

The Report of the
**Commission
of Inquiry
into the
Public Service
and
Public Sector**

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**Volume 2
FINAL REPORT**

**THE PUBLIC SECTOR
IN BRITISH COLUMBIA**

June 1993

Judi Korbin, Commissioner

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"Judi Korbin, Commissioner"

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THE PUBLIC SECTOR IN BC

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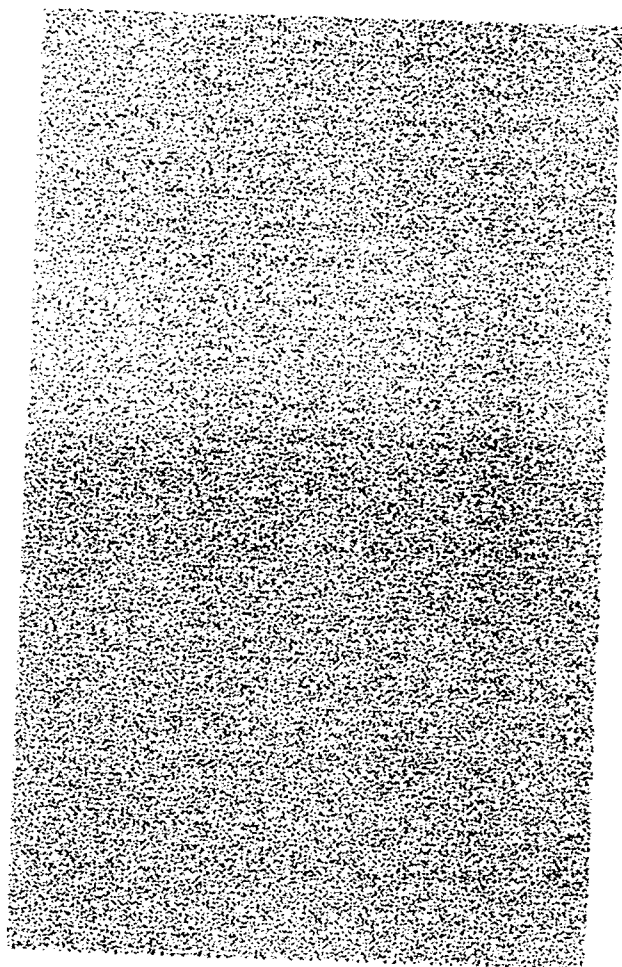
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Section 1

A NEW FRAMEWORK FOR MANAGING THE PUBLIC SECTOR IN BC



Background

As noted in the introductory chapter, there are approximately 300,000 employees in the public sector who work at a multitude of facilities and work sites. The broad public sector is composed of the public service, health, education (K-12), colleges and institutes, universities, community social services, and crown corporations, agencies and commissions. Total compensation for employees in these sectors is estimated at 60 per cent of the provincial budget (currently \$19 billion) which means approximately \$11.5 billion annually. There are about 2,800* employers and approximately 500 different bargaining tables in the broad public sector.

In his 1981 paper, Professor Langford developed a useful classification of the types of public bodies in BC, other than line ministries, with which the commission is concerned in this project:

- 1) *convenience or branch crown corporations such as the BC Buildings Corporation or the BC Systems Corporation which perform tasks specifically for government*
- 2) *commercial crown corporations such as BC Rail, BC Hydro or BC Transit which perform functions similar to private sector corporations*
- 3) *non-commercial corporate structures with directly delegated authority under statute, and to which the government grants funds. These include school districts, college councils, public hospitals, and universities*

- 4) *quasi-public service agencies including not-for-profit corporations formed under the Society Act or private corporations most often involved in social service functions. They receive funds from government either through grants or under contracts for services.*

Each of these bodies has much in common. The degree of overall independence they possess depends upon the nature of their relationship with government and the services they deliver. They are established to be at arms length from government. Most receive their funding from government but operate with a high degree of independence in terms of their human resource and collective bargaining activities.

With the exception of the direct public service, the legal nature of the bargaining relationships in all of the broad public sector, is established under the Labour Relations Code of BC and is the same as that in the private sector. Collective bargaining in the public service is regulated under the Public Service Labour Relations Act.

Submissions to the commission from government, sectoral management, unions, employees and interested parties reflect the belief that there is insufficient direction or coordination between the provincial government and public sector bodies to ensure accountability in all human resource matters. The loose, informal and somewhat ad hoc framework for managing the relationship between the provincial government and the public sector has not proved successful to date. It is also clear that no mechanism exists to establish consistency and accountability in the public sector. Government has not been able to have direct influence over the individual mandates decided upon by the local public body.

While there is general recognition that government is often too removed from key decisions, there is no clear consensus as to the degree of control that the government should exercise over the affairs of public bodies.

* The 2800 employers includes approximately 700 in health, 20 in colleges, 4 in universities, 1 in the direct public service, 200 in crowns, boards and agencies, 75 in the public education system and 1800 in community social services.

History

Submissions confirmed that it is a well recognized feature of collective bargaining in the BC public sector that bargaining takes place in a fragmented manner. Each public body has been responsible, whether by law or policy, for the development of their own negotiating mandate.

It is evident from examining the collective agreements in the public sector that such consistency as exists in the terms and conditions of employment or in the health and welfare benefits that are available to employees in the public sector is driven largely by labour and third parties. Currently management's role is reactive rather than proactive.

Many public sector organizations have their own boards of directors and trustees who manage human resource matters including collective bargaining. Under the current structure, the government, which funds most public bodies directly, typically, has no means by which to exercise direct (or even indirect) control over policies and agreements that are adopted. For example, employers sometimes exceed government's assigned budget expenditure for their sector or organization with the decisions they make regarding compensation for excluded staff and negotiated wage settlements for bargaining unit employees. When this occurs, government is left with the choice of paying the excess required funds or accepting a cutback in services.

On the other hand, government itself sometimes makes decisions about human resource and collective bargaining matters without sufficient information or consideration of the implication of those decisions for all parts of the broad public sector. There are several recent examples of this phenomenon. In 1991, 1992, and 1993, agreements were reached in the colleges, in the health sector and in crown corporations without adequate analysis within the sector or by government of the potential consequences for other public sector employers and employees and for the public service itself. For example, wage adjustments to a classification in one sector affect wage demands for the same classification in another sector. This should all be considered at the time agreements are reached and approved, but currently is not.

The challenges to government of injecting greater accountability into public sector human resource management is not new in BC. Over the past 20 years previous governments have attempted to address some of the inadequacies in the system.

In 1975, Mr. Graham Leslie was appointed by the provincial government to recommend changes to improve public sector collective bargaining. Following passage of the Labour Code and the Public Service Labour Relations Act in 1973, there had been considerable organization by unions within the broad public sector. Mr. Leslie's report identified the resulting fragmentation of employer groups within the public sector as a major issue. The multiplicity of employers and unions was seen as a source of labour relations strife, poor employee morale, and loss of fiscal control.

The Leslie Report recommended that the labour relations agency of government, which at the time only had control over public service bargaining, be given a strong mandate to coordinate public sector employers to provide research services which could cost items arising in bargaining and provide public and private sector compensation comparisons. The agency was also to be responsible for advising Treasury Board on the development of a public sector wide compensation policy. This specific recommendation was not acted upon.

In June 1977, as a partial response to the Leslie Report recommendation, the government created the Public Employers of British Columbia (PEBC) to act as a public sector labour relations coordination agency. The provincial government requested that all public sector employers voluntarily participate in the PEBC's operation. The PEBC acted primarily as a data gathering agency on compensation matters, but did not provide government with any real fiscal control over the public sector. It was eventually disbanded in late 1988 due to a lack of funding.

In August 1980, government made another attempt to increase its control over public sector financial management and labour relations. A discussion paper prepared by the government proposed a new Financial Administration Act and included a recommendation that would have provided Treasury Board with the power to act as the bargaining agent for any public body or group of public bodies. Further, the paper proposed the creation of public sector employers' organizations with mandatory membership required of all public employers.

These proposals were seen as extremely interventionist. Throughout the public sector there was a strong and negative reaction. As a result, when the new act was introduced and passed in 1981, it did not include the broad public sector provisions that the discussion paper had proposed.

By 1982 the government's fiscal situation had deteriorated dramatically. The recession, which had gripped the rest of Canada over the previous three years, suddenly hit British Columbia making the need to exercise control over government expenditures more urgent.

Government responded to its financial limitations with a wage control program, followed in 1983 by a restraint budget. This was the first real provincial government control over public sector compensation spending. The programs continued even more aggressively the following year. There were two main features:

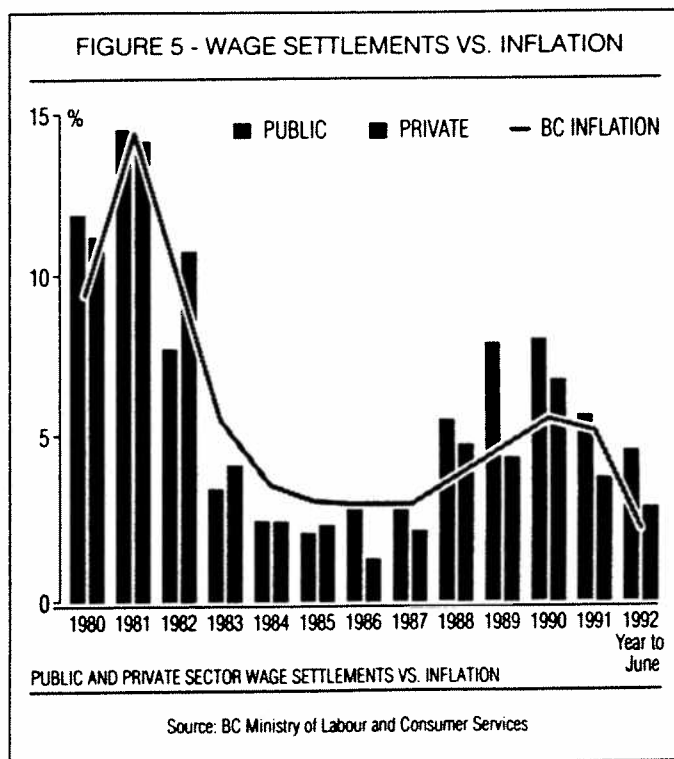
- deep, across-the-board budget and service cuts and strict financial controls
- public sector wage controls in the form of the Compensation Stabilization Program (CSP).

The CSP was originally intended as a two year program, although it continued until late 1987. Under the program, limits were set for public sector wage settlements and an independent agency was established to ensure settlements remained within those limits. A similar restraint program, the Compensation Fairness Program (CFP), was brought into force in 1991 and repealed in 1992.

The commission examined BC's provincial wage restraint programs, including the CSP and the CFP, and concluded that these types of programs are not an appropriate solution to managing public sector compensation costs over the long term. There are two reasons for this conclusion.

First, imposed restraint programs create false wage settlement ceilings which build both frustrations and expectations among employees. As soon as such controls are lifted those frustrations explode into wage demands, not only to catch up, but to get ahead.

A comparison of public sector wage settlements to BC's inflation rate from 1981 to 1992 (covering both periods of wage controls in BC) illustrates that wage control programs



only had value over the short term. Following the elimination of the control programs settlements in the public sector significantly exceeded those in the private sector.

Second, wage controls generally freeze existing inequities, often leaving lower paid employees in a worse relative position at the end of a period of controls than they were at the beginning.

Inequities are sometimes aggravated because some parties are more successful than others in developing strategies to avoid the direct impact of controls.

The timing of the introduction and phase-out of a controls program affects employees in dramatically different ways depending on when their last increase came into effect.

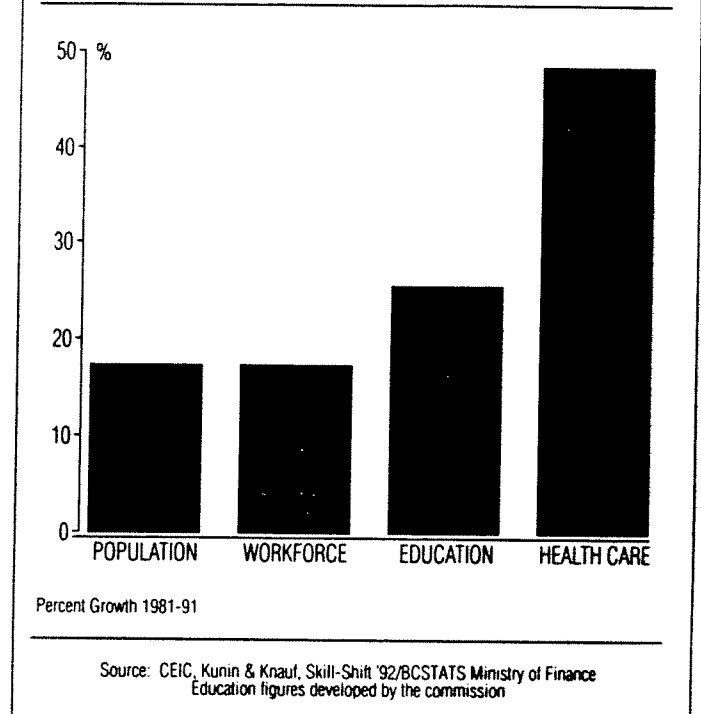
Commission Findings

The commission's research revealed that none of the past efforts have given the provincial government any real long term control, influence over, or coordination of public sector compensation levels or public sector human resource matters generally. As the public sector has increased dramatically in size, the autonomy of the sectors has resulted in the adoption of human resource policies and agreements which are inconsistent and sometimes detrimental to overall government objectives.

During the period 1981 to 1991, job growth in the public sector substantially exceeded both overall employment growth and population growth in BC. The dramatic increase of the public sector - in particular in the health and education (K-12) sectors illustrated in Figure 6 - highlight the need for government's attention to public sector human resource matters.

The commission has found that management of human resources in the broad public sector fails to live up to any of the four principals identified by the commission as the foundation of effective human resource management in the introductory chapter of this report.

FIGURE 6 - COMPARATIVE GROWTH



Accountability for major public expenditures is poorly established between government and the bodies authorized to manage human resources.

The absence of a broad planning framework and a mechanism for implementation of policies has led to a lack of communication and coordination between the sectors and among participants in a sector, as well as between public sector managers and government. As a result, there is substantial duplication of efforts and resources.

Relationships between employers and employees and union and management do not currently reflect the degree of respect, professionalism and co-operation that will be necessary for the parties to meet the challenges of providing public service delivery within limited resources in the years ahead.

It is clear to the commission that with a greater degree of communication and coordination between all of the public sector human resource decision makers, substantial efficiencies and more equitable and progressive human resource practices could be instituted throughout BC's public sector. In addition to the fiscal issues facing the government, there are significant emerging human resource issues that should be resolved on a comprehensive basis. Examples of these issues include: wage equity, training, employee ability to move to jobs in different facilities and geographic areas, and the harmonization of work and family issues.

Issues Identified

GOVERNMENT'S ROLE IN PUBLIC SECTOR HUMAN RESOURCE MANAGEMENT

The process for determining collective bargaining mandates (which means approval of collective agreement parameters) varies widely. The majority of public sector employers receive little direction from government respecting mandate approval, notwithstanding that government is the primary source of funding. The process of considering and approving the budget is done independent of overt consideration of collective bargaining mandate imperatives.

The situations vary. The government exercises complete control over mandate approval for its own employees. On a diminishing scale, depending on the organization, government may communicate its mandate preference to public sector employers both

by way of the budget process and by informal communication mechanisms that have developed over time. No formal process exists that ensures accountability back to the Treasury Board, the ultimate government authority in fiscal matters.

Under the current structure, crown corporations, boards, and agencies, for example, negotiate independently and more or less seek to secure a 'comfort level' from government respecting the range of settlement. This process is haphazard, lacks structure and has been demonstrated to be unsatisfactory.

Given that no formal approval system is in place, employers lobby the government with a view to influencing the outcome. That process, without a structural framework within which the government may respond, is fundamentally flawed. However, given the absence of an alternative mechanism, organizations that adopt these methods are not to be criticized for their attempt to secure the interests of their constituent groups.

Currently, each ministry budget is approved in the annual estimates on a single-year basis. In contrast, collective agreement compensation plans are typically established on a multi-year basis. One result is that each set of public sector collective bargaining determines government's budget allocation for successive years. This feature is not recognized within the budget process. A comprehensive and coordinated public sector human resource strategy would make a positive contribution to government's budget process.

In summary, with the economic circumstances facing BC, it is unacceptable that the current separation between the budget approval process and the haphazard mandate approval process should continue. The majority of the government's provincial budget is expended for the purpose of employing a large number of employees to provide public services. The commission considers it imperative that government have a formalized ability to plan and anticipate cost increases arising from collective agreement negotiations and other human resource matters throughout the entire public sector.

GOVERNMENT'S RESOURCES IN MANAGING PUBLIC SECTOR PERSONNEL ISSUES

Although government allocates budgets and expends considerable time and resources dealing with issues arising from personnel and labour relations matters in the various sectors, there is no program or devoted staff function within government with specific responsibility to oversee human resource matters in the public sector.

The resources available in the public sector generally vary widely from employer to employer. Some public sector employers are large and have skilled professionals who conduct labour relations and human resource activities on their behalf. Others purchase advice and services under contract and share resources from employer associations. Smaller employers, particularly in social services, do not have the means to secure human resource expertise.

In order to achieve government's broader objectives, sufficient staff resources in research, policy and collective bargaining will be necessary to assist both government and public sector employers. Duplication of these resources must be minimized to ensure efficiency and consistency throughout the public sector.

THERE IS NO FORMALIZED CONNECTION BETWEEN THE VARIOUS PUBLIC SECTORS

Exacerbating the lack of communication between the sectors and the government is the absence of consistent communication among the different sectors. Decisions made by one public sector body with respect to collective bargaining or excluded compensation issues can have a profound effect on other public sector employers in ways which were not considered or anticipated and which are not necessarily beneficial to the public interest. For example, the different sectors treat the wage equity issue for categories of similar jobs

substantially differently. When the government, public employers and public sector unions agree to increase rates in certain classifications without consideration of the equity issues in other sectors, the result may aggravate inequities elsewhere in the broad public sector, even though this was never intended.

Additionally, the government has no formal process by which to bring its own social policy and human resource agenda to the public sector on a provincewide basis. Government's initiatives respecting employment equity, pay equity, and fiscal objectives need to be communicated public sector wide so that inconsistency is avoided and a clear purpose is understood by the hundreds of employers and employees who rely on the government for funding.

THE LACK OF COORDINATION AND COMMUNICATION WITHIN INDIVIDUAL PUBLIC SECTORS

As will be noted in later chapters of the commission's report, there is an absence of coordination within individual sectors. For example; neither the 75 school boards nor the 20 colleges have a formal communication structure. Likewise in social and community services, and even in health, where there are currently half a dozen employer organizations, there is no formal structure. If the province is to begin to manage public sector matters more efficiently and effectively, this lack of coordination and communication within a sector cannot continue. It leads to duplication of resources. Currently the 75 different school boards use their own independent resources for the recruitment of senior staff and to develop and negotiate proposals at bargaining tables. Greater centralization in sectors will obviously reduce these redundancies.

COLLECTIVE BARGAINING

The right to organize and to collectively bargain is well recognized and respected in British Columbia. This is reflected in the high rate of unionization in the public sector.

In 1991, 66.6% of public sector employees belonged to unions.

An article written in 1975 by Dr. Clyde Summers, Professor Emeritus, College of Law, University of Pennsylvania, entitled 'Public Sector Bargaining: Problems of Governmental Decision Making' in Vol. 44, University of Cincinnati, Law Review, p. 669, addresses the question of public sector collective bargaining directly:

... we must start with the basic question: What, exactly, is unique about public sector bargaining?

There is nothing unique about public employees; they are no different from employees in the private sector. They have the same capacities, the same needs, and the same values; they seek the same advantages and the same gains. ...

The uniqueness of public employment is not in the employees nor in the work performed; the uniqueness is in the special character of the employer. The employer is government; the ones who act on behalf of the employer are public officials; and the ones to whom those officials are answerable are citizens and voters... Collective bargaining by public employers must fit within the governmental structure and must function consistently with our governmental processes; the problems of the public employer accommodating its collective bargaining function to government structures and process is what makes public sector bargaining unique.

... the major decisions made in bargaining with public employees are inescapably political decisions. Directly at issue are political questions of the size and allocation of the budget, the tax rates, the level of public services and the long-term obligation of the government...

