

2015 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 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. Typically, the Board has a full-time Chair, two full-time Vice Chairs and 20 part-time members, a Registrar and five support staff. Two full time Board positions have been vacant since July 31, 2015 and recruitment steps are underway.

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

Report on Performance

The Board met its targets for 2015:

	Target	Result
2014 commercial and industrial appeals	Complete or set for hearing 75 to 85% of appeals by Mar. 31, 2015	79%
2015 residential appeals	Complete or hear 90 to 100% of appeals by Dec. 31, 2015	97%
Decisions following a hearing	Issue 90% within 90 days	97%

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

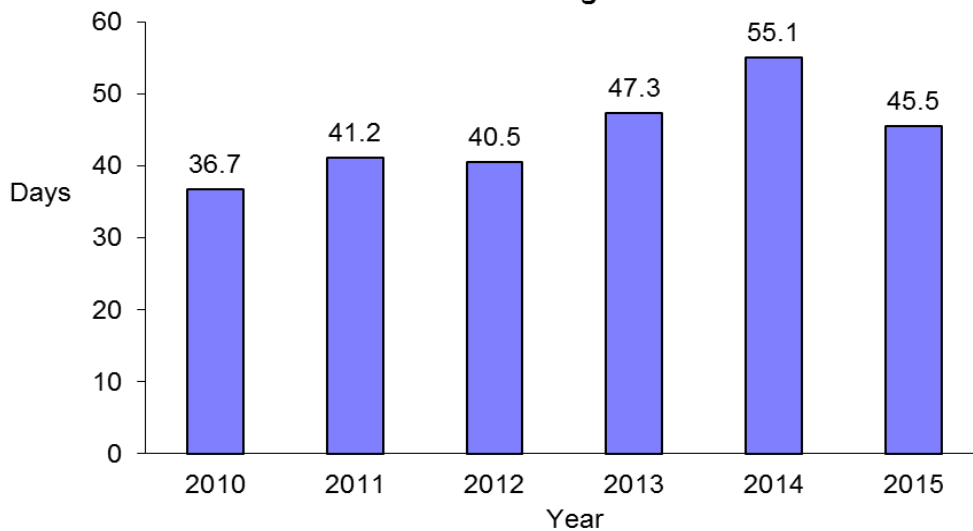
Activity	2015	2014	2013
New appeals received in year	2,338	1,556	1,769
Carry over from earlier years	997	911	1,165
Total appeal workload	3,335	2,467	2,934
Appeals completed during the year	1,994	1,470	2,023
# and % of appeals resolved without a hearing	1,889 (95%)	1,351 (92%)	1,862 (92%)

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.

On average it took 45 days for the Board to issue a written decision following a hearing. This timeframe is in-line with the performance over the last 5 years (see Figure 1).

