

2014 Annual Report

Property Assessment Appeal Board

Table of Contents

	Page
Board Profile	1
Report on Performance	2
Analysis of Outstanding Appeals	
• Volume of New Appeals	3
• Year-end Position	5
Appeals to the Courts	7
Responses to Challenges in 2014	8
Other Activities	
• Consultation with the Assessment Community	9
• Transformation & Technology	9
Board Finances	10
Looking Forward to 2015	11
Appendices	
1. Board Members	12
2. Glossary of Terms	13
3. 2014 Appeal Completions Compared to 2013	15
4. Appeal Completions by Year of Appeal	16
5. Summary of Outstanding Appeals	17
6. Board Activities in 2014 Compared to Prior Years	18
7. Breakdown of Expenditures	19

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 deal with:

- the property's market value;
- equity, or fairness compared to the assessments of other similar 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 Minister of Community, Sport and Cultural Development. The Board has a full-time Chair, two full-time Vice Chairs and 22 part-time members, a Registrar and five support staff.

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

Report on Performance

The Board met its targets for 2014:

	Target	Results
2013 commercial and industrial appeals	Complete or set for hearing 75–85% of appeals by Mar. 31, 2014	80%
2014 residential appeals	Complete or hear 90–100% of appeals by Dec. 31, 2014	92%
Decisions following a hearing	Issue 90% within 90 days	92%
Register 2014 appeals	Finish by May 31, 2014	May 27, 2014

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

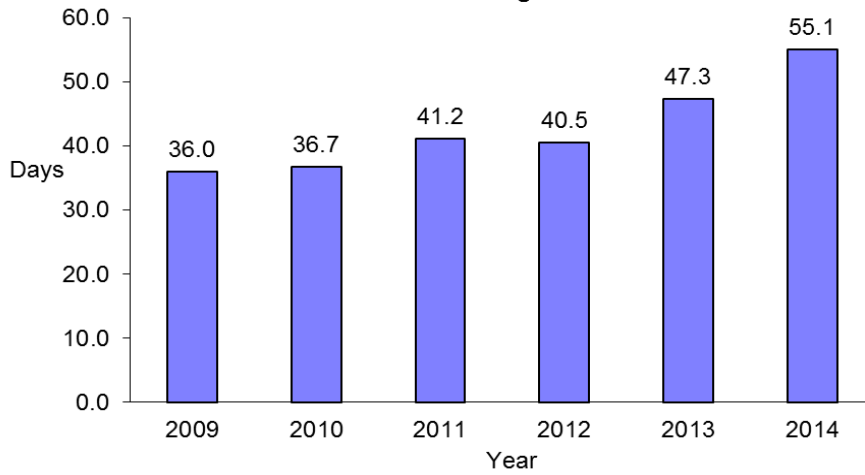
Activity	2014	2013	2012
New appeals received in year	1,556	1,769	2,018
Carry over from earlier years	911	1,165	891
Total appeal workload	2,467	2,934	2,909
Appeals completed during the year	1,470	2,023	1,744
# and % of appeals resolved without a hearing	1,351 (92%)	1,862 (92%)	1,606 (92%)

The Board resolved appeals without a hearing by using alternative dispute resolution practices. An appeal resolves either by being discontinued (resulting in no change to the assessment) or by an agreement by the parties to change the assessment. If the parties cannot resolve an appeal, the Board will adjudicate either through an in-person hearing or by way of written submissions. See Appendix 4 for statistics on completions.

Approximately 47% of the Board’s decisions resulted in a change to the assessment.

Following a hearing, the length of time to write a decision varies with the complexity of the appeal and workload of the Board member. In 2014, the average time was 55 days. Although higher than in recent years, this time is still within the Board’s service objectives of 60 days for residential appeals and 90 days for commercial and industrial appeals.

