

2013 Annual Report

Property Assessment Appeal Board

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Board Profile

The Property Assessment Appeal Board is a quasi-judicial administrative tribunal established under the *Assessment Act*. It is the second level of appeal following the Property Assessment Review Panels.

The most common issues in assessment appeals are:

- Whether an assessment reflects the property's probable market value;
- Whether the assessment is equitable, or fair, when compared to the assessments of other similar properties;
- Whether the property has been properly classified for assessment purposes;
- Whether a property qualifies for an exemption from taxation.

An effective and independent appeal system is critical to maintain taxpayers' confidence in the accuracy and integrity of the assessment roll.

The Board's objectives are:

- To resolve appeals justly and consistently, in accordance with the principles of natural justice and procedural fairness.
- To complete appeals as quickly and efficiently as possible, within budget and at minimum cost to participants and the Board.

The Board is independent from the Property Assessment Review Panels and BC Assessment, and is accountable to the Minister of Community, Sport and Cultural Development. The Board has a full-time Chair, two full-time Vice Chairs and 18 part-time members, a Registrar and five support staff. The names and term expiry dates of the Board Members serving in the past year are in Appendix 1.

A glossary of terms used in this report is in Appendix 2.

Report on Performance

Targets

The Board's targets for 2013 were:

1. To register and acknowledge the 2013 appeals by May 31, 2013.
2. To issue at least 90% of written decisions within 90 days from the hearing.
3. To complete or schedule for hearing by March 31, 2013, 75 to 85% of the active 2012 commercial and industrial appeals.
4. To complete or hear by December 31, 2013, 90 to 100% of the 2013 residential, farm, and recreational property appeals.

Results

The Board met all its performance targets as shown below:

Target	Result by Dec. 31, 2013
1. registration of 2013 appeals	completed on May 28, 2013
2. timeliness of written decisions	97% completed within 90 days
3. 2012 commercial & industrial property appeals	78% completed or scheduled for hearing by Mar. 31, 2013
4. 2013 residential, farm & recreational property appeals	93% completed or heard by Dec. 31, 2013

The following table compares the Board's workload last year to the two previous years:

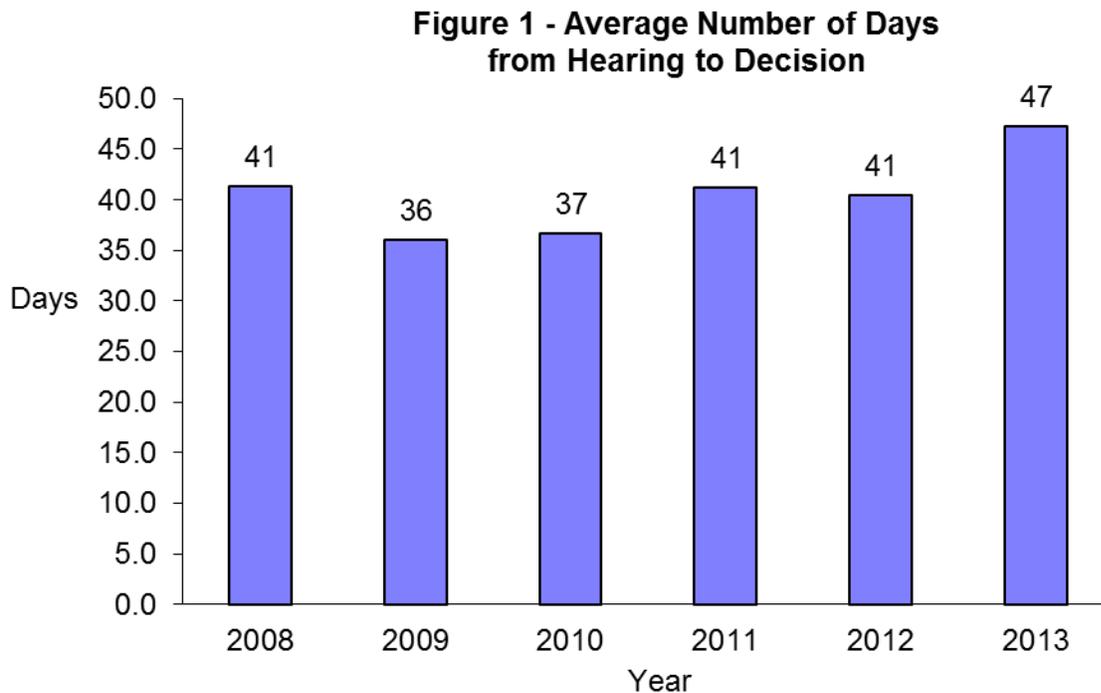
Activity	2013	2012	2011
New appeals received in year	1,769	2,018	2,052
Carry over from earlier years	1,165	891	865
Total appeal workload	2,934	2,909	2,917
Appeals completed during the year	2,023	1,744	2,026
# and % of appeals resolved without a hearing	1,862 (92%)	1,606 (92%)	1,813 (89%)

The Board maintained a high resolution rate using alternative dispute resolution practices. An appeal settles either by being withdrawn, resulting in no change to the assessment, or by a Board order to change the assessment to reflect an agreement by

the parties. If the parties cannot resolve an appeal, the Board will adjudicate either by way of an in-person hearing or by way of written submissions. Appendix 4 provides the Board's completion statistics for 2013.

