A program, as defined in the Financial Management Guide issued by the Treasury Board, is "a major departmental function designed to achieve specified objectives that have been authorized by Parliament". Another way to define a program would be to consider it as a group of related activities having a common set of objectives.

It will be readily apparent that a program is not easily definable in terms that can be readily applied to all government departments. In most departments that have introduced program budgeting, programs have been defined in terms of the activities carried out by major branches of the department, such as Air Services and Marine Services in the Department of Transport, Treatment Services and Veterans Welfare Services in the Department of Veterans Affairs, and so on. Thus it can be seen that, in practice, programs in these departments have been defined in broad terms, frequently as the vehicle for carrying out a major piece of legislation.

As noted previously, the primary benefit to be gained from the introduction of program budgeting is that it enables (and tends to force) departmental management to plan and control a department's operations and its resource requirements in terms of the purpose for which such resources are required rather than in terms of objects of expenditure, such as salaries and supplies. This, in turn, enables departmental management and Treasury Board to assess alternative uses and priorities for available resources in relation to the benefits anticipated as against the funds required - the "cost-benefit relationship".

As an aid in determining the resources required to carry out a given activity, the program budgeting system envisages the use of