



BC ASSESSMENT

**2018 – 2020
SERVICE PLAN**

February 2018



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Or visit our website at
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Board Chair Accountability Statement



The 2018 - 2020 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 content of 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 26, 2018, 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.

A handwritten signature in cursive script that reads "Judy Rogers".

Judy Rogers
Board Chair

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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 \$7.5 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.

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

Government Priorities	BC Assessment Aligns with These Priorities By:
Delivering the services people count on	Ensuring our customers trust us and see us as essential to satisfying their property assessment information needs (Goal 3)
A strong, sustainable economy	Ensuring our work delivers an accurate assessment roll with current property information in a financially responsible manner (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 our 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 us to develop and implement digital capabilities for customer interactions, property data access and information exchange, to maximize the value of our property data for all British Columbians.

In support of Article 4 of the United Nations Declaration on the Rights of Indigenous Peoples, 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 78 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 [2018 Mandate Letter](#):

- Continue to focus on BC Assessment's core mandate which is 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 our extensive expert knowledge on valuation and real estate.
- Continue the replacement of BC Assessment's existing core operating system (valueBC information system) with nextGen valueBC to improve the collection, development and distribution of assessment information, as approved by Treasury Board.
- Implement the recommendations of the Ministry of Finance's September 2016 Review of BC Assessment Authority to ensure that BC Assessment is continuing to provide services to the citizens of British Columbia in the most effective and efficient manner in support of its mandate.
- 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. Our Market Activity Response Team is in place to support customer segments in understanding and responding to the impacts of value changes. Scheduled replacement of our core assessment technology is underway, with anticipated improvements to data quality, management and accessibility over the duration of this plan.

The information management and information technology investment, along with a 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. We will continue to pursue partnerships for information and cost sharing, and continuous process improvement initiatives in order to maintain current service delivery and ensure stability of the property tax system.

Performance Plan

BC Assessment values the relationship we have with our responsible ministry, the Ministry of Municipal Affairs and Housing. We regularly engage with our Ministry on legislative, regulatory and policy initiatives and will continue to do so on future projects as required by the Minister to deliver our mandate.

Goal 1: Our work delivers an accurate assessment roll with current property information in a financially responsible manner

BC Assessment is committed to improving operational and cost effectiveness while delivering a high quality Assessment Roll. Continued innovation in assessment processes and services will enable BC Assessment to contribute to a stable tax base and continue to provide affordable assessment solutions.

As an assessment organization, accurate information about properties is critical to the delivery of fair and uniform assessments. We therefore invest heavily in property data accuracy programs, in which we use innovative methods to collect and verify data at unprecedented levels as the number of properties in British Columbia continues to grow. The replacement of our core mass appraisal system will allow us to take advantage of significant advancements in digital technologies and to improve both our assessment and business practices.

Objective 1.1: Produce accurate and uniform assessment rolls

Key Strategies:

- Invest in assessment quality management initiatives that increase the accuracy and advance the fairness of our annual assessment roll.
- Configure and implement a modern core mass appraisal system that optimizes the delivery of assessment services.
- Invest in data management governance, processes and systems to optimize data accuracy and enable the integrated use of property, financial and operational data.

Performance Measures	2016 Actual	2017 Actual	2018 Target	2019 Target	2020 Target
1.1a Assessment to sales ratio ¹					
- Residential	98.1%	98.1%	97–100%	97–100%	97–100%
- Non-residential	95.8%	96.8%	95–100%	95–100%	95–100%
1.1b Coefficient of dispersion ¹					
- Urban	7.1%	6.5%	5.0–10.0%	5.0–10.0%	5.0–10.0%
- Rural	9.0%	9.1%	5.0–15.0%	5.0–15.0%	5.0–15.0%
1.1c Assessment roll stability – change in taxes collected ¹	0.06%	0.17%	≤ 0.22%	≤ 0.22%	≤ 0.22%

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.

1.1c Roll stability is a critical issue for local governments, which rely largely on property taxes to fund services to 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.

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 5-10 per cent for homogeneous (urban) regions and 5-15 per cent for heterogeneous (rural) regions.

For performance measures 1.1a and 1.1b, the 2017 figures presented in this plan are based on preliminary calculations using the 2018 Completed Roll. The 2017 Actual results to be reported in our *2017 Annual Service Plan Report* may differ slightly, as they will be based on the 2018 Revised Roll, which reflects the final assessments following any appeal revisions made in early 2018.

