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CPRN Discussion Paper

"Industry Self-Management" as a Strategy for Restructuring Government: The Case of the Ministry of Consumer and Commercial Relations (MCCR) and the Technical Standards and Safety Authority (TSSA) in Ontario

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and
Canadian Policy Research Networks

December 1999

Human Resources in Government Series
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TABLE OF CONTENTS

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Foreword

Governments in Canada have undergone a period of unprecedented change throughout the 1990s. External pressures and the need for fiscal restraint have led them to reevaluate their services to the public and reduce the size of their workforces. This widespread restructuring has had tremendous human resource implications for governments, public sector unions, and for employees.

However, there was no clear understanding of the nature and magnitude of the changes that were affecting government work and workers at the workplace level. To fill this information gap, CPRN initiated a large-scale project on Human Resource Issues in Government. Launched in early 1997, this project was based on a research design that was jointly developed by Gordon Betcherman, Network Director at that time, and Anil Verma of the University of Toronto. The overriding goal of this Project is to generate new applied knowledge that will help the federal and provincial governments and civil service unions redefine the strategies, policies, and procedures needed to transform the public service. The Project is based on the belief that this transformation must include the development of both efficient and innovative workplaces and a healthy, motivated, and skilled workforce.

The research is guided by a Project Advisory Committee that includes representatives of the sponsoring organizations as well as experts in the field. The sponsoring organizations include three federal agencies (Human Resources Development Canada, the Public Service Commission, and Treasury Board Secretariat), four provincial governments (Nova Scotia, Ontario, Manitoba, and Alberta) and the Public Service Alliance of Canada.

The research is organized into a number of key research areas. The first group of studies sets the context for the overall project by describing how the environment shaping human resources in government is changing. They provide a statistical profile of employment trends[1], an analysis of trends in labour-management relations[2], and a comparative analysis of public-private compensation trends.

The next set of studies is based on two large-scale surveys, one of managers responsible for units of between 5 and 100 people and the other of government union representatives. Reports on these surveys will address technological change in the workplace, organizational change and human resource management innovation, flexible work arrangements, and industrial relations issues. [3]

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[1] Peters, Joe, *An Era of Change: Government Employment Trends in the 1980s and 1990s*. Human Resources in Government Series. CPRN Study No.|03| (Ottawa: Canadian Policy Research Networks, 1999). Also see Work Network Research Highlights -- An Era of Change, No. 1, Spring 1999.

[2] See Swimmer, Gene (ed.) (forthcoming, OUP Press), *Public Sector Labour Relations in an Era of Restraint and Restructuring*. Also see Work Network Research Highlights Number 2, Summer 1999 – The 1990s: A Turbulent Decade for Labour Relations in the Public Service.

[3] The remaining studies and discussion papers in the Human Resources in Government Series will become available throughout the year 2000.

Surveys such as these are extremely valuable in providing information on trends and patterns in a large number of workplaces. However, in order to illuminate the actual process of change, how it is implemented, and its effects, we looked in more detail at specific workplaces, conducting four case studies.[4] The case studies serve as illustrations of the kinds of changes that are taking place in government workplaces – changes that clearly have significant implications for how government employees do their work and for how they are managed. Case studies such as these can be useful in identifying lessons learned and can help to inform the workplace change process across government.

On behalf of CPRN, I wish to extend my sincere thanks to the many individuals who contributed their time to the case studies. The insights they provided were invaluable in helping to make the change process come alive. I also wish to thank the authors of the four case study reports for working to provide these real-life stories of transformation in government. In examining these changes in more detail, we hope that other units in government can not only profit from the experiences we have documented, but also can see that change is possible, although not always easy.

Graham Lowe
Director, Work Network

November 1999

[4] Lonti, Zsuzanna, "Restructuring the Corporate Function in Government – A Case Study of the Integrated Justice Corporate Services Division in Ontario," Human Resources in Government Series, CPRN Discussion Paper W/06; Lonti, Zsuzsanna, "Industry Self-Management as a Strategy for Restructuring Government: The Case of Consumer and Commercial Relations (MCCR) and the Technical Standards and Safety Authority (TSSA) in Ontario," Human Resources in Government Series, CPRN Discussion Paper No. W/07; Peters, Joseph and Katie Davidman, "Aeronautical and Technical Services – Natural Resources Canada," Human Resources in Government Series, CPRN Discussion Paper No. W/08; and Rastin, Sandra "Outsourcing of the Engineering Design Process in the Alberta Transportation and Utilities Department,." Human Resources in Government Series, CPRN Discussion Paper No. W/09.

