

reviewing the Estimates are wasteful and inefficient. The form of the Estimates does not permit intelligent criticism and, in placing the major emphasis on the nature of expenditure rather than on its real purpose, the matters coming under senior review are the less important details of administrative judgment. Any valid assessment of performance by departmental management is excluded and it is virtually impossible to form any objective judgment from the Estimates as to the desirability of continuing, modifying or enlarging specific programs in the public interest."

18. Your committee concurs in general with this analysis. Certain specific recommendations are then made in the Glassco Report and some of the major ones with our comments thereon are as follows:

(a) "That the number of votes be reduced and all cost elements of individual programs be consolidated within the same vote."

Departmental estimates are broken down into subdivisions classified as "Votes" for the convenience of Parliamentary decision. This recommendation has been accepted by the government and largely applied in the 1964-65 estimates. In 1961-62, the Main Estimates included 495 votes, over three times the number currently used in the United Kingdom. The 495 votes have been reduced to approximately 240 in the current estimates and no doubt there can be a further reduction.

(b) "That departmental estimates should be prepared on the basis of programs of activity and not by standard objects of expenditure."

Your committee agrees that the primary emphasis in the estimates should be on the "program" rather than on the standard objects of expenditures. The significance of an expenditure must be related to the purpose for which it is being incurred. Departments should justify their estimates by relating them directly to the program that occasions them and, in turn, justify the program as being worth the amount expended upon it, not only on its own account but also in competition with other needs for which money is required. This change however should not take place at the expense of omitting relevant details such as are contained in the standard objects of expenditures.

(c) "That the establishment review should be part of the overall review process of expenditures."

In essence, this means that the determination of the number of staff required in a department should be part and parcel of the determination of the cost of the various programs of the department. The logic of this proposition is self-evident and it has been

accepted by the government and is endorsed by your committee.

(d) "That all departments and agencies should be required to prepare and submit to the Executive long-term plans of expenditure requirements by programs, and that based thereon an overall forecast of government expenditures and prospective resources for a period of five years ahead should be prepared annually."

At present government budgeting and accounting are on a year-to-year basis. This is necessarily so, because Parliament should and does annually exercise its control and review of a government's administration. Nevertheless, a government should be aware of its probable longer term financial requirements. Increases in population alone will make greater demands upon many branches of government service. Most businesses now must project their budgets ahead for five years or more to be ready to meet changing conditions, obsolescence, new products and other potential developments. The use of such a forecast does not involve a decision to agree with projected expenditures but its value would lie in preventing decisions being made currently that would not take into account the future consequence of that decision by itself, and also in the context of its relative effect on overall operations.

(e) "That Departments and agencies be given the necessary financial authority and be held accountable for the effective management of the financial resources placed at their disposal."

This is probably the most significant of all the recommendations made by the Glassco Commission. In essence, it is a de-centralization of financial responsibility. The theory supporting it is that by making a department itself responsible for its financial expenditure, it will exercise that responsibility more effectively and economically than if some outside body is, as the report puts it, "likened to a policeman patrolling the departments to ensure financial rectitude".

Your committee desires to sound a word of caution in connection with this recommendation. The change, of itself, will not automatically bring about the desired improvement. Its success will depend upon how the key personnel in the civil service respond to the challenge involved in this delegation of greater responsibility to them, and assume the higher degree of accountability for the efficient and economical financial management of departmental affairs. In each department there must be a fully qualified and competent financial administrator under the Deputy Minister. In this connection your committee has noted with approval that a course for training such personnel has now been set up in the Civil Service. It is to be hoped, but it