Approximately 45% of the Board's decisions in 2013, whether by agreement or adjudication, resulted in a change to the assessment.

Following adjudication, the length of time to complete a decision varies depending on the complexity of appeals and workload of the Board members. In 2013, the average time to complete a written decision was 47 days. Although slightly higher than in recent years, this time is still well within the Board's service objectives of 60 days for residential appeals and 90 days for commercial and industrial appeals.

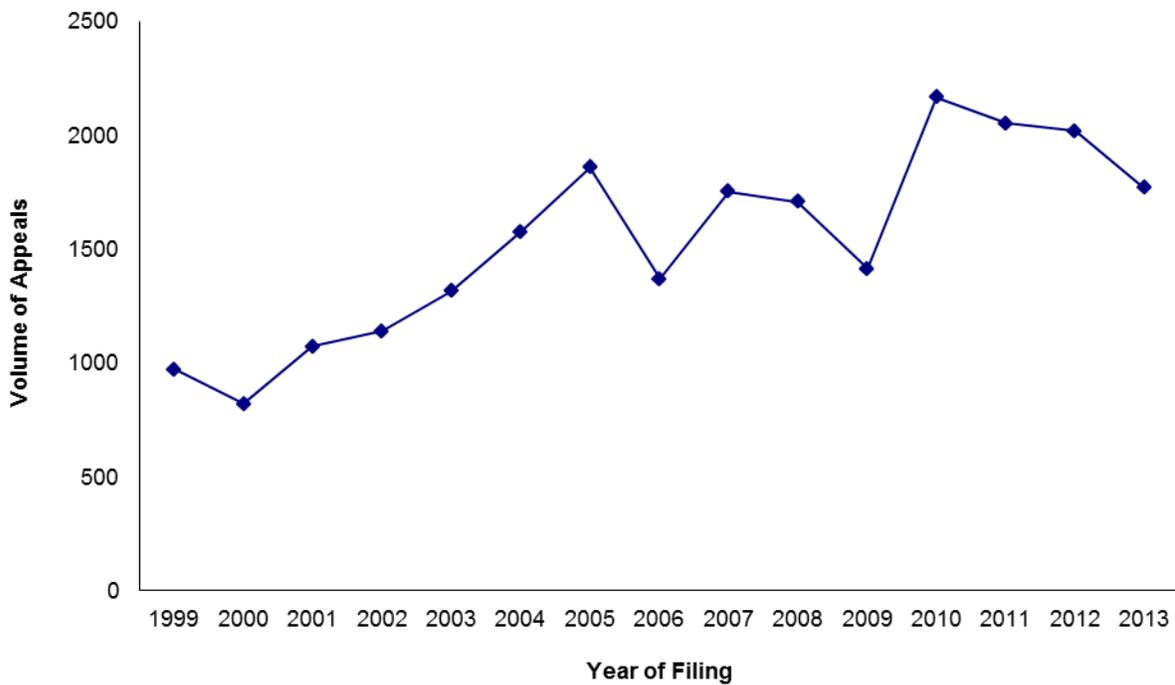


Analysis of Outstanding Appeals

Volume of New Appeals

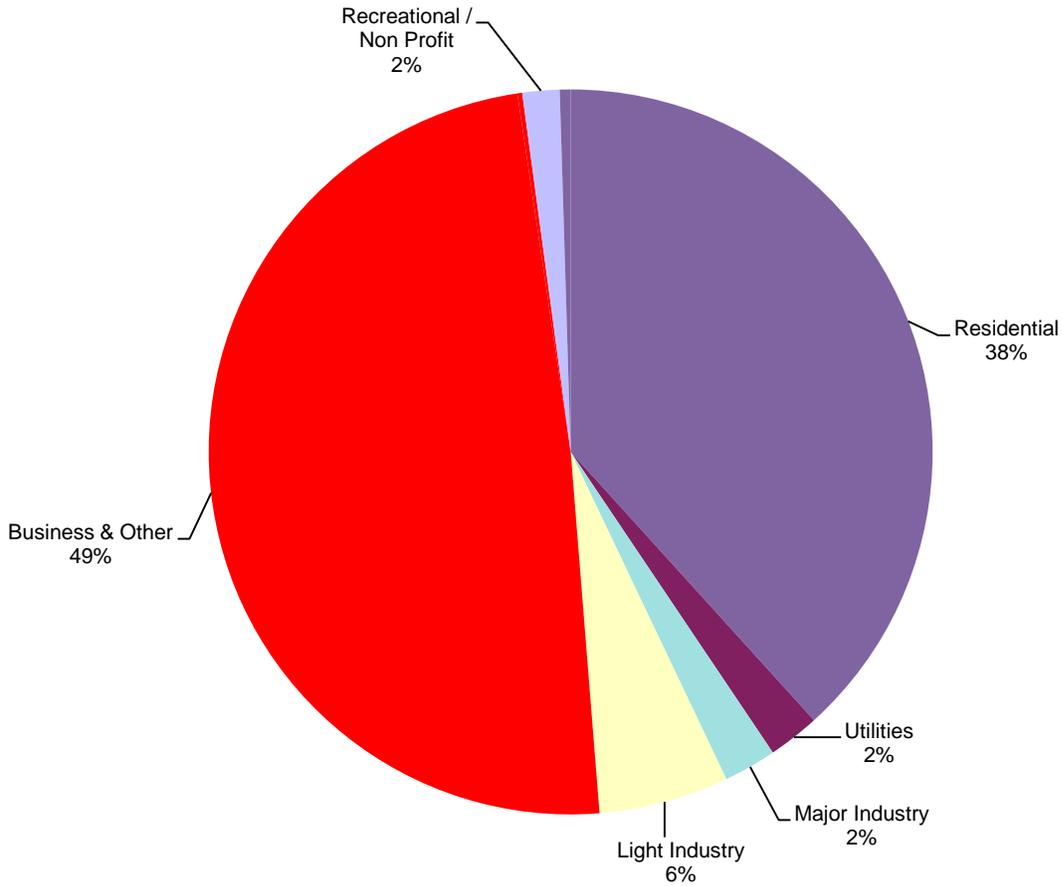
The Board received 1,769 new appeals in April 2013, representing a 12% decrease from the previous year. This volume is still higher than the annual average of 1,516 over the last 14 years.