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I. Introduction

Governments in most Western industrialized nations are undergoing fundamental changes. They are re-examining what they do and how they do it. They are reviewing their current activities by seeking answers to the following questions:

- Does this activity need to be done at all?
- Should government be responsible for it?
- If so, does the government itself have to carry out the work?
- If the work should be carried out inside government, how should delivery of services be structured for more efficiency? (Aucoin, 1995).

As a result of these activities, the nature of government work is changing in a variety of ways. The changing nature of government work in turn requires changes in workplace practices and associated human resources and industrial relations policies. The two cases discussed here provide an opportunity to examine how large scale change in the scope and nature of government work impacts workplace practices.

The two cases describe a major restructuring at the Ministry of Consumer and Commercial Relations (MCCR) of the Government of Ontario. These cases describe the introduction of "industry self-management" (ISM) at MCCR. ISM is an alternative to conventional means of government service delivery. In essence, it entails the transfer of the responsibility for administering legislation and regulations from government to industry. It involves the creation of not-for-profit, self-funded corporations, led by industry councils, to deliver services and programs in specific markets where consumer protection or public safety has been traditionally regulated by the Ministry. ISM is a strategy that leaves the Ministry free to focus on its core business of setting policy directions and establishing safety standards. It also means tapping into sectoral best practices and letting industry do what they do best – deliver services.

The first case focuses on MCCR, describing the pressures leading to the delegation of certain government functions, the processes followed in creating the new entities, and the changes ISM brought in the nature of work and work practices at MCCR. The second case focuses on one of the new non-governmental entities created by MCCR: the Technical Standards and Safety Authority (TSSA). It examines the creation of the organization, its interface with MCCR, the changing nature of work and the introduction of new workplace practices at TSSA.

The two sites were selected for detailed examination for several reasons. ISM is considered an innovative, new way of providing services to the public by industry itself. After the case study was conducted, MCCR's ISM initiative received the prestigious bronze award for Innovative Management of the Institute of Public Administration of Canada (IPAC) in recognition of outstanding organizational achievement in the public sector. There is great interest both nationally and internationally in these new methods and a detailed analysis of their advantages and possible shortcomings. These case studies provide an opportunity for evaluating the short-term impact of this organizational change on services, the public, the employees, the unions, the industry and government. Experiences with ISM could be beneficial to other governments in their pursuit of more efficient and effective services to the public. The creation of TSSA also provides a unique opportunity to follow the move of a previously "sacred" government function - public safety - to a non-governmental entity. Finally, the introduction of ISM at MCCR allows describing in detail the changes taking place simultaneously in the Ministry and in the "spin-off" organization, the TSSA. "Spin-off" organizations are frequently the site of significant workplace change. They can offer considerable insight about the changes that might occur within government.

II. Methodology

These case study sites were selected with the help of the Ontario Public Service Restructuring Secretariat. Meetings were also held at MCCR to ascertain whether the experiences of the Ministry and the creation of TSSA were appropriate for a detailed review on changes in human resource practices in government.

The principal focus of this study is at the disaggregated workplace level, where people are working in small to mid-size groups, generally less than 100 people. The name of these work units differs from organization to organization and from jurisdiction to jurisdiction. At MCCR it is called a "Branch", at TSSA a "Division". Focusing on this organizational level makes it relatively easy to observe changing workplace practices and the nature of the workplace culture. Preliminary meetings at MCCR and TSSA also focused on selecting these units. The case study describes in detail the changes in the nature of work, the changing work methods and the resulting impact on human resource practices and policies at that unit. The experiences of these units are also put in the context of the larger organization they are part of and the general environment they operate in.

The case studies are built on interviews with key informants: the head of the base case study unit; his or her superior(s); union representatives at these organization levels; and, where it seemed necessary, with the human resources manager. Interviews were semi-structured. A set of questions was developed for each interviewee. [5] This list of questions was provided to each interviewee in advance; however, further probing of particular areas was encouraged during the interview. Relevant documents and administrative records were also reviewed. These included business plans, operational plans, employment data and other related documents.

