

Chapter 4

Department of Natural Resources

Wildlife Trust Fund

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Department of Natural Resources Wildlife Trust Fund

Background

4.1 In 1995 the government produced a document titled *A Wildlife Policy for New Brunswick*. This policy identified the desirability of an increased role for stakeholders in setting the direction for fish and wildlife management in the Province. The policy also discussed the methods of raising revenue to fund identified activities. The Department of Natural Resources was given the task to coordinate and promote the wildlife policy. The first projects under the new policy were funded in 1998.

4.2 In 2002 the Wildlife Trust Fund was established by Regulation under the *Fish and Wildlife Act*.

4.3 The Regulation established a Wildlife Council consisting of seventeen members who are appointed by the Minister to terms that are not to exceed three years. The Council members are expected to represent the broad spectrum of wildlife conservation interests in the Province.

4.4 The duties and responsibilities of the Council include:

- providing advice to the Minister;
- seeking funding; and
- making recommendations for payments from the fund.

4.5 The purpose of the Wildlife Trust Fund is set out in its business plan:

To support a range of programs through which the public can contribute to, participate in, and learn about the protection and enhancement of New Brunswick's fish, wildlife and their habitats.

Operations of the Fund

Revenue

4.6 A conservation fee is added to all hunting and fishing licenses sold in New Brunswick. The fee ranges from two dollars to thirty dollars, with the most common being five dollars. All such fees, collected from hunters, anglers and trappers, are transferred to the Wildlife Trust Fund. This is the primary revenue source for the fund.

4.7 New Brunswick residents may purchase a conservation license plate for their vehicles. Five dollars of the initial cost of a plate is transferred directly to the Wildlife Trust Fund. In addition, an annual fee of five dollars is added to the cost of vehicle registration and again transferred directly to the Wildlife Trust Fund. The conservation plate gives all New Brunswick residents an opportunity to support wildlife projects.

4.8 Following is a five-year comparison of the fund revenue.

	2006	2005	2004	2003	2002
Interest income	\$33,000	\$28,600	\$36,800	\$33,100	\$45,600
Conservation fee	882,200	900,300	915,400	949,600	964,800
<i>Motor Vehicle Act</i> fees	97,100	85,300	79,100	71,400	61,500
Other	29,700	1,300	20,300	8,100	23,000
Total	\$1,042,000	\$1,015,500	\$1,051,600	\$1,062,200	\$1,094,900

Expenditure

4.9 The trust fund's revenue is used to support fisheries development, wildlife development, trapping, biodiversity conservation and conservation education.

4.10 Following are the total expenditures for the past five years, as reported in Public Accounts.

	2006	2005	2004	2003	2002
Personal services	\$102,900	\$100,200	\$97,900	\$101,000	\$54,700
Other Services	97,800	79,100	88,700	85,100	144,200
Materials and Supplies	22,000	12,800	18,200	8,000	19,800
Property and Equipment	1,600	1,600	0	5,200	13,100
Contributions, Grants, Subsidies	843,100	991,500	837,000	758,200	1,160,700
Total	\$1,067,400	\$1,185,200	\$1,041,800	\$957,500	\$1,392,500

4.11 The following table shows a breakdown of the grants expensed over the five-year period.

	2006	2005	2004	2003	2002
Fisheries development	\$330,800	\$439,900	\$346,500	\$246,100	\$494,200
Wildlife development	54,000	157,800	99,000	113,700	299,400
Trapping	10,400	23,500	20,500	16,100	18,700
Biodiversity conservati	209,500	221,000	175,500	171,100	173,900
Conservation education	238,400	105,700	142,600	99,700	46,000
MRDC	0	43,600	52,900	111,500	128,500
Total	\$843,100	\$991,500	\$837,000	\$758,200	\$1,160,700

4.12 The trust funds are made available to the public through an application process. Application documents are available both at the Wildlife Trust Fund office and on their website. Interested individuals and groups submit their applications to the Wildlife Council, which follows a detailed selection process.

4.13 The projects are eligible for assistance from the fund to a maximum of 75% of the project cost estimated in the application. The remaining portion of the funding must be financed by the applicant. Occasionally the private source may be an in-kind donation by a private company or individual.