... The major decisions made in public employee bargaining not only are political but, in my view, must be and ought to be political... The notion that we can or should insulate public employee bargaining from the political process either by arbitration or by some magic formula is a delusion of reality and a denigration of democratic government.

As noted earlier in this chapter, in the current system, each public employer has its own staff or retains outside experts for human resource and collective bargaining matters. Inevitably, each of these organizations is forced to 'reinvent the wheel' which is not an efficient use of resources.

A cohesive system does not exist. Collective bargaining is conducted in a fragmented way with a multiplicity of certified unions negotiating with over two thousand different employers.

Government obviously has a vital interest in the outcome of collective bargaining in the public sector because decisions made in these hundreds of sets of bargaining every year directly affect its own financial viability, as well as the level and quality of public services financed from public revenue.

With in excess of 60 per cent of government's expenditures attributed to the public sector wage bill it is unacceptable that the profound lack of coordination can be permitted to continue.

Options for Improvement

The commission examined a number of possible models to define government's role in broad public sector human resource management that would be capable of ensuring the provision of effective and cost efficient services to the public.

DIRECT EMPLOYMENT MODEL

One model is for the government to directly employ those engaged in the delivery of public services. For example in France the government is the employer of all of the country's teachers. It provides the money and controls all of their terms and conditions of employment. In fact teachers are a part of the direct public service of the country. In Canada, New Brunswick has been the direct employer of teachers since the mid 1960's. Under this model government has direct control over both its expenditures and delivery of service. However, such a model is entirely inconsistent with the historical roots of BC's experience and with the current philosophy behind service delivery.

CENTRALIZATION

The commission examined the only existing distinct and comprehensive model where government directly determines and negotiates public sector human resource expenditures in Canada - that of Québec. Following a series of major labour disputes in the public sector, Québec introduced Bill 37 - an Act Respecting the Process of Negotiation of Collective Agreements in the Public and Parapublic Sectors. This bill became Québec law on June 19, 1985.

The act created an institute (Institut de recherche et d'information sur la rémunération) for comparing total remuneration of employees of the Québec government and its agencies. On an annual basis the institute must publish a report of its findings which both informs the public and assists the government in determining public sector compensation.

The act also defines the framework for negotiation of collective agreements in the public sector, setting out matters to be bargained centrally and leaves only minor issues to be settled locally. The mandate is set by the Treasury Board of the Québec cabinet. The act provides a mechanism to establish salaries and salary scales in the second and third years of each three year collective agreement, using data collected and published by the institute. It defines which essential services shall be provided in the case of certain conflicts in the public and parapublic sectors. Finally it gives the government emergency remedial powers in the event of conflict.

In Québec, collective agreements in the educational (K-12 and colleges) and the social affairs (hospitals, community centres, social services, public reception centres and contracted social services) sectors are negotiated at the provincial level. Matters negotiated at this level cover all points in a collective agreement, other than certain specified minor conditions of work which are the subject of local negotiations.

The unions bargain through their appointed bargaining agent. Management bargains through a negotiating committee composed of appointees by government and sectoral management, with the bargaining mandate set by the Treasury Board.

In the first year of each three year agreement, salary scales are negotiated. In subsequent years, a re-opener permits re-negotiation of salary scales under guidelines established by the independent institute. If there is no agreement, salary scales are set by the Treasury Board based upon independently produced statistics. Essential services are statutorily defined, as is the means of dispute mediation which are not subject to bargaining. Public service negotiations are included within the same statutory framework.

The system used in Québec has some definite advantages. It simplifies administration of labour negotiations, eliminates whipsawing within sectors and eliminates irritating local disruptions of public services. Government manages collective bargaining for the entire public sector and is directly involved in any disputes.

On the other hand the Québec model also reduces the role and responsibility of public sector management in resolving problems in consultation with labour. It could be described as a 'big bang' system - if disruption occurs it affects the entire system.

The Québec model is effective in part because Québec has a relatively centralized structure of union representation. In contrast, BC has a diverse number of public sector unions. A move to such a centralized model would require dramatic restructuring of existing collective bargaining relationships and, most likely, a reduction in the number of unions and bargaining tables within a sector.

No other province, has adopted such a centralized and comprehensive public sector framework for human resource management. The commission does not believe that the Québec model is either desirable or, perhaps more importantly, achievable in BC at this time without intense conflict.

CO-MANAGEMENT MODEL

Under this model, government and public sector employers would jointly manage public sector human resources within the constraints imposed by government's view of its financial capacity and the need for public services.

This model contemplates an interchange between government and public employers in an appropriate structure wherein public human resource policy and plans for implementation would be discussed jointly. It is a model where government could establish the financial framework for collective bargaining and exert influence to ensure that public sector employers understand and accept government's objectives and take responsibility for achieving them. At the same time, public sector employers would have the opportunity to identify their needs as well as those of the community they serve in order to assist government in making its decisions.

This model is based upon certain fundamentals:

- that there is value in the autonomy of public employers
- that government has a right and an obligation to the electors to exercise stewardship over its expenditures and the outcome of those expenditures, commensurate with the funding it provides
- that appropriate linkages must be established between managers in a public sector, between and among the various public sectors, and between the leadership of management in each public sector and government
- that there is no magic answer to public sector collective bargaining disputes. Where normal processes break down, the government may assess that when it is in the public interest, it must react. Judging by BC's experience, those circumstances will be rare and will be handled in keeping with the circumstances of the day
- that efficiencies can be made through effective coordination of budget information available in the Ministry of Finance, the Compensation Information Bureau recommended in the commission's interim report and in the next chapter of this report, and the Ministry of Labour data banks; and that significant advantages will flow from the development of an effective collective bargaining tracking system that updates reports, outcomes and progress on issues of public sector wide importance to all concerned.

Conclusion - Commission's Recommendation

The commission is not advocating complete centralization of government control over public sector human resources. There are good policy reasons for giving public bodies considerable freedom in exercising their authority.

In order that the boards of schools, colleges and institutes, universities, health care organizations, crown corporations and other public sector bodies can create dynamic and vital organizations, they must continue to be allowed to make decisions tailored to meet the needs of their community of interest. At the same time, however, government must be able to influence expenditure of its resources made through public bodies.

The commission has concluded that it is imperative that a new balance be struck between the continuing authority of public bodies to carry out their responsibilities and the authority of government to direct and coordinate matters where it is accountable to the public for the fiscal impact of those decisions.

That balance requires value for money to the taxpayer, accountability and efficient utilization of resources, fair treatment of all employees in the delivery of public services, and respect for the distinctiveness of the particular communities being served.

The commission is recommending a new model of public sector management for BC that specifically includes the provincial government.

The model will require government and the leadership of all components of the broad public sector to work together under a Public Sector Employers' Council to develop and implement human resource policies. This model will provide the framework for all the sectors to consult and collaborate with government over where public resources will best be spent. It will enable government to influence, and when required, direct public sector spending without inhibiting innovation.

Much of the discussion in this report focusses on collective bargaining because of its central importance. The proliferation of union certifications and the vast number of bargaining tables in BC give it a uniqueness from the experience in Québec and the other provinces. However collective bargaining is not the only aspect of human resources that requires better management. The commission's recommended model for reform also increases government's ability to direct areas such as executive and excluded compensation, benefit administration and human resource policy development throughout the broad public sector.

How the Proposed Public Sector Employers' Council Will Function

In the proposed model, the Treasury Board, after considered discussion among the senior public sector management representatives, will establish the mandates within which these employers will be expected to bargain. Once determined mandates will be communicated to the various appropriate public sector authorities.

It is the commission's view that a process that integrates employer input, mandate approval and collective bargaining objectives with the budget process and the fiscal framework is integral to the continued delivery of quality public services and fair treatment of public sector employees.

The creation of the Public Sector Employers Council (PSEC) will enable the government and the sectors together to develop consistent and fair compensation and employment practices throughout the broad public sector within the framework of the official mandates set by Treasury Board. The creation of PSEC will also link the accountability of those who manage public sector employees to those who provide funding.

To ensure that the PSEC will have timely information on economic trends in the province, the budgetary position of the government, and the impact on various components of the public sector, it is imperative that PSEC be appropriately staffed. The staff function will be twofold. It should provide research and advice to PSEC and should establish the necessary linkages between the government and public sector negotiators.

The dissolution of the PEBC in the late 1980's has convinced the commission that the cooperation required under this model may not occur on a voluntary basis. Therefore, the commission's conclusion is that PSEC should be created through legislation. It will be mandatory for employers in each sector to participate through their employer association. While proposing this legislation, the commission recognizes that the final structure and effectiveness of PSEC will be defined by its members.

The commission has prepared a proposed Public Sector Employers' Act for consideration by the government, attached to this report as Appendix vi.

The proposed act would establish the Public Sector Employers' Council, and sets out its purposes and functions which are found in the recommendations at the end of this chapter.

The PSEC will consist of a representative nominated by each of the six public sectors and one from the public service, together with up to seven members of the provincial Executive Council (Cabinet) or the Deputies' Council. It will also provide for input from the municipal sector¹.

The proposed act would also establish an employers' association in each sector - health, social services, education (K-12), colleges and institutions, universities and crown corporations - to which organizations in each sector must belong. Additionally, the act sets out the purposes of these employer associations which are found in the recommendations at the end of this chapter.

The employer associations in each sector will create their own organizational structure in a manner which is suited to their particular needs, but must comply with certain requirements as outlined in the act. These include the presence of the government on the board of directors and the power to levy fees and assessments for the purposes and responsibilities defined in the act.

The new employer associations will incorporate all human resource activities of any existing employer associations in their respective sector to eliminate duplication.

The proposed act does not provide a single bargaining structure model for all sectors, but acknowledges the process for the voluntary accreditation of employers in any sector under the provisions of Section 43 of the Labour Relations Code.

The proposed act also provides a mechanism whereby the government, through the Minister of Labour, may, in certain circumstances, direct the Labour Relations Board to review and report on whether an employers' association or a group of employers in an employers' association would be an appropriate bargaining agent for the employers in a sector or a part of a sector.

RELATIONSHIPS WITH PUBLIC SECTOR UNIONS

The commission met with the Expanded Public Sector Committee of the BC Federation of Labour on two occasions to discuss its relationship to the PSEC. In response to those discussions, in a submission to the commission the committee said,

... The Committee is cognizant of your intent to recommend a compulsory structure for employers and government on a cross-sector basis.

It is (our) hope that you will recommend a process that creates the opening to continue to explore the specific role that a trilateral forum would have. The potential should not be lost to the parties in the public sector for the lack of time or clarity

1. Municipalities will not be required to comply with the provisions of the proposed act to the same degree as other public sector bodies as they are independent taxing authorities.

Many public sector unions, including the Hospital Employees Union (HEU), the BC Nurses' Union (BCNU), the College Institute Educators' Association (CIEA), the Vancouver Municipal and Regional Employees' Union (VMREU), the BC Teachers' Federation (BCTF), and the Health Sciences Association (HSA) made submissions to the commission indicating varying degrees of hesitancy about participating in a trilateral forum.

The commission feels strongly that in the long term it is in the public interest that government and management work with representatives of labour both on a sectoral organizational basis and at the PSEC level to enable all parties to have appropriate influence over and accept responsibility and accountability for human resource matters in the delivery of public services.

The proposed act creating the PSEC does not include the provision of a legislated mechanism for representatives of labour to interact with management and government.

However, recognizing that mutual benefits will accrue from consultation between the

Council and representatives of public sector unions, a provision for consultation has been included in the proposed act.

The commission encourages each sectoral association to consult with its union counterparts on matters of mutual concern.

CONCLUSION

The commission concludes that the creation of the PSEC and the employers' associations together with the recommendation for the establishment of the Compensation Information Bureau found in the next chapter, provide for a uniquely British Columbian approach to more effective and efficient management of all human resources in the broad public sector.

The creation of the PSEC and the sectoral employers' associations is central to many of the commission's other recommendations.

The organization of the proposed PSEC is illustrated in Figure 7.

FIGURE 7 - PUBLIC SECTOR EMPLOYERS' COUNCIL
15 Seats at the Table

NUMBER OF SEATS	ASSOCIATIONS	REPRESENTING
1 Health	— Health Employers' Association	— Funded employers of health and related services
1 Social Services	— to be determined	— Contracted providers of social services
1 Colleges and Institutes	— to be determined	— 20 Colleges and Institutes
1 Universities	— HR Committee, University Presidents' Council	— 4 Universities
1 Crown Corporations and Agencies	— Crown Agency Management Council	— Crown Secretariat organizations, WCB and others, if invited
1 Education K-12	— to be determined	— 75 School Boards
1 Public Service	— Public Service Employee Relations Commission	— Public Service Ministries
7 Government	— Executive Council or Deputies' Council	— Government
1 Municipalities*	— to be determined	— All municipalities, districts and boards with taxing authority

* Observer Status

Source: Commission of Inquiry into the Public Service and Public Sector

Therefore, the commission recommends that:

C.1 The government adopt the proposed Public Sector Employers' Act and its purposes and functions.

Purposes of the Public Sector Employers' Council

The purposes of PSEC created under the proposed act are:

- a. to ensure the coordination of human resource and labour relations policies and practices among public sector employers, and
- b. to improve communications and coordination between public sector employers and representatives of public sector employees.

The functions of PSEC under the proposed act are:

- c. to set and coordinate strategic directions in human resource management and labour relations
- d. to advise the government on human resource issues with respect to the public sector
- e. to provide a forum to enable public sector employers to plan solutions to human resources issues, and consistent with cost efficient and effective delivery of services in the public sector; and

- f. to enable representatives of public sector employees to consult with public sector employers on policy issues that directly affect the employees.

C.2 The government establish an employers' association for each of the six sectors of the public sector: health, education (K-12), colleges and institutes, universities, social services and crown corporations as set out in the proposed Public Sector Employers' Act.

Purposes of the Sectoral Employers' Associations

The purposes of each sectoral association shall be to coordinate the following with respect to their sector:

- a. compensation of employees who are not subject to collective agreements
- b. benefit administration
- c. human resource practices
- d. collective bargaining objectives

and to

- e. foster consultation between the association and representatives of employees in that sector
- f. assist the council in carrying out any objectives and strategic directions established by the council for the employers' associations.

C.3 All public sector employers as included under the proposed act or regulations thereto become and remain a member of their respective employers' association.

Organization of Employers' Associations

The sectoral employers' associations must:

- a. make provision for the representation of the government on the board of directors of the association
- b. make provision to levy fees and assessments from its members for the purposes of the association
- c. obtain ministerial approval of their constitution, bylaws and rules, before they become effective.

C.4 Each sectoral employer organization shall require every member to produce an annual statement on its human resource practices in the previous fiscal year reflecting year over year changes.

Annual Report

Each report would provide the following information that will be available to government and subject to the Freedom of Information Act.

- a. total compensation paid to all employees and sub-divided by employee category

- b. total compensation paid to each member of the senior executive group
- c. total amounts paid to each contractor in excess of \$100,000 cumulative, including amounts for each contract with a brief description of the services provided under each contract
- d. total cost of benefits
- e. cost of each set of collective bargaining, if appropriate
- f. grievance and arbitration costs
- g. a report on equity initiatives
- h. training expenditures
- i. any other information and data considered relevant by the employer association.

C.5 The government should review the public sector funding process with a view to changing funding from a one year basis to a multi-year cycle.

COMPENSATION INFORMATION BUREAU

Project Overview

The BC government's 1993-94 budget forecasts total expenditures of approximately \$19 billion. Of that total, approximately 60 per cent is the cost of labour (wages and benefits), in the broad public sector. Despite the magnitude of these expenditures, there is no place where the public, or the many parties involved in establishing public sector compensation level, can obtain reliable data about wages and benefits. Similarly, there is little reliable data on BC's private sector remuneration costs available for that sector's purposes, or for comparison with BC's public sector.

The commission believes that reliable data, regularly reported, on wages and benefits is required for management, employees, the public and the government to have a comprehensive understanding of compensation issue developments around compensation issues in both the private and public sectors.

When a labour dispute occurs, the public and the government, as well as the parties will be in a position to assess the situation on an informed basis if accurate information is available. Publications of the Compensation Information Bureau (CIB) will report on details of settlements in a standardized format that can be compared to other settlements. The knowledge that the details will become public should contribute to the accountability of all concerned.

An overwhelming number of interested parties in the private and public sectors - both management and union - have advised the commission that there is a need to collect, analyze and disseminate accurate and objective compensation information in a standardized format for comparative purposes.

Commission Process

The commission reviewed the history of agencies in BC and other jurisdictions in Canada legislated to collect, analyze and publish precise and objective information on wages, benefits and other compensation data related to bargaining unit and excluded employees in both the public and private sectors. As well, it reviewed information on compensation data banks designed for excluded employees. The commission consulted with its advisory committee and with more than 60 interested parties.

Commission Findings

In light of these reviews, the commission recommended, in its interim report, the establishment of an agency in British Columbia to collect remuneration data in a systematic and structured format. The proposed agency would use total compensation data, detailed analysis of collective agreements, and job matching classifications as a comparative basis for both the unionized and excluded employees in the public and private sectors.

Job matching commences with the writing of a detailed job description that accurately reflects the functions of a specific position. A careful and detailed comparison of actual job duties and responsibilities of a position in an organization is then made in a face to face interview to compare real jobs to the specifications identified in order to determine the appropriate match. At no time are position titles or salaries used to make a match. Only after the job matches have been established are rates of pay and benefits noted for reporting comparisons.

The value of job matching is widely recognized and has been used in other jurisdictions such as Quebec and the federal government. At one time, it was used by the Public Employers of British Columbia (PEBC).

It is difficult to quantify the benefits which will flow from the bureau's work. Great savings could result from a reduced number of strikes, smoother and shorter contract negotiations and from the ready availability of data for practical research. Certainly the neutral data published by the CIB will be fundamental to the successful operation of PSEC in governing public sector human resource matters.

Start-up costs are to be expected as the new bureau will have to develop field survey specifications for each of the planned job classifications, develop its survey and review methodology, obtain the requisite computer programming, acquire and train staff as necessary, and establish premises and equipment.

The bureau will establish a standard format of compensation data to be collected in the province. The public sector employers' associations detailed in the preceding chapter will collect data particular to each sector for the organization's internal purposes. This data shall conform to the CIB's standards. This sectoral data collection will not be duplicated by the CIB but will provide it with the foundation for inter-sectoral and private sector comparisons.

The commission is convinced that a CIB with a labour and management advisory board will improve labour relations in British Columbia. It will promote a greater exchange of information on compensation, in a standardized manner, in both the public and private sectors. This will lead to better coordination among public sector employers while encouraging and supporting an equitable correlation between private and public sector compensation levels.

The commission reiterates its recommendations made in its interim report respecting the establishment of a CIB and submits a proposed act for the consideration of government which is entitled the Compensation Information Bureau Act. It is attached as appendix v of this report.

Therefore, the commission recommends that:

C.6 The government adopt the proposed Compensation Information Bureau Act and establish the CIB.

C.7 The CIB have specific terms of reference.

- a. The bureau shall be authorized to obtain information on jobs, rates of pay, employee earnings, job benefits and other compensation items, conditions of employment and employment practices, demographic information prevailing both inside and outside of the public sector for bargaining units and for excluded positions, and to maintain this information on a data base.
- b. A report by the bureau shall be published at least annually in a regular manner and be available to the public, to government, to employers and to union and non-union employees in both the public and private sectors.
- c. An advisory committee, in consultation with the director, shall recommend policy direction and guidance to the bureau, and may also suggest other related duties to be undertaken.

- d. The advisory committee shall give advice and direction to the director of the bureau on matters falling within the terms of reference of the bureau. It shall act as a forum in which to review the operation of the bureau and provide feedback from the various human resource constituencies. The committee's membership shall reflect the make-up of the human resource community, and it is anticipated that the committee will include representatives of management and unions, both private and public.
- e. The bureau shall use a total compensation approach for its methodology. This approach recognizes the major role of benefits as a labour cost component.
- f. The bureau shall use job matching in the collection of its data. While the number of matches and the scope of the surveys will have to be established with assistance from the advisory committee, the concept of job matching is critical to developing the kind and quality of data that the human resources community wants.

COMPENSATION FOR EXCLUDED EMPLOYEES

Project Overview

The commission conducted a review of compensation practices for senior executives, management and excluded staff across the broad public sector, (which includes health, education (K-12), colleges, universities, crown corporations, social services, the municipal sectors and the public service).

