

MEASURE FOR MEASURE

Nova Scotia Property Assessment
2005 Annual Report

I am pleased to present this annual report on property assessment in Nova Scotia for 2005. This report highlights Assessment Services' accomplishments including the Provincial Assessment Inspection Program (PAIP), a continued record of strong client service, and the on-going work required to deliver an accurate, on-time assessment roll to municipalities.

Our relationship with Nova Scotia's 55 municipalities grew stronger this year, especially with the establishment of the Interim Assessment Management Board (AMB). The AMB enables municipalities to provide greater input into the delivery of the assessment function. The excellent work of the AMB has also opened the doors to further cooperation and collaboration in Assessment Services between the Province and municipalities.

I look forward to another great year in 2006.



Honourable Richard Hurlbert
Minister, Service Nova Scotia and Municipal Relations

It was a momentous year for Assessment Services and Nova Scotia's 55 municipalities. Our 2005 highlights include the establishment of the Interim Assessment Management Board made up primarily of municipal representatives, and the passage of a UNSM resolution supporting the establishment of a municipally-controlled entity for the delivery of the assessment function. It was also a year of intense operational activity as Assessment Services staff worked to deliver the assessment roll and meet the organization's mandate and legislative standards as defined in the Assessment Act.

This annual report includes information about the provincial assessment roll, the work involved in delivering the mandate, financial information and client service levels. It also addresses the challenges of Assessment Services, as well as the strategies to address these challenges.

I would like to take this opportunity to thank the people who serve in Nova Scotia's municipal governments for their interest and willingness to contribute to discussions about the future of the property assessment function. I look forward to increased collaboration in the years to come.

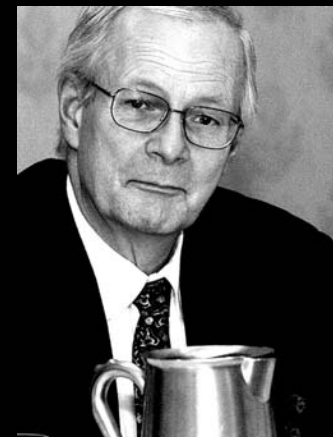


John Cameron, QC
Chair, Interim Assessment Management Board

MESSAGE FROM THE MINISTER



MESSAGE FROM THE CHAIR, INTERIM ASSESSMENT MANAGEMENT BOARD



MESSAGE FROM THE EXECUTIVE DIRECTOR



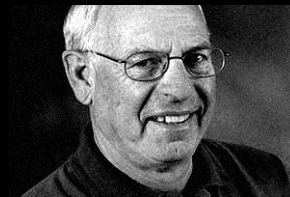
The 2005 annual report marks the end of a year that brought significant change to the way municipalities and Assessment Services work together. It also was a year that Assessment Services sought to strengthen the service it provides to Nova Scotia's municipalities. From face-to-face meetings to our municipal client service survey to our many discussions, your input was greatly appreciated. A special thanks to the members of the Interim Assessment Management Board for their time and contribution.

This annual report is another opportunity to provide municipalities with detailed information about how Assessment Services does business. I hope you will find it useful and informative, and I encourage you to contact us if you have any questions.

The staff of Assessment Services works hard to deliver accurate, timely assessment rolls to municipalities and values to property owners. I am proud of their accomplishments and professionalism.

A handwritten signature in cursive script that reads "Kathy Gillis".

Kathy Gillis
Executive Director, Assessment Services



MAIN ACTIVITIES

"We generate extensive, important information for municipal units, property owners and other stakeholders each year."

ACTIVITY

	HRM	NORTH	SOUTH	EAST	WEST	PROVINCIAL
Appeals	4,157	1,388	2,116	1,605	1,040	10,306
Building Permits / Work Orders	10,041	3,789	5,966	4,672	3,744	28,212
New Accounts / Sub-Divisions	2,294	1,563	1,524	1,778	1,109	8,268
Provincial Assessment Inspection Program	2,752	2,931	2,050	3,478	1,031	12,242
Sales Investigations	1,534	1,985	2,259	2,240	1,110	9,128
Business Occupancy Closings	1,884	749	867	1,013	692	5,205
Business Occupancy Openings	719	117	322	259	177	1,594
Business Occupancy Adjustments	255	74	145	47	77	598