Figure 1 - Average Number of Days from Hearing to Decision

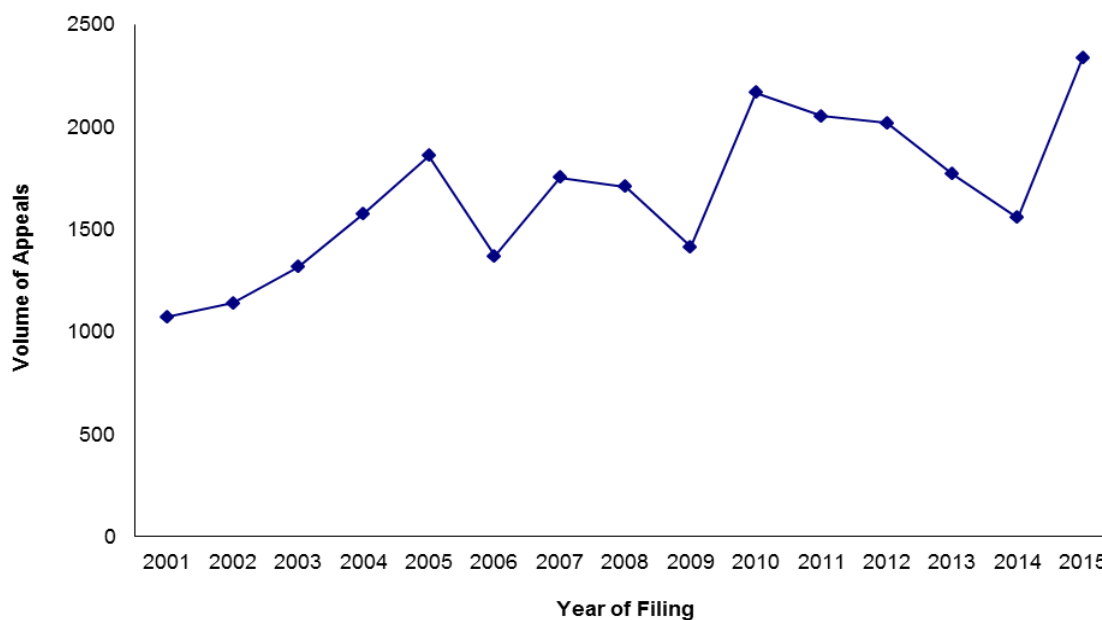


Analysis of Outstanding Appeals

Volume of New Appeals

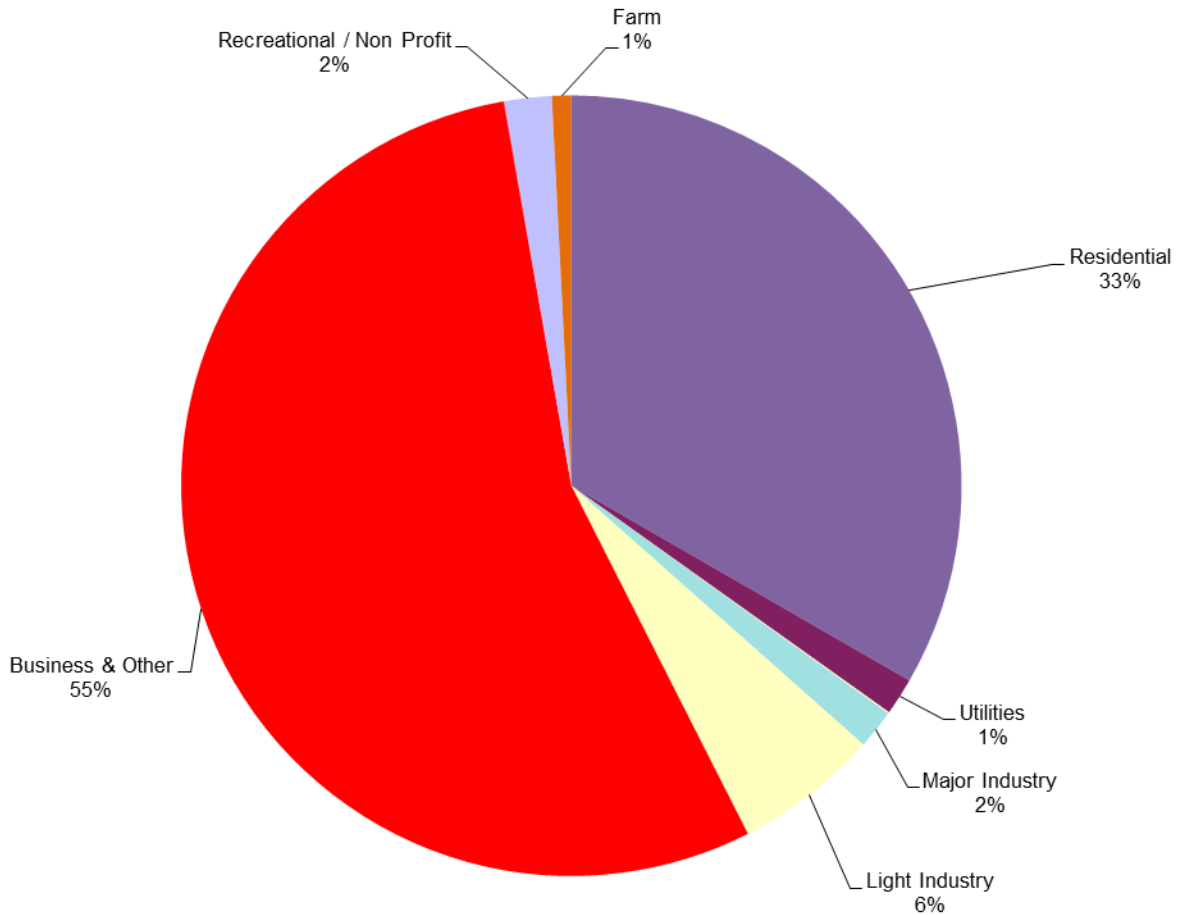
The Board received 2,338 new appeals in April 2015. This is a record number of appeals in the last 15 years.