For the purposes of this review, senior executives were deemed to be the chief executive officers (CEO) or deputy ministers of an organization, and those management employees reporting directly to the CEO.

Management and excluded employees are public sector employees who are not represented by a union, and are not senior executives. They provide the link between policies set by the executive, and the application and delivery of those services by line employees.

The goals of the commission's review were to:

- recommend acceptable and reliable methodology to provide government with information on excluded compensation practices in the public sector in areas outside of its direct control, and
- recommend processes to ensure the adequacy of fiscal control, accountability and coordination in the establishment of excluded compensation within each sector.

Commission Process

The commission met with a cross section of senior executives to examine the actual processes that are used to determine their compensation levels. It also looked at the role and functions of management and excluded employees, including organizational structures and reporting relationships. It analyzed whether the current structuring of these roles is appropriate to ensure effective management of the public sector. A review of the practices concerning the treatment of public sector excluded compensation in other provinces found that, with the notable exception of Québec, they generally parallel the ad hoc and highly individualized approach currently found in British Columbia.

The commission circulated a questionnaire to all public sector organizations (approximately 350) believed to have executive employees earning more than \$60,000 per year. Over 260 public sector organizations responded to the questionnaire. The results were used to develop a comprehensive data base which includes information about salary, benefits and all other forms of compensation.

To assist in the review of senior executive compensation, the commission engaged the services of the consulting firm, Chris Green and Associates. The complete consultant's report is available as the background paper, *'Report on Executive Compensation and Compensation Review Processes.'*

In addition to the survey, the commission, together with the consultants, conducted interviews throughout the province with chief executive officers, human resource executives and, in some cases, board members of the broad public sector organizations. The primary purpose of the interviews was to assist the commission in understanding the procedures used to determine compensation for all excluded employees.

Issues Identified

The issues identified to be dealt with in this chapter, with respect to excluded employees, including executives, are the following:

- Roles and Responsibilities
- Compensation
- Lack of Information, Coordination and Accountability
- Standards and Equity Across Sectors
- Benefits
- Organizational Structures

Roles and Responsibilities

The roles and responsibilities of senior executives in the public sector are frequently misunderstood by the public. Some incumbents in these positions have final authority and responsibility for running organizations with operating budgets of up to \$2 billion annually and with up to 6,000 employees.

Executive positions require long hours and dedicated commitment. If their responsibilities are not properly handled, there could be a detrimental impact on the public at large and on the employees of the specific organization. Consider, for example, the impact if a school district had to permanently close schools due to budget mismanagement, a major hospital was not efficiently and safely managed, or BC Rail, BC Transit or BC Ferries did not perform in a manner that met the core transportation needs of the province.

Likewise, the function of management and excluded group employees is also crucial to the effective management of the delivery of services to the public. These employees are responsible for coordinating, training and motivating front line staff to ensure that the public interest is met by the delivery of public services. Given their importance and their vulnerability relative to unionized employees, it is imperative that they be treated fairly.

Professionals, management and bargaining unit employees, made submissions to the commission outlining the fact that public sector organizations have difficulty recruiting employees to management ranks for the following reasons:

- unionized employees see management positions as having more responsibility, longer hours, and less job security than bargaining unit employees as well as limited advancement opportunities
- these jobs often have little or no compensation increase and, sometimes, a lesser level of benefit coverage than bargaining unit jobs.

Compensation

To attract, retain and reward the calibre of executive needed to lead public sector organizations, an attractive and secure compensation package is essential. These public sector positions must be filled by the best candidates. Therefore, remuneration packages must relate to those available to high calibre executives within and outside this province with comparable responsibilities, in both the private and public sectors.

Research revealed that few boards use job evaluation plans to evaluate compensation levels for the recruitment and retention of CEOs, although many have such plans in place for other executive level positions. Even when evaluation plans are in place, they are usually developed for a single organization and compare positions within the same organization. They are often not shared with other organizations within the same sector, let alone across sectors. As a result, each organization invents, and reinvents, its own system and process for dealing with excluded compensation.

The commission has determined that there are fundamental problems with the way organizations in the public sector in BC currently develop compensation packages for both senior executive positions and for management and excluded employees.

For the government to get the best value for money, compensation policies must be developed that take into account the levels of responsibility of all management and excluded employees. Each sector should develop an appropriate continuum of working conditions, practices, and benefit and salary levels for these employees that links from bargaining unit employees on the one hand to executive personnel on the other hand. This continuum should also meet criteria for coordination with other public sectors. This will provide an attractive route into management for all employees.

In an effort to determine if compensation for CEOs is appropriately managed, the commission, working with the consultant, conducted a job evaluation and salary study of the 44 chief executive positions examined in the interview process. To determine the appropriate ranking for each position, the consultants used a job evaluation model based on four key criteria which take into consideration the overall scope, levels of responsibility and authority of the position:

1. Decision-making

Considers the extent of the authority vested in the position to make decisions related to the management and operation of the organization. This factor also considers how the delegation of authority is prescribed, the internal or external limitations, the size, scope and role of the organization, the public visibility and political sensitivity.

2. Complexity

Considers the nature, gravity and frequency of the problems requiring resolution. Complexity is affected by the mandate, diversity, size and scope of the organization, the degree of difficulty involved in performance of major tasks, and the number and nature of pitfalls which must be avoided to achieve success.

3. Impact

Involves consideration of the consequence of the organization, its mandate, role and scope. Impact of a position is felt internally in an organization and externally, where impact may be economic, social and/or political, depending on the clientele and the organization. This factor considers the impact on society if the organization were discontinued.

4. Dimensions

Relates to the size of the organization, operating and capital budgets, revenues, flow-through funds administered, the number of offices or locations involved, the geographic extent of the area served and the numbers of clients, beds or students.

Relativity within the sample group of each CEO or equivalent position was evaluated by the consultants. Each position was assigned up to five points for each of the four criteria. The resultant rankings are shown in Figure 8

A graphic presentation of those same results in Figure 9 indicates a number of salary anomalies.

One significant factor not accounted for in the study was that of external market conditions, which could explain some of the anomalies noted. For example, BC Rail is a unique crown corporation in that it is a market-driven entity operating in a competitive environment. Therefore, compensation for the senior management team must reflect competitive factors in the private transportation sector in North America.

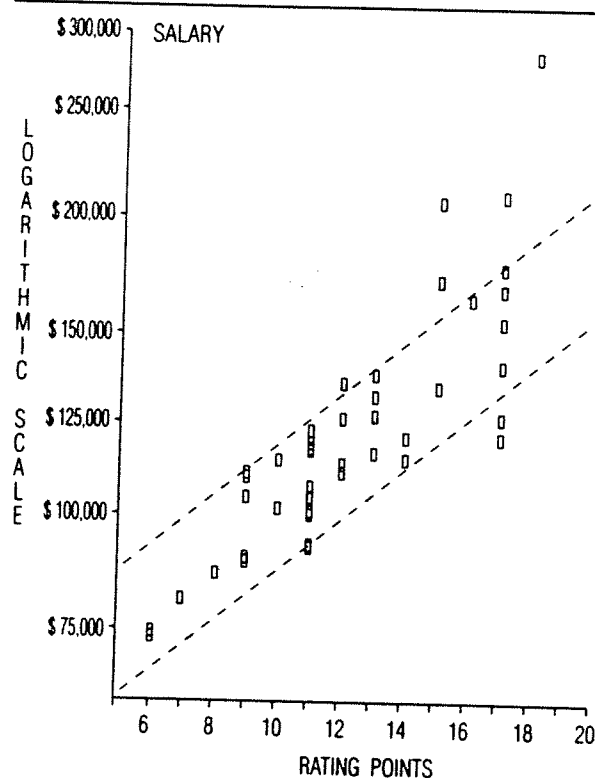
It should be noted that many of the executives interviewed supported the use of incentive, or merit-based compensation plans, linked to performance objectives and criteria. Currently even though these plans are principally found in crown corporations, performance pay is not systematic in any sector.

FIGURE 8 - RELATIVITY OF CEO POSITIONS
WITHIN SAMPLE GROUP

ORGANIZATION	RATING POINTS	CEO SALARY
Social Services	6	\$74,645
Social Services	6	\$74,934
Municipality	7	\$79,560
Social Services	8	\$87,000
University/College	9	\$86,700
School District	9	\$87,646
School District	9	\$100,577
Hospital	9	\$105,298
Municipality	9	\$106,176
Crown Corporation	10	\$98,000
Ministry	10	\$109,193
University/College	11	\$89,302
University/College	11	\$89,460
School District	11	\$90,000
Municipality	11	\$96,590
University/College	11	\$97,000
School District	11	\$97,178
Municipality	11	\$100,500
Municipality	11	\$102,813
University/College	11	\$111,492
Hospital	11	\$112,000
Hospital	11	\$113,476
Hospital	11	\$117,000
School District	12	\$105,891
School District	12	\$108,098
School District	12	\$119,703
Hospital	12	\$130,000
Municipality	13	\$110,737
Crown Corporation	13	\$120,661
Hospital	13	\$126,000
Crown Corporation	13	\$132,351
Ministry	14	\$109,193
Ministry	14	\$114,652
Municipality	15	\$128,858
Hospital	15	\$165,000
Hospital	15	\$197,000
University/College	16	\$157,981
Ministry	17	\$114,652
Ministry	17	\$114,652
Crown Corporation	17	\$120,000
School District	17	\$135,350
Municipality	17	\$149,724
Crown Corporation	17	\$161,800
Crown Corporation	17	\$169,583
Hospital	17	\$200,000
Crown Corporation	18	\$274,000
Crown Corporation	20	\$195,000

Source: Chris Green & Associates
Report on Executive Compensation and Compensation Review Processes

FIGURE 9
SCATTERGRAM TO SHOW CEO SALARY RELATIVITY



Notes: Amounts shown are calculated as incumbents' reported 1992 salary plus bonus paid in 1992, if any. A small number are based on 1990 or 1991 salaries where no 1992 increase has been reported.

Source: Chris Green & Associates
Report on Executive Compensation and Compensation Review Processes

Lack of Information, Coordination and Accountability

Somewhere between three and 20 per cent of the operating budgets of public sector organizations is allocated to management and excluded employee remuneration. (This variation reflects the degree of unionization, the level of technological advancement and the requirement for professional expertise in an enterprise).

Information about management and excluded staff salaries and benefits in different organizations is based on differing definitions and criteria. Within sectors, information about these positions is exchanged between human resource practitioners only on an informal and ad hoc basis. Little, if any, information is exchanged between components of the different sectors.

At the managerial and excluded levels, one of the difficulties in ensuring a consistent application of standards and procedures to policies and practices is the absence of reliable information on these positions.

Classification systems for excluded employees vary widely between organizations. Furthermore, many organizations use different systems for excluded staff and management positions from those used for their senior executives.

The current system has no capacity, in terms of reliable and comparable information, to measure how the costs and outputs of all excluded employees relate to the overall expenditures and the responsibilities of their respective organizations.

In crown corporations, due to the large number of professionals employed, the 'excluded' group can consume up to 20 per cent of the operating budget. This percentage includes a large number of employees who are not managers. In contrast, regional hospitals report that three per cent of their operating budget is spent on management/excluded remuneration. Both allocations may be entirely justified in the delivery of a particular public service. However, there are no sectoral standards or data in either of these sectors, or any sectors for that matter, from which government or organizations receiving public money can determine a consistent and appropriate allocation of funds for excluded employees.

Some individual organizations are taking responsible management initiatives regarding excluded personnel. For example, a large acute care hospital contracted an evaluation team for advice with respect to the efficiency of its administrative functions. Upon receiving advice that inefficiencies existed, as compared to other Canadian hospitals, immediate steps were taken to correct the problems.

There are many public sector organizations in the process of conducting similar projects in the public interest. However, such efforts need to be undertaken in a comprehensive manner and according to standardized objectives in each component of the public sector. Currently they are managed independently by individual organizations without benefit of sectoral standards and coordination.

Standards and Equity Across Sectors

Another issue identified by the commission's work is that compensation levels for comparable management and excluded positions have been the subject of significantly different treatment and standards within and across the public sectors.

Two cases will illustrate this point. There are organizations where, in one year, bargaining unit employees received six and seven per cent increases, while management and excluded employees with salary levels comparable to those unionized employees received less than three per cent. At the same time, some executives received in excess of seven per cent. There are other organizations, and even entire sectors, where increases negotiated with a bargaining unit are automatically passed on to all levels of management and excluded staff.

In the administration of salary levels, neither of these treatments is the appropriate way to deal with the compensation of excluded employees. The issue is exacerbated, as already stated, by the lack of information. A system with appropriate job evaluation standards and a rational continuum of compensation in public organizations is imperative to ensure effectiveness and efficiency.

While many of the organizations used salary surveys to a considerable degree, as with evaluation plans, there is hardly any coordinated sharing of data within a sector, let alone across sectors. In some cases, there appears to be resistance to sharing information on compensation.

Three representatives of one hospital board told the commission of their inability to get any information from their counterparts in acute care regarding a senior officer's compensation. This board then had to hire consultants at considerable expense for advice. This can lead to inconsistent and haphazard approaches to executive compensation within particular sectors and across the broad public sector; it duplicates processes at considerable expense to the organizations, and, therefore, to the public.

The commission also found a number of instances where executive employment contracts specified automatic salary increases and did not call for any performance evaluation. The negotiation of such contracts with senior executives circumvents the usual processes of the comparison of salary and benefit data, and of the procedures for performance review. This is particularly so when the contract defines future salary adjustments.

One frequent concern of board members was their relative lack of expertise in negotiation and the lack of accessible data on salary administration practices with respect to senior executives across the broad public sector. Thus, they rely upon the very employees with whom they are negotiating to provide the data upon which their board decisions are based.

As noted earlier, some organizations have applied a policy of increasing excluded compensation by the same percentage as negotiated increases for unionized staff. This practice has contributed significantly to an increasing salary differential between executive compensation and the compensation of other employees, because a straight percentage increase applied to a higher salary gives a higher absolute pay raise to the senior executive than it does to the lower salaried, unionized worker.

Benefits

In addition to salary, most employees enjoy a range of other forms of compensation. Examples of some of these are as follows:

- health and welfare benefits
- bonus performance systems, some are related to true performance, some are not
- employer-matched RRSP contributions (municipalities)
- cash payment, time off or additional vacation to compensate for overtime (municipalities and education)
- banking of unused sick time, some with a payout at retirement or termination (education and health)
- parking
- professional fees
- provision of a car
- free transportation privileges

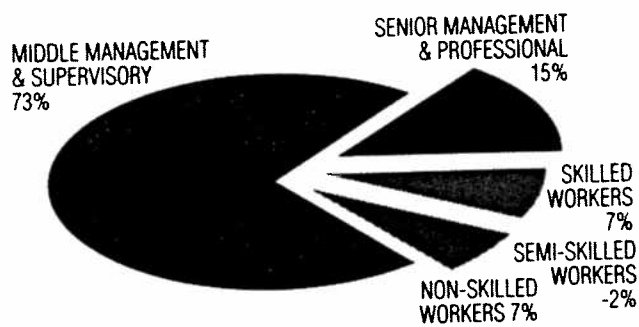
A few executives have more generous benefits such as club memberships, non-vouchered expense accounts, credit cards, deluxe cars, allowances, interest free loans and housing loans.

The provision of benefits, particularly to senior staff, is inconsistent across sectors. Further, the provision of benefits outside of the insured health and welfare group can be very expensive, yet the cost is seldom recognized by individual organizations. These benefits need careful review to determine their appropriateness for the various levels of senior executives, management and excluded staff.

Organizational Structures

The commission received submissions from numerous employees, management, unionized and professionals, in the public sector identifying that there is an administrative overburden in their organizations. Too many levels of management, both in the excluded staff ranks, as well as in the upper levels of the bargaining units, are concerned with the primary function of monitoring other peoples' performance rather than providing service to client groups. Figure 10 shows employment growth in health care from 1981-91.

FIGURE 10 - EMPLOYMENT GROWTH 1981-91



INCREASE: 46,100 WORKERS

EMPLOYMENT GROWTH IN HEALTH CARE 1981-1991

Source: CEIC, Kunin & Knaut, Skill-Shift 1992

Great care must be taken in interpreting the above figure. The Health Labour Relations Association explains it in the following way:

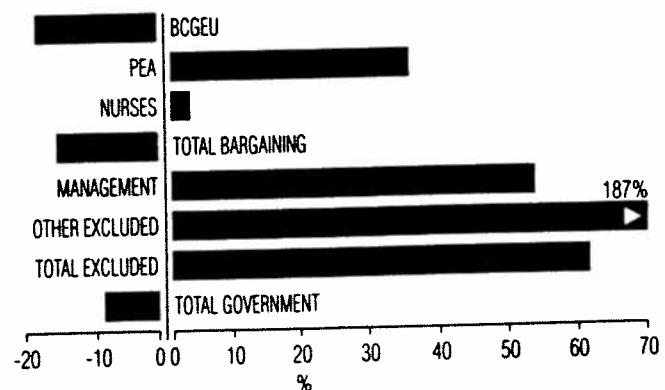
From this information, and based on the criteria of skill level to categorize jobs, conclusions may be drawn that much of the labour force categorized as 'supervisory and middle management' and some of that categorized as 'senior management and professional' are actually unionized workers. The fact that growth has been so rapid in those categories is likely because skill level requirements are increasing across the labour force. More unionized jobs will naturally fall within the two categories mentioned if skill level is used as a criteria to categorize the job.

Figure 11 shows the employment changes in the direct public service between 1983 and 1992.

If organizations are to be more focused on the delivery effects of public services (e.g. better health, educated and literate students, etc.), then much of this supervisory work needs to be examined and if there are duplications, they must be eliminated. The structure of each public sector organization needs review and adjustment, with a view to reducing reporting levels based on a realistic realignment of authority and responsibility. Guidelines should provide direction on the number of reporting levels needed to enhance service delivery, as well as defining the performance functions at each level.

In the elimination of work, consideration should be given to the impact it will have upon employees. In each sector, the commission recommends that reviews be handled with sensitivity. If the review reveals a surplus of employees, every effort should be made to relocate these employees where their skills are needed.

FIGURE 11 - PSA EMPLOYEES - % CHANGE 1983-92



Source: Government Personnel Services Division, Payroll Data - December 1983 & 1992

Summary

The commission concludes that there is no set of either sectoral or overall public sector guidelines to provide guidance to employers on compensation and structures for executive, management and excluded positions. Job standards, definition of roles and responsibilities, and output measurements for these employees should be implemented. Review of unnecessary and repetitive levels of authority should be undertaken immediately to devolve some decision making authority downward. This will eliminate unnecessary administration within organizations, and redefine appropriate roles and responsibilities of administrative and management positions.

By the creation of sectoral employer associations to set standards concerning these matters, inefficiencies can be identified and rectified, leading to more effective management of resources.

The commission is recommending processes that will both promote a more coordinated approach to executive, management and excluded compensation across the public sector and foster more equitable compensation for employees with comparable experience, qualifications and responsibilities, where resources permit.

Creation of a Compensation Information Bureau (CIB) (see the previous chapter) will provide government employers with an information base on managerial and excluded compensation practices and trends, both in the private and public sectors. This information will allow more effective compensation management.

Therefore, the commission recommends that:

C.8 *The Public Sector Employers' Council (PSEC) established under the proposed Public Sector Employers' Act be responsible for overseeing excluded compensation in the public sector.*

PSEC Functions - Excluded Compensation

The functions of the Council with respect to excluded compensation will be:

- a. to provide guidance to employers' associations on matters of government policy in the area of executive, management and excluded compensation*

- b. *to establish evaluation factors for executive positions, which are uncomplicated, effective, gender neutral and flexible enough to be appropriate for all sectors, while giving due consideration to decision making, complexity of an operation, impact and scope, and be appropriate for all sectors*
- c. *to keep the government apprised of executive compensation trends and developments*
- d. *to automatically review anomalies in executive compensation packages and*
- e. *to report executive salary and benefit information to the CIB on an annual basis.*

COMMENT

The sectoral employer organizations are charged with the responsibility of developing guidelines for compensation in their respective sectors. In so doing, they should conduct a review of present practices and facilitate appropriate changes. Compensation should continue to be determined by individual organizations but within the context of evaluation systems that can be applied across the sector. Government must have some ability to influence public sector executive compensation policies to fulfil its responsibility consistent with the public interest.

