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MEMORANDUM

TO: Fish and Wildlife Committee Members

FROM: Patty O'Toole

SUBJECT: Status report on confirming provincial budgets for fiscal year 2004

Purpose: Provide a brief update on issues regarding provincial budgets for fiscal year 2004.

General issues

Council staff is considering several issues with regard to project budgets in the provinces for 2004. The objective of this item is to provide the committee and update on the status of FY 2003 program implementation and tracking and the development of an FY 2004 start of year budget.

In recent years, fiscal year 2001 allocation percentages (with adjustments for capital projects and one time large investments) have been used to determine provincial budgets. Because the provincial review recommendations were for three years, the province allocations and project budgets were established for fiscal year 2004 have already been established on this basis (the exceptions are the Columbia Gorge and Inter-Mountain, where the recommendations expire after FY 03). We understand CBFWA may be considering providing comment on an alternative province allocation formula, and that applying this alternative approach would require the Council to revisit its provincial review recommendations.

Council staff recognizes that fiscal year 2003 budget spending caps and changed accounting rules have impacted many projects within the Councils' Fish and Wildlife Program. In addition, two provinces do not have specific recommendations for 2004 (Gorge and Inter-Mountain). Other provinces will be in a similar position for Fiscal Years 2005 and 2006, as their three-year recommendations begin to expire. Prior to developing Start-of-Year budgets for projects for Fiscal Year 2004, it will be necessary to meet with project sponsors in each province to consider a spending plan that accounts for the impact of the Fiscal Year 2003 project spending caps on work that was previously recommended by the Council in its provincial review decisions for Fiscal Year 2004. We would also develop an interim budget plan to be in effect until subbasin planning implementation. This exercise would occur this summer and fall.

The Council staff needs clarification from Bonneville regarding their intent to continue to use spending caps (accrual based budgets) or to implement a planning budget. It is also important to determine Bonneville's position on the future use of carry-forward (over) funds. The staff believes that the Committee and other Council members may need to emphasize with Bonneville the need to move ahead with its implementing the Council's project spending recommendations provided in February, and to develop a system for the timely tracking of spending against those project budgets, and to normalize a start of year FY 2004 budget process that involves the Council staff and CBFWA.