

scale construction. Mr. Wrong added that the pressure exerted on most governments to balance their budgets provided another obstacle.

8. Mr. Pearson drew attention to the difficulty of deciding on the order of priority; he felt that in a year it might be possible to obtain premises in only one or two countries. Mr. Matthews thought that if premises could be obtained that did not require any substantial alterations or construction, we could consider purchase in additional countries. The timing of purchases would depend to a large extent on the dates of appropriation bills since it would not be possible to include any large sum in our estimates until specific purchases were decided on. Mr. Pearson thought there would be little if any criticism of such expenditures for the Department in view of the growing acceptance evinced in the Canadian press of Canada's increasing responsibilities in international affairs.

### III. *Proposed New Basis of Allowances for Heads of Mission*

9. Mr. Matthews reviewed the system on which allowances for officers other than Heads of Mission were based according to the cost-of-living index computed by the Dominion Bureau of Statistics for each country where there is a Canadian post. Under the present system no effort is made to relate the allowances granted to the Heads of Mission to the index for the various posts. It has now been decided to adopt a formula similar to that used in computing F.S.O. allowances, in setting the allowances for Heads of Mission. Posts would be grouped on the basis of the representational requirements at the post and while the Canadian dollar amount of the allowances might vary between the allowances for the Heads of Mission in the same group the formula would be intended to keep the purchasing power at all the posts in the same group equal.

10. Another consideration which would be kept in mind in determining allowances was the adjustment which would have to be made for the probable taxation of salary of personnel serving abroad.

11. The Department was considering the possibility of taking over a number of expenses now paid by the Heads of Mission such as the cost of operating an automobile, the upkeep of grounds, and light, heat and telephone for the residence. General Vanier suggested that consideration should also be given to the assumption by the Department of such charges as plumbers' bills, and other running expenses which might be considered as owner's repairs on leased premises.

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### VIII. *Personnel*

19. Referring to the personnel situation, Mr. Pearson said that in posts abroad there was no doubt a feeling that the Department was not aware of the need for more staff. He pointed out however that negative replies did not indicate an estimate of the importance attached to the request but simply that the Department was still understaffed. He asked Mr. MacDermot to outline plans for the next 12 months.

20. Mr. MacDermot said that the Civil Service Commission had recently completed three sets of departmental examinations. There was one for F.S.O.'s Grades 1 and 2; another for F.S.O.'s Grades 3, 4 and 5, and a third for Consular Officers