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## THE TREASURY BOARD OF CANADA \*

### I

In this paper I intend to approach the subject on the assumptions that the Members of the Institute will be most concerned with the operations of the Treasury Board as they are carried out today and that it would be helpful if the Treasury Board were first placed in the context of the other control agencies of the Federal Government.

In attempting to put this organ of government into its proper context, I should first like to speak briefly about the other coordinating and controlling agencies of the federal service. On the level of direct and immediate responsibility, the Cabinet is, of course, the body which formulates the policies and determines the functions that are to be carried out subject always to the authority of Parliament and, ultimately, the country. This task it executes in the light of the problems that impinge upon it from outside and those that emerge through the operation of the government departments and agencies from time to time, with whatever analytical assistance from their departmental staffs is required by the several Ministers. At this level the secretariat of the Cabinet, or Privy Council Office, acts as the medium through which memoranda to be considered by the Cabinet are circulated to the various Ministers. Its members perform the duties of secretary to many of the more important official-level committees. This office thus ensures that all Ministers, and, in particular, the Prime Minister who has no other department, are informed of the issues to be discussed.

As most of you will be aware, the Cabinet is an informal body unrecognized by the law. Its meetings provide a forum wherein broad policy issues can be thrashed out by the group, deriving its power from the support of Parliament, which is in a position to make its decisions effective. I should perhaps add here that the formal body corresponding to the Cabinet is the Committee of the Queen's Privy Council for Canada, the membership of which is the same as that of the Cabinet. The Governor General, acting on the advice of his Council, constitutes the Governor in Council, that is, the Crown. This body exercises the prerogative and such regulatory powers as are conferred upon it by statute. Its decisions take the form of Orders in Council. The staff is provided from the Privy Council Office.

It is probably fair to say that a substantial majority of the issues that come up for decision by the Cabinet involve expenditure at some time or other or involve a contingent liability. Therefore, this same substantial majority of policy issues are of direct concern to the Minister of Finance and his department. In order to be in the position to assist the Minister in the wide variety of issues in which he is concerned at this stage, that

\* By Gordon W. Stead, Treasury Board Division, Department of Finance. This is based on a paper delivered at the Halifax Conference of the Institute of Public Administration of Canada, September 8, 1955.

portion of the Department of Finance which deals with policy is organized under the Deputy Minister in five principal divisions. At the present time three of these are headed by Assistant Deputy Ministers and the other two by Directors. These divisions are the Taxation Division, the Treasury Board Division, the International Economic Relations Division, the Economic Policy Division and the Financial Administration and Accounting Policy Division.

The Taxation Division has a staff of three officers in addition to the Assistant Deputy Minister. It prepares whatever material may be required by the Minister to bring out the effects and implications of revenue proposals he may have under consideration. Also it constitutes the avenue by which taxpayers can make representations, insofar as the Minister himself is unable to accommodate them.

Generally speaking, the Treasury Board Division provides analytical assistance to the Minister in connection with the proposals of government departments which involve expenditure. I might say that this division is somewhat larger than the others, having some thirty officers on its strength. This is because expenditure programs are in their nature broken into many diverse compartments and there are more numerous problems with regard to keeping all the aspects in step. Since it is the work of this division that is the subject of this paper I will postpone the description of its organization until a later point.

The International Economic Relations Division is in three sections, the first of which deals with international economic policy in the broad sense, the second with our financial relations with international bodies and the third with the Customs Tariff. The total strength of this division is some ten officers.

The Economic Policy Division has a staff of some five officers in addition to the Director. To it is assigned the task of keeping up with general trends in the Canadian economy and of drawing significant developments to the attention of the Minister. In particular, it considers such matters as the general level of business activity, price developments and marketing matters generally. It does what analytical work may be needed in connection with specific problems in this field.

The Financial Administration and Accounting Policy Division is responsible for forecasting the cash position of the government and for producing certain regular and special financial statements for the use of the Minister of for publication. Under the direction of the Minister it manages the cash position and handles the financial relations with the Crown companies. This division advises on all matters in the general field of financial administration and accounting policy and practice.

It should be noted that certain types of expenditure proposals concern the specialist divisions. Where this is the case, these latter divisions are responsible for assisting the Minister in respect of his participation in Cabinet deliberations, rather than the Treasury Board Division.

