

MINUTES
AUDIT AND FINANCE STANDING COMMITTEE
September 11, 2013

PRESENT: Councillor Bill Karsten, Chair
Councillor Russell Walker, Vice Chair
Mayor Mike Savage
Councillor Gloria McCluskey
Councillor Tim Outhit
Councillor Barry Dalrymple
Councillor Linda Mosher
Councillor Lorelei Nicoll

REGRETS: Councillor Adams

STAFF: Mr. Greg Keefe, Director of Finance and Information,
Communications & Technology/CFO
Mr. Martin Ward, Acting Director, Legal Services
Ms. Sherrill Murphy, Deputy Clerk

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1. CALL TO ORDER

The Chair called the meeting to order at 10:03 p.m. in the Council Chamber, City Hall, Halifax, NS.

2. APPROVAL OF MINUTES – July 17, 2013

MOVED by Councillor McCluskey, seconded by Mayor Savager that the minutes of the July 19, 2013 meeting of the Audit and Finance Committee be approved, as presented. MOTION PUT AND PASSED.

3. APPROVAL OF THE ORDER OF BUSINESS AND APPROVAL OF ADDITIONS AND DELETIONS

MOVED by Councillor Dalrymple, seconded by Councillor Walker that the agenda, as distributed, be approved. MOTION PUT AND PASSED.

In response to a request from Councillor McCluskey regarding an update on the Metro Centre Report, Mr. Keefe, Director of Finance and ICT/CFO indicated that the report would be coming to Council in the next week or so.

4. BUSINESS ARISING OUT OF THE MINUTES - NONE

5. MOTIONS OF RECONSIDERATION – NONE

6. MOTIONS OF RECISSION – NONE

7. CONSIDERATION OF DEFERRED BUSINESS – NONE

8. CORRESPONDENCE & DELEGATIONS - NONE

9. REPORTS

9.1 STAFF

9.1.1 First Quarter Report

A staff report dated July 23, 2013 was before the Committee.

MOVED by Councillor Nicoll, seconded by Councillor McCluskey that the Audit and Finance Standing Committee forward the July 23, 2013 staff report to Halifax Regional Council as an information item. MOTION PUT AND PASSED.

9.2 MEMBERS OF STANDING COMMITTEE - NONE

9.3 OFFICE OF THE AUDITOR GENERAL

9.3.1 A Systems Level Performance Review of Metro Transit's Service Delivery

A report from the Auditor General, A Systems-Level Performance Review of Metro Transit's Service Delivery dated July 2013 was circulated to the Committee

Mr. Larry Munroe, Auditor General delivered a presentation entitled 'A Systems-Level Review of Metro Transit's Service Delivery'.

Mr. Munroe reviewed the objectives and lines of enquiry established for the audit and outlined the scope of the project. He went on to identify the ridership data limitations and the impact of these on municipal subsidy decision making. Limits in data as well as other reasons, make it difficult to identify the full cost of transit to HRM. Consequently, municipal costs would likely be higher and recoveries lower.

Councillor Mosher joined the meeting at 10:14 p.m.

Mr. Munroe went on to indicate that the audit had been focused on a systems level with a view to public stewardship of funds and clearer framework to aid in decision making. He indicated in his commentary that in order to ensure long term sustainability elimination of unnecessary activity is required. Mr. Munroe stressed that the focus of the report was not to suggest that Metro Transit and Regional Council were making poor decisions and that management at Metro Transit is striving to be as efficient as possible.

Noting that there must be a balance between generating fare revenue and providing a heavily subsidized service to as many people as possible, Mr. Munroe noted that this is the challenge of measuring the performance of a 'social business'. Mr. Munroe reviewed with members the system level cost recovery and subsidy as compared to ridership. He noted that even with extensive investment in transit, ridership is still decreasing.

Mr. Munroe went on to review the daily cost recovery standards for Metro Transit Routes noting that a number did not meet the standard. The route level analysis also indicates that ferry services are underutilized. Referring to proposed technology changes, Mr. Munroe outlined the value of these changes in creating and collecting timely and correct data.

Mr. Munroe then reviewed the recommendations as found in Section 6.0.1 of the July 2013 report. Concluding his presentation, Mr. Munroe noted that the Management Response provided by the CAO indicated general agreement with its content and overall approach.

Mr. Munroe responded to questions from the Committee agreeing that the system is complex and suggesting it has to be due, in at least part, to the size of the municipality. The Auditor General indicated that he believed management at Metro Transit was focused on and moving toward removing at least some of the complexity.

Councillor Outhit commented that it appears Council has a philosophical decision to make. Is everyone in HRM entitled to bus service, no matter where they live? Councillor Outhit suggested that the decisions around transit are significantly within the social realm.

Mayor Savage, agreeing with Councillor Outhit's comments, suggested that Council has a decision around whether transit will be provided on a pure mathematical formula or include a component of benefit to the community. He suggested that Council is required to make sound business decisions in the social/political context. Referring to the gaps in ridership, the Mayor indicated HRM must look to its marketing and communications to identify opportunities to do so.

The Auditor General agreed with the Mayor's comments on communication and marketing indicating that support for a culture of wanting to put people on buses is key. Do we have the right technology and do we talk about transit enough?

During a further discussion members raised the need to integrate accessible transit, the importance of continuing to evaluate commuter rail and ferry opportunities, the involvement of the Provincial government both from a funding and from a policy perspective and the possibility of establishing a Transportation Authority.

Councillor Outhit asked when and where the necessary philosophical discussion would occur with the Auditor General suggesting that the Transportation Standing Committee seemed the logical choice and perhaps in conjunction with the ongoing transit consultation.

The Auditor General thanked the Committee for the opportunity to present.

The Chair thanked the Auditor General for his presentation indicating that Metro Transit was well on the way to responding to the recommendations contained within the report.

9.4 SUB-COMMITTEES

9.4.1 Grants Committee – NONE

9.4.2 Investment Policy Advisory Committee – NONE

10. MOTIONS - NONE

11. ADDED ITEMS - NONE

12. NOTICES OF MOTION – NONE

13. IN CAMERA - NONE

14. DATE OF NEXT MEETING DATE

The next meeting of the Audit and Finance is scheduled for Thursday, September 19, 2013 beginning at 10:00 a.m. in the Council Chamber, City Hall, Halifax, NS

15. ADJOURNMENT

The meeting was adjourned at 11:40 a.m.

Sherrill Murphy
Deputy Clerk