

2017 Annual Report

Property Assessment Appeal Board

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Board Profile

The Property Assessment Appeal Board is an 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:

- the property's market value;
- equity, or fairness compared to the assessments of other properties;
- property classification;
- exemptions from taxation.

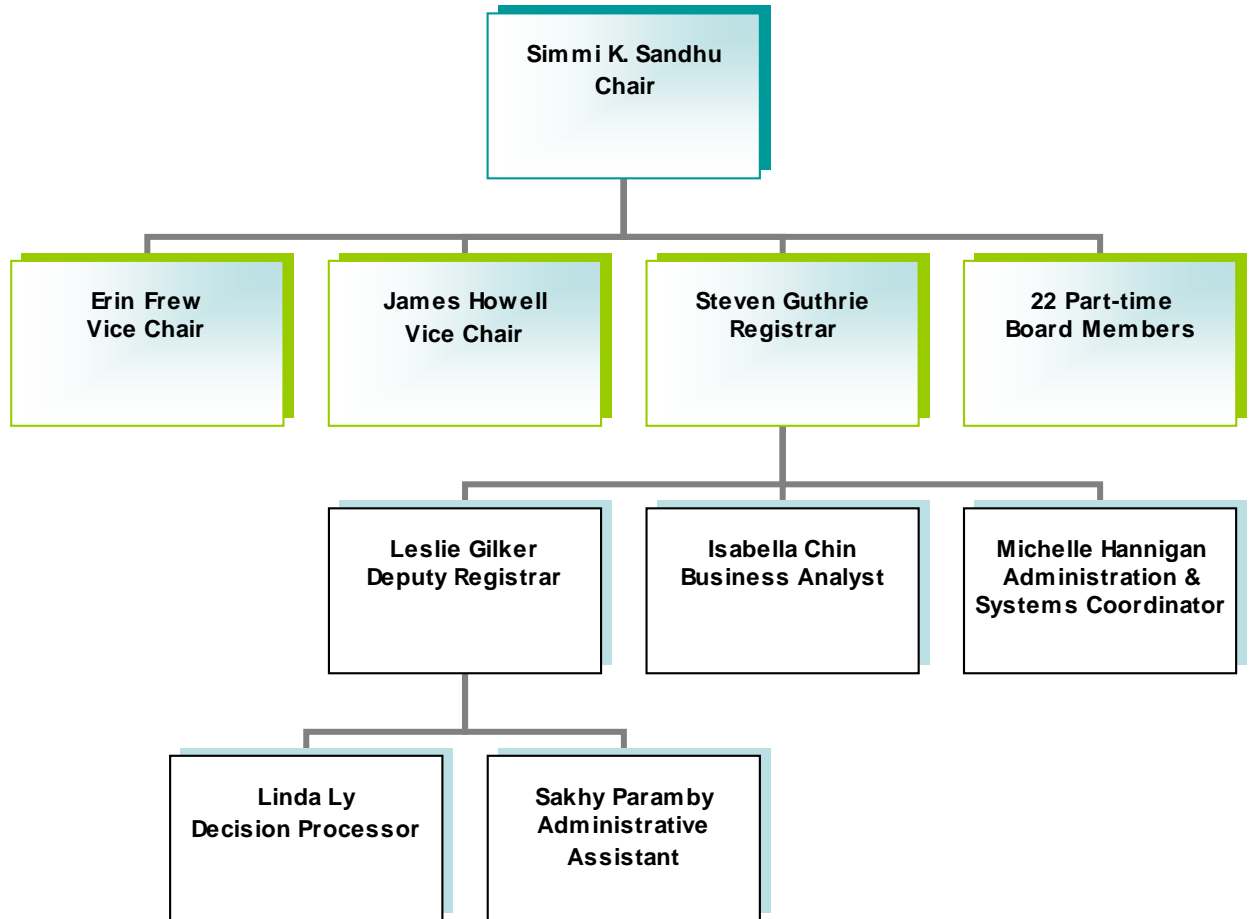
The Board's objectives are:

- 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 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 Attorney General. In 2017, the Board had three full time Board members (including the Chair, two Vice Chairs), 22 part-time Board members and six staff.

See Appendix 2 for a glossary of terms used in this report

Organization Chart



Report on Performance

The following is a summary of how the Board's results compare to its performance targets:

	Target	Result
2016 commercial and industrial appeals	Complete or set for hearing 75 to 85% of appeals by Mar. 31, 2017	71%
2017 residential appeals	Complete or hear 90 to 100% of appeals by Dec. 31, 2017	83%
Decisions following a hearing	Issue 90% within 90 days	93%

The Board was 4% under target for completing commercial and industrial appeals. This was primarily due to both full time Vice Chair positions being vacant for part of the year. One Vice Chair position was filled in July 2016 and the other in March 2017. While the Board used part-time Board members to temporarily assist in managing the appeal load, this solution did not fully compensate for the vacant Vice Chair positions.