In addition to the divisions described, several other units are included in the department with which perhaps we need not concern ourselves here in detail. These include the

Administration Division, the Farm Improvement Loans Division, the Inspector General of Banks and the Royal Canadian Mint.

The largest single element in the department, however, is the staff of the Comptroller of the Treasury. This organization performs the function of keeping a standard set of accounts from the various departments and branches of Government and of recording commitments and making disbursements from the Consolidated Revenue Fund in accordance with the proper authority. Parliament, the Cabinet and the Treasury Board are the decision-making bodies and the prime function of the Comptroller of the Treasury is to ensure that expenditures are made only in accordance with the decisions of these bodies.

To complete the context, two other organizations would be mentioned before we proceed to discuss the Treasury Board itself. The first of these is the Civil Service Commission, an independent body set up by Statute to report upon the numbers and classes of staff required to perform functions that have been decided upon as a matter of policy. It is also responsible for reporting to departments upon their organization and for recruiting for the Civil Service itself. I am sure you will all be familiar, in a general way at least, with the operations of the Commission and I need not elaborate here.

Finally the Auditor General, who is a parliamentary officer rather than a servant of the Government of the day, makes a post audit of all governmental expenditures.

## II

The Treasury Board is a committee of the Privy Council set up explicitly in the Financial Administration Act <sup>\*</sup>. The Minister of Finance is the Chairman of the Board, which comprises five other Ministers or their alternates. To it is delegated general surveillance of all matters relating to finance, accounts, establishments and terms and conditions of employment in the public service. It operates within the frame-work of the general policy conclusions of the Cabinet. The Secretary to the Treasury Board must be a member of the staff of the Department of Finance and, in practice, is always an Assistant Deputy Minister. The Treasury Board Division of the Department of Finance constitutes the secretariat of the Board.

I expect that it would be best to proceed from this point by a description of the way which the staff of the Board is organized. It will then perhaps be easier to explain the manner in which the **business** is processed through this organization. I would like to emphasize, however, that the staff is set up for the assembly, correlation and analysis of facts for presentation to the Board and to express its views and instructions. Unlike the British Treasury, decisions are made not by civil servants but by Ministers. With respect to specific proposals of departments, the function of this staff, or secretariat, is to state concisely whatever implications may exist and, where appropriate, to suggest alternatives, in such a way as to enable the Board itself to come to considered decisions on the basis of full information. Beyond

<sup>\*</sup> 15-16 Geo. VI, Chap. 12 Sections 3-7.

this, and with a general awareness of the objectives of the Board, the staff are constantly alert to discover matters which should be brought to the Board's attention.

The Assistant Deputy Minister and Secretary to the Treasury Board is supported by an Assistant Secretary who shares the total burden particularly in respect of matters to do with personnel and the regulations administered by the Board. In addition of course, he acts for the Secretary in his absence. To a large extent these two officers operate as a unit.

Below this level the staff is organized in three principal sections dealing with the substance of matters which require the Board's attention and a fourth section which deals with the development and administration of methods. Two of the substantive sections concern themselves with the scope and functions and expenditure proposals generally of all the departments of government as such. Each is manned by some twelve officers. The work is shared between the two sections in such a way as to make possible the accumulation in each area of the amount of knowledge of related departments and their problems as is necessary to carry out the task. Thus the first of these two sections, which is known as the Defence and Works Section, deals with the Department of National Defence, the Department of Public Works and those others that are in some way related to them. These are the Departments of Defence, the Production, which is the purchasing agent for National Defence, the Department of Veterans Affairs whose policies must be integrated with those of National Defence, and the Department of Justice and the two related organizations of the Royal Canadian Mounted Police and the Commissioner of Penitentiaries inasmuch as these involve problems somewhat similar to those in the Armed Forces.

