



# Agricultural Fair Associations

Report of the Auditor General – June 2016

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## Why Is This Important?

- In 2013, the Auditor General received a letter from a concerned stakeholder.
- Preliminary scoping exercise was performed and potential risk related to government oversight of these organizations was identified.
- Government programs and exemptions can represent significant financial value and benefits for the 13 Agricultural Fair Associations (AFA) recognized in New Brunswick.

## What We Found

### Overall Conclusions

- Lack of oversight by government
- Limited provincial processes to monitor compliance with eligibility requirements for benefits
- Tax exemptions and other benefits could be unfairly given

### Property Tax Exemptions Eligibility not Adequately Assessed or Monitored

- Property tax exemptions are regulated under the *Assessment Act* administered by Service New Brunswick (SNB)
- AFA property tax exemptions only applicable if the property is solely occupied for exhibition purposes
- Similar property tax exemptions for various organizations in New Brunswick totalled nearly \$52 million in 2015
- Inappropriately applied exemptions could lead to inconsistent or inequitable circumstances, as well as forgone revenue

### No Oversight from Department of Agriculture, Aquaculture and Fisheries

- Department believes the *Agricultural Associations Act* and regulation are out of date

#### Department does not:

- Supervise or control the associations as prescribed under regulations;
- Acknowledge its oversight role over the fairs;
- Monitor AFA compliance with legislation, nor;
- Adequately monitor or control grant allocation

### Charitable Gaming Program License Eligibility not Evaluated or Monitored

- Eligibility based solely on status of agricultural fairs and not-for-profit entities
- Department of Public Safety (DPS) does not regularly review or monitor AFA financial records or eligibility for Charitable Gaming activities

### Income Tax Exemptions not Monitored at Provincial Level

- Under terms of agreement, Department of Finance relies solely on Federal government to monitor AFA eligibility for income tax exemptions