Figure 2 - Change in Volume of Property Assessment Appeals



As usual, the majority of appeals in 2013 were from the assessments of commercial, industrial, and residential properties. The commercial and industrial appeals are typically more complex and take longer to resolve.

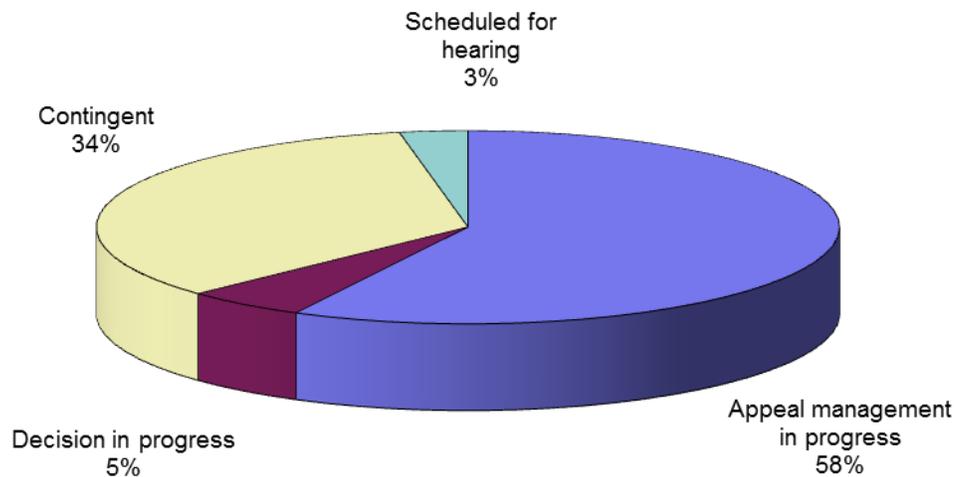
Figure 3 - Portion of Appealed Properties by Classification



Year-end Position

As of December 31, 2013, there were 911 outstanding appeals. Following is a breakdown of the status of the outstanding appeals at December 31, 2013:

Figure 4 - Status of Outstanding Appeals



For the majority of outstanding appeals (in Appeal management in progress), the Board is continuing to work with the parties to resolve as many of the issues as possible by mutual agreement. The Board will schedule a written submission or in-person hearing if further discussion does not resolve the appeals.