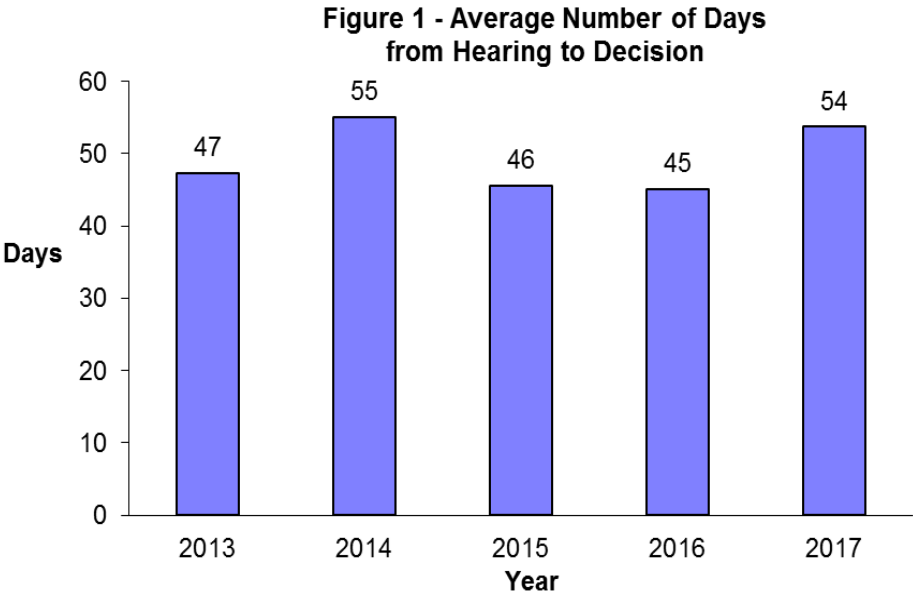
The Board also did not meet its target for completing residential appeals. In April 2017, the Board received 709 residential appeals including one group of 185 appeals. This group was appealed by BC Assessment after the Property Assessment Review Panel reduced the assessments of privately held lands in the Tsilhqot'in Declared Title Area in the Cariboo region. These appeals are now set for adjudication and will be completed in the first quarter of 2018. Excluding this unique group, the Board completed 97% of the residential appeals.

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

Activity	2017	2016	2015
New appeals received in year	3,347	2,197	2,338
Carry over from earlier years	1,795	1,349	997
Total appeal workload	5,142	3,546	3,335
Appeals completed during the year	2,779	1,755	1,994
# and % of appeals resolved without a hearing	2,616 (94%)	1,645 (94%)	1,889 (95%)

The Board responded to the challenge of a historic appeal load by increasing productivity, completing 1,000 more appeals in 2017. The Board resolved appeals without a hearing by using alternative dispute resolution practices. For those appeals which do not resolve, the Board adjudicates either through an in-person hearing or by way of written submissions. Approximately 39% of the Board’s decisions resulted in a change to the assessment.

On average it took 54 days for the Board to issue written decisions following a hearing. This is well within our performance objective of 60 days for residential appeals and 90 days for commercial and industrial appeals.