Figure 2 - Change in Volume of Appeals



The majority of appeals are traditionally for commercial and industrial properties. We did, however, see an increase in residential appeals in 2015, probably due to the active real estate market in the lower mainland. Commercial and industrial appeals are more complex and take longer to resolve.

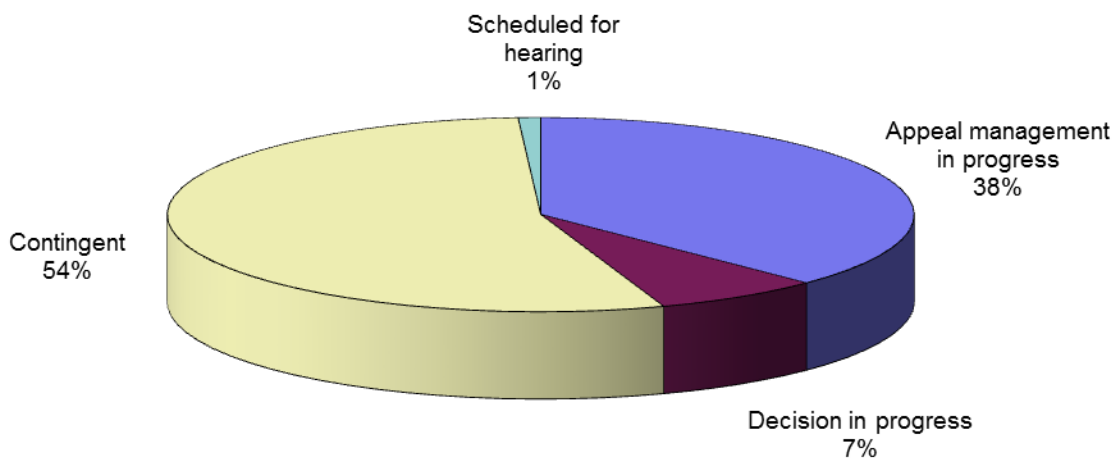
Figure 3 – Classification of 2015 Appealed Properties



Year-end Position

As of December 31, 2015, there were 1,341 appeals still open. This is an increase from the year-end position in 2014, however, we started with a 50% jump in appeals in April 2015. As detailed in Appendix 3, the Board managed to increase its completions in face of the larger workload in 2015.

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. We did see a significant increase of 350 appeals in this holding category in 2015. This is mainly due to new 2015 appeals that are contingent upon four Court cases (Victory Motors, Amacon Group, Nav Canada, and Walmart/Home Depot). Once the Courts issue their decisions in the first half of 2016, the Board can move forward to finalize these contingent appeals.

The proportion of contingent appeals increases with older appeals. At year-end, 36% of the outstanding 2015 appeals were contingent, whereas 88% of the 2014 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 by government and the parties, these appeals will almost immediately be resolved.

With a higher population and business distribution, the majority of outstanding appeals (57%) are in Greater Vancouver.