- C.9 *Each sectoral employer association established under the proposed Public Sector Employers' Act be responsible for overall management of excluded compensation within its respective sector.*

Sectoral Association Functions - Excluded Compensation

The function of each sectoral employer association with respect to excluded compensation will be:

- a. *to ensure that comparisons with peer positions, including consideration of job content, spans of control and individual performance, be the primary basis for determining senior executive compensation*
- b. *to develop a model employment contract as an example for senior public sector executives*

- c. to develop guidelines for organizational design and reporting relationships from which individual employers can specifically identify the number of management layers appropriate to an organization, together with the functional design and content of the management jobs within those layers
- d. to act as a forum for the exchange of management and excluded staff information on compensation, and to develop guidelines for use in determining compensation levels in a sector. The guidelines should include:
 - i. measurement of the number of reporting relationships
 - ii. diversity of function of the organization
 - iii. parameters of responsibility of the employee
 - iv. any other matters deemed appropriate.
- e. to establish guidelines for rational salary grids for non-executive management and excluded staff, from which individual employers can establish appropriate salary bands and methods of evaluation to apply in their organization
- f. to review existing 'banking' provisions for overtime, sick leave, vacations, etc. for appropriateness, and, where they are deemed to be appropriate to be continued, ensure the contingent liability costs be recorded
- g. to establish benchmark positions for use in job matching
- h. to review terms and conditions for the payment of bonuses and
- i. to collect and collate information on compensation (salaries, benefits and increments) policies and practices of member organizations in a timely standardized and accurate manner, conforming to the standards set by the Compensation Information Bureau.

BENEFIT ADMINISTRATION

Project Overview

The commission investigated and evaluated the delivery of benefits and the costs associated with those benefits provided to public sector employees.

The commission's review did not address the issue of what constitutes an appropriate level of benefit coverage for public sector employees as this is a matter negotiated between public sector employee groups and employers.

For the purpose of this review, 'benefits' include insured health and welfare benefits such as extended health care, dental care, group life insurance, accidental death and dismemberment, short term illness and injury, and long term disability. It does not include pensions, nor does it include benefits conferred by statute such as Unemployment Insurance or the Canada Pension Plan.

Commission Process

The commission was assisted in this project by a consortium of outside consultants from William M. Mercer Ltd., the Coles Group and Towers Perrin. The consultants were asked to identify opportunities for the more efficient use of funds presently committed to cover benefit costs. The consultants' report estimated the maximum potential savings which could be achieved simply by centralizing benefit arrangements to achieve economies of scale in the provision of group life, insured short-term disability, long-term disability, extended health and dental care. It did so for the public service,

crown corporations, health care, education (K-12), colleges and institutes, universities and municipalities.

The following questions had to be resolved by this review:

- How successful are present employee groupings in obtaining the optimal cost for the provision of benefits?
- What is the optimum size for a group of employees to maintain an appropriate balance between cost efficiencies and personal contact?
- What are the 'natural groupings' that use similar benefit packages?
- What is the range of appropriate models for the delivery of benefits?
- What opportunities exist for self insurance, multi-group trusts and the use of commercial carriers?
- How can the need for economies of scale be integrated with the requirements of negotiated contracts, employer-specific requirements and individual rights?

Using these broad questions as its basis, the commission circulated a questionnaire to public sector employers which asked for information on their existing benefits, their practices and the costs. The questionnaire provided a detailed account of what benefits are provided by public sector organizations and it provided data that allowed for a differentiation between actual costs of benefits and the costs of internal administration of the benefit plans. In addition to the questionnaire, the commission and the consultants conducted a significant number of personal interviews with interested insurance companies, agents and associations to obtain information on benefit coverage and insurance practices.

Commission Findings

The commission has found that in some areas of the broad public sector, including the direct public service, crown corporations with more than 1,000 employees and, in some cases, in health and education, benefits are provided in a cost effective manner. However, that is not the case for the rest of the broad public sector.

In the public service itself, benefits are currently provided effectively under the Public Service Benefit Plans Act.

Where crown corporations have 1,000 or more employees, or where they are covered by the Public Service Benefits Plans Act, they provide benefits in a cost-effective manner. Certain savings were identified for several smaller crown corporations or agencies. With an enrolment of 24,000 employees in their benefit plans, crown corporations have a potential saving of half a million dollars for the first year on total benefit expenditures of \$33 million.

In 1979 the Health Labour Relations Association (HLRA) established a trust with its membership, known as the HLRA Health and Benefit Trust Fund to provide collective agreement employee benefits in an economical manner. The consultants determined that the benefits covered by the plan operated by this trust are provided in a cost-effective manner. However, there is some potential for significant savings in other plans in the health sector. The commission estimates those potential savings at approximately \$1.44 million, or 1.6 per cent of total benefit expenditures of \$88 million in the health sector.

Benefits in the education sector (K-12) vary in their cost effectiveness. Where they are administered sector-wide, most are cost-effective although some still offer potential for savings. On the other hand, many individual school districts which administer individual plans have a significant potential for savings. The commission estimates those potential savings at \$2.18 million for the first year, or 2.91 per cent of total \$75 million benefit expenditures in the sector.

There are no sector-wide benefit plans in the college and institute sector where many of the institutions are relatively small. There is clearly potential for cost savings in the administration of benefits in this sector. The commission estimates those potential savings at a minimum of \$0.42 million for the first year, or 3.4 per cent of total benefit expenditures of \$12 million in the sector.

There is also significant potential for savings in the delivery of benefits in the municipal sector where 30 regional districts and 150 municipalities employ approximately 30,000 full and part-time employees and spend \$35 million a year on benefits for those employees. The commission estimates those potential savings at \$1.41 million in the first year, or 4.5 per cent of total benefit expenditures.

In total the consultants conservatively estimate a potential saving of \$5.98 million for all of the sectors listed below. That represents two per cent of total expenditures of \$303 million spent on benefits in the broad public sector.

The consultants' report summarized their analysis and calculations in Figure 12.

FIGURE 12
MAXIMUM POTENTIAL SAVINGS BY SECTOR¹

SECTOR	ESTIMATED			
	# OF COVERED LIVES	BENEFIT COSTS (\$ MILLIONS)	MPS (\$ MILLIONS)	MPS AS % OF BENEFIT COSTS
Public Service	50,000	53	Nil	Nil
Crown Corporation	24,000	33	0.50	1.5%
Health Care	55,000	88	1.44	1.6%
Education K-12	50,000	75	2.18	2.9%
College	8,000	12	0.42	3.4%
University	10,000	11	0.03	0.3%
Municipal	23,000	31	1.41	4.5%
Overall Totals	220,000	303	5.98	2.0%

¹ Includes insured WI benefits but excludes self-insured sick leave or short-term disability (STD) plans as data was not available and such plans would produce no MPS in any event. MPS = Maximum Potential Savings

Source: William M. Mercer Ltd., The Coles Group and Towers Perrin - Report on the Cost Effectiveness of Employee Benefits Arrangements in the Public Service and Public Sector of BC

The consultants also noted that limited coordinated investment and limited pooling and self insurance in some sectors increased the costs of benefit administration and diminished the investment returns available to plan administrators. The possible models which the consultants identified are as follows:

- one common plan for all benefits administered and managed in a sector by a central body, with common rates for all participants
- natural groupings in those sectors where it may be impractical to achieve a common plan
- sector-wide insurance arrangements with one or more carriers for one or more benefits.

The complete consultants' report is available as the background paper, *'Report on the Cost Effectiveness of Employee Benefits Arrangements in the Public Service and Public Sector of British Columbia'*, prepared by William M. Mercer Ltd., The Coles Group and Towers Perrin.

Occupational Health and Safety

Another potential area of savings of public monies exists in the area of occupational health and safety.

In 1992, the WCB paid out \$87 million in claims to employees in the broad provincial public sector, of which over half went to the health sector. In addition to this expense, one must consider the additional costs of the payments made to replacement workers, training, administration, etc. associated with the disruption caused by each incident. This total cost is borne by the sectoral employers and indirectly by all provincial taxpayers.

If it were possible to reduce the days lost by a single day for each incident by means of an earlier return to productive work, the potential savings would be significant. For example, a day's reduction in time lost for each incident recorded in 1992 in the health sector alone, could save \$1.25 million per annum in direct WCB costs. Coordinated efforts by employees and employers towards this objective should be able to achieve a reduction in all sectors and, in all probability, can exceed the one day target.

Reductions can be achieved by the coordinated application of pro-active rehabilitation services. Medical rehabilitation, psychological support, vocational evaluation, counselling and retraining can lead to a graduated and structured return to work. These services are currently being successfully introduced in the health sector under the sponsorship of the HLRA Health and Benefit Trust with the participation of the health unions.

A coordinated rehabilitation effort for all public sectors, together with a change in focus from 'disability' support to a pro-active 'other abilities' approach, should result in further appreciable direct and indirect savings.

Therefore, the commission recommends that:

C.10 Each sectoral employer association created under the proposed Public Sector Employers' Act coordinate benefit administration for the sector.

COMMENT

Municipalities, which constitute a significant portion of the public sector, spend considerable sums of money on benefits. While municipalities are beyond the direct control of the provincial government, they have an opportunity to achieve significant savings and efficiencies through better coordination of benefit administration.

C.11 The government encourage municipalities to examine and implement alternate models of benefit delivery to achieve savings in the provision of those benefits.

C.12 Each sectoral employer organization explore the practicability of establishing jointly administered trusts for the provision of health and benefit programs in cooperation with bargaining representatives of employees.

C.13 Each sectoral employer organization work with representatives of labour to promote a coordinated pro-active rehabilitation program which has the objective of returning disabled employees to productive work at the earliest possible opportunity.



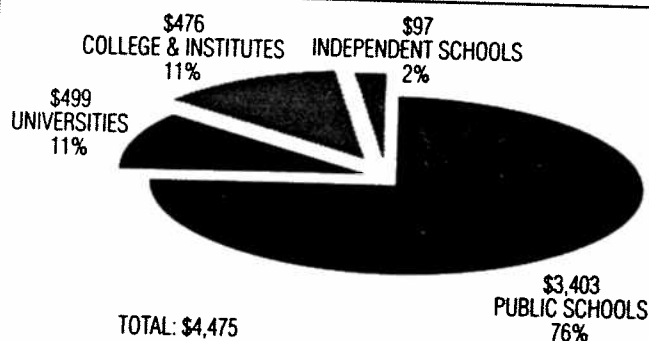
EDUCATION IN BC

Introduction

In today's society, with the focus on education and training, the continuum of education from kindergarten through post secondary plays a consistent, if not continuous role in peoples' lives. Therefore, educational institutions should be viewed as part of a large inter-connected system in society. There are growing demands on our educational resources at all levels, as there are on other sectors, such as health and community social services. Although the commission dealt with the three educational sectors: kindergarten to grade 12, colleges and institutes, and universities, as separate projects in this report, it is important to be aware of the fact that these three sectors are all part of a complete delivery system of education in the province.

In total, the education system in BC cost the government \$4,475 million in 1992-1993. Figure 24 shows the distribution of that expenditure by sector.

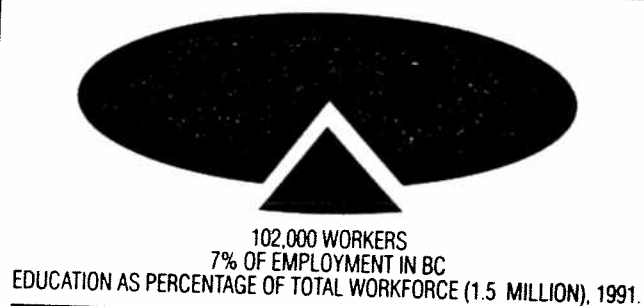
FIGURE 24 - OPERATING GRANTS FOR EDUCATION
(\$ MILLIONS)



Source: BC Ministry of Finance. 1992-93 Estimates

The education system employed 102,000 people throughout the province in 1991 as indicated by Figure 25.

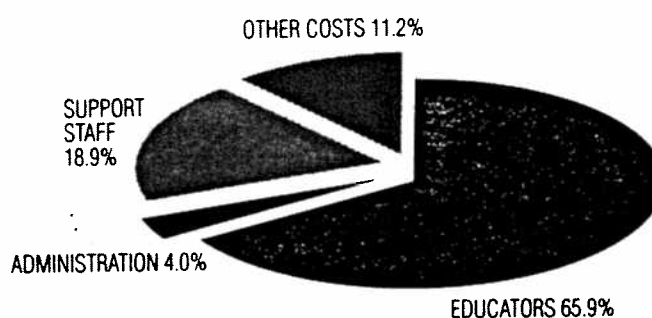
FIGURE 25 - EDUCATION - BC'S 3rd LARGEST EMPLOYER



Source: CEIC, Kunin & Knaut, Skill-Shift '92

THE KINDERGARTEN TO GRADE TWELVE SECTOR (K-12)

FIGURE 26 - SCHOOL DISTRICT EXPENDITURES 92-93



Note: The 1993-94 Budget is projected at \$3.66 Billion

Source: Ministry of Education Data

Project Overview

The commission's review of human resource management in the public education sector (K-12) focused on the broad range of human resource management issues that were reviewed for all other sectors. In the K-12 sector, this review led inevitably to a consideration of other significant issues including:

- the school board model of governance
- the size, numbers and boundaries of school districts
- the collective bargaining arrangements between teachers and school boards.

Description of the Kindergarten to Grade Twelve Sector (K-12)

There are 75 school districts in British Columbia employing more than 60,000 people, or 47,316 full time equivalent (FTE)* employees. Of those employees 29,723 (FTE's), are teachers; 12,725 (FTE's) are support staff; 1,582 (FTE's) are administrators; and 3,286 (FTE's) are working in the trades, custodial and transportation areas.

The allocated distribution of the budget and workforce profile is shown in Figure 26.

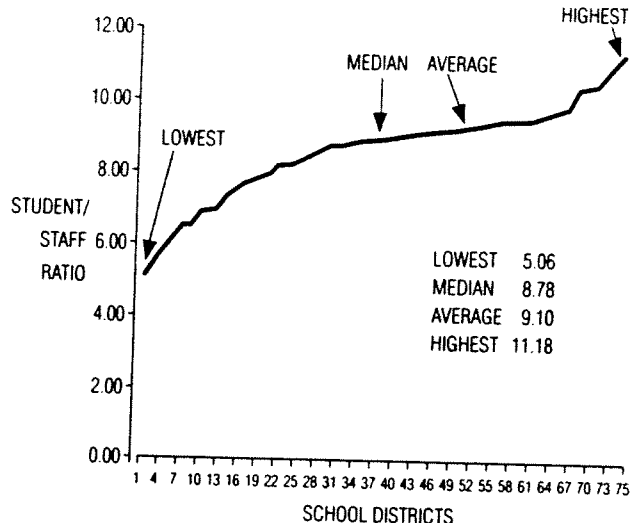
All school districts are governed by the School Act, which requires each district to employ a superintendent and a secretary-treasurer. The act also requires that school trustees be elected every three years. Trustees have the following principal responsibilities: to manage schools and other property; to close schools; to provide educational programs; to set out the days of school operation; to maintain student records; to publish annual reports; to report to the minister; to set guidelines for students and programs; to determine local policy for the effective and efficient operation of schools in the school district; to enter into agreements (as these are defined in the act); to provide certain health and social services; and to train student teachers (the School Act, Divisions 2 and 3, ss 92-110).

As well as creating administrative and governing structures, the School Act describes the responsibilities of teachers. These include ...designing, supervising, and assessing educational programs and providing instruction to individual students and groups of students. (the School Act, s. 17). The act also sets out duties and obligations for administrative officers, students and parents.

School districts vary greatly in size. For example, the Stikine District, the largest geographically, has only 364 students at four schools in the 1992-93 school year, while, at the other end of the spectrum, the Vancouver district had 52,397 students at 108 schools.

* A full time equivalent (FTE) is a measure used to represent the employment of one person for one full year or the equivalent thereof.

FIGURE 27 - RATIO OF STAFF (ALL) TO STUDENTS, BY SCHOOL DISTRICTS



Source: Commission of Inquiry into the Public Service and Public Sector, Survey of Human Resource Management in Public Education, December, 1992 (as of December 31, 1992)

The commission undertook a survey of school districts in which it sought information on the number of employees by district and by employment category. Through this survey, the ratio of students to all district employees was identified. That ratio varied from a low of five students for every employee in the Stikine to a high of 11.8 students for every employee in the Richmond district.

Traditionally, in this sector staff utilization is reported as 'pupil/teacher' ratios. This does not reflect all employee categories needed to staff and run a school district.

In terms of the number of voluntary representative organizations, the K-12 system is one of the most segmented in the public sector. Of 75 school boards, 65 belong to the BC School Trustees' Association (BCSTA) ten belong to the newly formed Council of School Districts. The superintendents are represented by the BC School Superintendents Association (BCSSA). Secretary-Treasurers are represented by the BC School District Secretary-Treasurers' Association (BCSDSTA). Principals and Vice-Principals belong to the BC Principals' and Vice-Principals' Association (BCPVPA). Parents are represented on Parent Advisory Councils at the school and community level and in a provincial association,

the BC Confederation of Parent Advisory Councils (BCCPAC). Teachers are represented through the BC Teachers Federation (BCTF) and the vast majority of the administrative and operational staff employed by the school districts are members of the Canadian Union of Public Employees (CUPE). Other unions represent the remaining support staff in some districts.

Each of these organizations represents a particular interest. The number of associations each representing a different level of management is a distinctive feature of this sector.

The Ministry of Education is responsible for the K-12 sector. Funding for the K-12 system is primarily in the form of direct grants from the provincial government. Those grants are determined by a funding formula which is established in Part 8 of the School Act. The formula is based upon an average amount per student multiplied by the number of full time students in a district. Funding arrangements for public education have undergone many changes in the past ten years as shown in Figure 28.

FIGURE 28 - EXAMPLES OF CHANGES IN THE SYSTEM OF SCHOOL FUNDING

1982	Removal of the non residential tax base from school boards.
1982	Provincial limits on school budgets. Elimination of local taxing authority.
1984	Introduction of the fiscal framework.
1986-87	Return of taxing authority to school boards (residential taxes only).
1988-89	Full collective bargaining rights to teachers.
1990-91	Introduction of block funding. Taxing authority of school boards restricted to funds that can be raised by referenda.
1990-91	Introduction of the supplementary home owner grant.
1992-93	Elimination of the supplementary home owner grant.

Source: Building Partnerships: A Finance System for Public Schools, Final Report of the Funding Review Panel, December 1992

Commission Process

The commission circulated a call for submissions to more than 200 people and organizations in the sector. As well, interested parties were invited to respond to a series of questions on human resource management in the public education system. A questionnaire was also sent to all 75 secretary-treasurers. The statistical information used in this report is based upon the data provided by the districts.

The commission held approximately 50 meetings with executive members of each of the following organizations: the BCTF, the BCSTA, the BCSSA, the BCCPAC, the BCSDSTA, the BCPVPA, the Okanagan Labour Relations Association, Prince George School District officials and various other groups of school trustees. Commission staff have addressed several conferences of school personnel in recent months.

In all, the commission met with more than 500 representatives of the K-12 system and received formal responses to its invitation letter from all 75 districts, the BCTF, the BCSSA, the BCPVPA, the BCSDSTA, the Teachers for Association and CUPE. In addition, 66 teachers and/or teacher associations made submissions to the commission. Several concerned parents and taxpayers have also sent letters to the commission.

Issues Identified

Through this wide ranging consultative process, the commission has identified a number of issues. Each is significant and they are not ranked in order of importance.

Funding and School Board Governance

Although the government directly provides over 90 per cent of the funding for the K-12 sector, it has relatively little direct influence over major human resource expenditures by individual school boards. Some school boards have negotiated collective agreements that exceed the funding level provided and have then looked to the government for a 'bailout'. In many cases the boards have known that they could not pay for the costs of collective agreements which were proposed or to which they agreed. This has caused considerable tension between the government, those boards and the unions representing employees in those districts.

In an attempt to resolve general funding problems associated with the K-12 system, the government established the Education Funding Review Panel to examine present funding arrangements and alternatives, and to recommend funding changes. The panel's mandate was to review the public education finance system and make recommendations to the minister on how to make the system more:

- accountable
- equitable
- predictable
- stable
- understandable
- affordable

The Review Panel concluded that primary responsibility for funding schools should remain with the provincial government. It said school boards should have some local flexibility in programming, but recommended limiting this flexibility in order to maintain equity in educational opportunity across districts. Two viable ways of achieving this flexibility were proposed:

1. The province provides each district with funds for local programming.
2. School districts have access to local tax revenues to pay for local programming.

