

SAMA Annual Meeting – June 11, 2007

Regina, Saskatchewan

Craig Melvin, Chair

Annual Report from the Board of Directors

Introduction

Good afternoon, Ladies and Gentlemen. It is my pleasure this afternoon to present the 2006 Annual Report on behalf of the Board of Directors of the Saskatchewan Assessment Management Agency. The 2006 Annual Report was mailed to all municipalities and school divisions in April. You will find copies of the report on your table and at the back -- at our SAMA display booth.

You have heard several reports today on the main developments that engaged the Agency in 2006 and you have discussed ways we might improve and speed up re-inspections and other developments that will enhance our future. Earlier today, in my opening remarks, I said “If SAMA is to be successful we must not only get assessment right but we also must effectively communicate our plans and achievements...what we got right and at what cost.” This afternoon I want to expand on what we got right and what cost.

However, before I do, I also said this morning that “a large part of accountability is listening to understand where we have not met expectations and being clear about how we will improve.” In this respect there are certain areas where we did not get it right.

Irwin Blank reported on the delays in completing maintenance for many municipalities. Technically, we met the expected deadline for most municipalities. However, completing

maintenance on April 30 so your municipal administrator can post the roll by May 1 is not a good measure of success. We regret this delay. As you have heard, we have developed a performance plan that sets out targets against which we can measure success. As a permanent reminder about the importance of timely provision of maintenance we will set an earlier date as the performance target date for completion in future years.

Also, in 2006 a resolution was passed calling for issuance of confirmed assessment certificates by January 15th of the year following the date of the assessment return.

In response, the SAMA Board has determined it will make every effort to confirm initial assessment returns submitted to SAMA within the required time, by January 15th of the following year, and will use the date of the regular January Board of Directors meeting as a performance measure.

The Role and Responsibilities of the Board of Directors

On the other hand, we have achieved a number of successes this year. In my report on behalf of the Board last year, I addressed four core areas of Board responsibility. SAMA must have systems in place to ensure that our operations and decision-making processes are consistent with public sector standards. A critical component of these standards is reporting appropriately to all interested parties through accessible avenues of disclosure. This annual meeting, more than anything else, is a primary avenue of public disclosure.

The Board of Directors occupies a central position in the governance of the Agency. The Board's general role is to foster SAMA's success consistent with its mandated objectives and accountability to stakeholders. In the discharge of its mandate, the Board has four core responsibilities.

First Core Responsibility: Select, assess, compensate and plan for CEO succession.

As we have reported previously, in 2006 the Board recruited and selected Irwin Blank as our successor CEO to Murray Cooney. And, recognizing that our responsibilities as a Board appropriately begin and end with CEO succession, SAMA like every other corporation is in a very serious staff recruitment and retention competition with other employers. For this reason the Board has lifted its human resources function to a high internal priority. We have been fortunate to engage a new Managing Director of Human Resources, Betty Rogers, in whose capable hands a plan for staff recruitment and retention is being developed.

As Irwin reported this morning, we have implemented the Training Assessment Accreditation program, or TAAP, a successful internal training program, for seven employees in our Agency's regional offices. The TAAP program means we can take advantage of the employment interests of individuals living in these areas. SAMA has maintained its bursary program and close linkage to the urban appraiser training program at Lakeland College. And, we are seeking ways to retain staff that are presently with us despite the attraction of higher rates of pay in other jurisdictions. Without qualified and committed staff SAMA cannot fulfil its mandate. Consequently, the responsibility of the Board in this critical matter will continue to receive close attention.

Second Core Responsibility: Oversee development of and approve a strategic plan that takes into account the opportunities and risks facing the organization.

Agency accountability includes constant renewal of the Board's strategic directions. Since last year's Annual Meeting, the SAMA Board of Directors has continued to review and update its five-year strategic plan.

Since the plan's inception in 2004, the Board has focused on directions and commitments that include: successfully implementing the 2009 revaluation, securing stable funding,

enhancing communications and relationships with stakeholders, and achieving desired legislative change.

To date we have accomplished two of these four major directions: securing stable funding and achieving desired legislative change. We will continue to work hard to realize our other directions and fulfill our commitments under the plan...the 2009 revaluation being a primary commitment.

I will not report in detail on achievement of our strategic directions but do want to note that since last year, SAMA has developed and finalized new secondary audit procedures for the current revaluation cycle. As well, in cooperation with the cities and other service providers, we have incorporated changes needed to accommodate confirmation and quality assurance audit issues arising from the implementation of the full market value assessment system for urban properties in 2009.

Irwin reported a key and lasting improvement in our planning process this morning when he discussed the Agency's 2008 performance plan. The performance plan is a newly developed and essential support for the governance role of the Board of Directors.

SAMA's 2008 Performance Plan arises from our strategic plan and focuses on goals and objectives that are relevant to delivering the key services of assessment research, SPAN, assessment services and quality assurance. The plan brings together in one document how the Agency will improve planning and accountability, workforce development, efficiency, confidence and trust.