Of recent years, much government construction has been part of the Defence program so that the inclusion of Public Works in this Section brings together most of our activities of this type. For the same reason the affairs of the Federal District Commission and, to the extent that funds are provided by Parliament, the Central Mortgage and Housing Corporation are handled here. Because of this preponderance, this Section scrutinizes all matters pertaining to the acquisition, administration and disposal of real property that require the attention of the Board, although close liaison is maintained with those officers who are concerned with other departments in respect of the program implications of these matters. The principal construction activities not included here for program purposes are the specialized programs in the field of irrigation carried out by the Prairie Farm Rehabilitation Administration of the Department of Agriculture and of airport construction by the Department of Transport.

The Defence and Works Section is organized in three groups such that the members of each are dealing constantly with matters that are related to one another. It is not easy or perhaps fruitful to describe this in detail because the substantive matters concerned tend to cut across departmental boundaries. However, one of these three groups has a distinct function, namely, the processing of all requests for approval to enter into contracts. In this field the responsibility of the Contracts Group relates to the administration of the Government Contracts Regulations and

is legal and formal rather than substantive, advice on the substance being obtained by liaison with the other Groups concerned in either of the two departmental sections.

The business of all the other departments of government is handled by the Civil Section. This Section is divided into four principal Groups consisting normally of three officers each who, generally speaking, work with departments with similar problems or operating in somewhat related fields. Thus, for example, one such Group deals with the Departments of Agriculture, Fisheries, Mines and Technical Surveys and the Dominion Coal Board, Northern Affairs and National Resources, the National Research Council and, so far as such activities are financed from parliamentary appropriations, the atomic energy program. Thus, in this case, the bulk of those departments and agencies that are concerned with the development of Canada's resources, to the extent that there is a national interest, are grouped together. You will perhaps note also that these arrangements tend to place under one Group Head those departments with like economic and technical problems. It embraces all the research units working in this general field.

A second group in the Civil Section is concerned with those departments working in the general field of labour and welfare along with certain units such as the National Film Board, the Canadian Broadcasting Corporation, the National Gallery and the Public Archives which might, for the lack of a better term, be regarded as of a cultural nature.

A third Group operates in the field of communications and includes the Post Office, the Department of Transport and the various boards and commissions which report to Parliament through the Minister of Transport.

The fourth Group in this Section deals with what might be called the administrative and policy departments such as External Affairs, Trade and Commerce, the Department of Insurance, the Civil Service Commission, the Privy Council Office and our own Department of Finance. The various other smaller units which are financed from parliamentary appropriations are also included here.

Two other officers report through this Section for purposes connected with the expenditure programmes of three other departments, Public Printing and Stationery, Secretary of State and the Department of National Revenue. The reason for this is that the officers concerned are responsible for the examination of day-to-day cases relating to the regulations administered by these departments and thus are in a position of some familiarity with the operations of these departments. This enables them the more easily to analyze their proposals.

The third principal substantive section is known as the Personnel Policy Section. Its function is to prepare for presentation to the Board all problems relating to salaries and wages, allowances, hours of work and other working conditions throughout the government service. Most of the specific proposals of this type originate with departments or with the Civil Service Commission. In any event, the Civil Service Commission does whatever research or field work

is necessary and forwards them to the Treasury Board with a recommendation on the individual merits of the particular case. The Personnel Policy Section then relates them to the programs of the departments and studies the financial implications. While this requires close liaison with the two departmental sections, it will be appreciated that this work must be done by a staff familiar with the whole field, since the problems involved cut across departmental lines. This Section also assists the other two sections in developing recommendations regarding establishments, keeps the records of approved establishments for departments, and is the sole control agency for the considerable numbers of public employees who do not fall within the Civil Service Act.

The Estimates Preparation Section is responsible for developing methods by which information is submitted by Departments to the Board and through it to Parliament. It is central unit to which all Estimates submissions first proceed and it sees the Estimates Blue Book through the amending and printing processes. As a corollary to this it performs a similar function in connection with the annual review of establishments which precede the submission of Estimates. This unit works closely with the Groups in the other sections on all matters concerning the presentation of the Estimates to Parliament, vote structures, vote wordings and the like. It is particularly concerned to see that the views of Parliament on these matters, as expressed during sittings of the Public Accounts Committees or otherwise, are carried out. It is also responsible for the preparation of Supply Bills and at a later stage for coordinating such information as the staff of the Board can supply with respect to the forecast of expenditures.