Contingent appeals have the same issues as other appeals before the Board or the Courts. The Board cannot move forward with these appeals until the related appeals conclude.

The proportion of contingent appeals increases with older appeals. At year-end, 15% of the 2013 property assessment appeals were contingent, whereas 65% of the outstanding 2012 and older appeals were in this category. The majority of the older appeals are pending resolution of a single issue: whether taxing jurisdiction rests with a First Nation, or a municipal or provincial authority. Once this issue is determined, these appeals will almost immediately be resolved.

Given the population and business distribution throughout the Province, the majority of outstanding appeals (56%) are in Greater Vancouver.

Figure 5 - Regional Distribution of Appeals

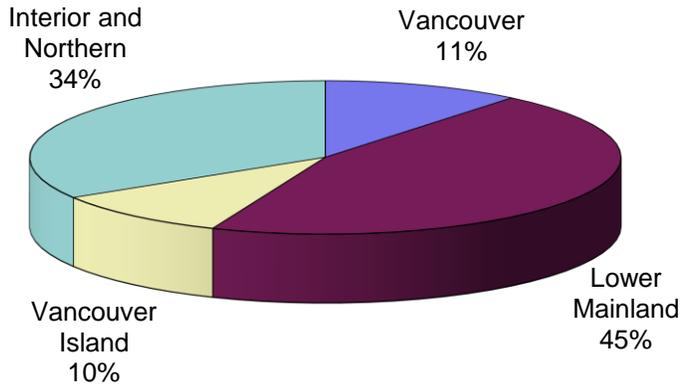


Figure 6 illustrates the portion of appeals completed by appeal year.

Figure 6 - Completed appeals by the year of original filing

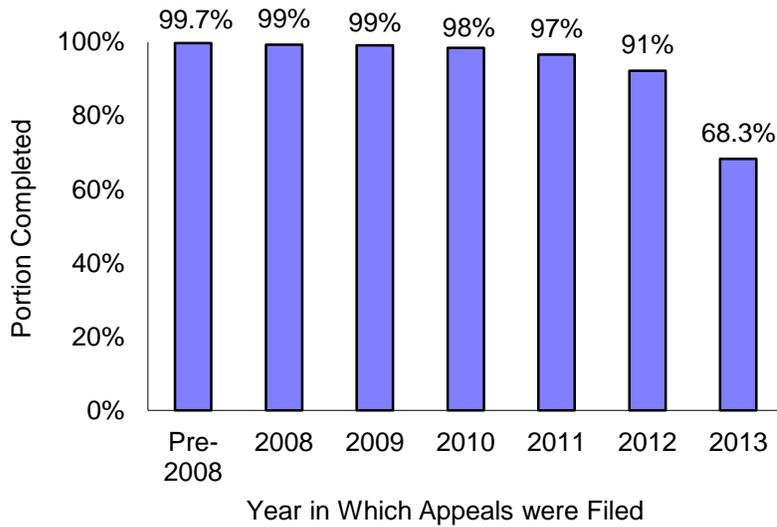
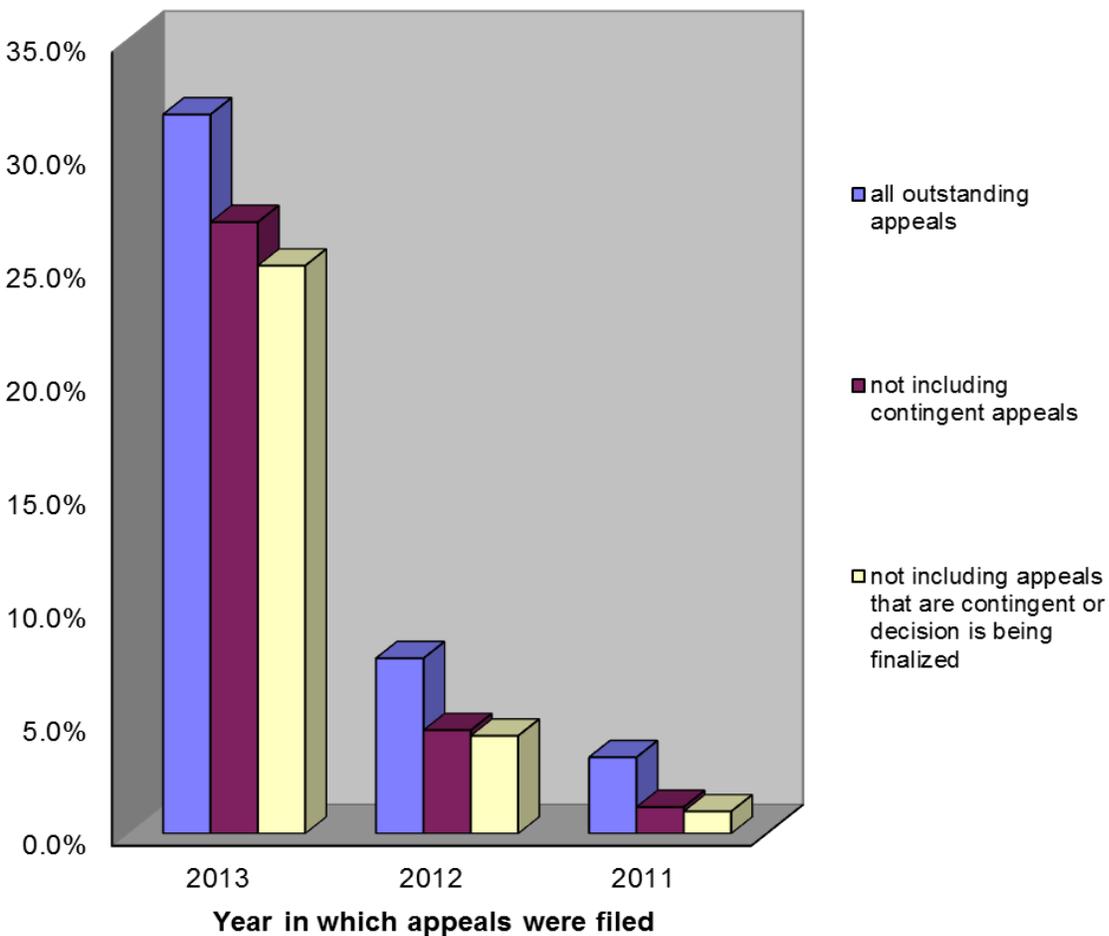


