

SAMA Annual Meeting – June 12, 2008

Saskatoon, Saskatchewan

TRANSCRIPT

Craig Melvin, Chair

Annual Report from the Board of Directors

Introduction

It is my pleasure this afternoon to present the 2007 Annual Report on behalf of the Board of Directors of the Saskatchewan Assessment Management Agency. The 2007 Annual Report was mailed to all municipalities and school divisions in late April. You will find copies of the report on your table and at the back -- at our SAMA display booth.

We encourage you to review the report. If you have any questions, we'd be happy to answer them.

Today, you've heard a number of reports about the Agency's activities over the past year, and our plans for the rest of 2008, in preparation for the important revaluation year of 2009.

Change

The change from a regulated assessment system to a market-based system is significant. I recall a few years ago hearing about similar changes in other organizations. And while it is generally best for the customers, and the organization, such changes are often profound for the staff of the organization, for the employees.

At SGI, when it began its expansion into other markets and began to compete with other insurers, it was difficult for staff who were used to working in a regulated and rule-bound environment.

The story goes that one day, after an accident, a fellow took his car into a drive-in claim centre and asked at the desk to have his car appraised. The clerk asked if he had an appointment. He said, “No. I was driving by and just stopped in.” She pointed to a sign on the wall that said: *Appointments need to be made in advance by phone*. He looked around and said there were no other people in the claim centre so why not give him an appointment? She pointed at the sign.

So the fellow took out his cell phone and called the claim centre. The clerk answered the phone and when he asked for an appointment she said he could come down right away, as there were immediate openings. He thanked her, closed his phone, and stepped to the counter to complete the paperwork.

Employee attitude change is a critical feature of organizational change. There are some interesting lessons that a corporation like SGI learned over the years.

We’ve seen similar changes in other government corporations. Some of us here today are old enough to remember when it was difficult to find a liquor store let alone buy a bottle of liquor. The signs were inconspicuous, and when you ordered you had to fill out a slip, sign it, slide it through a slot, and wait while a grim-faced clerk got the bottle, put it in an unmarked bag, and took your money.

Now the stores are well signed, well lit and well positioned for the marketplace, easy to use. And not only do the friendly clerks try to up sell you on their wine selection but in some stores show you how to cook with it. A very different kind of experience for the customer.

The same will be true for SAMA in 2009. Going to market is not just about valuing properties differently. It's about providing a different, and hopefully more positive experience for the property owners we serve. Nothing signals the difference more than the language that is used. From regulation to market. From rules to information gathering and analysis. From defence of value to support of value.

And while the Board and Executive of SAMA can talk the line, it is the assessment appraisers in the field who must walk the line. They, and the regional managers here today, are SAMA's storefront. They are the ones who must make the move to market work for the Agency, for the municipalities and school divisions we serve, and for the property owners who ultimately are the subjects of the assessment values we provide, and for the tax policies of the province, municipalities and school divisions.

I want today to recognize the enormous effort those who work with SAMA have given to this important initiative. The effort they have given has been not only to learn and apply new assessment methods but also to changing their focus from procedure to results, from doing it right to getting it right.

On behalf of the Board, I want to publicly express our appreciation for the initiative and commitment of the women and men who come to work at SAMA every day to take the Agency to market.

The Board's Role and SAMA's Fiscal Situation

In previous years, I have discussed with annual meeting delegates the role and responsibilities of the SAMA Board, and our fiscal situation and implications going forward.

The Board occupies a central position in the governance of the Agency. The Board's responsibility is to foster SAMA's success consistent with its mandated objectives and accountability to stakeholders.

While it is the employees who get the job done, it is the board that sets the direction and bears the ultimate accountability for results. A primary responsibility centres on ensuring the fiscal integrity of the Agency. The greatest challenge is to ensure the necessary resources are available to fulfil the Agency's mandate.

It was in May of 2007 that *The Assessment Management Agency Act* was amended to establish a new funding formula for SAMA.

The following breakdown of percentages you've heard from the Minister, and from Irwin, and probably a couple of other people over the course of today: the government contributing 40%, school divisions 30% through the Ministry of Education, and municipalities 30%.

We're very pleased, I was very pleased, to hear the Minister's support for the funding arrangement this morning. It is probably the clearest statement we have had from the new government about its commitment to the funding arrangement that is in place, put in place by the previous government, but an arrangement that this government supports. As Chair of the Board, I couldn't have been more pleased to have heard what the Minister had to say this morning about that funding arrangement.

That long-term funding model will allow the Agency to shift its focus from working to achieve basic minimum levels of service to improving services to our clients. The new funding formula for the Agency offers a long-term and sustainable financial plan to meet our assessment mandate and strategic directions with improved transparency and accountability to our stakeholders.

