



MOVING into the FUTURE

Nova Scotia Property Assessment
2006 Annual Report

Message from the Chair

2006 proved to be another year of steady progress as Assessment Services transits from Service Nova Scotia to the newly minted Property Valuation Services Corporation (PVSC).

In the fall of 2006, the *Property Valuation Services Corporation Act* was passed by the Nova Scotia legislature. Phase I of that legislation was proclaimed early in 2007 allowing for the creation of the Assessment Services Transitional Board and the supporting structures around the Corporation.

On the technology front, Assessment Services completed the implementation of the iasWorld Mass Appraisal system, on time and on budget. This state-of-the-art application will allow for the delivery of residential and commercial assessments using consistent delivery tools, web-based workflow and the potential for improved data exchange with the 55 municipalities and our other business partners.

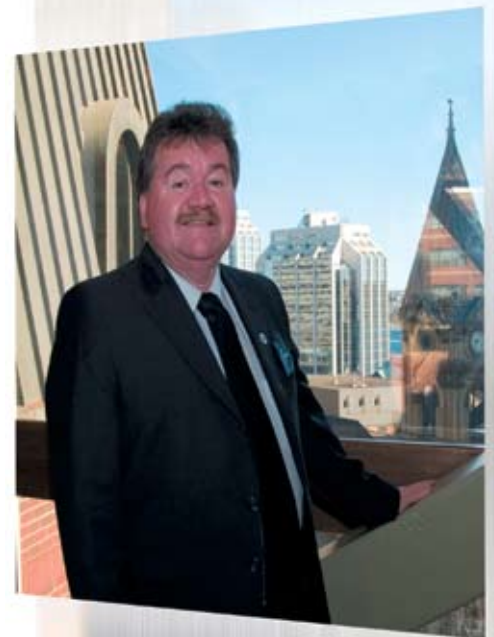
I would also like to offer sincere thanks to the regional staff at Assessment Services who worked extremely hard in the past year to deliver the assessment roll and meet their requirements under the *Assessment Act*. Thanks also to the members of the Assessment Services Transitional Board and senior departmental staff for their unflagging commitment.

This annual report incorporates statistics about the assessment roll, the efforts involved in completing Assessment Service's mandate, financial information and reports on client service levels.

It has been an amazing year at Assessment Services. I am pleased to assure the PVSC stakeholders, that as this transition moves forward, their interests are being very well served by the Assessment Services staff. I look forward with confidence to another year of progress and continuous improvement.



Lloyd P. Hines,
Chair, Assessment Services Transitional Board
Warden, Municipality of the District of Guysborough





Message from the Minister

The 2006 Annual Report represents another important stage in the transition of Assessment Services to the new Property Valuation Services Corporation (PVSC). It is the final year Assessment Services falls within Service Nova Scotia and Municipal Relations.

The passing of Bill 94, the *Property Valuation Services Corporation Act*, brought the PVSC into being, providing municipalities with much greater control. Of course, the operational work continued as well. This report highlights the accomplishments of Assessment Services which include implementing the new software to calculate assessments, iasWorld – on time and on budget.

This seems the right time to thank the staff of Assessment Services for their continuing commitment to strong client service and high quality and accurate assessment rolls. The Assessment Services Transitional Board is fortunate to be gaining skilled and dedicated employees who provide great service to municipalities.

As the Assessment Services Transitional Board continues its work, I wish them continued success. I'm certain the spirit of cooperation between the Transitional Board and the Province will pave the way for a smooth transition and another exciting year.

A handwritten signature in black ink, appearing to read 'J Muir'. The signature is fluid and cursive, with a small dot above the 'i'.

Honourable Jamie Muir
Minister, Service Nova Scotia and Municipal Relations

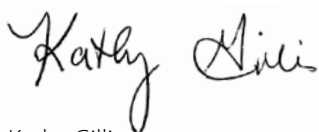
Message from the Executive Director, Assessment Services

2006 was a great year of progress as Assessment Services transits from Service Nova Scotia to the newly created Property Valuation Services Corporation. We are now in the final steps of making this new agency a reality and have begun to put the resources in place to allow for a smooth conversion. The new Board and Service Nova Scotia staff have worked cooperatively to ensure that the new corporation gets off to an impressive start.