Figure 5 - Regional Distribution of Appeals

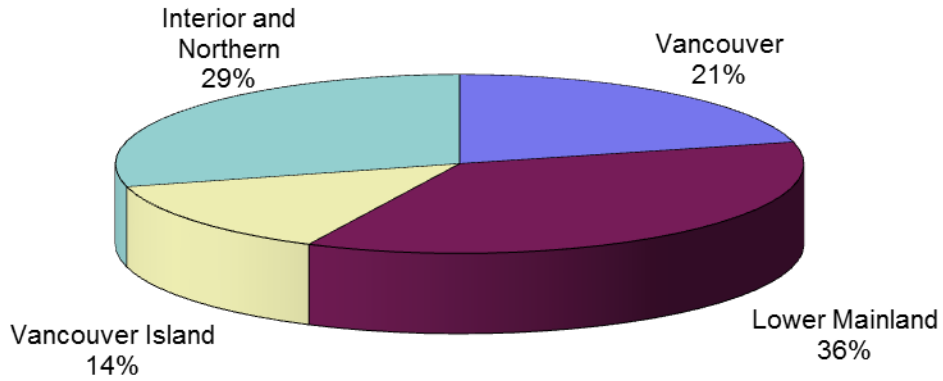
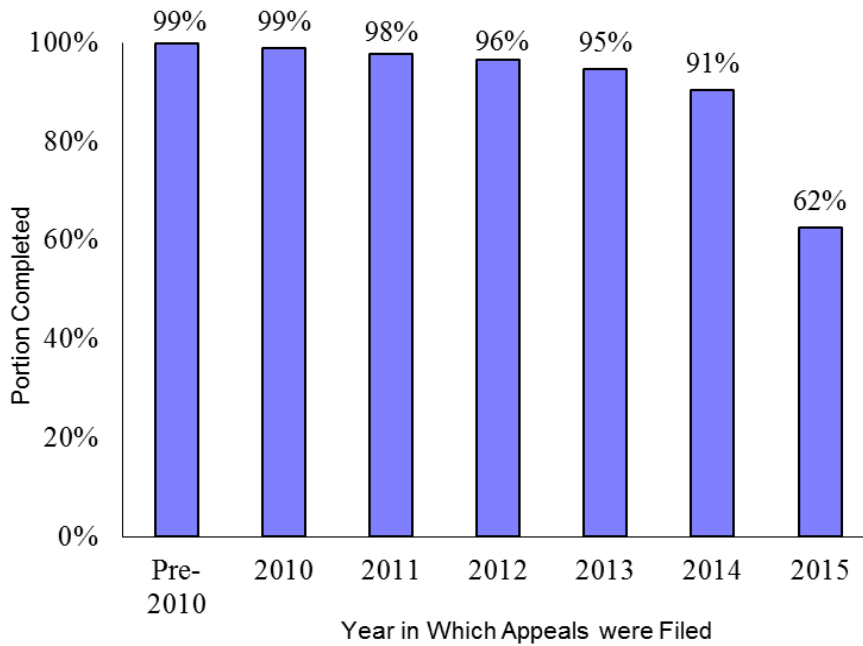


Figure 6 shows that the vast majority of older appeals have been completed.

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 2015, nine cases from previous years were outstanding before the B.C. Supreme Court. During the year, three new cases were filed. The Court confirmed the Board's decision in one appeal and four cases were referred back to the Board. One case was abandoned. At year-end, six cases were still before the B.C. Supreme Court.

The Court of Appeal granted leave to appeal the Supreme Court's decision on Nav Canada for the assessment of air traffic control towers and related properties at four airports. The Court of Appeal also granted leave to appeal the Supreme Court's decision on Victory Motors. This decision relates to the value of a contaminated site.

There were no applications in 2015 for leave to appeal to the Supreme Court of Canada.

Responses to Challenges in 2015

The Board used the following strategies to resolve appeals:

1. All appeals are subject to varying degrees of appeal management and alternative dispute resolution.
2. The Board offered residential property owners (who filed their appeal via its website) two options to resolve their appeals;
 - on-line dispute resolution (ODR) with interactive website tools;
 - a telephone appeal management conference.

41% of the participants chose ODR. It does take more Board member time to support and facilitate ODR versus a one-hour teleconference. However, the resolution rate by agreement for the ODR method was higher at 75%, compared to 61% for the teleconference method. Since adjudication is the most costly part of the appeal process, the higher resolution rate makes both methods approximately equivalent from a cost point of view.

3. 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.

4. For commercial and industrial appeals, the Board conducted teleconferences to narrow the issues and seek resolution. The Board also 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.
5. The Board offered self management to those appeals and 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.
6. 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 2015, the Board held a forum with tax agents, legal counsel and BC Assessment. The main purpose of the meeting was to reinforce the Board's expectations for timely resolution of appeals. The Board did not propose any significant changes to appeal management practices. The Community did request clarification on the confidentiality of documents produced in settlement discussions.

Transformation & Technology

The Board completely re-wrote a web-based self screening tool for plain language. The interactive site assists the public decide if they should appeal their assessment. It helps the public judge the strengths and weaknesses of their cases. For those that do appeal, it provides guidance on what evidence will be required.

Board Finances

The Board's budget for April 1, 2015 to March 31, 2016 is \$1.39 million, fully funded from the property tax levy and appeal fees.