In the panel's view, the choice between the two is based more on principles of governance than on education finance.

With respect to collective bargaining, the panel suggested the following:

Our own mandate did not include a review of collective bargaining. We have looked at all the issues in the context of today's bargaining structure. The Commission of Inquiry into the Public Service and the Public Sector (Korbin Commission) is conducting a review of public sector bargaining issues and will be reporting in the new year. Because bargaining and finance are so closely connected, we suggest that our recommendations should be considered in conjunction with those of the Korbin Commission.

This commission agrees that the issues of funding and governance are fundamental to the issues of administration and collective bargaining.

As reported earlier, over 90 per cent of the funding for the operation of BC's elementary and secondary school system comes out of the provincial government's Consolidated Revenue Fund. Education is the second only to health as an area of provincial expenditure. Yet the only elected officials on any public boards in the province are the trustees in the K-12 sector.

As noted, local school districts have not raised funds locally to fund education programs since 1987. Trustees are, therefore, accountable to the local electorate - but funding comes from an entirely different source - the provincial government. Trustees are not directly accountable to the funding source for the consequences of their expenditure decisions.

This situation places trustees in the unenviable position of being brokers between the funder and their electorate. This creates a very difficult role for them at the bargaining table where the majority of a school district's money is spent.

The provincial government's single year budget allocation system presents another challenge for trustees by making it difficult for school boards to engage in any long term planning. The boards and the unions are regularly (in the case of the teachers, almost continuously) engaged in negotiations. The parties generally have little time between bargaining to work together on issues of mutual interest. A multi-year funding process (for example two - three years) would provide a framework for more rational planning.

In keeping with the principle of 'predictability', the Funding Review Panel, said in their final report:

2. Multi-year Funding.

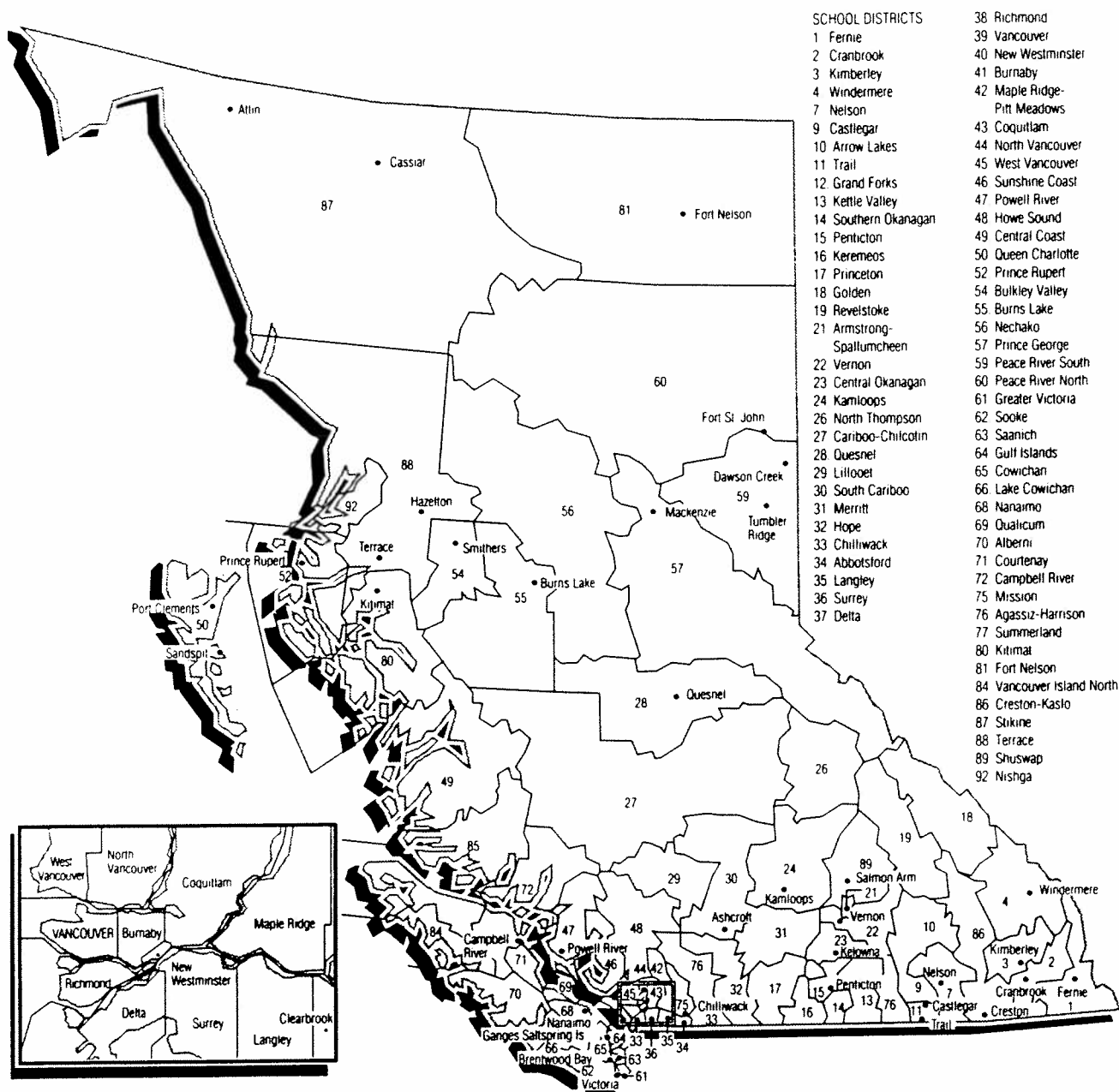
Multi-year provincial funding is an alternative way of achieving greater predictability for school boards. Multi-year funding could take a variety of forms, but the simplest would be for the province to give some indication of funding over a two or three-year period. It could indicate either a minimum level of funding or a range of funding. Such an approach would enhance predictability without locking the government into an indexed system.

Over time, multi-year funding may eliminate the need for frequent rounds of bargaining and contribute to improved relationships, particularly between teachers and boards.

The commission has concluded that it is necessary to examine the budget allocation process and the governance structure for public bodies operating the public school system and to review the role of trustees in relation to present funding arrangements.

Concurrent reviews of the governance structure, the roles and responsibilities of trustees, and of the geographic boundaries of school districts are fundamental to the questions of administrative management of school districts and of collective bargaining as outlined later in this report.

FIGURE 29 - SCHOOL DISTRICTS IN BC



Source: Royal Commission Report on Education

Number, Size and Boundaries of School Districts

Section 190 of the School Act establishes the process for the creation, or alteration, of school districts. The act does not specify the number of districts. This is a matter determined by government. Although school districts have been reviewed over the years, there have only been minor changes to the structure of 75 districts since the present boundaries were established following the recommendations of the 1945 Cameron Royal Commission on Education. Aside from the school district definition in the act, the act provides no criteria for the establishment, or continuation, of districts.

Although there is a wide variation in size of the 75 districts, each district must have its own administrative structure. For the most part districts are independent of each other in establishing and maintaining their own administrative structures, including those for human resource management.

Other Canadian provinces are reviewing this same issue as they examine the management of public education in their respective jurisdictions. In a recent article on education, Noel Herron, Principal of George T. Cunningham Elementary School in Vancouver, stated:

Last year, New Brunswick reduced its school districts to 18 from 42. Quebec has been doing away with regional boards and integrating its secondary and elementary school boards into single boards. Ontario's recently appointed royal commission will examine the size of school boards in that province, while Newfoundland is currently in the process of reducing its 27 boards to between five and nine.

Current school district boundaries for BC's 75 school districts are illustrated in Figure 29.

Current distribution of students by school districts is illustrated in Figure 30.

FIGURE 30 - DISTRIBUTION OF STUDENTS BY SCHOOL DISTRICTS ACROSS BC

NUMBER OF STUDENTS	NUMBER OF SCHOOL DISTRICTS
<1,000	9
1,000 - 2,499	21
2,500 - 4,999	13
5,000 - 9,999	17
10,000 - 19,000	10
>20,000	5
	75

Source: Commission of Inquiry into the Public Service and Public Sector, Survey of Human Resource Management in Public Education, December 1992 (as of December 31, 1992)

A submission from Duane R. Sutherland, Superintendent of School District No. 2 (Cranbrook), summarized the school district boundaries issue in a compelling way, as follows:

The current boundaries emanate from the Cameron Report of 1945-46. The current boundaries do not reflect the realities of 1993. For instance, the Cranbrook School District and the Kimberley School district have informally agreed to share the Wycliffe population. Wycliffe is a community within the jurisdiction of S.D. No. 2 (Cranbrook). However, both Cranbrook and Kimberley school districts run school buses through the Wycliffe community and both school districts enroll children from Wycliffe. Concurrently, the Jaffray community of S.D. No. 1 (Ferne) would prefer to have their children attend secondary school in Cranbrook. The Jaffray people shop, bank, have doctors, dentists and lawyers in Cranbrook. They do not have a strong relationship with Ferne. As a result, the majority of secondary aged students who reside in Jaffray attend school in Cranbrook. Obviously, the boundaries need to be examined and amended to reflect current practice. They also need to be examined and amended to achieve more effective utilization of resources.

There are 43 school districts with fewer than 5,000 students in BC and only 15 with more than 10,000 students. In many parts of the province small districts abut on medium or larger districts.

For example, Summerland and Penticton are neighbouring communities which are approximately 15 kilometres apart. Summerland has four schools and 1,804 students; Penticton has 15 schools and 5,745 students. The presence of boards and administrations in both districts may not be administratively efficient or necessary. In making this observation, the commission readily acknowledges that, in some cases, cultural or other imperatives may make separate small boards the best means of meeting a specific community's needs.

There is also a need to review the efficiency of very large boards and to examine ways for boards such as those in the lower mainland to coordinate their human resource affairs in a more efficient manner.

The commission has concluded that a fresh and comprehensive review of school districts should be conducted with the purposes of determining if school district boundaries can be realigned in a manner that contributes to improved efficiency and effectiveness in the management of the K-12 system and of meeting the province's education requirements in the decades ahead. The commission believes that a significant number of school districts can be amalgamated without compromising the quality of education.

Administration Matters

The commission heard repeated concerns about the growth of administrative bureaucracies in the system. Specifically, there is concern about the numbers of employees in administration; the number of layers of management; the compensation levels for all of these managers; and the role of administrators in the system.

Administrators submitted that there is a need to redefine their role and to reduce the paperwork which consumes a large portion of their time in order to free them up to work with groups within their communities and with other staff, particularly teachers.

In his submission, Duane Sutherland, Superintendent from School District #2 (Cranbrook) said the following about the roles of principals and superintendents:

I believe that school principals are the key to significant change if the current governance structure is amended. Many superintendents of schools and their assistants act as super principals rather than superintendents. I believe that greater effectiveness and economic efficiency can be achieved if we provide school principals with greater expectations and more power.

The current literature about educational reform emphasizes the need to devolve greater authority and responsibility to the school level. School-based management defines a strong leadership role for the principal. He or she becomes the manager, lead teacher, coordinator and liaison person with the local community.

The trend to school-based management has captured the imaginations of reformers in education throughout North America and should be reviewed by government as it redefines administrative roles and responsibilities in education in British Columbia.

Administrative structures currently vary substantially from one district to another. While some variation is necessary to meet local requirements, there are no guidelines for boards with respect to organizational design of the administrative structure, or the appropriate number of reporting levels in a school district.

Efficient administration that supports the delivery of good public education must be a significant focus for every administrative structure. There are cases where consolidation of some of the administrative functions along regional lines would make the system more efficient and effective. Several submissions the commission received, made specific proposals to restructure such routine functions as

accounting, purchasing and personnel administration (payroll) along regional lines. Submissions suggested utilizing modern technology to streamline these administrative functions.

In its submission to the commission, the BCSSA expressed a concern over the tenuous employment relationship between boards and superintendents. A study titled, 'Leadership in Uncertain Times' by Dr. Vernon Storey of the University of Victoria and conducted in 1987, showed that the average tenure of a superintendent at that time was 4.6 years. In its submission to the commission, the BCSSA noted:

Superintendents prior to 1980 were employees of the Ministry of Education. Average tenure was 14 years and median age at initial appointment was 54. As such, their compensation and benefits were determined by a central body (civil service).

Since the change to local appointment status, the median age of appointment fell to age 49 and the average tenure as of 1992 dropped to 4.5 years. Further, the myriad expectations placed on the role of superintendent have increased dramatically. Also, when a senior executive in Education loses his or her job for reasons other than cause, they have often been unable to secure employment elsewhere despite a personal history of exemplary teaching and school administrative experience.

The termination of a superintendent's employment often becomes a public issue in the education community. Terminated superintendents have difficulty finding alternative employment unless specific provisions have been negotiated in their employment contracts. The commission was told by the BCSSA that many would be willing to return to work in the education system at the principal level but there is no direct route back for them. As alternative employment opportunities are generally unavailable in the K-12 system for superintendents who lose their jobs, the BCSSA maintains that recruitment of superintendents is going to become increasingly difficult. Understandably, this situation has resulted in the use of individual employment contracts, which often contain expensive termination provisions.

The commission is recommending a comprehensive review of administration in public education.

Need for Coordinated Management Identified

Despite the proliferation of management associations, one of the most significant findings of the commission was that there is no single effective management organization assuming responsibility for managing the system in this sector. While the BCSTA functions as an umbrella organization for trustees, membership is voluntary (currently 65 of the 75 boards belong). Ten other boards belong to the newly formed Council of School Districts.

The BCSTA provides limited support to its member organizations in human resource management. This is in keeping with the current mandate set out by the members themselves.

In its survey of school districts, the commission asked the following question:

If there were to be a provincial human resource management agency in the education sector, what services could it provide to you?

The respondents submitted that a provincial organization could provide valuable support to the districts in areas such as:

- organizational design, (including the size and shape of school district administration)
- executive and management compensation
- benefit provision and administration
- training and career development
- strategic planning for collective bargaining
- collecting and circulating information
- labour relations advice and coordination for individual school boards.

As noted in the *Benefits Administration* chapter in this report, coordination of benefit administration alone, in this sector, could save the sector approximately two million dollars per year.

The commission will be recommending a single employer organization, to which all school districts must belong, whose purpose and responsibility will be to direct and coordinate human resource matters in the K-12 system.

Labour Relations and Collective Bargaining

The most contentious subject the commission reviewed in this sector is the structure of teacher collective bargaining. The issue is whether bargaining should continue to be conducted locally, or be conducted in a more centralized manner on a provincial or regional level.

The commission's specific terms of reference with respect to collective bargaining are as follows:

6. To recommend the most appropriate role, if any, for government to

(b) define collective bargaining structures

The commission's mandate did not extend to recommending changes to the structure of public sector bargaining, rather to government's role in structuring bargaining in the public sector.

Across the 75 school districts, the commission estimates that there are more than 150 sets of bargaining. Union representation in public education is outlined in Figure 31.

FIGURE 31
UNIONS CERTIFIED IN SCHOOL DISTRICTS

UNIONS CERTIFIED IN SCHOOL DISTRICTS	NUMBER OF LOCALS
BC Government Employees Union	1
BC Teachers Federation	75
Canadian Union of Public Employees	51
Cement Masons' Section of Operative Plasterers & Cement Masons International Assoc.	1
International Association of Heat & Frost Insulators	1
International Association of Machinists and Aerospace Workers, Vancouver	1
International Brotherhood of Electrical Workers	1
International Brotherhood of Painters & Allied Trades	1
International Union of Bricklayers	1
International Union of Operating Engineers	4
International Woodworkers of America, Canada	2
Non-Teaching Association	1
Sheet Metal Workers International Association	1
Teamsters	3
United Association of Journeymen of the Plumbing and Pipefitting Industry	1
United Brotherhood of Carpenters & Joiners of America	6
Vancouver Municipal & Regional Employees Union	1
West Vancouver Municipal Employees Association	1

Most districts have one support staff union in addition to the BCTF, but some districts have multiple unions - in one case 4 bargaining tables representing 12 unions. Some locals are certified in more than one district.

Source: Commission of Inquiry into the Public Service and Public Sector

SUPPORT STAFF BARGAINING - BRITISH COLUMBIA

No submissions were received by the commission advocating change in bargaining arrangements for support staff in education. The vast majority of support staff are represented by CUPE, who endorse the current arrangements. This may be the result of the fact that these parties have been bargaining long enough to have developed an effective and efficient bargaining process based on mutual respect.

TEACHER BARGAINING - OTHER JURISDICTIONS

The commission examined bargaining structures for teachers in jurisdictions across Canada and found that four provinces bargain on a district by district basis, two provinces have two-tiered bargaining structures and four provinces bargain provincially. The Yukon and the Northwest Territories have centralized bargaining. The structures are as varied as the country itself.

FIGURE 32 - EDUCATION BARGAINING ACROSS CANADA

	PROVINCE WIDE BARGAINING	PRINCIPALS IN BARGAINING UNIT	CONCILIATION AND MEDIATION	ARBITRATION	RIGHT TO STRIKE	DEFINED ESSENTIAL SERVICE	STRIKES/ LOCKOUTS 1981-1991	TEACHER DAYS LOST SINCE 1981-1991
British Columbia	No	No	either party	Voluntary	Yes	No	39	161,870 ³
Alberta	No	Yes	either party	Voluntary	Yes	No	15	124,940
Saskatchewan	Yes ¹	Yes	either party	Voluntary	Yes	No	1	9,750
Manitoba	No	Yes	either party	Compulsory	No	No	0	0
Ontario	No	Yes ²	either party	Voluntary	Yes	No	4	522,690
Quebec	Yes ¹	No	either party	Voluntary	Yes	No	11	965,819
New Brunswick	Yes	Yes	either party	Voluntary	Yes	No	2	8,090
Nova Scotia	Yes	Yes	Minister only	Compulsory	Yes	No	1	1,000
Prince Edward Island	Yes	Yes	Minister only	Compulsory	No	No	0	0
Newfoundland	Yes	Yes	either party	Voluntary	Yes	No	2	110,910

¹ Quebec and Saskatchewan have a dual system of provincial and local or regional bargaining.

² Principals are part of unit but cannot strike.

³ British Columbia Teachers have had the right to strike since 1987. This number represents days lost from 1988 - 1991

Source: Publication of Alberta Labour- Issues Management, Fall 1992

TEACHER BARGAINING - BRITISH COLUMBIA

When this commission was established, the BCSTA and the BCTF were engaged in a dialogue on bargaining issues. The commission was asked to delay its review of an appropriate role for government to define collective bargaining structures pending the outcome of their efforts.

In November, 1992 these parties tentatively agreed on the need for the following:

- joint BCSTA/BCTF information system
- improved contacts and communications between the political and staff officers of both organization
- joint task force to improve teacher-trustee relationships
- joint examination of ways of improving contract administration and implementation
- joint BCTF/BCSTA position to government to ensure the adequate financing through the fiscal framework of BCSTA operations related to collective bargaining
- joint review and evaluation of personnel issues such as EAPs and treatment of teachers falsely accused of offenses against children
- joint presentation to government for inclusion of BCTF and BCSTA in the fiscal framework review process
- joint presentation to government in support of increased fiscal autonomy for school boards

- joint conference to be held regularly for board and teacher negotiators to discuss and review current and emergent issues and generate ideas for possible solutions
- joint examination of issues on integration and special education.

It must be noted that the BCTF made the continuation of local bargaining, a condition of its willingness to conclude this tentative agreement. The parties were apart on the fundamental issue of the structure for teacher collective bargaining.

So as to advise government in the late spring of 1993 the commission initiated a call for briefs on that matter in late December 1992.

Collective bargaining with teachers was the key issue addressed in submissions to the commission. Six different options were raised in the various submissions. These are shown in Figure 33.