We are proud of our other accomplishments in 2006 as well. On the technology front, Assessment Services completed the implementation of the iasWorld Mass Appraisal system, on time and on budget. In the world of technology projects, cost overruns and delays are the norms, so I commend my colleagues on this remarkable feat. We look forward to utilizing the ability for web-based workflow and the potential for improved data exchange with the 55 municipalities and other business partners.

While all this change was taking place, staff at Assessment Services continued to work diligently to complete the filing of the assessment rolls for the municipalities and meet their other requirements under the *Assessment Act*.

On visits with our municipal partners, it is a great source of pride to hear the positive comments about the dedication and professionalism of Assessment staff. I am pleased and proud of the outstanding achievements that Assessment staff have brought to fruition this past year and look forward to continuing progress in the next year.



Kathy Gillis

Executive Director, Assessment Services.





Into the Future

The amount of work that goes into preparing for a journey is sometimes as monumental as the journey itself: travelers assemble supplies, check maps, create itineraries, consult fellow travelers, and focus their stamina, talent, and determination to reach their goal, knowing there will be inevitable challenges to navigate. All this before they even “push off” on the first leg of their travels.

2006 marked this careful preparation and “launch” for us at Assessment Services as our leaders and staff began managing the transition from a provincial government department to a municipally-controlled, not-for-profit corporation.

Our ultimate destination? The new Property Valuation Services Corporation (PVSC) with its municipally-controlled board that will lead the strategic direction of the corporation on behalf of Nova Scotia’s 55 municipalities. The new flexible structure will enable us to

continue providing accurate, defensible assessments, but will also, in time, allow us to offer new products and services. This will encourage a more collaborative relationship resulting in products and services that will serve municipalities and property owners better. It will also separate tax policy from assessment policy.

Excitement and trepidation go hand in hand as organizational change passes from the idea stage to reality. Strategically, a long-term plan provided focus for Assessment Services through 2006 as we embarked upon a journey

with three major milestones:

- Legislation to create the Property Valuation Services Corporation that would take over the Assessment Services function from the provincial government.
- The implementation of the iasWorld software that would move Assessment Services from a 16 year-old mainframe application to a web-based, state-of-the-art mass appraisal system.
- A renewed management structure to position Assessment Services for success and navigate it through the other two changes.

First, there had to be an examination of why we, Assessment Services, existed, and if these changes affected our mission. We found that, far from changing what we do, these changes equipped us with the tools, flexibility and structure to do it better. We would still provide municipalities with property information, products, and management. But, we would also be able to identify and initiate opportunities to improve our products and services with greater ease than before. This is exciting new territory for us.

We also look enthusiastically to a future that includes not only improving and expanding our products and services, but marketing some of them to help offset our costs. These new products and services include data products, knowledge products and services, and, in time, information management and technology products and services. We have the ability to offer continuous

access to real property information, analysis and trends.

Operationally, we are restructuring and retooling to take advantage of web-based communications, work assignments and remote updating. While boundaries are more functional than geographic, we would still maintain a regional presence. We will create a new Quality Control/Quality Assurance section to enable improvements through specialized training, implementation of best practices, collaboration with municipalities and standardization of procedures.

Even as we pass the first landmarks on the road to a bright future, Assessment Services keeps focused on our core values: accountability, quality, progressiveness and delivery of services and products to our stakeholders.

Property Valuation Services Corporation Becomes a Reality

Bill 94, the *Property Valuation Services Act* was passed in the Fall 2006 sitting of the Nova Scotia Legislature and Phase I was proclaimed by Cabinet and signed by the Lieutenant Governor. Implementation in two phases allows the PVSC to establish its corporate structure in preparation for assuming responsibility for Assessment Services.