2006 Assessment Values

REGION	RESIDENTIAL TOTAL*	COMMERCIAL TOTAL**	REGIONAL TOTAL	NUMBER OF ACCOUNTS
HRM	\$20,943,588,402	\$8,541,979,810	\$29,485,568,212	151,339
North	\$5,648,645,000	\$2,421,324,000	\$8,069,969,000	109,300
South	\$5,837,905,550	\$1,856,492,200	\$7,694,397,750	108,434
East	\$5,436,179,500	\$3,045,271,600	\$8,481,451,100	128,424
West	\$4,738,953,000	\$1,707,739,460	\$6,446,692,460	77,004
Provincial Totals	\$42,606,622,752	\$17,572,807,070	\$60,179,429,822	574,501

Above values filed in December, 2005

* Residential Includes Resource ** Commercial Includes Business Occupancy

A plan to eliminate business occupancy assessment tax was introduced in the spring of 2005. The first year (2005) saw Business Occupancy Assessments in the 25 per cent of assessed value category (hotels, motels, restaurants, campgrounds, service stations and motor vehicle dealerships) eliminated. Below is a chart outlining the reduction in BOA from 2005 to 2006 by assessment region.

	NORTH	SOUTH	EAST	WEST	HRM	PROVINCIAL
Business Occupancy Reduction	\$108 M	\$50 M	\$103 M	\$55 M	\$314 M	\$630 M

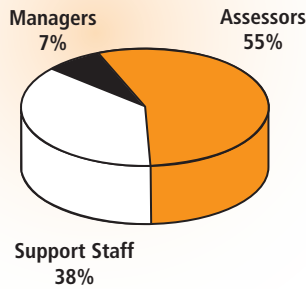
THE NEED TO MEASURE-UP

AN OVERVIEW OF ASSESSMENT SERVICES

Never before has it been more important for organizations to be accountable and transparent. At Assessment Services we take this very seriously and endeavour at every level to “measure up.” At the most fundamental level, we must uphold the provincial legislation which mandates us to provide an accurate, defensible and equitable market-based property assessment roll to Nova Scotia’s 55 municipalities. We need to provide this on time and within budget. And, on every level, we must measure up to the accuracy of our product and the satisfaction of our clients.

Advancing our mandate are the 162 staff who comprise Assessment Services. These committed, experienced and highly trained employees work from our five regional offices and two sub-offices across Nova Scotia, and a head office in Halifax. We generate extensive, important property information for municipal units, property owners and other stakeholders each year. Our major activities include:

Number of Staff by Category



- preparation of the annual and preliminary assessment rolls,
- management of an appeal process,
- coordination of client relations and communications,
- advancing business standards,
- enhancing assessment technology support, and
- implementation of the CAP program.

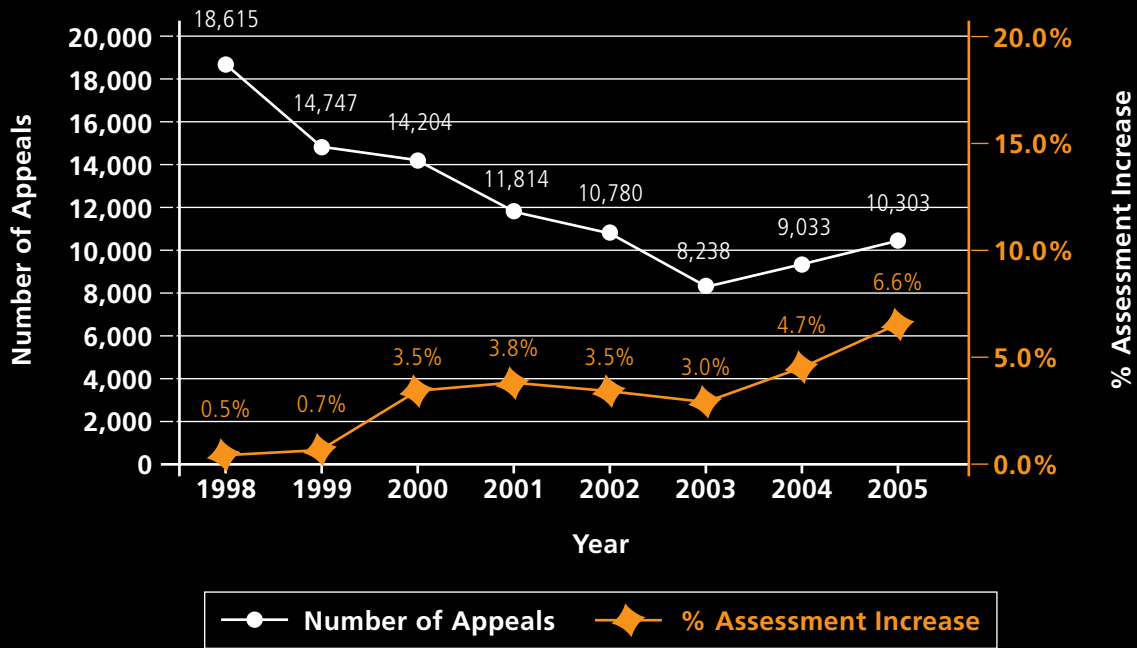
Indicators of the accuracy of our data include:

- the number of appeals filed,
- losses in court, and
- the accuracy of our valuations relative to sales transactions on the market.