Most importantly from a Board accountability perspective, the performance plan will also lead to the development of performance measures for the Agency and improved reporting back to our stakeholders. In 2009, the 2008 plan will be updated. However, to prepare for the next revaluation cycle, this fall the Board will embark on development of a new strategic

plan. The plan will be costed and readied for consultation with stakeholders in 2008. The strategic and funding plans will be finalized for the 2010 provincial budget.

Third Core Responsibility: Set the standards for organizational conduct.

It is not only the Board's duty to set direction and monitor achievement but the Board must also take responsibility for organizational conduct. And organizational conduct begins with the Board. For this reason, the Board has adopted a code of conduct and monitors compliance on a continuing basis through annual reviews. As well, the directors disclose real or potential conflicts of interest through a formal process reporting all properties owned by directors and just recently received a conflict of interest compliance report from our corporate counsel.

Organizational conduct is also about how we communicate and relate to our stakeholders and clients. In my view this is all about attitude, openness, respect and willingness to change and improve. Our senior managers have worked hard to improve our business practices. Irwin, these past few months since assuming CEO responsibilities has committed to meet with all staff in their regional offices and a significant part of his discussions with our staff is focused on our business practices. Competent and respectful organizational conduct is something we care about, seek to improve and expect of ourselves as a Board of Directors and of our staff.

Fourth Core Responsibility: Approve the organization's capital and operating budgets and ensure the integrity of financial statements, internal controls, financial information systems, projections, forecasts and audited statements.

The SAMA Board, similar to others, is a fiscal Board. Our primary responsibilities centre on ensuring the fiscal integrity of the Agency. The greatest challenge is to ensure that the necessary resources are available to fulfil the Agency's mandate.

Earlier today I noted how the March 2007 provincial budget provided the initial government commitment to a renewed fiscal plan for the Agency. Together with our stakeholders, although there is not complete agreement, a new and much improved funding model for the Agency has been developed. Amendments to *The Assessment Management Agency Act*, passed in the legislature on May 17 enshrined the new long-term funding model in legislation.

The model provides for a 40-30-30 division of responsibility among the province, municipalities and school divisions and establishes a four-year funding regime. The funding cycle follows the revaluation cycle and requires the Agency to set out a four-year performance plan in advance of each cycle. The present plan carries us through to 2009 and the subsequent plan will run from 2010 to 2013. The funding plan will coincide with and be built upon our strategic plan.

The long-term funding model is a positive development that will provide a predictable, sustainable source of adequate funding for the Agency, with improved transparency and accountability to stakeholders. Most importantly, the Agency can shift its focus from working to achieve basic minimum levels of service to improving services to our clients.

On a related matter, the Board has initiated a review of the municipal requisition formula. The formula has not changed since 1996, as requisition increases have simply been a percentage increase on the base amount. As a result, the relationship between the requisition amount and cost of service to municipalities has deteriorated. Municipalities with new development have benefited at the expense of municipalities with less growth. The review will tighten up the relationship between the requisition amount and cost of service delivery. However, in terms of process, once alternatives have been developed we will consult with municipalities to determine the most acceptable path ahead. Because there is no change in the total amount of the requisition in 2008 and 2009 the impacts of any formula change will

not be masked by a change in the total requisition amount. The opportunity to update the requisition formula is now and the Board plans to move ahead on this initiative.

Also in 2006, the Board enhanced and regularized its focus on risk management by incorporating oversight of this critical corporate function within the Board's Audit Committee. The committee role is to ensure that risk assessment and mitigation occurs in all divisions of the Agency.

With respect to our Annual Report, our expenditure plan was not fully funded in 2006. However we pressed ahead to attain our targets for the move to market, to maintain services at 2005 levels and, with a one time transfer from unrestricted reserves, to balance the budget. The 2006 Annual Report provides the financial statements for that year. Some of you may have found by now an error on page 8 of the annual report. We state there that the municipal requisition was \$5.0 million but, in the financial statement, report accurately that the amount is closer to \$5.8 million. Although we cannot report a decrease in the municipal requisition we can report that our fiscal plan does not call for an increase in 2008 or 2009.

As we look forward, we have addressed tough challenges and with improved and stable funding in hand we can now reach the promise of a modern, equitable and stable provincial assessment function.

Conclusion

In closing today, I must remind all of us that SAMA's achievements over this past year could not have been attained without the support of people like you: representatives from municipalities, school divisions, the Province, and local government organizations and the many competent and dedicated people who work for you and with us.

I would also like to express my appreciation to the other members of the Board of Directors for their commitment to improvement and positive relationships.

I hope my report to you provides a helpful perspective of the Agency's performance. We are committed to taking strong leadership in achieving our vision for an accurate, fair, efficient and stable assessment system.

Thank you for your attendance today and for your attention. If you have any questions, we will do our best to provide the answers.