Phase I is primarily concerned with establishment of the PVSC. It allows the PVSC to do things like sign contracts and pay for services. It also means that the PVSC can hire the resources needed to establish good governance and provide legal, financial and human resource direction. We have employed legal counsel, a financial director and the corporate secretariat. Areas to be resourced are human resources and public relations.



Russ Adams
Corporate Secretariat

"This is a terrific time to be working with the Board: the critical early stages of building a corporation that will be a great benefit to the 55 municipalities of Nova Scotia and the property owners they represent."



Louis de Montbrun
Director of Finance

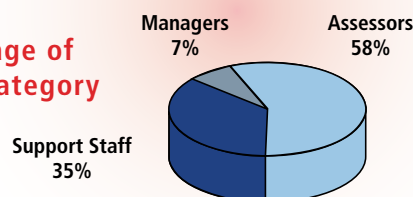
"My role is to provide sound financial advice and information to support strategic decisions by our Board, and our municipal clients."



Valerie Paul
Corporate Counsel

"My role is threefold: to help guide the PVSC through the maze of legislative, regulatory and political paths; to protect the Corporation from the pitfalls; and to learn from other assessment jurisdictions which have preceded us in order to avoid conflict where possible. All this in the interest of our stakeholders."

Percentage of Staff by Category



During Phase II, expected in April 2008, the Province will designate all employees and transfer assets and data to the PVSC.

The Assessment Services Transitional Board replaced the Assessment Management Board and will set the direction of the PVSC, approve priorities, plans and budgets, and oversee the

results. They are now directors of the PVSC and represent our 55 municipalities.

The board of directors will include elected municipal members, municipal staff, the CEO of the PVSC, the executive director of the Union of Nova Scotia Municipalities (UNSM) and the deputy minister of Service Nova Scotia and

Municipal Relations, the latter two as ex officio. The Board may appoint two members at large.

Lloyd Hines, Warden of the District of Guysborough, is the chair of the Board and Russell Walker, HRM Councilor and UNSM President, is the vice-chair.



Greg Keefe
Deputy Minister, Service Nova Scotia & Municipal Relations

Delphis J. Comeau
*Clerk/Treasurer, District of Clare (retired)
Member, AMA*

John Prall
*Mayor, Town of Berwick
Member, AMA*

Trudy LeBlanc
*Deputy CAO, District of Yarmouth
Past President, AMA*

Bob McNeil
*Director of Technology, Cape Breton
Regional Municipality
Member, AMA*

Ken Simpson
Executive Director, UNSM

Charles Crosby
*Mayor, Town of Yarmouth
Past President, UNSM*

Russell Walker
*Councilor, Halifax Regional Municipality
President, UNSM
Vice-chair, Assessment Services Transitional Board*

Lloyd P. Hines
*Warden, District of Guysborough
Member, UNSM
Chair, Assessment Services Transitional Board*



Amery Boyer **In Absentia**
CAO of the Town of Annapolis Royal

iasWorld Project – A Milestone Achieved On Time and On Budget

Assessment Services in Nova Scotia had been looking for several years to replace its 16 year-old, mainframe-based mass appraisal system called OASIS. The Provincial government announced in 2005 that it was planning to shut down its mainframe and that all applications had to be off the system by April 2007. With that inevitability, Assessment Services took all the necessary steps to find a replacement.

That replacement is the iasWorld Property Assessment System, a state-of-the-art system that will make it much easier to collect, store and analyze data for over 580,000 assessment accounts across Nova Scotia. IAS stands for “integrated assessment system.” It integrates the functionality of the old OASIS system, commercial valuation tools, web-based modules, workflow tools and the capping system. It will help enhance data integrity and be much more efficient for staff: easier to navigate and accessible over the Internet through a web-browser rather than dependence upon a mainframe.



Once we chose our vendor, we activated a project plan and engaged a project manager to begin the fifteen-month marathon to replace the existing system, transfer and test all the data, adapt the software to our needs, train our staff, and ensure that our needs could be met. On February 5, 2007 the iasWorld software was delivered on time and on budget – a feat we continually hear is a rarity when it comes to implementing new technology.