Figure 1 - Average Number of Days from Hearing to Decision

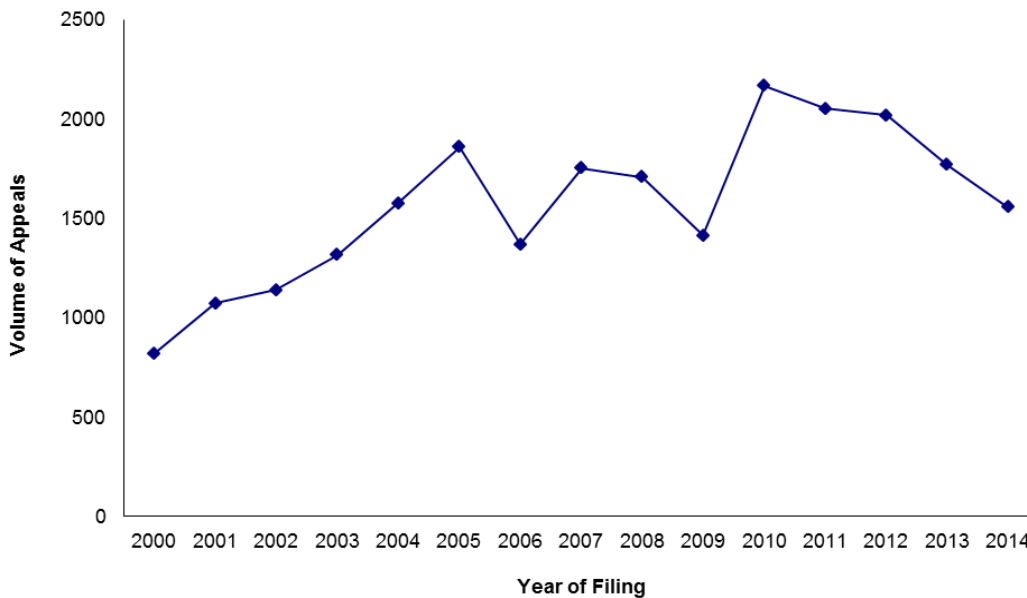


Analysis of Outstanding Appeals

Volume of New Appeals

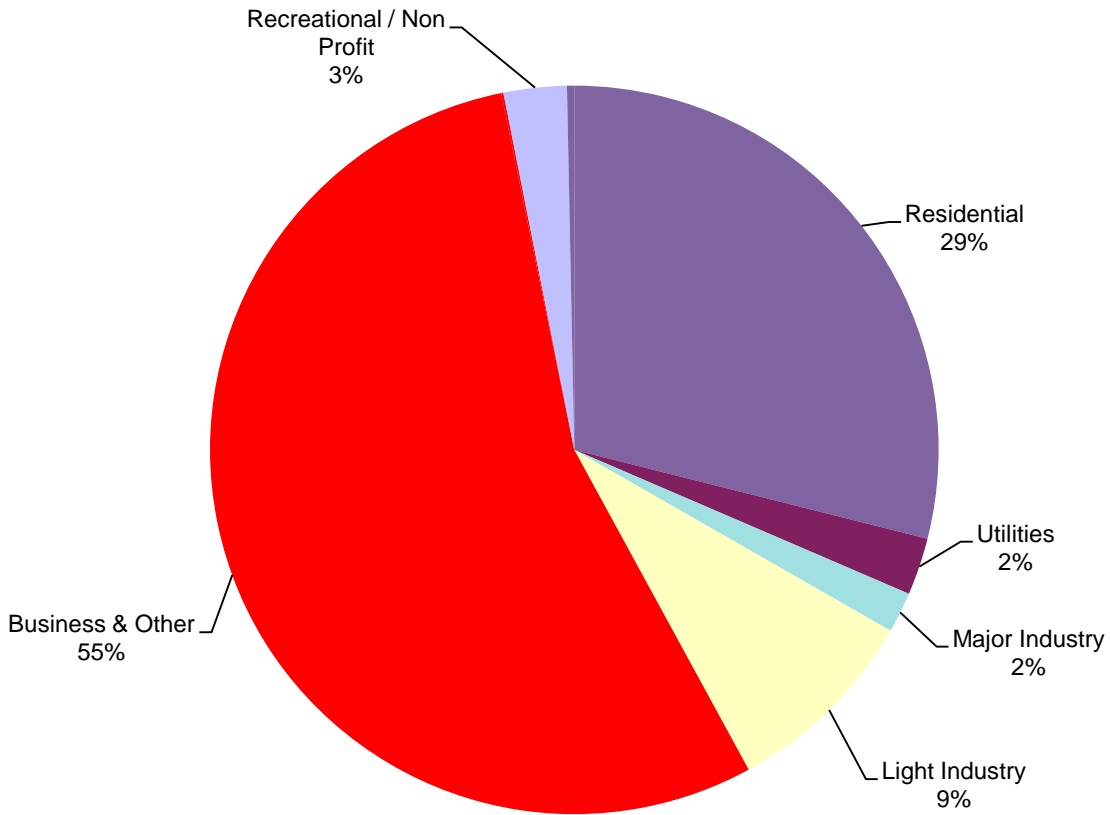
The Board received 1,556 new appeals in April 2014, a 12% decrease from the previous year. This volume is very close to the annual average of 1,532 over the last 15 years.

