

MINUTES  
AUDIT AND FINANCE STANDING COMMITTEE  
September 18, 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  
Councillor Stephen Adams

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

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**1. CALL TO ORDER**

The Chair called the meeting to order at 10:04 a.m. in the Council Chamber, City Hall, Halifax, Nova Scotia.

**2. APPROVAL OF MINUTES – NONE**

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

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

**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 Commercial Taxation- Moving Toward a Three-Year Average Assessment**

This matter was referred to the Audit and Finance Committee from the meeting of Halifax Regional Council held on August 6, 2013. An extract of the Council minute pertaining to this matter was before the Committee. A staff presentation was also before the Committee.

Bruce Fisher delivered presentation providing background to the item. He indicated that although the matter has been discussed by the Committee, the Committee has not made a specific recommendation and now has an opportunity to have more focused discussion.

Mr. Fisher went on to indicate that the purpose of averaging to increase predictability of commercial taxation particularly for businesses with sudden 'spikes' in assessment. Mr. Fisher then reviewed an example of averaging as contained in the presentation.

Councillor Adams noted that Council struggles with tax increases and spikes in assessment and in particular with commercial taxation. He went on to indicate there

was clearly a need for change. The Councillor suggested that future year's taxation be based upon taxes paid in the previous year and proceeding with percentage increases as required.

Mr. Fisher responded noted that residential assessments are capped right now and this method may be workable. However, he went on to indicate that this method could have potential to distort commercial taxation. Mr. Fisher suggested that it would be important to investigate what the potential impact on the commercial market might be and to address concerns around the impact on new businesses in particular.

**MOVED by Councillor Adams, seconded by Councillor Mosher that the Audit and Finance Standing Committee request staff to prepare a report outlining the implications of eliminating assessment as the basis for taxation and use the existing year's total revenue from taxes as the basis for future year's taxes for both residential and commercial properties. MOTION PUT AND PASSED.**

In response to questions, Mr. Fisher explained how the averaging program in British Columbia works and specifically advised that revenues from taxation would not be negatively impacted, as commercial taxes would be smoothed over all commercial properties.

A further discussion ensued with concern being expressed that it might be premature to move to an averaging system. Staff clarified that the averaging would apply to all commercial accounts and that the legislation being sought is permissive, however, is not required to utilize the authority under the legislation.

With regard to specific details of the averaging proposal, staff indicated that businesses growing quickly would receive a greater benefit. With regard to implementation, the Director of Finance/CFO indicated it would be relatively simple to implement.

Members of the Committee expressed concern that one group of taxpayers would be picking up the loss realized through averaging while another received savings.

**MOVED by Councillor Mosher, seconded by Mayor Savage that the Audit and Finance Standing Committee recommend that Halifax Regional Council add to the proposed legislative changes a request to work with Service Nova Scotia and the Property Valuation Services Corporation (PVSC) to change the commercial tax assessment so it is based on 3 past years of assessment rather than one year.**

Councillor Outhit stressed that small business is in the greatest need of taxation relief. He noted that larger business is better able to manage increases. He noted that the Province has categorized and identified small business and may be willing to share this information.

Mr. Keefe indicated that taxation information does not identify small businesses. He noted that large businesses may own a number of small business and lease rather than own their places of business.

Following a further short discussion, the **MOTION WAS PUT AND PASSED.**

**MOVED by Councillor Outhit, seconded by Councillor McCluskey that staff prepare a report outlining the following:**

- **What programs/initiatives other municipalities have to assist small business with the tax burden**
- **Would the Province be willing to share the required data to identify small businesses in HRM**
- **How can the averaging proposal be focused on small business**

**MOTION PUT AND PASSED.**

#### **9.1.2 2013/14 Gas Tax Funding**

A staff report dated July 24, 2013 was before the Committee.

**MOVED by Councillor Nicoll, seconded by Councillor McCluskey that the Audit and Finance Committee recommend that Halifax Regional Council approve a \$2,885,000 unbudgeted reserve withdrawal from Reserve Q134 – Gas Tax Reserve, to fund Project No. CM20005-New Transit Technology.**

**MOTION PUT AND PASSED.**

#### **9.1.3 Operation Review – Halifax Metro Centre**

A staff report dated August 30, 2014 was before the Committee. A Grant Thornton report entitled 'Halifax Regional Municipality Operations Review – Halifax Metro Centre, May 14, 2013' was also before the Committee.

