

**Occupational Health &
Safety Council of Ontario**

Prevention System Realignment

- ▶ The Case for Change
- ▶ Vision for the Future

We have collectively made great achievements in making Ontario a healthier and safer place to work

- ▶ ***We have a proud history of achievement***
 - ▶ Progress has been made in creating safer workplaces
 - ▶ We have a high input of voluntary efforts
 - ▶ There are unique aspects and value in the prevention system of Ontario
- ▶ ***We share a common goal – the safest and healthiest workplaces in the world***

The current Prevention System is not capable of delivering the sustained improvements necessary to achieve the Road to Zero goals

Four key issues

- 1** Insufficient resources at the front-line
 - We have missed the targeted reduction of 7%
 - Current efforts have resulted in a 5% reduction
 - Achieving our targets would have allowed us to avoid approximately 1,500 more lost-time injuries, and \$30,000,000 in benefits costs

- 2** Disproportionate services and outcomes
 - Both services to workers and employers; and improvement in outcomes are uneven across sectors
 - The ratio of employers to field staff ranges from a low of 31:1 to a high of 2,422:1, as a result, the vast majority of employers in high-ratio industries receive no direct support
 - Annualized LTI rate reductions across sectors average 5.1% over 10 years, but vary from best performer (10.4% reduction) to worst (0.5% increase).

- 3** Lagging behind changes in customer needs
 - The world of work has changed substantially in the past decade, customer demographics demand a shift
 - Manufacturing employment has dropped 13% in just five years.
 - Service sectors, primary resources, construction, healthcare and education employment have all increased faster than the provincial average

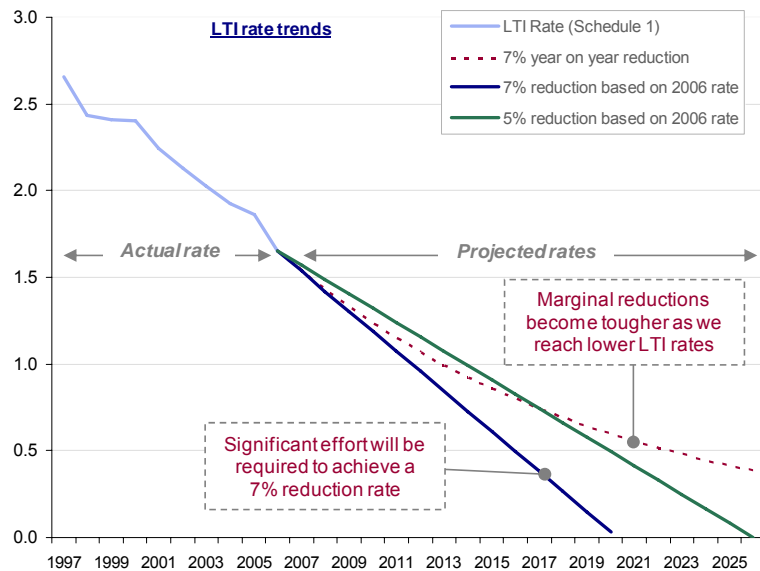
- 4** Inefficient use of current resources
 - Less than half of prevention spending currently reaches the front-lines
 - Minimal shared services are in place (primarily facilities amongst a small group).
 - Overhead and supporting functions are duplicated many times over
 - Funding to HSAs is currently apportioned at approximately 50% front-line, 25% operations / support, and 25% management.

1

Insufficient resources at the front-line

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➤ Continuing along the same path will not deliver the improvements targeted by the ‘Road to Zero’ strategy



LTI rates in the province have declined considerably since 1997:

- LTI rates have declined at an average annual rate of 5.1%

However, much work remains if we are to achieve zero

- It becomes tougher to achieve marginal reductions as we reach low LTI rates
- In addition to injury reduction, effort must be allocated to maintaining standards in well performing workplaces
- Other statistics are rising:

- ↑ No lost time claims
- ↑ Occupational disease
- ↑ Schedule 2 LTI
- ↑ Average cost of claims

2

Disproportionate services and outcomes

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Outcomes differ substantially:

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Service delivery & offering differs substantially:

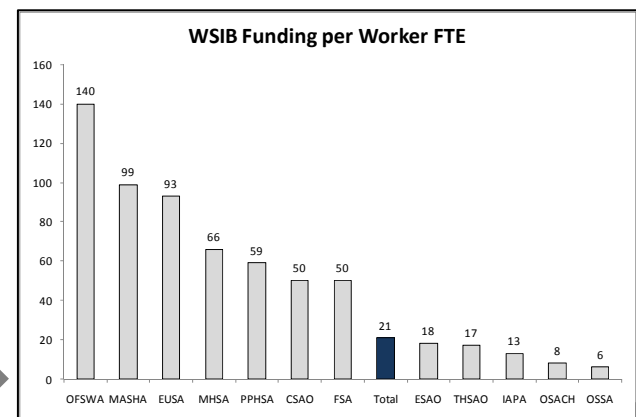
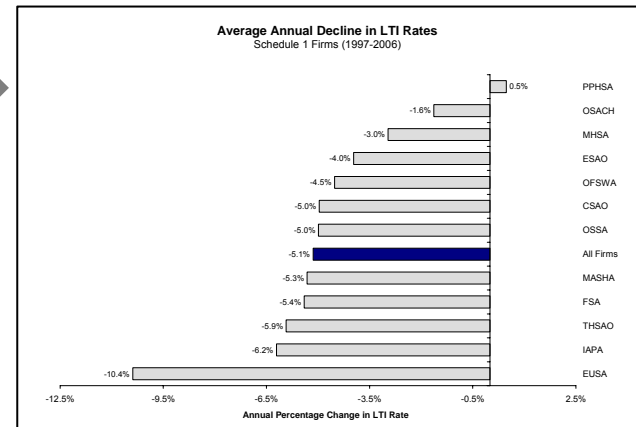
- 2 HSAs do not charge for any services or products, 5 charge cost-recovery, 6 charge market-rates designed to generate revenue
- 4 HSAs focus primarily on training; 8 offer a mix of training and consulting, 2 focus primarily on consulting

Actual programs differ substantially:

- Certification Level 1 varies from 2 to 5 days depending upon the HSA providing the training.

Employers & workers served per FTE differs substantially

- The ratio of employers to field staff ranges from a low of 31:1 to a high of 2,422:1, as a result, the vast majority of employers in high-ratio industries receive no direct support
- WSIB funding per client worker ranges from a low of \$6 to a high of \$140

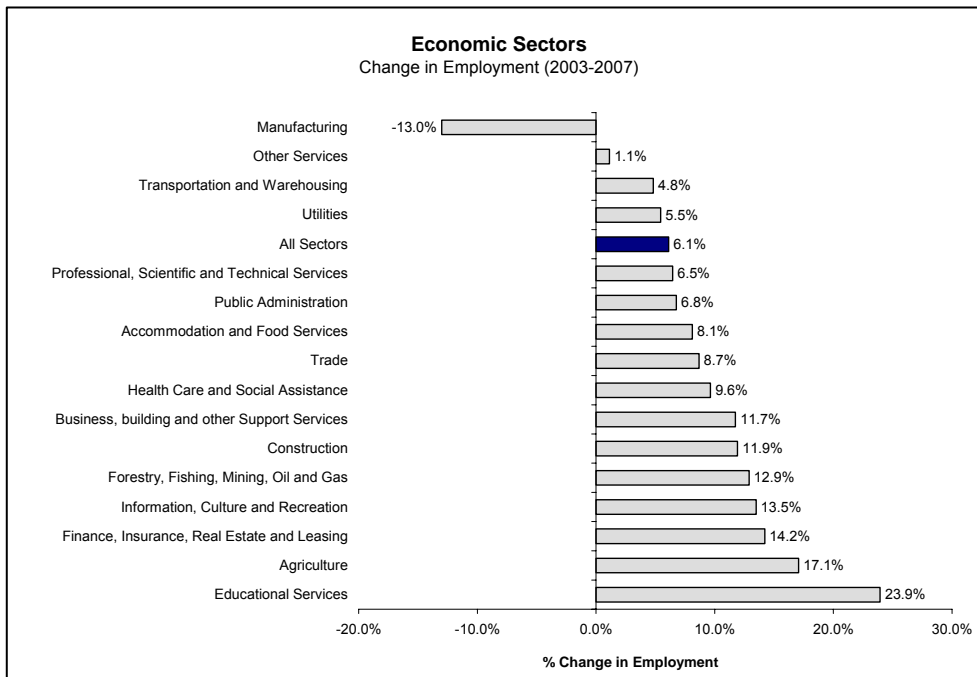


3

Lagging behind changes in customer needs

- The world of work has changed substantially in the past decade – customer demographics demand a shift
 - Manufacturing employment has dropped 13% in just five years.
 - Service sectors, primary resources, construction, healthcare and education employment have all increased faster than the provincial average