Figure 2 - Change in Volume of Appeals



The majority of appeals are traditionally for commercial, industrial, and residential properties. Commercial and industrial appeals are more complex and take longer to resolve.

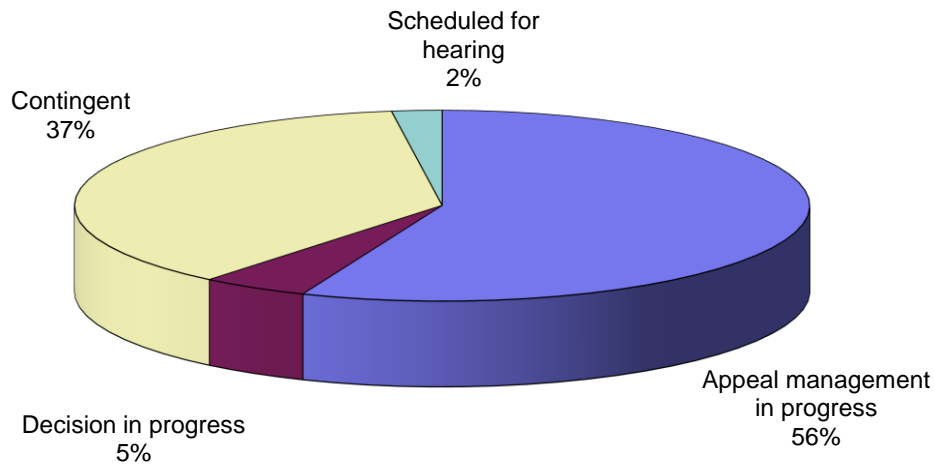
Figure 3 – Classification of 2014 Appealed Properties



Year-end Position

As of December 31, 2014, there were 997 outstanding appeals that were still open.

Figure 4 - Status of Outstanding Appeals



The Board is working with the parties to resolve the appeals in “appeal management in progress”. 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, 13% of the outstanding 2014 appeals were contingent, whereas 73% of the 2013 and older appeals were in this category. Most of these 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, these appeals will almost immediately be resolved.

With a higher population and business distribution, the majority of outstanding appeals (65%) are in Greater Vancouver.