In addition to these four main sections, a small expert unit advises the Secretary to the Board on all the complicated problems that are continually arising in connection with pensions, Superannuation Acts and other social legislation. As a matter of administrative convenience, during the period in which the recently-passed Superannuation Act is being brought under effective administration and its problems being worked out, the Superannuation Branch of the Department of Finance is responsible to the Secretary to the Treasury Board. Further, the Telephone Service Office, since it concerns an area of expenditure, is also attached to the staff of the Board. This office controls the provision of telephones in all government offices in Ottawa and the central exchange in Toronto. Finally, the small secretariat of the Suggestion Awards Board also reports through the Secretary although it is housed with the Civil Service Commission.

Before leaving the matter of organization I should add that a large amount of cross-liaison takes place at all levels. As was implied in discussing the Defence and Works Section, many issues coming to the Board for decision require analysis by officers in various fields. Since, at one time or another, virtually every problem of government comes to the Treasury Board, and since the function of the department as a whole, let alone the Treasury Board Division, involves coordination as well as control, many problems have ramifications outside the usual ambit of the department making the submission. Therefore, it is the standard practice among the staff to consult their colleagues working in related

fields at the very beginning of their study of any such problem. Not only is this true within the staff of the Board, i.e. the Treasury Board Division, but also it applies with equal but perhaps less frequent force to liaison with other divisions of the department. I am sure you will appreciate that it is most difficult to lay down in any formal way the specific instances in which such consultation is necessary in view of the variety of problems to be considered. Therefore, this requirement can only be stated as a general principle, its effective operation depending upon the calibre of the staff employed and the building up of a spirit of teamwork which is the sine qua non of any coordinating body.

### III

I should now like to turn my attention to a discussion of the types of work which proceed through this organization and the timing throughout the year at which various matters are considered. The most important single function of the Treasury Board is that of rationalizing the requirements of all the departments of government and of fitting them into the budgetary picture as a whole. If these requirements cannot be made to fit within the framework of government policies, the issues involved are referred to Cabinet for decision. The problem, in other words, is that of determining in relation to all other government activities the scope of each of the government departments. This is done directly through the formal submission of Main Estimates for the following fiscal year submitted annually by each Minister to the Treasury Board for consideration. Of recent years such submissions have reached the staff of the Board about November 1st and pertain to the fiscal year commencing the following April 1st. They are usually tabled in the House in February.

These submissions are received in the form of books of multilithed material which explain in considerable detail, for analysis by the staff and the information of the Board, the functions performed under the various votes and the reasons for proposed changes in function or scale. Explanations are also supplied with respect to the various categories of cost which are involved in the program described. These books supply the information necessary to enable the staff of the Board to detect issues of substance implicit in the program of each department. This usually leads to discussion with the departments for the purpose of bringing out the relative priorities of the various proposals.

During most of December the Board holds a heavy schedule of meetings to consider the Estimates. These meetings occur almost daily and last most of each day. It is customary for the Minister of the department whose Estimates are being considered, together with one or two of his senior officials, to attend to explain and, if necessary, defend his proposals. The Board is assisted by the Secretary and two or three members of the staff. The discussions are conducted by the Ministers, the officials merely giving information upon request. While the amount of ground to be covered dictates a regular order of procedure,

the atmosphere of these meetings is informal enough to ensure that all points of substance are thoroughly thrashed out. In all this, the concerns of the Minister of Finance as Chairman are that the ultimate total will conform to government expenditure policy and that all proposals are examined upon the basis of a consistent set of standards. Issues that are not resolved by the Board may be referred to the full Cabinet and Cabinet, in any event, must approve the Estimates as finally determined by the Board.

The Main Estimates are intended to make full financial provision for the complete program of the departments for the one entire fiscal year. Traditionally, Supplementary Estimates are handled by the same method in the Spring but are restricted in substance to matters of an emergency nature which could not have been foreseen at the time Main Estimates were being considered or which result from new decisions taken by the Cabinet or by Parliament. These are usually tabled in May. At the end of the year it is customary to bring down in the House what are called Further Supplementary Estimates, or colloquially, Final Supplementary Estimates, to cover errors of estimate that have emerged since the time at which the estimates were originally made up eighteen months earlier. These latter Estimates do not purport to include anything involving changes of policy and are usually laid before the House and passed just before the end of March. I should point out here that errors of estimate of the opposite sign lapse at the end of the fiscal year and, if the requirements they represent still exist, must be re-voted by Parliament in the ensuing year.