Appeals have substantially declined since 1998 while total assessment value increased each year. We are proud that communications efforts and initiatives like proposed assessments helped contribute to the decline in appeals over the past nine years.



Number of Appeals vs. % Assessment Increase



2005: A YEAR OF EXPLORING NEW DEPTHS AND EXPANDING CAPACITY

Interim Assessment Board obtains capital funding for new technology

The Interim Assessment Management Board was successful in obtaining municipal approval for the capital funding to acquire new valuation technology – technology that is critical to our business.

EXPLORING NEW DEPTHS

The Interim Assessment Management Board and the case for a new service delivery model

Since April 2001, Assessment Services has operated on a cost-recovery basis, with 100 per cent of its budget paid for by municipalities – and yet, municipalities had no formal input into the products and services they received from Assessment. The Union of Nova Scotia Municipalities (UNSM) wanted to change that so we hired external consultants to evaluate alternative governance models. They recommended that one entity outside the direct operational control of the provincial government deliver Assessment Services. Further, they recommended the Province maintain responsibility for legislative standards necessary for the separation of tax policy and tax administration.

With these recommendations, and as a result of negotiations and discussions between the Province and the UNSM, the Province appointed an Interim Assessment Management Board (AMB) in January 2005. Predominantly comprised of municipal representatives, the AMB has assumed responsibility for decisions affecting the ongoing and effective delivery of property assessment services in Nova Scotia. Under this mandate, the AMB also made recommendations to the UNSM and the Minister of Service Nova Scotia and Municipal Relations regarding the preferred option of the delivery of Assessment Services.

In October 2005, the UNSM met and passed a resolution widely supporting the establishment of a municipally-controlled assessment organization, separate from government.

Then, in December 2005, Cabinet gave Assessment Services approval to investigate and make recommendations about becoming an independent entity. A provincial cross sectional team of Assessment staff and other Service Nova Scotia & Municipal Relations divisions and departments is working to create the business case for moving to a municipally-controlled organization.

The business case will include making recommendations on what a municipally-controlled entity needs in areas such as governance, finance, operations, technology, human resources, and the effects these changes will create internally and externally. The AMB will continue to provide direction to the assessment function and will be consulted throughout this process.

EXPANDING CAPACITY

With new technology

We depend on the knowledge and experience of our staff and the capability of our technology to help collect, store and analyze data for over 570,000 accounts across Nova Scotia. The accuracy and dependability of the assessment roll depends on a flexible valuation system.

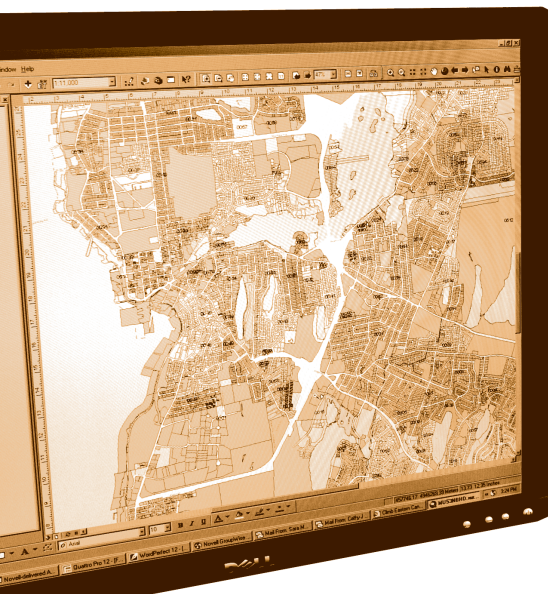
During 2005, the Interim Assessment Management Board approved the expenditure for an integrated assessment valuation system to replace our various stand-alone valuation systems.