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 1.1c 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. Therefore, the 2017 Actual measures 2016 roll stability by estimating the changes in taxes collected as a result of supplementary rolls issued between May 1, 2016, and December 31, 2017.

BC Assessment has kept future targets constant for these three performance measures. For 1.1a and 1.1b, the targets align to international standards. For 1.1c, the targets were determined based on analysis of historical data when only refunds were considered. In 2014, the measure was revised to

include changes in both taxes collected or refunded. BC Assessment will re-evaluate targets for this measure once five years of data has been collected.

Objective 1.2: Demonstrate fiscal responsibility

Key Strategies:

- Implement a continuous business process and system improvement discipline throughout the company to achieve operational productivity gains.
- Find a balance to deliver assessments today while investing to improve service levels in the future.

Performance Measure	2016 Actual	2017 Forecast ²	2018 Target	2019 Target	2020 Target
1.2a Average net cost per property for assessment services ¹	\$43.07	\$43.19	\$45.06	\$45.49	\$45.92

¹Data Source: Internal property information database.

²The calculation for 2017 was adjusted to remove one-time extraordinary revenue of \$1.3 million related to the return of undistributed BC ParcelMap Grant upon expiry of this program.

Linking Performance Measures to Objectives:

1.2a This performance measure reflects BC Assessment’s commitment to keeping the costs of assessments affordable 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 2018 to 2020 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: Our people are skilled and knowledgeable professionals invested in making our vision reality

BC Assessment strives to provide a workplace of choice for its employees, and leverages innovation and technology along with investment in employee development to create a supportive, diverse and flexible work environment where people can contribute to the success of our province and find a rewarding career.

Objective 2.1: Increase engagement of our people

Key Strategies:

- Build and promote a great place to work and grow a career, with flexible work options.

- Enable a culture where everyone owns our values and is committed to our strategic direction.
- Invest in the professional development of highly skilled people.

Performance Measure	2016 Actual	2017 Actual	2018 Target	2019 Target	2020 Target
2.1a Level of employee engagement	Biennial survey	69	Biennial survey	71	Biennial survey

Linking Performance Measure to Objective:

2.1a This performance measure, with a maximum score of 100, 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. BC Assessment continues to implement the findings from the 2017 survey, and will be supplementing this with more current information through an abbreviated “pulse check” survey in 2018.

Goal 3: Our customers trust us and see us as essential to satisfying their property assessment information needs

BC Assessment is a customer-centric organization that aims to meet the diverse needs and expectations of the Province, local governments, First Nations and property owner customer groups while operating within our assessment mandate and financial capacity. This requires an understanding of our customer groups and continuous improvement of our supporting processes, products and services. We strive to improve access to and exchange of property information to support our assessment business and provide greater value to our customers.

Objective 3.1: Our customers receive high quality service

Key Strategies:

- Create insights into all of our customer segments to provide them with relevant assessment products and services.
- Develop and implement digital capabilities to interact with customers and exchange property data and information.

Performance Measure	2016 Actual	2017 Actual	2018 Target	2019 Target	2020 Target
3.1 Customer Satisfaction Index – Employee Interaction ¹					
- Property Owners	Process change ²	82	≥ 86	≥ 86	≥ 86
- Taxing Authorities	89	Biennial survey	≥ 86	Biennial survey	≥ 86

¹Data 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 BC Assessment changed the report date for property owner survey results in 2016 to better align with its business cycle and to improve performance inputs and analysis. This means that the results of the first quarter 2017 survey are reported against the 2017 target rather than a 2016 target, but there is no interruption to our customer survey process.

Linking Performance Measure to Objective:

3.1 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 our customers and to provide an indicator of the quality of service that our customers perceive they are receiving.

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 with excellent performance represented by results in the range of 86 to 100. BC Assessment has set performance targets in this excellence range. BC Assessment has kept the targets constant until enough years of data are available to determine if the target is achievable and reasonable before contemplating a revision.

Objective 3.2: High acceptance of property assessments

Key Strategies:

- Enhance our customers’ understanding of the provincial property assessment system.
- Improve customer communications to address market activity trends and value change impacts.
- Facilitate customer validation of accuracy and uniformity through improved transparency and access to assessment data.

Performance Measure	2016 Actual	2017 Forecast	2018 Target	2019 Target	2020 Target
3.2 Percentage of assessments accepted without appeal ¹	98.6%	≥ 98.0%	≥ 98.0%	≥ 98.0%	≥ 98.0%

¹Data Source: Internal property information database.

