a considerable impact on the allowance costs of the post. None of these factors is under the control of a Head of Post and it would be very difficult to hold him accountable for the salary and allowance & accomodation costs of his post.

Use of Program Budgeting in a Modified Form

If, for the reasons just outlined, it is not possible to apply program budgeting in its customary form to the Department of External Affairs, what is the alternative? We believe the alternative is to use the concept in a modified form - with less emphasis on quantitative analytical techniques, such as performance indicators and cost-benefit relationships, and more reliance on the judgment of experienced departmental officers in deciding on the most effective deployment of departmental resources.

We believe the Program Review procedures incorporated into the financial management system proposed in this report would provide an effective vehicle for bringing the knowledge of such officers to bear on the problem of establishing objectives, evaluating alternative methods of achieving these objectives, determining priorities, and assessing the effectiveness of present policies and practices. At the same time, the results of these deliberations, as expressed in Program Review submissions, can never give the same appearance of mathematical preciseness or statistical justification as those submitted by a number of other government departments.

This places the Department of External Affairs at a disadvantage in competing with other departments for the resources needed to carry out its program. It also greatly increases the difficulties faced by Treasury Board and Parliament in finding a rational basis