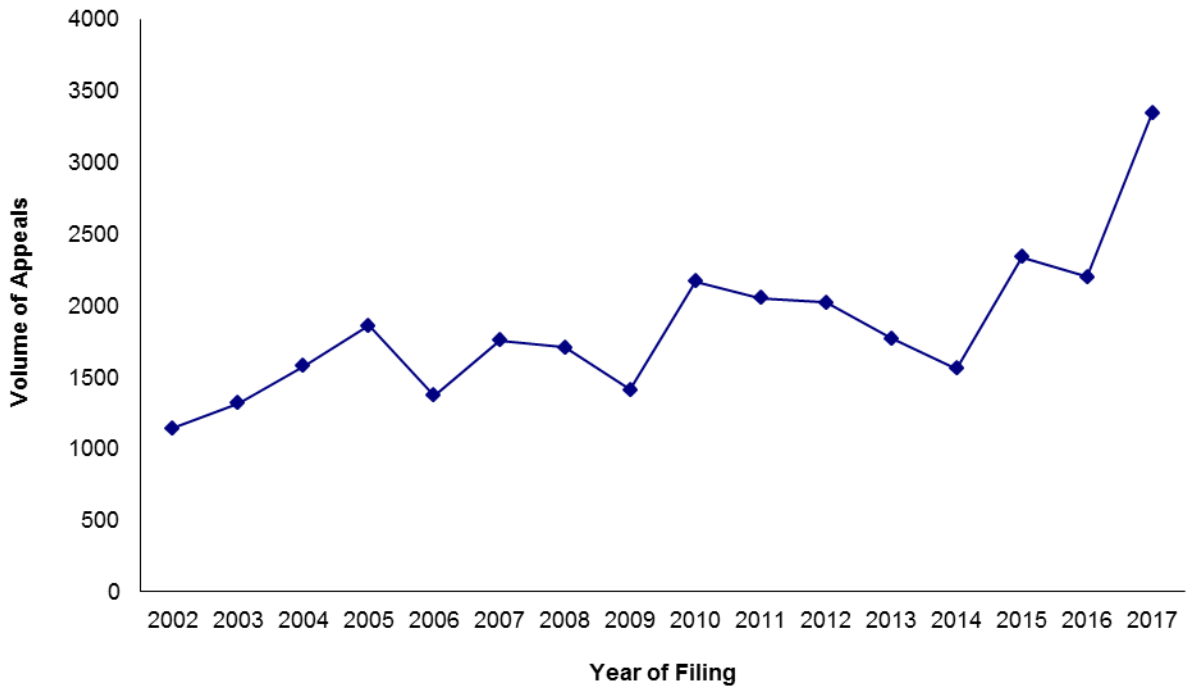


Analysis of Outstanding Appeals

Volume of New Appeals

The Board received 3,347 new appeals in April 2017. This is a record volume, 43% higher than the previous record in 2015. The biggest jump in appeals was in Greater Vancouver which was likely due to the rapidly increasing market values which peaked in the summer of 2016. This timing was particularly influential as valuation date for the 2017 assessments was on July 1, 2016.