Figure 7 illustrates outstanding appeals as a percentage of the total originally filed. For a more accurate picture of the unresolved appeals at year-end, the portion outstanding is adjusted for:

- Appeals that are contingent; and
- Appeals that are effectively complete (i.e. have been heard or resolved but the Board’s final orders have not been published).

After these adjustments, the effective portions of outstanding 2013, 2012 and 2011 appeals as of December 31, 2013 were 25%, 4.3% and 1.0%, respectively.

Figure 7 - Portion of Appeals Outstanding



More detailed statistics are provided in Appendices 3 to 6.

Appeals to the Courts

A person affected by a decision of the Board may appeal to the B.C. Supreme Court on a question of law using a process called a stated case. The request to state a case must be made within 21 days of receiving the Board's decision. The decision of the Supreme Court may be appealed to the B.C. Court of Appeal with leave.

At the beginning of 2013, seven stated cases from previous years were outstanding before the B.C. Supreme Court. During the year, four new stated cases were filed. The Court confirmed the Board's decision in five appeals. One case was abandoned. At year-end, five stated cases were still before the B.C. Supreme Court, including an appeal from the Board's decision on the valuation of property occupied by Nav Canada.

The Court of Appeal confirmed the Board's decision in an appeal involving the valuation of a co-operative housing complex. At December 31, 2013, there were no outstanding stated cases before the Court of Appeal.

There were no applications in 2013 for leave to appeal to the Supreme Court of Canada.

Responses to Challenges in 2013

The Board used the following strategies to resolve appeals:

1. The Board offered residential property owners the option of using on-line dispute resolution (ODR), in place of a telephone appeal management conference, to assist them with resolving their appeals by mutual agreement. The response to ODR has been positive. Sixty percent of the appeals using ODR resolved by mutual agreement.
2. The Board adjudicates residential appeals that do not settle by written submissions (unless circumstances require an in-person hearing). This method is less costly than in-person hearings, as participants do not have to travel to a hearing or take time off work to attend, and generally allows appeals to be completed sooner.
3. For commercial and industrial appeals, the Board convenes in-person or telephone appeal management conferences with tax agents and BC Assessment to discuss groups of appeals. This approach is more efficient than dealing with appeals individually.
4. For more complex commercial and industrial appeals, the Board frequently requires the parties to exchange of Statements of Issues, Evidence, and Analysis. This tool accelerates disclosure of detailed appeal issues and supporting evidence, and can assist with the early resolution of appeals.
5. The Board permits selective use of “self management” whereby tax agents and BC Assessment hold resolution discussions on their own with progress reports back to the Board. The Board assumes more hands-on appeal management if it becomes evident resolution is not likely or progress is not timely enough.
7. The Board conducts Settlement Conferences to narrow the issues and settle appeals without the need for hearings.
8. Occasionally, Settlement Conferences are converted to a hearing with the consent of both parties. This “med/arb” process prevents duplication of work and can allow for a quicker completion of appeals.