Spearheading this technology transition was a core team of Assessment Services’ staff who worked from a project office in Dartmouth. A cross-section of regional and head office staff, professional consultants, technology partners and municipal advisory groups supplemented the team. The iasWorld software is state-of-the-art, web-based technology that is capable of providing a flexible platform for future access and collaborative projects and applications with the municipalities.

A help desk has been established and follow-up training and system modifications are being identified. The next assessment roll will be produced using the iasWorld software and during the year there will be consultation with municipalities to find ways to take advantage of the power of the new system.

While numerous staff worked full-time and on an as-needed basis on the iasWorld project, regional assessment staff put in an amazing extra effort to deliver a high quality and complete assessment roll for 2007.

2006 Property Profile

PROPERTY GROUP	TAXABLE	EXEMPT	PROVINCIAL TOTAL
Residential	\$42,594,475,147	\$579,412,900	\$43,173,888,047
Commercial	\$8,687,427,269	\$7,507,622,360	\$16,195,049,629
Resource	\$1,294,894,500	\$2,233,624,300	\$3,528,518,800
Business Occupancy	\$1,867,794,081	\$59,907,826	\$1,927,701,907
Provincial Total	\$54,444,590,997	\$10,380,567,386	\$64,825,158,383



Lloyd MacLellan
Director of Commercial Valuation Services

A New Structure to Pursue the Future

To take advantage of the potential of the new iasWorld software and to best fit with the transition to the PVSC, we modified the management structure at Assessment Services during the later part of 2006. We felt that, where it made sense, a more province-wide approach would be best for delivering our services to municipalities and property owners while building on the quality of information and products. Other strategic drivers were dedicating resources to specific teams, sharing resources and increasing the consistency of our products and services.

The entire management team including the regional managers, supervisors and support staff participated in the reorganization planning.



Eastern regional staff at "all-staff event"

"It was inspiring to witness the pride, enthusiasm and professionalism that Assessment staff brings to the table. Such gatherings are essential and give the team an opportunity to flex, learn and feed off each other. "

- Lloyd Hines, Board Chair, at "all-staff event"

Communications – A Key Component of Successful Change

Changes like those being experienced by Assessment Services have an impact on staff, management, stakeholders and clients alike. To make this a positive experience, one of the critical components of change management is having an excellent communications strategy. This ensures that all parties affected by the change receive accurate information in a timely fashion and most importantly feel they can make their concerns known and get their questions answered.

Throughout the last year there has been a concerted effort to make communications a cornerstone of our transition strategy. We identified our audiences and tailored communications to meet their specific needs as follows:

Assessment Staff

Assessment Services management and the Board recognized that staff communications would be key to riding the wave of change. The Board hosted an "all-staff event" in December where participants were given an opportunity to hear the long term vision for Assessment, participate in an interactive strengths and concerns forum, and be recognized by the Board for their professionalism and contributions.

Other tools introduced in 2006 included a newsletter "Glad You Asked" published about every month and a series of Newsflashes sent out during particularly time-sensitive changes. Regional managers were kept current and, in turn, updated their staff. Senior management visited regional offices at key junctures in the year and Executive Director Kathy Gillis, began to make "State of Assessment" conference calls to all staff that included opportunities to pose questions, ideas and concerns.



Municipalities

As the major stakeholders in the PVSC, municipal communication has been a focal point for Assessment Services during this time of transition. We established a means to provide updates to the municipalities and listen to their input. This was deemed a critical component of our communications strategy. We encouraged our municipal partners to tell us what they liked and where we could improve, expressing ideas that would benefit both groups and ultimately the property tax payer.