➤ *A new system needs to be agile and flexible to adapt to the changing needs of customers – the current structure makes these changes adversarial and cost-inefficient.*



Total employment growth across all sectors has been 6.1% from 2003 - 2007

- The fastest growing sector has been educational services at 23.9%
- The slowest growing sector has been manufacturing, which declined by 13.0%

The Ontario economy will continue to be impacted by:

- Continuing plant closures - Automotive
- Recessionary impacts on industry sectors
- Global market uncertainty

4

Inefficient use of resources

- Less than half of prevention spending currently reaches the front-lines
 - Minimal shared services are in place (primarily facilities amongst a small group).
 - There are currently 33 different prevention websites in Ontario
 - Funding to HSAs is currently apportioned at approximately 50% front-line, 25% operations / support, and 25% management.

The current distributed system requires high overhead

- Funding to HSAs is currently apportioned at approximately 50% front-line, 25% operations / support, and 25% management.

Each organization optimizes locally, without defined system-centric accountabilities

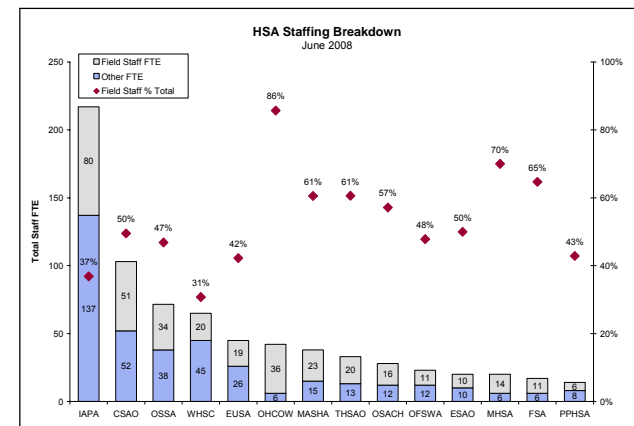
- There is employer confusion in the marketplace and little clarity around where they should turn for their needs
- Each has built its own separate web-presence and critical systems, without leveraging their common core needs
- Substantial efforts are spent attracting “revenue-producing” customers

Lack of shared services and costs

- Some common facilities exist (CHSI & North Bay); however, independent decisions result in sub-optimal arrangements such as differing infrastructure in the same building.

Governance

- The composition of each organization’s Board of Directors varies substantially, and many do not follow standard good-governance practices.



Board Type	Organization	Total
Mixed Board	CSAO	66
	EUSA	25
	THSAO	17
	OHCOV	17
	MASHA	15
	MHSA	15
	OSACH	14
	OFSWA	12
	PPHSA	10
	WSIB	7
Management	FSA	22
	OSSA	17
	IAPA	16
	ESAO	14
Labour	WHSC	15
Totals		282

- ▶ The Case for Change
- ▶ Vision for the Future

There is widespread agreement that we require systemic change in order to meet the *Road to Zero* goals

OHSCO has collectively agreed to move towards:

- ▶ ***“One system that responds in a flexible, active way to all emerging problems”***
 - Smaller, more integrated, focused system with fewer HSAs
 - Consolidated back-office
 - Integrated planning
 - Maintain sector-specificity in the front lines
 - A plan for the north, schedule 2 and federally-regulated firms
 - One door in and out for the employer, unions, and vulnerable workers

From the issues identified, and this set of guiding principles, a vision for the future of the Ontario Prevention System has been developed.