While the Main Estimates procedure is the formal method, by which the total requirements of the departments are submitted, considered by Treasury Board and laid before Parliament for the purpose of obtaining funds, this is itself but the last major step in a somewhat longer process. A year ago a process was initiated by Cabinet directive whereby a system of committees was set up to examine and report upon departmental staff requirements for the ensuing year. This process occurs just prior to the compilation of Estimates by departments and leads logically into it. It involves commencing the study of the allocation of the resources that may be expected to be available in an area that constitutes a key to the administrative scope of the Government's activities. What is more, at this point one is dealing with quantities which often bear direct, measurable relationships with the program proposals of the department. Finally, it affords an early opportunity to become aware of the total staff authority that will be requested of the Board when Estimates, of which it becomes a part, are under consideration. Only by examination of total requirements in this fashion can effective control be exercised. The essential corollary to this is that additional requests for staff during the same year are not accepted except in the direst emergencies or in association with Supplementary Estimates in the Spring.

One committee is established for each department. It consists of a representative of the Civil Service Commission, the Treasury Board and the department concerned. The Civil Service Commission member is the Chairman. These committees sit throughout August and the early part of September and review completely once a year the establishments of the departments. This mechanism is initiated by a submission from each depart-

ment in which are spelled out in some detail the plans of the department and the staff required to carry them out.

By bringing together the three organizations around the table it is possible for the responsibilities of the department, the Treasury Board and the Civil Service Commission to be discharged in one motion. The department will have responsibilities under legislation or otherwise to carry out certain functions to the best of its ability. It will bring forward proposals based on the particular problems and technical requirements of its task.

The Treasury Board member may suggest the context of general government policy into which the requirements of the department must fit as an aid to the department in assessing its own priorities. He will be responsible for bringing out the relative needs underlying the department's proposals, so they can be weighed, one against the other, across the government service. Where expansion in some areas is indicated he will ask the department to review its priorities with a view to reducing or eliminating functions of less present importance. In cases of doubt as to whether any proposal falls within government policy, either general or particular, the matter can be referred to the Treasury Board for a ruling, either at once or in the course of the consideration of Estimates of which staff requirements form a part.

When the functional outlines of the departments' activities in the new year have been thus established, the task of the Civil Service Commission representative is to examine the staff proposals, both as to numbers and classes, in relation to the work load indicated and the recruiting possibilities. Naturally, the costs in terms of staff and other facilities will be a factor in the ultimate decisions regarding priorities. By bringing the experience of the Civil Service Commission to bear at this point, the interaction of all the relevant aspects of any proposal can be brought out. What is more, the intimate knowledge of the Civil Service Commission of the organization and methods of the departments contributes greatly to the committee's appreciation of relative staff needs.

Perhaps I need hardly add to an audience of this kind that the Minister of the department may accept or reject the recommendations of these committees. If he accepts them, they form part of his Estimates submission to Treasury Board; if he does not, his Estimates submission will differ from the review committee report, but the reasons for the disparity will be known. In either case the decision rests with the Treasury Board.

To go back one step further, at a still earlier stage, each department will be going through a somewhat similar procedure internally. It will be gathering from its branches and field offices the requirements for the coming year as seen from these points. With some general awareness of the level of activity that may be acceptable to the government, based on experience or gained from discussion with officers of the Board staff, these requests coming in from the branches and field offices will be screened, analyzed and discussed within the department before being submitted to the establishment review committees.

At the same time the staff of the Treasury Board will be considering the total picture as they might expect it to emerge in the budget. The implications of that picture and the assumptions underlying it will be communicated to the Minister of Finance so that he may give what directions he wishes to this staff. Thus it is that the Treasury Board staff are able to indicate to departments the general context in which their proposals will be examined.