PROPERTY PROFILE

PROPERTY GROUP	TAXABLE	EXEMPT	PROVINCIAL TOTAL
Residential	\$38,664,075,202	\$561,739,700	\$39,225,814,902
Commercial	\$8,117,722,900	\$7,131,782,700	\$15,249,505,600
Resource	\$1,208,330,900	\$2,172,476,950	\$3,380,807,850
Business Occupancy	\$2,254,429,170	\$68,872,300	\$2,323,301,470
Provincial Total	\$50,244,558,172	\$9,934,871,650	\$60,179,429,822



NEW DIMENSIONS



Implementation has begun on this state-of-the-art system that will integrate the functionality of our OASIS residential valuation system, commercial valuation tools, web-based modules, workflow tools, and capping system.

Assessment employees are excited about working with the new system – one that is based on a single, common relational database to enhance data integrity and enables them to seamlessly navigate the valuation modules. The new system utilizes “thin-client applications” which means that all modules of the new system are accessible over the Internet through a web-browser.

TRENDS AND ISSUES ON OUR RADAR SCREEN

A new relationship with Nova Scotia’s municipalities

2005 marked a year during which Nova Scotia’s municipalities became increasingly involved with the delivery of Assessment Services through the establishment of the Interim Assessment Management Board. As Assessment Services transitions to a new, closer relationship, strengthened communications and accountability to our municipal clients become even more important.

That’s why we embarked upon a mission to really understand our municipal colleagues better. We took some important measurements when we hosted outreach meetings between May and July during which the Executive Director of Assessment Services met with municipal representatives in each of the five assessment regions. Following those meetings we conducted an online survey where we asked Chief Administrative Officers and their staff to tell us their perceptions of our key products and services and how we deliver them.

What did we learn?

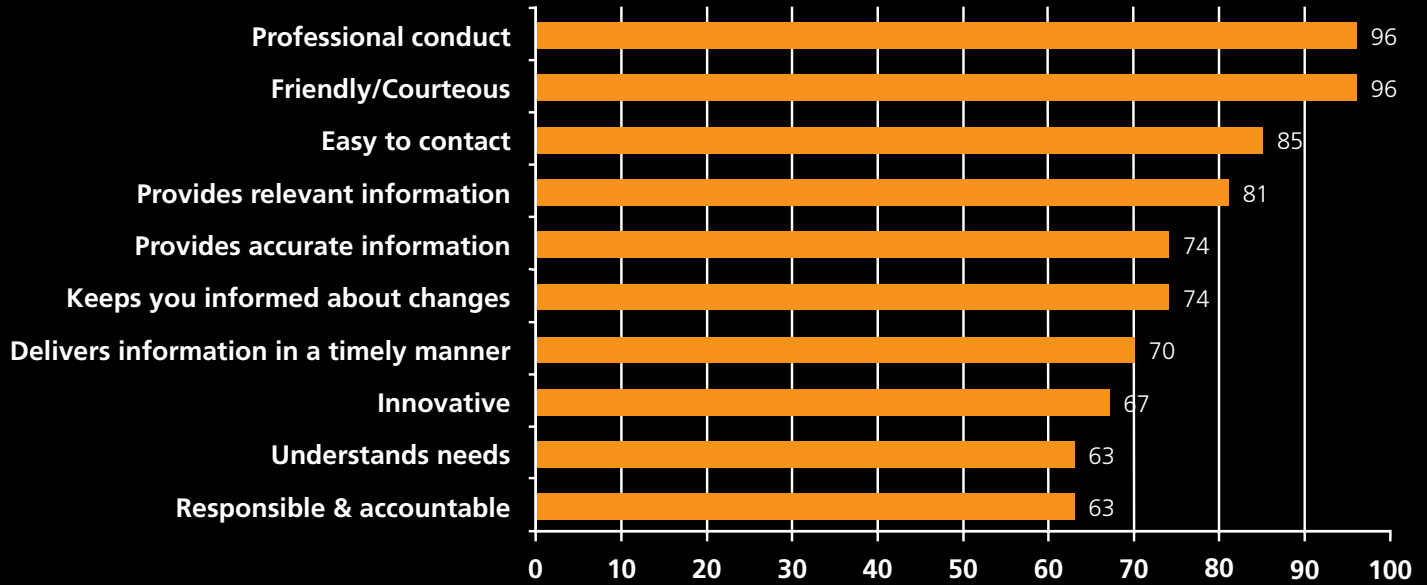
Municipal units appreciate the professionalism of our staff, our quick response to issues and enquiries, and the accessibility of regional managers. For the most part, information was seen as accurate and timely. Participants mentioned we could improve communications of new programs such as the CAP. Programs such as the PAIP were seen as innovative and suggestions such as joint production of notices were offered as ways to save money and provide better service. Comments were that Assessment was becoming more focused and accountable in many areas.

