

JOINT LABOUR-MANAGEMENT COMMITTEE ON GOVERNMENT PRODUCTIVITY

INTERIM REPORT TO BARGAINING PRINCIPALS

March 31, 1983

1. Introduction

Appendix 5 of the October 1982 Master Agreement between the Government of British Columbia and the B.C. Government Employees' Union provides for the creation of a joint consultative committee to "develop ways of delivering Government services more cost effectively and more efficiently" and to report on "the feasibility of establishing joint worksite productivity committees".

A full report on work undertaken for this purpose will be submitted later this year, prior to the expiry of the present collective agreement. That report will deal with pilot projects and background studies undertaken on a number of subjects related to the improvement of service to the public and the effectiveness of government programs, including:

- strengthening of the personnel management system;
- introduction of new technology in office operations; and
- employee participation in decisions related to productivity management and the general environment in the workplace.

The emphasis in that report will thus be on the first element of this committee's mandate, namely proposals for measures to achieve improved levels of service to the public without increases in cost.

In the interim, however, this committee believes that the evidence from its work to date is clear enough to support a recommendation as to the

feasibility of worksite productivity committees, and the continuation of the present effort. A brief report on the present status of six pilot projects is set out as Section 2 of this document. It indicates that considerable progress has been made in establishing useful processes of consultation with employees.

In particular, worksite productivity committees or related forms of employee participation programs within government appear to be both feasible and effective provided that appropriate strengthening of the personnel management system is undertaken, and adequate commitment by management and union leadership to a long-term cooperative undertaking is present. In addition, there must be a willingness to link productivity performance to the range within which wage bargaining may take place, in order to make it clear to employees that they are not being asked to work against their own interests. From the work to date, it appears that these three preconditions can be met.

Accordingly, therefore, this joint committee herewith submits to the bargaining principals a recommendation that a continuing program of joint labour-management consultations on matters related to productivity and efficiency, and employee participation in discussion of measures to improve cost effectiveness, be established over the coming fiscal year, as detailed below.

In order to avoid any misunderstanding, it is important to be clear what this recommendation is not saying.

It is not proposing an alternative to, or a more effective form of, grievance procedure or collective bargaining. Matters related to

conditions of work, management rights, health and safety considerations, and the like will continue to be a subject for negotiation between union and employer according to established procedures.

The above recommendation also is not proposing an alternative route for decisions within the government, nor a process whereby the development of government policy will become a matter for negotiation with employees rather than for decisions within the Ministry and debate within the Legislature. Nor is the process of management decision as to measures necessary to carry out departmental mandates thought to be abridged.

What is proposed here is simply continuation and broadening of a process whereby employees in the public service may suggest work innovations which contribute to the effective implementation of government policy and the efficient conduct of government programs. This can be accomplished through employee participation in discussions to anticipate the impact of new technology or reorganization, and to propose ways to absorb such impacts while preserving individual career prospects for government employees and overall levels of service to the public. More directly, these goals can be accomplished in part through worksite productivity committees or working circles in which ongoing discussion amongst employees and with management generates a flow of ideas leading to continued improvement in standards and increases in productivity in many areas of provincial government activity.

Such a process of consultation is therefore not to be viewed as a substitute for either a grievance procedure or a ballot box. It is concerned not with decisions on government policy, but with suggestions on implementation of government programs. It is, in fact, nothing more nor less than a loosely structured process to facilitate employee participation

in decisions determining the quality of their work environment and the quality of the services they produce.

Such a process of consultation obviously is not to be considered a one-shot cure-all. It must be put in place carefully and pragmatically, as a long-run effort with full management and union commitment to its purpose as a joint undertaking.

In this connection, it is essential that the projects already underway be carried through to completion in a manner which makes clear that some results have been achieved and the process has been taken seriously even if not all recommended action has been taken or approved. In addition, they must be handled in a way which assures both managers and employees that they are not being asked to work against their own interests by restricting their discretion or jeopardizing their jobs.

