

**From:** Fitzgerald, Monica <Monica.Fitzgerald@dfo-mpo.gc.ca>  
**Sent:** Wednesday, June 16, 2010 9:31 AM  
**To:** Thomson, Andrew <thomsonan@dfo.mpo.com>  
**Subject:** FW: Oceans and Science Budget for 2010-2011/Budget 2010-2011 secteur des Océans et Sciences  
**Attach:** 2010-11 Budget impacts Pacific Science.doc

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Andy - I believe this is the Science document that Sue has been e-mailing about this morning.

Thank you.

Monica

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**From:** Fitzgerald, Monica  
**Sent:** Tue 6/15/2010 4:47 PM  
**To:** Thomson, Andrew; Arbo, Andrea  
**Subject:** FW: Oceans and Science Budget for 2010-2011/Budget 2010-2011 secteur des Océans et Sciences

FYI

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**From:** Poirier, Julie  
**Sent:** June 15, 2010 2:55 PM  
**To:** Fitzgerald, Monica; Arbo, Andrea  
**Subject:** FW: Oceans and Science Budget for 2010-2011/Budget 2010-2011 secteur des Océans et Sciences

Monica: Sue asked that I forward this to FAM.

Sharan

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**From:** Richards, Laura  
**Sent:** June 13, 2010 6:27 PM  
**To:** Mithani, Siddika; Poirier, Julie  
**Cc:** XPAC SC DIV HEADS  
**Subject:** RE: Oceans and Science Budget for 2010-2011/Budget 2010-2011 secteur des Océans et Sciences

Siddika - attached is an updated budget impact statement as you requested, based on the budget information provided to date. I am also copying the region. I have not had a chance to discuss these issues with Sue directly, but the regional budget and impacts will be tabled at our next RMC. Laura

<<2010-11 Budget impacts Pacific Science.doc>>

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**From:** Mithani, Siddika  
**Sent:** May 31, 2010 8:53 AM  
**To:** Paradis, Sylvain; McCallum, Barry; Richards, Laura; Plourde, Ariane; Narayanan, Savithri; Moore, Wayne; Wheatley, Michelle; Chouinard, Ghislain  
**Cc:** Condran, Glen; Ruff, Steven; Derouin, Julie; Whelan, Josée; Huneault, Robert; Waddell, Mark; Parsons, Jay; Paradis, Sylvain; Narayanan, Savithri; Moore, Wayne  
**Subject:** Oceans and Science Budget for 2010-2011/Budget 2010-2011 secteur des Océans et Sciences

La version française suit

This note is to update you on the status of budget allocations and the implementation of the Sector's national funding strategy.

The deadlines and process for budget allocations have now been finalized by Finance and we are now ready to implement the funding strategy approved through the NSDC conference call. Attached is an Excel sheet which contains the details associated with the strategy.

In addition to the reductions associated with the impact of Budget 2010 (1.5% reduction to salaries; \$1.9M for Science) and the permanent reallocation to fund internal services (\$1.1M for Science); the Strategy has identified \$9.4M of targetted reductions to national program funding, reduced the number of sea-days by 6%, reduced vessel charters by \$0.2M and initiated a sector wide 2% reduction (totalling \$2.8M) to ongoing Vote 1 resources, including salaries. The total reductions/reallocations within the Sector's budget is \$16.2M.

The initial strategy included a contingency to fund the additional corporate taxation for the carry forward shortfall and strategic review tax, however, given the timeframes provided by Finance for budget allocations, the reductions associated with the additional corporate taxes have been identified in the budget allocation process and will need to be implemented by the regions (totalling \$1.2M). The remaining amounts identified for the 2% reduction to ongoing Vote 1 resources for each Regional Science program are as follows (after compensation for the additional taxes):

<b>Region Adjusted 2% Reduction</b>	
Newfoundland & Labrador	192,000
Maritimes	265,350
Gulf	95,460
Quebec	181,230
Central & Arctic	272,750
Pacific	267,990
National Capital Region	361,200
<b>Total</b>	<b>1,635,980</b>

Please implement these reductions in a strategic manner by applying them to lower priority activities that could possibly be eliminated or through the identification of efficiencies. Given the financial situation of the department and the sector, it is likely that reductions of a similar magnitude will be required in future years. If you identify salary as a source for these reductions, the 20% Employee Benefit Plan premium will be applied.