Unit heads were asked to fill out the Survey of Workplace Issues in Government[6] (SWIG) before the interview took place. Information from SWIG allowed the researcher to gain a basic understanding on the work of the unit, its workforce, and the workplace practices in the unit. As a result, interviews started with reviewing and interpreting responses to SWIG and resolving apparent discrepancies.

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[5] These case studies are part of a series of case studies conducted for the Human Resource Issues in Government (HRG) project conducted by the Canadian Policy Research Network's Work Network.
[6] The Survey of Workplace Issues in Government was conducted in 1998 as part of the HRG project in the Federal Government and the governments of Nova Scotia, Ontario, Manitoba and Alberta.

Due to financial constraints, surveys of employees and customers are not part of the case study design. However, at TSSA the employer conducted a survey of employees in 1998 that is discussed in the TSSA part of this study.

III. A Model of Change in the Government Sector

The case studies follow a model of change within the government sector (Verma and Betcherman, 1996). This model posits that different external factors, such as the need for spending reductions, technological innovations, demographic changes, and shifting expectations of the public, are forcing governments to rethink what they do and how they do it. As a result, the nature of government work is changing. There is increased emphasis on the quality of services; a shift away from government delivery of services to government control of service outputs and outcomes; increased accountability of service providers and greater transparency of their work; and renewed emphasis on knowledge generation and dissemination.

The changing nature of government work in turn requires workers with new skills and the adoption of new workplace practices (Figure 1). Government workers need to become more service-oriented and more flexible. They need to adapt to rapidly changing technology and become more highly skilled and multi-skilled. The move from direct service delivery to control of outputs and outcomes requires people with different skills: those who can develop guidelines to enable decentralization in decision-making, who are experienced in performance measurement, contract management and other indirect methods of control. New workplace practices in government may encompass new forms of employee involvement; more information sharing with employees; greater reliance on teamwork; increased employee training; multi-skilling, job enlargement; job enrichment; and the introduction of new compensation practices, such as pay for performance (OECD, 1996).

These changes create a challenge for the unions representing government employees. Most urgently, unions are confronted with the labour adjustment consequences of government restructuring - the lay-off of their members. Their utmost concern in this case is to ensure that due process is followed. At the same time, they might be presented with the opportunity to participate more actively in the restructuring decisions, gaining more knowledge about the future direction of work in government and the impact it will have on their members.

IV. Introduction of "Industry Self-Management" at the Ministry of Consumer and Commercial Relations

1. General Overview

After reviewing the mandate of MCCR and the environmental pressures it faced we discuss the rationale of ISM, its introduction at MCCR and the changes it brought about in the nature of the work and work practices.

The work unit within MCCR that we focus on is the Marketplace Standards and Services Branch of the Business Division. This Branch was selected for two reasons. First, the Industry Self-Management Liaison Unit, which is responsible for the liaison function with the new not-for-profit organizations at MCCR, is part of this Branch. Secondly, the Branch carries out the marketplace standards and public safety functions of MCCR, which were not delegated to the new non-profit entities.

Information was collected primarily through interviews with several management and union representatives at MCCR. Extensive interviews were conducted with the Assistant Deputy Minister of the Business Division; the Acting Director of the Marketplace Standards and Services Branch; the Manager of the ISM Liaison Unit; and the president of one of the locals of the Ontario Public Service Employees Union (OPSEU), who also happens to be an employee of the Marketplace Standards and Services Branch.

Numerous documents and administrative records were also reviewed, including MCCR's Business Plans for 1997/1998 and 1998/1999 fiscal years; MCCR's submission for the 1998 IPAC Award for Innovative Management "The Triple Handshake: Ontario's Industry Self-Management Paradigm"; MCCR's performance measures; an MCCR presentation on ISM; the Ontario Motor Vehicle Industry Council's 1997 Annual Report; the Technical Standards and Safety Authority's 1997/1998 Annual Report; the Collective Agreement between Management Board of Cabinet and the Ontario Public Service Employees Union; and the OPS Bargaining Issues Survey Kit for Bargaining '98.