We will use the results of both survey tools to develop plans to meet the needs of this key audience—with measurable objectives which we will report back to our municipal colleagues.

Recruitment, retention and succession planning

Municipalities also highlighted their concern about Assessment staffing levels through our discussions, roundtables, and through the survey. There is no question, staffing is a priority for us, specifically, recruitment of qualified assessors, retention of existing staff, and the development and implementation of a succession-management strategy. We have a plan to address upcoming retirements and the issue of competition. Migration to an external assessment entity will support our objective of keeping our talented staff and be competitive in future recruitment endeavors.

MU Overall Satisfaction with Assessment



CLIENT SERVICE

Assessment Services and municipalities share a very important client: property owners. Each year we communicate information about our role, services, products and relationship with municipalities in an attempt to enlighten property owners so they feel equipped to answer the question, "Is my assessment a fair representation of market value as of a certain base date?"

We encourage property owners to contact us. During peak assessment times (i.e. during the release of formal assessment notices in January, or proposed notices in the early summer), we engage an Assessment Information Centre (AIC) to help us manage the thousands of calls we receive. The AIC manages the non-valuation calls and refers any specific inquiries about a property value to an assessor. Generally, about 40 per cent of the calls can be managed by the AIC. The remaining 60 per cent are directed to assessors.

Each year we measure property owner perceptions of our services which helps us enhance our communication strategies for the next year.

In 2005, overall, almost seven in ten property owners report they were satisfied with the AIC which is down somewhat since 2004 (-3%). The added responsibility of managing questions regarding the CAP Assessment Program may have resulted in the decline. Property owners are unlikely to be happy about their assessment because of its connection to taxes, therefore, the AIC is unlikely to have satisfaction scores much higher than the low 70 range.

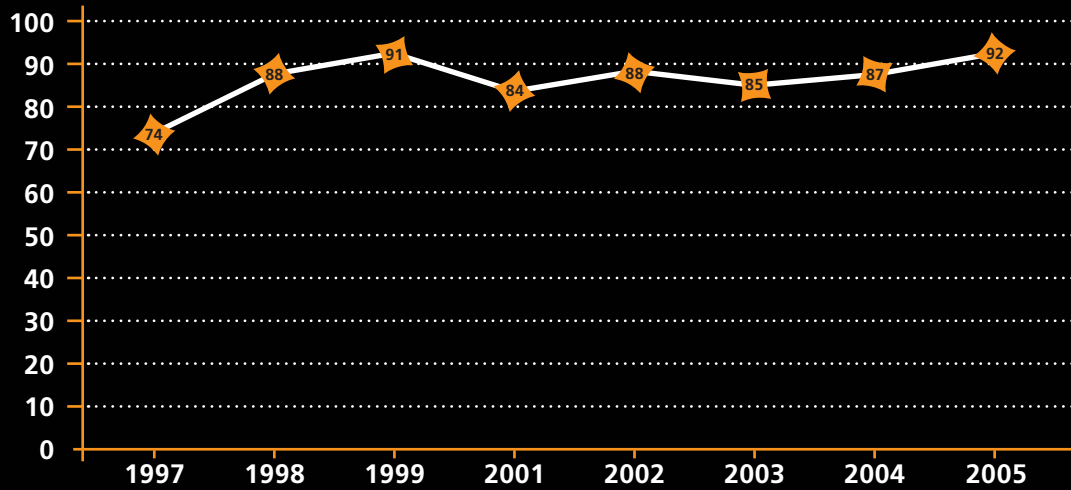
	2002	2003	2004	2005	Gap
Overall Satisfaction	73%	69%	71%	68%	-3%

That said, we strive each time we operate the AIC to:

- achieve the highest possible customer service scores,
- prevent our callers from having to wait in long telephone queues, and
- have their calls answered by a helpful person as opposed to a recorded message telling them to press various buttons to redirect their call.



Overall property owner satisfaction with assessors since 1997



The survey considers courteousness, response time, ability to answer questions, knowledge, and professionalism.



PROGRAMS

PROPOSED ASSESSMENT NOTICES

In 1996 Assessment introduced annual reassessments. In addition, we began delivering proposed assessment notices to property owners with a proposed increase of over three per cent. This gives us an opportunity to talk to property owners who have questions about their assessment before formal assessments are mailed in January.