FIGURE 33 - COLLECTIVE BARGAINING OPTIONS FOR TEACHER BARGAINING IN BC

OPTIONS	FEATURES
1. PROVINCIAL BARGAINING	All matters bargained in one collective agreement for teachers across BC
2. THREE-TIER BARGAINING	<p>1st Tier Broad public sector policy issues would be addressed provincially in a forum that would include public input along with that of government, employers and unions;</p> <p>2nd Tier Economic issues, such as salaries, pensions and benefits, would also be addressed provincially; and</p> <p>3rd Tier Issues identified as local, would be addressed locally.</p>
3. TWO-TIER BARGAINING	<p>1st Tier A separate body be established (accredited) to act as the labour relations organization for school districts. This organization would do province-wide teacher bargaining on matters of salary, benefits, and most provincial impact matters. Basically most contract items which have dollar value or are significantly common to all districts would be bargained provincially. There would be one master agreement for the province.</p> <p>2nd Tier Issues that are of a local nature would be dealt with locally by a union-management committee at that level.</p> <p>Mechanisms have to be in place to recognize certain regional differences, i.e. some northern districts have certain incentives/allowances to assist in recruitment, or the salary scale may be higher and this would need to be preserved under a new system.</p>
4. ZONAL OR REGIONAL BARGAINING	A group of school districts bargain, one agreement that may include all present with their union counterparts. This may be done on an informal/voluntary basis or through a more formal accreditation process.
5. LOCAL (DISTRICT BY DISTRICT) BARGAINING	Each school district (75) bargains a collective agreement with its teacher association.
6. NO STRIKE/BINDING ARBITRATION	The parties bargain to an impasse and then agree to refer the matter to an expert for adjudication.

Source: Commission of Inquiry into the Public Service and Public Sector, Survey of Human Resource Management in Public Education, December 1992 (as of December 31, 1992) and summary of submissions to the commission.

With respect to the first five options for collective bargaining, the principal arguments and submissions vary widely. However, organizational responses to the commission's invitation to submit views on key human resource questions came out as shown in Figure 34.

The BC School Trustees Association

The BC School Trustees Association has grappled with the issue of bargaining structures and bargaining relationships at their past two annual general meetings. The following resolutions were passed at their 1991 annual general meeting.

Resolution 21.

that BCSTA adopt the following as policy:

BCSTA takes the position that the current system of local teacher bargaining is unsatisfactory.

Resolution 24.

that the BCSTA Board of Directors initiate a process towards achieving a better teacher bargaining system, and that the process involve a collaborative effort of consultation involving the Ministry of Education, BCTF and BCSTA.

Further, in 1992, the BCSTA passed this resolution:

FIGURE 34 - SUMMARY OF SUBMISSIONS

	MAJOR ASSOCIATIONS/ UNIONS IN EDUCATION	SCHOOL DISTRICTS	TEACHER ASSOCIATIONS (LOCALS)	OTHER
OPTION 1 Provincial Bargaining	2 (BCSDSTA) (Okanagan Labour Relations Association)	26	0	9 ²
OPTION 2 Three-tier Bargaining	1 (BCSTA)	2 ¹	0	0
OPTION 3 Two-Tier Bargaining	1 (Council of School Districts)	1	0	0
OPTION 4 Zonal or Regional Bargaining	0	0	0	0
OPTION 5 Local district by district bargaining	2 (BCTF and CUPE)	11	66	1
OPTION 6 No Strike/binding arbitration	1 (Teachers for Association)	0	0	3 ²

1. This was additional to the submission from the BCSTA which was endorsed by the member organizations.

2. These submissions were from parents.

Source: Submissions to the Commission of Inquiry into the Public Service and Public Sector

Resolution 17.
that BCSTA adopt the following
as policy:
BCSTA supports some form of
bargaining of collective agreements
with teachers on a province-wide
basis.

In 1992, after consulting broadly with their
membership, the BCSTA developed an interest-
based approach to bargaining with negotiations
to be conducted on three levels as described
below:

- 1st Tier *Broad public sector policy
issues would be addressed
provincially in a forum that
would include public input
along with that of
government, employers and
unions;*
- 2nd Tier *Economic issues, such as
salaries, pensions and
benefits, would also be
addressed provincially; and*
- 3rd Tier *Issues identified as local,
would be addressed locally.*

Council of BC School Districts

The Council of BC School Districts
representing 10 school boards suggested the
following collective bargaining model:

- 1st Tier *A separate body be
established (accredited) to
act as the labour relations
organization for school
districts. This organization
would do province-wide
teacher bargaining on
matters of salary, benefits,
and most provincial impact
matters. Basically most
contract items which have
dollar value or are
significantly common to all
districts would be bargained
provincially. There would
be one master agreement
for the province.*

- 2nd Tier *Issues that are of a local
nature would be dealt with
locally by a union-manage-
ment committee at that
level.*

Mechanisms have to be in place to
recognize certain regional differences, i.e.
some northern districts have certain
incentives/allowances to assist in recruitment,
or the salary scale may be higher and this would
need to be preserved under a new system.

The BC School Superintendent Association

The BC School Superintendent Association submitted a brief which said, in part...

Clearly the new relationships or rules affecting relationships have had undesirable, unacceptable results. Government has been accused of under-financing education; service to students and the public have been reduced; and many Boards have lost their ability to manage within the grants given by government. Yet the new rules have been in existence for only a few years.

It is our opinion that some form of provincial bargaining would be appropriate to address this matter. The current set of rules, however, cannot be altered without a review of the whole. To simply alter rules regarding senior management would be tinkering. We, therefore, urge the commission to take time to examine past and current rules of governance, relationships and bargaining systems.

*The BC School District
Secretary-Treasurers' Association*

The BC School District Secretary-Treasurer's Association urged the commission to recommend a collective bargaining structure with provisions for mandatory participation of school districts in provincial bargaining, and restrictions on the scope of bargaining while protecting the right to strike and lock-out.

*The BC Principals' and
Vice-Principals' Association*

The BC Principals' and Vice-Principals' Association described the current system of bargaining and reasons for the excessive costs of teacher bargaining as follows:

- 1. The process is adversarial, requiring both sides to be well armed for battle, rather than being well informed and prepared for participation in a problem solving exercise. Enormous financial and human resources are committed by the BCTF and their local, the BCSTA and school districts staff or contracted negotiators. In addition, an assorted and growing number of mediators, arbitrators and others are reaping a rich financial harvest at the expense of students.*
- 2. There are too many units involved in bargaining throughout the province. This leads not just to duplication, but to multiplication. There are many issues which should not be disputed 75 times. The issue of costs is further complicated by blurred jurisdictions between the Ministry and school districts. The provincial government raises funds for education and allocates them to districts. However, since budget decisions are an essential part of the political process and because the time lines of the budget process and the 75 sets of negotiations are not coordinated, there is a great deal of confusion about who pays which piper to play which tune.*

3. The range of issues being bargained is too broad. There are many items on the bargaining tables which are, in fact, policy issues. Such issues should be discussed and debated in another forum, following which the Ministry should establish provincial policies....At this stage we would state that, because these policy issues have been bargained rather than having been decided in some more reasoned fashion, they have proved to be among the most costly items to settle. One outstanding example is 'class size'.

In its submission to the commission, the BCTF concludes:

Given the importance of negotiations with the district's teachers on matters that are critical to good school programs and practices, the heart of the trustees' mandate would be taken away by centralization. It's not just bargaining. Proposals for centralization of this critical function really raise the question as to whether any meaningful role remains for trustees, or even for local boards as institutions.

The BC Teachers' Federation

The BCTF presented an extensive brief to the commission in favour of retaining district-by-district bargaining. It rejects two-tier and provincial bargaining or any other significant modification to the present system.

With respect to centralized power, the BCTF cites Robert Davies, a former UBC commerce and business administration expert.

Centralization is often seen as having negative consequences for the bargaining and representation process. These consequences include a reduction in the local flexibility and autonomy of both management and workers, and a restriction of the scope of worker participation. As a result, the workers may become alienated and frustrated, and hence less productive and more prone to both official and unofficial strike action.

Intra-organizational conflict is another probable result, making negotiations a more lengthy and more costly process.

Further, with respect to provincial bargaining, the BCTF submitted that.....

'provincial bargaining' as such is effectively an impossibility, unless what is suggested at that same time is the wholesale transformation of our school system into a centrally administered unitary system, without an attempt to meet local needs through local governance. That is a suggestion that so directly offends the democratic history, tradition and expectations of British Columbians - not to mention their good sense - that it does not warrant serious discussion. We suspect that proponents of 'provincial bargaining' have not begun even to think about the task of reflecting - or eradicating - in a single 'master contract' the thousands of conditions and practices and rights and expectations found in the different existing board-teacher agreements around the province. Nor have they established any rational policy basis for attempting to do so.

A further feature common to 'provincial bargaining' as well as 'two-tier' bargaining is the clear likelihood of expanded scale of conflict in the event of an impasse. Whereas local bargaining limits sanctions to the parties at hand, and allows locally fashioned solutions to difficult issues, provincial forms of bargaining do neither. Issues are inherently harder to resolve because they must be framed in a way that attempts to cover many, many parties who could have resolved the matter themselves.

In addition, the BCTF states this specifically about 'two-tier bargaining'

Bi-level (or multi-level) bargaining runs directly contrary to one of the first principles of effective collective bargaining: that there is a relationship between all the employment issues that have to be dealt with, and that success in achieving agreement depends on the quality of the whole package, not its disconnected parts.

With specific reference to maintaining local bargaining, the BCTF summarized its position in favour of maintaining local district-by-district bargaining as follows:

- 1. Collective bargaining for teachers - a right long withheld from them - must be upheld and continued on the basis of direct negotiations with their employers, the school boards in each district;*
- 2. The School Act should be amended to remove the remaining special limitations and restrictions on teachers' bargaining;*
- 3. The basic local structure of board-teacher negotiations, as well as basic local responsibility for other aspects of 'human resources management' is not only appropriate, but necessary to support the effective delivery of educational programs;*
- 4. There is no basis whatsoever for imposition of centralist structures inappropriately copied from other jurisdictions or other kinds of public service systems; such a course of action would be disruptive in the extreme;*

5. The public education system of the province, still suffering from a decade of under funding and disruptive assaults by the previous government, desperately needs respite from further ill-advised interventions and attendant disruption, in order to get on with vitally needed major change in education programs;

6. School board fiscal autonomy should be restored;

7. Improvements to the practices and relationships of local school board teacher bargaining can best be made by the parties themselves, both through exploration of issues in processes similar to the recent BCTF-BCSTA discussions, and by the continued efforts of teachers and trustees in every district to work through to sound and satisfactory solutions, face to face.

The BCTF submits that each teacher local makes its own decisions independently. In its brief to the commission, the BCTF further suggested that consultants, acting on behalf of a large number of school boards, have provided coordinated and effective bargaining on the employer's side.

The BCTF also points to the strict limitations imposed on collective bargaining prior to 1987. When collective bargaining was granted to school teachers in 1987, many issues came to the fore concerning working conditions and other terms of employment that had previously been precluded from bargaining. That, says the BCTF, is a significant contributing factor causing the labour disputes in various school districts since 1987.

Teachers for Association

The commission received one brief urging it to recommend to the government the removal of the right to strike from teachers and revert to

the compulsory arbitration procedure which existed under the previous collective bargaining regime. The Teachers for Association made the following submission, in part...

Without amendments to The School Act regarding dispute resolution mechanisms, provincial bargaining will not prevent disruption of education. We therefore urge amendments to The School Act to accomplish the following objectives:

- a. to remove the right to strike and lockout
- b. to authorize a suitable form of binding arbitration in the event of failure to conclude an agreement
- c. to ensure that provision of all educational services is maintained in the event of failure to conclude an agreement

The use of binding arbitration to resolve disputes offers several critical advantages to the education sector at a time when the educational competitiveness of our graduates is a matter of national concern. There would be no interruption of services to students, and no incentive to prolong negotiations with the accompanying escalation of conflict, mistrust, loss of productivity and morale. There would be enhanced taxpayer satisfaction for reliable educational services provided in a fiscally responsible manner.

The primary argument for reverting to the no-strike compulsory arbitration model was to stop the current disruptions in various school districts.

REGIONAL/ZONAL BARGAINING

Arguments were presented in support of regional or zonal collective bargaining structures on the basis of geographical or culturally linked school boards. Recently, six school boards on Vancouver Island, under the auspices of the Pacific Employer Relations Association (PERA), made a formal application for accreditation before the Labour Relations Board (LRB). After many months, the application was finally withdrawn. The reasons cited for PERA's withdrawal of the application, by the BCSTA, include the costly and lengthy administrative process established to hear the case.

In the past, the school boards in the Okanagan attempted bargaining on a regional or zonal basis with the teachers. The BCTF never supported this structure of bargaining. As a result the Okanagan Labour Relations Association advised the commission its zonal structure did not work, and the parties reverted to the previous local bargaining arrangements. However, regional bargaining with CUPE has been conducted successfully for many years in this region.

BALANCING THE POWER

The commission also received numerous submissions concerning the need to establish a method of balancing the power of the parties for collective bargaining purposes. Put another way, there is a perception of a power imbalance. It is believed by many that there are powerful local teachers' associations acting in concert with a more powerful central teachers' federation, whipsawing individual school boards into accepting teachers' bargaining demands because, on a district-by-district basis, they are not able to resist those demands. Consequently, it is perceived that school boards are forced to agree to teachers' settlements beyond the funding ability of a particular district.

The perception is also widely held that the impact of the relatively high teacher settlements negotiated by the powerful BCTF between 1988 and 1991 established the target (6% or 7%) or expectations for all public sector bargaining that followed as well as having a major impact on non-wage items in collective bargaining and wages for excluded staff.

Commission Findings on Teacher Collective Bargaining

LEGISLATIVE FRAMEWORK FOR EDUCATION BARGAINING

The no-strike/binding arbitration option received minimal support in submissions to the commission.

The commission concludes that the no-strike compulsory arbitration system of collective bargaining is not a viable alternative to collective bargaining for the following reasons. First, and most importantly, systematic compulsory arbitration removes the control for decision-making in collective bargaining matters from the parties and automatically hands it over to a neutral third party who, by definition, has no continuing responsibility or accountability for the result of the arbitral decision. Nor does the arbitrator have any responsibility for the impact that a decision will have in the governance of the day-to-day labour relations between the affected parties during the term of the imposed collective agreement. More importantly, the knowledge that automatic compulsory arbitration is available at the conclusion of negotiations often causes the parties to frame their negotiations for that event, and not bargain to a settlement.

The removal of the right to strike would be a serious intrusion into a collective bargaining relationship that was mandated in 1987. A fundamental tenet of collective bargaining is to allow the parties to bargain the terms and conditions to govern their ongoing relationship. This is best achieved if the parties are left to their own devices, by facing up to their responsibilities, which include a consideration of the impact a labour dispute will have on the public.

That is not to say the government should not provide checks and balances for the collective bargaining process when it adversely affects the public interest. The present state of labour law in this province does provide a

number of less intrusive, yet effective, mediation and facilitation options under the Labour Relations Code, all of which are designed to assist the parties in reaching their own collective agreements. Notwithstanding recent events, the evidence is that mediation and facilitation processes have assisted the parties in resolving a significant number of teacher-school district labour disputes since 1987.

It is useful to note that in a decision of the Labour Relations Board in response to an application brought by employers to have grade 12 designated an essential service, in the spring of 1993, Stan Lanyon, Chair of the Labour Relations Board said the following:

Finally, it is our view that essential services must be seen as consistent with collective bargaining and the right to strike. It must be remembered that the setting of essential services does not remove the right to strike. Indeed, without this concept of a 'controlled strike' and essential services, public support for collective bargaining quite correctly begins to erode and greater legislative and statutory intervention can be demanded by the public.

Subsequent to this Labour Board decision, a number of strikes in large school districts caused the provincial government to intervene in public sector disputes in Education (K-12). Bill 31, the Educational Programs Continuation Act, was introduced and passed in an emergency session of the legislature on June 6, 1993.

The Bill provides the Minister of Labour with a mechanism for implementing compulsory arbitration to settle collective agreements where the parties continue to be at an impasse, thereby minimizing the use of strikes and lockouts.

TEACHER COLLECTIVE BARGAINING STRUCTURES

The employers' and the teachers' respective positions on the appropriate collective bargaining options are at polar extremes and require further analysis.

The briefs supporting provincial (and regional) bargaining for school teachers were based on the notion that provincial bargaining would, in and of itself, resolve the perceived flaws in the current collective bargaining system.

The BCSTA and other proponents of provincial bargaining did not provide the commission with either a proposal on the process or an assessment of the costs or the results of merging 75 school district agreements into a provincial master agreement. That is likely because the current structure provides that 75 school boards each have 1/75th of the current collective bargaining system - but the government pays all the bills.

In order to understand the potential impact of provincial bargaining, the commission reviewed the cost of realigning salaries to a single salary scale. The findings indicate that the almost inevitable 'levelling up' to the highest common denominator would cost approximately \$26 million* in the first year and each successive year. Such 'levelling-up' has followed the introduction of broader based bargaining in other sectors and jurisdictions (province-wide health care bargaining, forest and pulp bargaining, and in the merging of national airline agreements). Experience reveals that if parties are in agreement on a bargaining structure and a phased approach to 'levelling up', costs can be absorbed over a longer time frame. No such agreement exists in the K-12 system today.

The commission also concluded that, while there were many standard features contained in the 75 teacher collective agreements throughout the province, there are also a number of significant differences.

For example, in school districts where it is difficult to recruit and retain teachers, local bargaining has given the parties the ability to negotiate provisions that will assist employers in retaining their teachers. Some of these provisions are special allowances, travel time, and increased emphasis on professional development.

In the urban area school districts, the emphasis in bargaining is quite different on certain issues from that found in rural school districts. For instance, class size provisions respecting the integration of special needs children into community schools and regular classrooms, English as a second language, and training for new immigrants, are high priority issues for urban teachers.

If bargaining were to be conducted on a provincial basis, the negotiation of the standardization of these items could be difficult and costly.

For example, if the teachers were to successfully negotiate a class size provision that reduces the number of students in every class by one, on a province-wide basis, the financial impact estimated would be approximately \$130 million per year. This estimate, developed by the BCSTA, was based on a quantification of number of educators and average compensation. It did not include costs for support staff, additional classrooms or equipment.

Based on the available information, the commission concluded that the exposure to taxpayers from 'levelling up' on compensation and other benefits is a fiscal matter of such vital importance that it should be reviewed by the government - the funder - and the school boards - the employers - together, prior to making any decision to restructure teacher bargaining.

Aside from the potential cost impact (either positively or negatively) of agreements on class size, the subject of whether class size should be a negotiable item is also a subject of some contention raised in submissions to the commission.

* It costs 1% of teacher salaries or 17.6 million to bring the grid up to a 90% level.

The following assumptions were included in the calculation of the total amount shown; \$26 million.

(1) proportional salary changes would result for administration and others in education.
(2) total compensation accounts for 89% of the total education budget.

The Report of the Royal Commission on Education noted the two different aspects of this issue in its final report:

There are two quite separate aspects to the matter of class size. The first is the research issue and involves questions about the degree to which teachers' faith in the positive benefits of smaller class sizes can be empirically demonstrated. The second is the policy issue and involves the extent to which the considerable costs of additional teachers and classrooms associated with class size reductions are justified by the effects. After four decades of investigation, research findings on the effects of class size on student achievement are largely contradictory and inconclusive.

On one hand, it is a public policy issue regarding educational values, and on the other hand it is a workload issue dealt with in collective bargaining.

The BCSTA conducted a survey of selected Canadian provinces on this issue and the results are in Figure 35.

In its interim report, the commission calculated that if the cost of the methods adopted to date of bargaining on a district-by-district basis were converted to province-wide bargaining for teachers, it would result in savings of several millions of dollars per year. However, this savings might be insignificant when compared to potential costs associated with the 'levelling up' of salaries, benefits and working conditions in an adversarial climate.

There has been no detailed analysis presented to the commission by those proposing provincial bargaining as to its impact on labour relations and day-to-day relationships.

FIGURE 35
CLASS SIZE AS A NEGOTIABLE ITEM

Alberta	Yes	Out of 120 agreements, 4 have a class size clause. Class size is normally included as part of school board policy.
Saskatchewan	No	Not included in the required list of bargainable items. In order for class size or other non-included items to be brought to the table, there must be mutual consent of the parties. To date, this has not occurred with regard to class size.
Manitoba	Yes	The Public Schools Act deals with teacher working conditions as broad general power delegated to school boards. Teacher associations have brought class size proposals to the table, but to date there has been no class size provision negotiated in any collective agreement.
Ontario	Yes	
Quebec	Yes	Provincial bargaining.
New Brunswick	Yes	Provincial bargaining.
Nova Scotia	Yes	Two-tier bargaining. Class size bargainable at local level. There are 22 local collective agreements negotiated but not all have class size provisions.
PEI	No	Provincial bargaining. Class size is regulated through legislation. Boards receive funding for a set number of teachers based on their student count and boards then allocate funds as they deem necessary.
Newfoundland	Yes	Two provincial bargaining tables - Labrador and Newfoundland. Class size is always one of the negotiated issues.