The systems and structures which are to be worked out over this coming year must respond to these concerns -- and other related problems of incentives -- by strengthening the personnel system to support the career development of public servants within a more closely-knit single enterprise offering more secure employment, and by increasing both the scope for management authority and the reward for performance improvements achieved through consultative processes and management encouragement of employee participation in measures to increase cost-effectiveness. For supervisors and middle management groups, it must be made clear that the time-consuming and sometimes difficult process of real consultation and employee involvement can lead not only to fresh ideas on means to increase effectiveness, but also to greater support and increased resources where necessary to implement these ideas.

2. Status Reports on Pilot Projects

In carrying out the mandate to explore the feasibility of worksite productivity committees, this coordinating committee agreed that it would proceed cautiously and pragmatically, avoiding any attempt to impose any fancy comprehensive system or fashionable organizational "cure-all". Instead the committee elected a "bottom-up" strategy, beginning with consultations with employees and managers in a few selected units where identifiable problems or issues seemed ripe for joint discussion.

Accordingly, the committee identified -- apart from the background studies mentioned above -- a small portfolio of possible pilot projects representing one possible initial implementation of the long-term commitment to employee participation already embodied in the 1982 collective agreement. Following discussion with management and union representatives close to the units involved, this list of initial pilot projects was trimmed to six. Status reports on these six projects are summarized in this section, along with a few conclusions drawn from them by this committee. Recommendations for further work are set out in the two subsequent sections.

Pilot Project #1

(Ministry of Transportation and Highways)

The staffing process, involving selection and appointment procedures in accord with the merit principle, involves significant costs for competitions and relocation. Yet in some job categories, qualifications for positions may be quite strictly defined, and candidates certified by well established and accepted procedures. The question arises whether full-scale system-wide competitions are necessary in such cases.

To explore this issue, the coordinating committee proposed as a pilot project a process of consultation with employees working in a single Ministry of Transportation and Highways yard, in connection with the Machine Operator (MO) job category. Since the question involves also the general operation of the merit principle, the Public Service Commission was asked to participate in these consultations with management and employees of the Ministry and a union representative.

From these consultations has emerged a set of recommendations for procedures by which appointments to positions in the labourer or machine operator category up to some specified level would be made in rank order from an eligible list of suitable and qualified candidates. A single competition for positions on this list, open to all Ministries but possibly limited to a single district, would be held periodically according to procedures acceptable to the Ministry, its employees, the union, and the PSC alike.

The effect of this procedure would be to reduce considerably the number

of competitions required to fill vacancies in these job classifications. (The reduction can be roughly estimated by observing that every name on the list would normally be appointed to a vacancy for which a separate competition would be required, whereas a single competition serves to create the list.) Considerable savings in search, selection and relocation costs could result.

The feasibility of these suggestions, with particular concern for the weight to be given to seniority in the selection process, is now being considered in detail by the joint committee on the interpretation of the merit principle, as provided in Memorandum of Understanding #3 of the collective agreement.

Pilot Project #2
(Travel Expense Claims)

In highly decentralized field operations, considerable routine travel is inevitable. Elaborate financial management processes designed to guarantee the integrity of the financial system and protect the public against fraud or abuse in major financial transactions are clumsy and expensive when applied to routine daily mileage charges or minor expense claims of employees on travel status in the performance of their regular tasks.

The coordinating committee therefore proposed as a pilot project the formation of a task force involving employees at each stage of the process of submitting, verifying, checking, approving, and paying expense claims, to determine whether a simpler process could not offer sufficient protections against abuse at much less cost.

After following a sample of past claims through every stage of the process, employees on this project team suggested a number of ways in which minor expense claims (up to \$100, for example) might be streamlined away from major claims, and paid under the authority of field managers, or flat per diem rates might be used in place of detailed checking of receipts. Such flat rates might be set at levels which would result in lower overall travel costs to the government (and ultimately, therefore, the taxpayer), as well as reduced administrative costs to the system and increased convenience and prompter reimbursement for employees.