The estimated expenditures for 2015/2016, 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)	%
2015/16 ¹	\$1,388	\$1,108	\$280	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%)
2010/11	\$1,277	\$1,225	\$52	4%

Note:

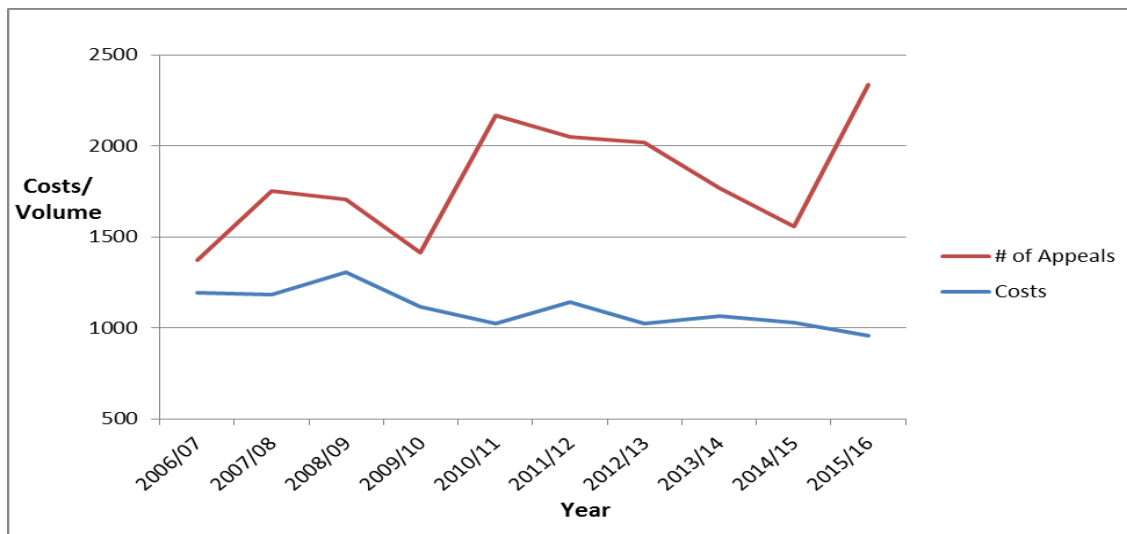
1. Expenditures for fiscal year 2015/16 are forecasted based on actual expenditures to Jan. 31, 2016.

The Board forecasts it will be 20% under budget in fiscal 2015/16 primarily due to two vacant full time Board positions in the last 4 months of the year. The Board collected \$95,000 in appeal fees and forecasts billing the Surface Rights Board \$62,000. 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.

As shown in Figure 8, the Board has managed to keep expenditures steady or slightly decreasing while dealing with an increasing trend in appeals. This has been achieved by adopting new technology and new 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 2016

The vast majority of 2015 residential appeals are complete. The Board will work with the parties to resolve the remaining commercial and industrial appeals. For most appeals, if resolution is not imminent by March 31, 2016, the Board will schedule 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 2016, the Board will start resolving the newly filed 2016 appeals.

Targets for 2016:

1. To complete or schedule for hearing, by March 31, 2016, 75 to 85% of the active 2015 commercial and industrial appeals.
2. To complete or hear, by December 31, 2016, 90 to 100% of the 2016 residential appeals.
3. To complete or schedule for hearing, by March 31, 2017, 75 to 85% of the active 2016 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 2016 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, 2015

Name	Position	Term Expiry Date
John Bridal	Member	December 31, 2016
Winton Derby	Member	December 31, 2016
Larry Dybvig	Member	December 31, 2016
Dianne Flood	Member	December 31, 2016
Rob Fraser	Special Appointment	February 19, 2016
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
Dale Pope	Member	December 31, 2016
Don Risk	Member	December 31, 2016
Simmi Sandhu	Acting Chair	July 31, 2016
Jeremy Sibley	Member	December 31, 2016
Audrey Suttorp	Member	December 31, 2016
Kenneth Thornicroft	Member	December 31, 2016
Bruce Turner	Member	December 31, 2016

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

2015 Appeal Completions Compared to 2014

Period	Appeals at Beginning of Period	Appeals at December 31	Appeals Completed Within Period	% Completed in Period
2015				
New Appeals	2,338	877	1,461	62%
Prior Year Appeals	997	464	533	53%
Year 2015 Total	3,335	1,341	1,994	60%
2014				
New Appeals	1,556	605	951	61%
Prior Year Appeals	911	392	519	57%
Year 2014 Total	2,467	997	1,470	60%