Source: BCSTA Survey, June 1993

What the commission did receive, in response to its questionnaire to the school boards, were statements about the current system's strengths and weaknesses, which it summarized, as follows:

Strengths:

The major strength of the present collective bargaining arrangement is that both parties are responsible for living within the contract they negotiate. There is more incentive for both parties to take long term relationships and the feelings of the community into account. There is also the opportunity of both parties to work together on problems during the course of the contract without worrying about stepping outside the bounds of their authority. The parties that are working on the problem are also the parties that will be negotiating when the contract comes up for renewal.

Weakness:

The major weakness in the present system is the significant weighting of the balance of power in favour of unions. The vast majority of union members who get involved on a bargaining committee have a major interest in this area. Agencies like the BCTF are able to use that focus to generate a set of provincial goals. Trustees, on the other hand, do not run for office with the idea of bargaining being their major focus. The majority of trustees are elected due to areas of interest in the education of students. Normally, their position in terms of bargaining is not a factor in an election. Therefore, you end up with 75 different opinions as to the best way of dealing with negotiations.

The BCTF, in its brief, presented an extensive explanation of the benefits of the current district-by-district system, as noted earlier on in this project report. The BCTF brief did not consider that any other bargaining structure had a cost benefit value worth pursuing.

An analysis of the competing views on teacher collective bargaining would not be complete without noting a quote from the BC Court of Appeal decision on 'Cornelius Wynja', May 8, 1993 dealing with conflict of interest of school trustees who are also teachers.

I do not propose to review all of the evidence, which was put before the trial judge in affidavit form, and which established the very close working relationship between the BCTF and its various locals....I am satisfied that the specific terms of that relationship, as formally recognized in the Constitution and By-Laws of the BCTF, are a manifestation of the fact that all teachers share a common interest establishing consistent working conditions and terms of employment...

It is important to note that the BCTF was not a party at the trial or the appeal on the petition by Mr. Wynja and, thus, had no opportunity to make submissions on what its own constitution meant.

Teacher Collective Bargaining - Changing the Relationship - A First Step

A starting point in addressing structural reform to teacher collective bargaining is the establishment of a single employer organization that is responsible for coordination and direction of human resource management for all school districts on a system wide basis.

The employers' association recommended by this commission will have a legislative mandate to coordinate and direct all aspects of human resource management including setting the objectives for collective bargaining within the K-12 sector. The recommendation will require that government representatives from the Ministries of Education and Finance be on the Board of Directors of the employers' association.

The all-district employer association will establish its own constitution and bylaws subject to approval by the Minister of Finance, as set out in the proposed Public Sector Employers' Act. It will have responsibility for all human resource matters in the public education system including, setting guidelines for compensation of excluded personnel, benefit administration and the development of human resource policies and practices. It will also provide a forum for the employers in the K-12 system to coordinate and strategize together on collective bargaining matters.

The commission is recommending that the government review both the current funding arrangements in K-12 and the governance of the system including the roles and responsibilities of school trustees as well as senior administrative personnel.

The commission is also recommending an immediate review of the school district boundaries. This review could have significant impact on human resource activities and employment conditions in this sector, including collective bargaining and other transitional matters such as certification successorship and seniority issues.

As a result, any review of collective bargaining structures by the school districts and government should occur concurrently with the district boundary and governance reviews.

The new employers' association will logically be able to develop both the appropriate cost benefit analysis and an assessment of the potential overall labour relations impact of different bargaining options.

Following this analysis, should the school boards maintain that a changed bargaining structure is necessary, the proposed Public Sector Employers' Act (PSEA), (described earlier in this report) provides the mechanisms for these changes. It confirms the mechanisms for the employers to apply for accreditation under section 43 of the Labour Relations Code. It provides that the Minister of Labour, under certain circumstances, may initiate a change to the current collective bargaining structure, should it be deemed necessary.

The commission believes that this staged response is the best path. The commission is cognizant of the fact that changes to bargaining for school boards and teachers were imposed on the parties in 1987, through legislation, with little consultation with the participants who would have to make the process work.

For those who seek an easy solution to collective bargaining in K-12, the commission offers the reminder that the present system of teacher bargaining was introduced without real input from the educational community. A restructuring process born out of the frustration with the current model that does not offer all parties an opportunity for meaningful input is not a guarantee for success.

In summary, through the provisions of the proposed Public Sector Employers' Act, the commission is recommending to government that the mandatory employers' association examine the current bargaining structure by and between the management parties (government and school boards). In keeping with the purposes of the proposed PSEC, they should consult with the BCTF on any decisions to change the structure in an effort to improve the current bargaining climate. The proposed act confirms the employers' option to change their bargaining structure to either a zonal or provincial model through accreditation under Section 43 of the Labour Relations Code.

Should the parties in education fail to make their own system work and the government be of the view that the structure adversely affects the public interest the provisions to initiate changed arrangements are available to government through the proposed Public Sector Employers Act and the Labour Relations Code.

Improving Relationships - The BCSTA & BCTF

The history of board-teacher bargaining, with the right to strike, dates back to 1987.

Cornell University Professors Dr. Samuel Bacharach and Dr. Joseph Shedd in their 1991 book entitled *'Tangled Hierarchies - Teachers as Professionals and the Management of Schools'*, present a useful perspective on this issue. The strains that we are experiencing in BC are very similar to the difficulties experienced elsewhere (in North America at least).

The authors make the important point that the bargaining relationship between teachers and boards is young and has not had the time to mature. In making this point they compare the experience with unionization in public education to the early days of unionization in industry. Those early days were often characterized by strife, bitterness and strikes/lockouts. But as those relationships matured and as parties became more experienced with their new relationship, the strife diminished.

A special study of board/teacher relationships called, *'Changing Relationships in Educational Bargaining'* by Jeffrey Gandz and Carol Beatty was undertaken in 1986 in Ontario. In his introduction Dr. B. Downie, former chair of the Education Relations Commission in Ontario, said:

The subject of teacher-school board relationships is of considerable importance to the Education Relations Commission and to the parties at the bargaining table in Ontario education. I have witnessed, as a third party for the Commission and as its Chairman, the primacy of relationships. On numerous occasions, we have seen at the Commission that the attitudes of the parties, more than any other single factor (including political and economic variables), determine the success and efficacy of the parties' negotiations.

Submissions to the commission made the same points about this province and suggested that with time and experience, the relationships will improve.

Prince George teachers and the Prince George school board made respective and joint submissions regarding the success of their relationship and its impact on an early settlement in collective bargaining in the recent round; notwithstanding, there was a prolonged legal strike during their first round of bargaining under the new act in 1988.

Ron Christensen, Board Chairperson, School District #3, Kimberley, said in his submission:

The path to the future depends on our ability and willingness to work together to champion the cause of success for students.

The new employers' association recommended by this commission will be in a strategic position to foster balanced, responsible and improved labour relations in all school districts and should make this a first priority.

Responsibilities of the Government

Establishment of standards for teachers, curriculum, for the quality of education, for student safety, access to public education, and for other significant issues are set out in the School Act.

Under the School Act, the Minister of Education carries responsibility for:

- the maintenance and management of all provincial schools
- governing the provision of educational programs
- determining requirements for graduation
- determining the nature of programs and program guides
- requiring boards to participate in process of measuring programs against other standards.

Students' rights set out in the act include a right of access to enroll in an educational program in his/her school district as well as to instruction in English.

Parents have the right to receive reports about their child's progress, to participate in advisory committees and to meet with school officials.

In the development of these kinds of standards the government should consult with the employers, teachers, and support staff to ensure that all parties take appropriate responsibility for the results. The implementation of many of these standards has become inextricably linked to various provisions now found in collective agreements.

The commission's proposed model of an employers' association that includes government on the board creates a two-way interchange between government and school districts. Responsibility for appropriate standards and a framework for achieving them can be developed on the management side in preparation for collective bargaining.

COMMENT

The commission is urging government as well as all other parties in education to move quickly to create an improved and more effective and coherent framework for managing the human resource aspects of the K-12 system so as to minimize the kinds of disruptions experienced by students in 1993 as well as in previous bargaining rounds.

The challenge is profound. All those who have responsibility for the delivery of education under the School Act - which includes trustees, teachers and administrators, among others - must review the impact that labour disputes have had on the public at large and explore alternatives to the current practices, relationships and structures, without delay, in the context of providing quality education for students.

The public interest would be well served if government, management and the teachers participated in developing and took responsibility for improvements to their bargaining system. Given the current positions of the trustees and the BCTF on collective bargaining issues, it may require the leadership of government to inspire the parties to achieve appropriate solutions.

Therefore, the commission recommends that:

- F.1** *The government implement the section of the proposed Public Sector Employers' Act creating an employers' association for the education (K-12) sector; and that all school boards belong to the sectoral employers' association created by the proposed Public Sector Employers' Act for all of the purposes established in the proposed act.*

F.2 The government create immediately a working committee to develop the terms of reference of the new employers' association in education (K-12) in accordance with the proposed Public Sector Employers' Act and the recommendations in this report.

The working committee should consist of four representatives of the BC School Trustees' Association, two representatives from the Council of School Districts, one from each of the BC School Superintendents Association, the BC School District Secretary-Treasurers' Association and the BC Principals and Vice-Principals' Association, three from the public at large, one of whom will serve as chair, and three from the government.

This working committee should report its findings to the Minister of Education by September 30, 1993.

F.3 The board of the employers' association for education (K-12) consist of representatives of the school districts and representatives of the Ministry of Education and Ministry Responsible for Multiculturalism and Human Rights and the Ministry of Finance and Corporate Relations/Treasury Board Secretariat.

F.4 The education (K-12) sectoral employers' association have the following particular responsibilities.

- a. to foster balanced, responsible and improved labour relations with representatives of employees
- b. strategic planning of collective bargaining objectives, and human resource planning for the K-12 sector within the context of overall government human resource planning
- c. labour relations support and advice on such matters as grievance and arbitration for school districts including, where desired by the district, negotiation services on a fee for service basis
- d. advice to government on emerging issues in human resources within the sector, including the following public policy issues:
 - i. individual rights of students
 - ii. safety of students
 - iii. school board standards of conduct.
- e. establishment of guidelines for executive and management compensation
- f. the development of guidelines for organizational design of school boards
- g. a review of the employment relationship between superintendents and school boards

- h. a review of the opportunities for technology to streamline administration functions across districts
- i. management training and career development
- j. to develop employment and pay equity initiatives
- k. job analysis and classification for excluded personnel
- l. where defined by the by-laws certain services will be available on a fee-for-service basis
- m. consulting services on WCB
- n. planning and research
- o. benefit administration
- p. collecting and circulating information among employers on pertinent matters
- q. liaison with CIB
- r. any other matter deemed appropriate by the sector.

F.5 A senior representative of the education (K-12) employers' association represent the sector on the Public Sector Employers' Council.

F.6 The Ministry of Education and the Ministry of Finance review the current funding arrangements for school districts with a view to changing funding from a one year to a multi-year cycle and that the Ministry of Education review the

roles and responsibilities of trustees in relation to the funding arrangements.

F.7 The Minister of Education appoint a person(s) forthwith to review the following:

- the boundaries, scope and number of school districts

The purpose of this review is:

- a. to determine the number of school boards needed to provide education in BC; and,
- b. to achieve fiscal and managerial efficiencies;
- c. to identify which, if any, boards can be amalgamated immediately and prior to the fall 1993 school board elections

and report to the Ministers of Education and Finance within 60 days of her or his appointment(s).

F.8 The government conduct a comprehensive review of governance and administration of the public education system. The purpose will be to define the appropriate roles and responsibilities of trustees, superintendents, secretary-treasurers, other administrators, principals and vice-principals for future governance and management of public education.

COLLEGES AND INSTITUTES

Project Overview

The commission examined the degree of coordination of human resource management among the organizations in college and institute sector, between the college and institute sector and government, and between the sector and the rest of the broad public sector. The commission also noted the nature of employer and union relationships within the sector. Through its review, the commission sought to measure the effectiveness of human resource management policies within the

college and institute system and the degree of accountability individual institutions bear for their human resource management choices.

Description of the College and Institute System

The college and institute system encompasses 20 institutions, employing approximately 12,000 individuals and teaching approximately 180,000 students across British Columbia. Of the 12,000 employees of the system, 62 per cent are faculty, 36 per cent are support staff and two per cent are administrators.

There is a relatively wide diversity of function and form among the institutions. They include university colleges, comprehensive community colleges, technical/vocational institutes and an art college. The list of all 20 institutions is in Figure 36.

FIGURE 36 - COLLEGES AND INSTITUTES - PROFILE
AS AT MAY 1, 1993

ORGANIZATION	BUDGET \$Millions	EMPLOYEES FTE	LOCATION	TYPE
BC Institute of Technology	98.6	1,161	Burnaby	Provincial Institute
Camosun College	35	682	Victoria	Community College
Capilano College	32	600	North Vancouver	Community College
College of New Caledonia	24.4	357	Prince George	Community College
Douglas College	36.6	569	New Westminster	Community College
East Kootenay Community College	11.7	185	Cranbrook	Community College
Emily Carr College of Art & Design	8.5	140	Vancouver	Provincial College - Art
Justice Institute of British Columbia	12.6	130	Vancouver & Regions	Provincial Institute
Kwantlen College	33.1	558	Surrey	Community College
Malaspina College	44.9	550	Nanaimo	University College
North Island College	13	217	Courtenay	Community College
Northern Lights College	14.4	188	Dawson Creek	Community College
Northwest Community College	12.6	164	Terrace	Community College
Okanagan College	55.7	650	Kelowna	University College
Open Learning Agency	28.3	360	Burnaby	Provincial Agency - Corresp.
Pacific Marine Training Institute	3.7	47	North Vancouver	Provincial Institute
Selkirk College	17.5	300	Castlegar	Community College
University College of the Cariboo	39	676	Kamloops	University College
University College of the Fraser Valley	21.7	350	Abbotsford	University College
Vancouver Community College	77.2	1,170	Vancouver	Community College
TOTALS	620.5	9,054		

Source: Commission of Inquiry into the Public Service and Public Sector - Survey

All colleges and institutes are created by statute. For most, the establishing statute is the College and Institute Act. The British Columbia Institute of Technology (BCIT) and the Open Learning Agency were created under their own separate acts.

The college and institute system is a relatively recent development in British Columbia. Prior to 1973, the non-university advanced education system in BC consisted of government operated vocational schools and several community colleges. Employees of the vocational schools were public service employees. In 1974 several new community colleges were established with a mandate to expand opportunities between grade 12 graduation and the opportunities provided by the existing university and vocational system.

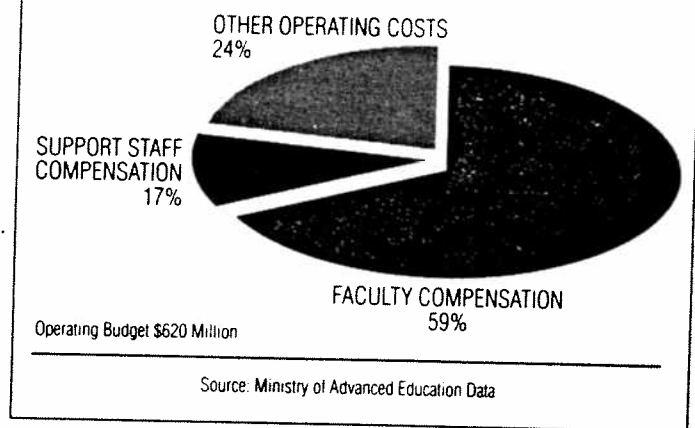
The total 1992-93 operating budget of the college and institute system was \$620 million. Of that amount, the commission's best estimate is that 76% per cent was spent on direct and indirect labour costs. This represents almost five per cent of total government human resource expenditure.

There are three principal sources of operating funds for the college and institute system. The largest source is direct grants from the provincial government. These grants account for 85 per cent of total operating funds in the system. The grants are based on a formula which, at least in theory, allows the government to determine the program profile or offerings of the individual institutions. Under this formula, the government commits a fixed number of dollars to each institution to provide for delivery of programs for a specified number of full-time equivalent students. Student tuition is the second significant source of funding. The third is other revenue, including special provincial and federal contracts.

Most employees of the college and institute system are unionized. In all, there are 42 bargaining units represented by eight different unions.

Although the unions have historically functioned independently within the college system, there have been recent moves towards coordination. These efforts include the development of a Coordinated Bargaining

FIGURE 37 - COLLEGE AND INSTITUTE EXPENDITURES 92-93



Council by some locals of the College and Institute Educators' Association of BC (CIEA) and the formation of the Council of Unions in the Colleges and Institutes (CUCI). CUCI's membership is comprised of CIEA, the British Columbia Government Employees' Union (BCGEU), the Canadian Union of Public Employees (CUPE), the Office and Technical Employees Union (OTEU), the Pulp Paper and Woodworkers of Canada (PPWC), the Vancouver Municipal and Regional Employees' Union (VMREU), the Marine Training Faculty Association (MTFA), and the BCIT Staff Society.

There has been minimal coordination of human resource management by employers throughout the college and institute sector. However, over the last 18 months, in reaction to union initiatives, employers have begun to work together to review their policies on human resource matters.

The provincial government's role in human resource management in the college and institute sector is less intrusive than one might expect given its role in directly appointing the governing boards of the institutions and its control over funding and program profiles. Its primary concern is that institutions educate the specified number of students and meet the balanced budget requirement of the Colleges and Institutes Act.

FIGURE 38 - COLLEGE DATA SHOWING THE INSTITUTION AND THE UNION BARGAINING UNIT
AS AT MAY 4, 1993

ORGANIZATION	FACULTY ASSOCIATION	STAFF UNION
BC Institute of Technology	BCIT Staff Society (Acad.); BCGEU #703	BCGEU #703
Camosun College	Camosun College Faculty Association; BCGEU #701	CUPE #2081
Capilano College	Capilano College Faculty Association	OTEU #378
College of New Caledonia	College of New Caledonia Faculty Association	PPWC #29
Douglas College	Douglas College Faculty Association	BCGEU #703
East Kootenay Community College	East Kootenay Community College Faculty Association	CUPE #2773
Emily Carr College of Art and Design	Emily Carr College of Art and Design Faculty Association	Vancouver Municipal and Regional Employees
Justice Institute of BC		
Kwantlen College	Kwantlen College Faculty Association	BCGEU #703
Malaspina College	Malaspina College Faculty Association; BCGEU #57 (Voc.)	CUPE #1858
North Island College	North Island College Faculty Association	CUPE #3479
Northern Lights College	BCGEU #710	BCGEU #710
Northwest Community College	CUPE #2409 (Acad.); BCGEU #712	BCGEU #712
Okanagan College	Okanagan College Faculty Association; BCGEU #707	BCGEU #707
Open Learning Agency	Open Learning Agency Tutors' Association	BCGEU #703
Pacific Marine Training Institute	Marine Training Faculty Association	Marine Training Clerical Association
Selkirk College	Selkirk College Faculty Association; BCGEU #709	PPWC #26
University College of the Cariboo	Cariboo College Faculty Association	CUPE #900
University College of the Fraser Valley	Fraser Valley College Faculty and Staff Association	Fraser Valley College Faculty & Staff Association
Vancouver Community College	Langara Faculty Association; VCC Faculty Association	Vancouver Municipal and Regional Employees

Source: Commission of Inquiry into the Public Service and Public Sector - Survey

Collective bargaining occurs on an institution-by-institution and certification-by-certification basis. Figure 38 identifies the particular faculty and support certifications at each facility. Boards require their negotiators and administrations to carry forward mandates as established by the boards. Some organizations use in-house expertise to conduct collective bargaining negotiations, while others engage outside consultants to represent management in the process. Still others divert management employees from other functions to conduct collective bargaining. There is considerable duplication and overlap within the system which creates an unnecessary drain on human resources and adds to the administrative cost of human resource management. For example, the same general issue may be the subject of a grievance and arbitration at more than one institution as parties grapple with the best way to deal with a problem that is, in fact, common to all institutions. All other human resource matters are likewise conducted on an individual institutional basis with little, if any, coordination on the management side.