The regional reductions are to be transferred to NCR Oceans and Science as an in-year budget transfer to 61010-805-120-XXXX-00000. In order to finalize all the necessary budgetary adjustments and to source the Sector's funding pressures, I would ask that you complete the requested transfers in an expedient manner.

**Action request #1:** please provide me with an assessment of the impacts the reductions will have on your regional programming by June 11th.

**Action Request #2:** if you plan to identify further reductions to your minor capital allotment, please let me know by June

11th so that we can include these amounts when communicating with the Finance Sub-committee.

In addition, we are currently working on the allocation of the national competitive program budgets and will provide additional details once all budget allocation transactions have been finalized on June 4th.

If you have any questions or concerns pertaining to the identified amounts, please feel free to contact Glen Condran (613-991-4313) or Steve Ruff (301-229-3749).

Thank you.

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Je désire par la présente faire le point sur les affectations budgétaires et la mise en œuvre de la stratégie nationale de financement du Secteur.

Les Finances ont finalisé les dates limites et le processus d'affectation budgétaire et nous sommes maintenant prêts à mettre en œuvre la stratégie de financement approuvée par le CNDS lors de sa conférence téléphonique. Vous trouverez ci-joint un fichier Excel qui contient les détails de la stratégie.

Outre les réductions liées au Budget 2010 (réduction des salaires de 1,5 p. 100, soit 1,9 M\$ pour les Sciences) et la réaffectation permanente devant financer les services internes (1,1 M\$ pour les Sciences), la Stratégie prévoit des réductions ciblées de 9,4 M\$ du financement des programmes nationaux, une réduction de 6 p. 100 du nombre de jours de mer, une réduction de 0,2 M\$ des affrètements de navire, et une réduction de 2 p. 100 dans l'ensemble du Secteur (c'est-à-dire 2,8 M\$) des ressources du crédit 1, y compris les salaires. Les réductions/réaffectations totales du budget du Secteur s'élèvent à 16,2 M\$.

La stratégie initiale comportait une réserve pour financer la taxe ministérielle supplémentaire destinée à compenser le fait que le report de l'an dernier a été moins important que prévu et à financer l'examen stratégique, mais étant donné les délais imposés par les Finances pour les affectations budgétaires, les réductions liées aux taxes ministérielles supplémentaires ont été intégrées au processus d'affectation budgétaire et devront être mises en œuvre par les régions (elles totalisent 1,2 M\$). Voici les autres montants correspondant à la réduction de 2 p. 100 des ressources du crédit 1 pour chaque programme régional des Sciences :

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**Région Rajustement de la réduction de 2 p. 100**

Terre-Neuve-et-Labrador	192 000
Maritimes	265 350
Golfe	95 460
Québec	181 230
Centre et Arctique	272 750
Pacifique	267 990
Région de la capitale nationale	361 200
<b>Total</b>	<b>1 635 980</b>

Veillez appliquer ces réductions stratégiquement, soit aux activités moins prioritaires qui pourraient être supprimées, soit en trouvant des façons de réaliser des économies. Étant donné la situation financière du Ministère et du Secteur, il est probable qu'il faudra opérer des réductions tout aussi importantes au cours des prochains exercices. Si vous décidez de puiser dans les salaires pour opérer ces réductions, nous appliquerons la prime de 20 p. 100 pour le régime d'avantages sociaux des employés.