To test the feasibility of these proposals, the employees and managers on the task force are recommending to the Treasury Board and Ministry of

Finance that specific trial projects with model systems be set up over a six month test period with two participating ministries.

When implemented, the changes proposed from these consultations are expected to lead to substantial savings in administrative costs and time.

Pilot Project #3

(Ministry of Human Resources)

The processing of initial applications and establishing eligibility for income assistance entails collection of a great deal of information. It appears that some of this information may be unnecessary or available elsewhere, and that transitions among different social programs, both federal and provincial, might be handled in a manner which makes better use of information and reduces the burden and complexity of the applications process for the client.

The coordinating committee therefore proposed a pilot project involving all employees in selected MHR offices in consideration of ways to improve the processing of initial applications.

These working circles have met several times and plan to report by the end of June with proposals on this subject.

Pilot Project #4
(Liquor Distribution Branch)

Direct service to the public is the key feature of work in the Liquor Distribution Branch, and a critical aspect of improved effectiveness in the public service. The coordinating committee therefore proposed a pilot project to establish a continuing process of consultation with employees in selected stores to hear their recommendations as to means to improve the quality of service in retail stores of the LDB.

In the course of these consultations with employees on measures to improve productivity in the retail outlets of the Liquor Distribution Branch and to increase the quality of service offered to the public, several suggestions have been made. Employees have identified measures which they and union representatives believe would substantially increase service and effectiveness. Some of these recommendations might entail changes in Ministry practices and government policy more generally.

Since government policies are always subject to review in light of opinions expressed by various constituencies or public interest organizations, wider consultation on the issues raised by these employee participation groups may now be useful.

The general posture of this joint labour management consultative committee has been to encourage each working circle to develop its own proposals for consideration within its normal management structure or decision process. In this case, where overall government policy may be concerned, the committee sees several external groups -- union, consumer

and industry as possibly influencing that decision process. The committee is therefore encouraging the LDB working circle to take to its own management, in the Liquor Distribution Branch and the Ministry of Consumer and Corporate Affairs, a recommendation that it be empowered to enter informal discussions with groups directly affected by the measures it is considering.

Pilot Project #5

(Timber Administration, Ministry of Forests)

In the administration of forest resources, a variety of dealings both with the public and with other Ministries must be supported. The possibility that -- particularly following major reorganization -- administrative systems might be streamlined and sharpened seemed worth exploring. Accordingly, the coordinating committee proposed as a pilot project a process of consultation with professional, technical, administrative and clerical support staff in district offices of the Ministry of Forests.

In the course of these consultations, employees identified a number of areas where administrative systems designed for major timber transactions involving thousands of acres and millions of dollars are applied in the processing of individual transactions involving minor quantities such as pick-up truckloads of shakes. A streamlining of the process, with simplified procedures for small transactions was proposed, along with other administrative improvements in forms, computer processing, mapping, and manuals.

These recommendations are to be tested by means of similar consultations with employees in other districts. Those which are considered feasible when the suggestions of all the districts involved are brought together will be the subject of recommendations to Ministry management and, where appropriate, the Minister of Forests. When implemented, they are expected to lead to savings of several person-years in excessive administrative duties, thus freeing resources to handle increasing workloads associated

with forest protection, reforestation, and resolution of land use conflicts. They will also lead to improved service to the public, particularly individuals and small operators, with response time in some cases dropping from 6 months to a year down to as little as a day where simplified procedures permit small transactions to be handled in the field in one step. Administrative costs will also be saved where minor adjustments in stumpage payments arising from alternative metric conversion practices are eliminated.

Pilot Project #6

(Institutional Laundries, Ministry of Health)

The problem of work rules in a large industrial-type facility with a difficult work environment is always a matter for some tension between employees and management, and a history of grievances and bad relations can easily accumulate. The coordinating committee therefore proposed as a pilot project a process of consultation with employees in a large institutional laundry, directed towards discussion of possible changes in work rules leading to a better working environment and possibly a more effective workflow with higher quality standards in the finished product.