Figure 5 - Regional Distribution of Appeals

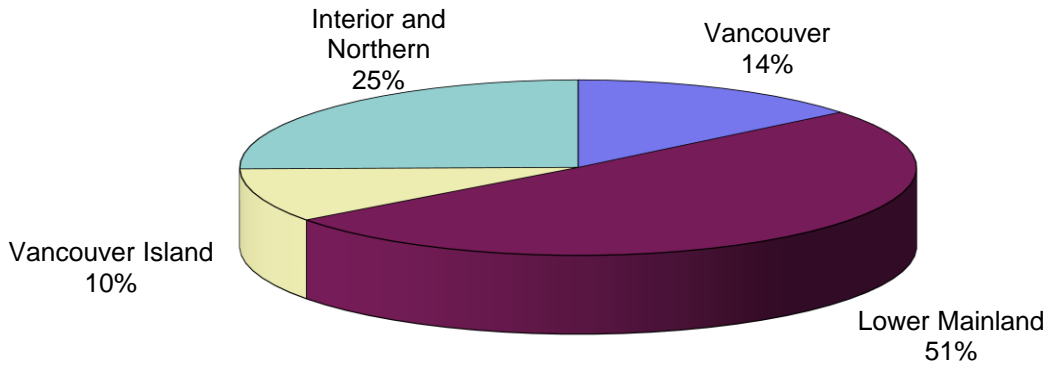
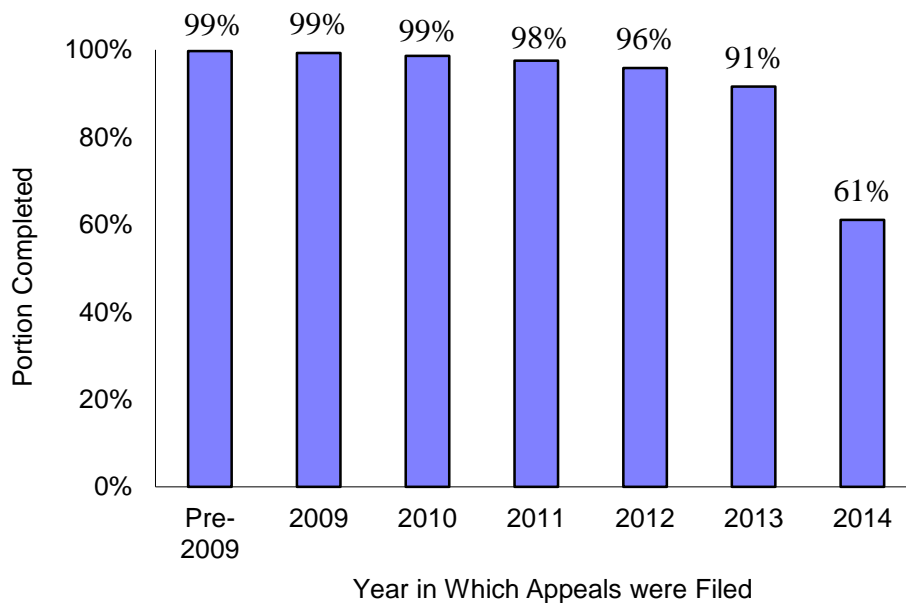


Figure 6 shows that the vast majority of older appeals have been completed.

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 of the Board may appeal to the B.C. Supreme Court on a question of law. The decision of the Supreme Court may be appealed to the B.C. Court of Appeal with leave.

At the beginning of 2014, five cases from previous years were outstanding before the B.C. Supreme Court. During the year, eight new cases were filed. The Court confirmed the Board's decision in two appeals. Two cases were abandoned. At year-end, nine cases were still before the B.C. Supreme Court.

In November 2014, the Supreme Court of British Columbia upheld the Board's decision determining a nominal actual value for property occupied by Nav Canada for air traffic control and related purposes at four airports in various locations in the province. The Assessors and the District of North Saanich have applied for leave to appeal this decision the Court of Appeal.

There were no applications in 2014 for leave to appeal to the Supreme Court of Canada.

Responses to Challenges in 2014

The Board used the following strategies to resolve appeals:

1. The Board offered residential property owners (who filed their appeal via our website) two options for resolving their appeals by mutual agreement:
 - on-line dispute resolution (ODR) with interactive website tools;
 - a telephone appeal management conference.

The Board is the first tribunal in BC to develop ODR and the response has been positive. Of the number of appellants we offered the two options, 42% chose ODR. The resolution rate for the ODR method was higher at 76%. The resolution rate for the teleconference method was 68%.

2. For residential appeals that did not settle, the Board adjudicated the vast majority of them via written submissions. This method is less costly than in-person hearings.
3. For commercial and industrial appeals, the Board held group meetings with tax agents and BC Assessment to discuss their portfolios of appeals. This approach is more efficient than dealing with appeals individually.
4. For more complex commercial and industrial appeals, the Board frequently required the parties to exchange of Statements of Issues, Evidence, and Analysis. This tool accelerates disclosure of detailed appeal issues and evidence, and can assist with early resolution.
5. For some appeals, tax agents and BC Assessment self managed the cases with progress reports back to the Board. This frees up the Board's resources to concentrate on cases which require more hands-on involvement.
7. The Board conducted Settlement Conferences to narrow the issues and settle appeals without the need for hearings.

Other Activities

Consultation with the Assessment Community

In April 2014, the Board held two forums with tax agents, legal counsel and BC Assessment:

1. Commercial and industrial appeals forum to agree on deadlines for self managed appeals and improved status reporting.
2. Residential appeals forum to review expectations for dispute resolution and on-line services.

Transformation & Technology

The Board improved a self screening tool which was launched in 2013. The interactive website assists members of the public decide if they should appeal their assessment by providing feedback on their concerns with an assessment. For those that do appeal, the tool also assists them understand the evidence that will be required to present a case.

