

diplomatic, consular and satellite offices. Another 95 locations are served, or soon will be, by Honorary Consuls. In addition, the workload arising from global structural change and the renewal of international governance systems exacerbate pressures arising from internal factors, such as Program Review and adaptation to new personnel and technology needs. Our non-discretionary spending on assessed contributions and support for OGDs overseas continues to rise.

3.3.2.2 Resource Pressures

The principal resource challenge confronting the department is a long list of spending pressures that totalled \$95 million in FY 98/99, \$97 million in FY 99/00 and \$140 million in FY 00/01. Many of the pressures for new spending are effectively unavoidable (e.g. the Comprehensive Test Ban Treaty, later summits such as La Francophonie or the OAS, etc.). In addition, there are a number of issues critical to the advancement of domestic and foreign policy objectives ranging from pursuit of internal ratification of the Treaty to Ban Landmines to creation of a Free Trade Agreement within the Americas.

Finally, there are administrative and infrastructure pressures unique to the department in its international working environment. Our information technology systems must meet the challenge of the year 2000 in order to not only protect our global communications network, but to ensure that mission critical systems will function to provide consular assistance and support for our trade interests abroad in the hardest-hit areas of the globe. Other pressures such as the move of Canada's representation from Bonn to Berlin require the department to reallocate scarce resources to meet changing international circumstances.

3.3.2.3 Reallocation of Resources

To the extent that new policy initiatives and program pressures are of sufficiently high priority to warrant incremental spending, the department is reallocating resources from within its existing budget. The climate of restraint prevents the Treasury Board from providing DFAIT with any additional funds beyond compensation for foreign inflation, basic salary increases, the increased cost of existing international memberships, and 50% of the cost of PM-hosted summits.

DFAIT's capacity to reallocate funds internally, over the medium and long terms, is limited, as 45% of its budget is effectively non-discretionary. This portion of the budget cannot be reduced because the spending represents Canada's share of international organisations' budgets, qualifies as official development assistance, or supports other department's operations abroad. The difficulty faced by the department in reallocating its resources is compounded by the fact that all operations have already been cut severely to meet expenditure reductions requirements and to fund the expansion of Canada's network of missions and program delivery abroad.

Based on the Bureaux Business Planning cycle, and new funding arrangements with Treasury Board, the Department is managing the changing needs of Canada's overseas