2. Mandate of the Ministry of Consumer and Commercial Relations

The purpose of MCCR is to promote a fair, safe and informed marketplace, which supports a competitive economy in Ontario. In order to achieve this, the Ministry is involved with a wide variety of businesses through licensing, registration and inspection, and promotion of consumer education and protection.

The mission of the Ministry, and the key strategies for carrying them out, were evolving in the second part of the 1990's, reflecting the shifting priorities of government. In the Ministry's 1997/1998 Business Plan the major emphasis was on creating a supportive environment for business by cutting red tape and by improving services provided to businesses. Key strategies to achieve this mission included:

- establishing partnerships with industry in regulatory and business activity;
- seeking opportunities for private sector delivery of services;
- using technology to enhance services and support business;
- streamlining operations for better efficiency and improved customer service.

The core business functions of the Ministry were marketplace and public safety standards, commercial registries, vital statistics and internal administration. Of these, the marketplace and public safety standards were the first to be introduced to ISM and hence it forms the focus of this study. As part of the marketplace and public safety standards function the Ministry had responsibility for both the "business" and "public safety" sectors. The "business" sectors included real estate agents, motor vehicle dealers, travel agents and wholesalers, cemetery operators, bailiffs, collection agencies, credit reporting, alcohol, gaming, horseracing, and film and video classification. The public safety sectors included fuel safety, elevating and amusement devices, boilers and pressure vessels, and upholstered and stuffed articles.

The 1998/1999 Business Plan signaled a shift from an industry focus to greater emphasis on consumer protection. The Ministry's new mission became:

- to provide for high standards of consumer protection, public safety and business practices;
- to support business growth and the investment climate;
- to provide services that are relevant to, and in keeping with, the evolving marketplace;
- to facilitate the provision of consumer information and education.

New key strategies to achieve these goals included partnerships in consumer protection and public safety, continuing direct service innovations and constant review and update of regulations with the twin goals of reducing red tape and providing necessary consumer protection. The Ministry also realigned its core businesses to reflect its new consumer protection focus. Marketplace and Public Safety Standards was divided into two new core businesses: Consumer Protection and Public Safety, and Business Standards.

3. Environmental Pressures Facing MCCR

Major environmental pressures facing MCCR before the introduction of ISM were identified as

- the government's commitment to reducing the size and costs of government;
- government's mandate for seeking new partnerships with the private sector, building on the philosophy that government should do what it knows best: setting policy directions and establishing standards while the private sector should be given responsibility for what it knows best: delivery of services;
- pressure *from* industry for self-management;
- clients' demand for a more business-like model of service.

The Progressive Conservative government of Premier Mike Harris, elected in 1995, was strongly committed to *reducing the size and cost of government*. As a result, each ministry had to rethink the business it was in; choose those activities for which it remained responsible; decide whether those activities would be carried out inside or outside government; organize outside delivery for certain services; and devise more efficient delivery mechanisms for services remaining in the ministry. As part of this process, MCCR reviewed the Ministry's core functions and methods of service delivery. The ISM initiative at MCCR was a direct outcome of this exercise.

The PC government placed a very high priority on *cutting red tape* in order to make it easier for businesses to work, invest and create jobs in Ontario. MCCR had been involved in this project along with all other ministries. According to the 1998/1999 Business Plan, the Ministry brought forward more than 100 amendments to 30 statutes in order to cut red tape. ISM could also be considered as a major component of this initiative.

The government's mandate included seeking opportunities for *partnerships with the private sector* and fostering an environment where business could take a greater role in its own affairs. ISM let the Ministry focus on its core business of setting policy directions and establishing safety standards, and letting industry do what it does best – deliver services. Industry's commitment to self-management was also a necessary ingredient of successful implementation of ISM. ISM utilizes the expertise of the private sector in service delivery, thereby satisfying consumer demands for better service delivery.

4. Application of ISM at MCCR

MCCR's *objective* in introducing ISM was to maintain, if not increase, consumer protection and public safety by making use of the expertise of the private sector in service delivery, while reducing the financial burden on the taxpayer.