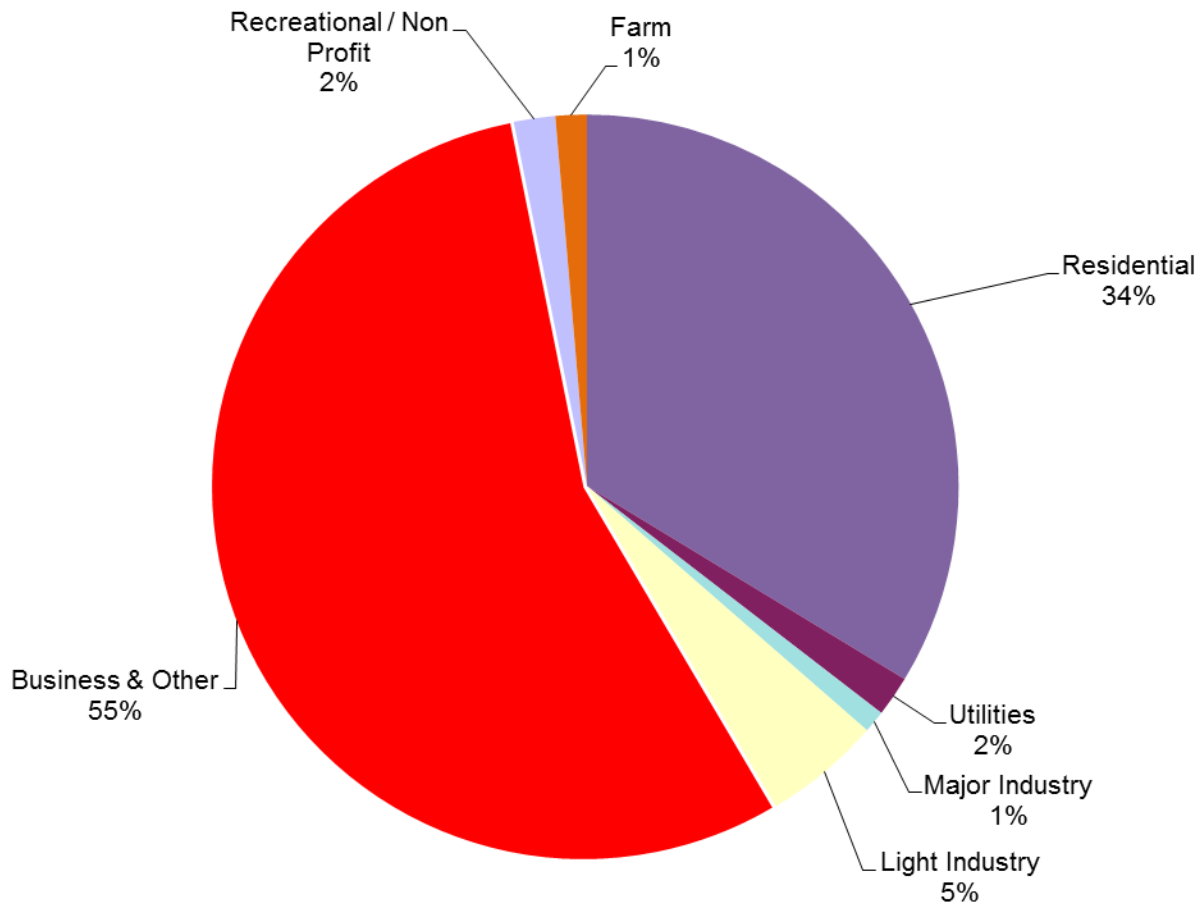
Figure 2 - Change in Volume of Appeals



Most of the 2017 appeals were for either commercial & industrial properties or for residential properties. Appeals for these type of properties increased significantly over the previous year:

Property types	Increase in appeals
Commercial and industrial	70%
Residential	37%

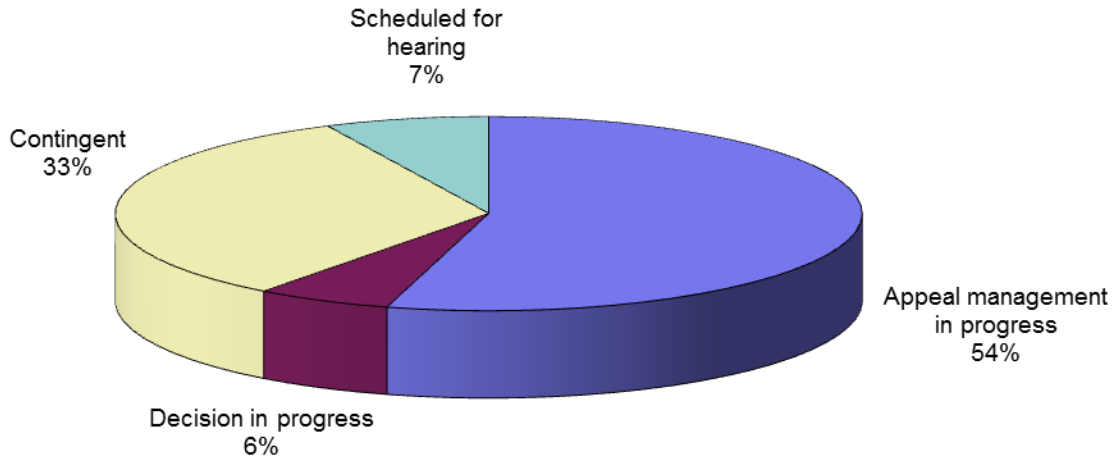
Figure 3 – Classification of 2017 Appealed Properties



Year-end Position

As of December 31, 2017, there were 2,363 appeals still open. This is an increase from the year-end position in 2016, reflecting the record levels of appeals.

Figure 4 - Status of Outstanding Appeals



The Board is working with the parties to resolve the active appeals which are listed as “appeal management in progress” in the above figure. If these appeals are not resolved through mutual agreement, the Board will adjudicate them either through a written submission or in-person hearing.

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, 20% of the outstanding 2017 appeals were contingent, whereas 53% of the 2016 and older appeals were in this category. Most of the older appeals are pending resolution of a single issue: whether taxing jurisdiction rests with a First Nation, a municipal or provincial authority. Once this issue is determined by government and the parties, these appeals will almost immediately be resolved.

With a higher population and business distribution, the majority of outstanding appeals (66%) are in Greater Vancouver.