Appendix 4

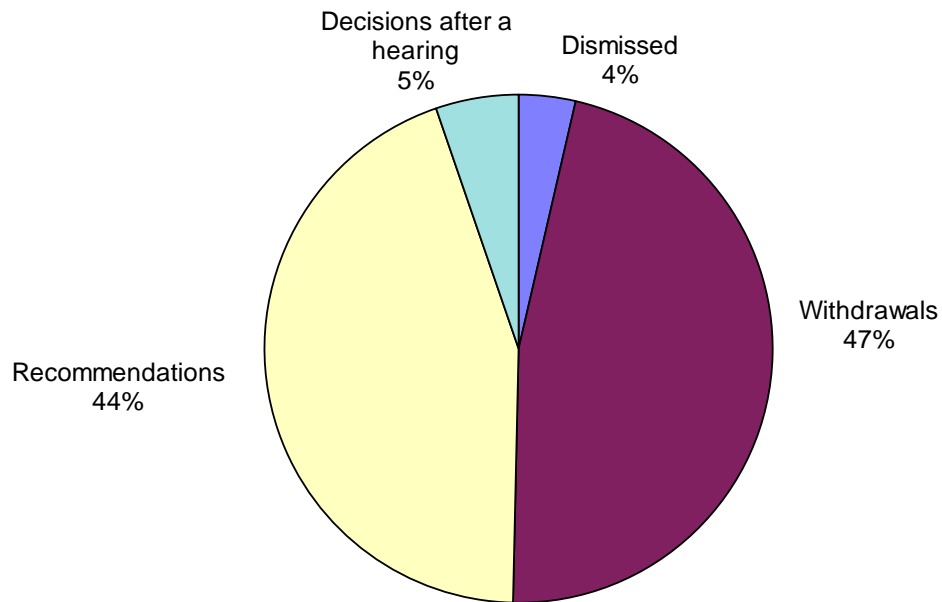
Appeal Completions by Year of Appeal

Year filed	Appeals at Beginning of Year	Method of Completion				Total Completed	Appeals Outstanding at Dec 31/15
		Dismissed	Withdrawals	Recommendations	Decisions after a hearing ¹		
2015 ²	2,338	67	693	637	64	1,461	877
2014	605	5	197	221	33	456	149
2013	148	0	24	19	8	51	97
2012	84	0	6	7	0	13	71
2011	51	0	2	1	0	3	48
2010	29	0	2	0	0	2	27
Pre-2010	80	0	8	0	0	8	72
TOTAL	3,335	72	932	885	105	1,994	1,341

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 2015 appeals is from May 1 to December 31.

Method of Completion of Appeals in 2015



Appendix 5

Summary of Outstanding Appeals

APPEAL STATUS	OUTSTANDING APPEALS						
	TOTAL	2015 APPEALS ¹			PRIOR YEARS ²		
	Dec 31/15	Dec 31/15	April 30/15	Inc./((Decr.))	Dec 31/15	Dec 31/14	Inc./((Decr.))
Appeal Management in Progress	502	461	2,338	(80%)	41	560	(93%)
Scheduled For Hearing	13	11	0	N/A	2	22	(91%)
Pending Board or Court Decision	729	320	0	N/A	409	368	11%
Decision in Progress	97	85	0	N/A	12	47	(74%)
Total Outstanding Appeals	1,341	877	2,338	(62%)	464	997	(53%)

Notes:

1. April 30, 2015 was the filing deadline for the 2015 appeals.
2. Includes all outstanding appeals to the Board from the 2014 and earlier rolls.

Appendix 6

Board Activities in 2015 Compared to Prior Years

Board Activity	Results in year:				
	2015	2014	2013	2012	2011
Overall Appeal Caseload					
New Appeals Registered	2,338	1,556	1,769	2,018	2,052
Prior Year Appeals (beginning of year)	997	911	1,165	891	865
Total Appeals	3,335	2,467	2,934	2,909	2,917
Appeal Management Conferences (AMCs)					
# of AMCs Conducted	456	445	513	584	769
# of Appeals Involved	3,053	1,017	1,300	1,523	1,568
Settlement Conferences Held	22	13	15	19	40
Hearing Statistics					
# of In-Person Hearings	8	11	8	11	18
# of Hearing Days	8	24	22	26	49
# heard by Written Submissions	80	71	125	112	163
Appeal Completion Method					
By withdrawals/dismissal orders	1,004	735	993	776	934
By recommendations	885	616	869	830	825
By decisions after a hearing	105	119	161	138	213
Appeals					
Number Completed	1,994	1,470	2,023	1,744	1,972

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
2015/16 ¹	694	165	2	102	114	30	1,107	62	1,045
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
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

Notes:

1. Expenditures for fiscal year 2015/16 are forecasted based on actual expenditures to January 31, 2016.
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.