Other Activities

Consultation with the Assessment Community

In April 2013, the Board held its annual forum with tax agents, legal counsel and BC Assessment to discuss the management of commercial and industrial appeals. The near record high level of appeals over the last three years provided the backdrop for discussion aimed at developing strategies to tackle a growing backlog. Several strategies emerged from these discussions including:

1. Identification of appeal issues and production of relevant information earlier in the appeal year.
2. More detailed and timely reporting on the status of appeals so the Board is fully informed of the progress for appeals being “self-managed” and is able to intervene if necessary.
3. Greater initiative by the Board in enforcing orders and ensuring timelines are adhered to.

Transformation & Technology

The Board delivered a new website tool - “Should I Appeal my Assessment?” to assist the public. This interactive tool is interspersed with videos and is the first of its kind in the Province’s administrative justice sector.

On-line Dispute Resolution

The Board launched On-line Dispute Resolution (ODR) for residential appeals. Homeowners were given the choice of traditional telephone facilitation or ODR. We were pleased with the up take in ODR with 37% of residential Appellants deciding to use the new technology. We actually resolved a higher portion of the appeals using the on-line technology than with our usual telephone method (although the difference may not be statistically significant). Most importantly, 73% of participants surveyed said they would prefer ODR if they appeal again.

Board Finances

The Board's budget for April 1, 2013 to March 31, 2014 is \$1.39 million, fully funded from the property tax levy, appeal fees and charges to the Ministry of Natural Gas Development (for services provided to the Surface Rights Board) and to the Ministry of Justice (for time spent by Cheryl Vickers as Acting Chair of the Civil Resolution Tribunal).

The estimated expenditures for 2013/2014, compared with the past five fiscal years, are as follows:

Figure 8 – Budget versus Actual Expenditures by Fiscal Year (\$000's)

Fiscal Year	Budget ¹	Actual	Under/(Over)	%
2013/14 ²	\$1,388	\$1,226	\$162	12%
2012/13	\$1,404	\$1,210	\$194	14%
2011/12	\$1,287	\$1,291	(\$4)	(0.3%)
2010/11	\$1,277	\$1,143	\$134	10%
2009/10	\$1,486	\$1,247	\$239	16%
2008/09	\$1,578	\$1,504	\$74	5%

Notes:

1. The above budget figures are inclusive of revenue from appeal fees.
2. Expenditures for fiscal year 2013/14 are forecasted based on actual expenditures to Jan. 31, 2014.

The Board forecasts it will be under budget for fiscal 2013/14 by 12%. The Board collected \$94,000 in appeal fees and forecasts billing \$97,000 for services to the Surface Rights Board and \$52,000 in relation to the Civil Resolution Tribunal. These revenues reduce the overall funding requirement from the property tax levy.

A further breakdown of expenditures is provided in Appendix 7.

Looking Forward

Challenges for 2014

The Board will concentrate on resolving the remaining commercial and industrial appeals. We will attempt to resolve these appeals through mutual agreement; however, if they are not resolved in the first quarter of 2014, most will be scheduled for adjudication.

The Board will also monitor the contingent appeals. Once related Court and Board decisions are rendered, the Board will work with the parties to complete these appeals.

In May 2014, the Board will start resolving the newly filed 2014 appeals using traditional dispute resolutions tools as well as new technologies including on-line dispute resolution.

Targets for 2014

The Board has set the following 2014 targets:

1. To complete registration of the 2014 appeals by May 31, 2014.
2. To issue at least 90% of written decisions within 90 days of hearing.
3. To complete or schedule for hearing by March 31, 2014, 75 to 85% of the active 2013 commercial and industrial appeals.
4. To complete or hear by December 31, 2014, 90 to 100% of the 2014 residential, farm and recreational property appeals.
5. To complete or schedule for hearing by March 31, 2015, 75 to 85% of the active 2014 commercial and industrial appeals.

These completion targets will be reviewed once the volume of 2014 appeals is known following the April 30th appeal deadline. The Chair of the Board will discuss any proposed revisions with the Minister of Community, Sport and Cultural Development. Despite any performance target, the Board must ensure that appeals are resolved in accordance with the principles of procedural fairness. Whenever there is a conflict between a performance target and these principles, procedural fairness must prevail.