Figure 5 - Regional Distribution of Appeals

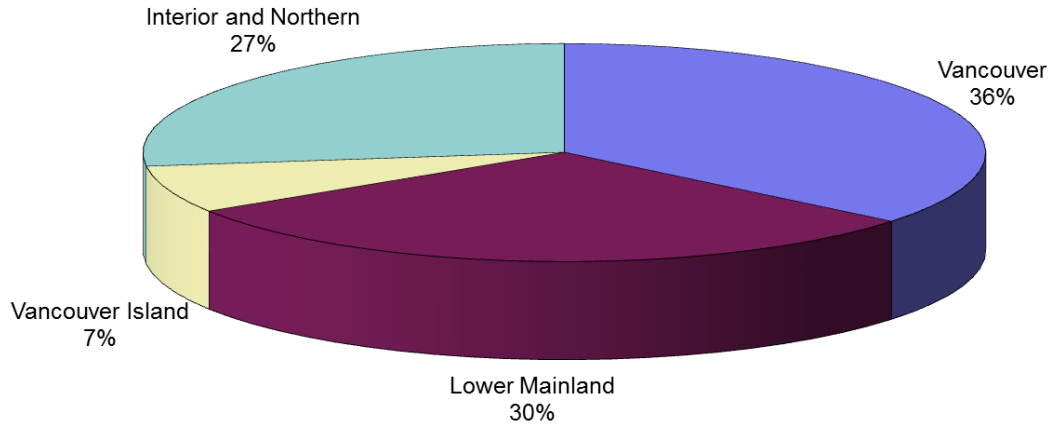
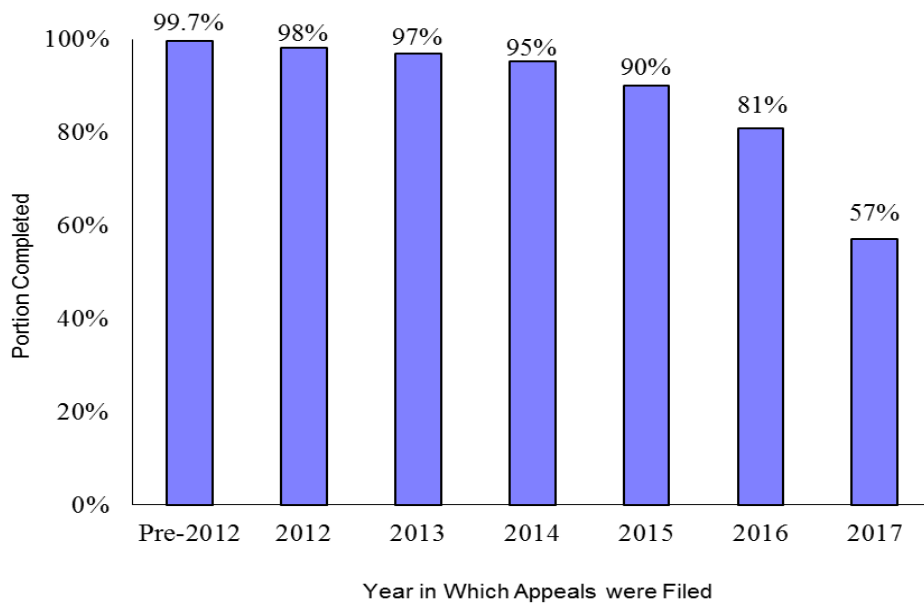


Figure 6 shows that the vast majority of 2015 and older appeals have been completed.

Figure 6 - Completed appeals by the year of original filing



More detailed statistics are provided in Appendices 3 to 6.

Appeals to the Courts

A person affected by a decision may appeal to the B.C. Supreme Court on a question of law or mixed fact and law. The decision of the Supreme Court may be appealed to the B.C. Court of Appeal with leave.

At the beginning of 2017, three cases from previous years were outstanding before the B.C. Supreme Court. During the year, six new cases were filed. The Court confirmed the Board's decision in four appeals and two cases were referred back to the Board. At year-end, three cases were still before the B.C. Supreme Court.

Two new leave applications are outstanding before the Court of Appeal (for the Access Self Storage and Simon Fraser University cases). The Court of Appeal confirmed the Board's original decision for the Victory Motors case. Victory Motors has filed a leave application to the Supreme Court of Canada.

Responses to Challenges in 2017

There has been a trend over the last 5 years of increasing appeal volumes (see figure 2). In 2015 we received a historic volume of appeals, and in 2016 we received the second highest number of appeals until 2017, when we received a new historic high, 43% higher than in 2015. Despite the rising appeal volumes, the Board resources have remained unchanged.

The Board used the following strategies to resolve appeals:

1. The Board used alternative dispute resolution to try and resolve appeals without expensive adjudication. For lower value, less complex appeals we limited the time for dispute resolution. For more complex commercial and industrial appeals, the Board may have several dispute resolution teleconferences and, in some cases, hold in-person settlement conferences.
2. For residential appeals that did not settle, the Board adjudicated the vast majority via written submissions. This method is less costly than in-person hearings.
3. For commercial and industrial appeals, the Board sometimes conducted group teleconferences and meetings with tax agents and BC Assessment to discuss their portfolios of appeals. This approach is generally more efficient than dealing with appeals individually.
4. The Board offered self management to tax agents that have consistently resolved appeals in a timely manner. The parties provide progress reports and the Board intervenes when necessary. This strategy frees up the Board's resources to concentrate on cases which require more hands-on involvement.