Caller Satisfaction with Assessors

Taken after Formal Assessment Release 2007

	2002	2003	2004	2005	2006	2007	Change
Overall Satisfaction	71%	65%	74%	71%	68%	68%	--
Professional/Friendly	88%	85%	87%	92%	88%	88%	--
Quick and Efficient	74%	75%	84%	81%	72%	77%	+5%
Answered Questions	74%	65%	75%	72%	74%	72%	-2%
Listening to Concerns	--	--	--	83%	76%	78%	+2%

Caller Satisfaction with Assessment Information Centre

Taken after Formal Assessment Release 2007

	2002	2003	2004	2005	2006	2007	Change
Overall Satisfaction	73%	69%	71%	69%	62%	73%	+11%
Professional/Friendly	92%	90%	91%	88%	84%	92%	+8%
Quick and Efficient	82%	80%	80%	77%	76%	84%	+8%
Answered Questions/ Provided Useful Information	71%	70%	69%	69%	69%	78%	+9%
Listening to Concerns	--	--	--	--	81%	86%	+5%

Each year we talk to over 10,000 property owners who call us after they receive their formal assessment notices. Callers are routed through an Assessment Information Centre (AIC), a call centre set up to manage the high volume of calls that we encourage when we send out assessment notices. About 60 percent of callers have their inquiry satisfied at the AIC. These tend to be general or administrative-type inquiries. The AIC refers the property-specific and valuation inquiries to assessors. We track customer satisfaction with service at the AIC and with assessors. We use this research to modify customer service training and communications, with the objective of continually improving our service to property owners.



Debi Karrel
Director of Operations



Municipalities (cont'd)

Some of the tools we employed were regional municipal roundtable discussions. These sessions were well attended and received favourable evaluations. Participants from both Assessment Services and the municipalities felt that the face-to-face meetings were productive and produced excellent dialogue.

The Board and Assessment Services presented at the UNSM conference and workshop and provided an update at the Association of Municipal Administrators (AMA) conference and regional AMA meetings. Regional managers visited municipalities to provide updates and learn about any local concerns.

As we move ahead in these exciting new times, the Board plans to provide updates via the UNSM and AMA conferences, newsletters and through their website at <http://gov.ns.ca/snsmr/asmt/amb/>. Assessment Services continue to use any regular correspondence as a vehicle to keep municipalities informed and to encourage the growth in our long standing relationship.

Property Owners

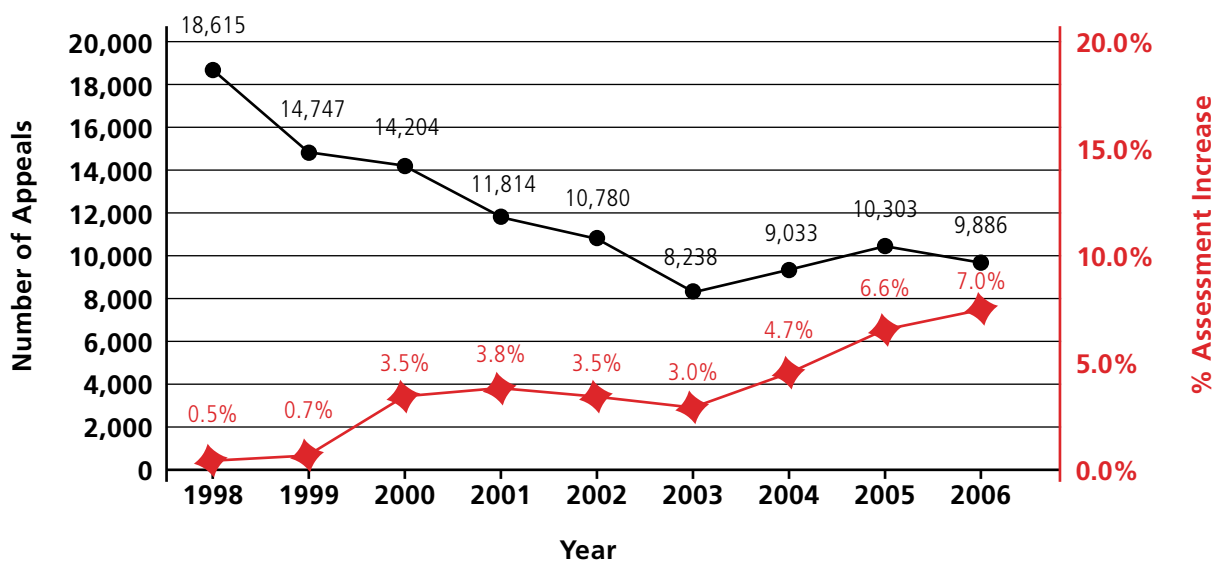
As part of the legislated annual notification to property owners, Assessment Services includes information both on the notice

and as an insert with specific messaging. The intent in this case is less about our changing corporate environment and more towards the continuity in market value assessments.