Any vision for the future of the Prevention System in Ontario must address the issues identified

Identified Issues

Practical changes for the future

1	Insufficient efforts at the front-line	➔	<ul style="list-style-type: none">• <u>Reinvest substantial efforts in front-line service</u> made possible through greater efficiencies in the back-office and between organizations
2	Disproportionate services and outcomes	➔	<ul style="list-style-type: none">• Create <u>one integrated plan</u> with publicly reported metrics• Improve the <u>equity of our investment</u> in health & safety• Increased investment in service to each employer, worker and workplace through a <u>prepaid bundle of practical, accessible services</u> available to all workplaces
3	Lagging behind changes in customer needs	➔	<ul style="list-style-type: none">• <u>Anticipate changing customer needs</u>• <u>Create flexibility to change with industry</u> and continuously shift resources to where they are needed
4	Inefficient use of resources	➔	<ul style="list-style-type: none">• <u>Focus on value-added core business</u>• <u>Consolidate and integrate</u> back-office and front-office of existing organizations to reduce overhead, and improve leveraging of best practices

In order to be effective, it is critical that any change – particularly a new business model – be designed around meeting the real needs of customers

Recent input from the Employer community has illustrated the following needs:

- Many employers are unaware of the existence of their sectoral HSA
- Employers are often just as likely to utilize private-sector health & safety consultants, as their designated HSA
- There is confusion in the marketplace regarding where to look for current health & safety information, and who to turn to for training
- Customers that do use the HSAs regularly place a very high value on the field staff's knowledge of their industry, workplace, typical jobs, and hazards
- Customers remain frustrated at the lack of coordination between the Ministry of Labour, WSIB, and the HSAs
- Employers with a deeper knowledge of the overall health & safety system in Ontario support a deeper focus on core-business and reduction in overhead

The lens of the Customer Experience (worker & employer) has been used to design potential future models

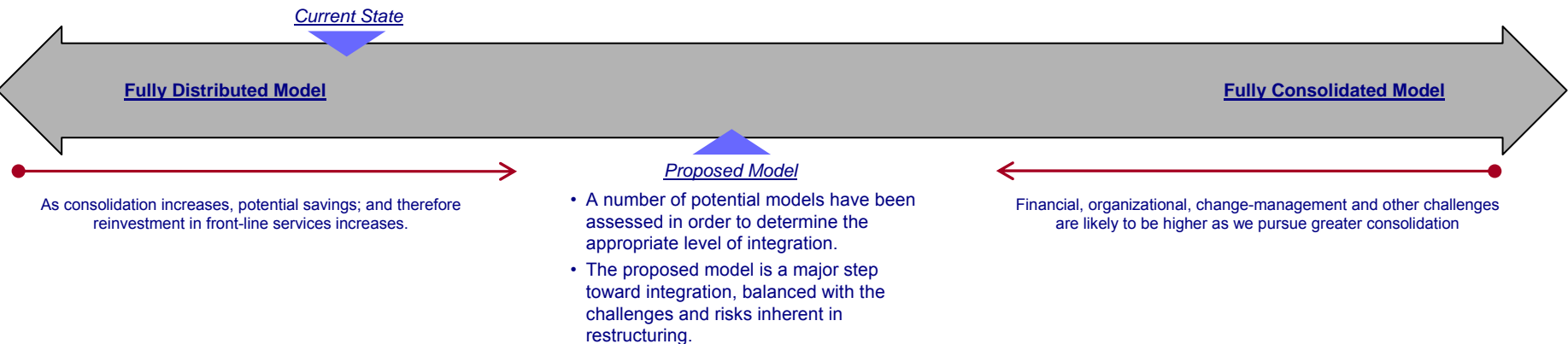
In designing a new model for Prevention Services, we have considered feedback from customers as well as formal input from trade associations

Desired changes to the customer experience

- Reinvestment of past overhead costs into additional front-line resources means more service to the customer
- Maintain customer sector knowledge and specialization
 - Advisory groups will be developed within sectors to provide customer-focused guidance (but not governance) to each new Prevention Services organization
 - Field staff will have specializations in particular industry sectors and sub-sectors while having access to the system partners to assist with other challenges
- Elimination of customer confusion caused by overlapping / unclear HSA memberships
- Higher quality interventions made possible through leveraging best practices
- Vast improvement in coordination between all field staff (MoL, HSA, WSIB) through formalized integrated planning
- Improved focus on Small & Micro Business Employers through redistribution of resources and consolidation
- Better system-wide programs and support for vulnerable workers

There is general agreement on the need for integration – our next challenge is to determine the appropriate level to balance potential benefits and risks

There is a continuum of potential structures



- A number of potential models have been assessed in order to determine the appropriate level of integration.
- The proposed model is a major step toward integration, balanced with the challenges and risks inherent in restructuring.