Discussions with all employees are continuing, with consideration of a variety of approaches to work schedules, the organization of work teams, and working conditions. Action on alternative schemes for hours of work, based on a vote of employees involved, is planned by mid-May, with the intention that this would lead into a full joint review of the implications of alternative shift schedules and workflows over the coming year.

Pilot Projects - Summary

In assessing these results to date from the pilot projects, it is clear that no one set pattern or standard recipe works everywhere. Progress comes most evidently where employees deal with matters falling fully within their own experience and the discretion of their own management. A longer period of preliminary discussion and exploration is required where sensitive issues of work rules are involved. More complex -- and hence more time-consuming -- negotiations may be involved where recommendations of one group of employees have significant implications for overall systems (such as the merit principle) or overall government policy (such as the B.C. wine policy). Where general administrative systems (such as expense claims processes) are involved, the most useful consultative forum will probably not be a conventional "working circle" or "quality circle", but a form of participatory task force involving employees at different points of the process (sometimes called a "verti-circle").

Despite the diversity of experience to date, however, these pilot projects appear to demonstrate quite conclusively that fruitful initiatives can emerge from the process of consultation with employees, and that these processes should be encouraged. Proposed measures to extend the current activity are set out in the following sections.

3. Mandate

To carry out the next phase of this program, this committee proposes that it be assigned a slightly broader mandate, charging it over the next six months to

- establish a process of joint consultation and employee participation on matters relating to productivity, efficiency and cost effectiveness in government operations;
- initiate and serve as a coordinating committee for quality circles processes, participatory task forces, worksite productivity committees, or working circles as appropriate in work groups or organizational units where employees and management are in agreement with the undertaking;
- ensure full review of means to strengthen those elements of the personnel management system directly relevant to the utilization of human resources and the redeployment of employees.

4. Structure

In order to carry out the above mandate within the general constraints and guidelines already identified, a continuation of the present coordinating committee is recommended. In order to open up the work somewhat, the existence of this committee at the present senior levels of representation should be advertised through both union and management newsletters or magazines. In addition, its forthcoming Report should be widely circulated within government agencies. Further,

- (1) Steering committees and facilitators should be appointed in each branch or unit of government involved in the present activities.
- (2) The committee should explore sources offering "Quality Circle" training courses for facilitators, and the possibility of engaging further resource people in this area.
- (3) The committee should develop mechanisms and methods enabling interested managers or union employees to propose formation of QC's,

or identify suggested Phase II projects, and thus should develop a more open and broadly-based process to generate proposals or suggestions for projects within this overall program.

- (4) The present coordinating committee should nevertheless remain as a device for winnowing project proposals, nurturing approved projects, and providing a forum for communication of project results or recommendations. Procedures should be developed to ensure adequate monitoring of progress in individual projects, with sufficient central checkpoints to reduce the risk of projects "running down".
- (5) The present program framework should be extended by establishing project committees within other Ministries or agencies to ensure continuing line management support for projects. (What this does, in effect, is establish a departmental steering committee to monitor several circles within a unit, leaving the present joint committee as an overall coordinating committee or government-wide steering committee. This proposed structure would thus have the effect simply of "hardening up" the existence of the present resource people or project committees within the departmental management structure, and so would achieve a form similar to the conventional quality circle process which has emerged from private sector experience to date.)

Conclusion

Work to date suggests that the initiatives taken by this committee should be pursued and extended. Some specific Phase II projects are already under consideration. Above all else, however, is the requirement that the discussion processes initiated with employees in the pilot

projects undertaken thus far not be cut off prematurely, without resolution of the issues raised. Failure to continue the present discussion to agreement on appropriate action can lead only to reduced morale and discrediting of measures to achieve employee involvement and a more cooperative labour-management relationship within the government.