We also provided mid-year proposed or preliminary assessments which are estimates of what the filed roll value may look like for the next year. In 2006, there were over 300,000 preliminary notices sent. As usual, we activated our Assessment Information Centre, a call centre that manages over 10,000 calls, during both preliminary and formal assessment notice releases.

We feel that Assessment Services has been diligent and thorough in meeting its communications commitments in 2006. Communicating with all our audiences continues to be a priority for 2007 as we proceed with our transition into the PVSC.

Number of Appeals vs. % Assessment Increase



Activity

	HRM	NORTH	SOUTH	EAST	WEST	PROVINCIAL
Appeals	3,750	1,396	1,851	1,645	1,244	9,886
Building Permits/Work Orders	8,490	3,759	3,525	4,398	3,454	23,626
New Accounts/Sub-Divisions	1,939	611	531	1,860	735	5,676
Provincial Assessment Inspection Program	1,747	3,164	1,532	2,649	1,840	10,932
Sales Investigations	5,271	1,161	1,581	3,114	1,256	12,383
Business Occupancy Closings	673	229	276	285	226	1,689
Business Occupancy Openings	534	160	126	204	140	1,164
Business Occupancy Adjustments	226	53	63	22	101	465

Our Programs

Although some aspects of our business have changed dramatically, some things, because they are operational or legislative requirements, have not. In fact, our clients should not be aware of any change in terms of what we deliver to them. For example, we are still required to fulfill our mandate to deliver market value assessment rolls to the 55 municipalities and deliver over 580,000 assessment notices to Nova Scotia property owners. In addition, we conducted the Capped Assessment Program (CAP), the Business Occupancy Phase Out, and Seasonal Adjusted Tourist Business. These are programs we are legislated to provide. We also continue the Provincial Assessment Inspection Program (PAIP) because it enhances and expands the assessment base. The following are updates on each of those programs.

Provincial Assessment Inspection Program

We were pleased to be able to bring the PAIP back for its ninth year. We implemented PAIP to verify assessment data in selected areas of the province and to capture new information so our records are current and accurate.

PAIP continues to provide many benefits for Assessment Services and the municipalities. It serves as a training opportunity for a pool of potential employees and adds extra resources for data collection and verification.

In 2006, the Assessment Management Board supported hiring 20 PAIP employees throughout the Province. Through the PAIP program, we added \$89.4 million to the 2007 assessment roll and the PAIP employees visited approximately 14,000 properties, resulting in nearly 11,000 property changes in these municipalities:

- Annapolis County
- Cape Breton Regional Municipality
- Colchester County

- Guysborough District
- Halifax Regional Municipality
- Kings County
- Municipality of Lunenburg
- Municipality of Yarmouth
- Pictou County
- Queens County/Liverpool
- Town of Digby
- Town of Pictou
- Town of Springhill
- Town of Truro
- Town of Windsor
- Town of Yarmouth
- West Hants

We anticipate that PAIP will continue to be an incredibly valuable program.

Capped Assessment Program

The CAP was designed to protect Nova Scotia property owners from sudden and dramatic increases in market value by limiting or capping annual taxable assessment increases on eligible properties. The total number of participants in the program is just over 32,700. The impact is over \$440 million on the assessment of residential and resource properties.



Jean Thorburn
Manager, Quality Assurance/Quality Control

In the fall of 2006, the Government, through Bill 92, made amendments to the CAP legislation that would continue the CAP program beyond its previous 2007 conclusion date and set the “cap rate” at the NS Consumer Price Index. Two reports were written about the CAP program; one by Deloitte for the UNSM and another by staff of Service Nova Scotia which included consultation with the municipalities. This report was required under the current CAP legislation and was tabled in the Legislature at the end of March 2007.