SAMA will now be able to obtain long-term commitments for funding from government, education and municipal sectors in the context of our four-year plans. Annual reviews will continue to provide for some flexibility and regular Agency accountability.

The Minister mentioned this morning the additional operating request and capital request that the Agency has made for 2009. The year 2009 will be the last fiscal year of our present long-term funding arrangement under this plan. We look forward to talking with the government about both the operating and capital requests that we've made.

Given current funding levels, the new formula will provide for a transition period, anticipated in 2010 or 2011, during which additional SAMA funding needs will be shared equally by the Province and Education sectors. To reiterate: the municipal funding levels will remain capped at 2006 levels during this period of time.

Changes to SAMA's Municipal Requisition Formula

Also related to the Agency's financing, on December 6, 2007, the Board of Directors approved updating the municipal requisition formula to make it more equitable. SAMA's previous requisition formula was based on a municipality's number of properties as of 1997 and each property's average unit service cost.

The fixed historical component count used for the requisition resulted in additional properties not being counted into the formula in high-growth municipalities, while smaller municipalities, that may be decreasing in size, were paying on higher than actual property counts.

Highlights of updating the previous municipal requisition formula included:

- Updating property components from 1997 to current levels to make the formula more fair;
- Removing business assessment components as they have not been used by municipalities since 2000; and
- Adding oil and gas wells and assessed farmland residences to RM property counts. These components were previously excluded in the existing formula.

As I mentioned earlier, SAMA's current long-term funding plan provides for no overall increase in the municipal requisition until 2010 or 2011. We're working toward gathering the necessary information to further refine the requisition formula and perhaps in 2011 to better reflect the actual service costs that we have providing services to each municipality.

Strategic and Performance Planning

Monitoring our funding requirements is an essential part of the SAMA Board of Directors 2005-2009 Strategic Plan. This plan was developed to ensure that:

- The Agency's legislated mandates are met or exceeded;
- Strategic directions initiated by the Board of Directors are addressed; and
- Organizational progress is effectively monitored.

In 2007, strategic directions related to securing stable funding, seeking desired legislative change, and developing a staff recruitment, retention and succession plan were achieved. Other high-level commitments for the future include successfully implementing the 2009 revaluation, ensuring SAMA is served by modern and efficient technology, and enhancing communications and relationships with stakeholders.

As Irwin reported this morning, in 2007, SAMA developed a 2008 Performance Plan, the Agency's first. And for the plan, we relied on the Province's accountability framework and guidelines.

Previously, SAMA concentrated on a Program Budget -- focused primarily on accounting for expenditures funded by the Province under *The Assessment Management Agency Act*.

SAMA's 2008 Performance Plan focuses on goals and objectives that are relevant to delivering key services: assessment research, the Saskatchewan Property Assessment Network (SPAN), quality assurance, and updating assessed values through maintenance, reinspection and revaluation activities.

It centres on Agency improvements for: planning and accountability, workforce development, efficiency, confidence and trust.

Most importantly from a Board accountability perspective, the performance plan has led to the development of performance measures for the Agency and improved reporting back to our stakeholders. The performance plan has been updated to include more performance measures and is central to our budget proposals for 2009.

2010-2013 Strategic Directions – The Balanced Scorecard Approach

Looking forward, to prepare for the next revaluation cycle, the Board last October embarked on developing new strategic directions for 2010 to 2013.

Working closely with our staff, the SAMA Board will be applying a strategic planning and management system called “the balanced scorecard approach.”

The balanced scorecard approach to planning is used extensively in business and industry, now in government and nonprofit organizations, to simplify business activities, improve internal and external communications, and monitor organizational performance against the strategic goals that have been set.

The approach was developed as a performance measurement system that added strategic non-financial performance measures to traditional financial measures in corporations to give a more 'balanced' view of organizational direction and performance.

An analogy that is often used here is one of an airplane, and the dashboard, if you will, of an airplane. Although I'm not a pilot, four of the critical measures that you would keep your eye on would be the fuel available, the speed of the plane, its direction, and its altitude. Those four instruments on the dashboard you want to keep your eye on all the time.

If you thought the pilot were flying the plane against the speed, and only paying attention to the speed, we might wonder how long we could go, and where we would go before we would run out of fuel.

The idea here is to keep your eye on a balanced approach. And that's what we're bringing to the Agency in terms of our planning this time around.

The scorecard approach has evolved from its early use as a simple performance measurement to a full strategic planning and management system. It provides a framework that not only provides performance measurements, but also helps planners identify what should be done and measured.

Four Perspectives

The balanced scorecard suggests that we view an organization – in this case SAMA - from four perspectives: the traditional financial perspective, that remains important, would include a customer or client perspective, a business process perspective, and a learning and growth perspective within the organization.