Les réductions régionales doivent être transférées au Secteur des océans et des sciences de la RCN comme transfert budgétaire en cours d'exercice au poste 61010805120XXXX00000. Afin que nous puissions mettre la touche finale aux ajustements budgétaires nécessaires et préciser d'où proviendront les fonds pour les pressions financières du Ministère, je vous demanderais d'effectuer les transferts nécessaires sans tarder.

**Première mesure nécessaire :** Veuillez me fournir une évaluation des impacts qu'auront les réductions sur les

programmes régionaux d'ici le 11 juin.

**Deuxième mesure nécessaire** : Si vous prévoyez d'autres réductions de votre affectation d'immobilisations mineures, veuillez me le faire savoir d'ici le 11 juin afin que nous puissions inclure ces montants dans nos communications avec le Souscomité des finances.

De plus, nous travaillons actuellement à la répartition des budgets nationaux des programmes concurrentiels. Nous vous fournirons de plus amples détails une fois que toutes les transactions d'affectations budgétaires auront été finalisées le 4 juin.

Si vous avez des questions ou des préoccupations concernant les montants en cause, n'hésitez pas à communiquer avec Glen Condran (6139914313) ou Steve Ruff (3012293749).

Merci.

Siddika

<< File: 2010-11 Reallocation Options v8 - details.xls >>

## Science Pacific Region: Budget impacts 2010/2011

### Problem statement:

For 2010/2011, Science Branch Pacific Region has a total budget of about \$40M after national reductions of about 4% (National reductions – Phases I-IV: \$1,017K; additional national Science Reduction: \$468K; total reduction of \$1,485K). Similar to last year, we assume that the Region will cover \$500K of the \$1.5M financial commitment to the renewed Pacific Salmon Treaty. In addition, we face internal pressures of about \$1,270K as described below.

\$800K – additional escapement monitoring costs for Fraser sockeye returns. Monitoring costs are proportional to the expected return size. Fraser sockeye returns are cyclical, peaking every four years and 2010 is the peak year in the cycle. Past practise was to reallocate costs across all regional monitoring programs to accommodate the variation in returns, but given the downtrend in overall funding, the impacts are now significant.

\$220K – Fraser sockeye monitoring – Qualark acoustic project. This was a special project started three years ago in an attempt to develop and use new acoustic technology to improve estimation of Fraser salmon returns in a more cost-effective manner. However, PICFI funding did not materialize as planned. Because of commitments to partners (Pacific Salmon Foundation and First Nations), we cannot cancel the project until 2011.

\$145K – Until this FY, the SARA envelope had covered related commitments for salmon stocks where an explicit decision against listing was made by DFO. Stakeholders expect these programs to continue to fulfill DFO's prior commitments. We are investigating options to phase out these programs, but recognize their high priority.

\$105K (salary only costs) – Cohen inquiry. We have one staff member assigned full time to the Cohen inquiry and had to backfill the position of regional CSAS chair. We anticipate facing other costs, particularly travel to Cohen-related meetings, and likely additional administrative costs as the requirements continue to escalate.

### Overview of impacts:

At this time, we are still in the process of allocating budgets to programs. Some programs depend heavily on national competitive or other non-A-base funds for which details are not yet available. Therefore, the impacts are not fully developed and the specific amounts allocated to sources below are provisional.

Overall, most programs will be managed through general reductions rather than through cancellation of specific projects (exceptions are explained below). While this is not ideal, it is reflective of the nature of science programs which tend to be multi-year projects. Impacts will often materialize as lower quality science advice in subsequent years. For 2010, we intend to meet negotiated commitments such as our agreed schedule for advice through CSAS and additional new projects under PARR and the \$1.5M PST envelope.

**Potential sources for re-allocation (about \$2.8M required):**

1. Reprofile expected minor capital allocation - savings of \$200K:

We requested that the Pacific allocation of minor capital be redirected to the shortfall for 2010/2011 only. This will increase our risk of "rust-out" but the risk should be manageable for one year. The risk has been mitigated by bundling of at-sea equipment into the major capital envelope (now exhausted) over the past few years.