Linking Performance Measure to Objective:

3.2 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 market value or exemption status, or who believe that their property was improperly classified, can challenge the assessment.

Discussion:

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 2017 results (for the 2018 Assessment Roll) for this performance measure will not be available until April 2018, 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.

Goal 4: Our products and services optimize the value we create for our customers

BC Assessment aligns with government's commitment to deliver services that people count on by working to optimize the value we provide to British Columbians and by sharing our extensive property information. This requires continued investment in the accuracy of our property data. For many years, public and private sector organizations have shown interest in accessing and acquiring this data. More than ever before, accurate and comprehensive property data is proving useful in supporting economic development in our province.

BC Assessment is supporting the expanded use of our property data by enhancing access channels, product options and service delivery and by encouraging other organizations to use the data for their own purposes. BC Assessment is also working to define value-added products for customer clarity. While most data is provided free-of-charge, there are also limited circumstances in which commercial users pay for data. The revenue from data licensing is reinvested in our assessment business and helps to keep the burden on property taxpayers as low as possible.

Objective 4.1: Our customers receive products and services that meet their property information needs

Key Strategies:

- Define a portfolio of high-impact and cost-effective property information products and services.
- Build organizational capability and capacity to enhance our products and services.
- Safeguard non-tax levy revenue sources and increase access to our data.

Performance Measure		2016 Actual	2017 Actual	2018 Target	2019 Target	2020 Target
4.1	Customer Satisfaction Index – Products and Services ¹					
	- Property Owners	Process change ²	65	≥ 73	≥ 73	≥ 73
	- Taxing Authorities	73	Biennial survey	≥ 73	Biennial survey	≥ 73

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 BC Assessment changed the report date for property owner survey results in 2016 to better align with its business cycle and to improve performance inputs and analysis. This means that the results of the first quarter 2017 survey are reported against the 2017 target rather than a 2016 target, but there is no interruption to our customer survey process.

Linking Performance Measure to Objective:

4.1 Customer satisfaction with our products and services is measured using the same survey methodology as that used to evaluate customer satisfaction with employee interaction (Performance Measure 3.1).

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

Discussion:

The figure 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 has set performance targets to provide above average customer satisfaction with our products and services. BC Assessment has kept its targets constant until enough years of data are available to determine if the target is achievable and reasonable before contemplating a revision.

Financial Plan

Summary Financial Outlook

(\$000)	2017 Forecast	2018 Budget	2019 Budget	2020 Budget
Total Revenue				
Tax levies	89,487	91,272	93,072	94,872
Other	7,700	6,069	5,530	5,530
Total Revenue	97,187	97,341	98,602	100,402
Total Expenses				
Employee expenses	63,500	65,264	63,162	63,856
Other operating expenditures	26,392	28,246	29,760	29,054
Amortization	3,243	3,831	5,680	7,492
Total Expenses	93,135	97,341	98,602	100,402
Annual Surplus	4,052	0	0	0
Total Liabilities	16,167	15,615	15,156	14,698
Accumulated Surpluses	40,936	40,936	40,936	40,936
Capital Expenditures	7,565	13,367	14,317	4,491

* Further information on program funding and vote recoveries is available in the [Estimates and Supplement to the Estimates](#).

Key Forecast Assumptions, Risks and Sensitivities

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 expenditure commitments, address increasing demands caused by growth and improvements in products and services, manage potential risks and execute the Provincial and Board of Directors strategic business objectives.

Key forecast assumptions include: replacement of the core assessment system will be completed within budget as approved by Treasury Board; annual increase in revenue from growth; and, expenditures include increases for known contractual and inflationary pressures.

Key risks and uncertainties affecting BC Assessment's financial outlook include: continued real estate market movement, particularly in commercial properties; 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 salaries and benefits.

Management's Perspective on the Financial Outlook

BC Assessment is funded primarily through property tax levies administered by the taxing authorities – budgeted to be approximately \$91.3 million in 2018. In addition, BC Assessment receives revenue from a number of other sources, including contracts with First Nations, payments in lieu of taxes and data access services.

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 property tax levy rates 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 leveraging technology, investing in innovation to improve workforce productivity and by using risk-based operating and resource allocation methodologies.

In 2016, BC Assessment received Treasury Board approval to replace its core property assessment system. The new system will go live in 2019 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 in 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: 2019

Work Planned for 2018 to 2019:

- 2018 – Completion of the installation and set-up phase, final data conversion and testing
- 2019 – Completion of testing, 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>

Property Assessment Appeal Board

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