4.14 The following two grants are typical of the type of projects supported by the Wildlife Trust Fund:

- a \$20,000 grant to study the status of rainbow trout in New Brunswick watercourses; and
- a \$25,000 grant to deliver a wildlife education program for high schools in the Province.

Annual financial results

4.15 Overall financial results reported in the last five years of the Province's Public Accounts are as follows:

	2006	2005	2004	2003	2002
Revenue	\$ 1,042,000	\$ 1,015,500	\$ 1,051,600	\$ 1,062,200	\$ 1,094,900
Expenditure	1,067,400	1,185,200	1,041,800	957,500	1,392,500
Surplus (deficit)	\$ (25,400)	\$ (169,700)	\$ 9,800	\$ 104,700	\$ (297,600)

4.16 The accumulated surplus for the fund rests at \$1.1 million as at 31 March 2006. The surplus position is the result of four

consecutive years, beginning in 1998, when fund revenues exceeded expenditures. Council staff indicated the majority of this surplus was already committed to projects at 31 March 2006.

4.17 Fund revenue declined each year up to 2006, when there was an increase. The 2006 increase was the result of an increase of revenue from the sale of conservation license plates and other revenues rather than an increase in the fees from the sale of fishing and hunting licenses.

4.18 Conservation fees from the sale of hunting and fishing licenses are the major component of revenue. The following chart shows a consistent decline in revenue from this source, primarily in sales of fishing licenses and deer hunting licenses. Since the conservation fees applied to the sale of these licenses has not changed during this period, the decline can be attributed entirely to fewer licenses being sold.

	2006	2005	2004	2003	2002
Conservation fee-fishing	\$337,853	\$372,433	\$367,395	\$391,219	\$381,654
Conservation fee-moose	136,726	105,776	122,690	125,552	118,907
Conservation fee-deer	303,414	317,750	319,323	323,750	356,416
Conservation fee-bear	76,020	76,404	78,620	76,650	74,940
Conservation fee-other	28,169	27,895	27,325	32,457	32,840
Total	\$882,182	\$900,258	\$915,353	\$949,628	\$964,757

4.19 A report on the activities of the Wildlife Trust Fund is included in the annual report of the Department of Natural Resources. Financial results as well as information on the numbers of projects assessed and funded are disclosed on a five year comparative basis.

The nature of our audit

4.20 Our audit looked at two areas. We examined a sample of the grants issued by the fund and we conducted testing of the conservation revenue fee.

4.21 To examine the grant expenditures of the fund, we chose a sample of twenty files. We examined the grants to determine if they met expectations in nine specific areas. Four of these were taken directly from their grant application form or the corresponding guidelines for the grant application.

4.22 Following is a list of the requirements checked:

- application form was submitted;
- maximum funding allowed was 75% of total project cost;
- approval by the Council;
- compliance with any Council conditions;
- decision on the application was consistent with Department and Council members' comments;
- departmental follow-up was completed as needed;
- grants were in compliance with the mission of the fund;
- the requirements for issuing grants from the fund were met; and
- the final report was prepared and submitted as required.

4.23 We conducted limited testing of the sale of hunting and fishing licenses in two regions with the objective of understanding how the system operated and, in the small sample, whether it was working as expected. We tracked the amounts collected on behalf of the fund through the sale of licenses to the actual deposit with the fund records.

4.24 A much smaller portion of the revenue is derived from the fee that is added each year to the conservation license plates. However this amount has grown from less than 6% of revenue in 2002 to more than 9% in 2006. No detailed testing was conducted on this revenue source.

General conclusions on our work

Grant expenditures

4.25 We found no errors. As part of our random sample of twenty files, we found that nine project applications were not approved because they did not meet the requirements set out by the fund.

4.26 Following are some of the reasons noted for the rejections:

- the application was too vague;
- the financial request seemed exaggerated;
- the financial request exceeded the 75% maximum; and
- the request was for funding for capital items (capital items do not qualify for funding).

Revenue

4.27 Our limited testing on revenue found the process operating as intended. We did not find any errors in accounting for the conservation fees.