2. Deferred staffing - savings of about \$1.2M

Salary commitments for indeterminate staff will be met. We will defer new staffing where possible and we may terminate some term staffing earlier than previously intended. Examples of impacts include:

- Inability to bridge knowledge transfer in succession planning for programs in acoustics, fish ageing, numerical ocean modelling, and at-sea sampling.
- Challenges in delivering the Arctic program and satisfying undertakings under multi-year Collaborative Agreement with US National Science Foundation.
- Some labour/management conflict over restrictions/reductions to internal career development opportunities due to failure to staff desirable vacant positions.

3. Reduced travel - savings of about \$300K

Delays in travel approval have already led to savings through the cancelation of some planned travel, although this was mitigated by higher flight costs for other essential travel. Where possible, we will use video/teleconferences and new Webinar technology to reduce the impacts. Examples of impacts include:

- Inability to keep pace with the US in PST working group meetings, leading to frustration from industry and fishery management clients.
- Reduced regional involvement in national activities such as COE's.
- Longer term loss of scientific influence and leadership at the national and international level
- Some labour/management conflict over restrictions on conference attendance and putative impacts on career progression.

4. Transfer Broughton sea lice program to aquaculture industry - savings of \$150K

The transfer had been planned and is working well to date. At this point, we still need to maintain about \$150K in funding to conduct enumeration of the pink salmon return to the Broughton area so that we can link population level returns to mitigation measures. (Pink salmon enumeration is treated as a low priority and not funded elsewhere in BC). We have initiated new surveys on sea lice in the Strait of Georgia, co-funded through PARR and the Pacific Salmon Foundation.

## 5. Cancellation of salmon monitoring programs - savings of about \$800K

Salmon programs undergo a rigorous prioritization process each year and funds are allocated to projects based on rank. Therefore, impacts are clearer for these programs than for most other projects. Priorities are determined using the following principles:

- Sockeye and Chinook have higher priority than coho, pink, and chum.
- High precision indicator stock programs required to meet international obligations generally have higher priority than medium precision extensive assessments which in turn have priority over lower precision extensive assessments.
- Programs supporting sustainable fisheries have a higher priority.
- Stock status, level of exploitation, and the state of knowledge are additional considerations.

Reductions will cut further into the prioritized list of escapement and test fisheries projects for pink, chum, coho and Chinook. Programs for these species use a combination of intensive monitoring of key indicator stocks coupled with broad extensive but less precise observations of the remaining stocks. Most proposed cuts are to the extensive observations with the following impacts:

- Almost complete loss of monitoring for pink and chum stocks and fisheries could threaten continued Marine Stewardship Certification.
- First Nations, stakeholders and PST could react negatively to lack of monitoring for stocks of concern, including Interior Fraser coho and early-timed spring/summer Chinook. We may not be able to determine whether these stocks are recovering or continuing to decline.
- Reduced monitoring of Chinook could counter investment in Chinook sentinel programs.
- Limited or no assessment could impede implementation of the Wild Salmon Policy and the Sustainable Fisheries Framework. Fisheries may no longer be viable if exploitation rates are reduced due to higher uncertainty.

We intend to discuss these plans with Fisheries Management and the regional Salmon Working Group and develop an agreed regional approach to the reductions.

## 6. Other direct program impacts - savings of about \$150K

- Because of loss of international governance funding, capacity to participate on the US hake assessment will be reduced.
- Sampling protocols will be modified in some surveys leading to increased uncertainty.
- Planned new research on Humboldt squid will be deferred to 2011 when it can be added to the joint Can-US hake assessment survey.
- Non-intrusive ROV monitoring programs for inshore rockfish could be postponed.
- Planned supplemental hydrographic survey operations in the Broughton, Baynes, Gorge Hbr, and WCVI Inlets were cancelled.
- Some planned commitments to individual learning plans may not be met, with technical (non-mandatory) training deferred or cancelled.