5. In response to the record volume of appeals in 2017, the Board used a part-time Board member to assist in appeal management and mediation. These duties are primarily performed on a full-time basis by our two Vice Chairs and Chair.

Other Activities

Technology services for the public

The Board was the first tribunal in Canada to provide Online Dispute Resolution services, starting in 2013. We provided individuals, who appealed single family residential properties, with two options to try and resolve their appeals:

1. Telephone mediation (which has been used over the last 20 years);
2. Online Dispute Resolution (ODR).

ODR was quite successful and actually had a slightly better resolution rate than regular telephone mediation. Unfortunately, the software supplier withdrew their licence for ODR and the Board temporarily discontinued this service for 2017.

In 2017, the Board initiated discussions with another potential supplier of ODR technology and anticipates re-establishing an ODR service in April 2018.

Board Finances

The Board's budget for April 1, 2017 to March 31, 2018 is \$1.39 million, fully funded from the property tax levy and appeal fees.

The estimated expenditures for 2017/2018, compared with the past six fiscal years, are as follows:

Figure 7 – Budget versus Actual Expenditures by Fiscal Year (\$000's)

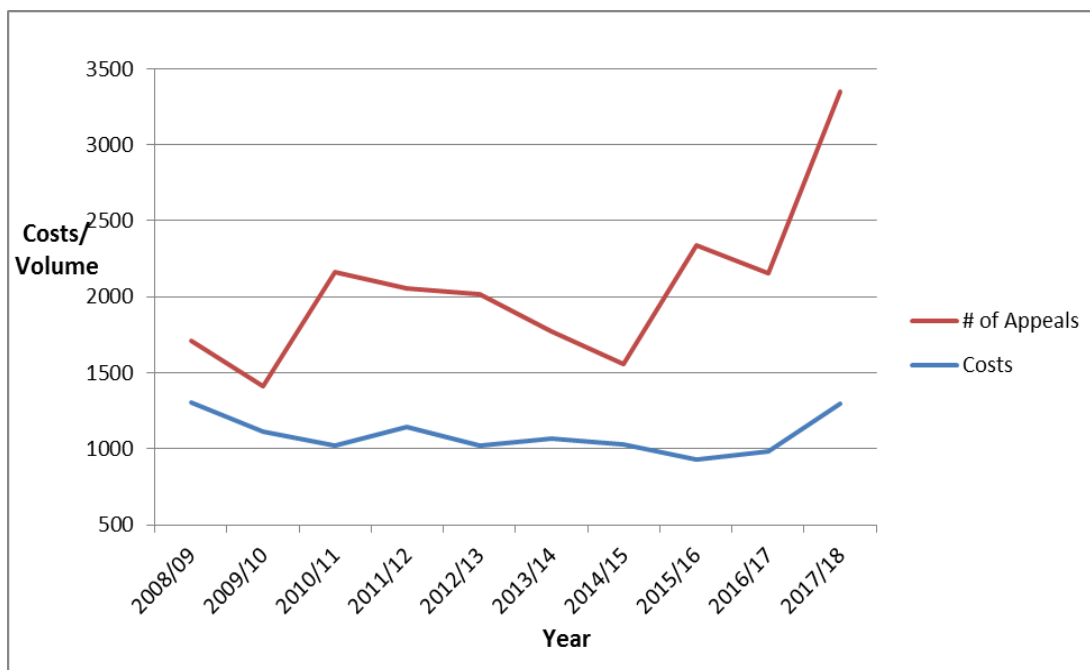
Fiscal Year	Budget	Actual	Under/(Over)	%
2017/18 ¹	\$1,388	\$1,449	(\$61)	(4.4%)
2016/17	\$1,388	\$1,115	\$273	20%
2015/16	\$1,388	\$1,105	\$283	20%
2014/15	\$1,388	\$1,202	\$186	13%
2013/14	\$1,388	\$1,236	\$152	11%
2012/13	\$1,404	\$1,210	\$194	14%
2011/12	\$1,287	\$1,291	(\$4)	(0.3%)

Note: 1. Expenditures for fiscal year 2017/18 are forecasted based on actual expenditures to Jan. 31, 2018.

The Board forecasts it will be 4.4% over budget in fiscal 2017/18, primarily due to increased Board member expenditures for the high volume of appeals. The Board collected \$131,890 in appeal fees and forecasts billing the Surface Rights Board \$20,000 for management services. These revenues reduce the overall funding requirement from the property tax levy.

As shown in Figure 8, while facing a significant increase in appeals over the last 10 years, the Board has managed to keep expenditures steady. This has been achieved by adopting new technologies and approaches to managing appeals on a portfolio basis.