It may sound from this as though all the analysis is concentrated in a small portion of the year. This is in fact not so although the load during the period the establishment review committees are sitting and the Estimates are being considered is greater and more urgent than at other times. However, there is an even earlier process which continues throughout the year and which serves to inform the Board and its staff of issues that will arise when the period of formal consideration is reached. It will be recalled that the Treasury Board Division has a departmental function in the sense that it is responsible for producing such information as the Minister requires for his participation in impending policy decisions at Cabinet level. Many of the problems that will ultimately turn up in Estimates are roughed out at this stage. In fact, of course, the approximate costing involved is essential to the decision in principle.

Moreover, issues of a somewhat lower order of magnitude which have implications for future Estimates are constantly coming before the Treasury Board throughout the year. For this purpose the Treasury Board meets weekly and has laid before it all such matters, as well as many cases of rather more detailed nature that are required by law or custom to be approved by the Board. These latter include a variety of items of a regulatory or housekeeping nature and adjustments to programs which have been approved in current Estimates. The precise machinery for dealing with these adjustments involves requests for authority to transfer between the allotments into which a vote is broken down for control purposes throughout the year. Requests of this type very frequently indicate that certain programs are lagging while others can be expedited. After all, the formulation for which they are an amendment is only an estimate and is subject to change as circumstances develop within the limits of the Parliamentary authority spelled out in the vote title.

Another class of cases of this nature is requests by Ministers for authority to let contracts over sizes laid down in the Government Contract Regulations. These keep the Board and its staff informed as to the progress of various programs. In this instance as in some others, it has become the practice to route through the Treasury Board departmental submissions which require final approval by Council in order to become effective. The reasons for this are that the meetings of the Board afford a better opportunity for close scrutiny of individual cases and that the Ministers have available the analytical facilities of a staff familiar with the approved programs of the departments.

For the rest the Board is acting on its own authority under various statutes, mainly the Financial Administration Act. Quite frequently, departments request direction or approval for changes in their long-term plans within the general framework of policy laid down by Cabinet. A good part of the work of the staff of the Board during the year is there-

fore concerned with threshing out and becoming familiar with developing areas of policy that will appear in more precise form in Estimates submissions at a later date. This has the effect of spreading the workload and of permitting proper consideration of important issues. Also, it means that when Estimates submissions are received they do not as a rule contain too many problems that have to be studied all at once. Most of the other problems that will appear in departmental Estimates submissions are first raised in the course of the establishment review committees. Finally, opportunity is taken by members of the staff, as the pace of regular work permits, to call upon senior officers in the departments to discuss their problems and plans in general and to become familiar with their operations and facilities.

#### IV

Having sketched the organizational framework, I now come to what is perhaps the most important portion of this paper. I should like to discuss what are conceived to be the central problems for the Treasury Board and its staff and to give a general indication of how they are dealt with.

The most obvious problem is the one of allocation of the total resources that are made available among the various departments and objectives of the Government. This presupposes that we start with some approximation of this total. Beginning well before the time Treasury Board considers the Estimates in December, the divisions of the Department that are concerned make estimates of prospective revenue. At the same time, early approximations are made of the orders of magnitude that might be involved in the various major components of the budget. Some of these, such as the servicing of the national debt, Old Age Assistance payments and Family Allowances, can be calculated fairly accurately even at this stage. Beyond this, such a preliminary calculation may indicate what can or must be done in order to give effect to government policies. This material is presented to the Minister of Finance so that he may give directions as to his objectives.

Both to arrive at an independent pre-estimate of the elements in the budget and to rough out a possible allocation of it as among departments, members of the staff of the Board have tried to develop, with some success at least in some areas, a set of criteria by which each of the units in the Civil Service can be judged. If, for example, a regulatory service must carry out certain inspections which are required by legislation which, in turn, is not in question as regards the policy underlying it, it may then be possible to compare the growth in whatever it is that creates the workload for this organization with any proposed growth in staff and expenditure. Of course, it is presumed that certain advantages of scale emerge as the problem facing this organization increases in size.

In approaching the matter in this manner one must of course allow for differences in the degree of urgency with which the work of the various units is regarded by the government. On the other hand, the rates of growth and decline that are feasible for actual application may be subject to some practical limitations. An excessively rapid rate of growth in an organization whose functions are expanding or which has been accorded by the government a higher rank in the scale of

priorities, as it were, may well lead to administrative indigestion. One can get into a situation wherein much of the effective working force finds its energies absorbed in training new recruits at a time when by definition these new recruits are not fully productive. Therefore, a more gradual approach to the solution of the problems of the unit may be indicated. In areas where the function of the unit is declining problems may arise as regards placement of staff with particular training and experience into positions where they can be used to greatest effect.