Appendix 1

Board Members

Name	Position	Term Expiry Date
Allan Beatty	Member	December 31, 2014
Patricia Begg	Member	December 31, 2013
John Bridal	Member	December 31, 2016
Valli Chettiar	Vice Chair	August 31, 2015
Larry Dybvig	Member	December 31, 2015
Dianne Flood	Member	December 31, 2015
Jeffrey Hand	Member	December 31, 2014
Christopher Hope	Member	December 31, 2016
Bob Kasting	Member	December 31, 2013
David Lee	Member	December 31, 2015
Bruce Maitland	Member	December 31, 2016
Brian McConnell	Member	December 31, 2016
Garry Morgan	Member	December 31, 2014
Harvey Pearson	Member	December 31, 2014
Dale Pope	Member	December 31, 2015
Don Risk	Member	December 31, 2016
Simmi Sandhu	Vice Chair	December 31, 2016
Brian Sharp	Member	December 31, 2015
Audrey Suttorp	Member	December 31, 2016
Kenneth Thornicroft	Member	December 31, 2016
Cheryl Vickers	Chair	December 31, 2016

Appendix 2

Glossary of Terms

Appeal Management Conference (AMC)

The main purpose of an AMC is to clarify the issues, facilitate resolution if possible, and set steps to resolve the appeal. Most AMCs are conducted by telephone. If resolution does not appear likely, the appeal may be scheduled for a settlement conference or a written submission or in-person hearing. Some complex appeals may have several AMCs before they are resolved.

Contingent

Contingent appeals are held pending action on other appeals before the Courts or the Board. This occurs when the appeal issues are the same and it is appropriate to hold the appeal until the Court or Board makes a decision on the other appeal.

Decision in Progress

This term is used in the statistical appendices. It includes appeals that have had a hearing and the Board is in the process of preparing a written decision. It also includes appeals in which the Board is preparing an order on a dismissal, withdrawal or recommendation to change the assessment.

Dismissal Order

The Board may issue an order dismissing an appeal in two circumstances:

1. The Board does not have jurisdiction to deal with an appeal; or
2. A party (specifically the Appellant) does not comply with a Board order during the appeal.

When appeals are received, the Registrar will write to the parties with his opinion on whether the Board has jurisdiction based on the criteria in the *Assessment Act*. A party can ask the Board to reconsider this opinion.

Recommendation

When the parties mutually agree to change the assessment, they submit a joint "Recommendation" to the Board. If the Board is satisfied that the recommended changes ensure the accuracy and consistency of assessments, it will issue an order authorizing BC Assessment to implement the changes.

Roll Number

The roll number is a distinctive number assigned to each entry on the assessment roll. Generally, every property has a roll number and receives an individual assessment.

Settlement Conference

The purpose of a Settlement Conference is to reach mutual agreement on the appeal issues. A Board member facilitates this Conference and discussions are without prejudice to the position that may be taken if the appeal proceeds to a hearing. Discussions at Settlement Conferences are confidential and any documents submitted do not become part of the public record.

Withdrawal

An Appellant may apply to the Board to discontinue their appeal at any time before a hearing. If approved, the Board will issue an order closing the appeal. The Board may refuse to allow an appeal to be withdrawn if it concerned an assessment is likely inaccurate or inequitable.

Appendix 3
2013 Property Assessment Appeal Completion Results Compared to 2012

Period	Appeals at Beginning of Period	Appeals at December 31	Appeals Completed Within Period	% Completed in Period
2013				
New Appeals	1,769	561	1,208	68%
Prior Year Appeals	1,165	350	815	70%
Year 2012 Total	2,934	911	2,023	69%
2012				
New Appeals	2,018	827	1,191	59%
Prior Year Appeals	891	338	553	62%
Year 2011 Total	2,909	1,165	1,744	60%

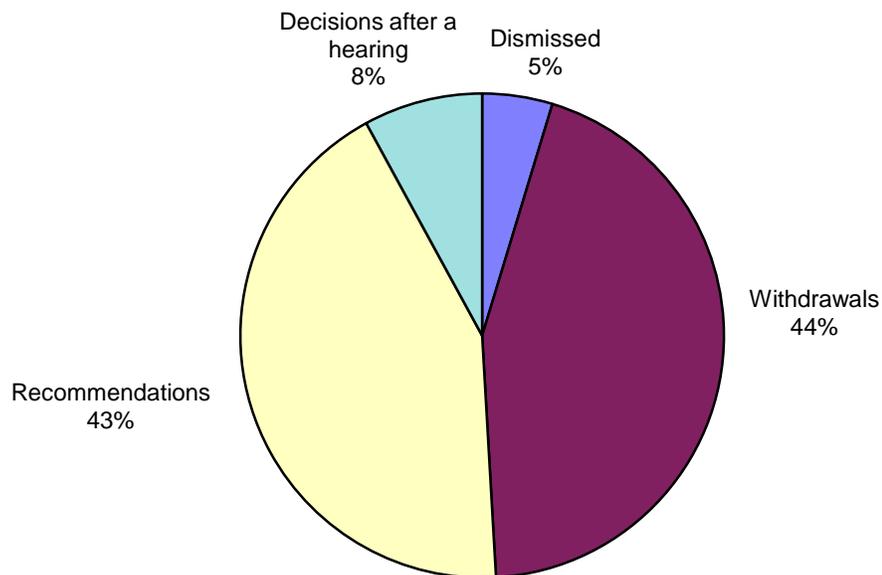
Appendix 4 Property Assessment Appeals Completion Results by Appeal Year