This interim report thus concludes that the present initiative in the direction of greater employee involvement should be continued through the balance of the collective agreement. A further report will be submitted before the expiry of that agreement in October, at which point the continuation or expansion of these efforts to encourage improved service and increased productivity through work innovations will be a matter for discussion between the bargaining principals. In the meantime, it can be argued that the evidence to date of serious and fruitful cooperation between labour and management in this undertaking is both persuasive and encouraging.

March 31, 1983

October 25, 1982

PRODUCTIVITY IMPROVEMENT PROJECT
TASK OUTLINE - SUMMARY AND PROPOSED TIME FRAME

<u>Step</u>	<u>To be completed by</u>
1. Problem definition	Oct. 29
2. Develop conceptual framework for productivity improvement in British Columbia Government	Dec. 10
(a) Ascertain State of Art of "Productivity" in Academic Literature	Nov. 30
(b) Ascertain State of Art of "Technological Advances" that could possibly be utilized by Government (via a consultant)	Nov. 30
3. Analyze current state of productivity in the British Columbia Government	Jan. 15
4. Slide presentation to Treasury Board on what productivity is in Government and a productivity strategy for the Government of British Columbia	Jan. 22
5. Determine what productivity improvements can be made and prioritize the list	Apr. 25
6. Develop process for undertaking and monitoring the same	
(1.) Write and distribute manual on productivity improvement in British Columbia Government	Apr. 30
(2.) Develop a productivity improvement plan for management across government. This can serve as a model to Union staff. Also Finance should be a model ministry in striving for productivity improvement	Apr. 1
(3.) A productivity section should be prepared for the Budget Background Papers - 93/84	Mar. 1
(4.) Develop mechanism for sharing advances in productivity	Apr. 30
(5.) Have consultations with the Union on the plan	Apr. 30

- (6.) Formally advise ministries of productivity improvement directed by T.B. or Cabinet Apr. 30
- (7.) Ensure a specific individual in each ministry is accountable for productivity results May 7
- (8.) Through training sessions ensure all Ministry staff are aware of the productivity plan May 30
- (9.) Write insert for budget manual on productivity improvement plan and expectations of Ministries (Wisconsin's approach could serve as a model) July 1
- (10.) Have ministries commit in writing as part of estimates process what productivity improvement they are striving to achieve May 30

October 25, 1982

DEVELOPMENT OF PRODUCTIVITY IMPROVEMENT PROJECT
FOR THE GOVERNMENT OF BRITISH COLUMBIA - TASK OUTLINE

Step 1. Problem Definition

- a. Outline rationale for concern with productivity in Government and scope of project
- b. Devise working definition of "productivity" in government context
- c. Outline productivity improvement elements (eg. new technology, privatization)

Step 2. Develop Conceptual Framework for Productivity Improvement in British Columbia Government. This involves the following steps:

- a. Ascertain State of Art of "Productivity" in Academic Literature
 - Do this by element:
 - (a) Organization
 - (b) New Technology
 - (c) Capital Investment
 - (d) Privatization
 - (e) Training and Job Enrichment
 - (f) Productivity Incentives
 - (g) Behavioural Motivators
 - (h) Productivity Bargaining
- b. Ascertain State of Art of "Technological Advances" that could possible be utilized by Government
 - (a) Search the literature for examples by function (program) eg. improved equipment for fire-fighting using "slippery" water
 - (b) Hire a consultant to outline the "State of the Art" in computer systems.

Detailed work in this area will be undertaken by ministries during Step 5. The purpose of this initial analysis is to make the Public Service aware of the scope of technology advances and their possible utilization for productivity increases.
- c. Prepare a diagram outlining the various elements involved in productivity improvement and the process by which these improvements can be accomplished.
 - Indicate productivity measurement criteria
 - Indicate barriers
 - Illustrate outcome.

Step 3. Analyze Current State of Productivity in British Columbia Government

By Ministry, analyze

- a. Output measures in use
Volume indicators
Other efficiency and effectiveness measures applied
- b. Any productivity improvement measures that have been applied during the last 3 years - outline results
- c. Productivity measures that ministries feel could be applied (detail barriers preventing implementation)
- d. Prepare a summary outline for T.B. on the current state of productivity in British Columbia Government.

