

focus on reducing salary costs by purposely under-classifying jobs will have a serious impact on service delivery and could cause recruitment difficulties. Upcoming Treasury Board initiatives to simplify classifications will result in a system that is considerably easier to manage, less complex and more easily understood by line managers.

**Q. Will managers have the flexibility to reduce the number of personal service contracts in favour of hiring term or casual employees if it is cost effective?**

A. Yes. Managers are encouraged to seek the most cost-effective means of accomplishing their objectives. This is the over-riding thrust of Operating Budgets.

**Q. The Treasury Board has agreed to assume the liability for Canada-based employees for certain costs such as maternity benefits, severance pay on separation, and liquidation of vacation credits on separation. Does this apply to LES?**

A. No. Until further notice these costs for Locally Engaged Staff will be borne by the mission, since a provision for them was made in the Department's MYOP submission.

**Q. Will the Treasury Board continue to cover exchange rate losses in Code Vote 014 and Code Vote 017, as they have done in previous years? Can the exchange protection be institutionalized at this time since the rules are being revised? Can compensation be guaranteed down to the mission level, and not to the Branch?**

A. Based on recent discussions with TB, they will continue to compensate the Department for currency losses experienced at missions abroad. However, in these times of restraint, it remains an issue of affordability; therefore, TB authority for exchange protection will not be "institutionalized" at this time. As in previous years, all adjustments to Reference Levels are made at the Branch level and it remains the ADM's prerogative to allocate funds at lower levels.

**Q. What about compensation for inflation overseas?**

A. The Treasury Board will continue to compensate the Department for some overseas inflation but it must be remembered that this, like compensation for currency losses, remains an issue of affordability.

**Q. Will FTEs need to be reported for LES positions?**

A. No. The requirement to report on FTEs applies only to Canada-based staff.

**Q. Does all current mission capital funding fall into the category of minor capital?**

A. Yes. Major capital resources are held by MRD.

**Q. When a manager wants to create a new position funded within the existing budget, at what point can the manager proceed with the classification action and how long will the process take?**