Board Finances

The Board's budget for April 1, 2014 to March 31, 2015 is \$1.39 million, fully funded from the property tax levy and appeal fees.

The estimated expenditures for 2014/2015, compared with the past five fiscal years, are as follows:

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

Fiscal Year	Budget	Actual	Under/(Over)	%
2014/15 ¹	\$1,388	\$1,241	\$147	11%
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%)
2010/11	\$1,277	\$1,225	\$52	4%
2009/10	\$1,486	\$1,247	\$239	16%

Note:

1. Expenditures for fiscal year 2014/15 are forecasted based on actual expenditures to Jan. 31, 2015.

The Board forecasts it will be 11% under budget in fiscal 2014/15. The Board collected \$80,000 in appeal fees and forecasts billing the Surface Rights Board \$94,000. These revenues reduce the overall funding requirement from the property tax levy.

The Board provides management services and office infrastructure for the Surface Rights Board. The Chair of the Property Assessment Appeal Board is also Chair of the Surface Rights Board.

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

Looking Forward to 2015

The vast majority of 2014 residential appeals are complete. The Board will work with the parties to resolve the remaining commercial and industrial appeals. Any appeals still outstanding by March 31, 2015, will be moved out of “self management” and the Board will actively facilitate resolution. If mutual agreement is not possible, appeals will be scheduled 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 2015, the Board will start resolving the newly filed 2015 appeals.

Targets for 2015:

1. To complete or schedule for hearing, by March 31, 2015, 75 to 85% of the active 2014 commercial and industrial appeals.
2. To complete or hear, by December 31, 2015, 90 to 100% of the 2015 residential, farm and recreational property appeals.
3. To complete or schedule for hearing, by March 31, 2016, 75 to 85% of the active 2015 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 2015 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

Name	Position	Term Expiry Date
Allan Beatty	Member	December 31, 2017
John Bridal	Member	December 31, 2016
Valli Chettiar	Vice Chair	August 31, 2015
Winton Derby	Member	December 31, 2016
Larry Dybvig	Member	December 31, 2015
Dianne Flood	Member	December 31, 2015
Jeffrey Hand	Member	December 31, 2016
Mandy Hansen	Member	December 31, 2016
Christopher Hope	Member	December 31, 2016
Thomas Kemsley	Member	December 31, 2016
Howard Kushner	Member	December 31, 2016
David Lee	Member	December 31, 2015
Michael Litchfield	Member	December 31, 2016
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
Jeremy Sibley	Member	December 31, 2016
Audrey Suttorp	Member	December 31, 2016
Kenneth Thornicroft	Member	December 31, 2016
Bruce Turner	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 and, if possible, 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 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. 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 to implement the changes.

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 to the position that may be taken 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. The Board may refuse to allow an appeal to be withdrawn if it concerned the assessment is likely inaccurate or inequitable.

Appendix 3

2014 Appeal Completions Compared to 2013

Period	Appeals at Beginning of Period	Appeals at December 31	Appeals Completed Within Period	% Completed in Period
2014				
New Appeals	1,556	605	951	61%
Prior Year Appeals	911	392	519	57%
Year 2014 Total	2,467	997	1,470	60%
2013				
New Appeals	1,769	561	1,208	68%
Prior Year Appeals	1,165	350	815	70%
Year 2013 Total	2,934	911	2,023	69%