Comments and recommendations

Examination of grant expenditures

4.28 We have the following observations on the process by which the grants are issued.

4.29 The Wildlife Trust Fund requires all grants to follow the same procedures regardless of size. While we found there was strict compliance with these requirements, we suggested that the process would be more efficient if the level of detail required for the grants took into consideration the magnitude of the assistance (e.g. there could be less stringent documentation standards for smaller grants). The following is a summary of the size of the approved projects for the 2006 calendar year.

\$5,000 and less = 25 projects
 \$5,001 -\$10,000 = 29 projects
 \$10,001-\$15,000 = 14 projects
 \$15,001-\$20,000 = 10 projects
 \$20,001 and above = 10 projects

Recommendation

4.30 We recommended the Council set documentation standards that reflect the size and complexity of the grants.

Wildlife Council response

4.31 The Council indicated they would “continue to administer the financial accounting the same way regardless of the size and complexity of the grant.”

4.32 To qualify for a grant, applicants must demonstrate that they will fund a portion of the total cost. The Wildlife Trust Fund will fund a project up to a maximum of 75% of the total cost; however Council staff indicated that the typical funding levels granted are well below that percentage.

4.33 The applicant’s portion may include in-kind donations. A recent update to the guidelines for the grant application process mentions that the in-kind support may be considered as any part of the applicant’s share. One example of in-kind contribution that we saw was a professional photographer donating his time to a project. The application included a dollar value assigned to the photographer’s time. However we noted the guidelines do not require the applicant to provide an independent appraisal, or even a letter from the donor, assigning value to the donated service.

4.34 Another example we encountered involved the applicant using the services of a federal government employee to cover a

portion of the private contribution. Again there was no independent assessment of the value of the service.

4.35 We also noted that there was no written policy that prevented the use of public funds to cover off the required private contribution.

Recommendation

4.36 We recommended the Council establish a written policy regarding the applicants' contributions to the project that considers the following:

- **requiring either a written representation from the in-kind donor or an independent appraisal of the value of significant in-kind donations; and**
- **assessing the appropriateness of allowing grant recipients to use public funds to cover off the required private funding.**

Wildlife Council response

4.37 The Council indicated "a committee will address the issue to develop guidelines."

Declining revenue

4.38 Between 85% and 90% of the revenue of the fund comes from the sale of hunting and fishing licenses. However the number of licenses sold has been declining. The weakening in the supply of revenue from this source could have a negative impact on the fund's ability to continue to fulfill its role in protecting fish, wildlife and their habitats.

Recommendation

4.39 We recommended the Council review the primary revenue source of the fund to determine if it continues to provide the level of funding necessary to meet the objectives of the Wildlife Trust Fund.

Wildlife Council response

4.40 The Council indicated it "will review the issue to create additional revenue."

Increasing donations through the issuance of tax receipts

4.41 One of the potential sources of revenue for the fund is donations from the public. However donations revenue has never been significant. We reviewed this with staff and we learned that there have been opportunities for such donations in the past. Receiving the donations was limited, however, because staff were not issuing income tax receipts to the donors.

4.42 The accepted practice for tax receipted donations was set out by the Office of the Comptroller in a memo dated May 1997. The memo indicates that there are two methods by which tax receipts can be issued for donations received by a department from a third party:

- the department may request the comptroller to issue tax receipts for donations received; and
- departments can issue their own tax receipts for donations received from a third party. The memo requests that the departments notify the comptroller in writing of their intention to issue their own receipts.

Recommendation

4.43 We recommended the Council facilitate the acceptance of donations from the public through the use of official tax receipts.

Wildlife Council response

4.44 The Council indicated it would “facilitate the acceptance of donations from the public.”

Revenue generated from penalty clauses

4.45 The Regulation under the *Fish and Wildlife Act* requires money received by the Province under penalty clauses included in certain contracts to be placed in this fund. Included are construction contracts which could have a detrimental effect on the health or habitat of fish or wildlife.

4.46 When we examined the history of these deposits to the fund, we found that the only revenues resulted from the contract with MRDC to build the Fredericton to Moncton highway.

4.47 We contacted the Departments of Transportation and Environment and we received assurances that there were no other such contracts in existence. We found that fund staff had no procedures in place by which they would become aware of all such contracts if they did exist.

Wildlife Council response

4.48 The Council indicated it would “contact organizations that administer contracts to find out the best way to approach them and develop a clause in contracts to enable us to administer any fines, etc. paid out.”