Commission Process

The commission's review of the college and institute system was conducted through a variety of meetings with the many participants in the system. This included representatives of the Ministry of Advanced Education, Training and Technology, representatives of the various unions in the system, and members of college administrations and boards. In addition, the commission received a significant number of letters and submissions discussing human resource management in the college and institute system.

Consultations of the greatest significance were those with a Task Force on Labour Relations from the Advanced Education Council of BC (AECBC) and with CUCI. AECBC is a voluntary organization struck by the 20 colleges and institutes.

On February 28 and March 1, the commission convened a conference of the leadership of all participants in human resource management in the sector. Its goal was to identify the strengths and weaknesses of human resource management

in the current system and to attempt to reach a consensus on what changes should occur to create a more effective management system in the sector. One hundred and fifty people attended. Participants reviewed the following five options:

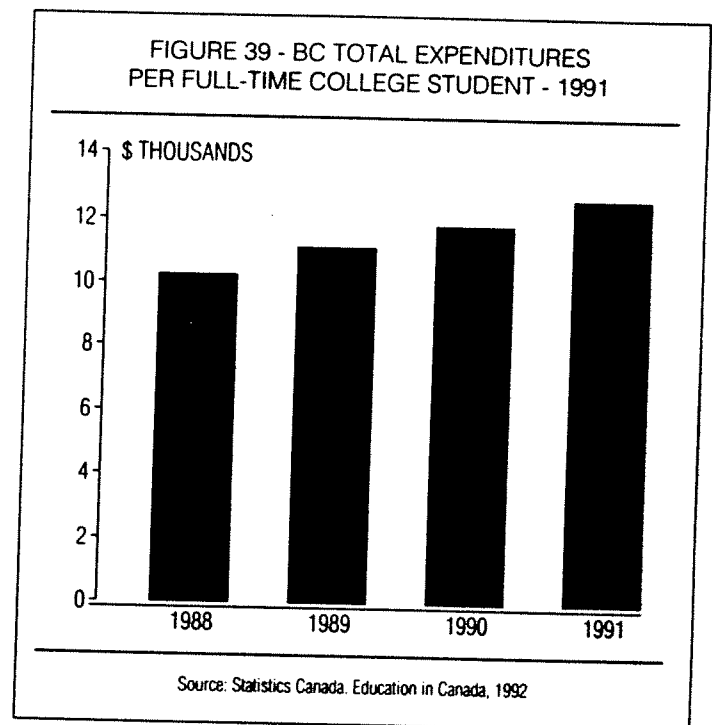
1. Status quo: each institution would conduct its own bargaining with only voluntary coordination and no direct government involvement.
2. Employer coordinating agency: institutions would be required to belong to an employer coordinating agency that had some central authority, but bargaining would remain on a local level with a degree of direct government involvement.
3. Two-tier bargaining: major monetary, productivity and workload issues would be negotiated on a provincewide basis, while local issues would be negotiated at each institution. Some degree of direct government involvement with human resource policy issues would be dealt with through the central bargaining group.
4. Accredited employer bargaining agent: the institutions would form an accredited bargaining agency, under Section 43 of the Labour Relations Code, with potential consequential impact on bargaining; other human resource issues would remain with individual colleges.
5. Provincewide bargaining and human resource management: human resource policies and collective bargaining would be dealt with on a central basis.

There was no consensus. Some individuals from institutions and from unions supported the status quo. No one supported complete centralization. At the conclusion of the conference, there was an agreement among management to move to a much more coordinated model.

The review assisted the commission in its findings.

Commission Findings

Like many other sectors, the college and institute system is facing pressure to provide more services under severe economic restraint. Colleges and institutes are expected to keep abreast of compensation changes in the K-12 sector and increasing demands for education and training. However, funding from government cannot keep pace with the demands of a growing and diverse student population. The growth of expenditure per full time student for the period 1988 to 1991 is described in Figure 39.



The conflict between increasing demands on the system and a stagnant economy has led to problems of access to higher education for qualified students. In September 1992, the Ministry of Advanced Education, Training and Technology estimated that approximately 7,000 eligible students were not admitted to BC's college and institute system because the system did not have the funds or the structures to accommodate them.

Any approach to solving these serious problems will require significant cooperation between the government, unions and college management on issues of productivity, workload, class size, teaching methodology and instructional support. The commission found that the lack of coordination and communication under the current system inhibits sectoral discussions on these kinds of issues and, therefore, any comprehensive solutions are difficult to achieve.

Viewed from the perspective of the management of each separate institution, the college and institute system has been relatively successful. Managers in the system believe that they have performed well in the face of considerable financial pressure and increasing demand for services. To the degree to which that assessment is accurate, managers say it is partly the result of the independence of each institution.

On one hand, the level of independence in the sector has allowed the development of a unique program profile for each institution that reflects the community in which each college and institute functions. Independence has given each institution the ability to define its community's emerging needs and opportunities and to respond to them quickly.

On the other hand, there are shortcomings and problems with the existing system. Human resource management in the college and institute system occurs independently at each institution. There is much duplication and overlap and little, if any, integration of information or planning on a systemwide basis.

The most acute example of this lack of coordination occurs in collective bargaining where there is little opportunity for management at other institutions, or government, to influence the decisions of any one college. Consequently, individual institutions make their bargaining decisions without significant consideration of the potential impact they may have on the rest of the sector. Yet, unions in the colleges and institutes have increasingly brought a coordinated focus to bargaining that allows them to obtain gains made by other locals or other unions at different institutions.

The uncoordinated management approach to bargaining throughout the sector is echoed in other human resource matters. Issues such as executive and management compensation, pay and employment equity, personal and sexual harassment policies, and training and career development are treated inconsistently and on an ad hoc basis among colleges and institutes.

For example, while colleges and institutes are part of a provincial system, there are no labour adjustment policies. Job security, such as it is, exists only at the level of the individual institution. This makes employees hesitant to cooperate when government or colleges decide to change the allocation of program offerings between institutions. If a program closes at one institution and opens at another, in theory at least, new staff will be hired and the old staff will be displaced. In practice, where this has occurred, it has been necessary to negotiate the movement of staff on an ad hoc basis.

The commission is convinced that general coordination of human resource matters throughout the sector would greatly improve the efficiency and effectiveness of the current system. As pointed out in the *Benefit Administration* chapter of this report, coordination of the administration of benefits alone would create significant cost savings in this sector of more than \$400,000.

The commission also noted an inherent flaw in the current bargaining system. Although the vast majority of funding for colleges and institutes comes from the provincial government, there is no effective structural mechanism to allow government to influence bargaining outcomes that may affect both its longer term funding obligations and student access to post-secondary programs.

It should be noted that government, institutions and unions have engaged in extensive tripartite discussions relating to issues that indirectly have human resource implications. Most notable of these initiatives is the Human Resource Development Project, an examination of demands faced by the province in meeting the needs for ongoing training in the move from a resource-based economy to a service-based economy. In so doing, the parties have demonstrated a willingness to work together which could, no doubt, be expanded.

Currently, colleges and institutes have little, if any, coordination with the rest of the broad public sector and, in particular, with the K-12 system and universities. Collective bargaining in the K-12 system has had a significant impact on college and institute bargaining. In recent years, compensation levels established in the K-12 system have defined targets for faculty unions in the college system. With the development of university colleges, comparison to the compensation of university faculty is inevitable, yet there is currently virtually no coordination or even communication between employers in the overall education sector.

There is some feeling in the college and institute system and in the Ministry of Advanced Education that if conditions for its creation existed, a two-tier bargaining system would be an optimal model. Under a two-tier model, important financial, productivity, workload and other access issues would be dealt with in a provincewide master agreement, while local bargaining would address local issues. However, there is also general recognition that such a step would be difficult to achieve given the fragmentation of management today. There is an absence of comprehensive data on the

potential cost impact of moving to either a two-tiered or a provincial system.

In fact, the lack of data for all human resource matters within the sector has been identified by the government, management and unions as one of the major impediments to any coordinated approach to human resource matters. Data that exists currently is provided on a voluntary and intermittent basis, primarily through the work of a few individuals.

Questions persist as to the accuracy of this data. In relation to collective bargaining, accurate information is frequently not available in a timely manner. Therefore, the commission has determined that colleges and unions, in conjunction with the new Compensation Information Bureau (CIB), should develop a comprehensive data base to provide the data required for informed and accountable decision making regarding human resource matters.

For the college and institute system to achieve efficiency, effectiveness and accountability in human resource matters the commission has determined that the following changes are required:

- much greater coordination and use of common resources on all human resource matters, including collective bargaining, among the 20 colleges and institutes
- a structure to provide appropriate direction and influence from government to this sector
- greater communication between the sector and the rest of the public sector.

The commission has begun work with the Task Force on Labour Relations from AECBC and the government on development of a new employers' association as described in the recommendations below.

Therefore, the commission recommends that:

F.9 The government implement the section of the proposed Public Sector Employer's Act creating an employers' association for the college and institute sector; and that all colleges and institutes belong to the sectoral employers' association created by the proposed Public Sector Employers' Act for all of the purposes established under the proposed act.

F.10 The board of the employers' association for colleges and institutes consist of representatives of the colleges and institutes and representatives from the Ministry of Advanced Education, Training and Technology and the Ministry of Finance and Corporate Relations/Treasury Board Secretariat.

F.11 A senior representative of the employers' association for colleges and institutes represent the sector on the Public Sector Employers' Council.

F.12 The sectoral organization establish a central database in cooperation with the unions in the sector to provide reliable comparative data on human resource issues in the college and institute sector and this database conform to the standards required by the Compensation Information Bureau and be available to the Compensation Information Bureau.

UNIVERSITIES

Project Outline

The commission conducted a review of human resource management in the university sector with particular emphasis on the degree of coordination among universities, and between this sector and the rest of the broad public sector.

Description of the University Sector

There are four universities in British Columbia: three that have extensive histories

and one that is currently being created.

Approximately 20,000 individuals work at the four universities: 12,469 at the University of British Columbia (UBC), 2,798 at Simon Fraser University (SFU), 3,507 at the University of Victoria (UVIC) and 81 at the University of Northern British Columbia (UNBC). The number of employees at UNBC obviously will grow as the university becomes more established.

The workforce profile for the four universities is displayed in Figure 40.

FIGURE 40 - WORKFORCE PROFILE - BC UNIVERSITIES
AS OF DECEMBER 1992

UNIVERSITY STAFFING													
CATEGORY		UBC			SIMON FRASER			UNIVERSITY OF VICTORIA			UNIVERSITY OF NORTHERN BC		
		Male #	Female #	Total #	Male #	Female #	Total #	Male #	Female #	Total #	Male #	Female #	Total #
ADMINISTRATION													
Finance:	Professionals	47	60	107	20	13	33	7	3	10	5	1	6
	Administration	41	163	204	4	41	45	1	27	28	4	11	15
Human Resources:	Professionals	17	31	48	5	7	12	7	4	11			
	Administration	4	30	34		10	10		10	10	2	4	6
Corporate Relations:	Professionals	14	26	40	4	9	13	5	7	12	2		2
	Administration	15	46	61	1	12	13		15	15	1	6	7
Operational/Administration:	Management	111	65	176	14	2	16	156	122	278	3		3
	Staff	369	761	1,130	199	348	547				5	2	7
	Trades	143	1	144	64	2	66	53		53			
	Non-Trades	590	744	1,334	12		12	169	300	469			
Specialist Instructor								45	17	62			
Sub-Total Administration		1,351	1,927	3,278	323	444	767	443	505	948	22	24	46
FACULTY													
Management		106	22	128	50	13	63	130	65	195	7	2	9
Tenured		1,090	203	1,293	365	60	425	369	70	439			
Non-Tenured		964	170	1,134	95	50	145	93	73	166			
Teachers Assistant		1,023	531	1,554	547	365	912	338	228	566			
Researchers		1,733	1,021	2,754				276	165	441			
Administration Staff		245	1,149	1,394	94	392	486	28	181	209	2	17	19
Other Instructors:	Sessional Assistants	420	514	934				310	233	543	5	2	7
Sub-Total Faculty		5,561	3,610	9,191	1,151	880	2,031	1,544	1,015	2,559	14	21	35
GRAND TOTAL		6,932	5,537	12,469	1,474	1,324	2,798	1,987	1,520	3,507	36	45	81

Source: Commission of Inquiry into the Public Service and Public Sector, Survey of Universities, February 1993

Most employees of the universities are represented by unions or associations as illustrated in Figure 41.

FIGURE 41 - UNION CERTIFICATIONS

UNIONS	UBC	SFU	UVIC	UNBC
CUPE	3 locals	1 local	2 locals	
IUOE	1 local			
OTEU	1 local			
Childcare Services Employees' Union	1 local			
United Brotherhood of Carpenters		1 local		
Teaching Support Staff		1 local		

Source: Commission of Inquiry into the Public Service and Public Sector Survey of Universities, February 1993

Faculty associations at the three established universities all belong to the Confederation of University Faculty Associations of BC (CUFA/BC). None of the university faculties has formed a certified union. Until recently, they were legislatively barred from doing so.

Total student enrolment at BC universities is 64,859. That enrolment is distributed among the four institutions as described in Figure 42.

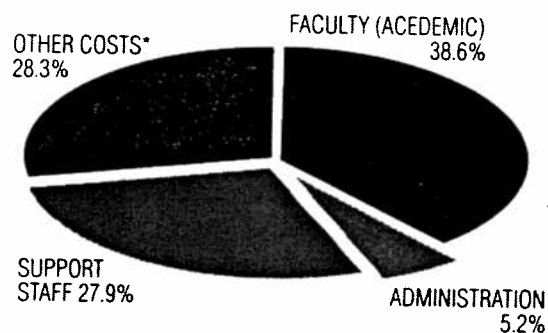
FIGURE 42 - STUDENT ENROLLMENT 1992 (UNIVERSITIES ONLY)

STUDENTS	UBC	SFU	UVIC	UNBC
Full-time	23,695	8,448	9,623	4
Part-time	6,823	10,498	5,705	62
TOTAL	30,518	18,946	15,328	66

Source: Commission of Inquiry into the Public Service and Public Sector, Survey of Universities, February 1993

The breakdown of university expenditures is shown in Figure 44.

FIGURE 44 - UNIVERSITY EXPENDITURES 1991-92



*Includes Benefits Paid to Staff

Source: Ministry of Advanced Education, Training and Technology

The major funder of universities in BC is the provincial government through the Ministry of Advanced Education. Total funding for universities is outlined in Figure 43.

FIGURE 43 - FINANCE (\$ MILLIONS)

	UBC	SFU	UVIC	UNBC
Operating Budget	330	140	93	13
Capital Budget	84	59	N/A	60

Ministry Funding	270	136	97	73
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Source: Commission of Inquiry into the Public Service and Public Sector, Survey of Universities, February 1993

While the principal source of university funding is government grants, significant income also is received from tuition, research grants and private sector fund raising.

Universities are governed by the University Act, which was originally adopted in 1974 and has been amended subsequently. All have a bicameral governance structure with a board of governors and a senate. Part 6 of the act establishes membership of the boards and defines their authority and responsibility. Membership includes two faculty members who are selected by faculty, two full-time students selected by the student association, and one other employee representative. It also includes a chancellor, a president and another eight appointed members.

Article 28 of Part 6 of the act requires that, except with the express permission of the Minister of Finance, university boards of governors must achieve balanced budgets.

Part 7 of the act describes the senate, which, on named matters, has final authority.

Commission Process

The commission held separate meetings with senior representatives of the various universities, including the Vice Presidents/Directors of Personnel and Human Resources at the three existing institutions and faculty representatives from CUFA from three campuses.

The commission also met with CUFA/BC, the Association of Administrative and Professional Staff, the Operating Engineers Local 882, and Canadian Union of Public Employees (CUPE) Locals 2950, 116 and 2278 regarding certain labour relations matters particular to UBC.

Subsequently, the commission met with management at UBC on these same matters. The commission has been informed by management that the parties are working towards the resolution of problems of mutual concern.

The commission circulated a questionnaire regarding human resource management to the vice presidents/directors of personnel and human resources in February 1993, to which each university responded. The commission then met with presidents and other senior executives of all four universities to discuss coordination within the sector and with the rest of the public sector.

Commission Findings and Recommendations

Through its review, the commission found that the three operating universities have reasonably well established informal communication and coordination structures and procedures in the area of human resource management. Specifically, the human resource vice presidents/directors meet a minimum of three times a year to discuss employment issues such as job evaluation, training and development, benefits and pensions, and health and safety issues. These individuals also meet at least twice a year with their counterparts from other western Canadian universities in the Association of University Personnel Administrators of Western Canada.

There is an even more regular exchange of information between the universities on collective agreements, arbitration awards and job classifications. The three universities have established a pay equity committee to share information and experiences. Pension and benefit human resource professionals meet twice a year; health and safety professionals, once a year; and training and development professionals, regularly. The Association of Universities and Colleges of Canada is establishing a database on collective bargaining, including up-to-date settlements, sample language, arbitration awards and appeal decisions.

In other areas, the four universities accomplish their coordination under the auspices of The University Presidents' Council (TUPC), which was established in British Columbia in 1987 to provide a forum to address systemwide issues. Presidents, academic vice-presidents and vice-presidents of finance and administration comprise the council.

Currently, human resource staff are absent from these forums. The explanation for the absence of human resource professionals is that faculty human resource issues are traditionally dealt with by academic vice-presidents and the deans of each faculty, rather than through the human resource departments of the universities. The commission has found that this process can lead to a wide variation in the management practices within an institution from one faculty to the next.

Despite the advanced degree of information exchange between the universities, there are some efficiencies to be gained from a more formal structure for human resource coordination.

In his letter to the commission regarding the coordination of human resource management in the sector, Frank Eastham, associate vice-president of human resources at UBC, made the following observation:

There is in place an extensive formal and informal network between the three universities. The human resource people know each other and regularly liaise with each other as an ingrained means of doing business. The liaison works effectively and secures the objective of meaningful and regular information and data sharing. As a result, the human resources professionals in the universities are acutely aware of what each is doing and why.

Notwithstanding Mr. Eastham's observation, the commission believes that standardized guidelines for compensation levels for administrative staff and organizational design guidelines for administrative aspects of the university sector would contribute to greater efficiency.

The universities have told the commission that compensation guidelines for faculty are developed in the context of an international labour market and that flexibility for each institution when determining compensation for faculty is essential. The commission is sympathetic to this point but believes that an information base for academic staff must be shared among the BC universities for greater efficiency and to avoid duplicating resources. Common guidelines for compensation for faculty should be developed for this sector to provide the four universities with checks and balances for expenditures on faculty.

The universities also should enhance the coordination of matters such as human resource information, including strategies to attract and retain staff, collective bargaining practices and objectives, and pension and benefit information.

Universities are large institutions with well developed personnel functions. Contract settlements have broad reaching effects. Better coordination within the sector and between universities and other parts of the broad public sector is essential. Collective bargaining settlements in universities do have an impact on strategies used by unions in other universities as well as other parts of the broad public sector.

Summary

As a result of its March 1993 meetings with the commission, TUPC has instituted a standing committee on human resources with the following statement of purpose:

The TUPC Human Resources Committee shall meet as often as necessary but no less frequently than quarterly to collect and disseminate information on human resources programs and policies and to develop guidelines for enhanced coordination of common employment policies and labour relations practices.

The commission concludes that this committee will have the capability of directing and coordinating employment issues throughout the university sector.

As noted, universities must also coordinate their human resource practices with the rest of the broad public sector. Currently, there is a general absence of such coordination. The commission recognizes that universities are unique because they must meet worldwide standards of academic excellence.

Nevertheless, universities are still an important part of BC's education continuum. Some human resource issues that concern universities have ramifications for the rest of the public sector. For example, a number of support staff unions in the sector hold certifications elsewhere in the public sector. Settlements in these areas have influence on and are influenced by settlements in the rest of the broad public sector. Therefore, human resource coordination between the universities and the rest of the public sector is necessary.

In acknowledging its relationship to the rest of the public sector, TUPC has agreed to select a representative to participate in Public Sector Employers' Council (PSEC).

Therefore, the commission recommends that:

F.13 The government designate the human resource committee of TUPC as the sectoral employers' association required under the proposed Public Sector Employers' Act for all of the purposes established in the proposed act, with the addition of representatives from the Ministry of Advanced Education, Training and Technology and the Ministry of Finance and Corporate Relations/Treasury Board Secretariat.

F.14 A senior representative of TUPC Human Resources Committee, represent the universities' sector on the Public Sector Employers' Council.