Figure 8 – Volume of appeals compared to costs



A more detailed breakdown of expenditures is provided in Appendix 7.

Looking Forward to 2017

The majority of 2017 residential appeals are complete. The Board will work with the parties to resolve the remaining commercial and industrial appeals. If the parties are not close to resolving these appeals by March 2018, the Board will schedule most of them for adjudication.

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

In May 2018, the Board will start resolving the newly filed 2018 appeals.

While the Board did not meet its completion targets for 2017 (primarily due to the record number of appeals), the targets for 2018 remain the same. The Board believes challenging targets are important to promote as early as possible completions and continuous improvement. Although the Board did not meet its completion target in terms of a percentage of total appeals, it did complete a significantly larger number of appeals in 2017.

Targets for 2018:

1. To complete or schedule for hearing, by March 31, 2018, 75 to 85% of the active 2017 commercial and industrial appeals.
2. To complete or hear, by December 31, 2018, 90 to 100% of the 2018 residential appeals.
3. To complete or schedule for hearing, by March 31, 2019, 75 to 85% of the active 2018 commercial and industrial appeals.
4. To issue at least 90% of written decisions within 90 days of hearing.

These completion targets will be reviewed once the volume of 2018 appeals is known following the April 30th appeal deadline. 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 as of December 31, 2017

Name	Position	Term Expiry Date
Simmi Sandhu	Chair	March 31, 2020
Erin Frew	Vice Chair	July 21, 2019
James Howell	Vice Chair	February 22, 2020
John Bridal	Member	December 31, 2019
Larry Dybvig	Member	December 31, 2019
William Everett	Member	February 18, 2018
Dianne Flood	Member	December 31, 2019
Rob Fraser	Member	August 19, 2019
Jeffrey Hand	Member	December 31, 2018
Mandy Hansen	Member	December 31, 2019
Christopher Hope	Member	December 31, 2019
Howard Kushner	Member	December 31, 2019
David Lee	Member	December 31, 2019
Michael Litchfield	Member	December 31, 2019
Blair Lockhart	Member	March 14, 2018
Bruce Maitland	Member	December 31, 2019
Robert Metcalf	Member	December 31, 2019
Liisa O'Hara	Member	February 18, 2018
Dale Pope	Member	December 31, 2019
Don Risk	Member	December 31, 2017
Jeremy Sibley	Member	December 31, 2018
Audrey Suttorp	Member	December 31, 2019
Kenneth Thornicroft	Member	December 31, 2019
Bruce Turner	Member	December 31, 2019
Candace Watson	Member	February 18, 2021

Appendix 2

Glossary of Terms

Appeal Management Conference (AMC)

The main purpose of an AMC is to clarify the issues and facilitate resolution. Most AMCs are conducted by telephone. If resolution is not likely, the appeal may be scheduled for a settlement conference or a 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 still writing the decision. It also includes appeals when 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. The party that filed that appeal does not comply with a Board order.

When appeals are received, the Registrar will write to the parties with his opinion on whether the Board has jurisdiction based on 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 are accurate, it will issue an order authorizing BC Assessment amend the assessment.

Roll Number

A 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 if the appeal proceeds to a hearing. Discussions in Settlement Conferences are confidential and any documents submitted do not become part of the public record.

Withdrawal

The party who filed the appeal 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.

Appendix 3

2017 Appeal Completions Compared to 2016

Period	Appeals at Beginning of Period	Appeals at December 31	Appeals Completed Within Period	% Completed in Period
2017				
New Appeals	3,347	1,439	1,908	57%
Prior Year Appeals	1,795	924	871	49%
Year 2016 Total	5,142	2,363	2,779	54%
2016				
New Appeals	2,197	965	1,232	56%
Prior Year Appeals ¹	1,349	826	523	39%
Year 2016 Total	3,546	1,791	1,755	49%

Note:

1. Four 2013 and 2014 appeals were re-opened after the BC Supreme Court referred them back to the Board.

Appendix 4

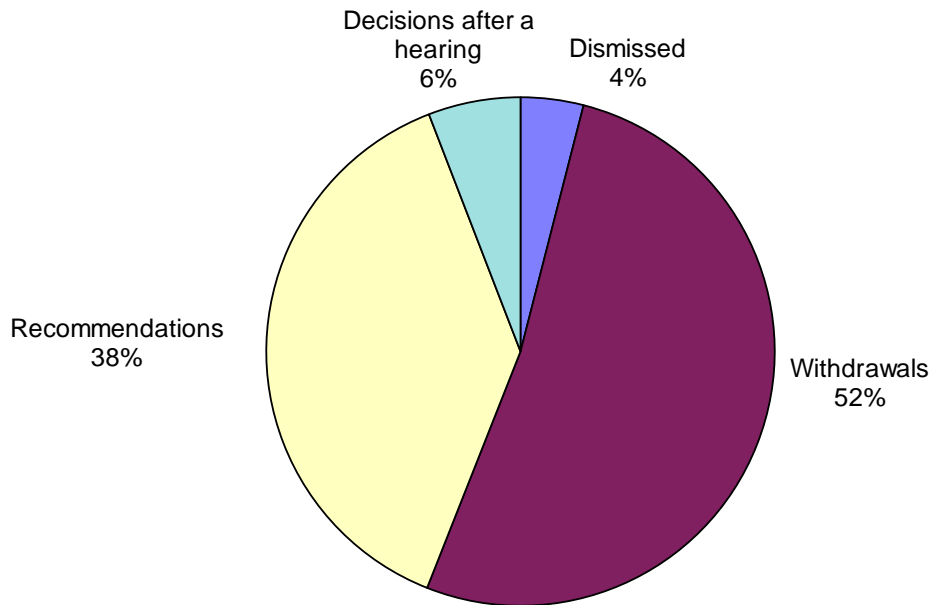
Appeal Completions by Year of Appeal

Year filed	Appeals at Beginning of Year	Method of Completion				Total Completed	Appeals Outstanding at Dec 31/17
		Dismissed	Withdrawals	Recommendations	Decisions after a hearing ¹		
2017 ²	3,347	110	1,001	673	124	1,908	1,439
2016	969	1	271	246	29	547	422
2015	388	0	73	75	7	155	233
2014	128	0	31	21	2	54	74
2013	93	0	22	15	1	38	55
2012	70	0	14	17	0	31	39
Pre-2012	147	0	33	13	0	46	101
TOTAL	5,142	111	1,445	1,060	163	2,779	2,363

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 2017 appeals is from May 1 to December 31.

Method of Completion of Appeals in 2017



Appendix 5

Summary of Outstanding Appeals

APPEAL STATUS	OUTSTANDING APPEALS						
	TOTAL	2017 APPEALS ¹			PRIOR YEARS ²		
	Dec 31/17	Dec 31/17	April 30/17	Inc./(Decr.)	Dec 31/17	Dec 31/16	Inc./(Decr.)
Appeal Management in Progress	1,285	936	3,347	(72%)	349	882	(60%)
Scheduled For Hearing	168	135	0	N/A	33	29	14%
Pending Board or Court Decision	771	285	0	N/A	486	831	(42%)
Decision in Progress	139	83	0	N/A	56	53	6%
Total Outstanding Appeals	2,363	1,439	3,347	(57%)	924	1,795	(49%)

Notes:

1. May 1, 2017 was the filing deadline for the 2017 appeals.
2. Includes all outstanding appeals to the Board from the 2016 and earlier rolls.

Appendix 6

Board Activities in 2017 Compared to Prior Years

Board Activity	Results in year:				
	2017	2016	2015	2014	2013
Overall Appeal Caseload					
New Appeals Registered	3,347	2,197	2,338	1,556	1,769
Prior Year Appeals (beginning of year)	1,795	1,349	997	911	1,165
Total Appeals	5,142	3,546	3,335	2,467	2,934
Appeal Management Conferences (AMCs)					
# of AMCs Conducted	694	350	456	445	513
# of Appeals Involved	4,323	1,832	3,053	1,017	1,300
Settlement Conferences Held	26	17	22	13	15
Hearing Statistics					
# of In-Person Hearings	6	11	8	11	8
# of Hearing Days	14	22	8	24	22
# heard by Written Submissions	124	103	80	71	125
Appeal Completion Method					
By withdrawals/dismissal orders	1,556	883	1,004	735	993
By recommendations	1,060	762	885	616	869
By decisions after a hearing	163	110	105	119	161
Appeals					
Number Completed	2,779	1,755	1,994	1,470	2,023

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
2017/18 ¹	943	260	3	102	103	39	1,450	20	1,430
2016/17	672	223	4	51	113	51	1,114	46	1,068
2015/16	687	163	2	102	122	29	1105	77	1,028
2014/15	831	118	9	102	110	32	1,202	93	1,109
2013/14	843	163	12	102	82	34	1,236	160	1,076
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

Notes:

1. Expenditures for fiscal year 2017/18 are forecasted based on actual expenditures to January 31, 2018.
2. Includes the costs recovered for services to the Surface Rights Board (SRB) and the Civil Resolution Tribunal (CRT in 2013/14 only). These recoveries are deducted to arrive at the net expenses for the Property Assessment Appeal Board.