To reinforce this particular argument one can say in respect of staff in general that the total strength of the Civil Service should bear some relation to the size of the population it is serving, taking into account the fact that some economies of scale can be expected to develop as the country grows and making due allowance for the obsolescence of some functions, changes in technology as they affect the operations of the service directly and for entirely new tasks that grow out of our technological development.

All this implies a certain amount of judgment and, in fact, the representatives of the Treasury Board in dealing with departments in the establishment review committees or in Estimates discussions, consider the criteria so reached merely as suggesting orders of magnitude. In these discussions the department will of course bring forward its special problems, known in sufficient detail only to the experts of the department, so that they can be weighed against the general picture I have sketched above. The first purpose of developing the general picture is to find out in advance whether all reasonable requests can be accommodated within the likely total or whether certain drastic revisions of policy may be required. The second purpose is to give the members of our staff a sense of proportion in dealing with individual departments.

In the consultations with the departments, the Treasury Board representatives do not appear as experts in the work of particular departments although they endeavour to know enough about them to understand their problems and to ask penetrating and suggestive questions. The function of the Treasury Board representative is rather that of a somewhat skeptical layman whose task is to indicate to the departments the over-all expenditure policy of the government and to be able to report upon proposed developments which involve adjustments of particular policies. This approach tends to cast the burden of determining priorities at the planning stage upon the department where it properly belongs, that is, upon the shoulders of those who are in the best position to compare the importance, one with another, of their various activities.

The special pleas made by the departments as the various meetings can be brought back and compared as to their priority with the situations portrayed in meetings with other departments, the final objective being to put the Board into the position where it can judge all proposals on a consistent basis. It is admitted, of course, that this attempt can produce only approximate results but if good budgeting is to be the object the attempt must be made continually to improve the method of assessment.

This brings us to the second problem facing the Treasury Board and its staff. Financial and other similar administrative controls, such as control of establishments, are not set up entirely to ensure that all the demands upon the government for service can be fitted into the available resources. This is of course essential, but there are also important by-products of this process. If the estimating process is carried out in such a fashion as to make the budgets of the various units within the service fit somewhat snugly upon the shoulders of the senior officers who make the administrative decisions, it can be expected that, during the year for which the Estimates are current, these officers will be obliged to consider carefully the priorities within their organization and alternative methods of dealing with problems before they take action which might otherwise lead to waste and inefficiency. It is therefore possible to achieve a degree of delegation of authority and thus to avoid duplication of controls if this situation prevails. After all, the Treasury Board is not set up to run the departments. Moreover, delegation of this order places decisions connected with the execution of approved policy, as with intended proposals, closest to the point of maximum knowledge of priorities and alternatives. The degree to which the Treasury Board and its staff, together with the Civil Service Commission and the administration of the department, achieve this objective may determine in some important degree the efficiency of that department. It should be pointed out here that the problem for the administration of the department is no different conceptually from the problem facing the Treasury Board. Once the total resources available to each at his own level is known, the question is one of determining priorities and of allocation among competing objectives.

Thus, one of the most effective ways at the command of the Treasury Board to eliminate spots where redundancy is suspected is to make the budget for that unit fit even more snugly than is usual elsewhere. This can be expected to result in the administration re-assessing its present functions and methods, given that virtually all such units are under pressure from the public and Parliament to increase their services in new directions. Therefore, while action to eliminate the weak spots that probably exist in any large organization may not necessarily show up as declines in the provision of staff and funds, it may nonetheless be effective.

The third problem or set of problems for the Treasury Board and its staff casts it in the role of co-ordinator of policies and programs. From its central position the Board and its staff can endeavour to ensure that proposals of individual departments are not inconsistent with those of other departments or with government policy generally. Experience gained in assisting one department to solve certain problems can be employed in advising another department facing a similar situation. This is one reason the staff of the Board is organized in the related groups I have described earlier. I should add here that both the Board formally and its staff informally are frequently asked for rulings and advice in situations of this kind.