Step 4. Slide Presentation to Treasury Board on What Productivity is in Government and a Productivity Strategy for the Government of British Columbia

Presentation should include:

1. Definition of productivity, indicate how government productivity differs from economic definition used in the private sector
2. One slide of interesting statistics (eg. portion of Provincial Government devoted to staffing, cost of absenteeism in a given year, cost of a single T.B. Submission going through the system)
3. Outline elements of productivity improvement and outline what productivity improvement is not
4. A diagram outlining conceptual framework for productivity improvement
5. A summary of productivity improvement measures taken in British Columbia Government over the past 3 years
- 6.a Slide on productivity implications of proposed BCGEU settlement
7. Outline barriers to productivity (give examples in this government)
 - lack of financial incentives (classification system)
 - method of rewarding managers (EPEC)
 - legal barriers
 - attitudinal barriers
8. Outline productivity improvement strategy for government, including:
 - a. Organization (includes resources required)
 - b. Involvement of management in process
 - c. Involvement of Union in process
 - d. Outline other jurisdictions experiences including strengths and weaknesses and how our program can profit from these

- e. Work plan and time frame
 - f. Expected output
 - g. An initial list of possible priority areas for productivity improvement examination.
9. Request approval for commencement of productivity improvement plan emphasizing need for commitment at political and senior Public Servant management levels.

Step 5. Ascertain What Productivity Improvement Can Be Made In Government of British Columbia (examples listed below)

a. Organization

- Consolidate personnel management function in British Columbia Government
- Development of organization policy with guidelines

b. New Technology

- Use of micro computers, computers, word processing equipment, labour saving machinery

c. Capital Investment

- Purchase of new technology that is labour saving
- Approval of capital facilities that increase productivity

d. Privatization

- Develop list of government services that can be privatized
- Develop list of "specialized" staffing functions that can be privatized

e. Training and Job Enrichment

- Allocate limited training funds where productivity improvement can be demonstrated
- Develop broad training classifications at senior and middle management levels for development of management skills and special projects
- Restructure positions at lower levels to be more comprehensive and challenging
- Greater participation in management decisions
- Increased feedback
- Job rotation

f. Productivity Incentives

- Performance bonuses
- Performance based wage increases
- Suggestion awards

g. Behavioural Motivations

- Performance targeting
- Performance appraisals (requires training!)
- More participative management

h. Productivity Bargaining

- Relate contract increases to increases in productivity

PRIORIZE PRODUCTIVITY IMPROVEMENT CANDIDATES BY ELEMENT. HAVE THIS LIST PRESENTED TO T.B. OR CABINET FOR THEIR CONSIDERATION. THE POLITICAL LEVEL MUST DETERMINE WHICH CANDIDATES ARE WORTH PURSUING THROUGH TO COMPLETION.

Step 6. Undertake Productivity Improvement Process as Directed by T.B. or Cabinet

1. Write and distribute manual on productivity improvement in British Columbia Government
2. Develop a productivity improvement plan for management across government. This can serve as a model to Union staff. Also Finance should be a model ministry in striving for productivity improvement
3. A productivity section should be prepared for the Budget Background Papers
4. Develop mechanism for sharing advances in productivity
5. Have consultations with the Union on the plan
6. Formally advise ministries of productivity improvement directed by T.B. or Cabinet
7. Ensure a specific individual in each ministry is accountable for productivity results
8. Through training sessions ensure all Ministry staff are aware of the productivity plan
9. Write insert for budget manual on productivity improvement plan and expectations of Ministries (Wisconsin's approach could serve as a model)
10. Have ministries commit in writing as part of estimates process what productivity improvement they are striving to achieve.

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Attached is a copy of my 1983 report.
No response was ever offered, but the
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as you know.

I will open a few boxes this morning
to see if I can find supporting studies
on gain-sharing, quality circles, etc.

Rod.