For 2007, we are developing a plan to proceed through our transition, maintain our service and product offerings, and manage the CAP program changes resulting from this new legislation.



Business Occupancy Assessment Elimination Program

In the Spring of 2005, the Province introduced a plan to eliminate business occupancy assessment tax (BOAT). The legislation defines different schedules for the phase out depending on the type of business, with the intention of eliminating the BOAT altogether by 2013.

Seasonal Adjusted Tourist Business

A Seasonal Tourist Business, as defined in legislation, is a business that is closed for at least four months in the taxation year and is a restaurant, a roofed accommodation or a camping establishment. These businesses may be eligible for a reduced commercial tax rate, if the property owner applies and they demonstrate that they meet specific criteria.

In 2006, nearly 330 tourist businesses were deemed to be eligible across Nova Scotia and will be identified to receive the reduced tax rate. Business must apply each year prior to the September 1st deadline.

2006 Assessment Values

REGION	RESIDENTIAL TOTAL*	COMMERCIAL TOTAL**	REGIONAL TOTAL	NUMBER OF ACCOUNTS
HRM	\$23,038,644,900	\$9,006,849,692	\$32,045,494,592	153,550
North	\$6,270,860,300	\$2,398,821,618	\$8,669,681,918	111,238
South	\$6,436,709,400	\$1,864,237,800	\$8,300,947,200	109,673
East	\$5,806,218,147	\$3,093,097,169	\$8,899,315,316	130,180
West	\$5,149,974,100	\$1,759,745,257	\$6,909,719,357	78,692
Provincial Total	\$46,702,406,847	\$18,122,751,536	\$64,825,158,383	583,333

Above values filed in December, 2006

* Residential Includes Resource ** Commercial Includes Business Occupancy

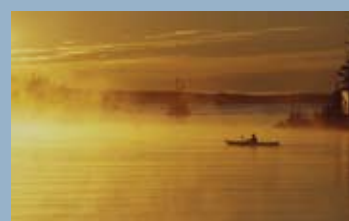
	NORTH	SOUTH	EAST	WEST	HRM	PROVINCIAL
Business Occupancy Reduction	\$76.7 M	\$48.5 M	\$75.6 M	\$38.4 M	\$156.3 M	\$395.5 M

A plan to eliminate business occupancy assessment tax was introduced in the spring of 2005. The first year (2005) saw Business Occupancy Assessments (BOA) in the 25 per cent of assessed value category eliminated. The above chart outlines the reduction in BOA from 2006 to 2007 by assessment region.

Assessment Services 2006/07 Budget Estimates

Number of positions162

	ESTIMATES	% OF BUDGET
Salaries and Benefits	\$ 8,590,500	57.3%
Travel	\$ 659,500	4.4%
Professional Services - Communications	\$ 230,000	1.5%
Professional Services - Appeals	\$ 60,000	0.4%
Printing - Notices and Stationary	\$ 245,800	1.6%
Postage - Notices and General	\$ 576,000	3.8%
Data Processing	\$ 459,500	3.1%
IT Software Purchases and Supplies	\$ 70,500	0.5%
Telecommunications	\$ 144,800	1.0%
IT Software Maintenance	\$ 642,900	4.3%
Rentals and Leases - Equipment	\$ 18,200	0.1%
IT Hardware and Equipment Purchases (includes IT refresh)	\$ 219,000	1.5%
Staff Training and Development	\$ 102,700	0.7%
Membership Dues and Fees	\$ 40,000	0.3%
Workers Compensation	\$ 57,000	0.4%
Supplies, Services and Other	\$ 995,600	6.6%
Service Recoveries - Other Departments	\$ 1,526,000	10.2%
Provincial Assessment Inspection Program	\$ 350,000	2.3%
Total Budget	\$ 14,988,000	100.0%





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