Any model will have the following characteristics:

- Move to competency-based, representative, smaller Boards of Directors
- Move to a pre-paid bundle of practical, accessible services for all workers and employers and a standardized revenue model that supports a culture and commitment to the national habit of health and safety
- Maintain existing field staff within MoL and WSIB, as well as two specific Labour Designated Entities
- Strengthened planning, reporting and performance management between the Designated Entities and WSIB
- A singular web-presence for all Prevention Services within Ontario
- Members of OHSCO will ensure input from employer and labour community
- Alignment with key strategies:
 - WSIB – 'Road to Zero' and 'Prevention Strategy'
 - MoL – 'Safe at Work Ontario'

Ministry of Labour – Minister

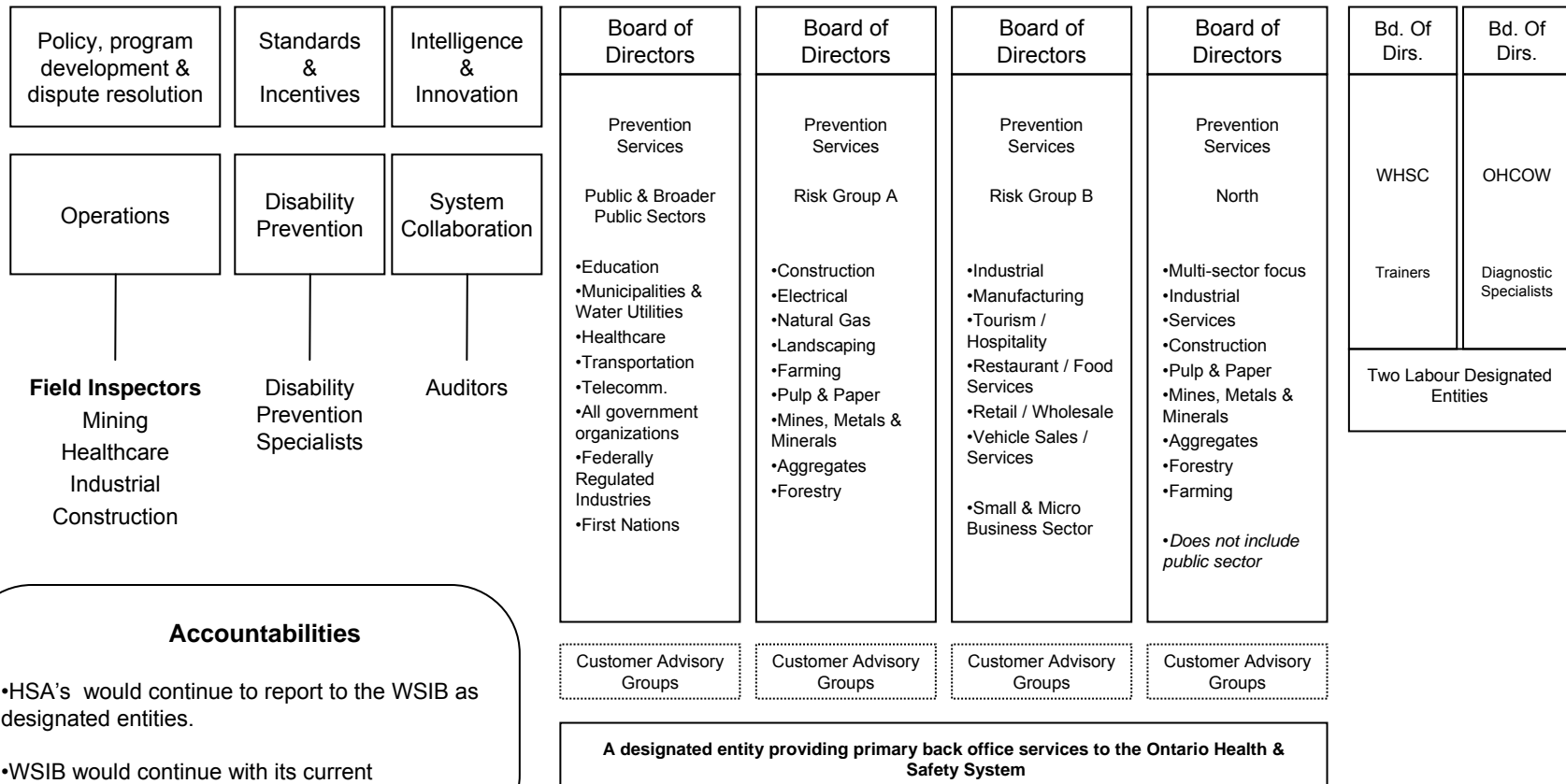
Workplace Safety & Insurance Board – Board of Directors

