolete legacy systems to be retired, reducing the overall set of systems to be supported and maintained.
- Using off-the-shelf software provides a built-in path for ongoing system enhancements and upgrades.

Risks:

- Potential for the solution to have more gaps to requirements than expected, resulting in more work, increasing costs and potentially impacting on-time delivery.
- Potential to underestimate the effort required to complete the work on time, resulting in project delays and additional costs.

Estimated total capital cost of the project: \$27.7 million

Targeted completion year: 2020

Work Planned for 2019 to 2020:

- 2019 – Completion of functional integration and data conversion testing, starting user acceptance testing, and training preparation.
- 2020 – Completion of testing, all staff training and implementation.

Appendix A: Hyperlinks to Additional Information

Corporate Governance

<https://info.bassessment.ca/About-Us/how-bc-assessment-works/Board-of-Directors>

Organizational Overview

<https://info.bassessment.ca/About-Us/about-BC-Assessment>

Property Assessment Review Panel

<https://www2.gov.bc.ca/gov/content/housing-tenancy/owning-a-home/property-assessment-review-panels2/about-property-assessment-review-panels>

Property Assessment Appeal Board

<http://www.assessmentappeal.bc.ca/>