Year filed	Appeals at Beginning of Year	Method of Completion				Total Completed	Appeals Outstanding at Dec 31/13
		Dismissed	Withdrawals	Recommendations	Decisions after a hearing ¹		
2013 ²	1,769	91	497	514	106	1,208	561
2012	827	3	349	285	34	671	156
2011	180	0	47	52	12	111	69
2010	63	0	5	16	9	30	33
2009	15	1	0	2	0	3	12
2008	11	0	0	0	0	0	11
2007	69	0	0	0	0	0	69
TOTAL	2,934	95	898	869	161	2,023	911

Notes:

1. Decisions can be made through an in-person hearing or by way of written submissions from the parties.
2. With an appeal deadline of April 30th each year, the time period for completing 2013 appeals was from May 1 to December 31.

Method of Completion of Appeals in 2013



Appendix 5 Summary of Outstanding Property Assessment Appeals

APPEAL STATUS	OUTSTANDING APPEALS						
	TOTAL	2013 APPEALS ¹			PRIOR YEARS ²		
	Dec 31/13	Dec 31/13	April 30/13	Inc./((Decr.)	Dec 31/13	Dec 31/12	Inc./((Decr.)
Appeal Management in Progress	525	421	1,769	(76%)	104	801	(87%)
Scheduled For Hearing	27	22	0	N/A	5	74	(93%)
Pending Board or Court Decision	311	84	0	N/A	227	220	3%
Decision in Progress	48	34	0	N/A	14	70	(80%)
Total Outstanding Appeals	911	561	1,769	(68%)	350	1,165	(70%)

Notes:

1. April 30, 2013 was the filing deadline for the 2013 appeals.
2. Includes all outstanding appeals to the Board from the 2012 and earlier rolls.

Appendix 6
Board Activities in 2013 Compared to Prior Years

Board Activity	Results in year:				
	2013	2012	2011	2010	2009
Overall Appeal Caseload					
New Appeals Registered	1,769	2,018	2,052	2,166	1,412
Prior Year Appeals (beginning of year)	1,165	891	865	439	781
Total Appeals	2,934	2,909	2,917	2,605	2,193
Appeal Management Conferences (AMCs)					
# of AMCs Conducted	513	584	769	775	625
# of Appeals Involved	1,300	1,523	1,568	2,109	2,626
Settlement Conferences Held	15	19	40	18	44
Hearing Statistics					
# of In-Person Hearings	8	11	18	12	19
# of Hearing Days	22	26	49	25	40
# heard by Written Submissions	125	112	163	144	105
Appeal Completion Method					
By withdrawals/dismissal orders	993	776	934	862	787
By recommendations	869	830	825	678	793
By decisions after a hearing	161	138	213	200	169
Appeals					
Number Completed	2,023	1,744	1,972	1,740	1,749

Appendix 7

Breakdown of Expenditures (\$000's)

Fiscal Year	Salaries & Benefits	Members Fees & Exp.	Travel Expenses	Occupancy Expenses	Systems & Telecommun.	Office & Misc. Exp.	Total Expenses	Less SRB & CRT ²	Net Expenses
2013/14 ¹	819	165	10	102	95	35	1,226	127	1,099
2012/13	812	149	12	102	94	40	1,209	68	1,141
2011/12	774	238	7	108	114	50	1,291	44	1,247
2010/11	769	151	16	113	132	44	1,225	82	1,143
2009/10	772	140	34	110	158	33	1,247	61	1,186
2008/09	836	256	39	92	216	65	1,504	93	1,411
2007/08	827	209	35	81	177	65	1,394	125	1,269
2006/07	832	188	16	83	231	61	1,410	76	1,335

Notes:

1. Expenditures for fiscal year 2013/14 are forecasted based on actual expenditures to January 31, 2014.
2. Includes the costs recovered for services to the Surface Rights Board (SRB) and the Civil Resolution Tribunal (CRT). Also includes recovery from the Greater Vancouver Transportation Authority for years 2006/07 to 2007/08. These recoveries are deducted to arrive at the net expenses for the Property Assessment Appeal Board.