**MOVED by Councillor Walker, seconded by Councillor Adams that Halifax Regional Council direct staff to enter into negotiations with Trade Centre Limited regarding the commission received from Ticket Atlantic. MOTION PUT AND PASSED.**

In response to a concern from Councillor McCluskey that given past experience, the agreement should be one year rather than two, Mr. Keefe suggested that timing for a total review of the relationship would be with the opening of the new Convention Centre, hopefully in the spring of 2016.

Following a further short discussion, the **MOTION WAS PUT AND PASSED.**

#### **9.1.4 Interim Management Agreement – Metro Centre**

A staff report dated September 3, 2013 was before the Committee.

**MOVED by Councillor Walker, seconded by Councillor Adams that the Audit and Finance Committee recommend that Halifax Regional Council authorize the Mayor and Municipal Clerk to execute an Interim Management Agreement (Attachment 1 of the September 3, 2013 staff report) with Trade Centre Limited for the management of the Halifax Metro Centre.**

**MOTION PUT AND PASSED.**

#### **9.2 MEMBERS OF STANDING COMMITTEE - NONE**

The Committee recessed at 10:20 a.m. for a short break

The Committee reconvened at 10:40 a.m.

#### **9.3 OFFICE OF THE AUDITOR GENERAL**

##### **9.3.1 HRM Payroll System – A Process Review**

A report entitled 'HRM Payroll System – A Performance (Process) Review dated August 2013 was distributed to the Committee. A presentation related to the report dated September 18, 2013 was also distributed.

Mr. Larry Munroe, Auditor General delivered the presentation reviewing with the Committee the objective and lines of enquiry for the report, the scope and the approach to the review including a commentary on performance. The audit indicates that:

- there are inconsistent payroll processes across business units and Agencies, Boards and Committees
- highly manual processes in place for the collection and input of employee time records
- corporate payroll information is being maintained in external spreadsheet applications
- a centralized payroll division within FICT in addition to separate payroll groups within business units and/or ABCs.

Mr. Munroe reviewed with the Committee the key recommendations and noted that the management response was very positive and recognized the need for change.

Following a brief questioning, Councillor McCluskey thanked the Auditor General for his presentation and noted that she was pleased with the response from the CAO.

**9.4 SUB-COMMITTEES**

**9.4 Grants Committee – NONE**

**9.4 Investment Policy Advisory Committee**

**9.4.1 Bank Accounts for Investment Purposes**

A report from the Investment Policy Advisory Committee dated September 6, 2013 was before the Committee.

**MOVED by Councillor McCluskey, seconded by Councillor Outhit that the Audit and Finance Standing Committee recommend that Halifax Regional Council:**

- 1. Authorize staff to open accounts for investment purposes with the Canadian Imperial Bank of Commerce, Toronto Dominion Bank, Royal Bank of Canada and Bank of Montreal.**
- 2. Authorize the HRM bank signing officers for these accounts to be the Chief Administrative Officer, the Deputy Chief Administrative Officer, the Director of Finance and Treasurer and the Deputy Treasurer.**
- 3. Authorize any two of the HRM bank signing officers to execute any Agreements required and any disbursements from these accounts with the exception of transfers to other HRM bank accounts which may be authorized by one signing officer or individuals as designated by the Treasurer.**

**MOTION PUT AND PASSED.**

**9.4.2 Investment Policy Advisory Committee Report – Quarters ending March 31, 2013**

A report from the Investment Policy Advisory Committee dated May 30, 2013 was before the Committee.

**MOVED by Councillor Outhit, seconded by Councillor Nicoll that the Audit and Finance Committee forward the May 30, 2013 report of the Investment Policy Advisory Committee to Halifax Regional Council as an information item. MOTION PUT AND PASSED.**

**9.4.3 INVESTMENT ACTIVITIES – QUARTER ENDING MARCH 31, 2013**

A report from the Investment Policy Advisory Committee dated July 4, 2013 was before the Committee.

**MOVED by Councillor Outhit, seconded by Councillor Nicoll that the Audit and Finance Committee forward the July 4, 2013 report of the Investment Policy Advisory Committee to Halifax Regional Council as an information item. MOTION PUT AND PASSED.**

**10. MOTIONS**

**11. ADDED ITEMS**

**12. NOTICES OF MOTION – NONE**

**13. IN CAMERA**

**14. DATE OF NEXT MEETING DATE**

The next meeting of the Audit and Finance is scheduled for Thursday, October 28, 2013 beginning at 10:00 a.m. in the Council Chamber, City Hall, Halifax, NS

**15. ADJOURNMENT**

The meeting was adjourned at 12:32 p.m.

Sherryl Murphy  
Deputy Clerk