

the exception of the items noted, however, all the expenditures of the Department are to be parcelled out to the appropriate responsibility centres and planned and controlled by them.

Exhibit II describes the expenditures that are to be controlled by posts. Exhibit III presents the same picture for those functional divisions that are to be responsibility centres and Exhibit IV refers to the administrative support divisions. In the case of the posts, this has been set out in some detail with costs grouped within objects of expenditure as they will appear initially in the post budget. In time it may become desirable to provide posts with funds for substantive as well as administrative operations (e.g. cultural or small aid projects). Such funds would be handled simply as additional items in the post budget. The following paragraphs contain further explanations of the various kinds of expenditures and where they will be budgeted.

#### 1. Personnel

While the salaries and allowances of Canada-based personnel must be managed centrally for the reasons given, the same is not true for locally-engaged staff.

The logical centre of control for the compensation of local employees is the post and it is intended that these expenses should appear in each post's budget. We expect that the Head of Post will be authorized to set rates of pay, to promote and demote employees and increase his staff if his budget permits. The important matter of maintaining uniform treatment for the staff of all departments might be handled through a local Salary Classification Board with representatives from all departments, which would approve reclassifications and recommend revised salary ranges. These changes have still to be worked out with Treasury Board.