MoL

WSIB Prevention Division

Prevention Services – Designated Entities

OHSO



The proposed model represents a significant step forward to address the identified issues with the current state, and contribute to system-wide benefits

Primary Rationale

Four HSA +
Back-office
Model

- Reinvests in front-line activities through complete consolidation of the back-office and much deeper integration of front-offices.
- Maintains highly-specialized sector-specific field operations and customer-advisory group guidance
- Highlights and defines solutions for small and micro business needs; public-sector employers and under-serviced northern region.
- Moves to delineation of service-providers using two categories based on commonality of risk, workplaces and hazards. (Aligned with Ministry of Labour)
 - Risk Group A comprises primary resources, construction and utilities
 - Risk Group B comprises manufacturing, service-sector, and small & micro-businesses

	Issues Identified	Four HSA Model
1	Insufficient efforts at the front-line	<ul style="list-style-type: none"> • Reinvests management and supporting activity into <u>front-line service</u>
2	Lagging behind changes in customer needs	<ul style="list-style-type: none"> • Multi-sector organizations are more <u>readily able to shift resources</u> to meet changing industry needs • Each organization will create <u>deep field specializations</u> and establish <u>customer advisory groups</u>
3	Disproportionate services and outcomes	<ul style="list-style-type: none"> • Results in far more <u>responsive and proportionate funding</u> than the current model • Introduces <u>standardization</u> of services and products
4	Inefficient use of resources	<ul style="list-style-type: none"> • Moves to <u>best-practice based governance</u> • Common strategic and supporting services are provided by a <u>shared service organization</u>

The newly proposed model align to WSIB and MoL strategies and key initiatives

The future state vision aligns with each of the following specific components of strategies and initiatives across partnering organizations:

WSIB

Road to Zero & Prevention Strategy

- *National Habit*
- *System Leadership*
- *Outcome Measurement*
- *Information & Capabilities*

New Service Delivery Model

- *Introduction of the Disability Prevention Specialist*
- *Focus on Case Management*
- *Use of specialist expertise as required*

Redesign of the Incentives Program

- *Alignment to the needs of the system*
- *Coordination of incentives with intervention*

Ministry of Labour

Safe at Work Ontario

- *Hazard-based firm identification*
- *Compliance-focused intervention*
- *Improving health & safety culture*

Pursuing greater integration introduces a number of challenges and risks which we must plan to manage appropriately

Risks & Challenges	Four HSA Model
<p>Transition Costs</p> <ul style="list-style-type: none"> Any shift away from the current 14 HSA model will incur transition costs 	<ul style="list-style-type: none"> Moving to 4 HSAs, plus a consolidated back-office can be accomplished opportunistically by taking advantage of lease expiries, and planned exits
<p>Momentum & Support</p> <ul style="list-style-type: none"> The status quo is seen as unacceptable by all parties 	<ul style="list-style-type: none"> There is significant momentum within OHSCO for the four HSA model
<p>Independence</p>	<ul style="list-style-type: none"> HSAs will have defined, system-centric accountabilities and will no longer have complete independence from each other due to common reliance on shared services
<p>Role Change</p>	<ul style="list-style-type: none"> Staff and management will experience change requiring a manageable level of retraining and/or role change Staff and management will have immediate clarity around their place in the new model Staff cannot be distracted from the 7/7/7 goal
<p>Span of Control</p>	<ul style="list-style-type: none"> Broadens the current executive span of control (approximately 2-4 Industries versus 1) and focuses all efforts within Prevention Services organizations on core business and the end customer
<p>Customer Reaction</p>	<ul style="list-style-type: none"> Early labour and trade association reactions have been positive to the integration concept while seeking clarification on certain issues Early, demonstrable improvements in service and outcomes as seen by the customer will be necessary to maintain momentum
<p>Issues Management</p>	<ul style="list-style-type: none"> Some restructuring activities will impact interest groups Consultation needs to be open to all customer groups