PROVINCIAL ASSESSMENT INSPECTION PROGRAM (PAIP)

We introduced the Provincial Assessment Inspection Program 1998 to verify assessment data in selected areas of the province and to capture new information so our records are current and accurate.

PAIP provides many benefits for Assessment Services and the municipalities. In addition to the extra resources for data collection and verification, it also serves as a training opportunity for a pool of potential employees.

In 2005, we hired 18 PAIP employees throughout the Province.

Measure for measure, PAIP is an incredibly valuable program. Through it, we added \$68,280,800 to the 2006 assessment roll – which is a significant return on investment in terms of budgeted dollars for the program and the amount added to the assessment roll. That's why PAIP will be a tool in our kit again for 2006 and no doubt for many years to come.

CAP ASSESSMENT PROGRAM

The CAP Assessment Program (CAP) is designed to help protect Nova Scotia property owners from dramatic increases in market value by limiting - or capping - annual taxable assessment increases on eligible properties. The total number of capped accounts on the 2006 roll filed in December of 2005 was 40,800 for a total capped amount of almost \$427 million.

In 2005, owner-occupied condo owners became eligible to apply for CAP.

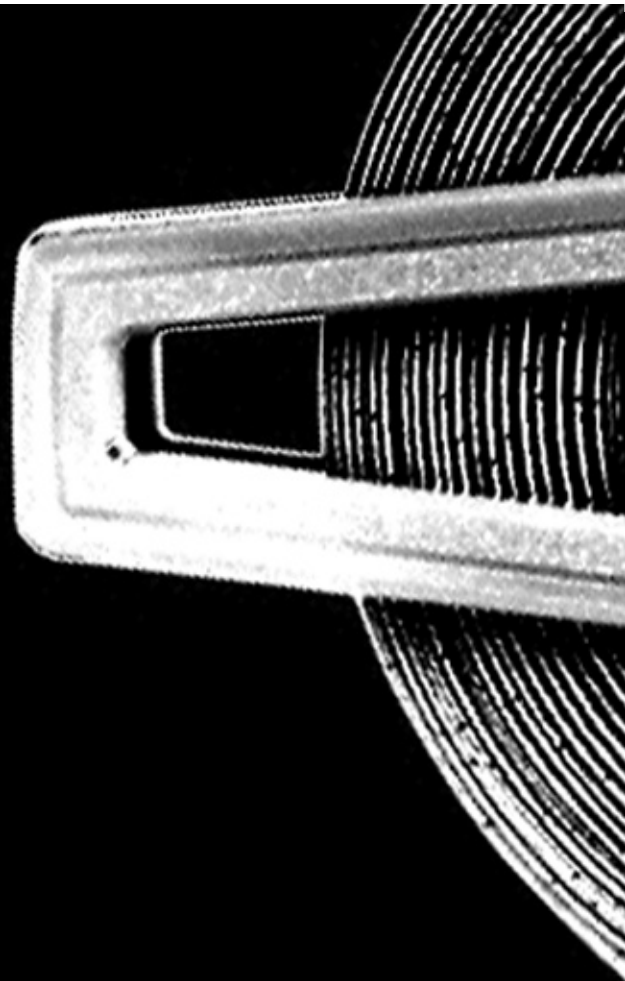


Assessment Services 2005/06 Budget Estimates

Number of positions	162	
	ESTIMATES	% OF BUDGET
Salaries and Benefits	\$8,858,500	62.3%
Travel	575,800	4.0%
Professional Services - Communications	240,500	1.7%
Professional Services - Appeals	53,000	0.4%
Printing - Notices & Stationery	194,300	1.4%
Postage - Notices & general	395,300	2.8%
Data Processing	468,000	3.3%
IT Software Purchases & Supplies	20,500	0.1%
Telecommunications	132,800	0.9%
IT Software Maintenance	220,900	1.6%
Rentals & Leases - Equipment	27,700	0.2%
IT Hardware & Equip't Purchases (includes IT refresh)	194,500	1.4%
Staff Training & Development	102,700	0.7%
Membership Dues & Fees	49,500	0.3%
Workers Compensation	53,700	0.4%
Supplies, Services & Other	117,200	0.8%
Service Recoveries - Other Depts	1,516,200	10.7%
Provincial Inspection Project	250,000	1.8%
Technology Transition	750,000	5.3%
Total	14,221,100	100.0%

Notes: 1. Salaries include estimate for Bargain Unit salary increase of \$431.4k
 2. Estimate does not include CAP Program and Special Projects





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