In conjunction with the Civil Service Commission, the staff of the Board endeavours to ferret out and prevent duplication of function or of effort among the several

departments by bringing such instances to the attention of the departments concerned or the Board. By the same token, avoidance of duplication with provinces and industry is sought constantly. Thus, although by and large the approach is to assist in determining the financial and functional limits of the various departments while leaving the substantial determination of internal priorities to the department, the Board and its staff must reserve the right to take appropriate action on points of detail in respect of this third problem. This aspect of the work of the Board and its staff takes place during the annual consideration of establishments and Estimates, throughout the year as detailed authority is requested in respect of particular aspects of a generally approved program and at that early stage in which new policy issues are being raised for future action.

This third aspect of the work applies among the several departments in a similar manner to the budgetary pressures and other controls which the Board exerts on departments to keep each separate house in order. Here the pressure arises at the centre under the impact of the over-all budgetary limitation.

A fourth problem is the encouragement of adequate forward planning by departments so as to prevent the wastes that may be caused by "false starts". The Estimates process itself has always required this in some measure and now it is re-inforced by the even earlier establishment review arrangements which result in fixed limits for staff over the following eighteen months. All this has led to a generally increasing appreciation of the value of an "annual rate" approach which implies and encourages peeks into the even-more-distant future. With the growth of this view, departments are finding that their problems and proposals are more readily understood and appreciated if they are placed in a more complete and longer-term context. Confidence that the management of a department knows where it is going is enhanced.

Finally, I should mention the regulatory function of the Board which at once controls and re-inforces the administration of departments. I am aware that such regulations tend to take a "lowest common denominator" approach, but this is perhaps inevitable in a large organization. On the other hand, regulations, if properly set up, involve a delegation of power within stated limits that again places decisions upon the proper shoulders. Increasingly, the staff of the Board is seeking out classes of individual cases of a house-keeping nature that now require Board action with a view to planning regulations by which they can be handled in future.

V

You will all be aware that all governments are constantly asked to extend their services to the public to a degree that would produce a total budget much above anything that the public would accept. In this context a considerable degree of effective total control is in fact exercised. This total control implies control and coordination by a central agency of at least the more important policies and functions within this total. We of the staff of the Federal Treasury Board are constantly trying to improve our approach to these problems and to put them on a more coherent

and intelligible basis. I think it is true to say that considerable improvements have been made in the last few years. However, perfection will never be achieved and I would be the first to admit that there remains plenty of room for further improvement. Ideally perhaps, once the departments fully appreciate the total budgetary problem and are prepared to assess their priorities within their own resulting limits it might be that we are doing our best to work ourselves out of a job. While the departments are in fact showing an increasing appreciation of our problems, partly at least because we are now taking the trouble to explain them to them, circumstances are constantly changing the emphasis within the service of a developing country such as ours and new problems of coordination will constantly arise. What is more, the very existence of this final screen may be expected to keep the departments' quite proper ambitions under reasonable restraint.

Not only does the increasing tightness of the budget as our methods improve conduce to departmental efficiency but also the constant prodding and questioning that Treasury Board officers must do should tend also to create an atmosphere in which ill-considered proposals cannot arise whether they must be submitted to Treasury Board for approval or whether they are within the area of jurisdiction of the department itself. The only qualification I see here is that this constant prodding must be carried out intelligently as regards the substance of our comments and must be offered to the departments as a lay view which might serve to prevent the experts becoming so engrossed in their work as to prevent them from stepping back and looking at the forest as well as the trees. All this must be done in a manner which recognizes the high degree of conscientiousness with which the vast majority of departmental officers carry out their work. It must be done in a manner which expresses the fact that all civil servants, whatever their job, are working for the same ultimate employer, the taxpayer.

As a civil servant, I have approached this topic from the point of view of a member of the staff of the Board. I have, therefore, concentrated my attention on the organization of that staff and the methods by which it produces the information required by the Board as the basis of its decisions. The decisions themselves rest with the Board itself subject to the **general** direction of Cabinet which, in its turn, is responsible to Parliament and, ultimately, to the people of Canada.

September 1955

RP/A

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