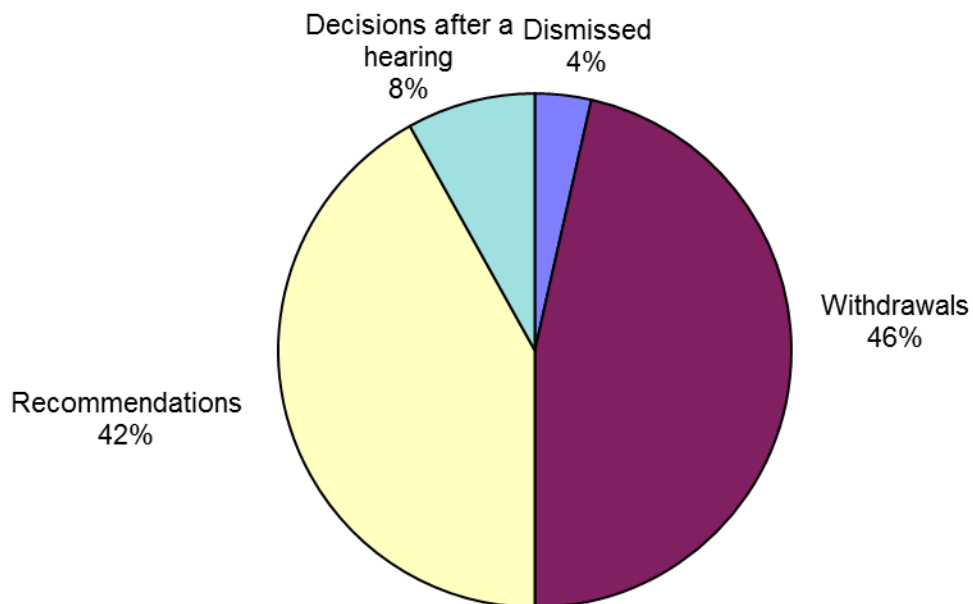
Appendix 4 Appeal Completions by Year of Appeal

Year filed	Appeals at Beginning of Year	Method of Completion				Total Completed	Appeals Outstanding at Dec 31/14
		Dismissed	Withdrawals	Recommendations	Decisions after a hearing ¹		
2014 ²	1,556	47	448	385	71	951	605
2013	561	5	183	187	38	413	148
2012	156	0	28	37	7	72	84
2011	69	0	10	6	2	18	51
2010	33	0	2	1	1	4	29
2009	12	0	2	0	0	2	10
Pre-2009	80	0	10	0	0	10	70
TOTAL	2,467	52	683	616	119	1,470	997

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 2014 appeals was from May 1 to December 31.

Method of Completion of Appeals in 2014



Appendix 5

Summary of Outstanding Appeals

APPEAL STATUS	OUTSTANDING APPEALS						
	TOTAL	2014 APPEALS ¹			PRIOR YEARS ²		
	Dec 31/14	Dec 31/14	April 30/14	Inc./((Decr.))	Dec 31/14	Dec 31/13	Inc./((Decr.))
Appeal Management in Progress	560	480	1,556	(69%)	80	525	(85%)
Scheduled For Hearing	22	17	0	N/A	5	27	(81%)
Pending Board or Court Decision	368	80	0	N/A	288	311	(7%)
Decision in Progress	47	28	0	N/A	19	48	(60%)
Total Outstanding Appeals	997	605	1,556	(61%)	392	911	(57%)

Notes:

1. April 30, 2014 was the filing deadline for the 2014 appeals.
2. Includes all outstanding appeals to the Board from the 2013 and earlier rolls.

Appendix 6

Board Activities in 2014 Compared to Prior Years

Board Activity	Results in year:				
	2014	2013	2012	2011	2010
Overall Appeal Caseload					
New Appeals Registered	1,556	1,769	2,018	2,052	2,166
Prior Year Appeals (beginning of year)	911	1,165	891	865	439
Total Appeals	2,467	2,934	2,909	2,917	2,605
Appeal Management Conferences (AMCs)					
# of AMCs Conducted	445	513	584	769	775
# of Appeals Involved	1,017	1,300	1,523	1,568	2,109
Settlement Conferences Held	13	15	19	40	18
Hearing Statistics					
# of In-Person Hearings	11	8	11	18	12
# of Hearing Days	24	22	26	49	25
# heard by Written Submissions	71	125	112	163	144
Appeal Completion Method					
By withdrawals/dismissal orders	735	993	776	934	862
By recommendations	616	869	830	825	678
By decisions after a hearing	119	161	138	213	200
Appeals					
Number Completed	1,470	2,023	1,744	1,972	1,740

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
2014/15 ¹	850	128	12	102	117	32	1,241	94	1,147
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
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

Notes:

1. Expenditures for fiscal year 2014/15 are forecasted based on actual expenditures to January 31, 2015.
2. Includes the costs recovered for services to the Surface Rights Board (SRB) and the Civil Resolution Tribunal (CRT in 2013/14 only). Also includes recovery from the Greater Vancouver Transportation Authority for 2007/08. These recoveries are deducted to arrive at the net expenses for the Property Assessment Appeal Board.