

- (f) such other matters as may be referred to it by the Governor in Council."

The effect of the amended Act was to establish the Treasury Board even more clearly than before as the agency of government chiefly responsible for formulating central management policy, including the financial management functions of short-range and long-range expenditure forecasting, program analysis, estimates preparation, supervision and control of expenditures, leases, contracts, and financial commitments. For the first time, too, responsibility for providing leadership and stimulus to improved management performance in the government service was explicitly vested in the Board. Possibly, however, the most important widening in the duties and responsibilities of the Board was in the field of personnel management. In part, as a result of being designated as the principal agent of the Government in collective bargaining, the Board had assigned to it, in addition to its previous duties relating to organization and establishment control, exclusive responsibility for classification, rates of pay and conditions of work, and for determining generally the policy governing personnel management in the Public Service.

Thus the Treasury Board is now, in effect, the supreme operational executive body within selected areas of government activity. The authority of the Board is, however, hedged, in that the Cabinet must remain the ultimate executive authority. Section 5, Subsection 4, of the Financial Administration Act guarantees this by stating that "the Treasury Board in the exercise of its powers under this or any other statute is subject to any direction given to it by the Governor in Council and the Governor in Council may, by order, amend or revoke any action of the Board".

#### Primacy of Financial Administration

While the Treasury Board has, over the years, been assigned broader central management functions, its most important responsibilities have always been and still are related to financial administration.

Financial decision-making in government is concerned essentially with the problem of allocating the limited resources at the Government's disposal among competing demands. In the private sector, the market mechanism serves as the basis of resource allocation. Since this does not apply in the public sector, substitute means are required for determining objectives and the extent to which resources are to be used to attain established objectives. While the Canadian public, through the political party and voting process, expresses its broad preferences, resource allocation in the public sector rests largely in the hands of legislators and public administrators.

Dr. W.C. Clark, when Deputy Minister of Finance, very effectively presented in an article he once wrote the essential features of Canada's financial administration and decision-making process. It can be summarized as follows:

- (1) A budget system -- that is, a systematic statement and consideration, usually given once a year, of the financial standing of the Government, so that Cabinet, Parliament, and the nation may know what the current position is and what it is likely to be in the future.