The Financial Perspective

The Financial Perspective on planning is to ensure sufficient funding is available to meet the organizational mandate. An overemphasis on financials in the past has often led to an unbalanced situation with regard to other perspectives. The financial perspective is important but it is not the only focus, it is not the only instrument on our dashboard.

The Customer/ Client Perspective

The second perspective, the Customer/Client focus, and a focus on their satisfaction, are essential components of any corporation's strategy in a competitive environment, an environment, that SAMA in fact is in. If municipalities are not satisfied, they will eventually find other assessment service providers to meet their needs. Poor performance from this perspective is a leading indicator of future organizational decline, even if the current financial picture looks good.

SAMA's vision is to be the service provider of choice. Our goal is to ensure municipalities' and school divisions' and the Province's service expectations are met.

So in planning we need to know clearly where you are satisfied, or not, and what your service expectations are for the period 2010-2013.

The Business Process Perspective

The third focus in our planning is on the business processes of SAMA. The Business Process Perspective refers to our internal business processes. This perspective allows our managers to determine how our products and services can be improved to meet your requirements and expectations.

Our core business process is providing assessment services. And our strategies for improvement must ensure assessment services are up-to-date, are accurate, and provided in a timely manner. At the same time we must find efficiencies and to this end, SAMA management and staff have implemented Lean processes, another business improvement approach to find ways to make improvements throughout the Agency.

The Learning & Growth Perspective

And finally: the Learning and Growth Perspective. This perspective focuses on employee learning and corporate cultural attitudes related to individual and corporate improvement. In a knowledge-worker organization such as SAMA, people are our main resource. As I said earlier, it is the employees of SAMA who are the engine of innovation and change. Managers must focus training resources where they can help the most. Learning and growth constitute the essential foundation for success of an organization such as SAMA.

As a part of SAMA's strategic planning, we need to closely align our staff development initiatives with the goals we seek to achieve.

A Modern Assessment System

From a strategic perspective, SAMA has implemented the basic elements of a modern assessment system. These will come to full fruition in 2009. And with a long-term fiscal plan in place, we can turn our attention to service improvement and adding value to the services we provide.

Most important, we heard it certainly today, is ensuring maintenance is completed in a timely manner. And without some significant business disruption, we are confident we will meet your maintenance expectations in 2009.

The next step, over the ensuing four years, 2010 to 2013, is to ensure the reinspection schedule is brought in line with legislative expectations. This is a significant task that will require efficiencies and changes in how we provide service including adopting new technologies.

And once we have maintenance and reinspection in hand, we can turn our attention to considering the time between the assessment valuation date and the time when the values are used for taxation purposes.

Today, we start with a 30-month gap between the base date and the beginning of the four-year assessment cycle. At the end of the cycle, the values are 78 months out of date. In a market-based system, as we heard from Mayor Atchison today, such a time lag pushes taxpayer confidence in fairness to the maximum. By moving the base date closer to the revaluation year and perhaps by shortening the cycle to three years we could significantly reduce the time lag gap.

Such changes are important but the effort required should not be underestimated. There are certainly pressures to reduce the time but also financial limitations. As Mayor Atchison in fact mentioned this morning in his remarks, this is a matter that will require very careful consideration by SAMA and the stakeholders before any changes are made.

With the improvements in maintenance delivery, reinspection and the revaluation cycle considered and dealt with, we can and must turn our attention to value-added services.

For example, I'm concerned that in a rapidly changing market, property owners need an efficient and timely way to assure themselves the assessed value placed on their property is fair and equivalent to values on other similar properties in similar locations.

While they can inspect the roll while it is open, for most property owners today, the expectation is they should be able to do so on-line, from the comfort of their home or office.

As well, in partnership with municipalities, SAMA can assist to verify information about properties in the community, to support planning and other initiatives. We have a number of initiatives in place at the moment that we're exploring as to how we might be able to add value to the information we are now providing to municipalities, to school divisions and to the Province.

Today, some of you took the opportunity to provide input to our present planning process for 2010 to 2013. As we go forward with strategic planning, we will be consulting closely with stakeholders and listening carefully to what is needed to improve the Saskatchewan assessment system and the service we provide for the Province, municipalities and school divisions.

Conclusion

In closing today, I must remind all of us that SAMA's achievements over this past year could not have been attained without your support and your guidance. We're most appreciative of the advice we receive from representative municipalities, school divisions, the Province, and local government organizations and from 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 contribution to the success of the Agency. No decision is taken lightly by this Board. Every member is prepared to put in the time and to learn to make good decisions. And for that, I, as Chair, am most appreciative. Some times our decisions take a little longer to make than perhaps they should but nevertheless the effort is certainly put in.

I hope my report to you provides a helpful perspective on the Agency's performance and of our plans for the future. 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 and for your attention. If you have any questions, we will do our very best to provide the answers.

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