

Today, government is big business in every sense -- in terms of employees, expenditures and the variety and complexity of its activities. It, therefore, demands from its central financial-control and management agency more than administrative clearance of appropriations and expenditures and a routine scrutiny of management functions in the public service. Modern government requires from such an agency meaningful assessments of new and existing programs in terms of objectives and results and complete and understandable data on such programs so that the government is in the best possible position to make policy decisions.

New Financial Management Techniques

The Treasury Board is, therefore, constantly striving to improve its performance as a central control agency through the introduction of modern financial-management techniques. Over the past few years, the Treasury Board has taken a number of steps in this regard, following upon the recommendations on financial management made by the Glassco Commission. Better methods and techniques, such as improved accounting systems, promote the more effective management of financial resources. But they do not in themselves solve the basic problem of how to make the best use of scarce resources. The Treasury Board has, therefore, developed and is implementing a programming-planning-budgeting approach to resource allocation in the Federal Government. Program budgeting is concerned with the presentation of expenditure proposals in a way that will enable effective decisions to be made on the allocation of resources. The program-budgeting system differs greatly from traditional forms of government budgeting in its concentration on the results and benefits as opposed to just a consideration of the resources required. Intensive study is made of feasible alternative ways of attaining defined objectives with a view to determining the approach most likely to achieve the greatest benefit for a given cost, or the approach by which a given objective will be achieved at minimum cost. Furthermore, it emphasizes longer-term dollar requirements rather than just those of next year. It therefore requires longer-term planning and expenditure forecasting. It also requires that consideration be given to indirect and associated costs as well as those directly related to a given proposal. Program budgeting is, therefore, a device to bring together related proposals from different departments so that a more complete picture can be presented about any particular area of government activity.

While program budgeting is not a substitute for experience, it has proven to be a useful technique of bringing analysis to bear on existing programs or new proposals. Government departments and agencies often keep doing the same sorts of thing they have done for years and, without the re-examination of objectives and program evaluation required by the program-budgeting system, they may be inclined to rule out relevant alternatives. Similarly, in the case of new proposals, the analysis inherent in program budgeting requires the defining of what are the program objectives, what the program is trying to accomplish and how the program's accomplishments fit in with what other government agencies or private industry are doing in the same area.

One very important aspect of this entire approach is that it should lead to a substantial expansion in information on which planning is based and to much better co-ordinated data. This has significant policy implications. This system will provide Ministers with more relevant data on which to make