MCCR's *rationale* for ISM was:

- reduction in the size and cost of government, while, at the same time, maintaining high marketplace standards;
- increasing business responsibility and providing more efficient service;
- enhanced consumer protection as industry builds on its member firms' professionalism; and
- promotion of economic growth as industries generate and use revenue surplus for program and technology development.

MCCR developed several general *criteria for identifying a sector's readiness* for self-management. These included:

- a successful track record of professional development programs by the industry, such as a code of ethics;
- a documented history of consultation and partnership with government and others to solve marketplace problems;
- a demonstrated capacity to perform some legislated functions on behalf of government;
- the existence of a representative national or provincial industry group or association;
- proven ability to represent a balance of interests for consumer protection and high standards of service.

Based on these criteria MCCR recognized the maturity and the willingness of several industries to manage their own affairs. MCCR designated these industries and delegated the delivery of consumer protection and public safety programs, which involve administrative and operational functions. These industries are *motor vehicle dealers; real estate businesses and brokers; travel wholesalers and agents, and public safety, such as elevators, amusement devices, boilers and pressure vessels, and fuel safety and upholstered and stuffed articles.*

5. Process of Introduction

The introduction of ISM was spearheaded by an executive level steering committee chaired by the Deputy Minister, enjoying the full support of the Minister and his staff. A "self-management team" of highly talented individuals from diverse backgrounds implemented the project. The main drivers for change from civil servants were an internal senior management team whose members included the ADM of the Business Division, ADM of the Technical Standards Division, and the Director of Policy and Agency Relations.

The introduction of ISM required new legislation. The *Safety and Consumer Statutes Administration Act, 1996* was conceived, drafted and passed in only three months in 1996. Without mandating self-management, it set the framework and general requirements for full delegation. The Act enables delegation of authority, designates industries eligible for self-management by regulations, sets very basic delegation rules, and allows the Minister to appoint a minority of non-industry board members. A comprehensive administrative agreement was also signed with each administrative authority. It specified the powers delegated to the new entities; the composition of the board of directors; financial terms, including payment for transfer of assets; resourcing and access to government assets and records; protection of privacy of information and access; liability for actions; insurance requirements and the production of business plans and annual reports.

Transition agreements were also signed in three sectors, all but public safety, covering timing of transfers, government staff secondments, access to the government database and transfer of technology. MCCR supported the delivery of services by these three councils during a six-month transition period to ensure seamless transfer of services. These not-for-profit corporations were incorporated as legal entities and the Minister delegated responsibility to them by regulation.

6. Structure and Power of the New ISM Organizations created by MCCR

The new entities created by MCCR are not-for-profit, in order to ensure that consumer protection and public safety remain their goals. They were also made independent of government and industry trade associations to ensure that no single interest has undue influence on them.

Their boards of directors were designed to be composed of democratically elected industry members as well as minority members appointed by government to represent non-industry stakeholders. These minority members include representatives of consumers, business and government. As a result, both business and the public interest are represented. The corporation's financial and operational affairs are managed by a Chief Executive Officer.

These entities were designed to be self-managing, but not self-regulating. They register industry members, such as real estate brokers and travel agents; deny, revoke or suspend licenses; administer certification/qualification courses and entry exams; conduct inspections, investigations and prosecute for violation of industry specific legislation/regulations; resolve consumer complaints; and manage consumer compensation funds. While the Minister retains legislative and regulatory authority, the new entities can recommend legislative and regulatory changes to the Minister and have the power to improve practices through by-laws.

These new entities are required to develop detailed long-term and annual business plans, which are reviewed by the Minister. Business plans include information on business objectives, performance measures, resources and revenue data, and complaint handling. The Ministry reviews these business plans. The new organizations are required to prepare audited public annual reports on operational performance, which are tabled in the Legislature. MCCR sets out general parameters for the new authorities to follow and the Minister reviews the terms and conditions for board composition and selection process. Fees and forms can be changed provided the Minister agrees with the mechanism or the process used to change them. Industry councils control fee revenues, as long as any surplus is reinvested, e.g. in program development, public or consumer education, and technology enhancements. The authorities could change or adapt processes as long as they continue to fulfil the statutory and regulatory requirements. MCCR also refers issues to industry councils for consultation, resolution or recommendation.

7. Employment Effect

Altogether 393 people were employed in the areas where ISM was introduced. Of these 393 people, 80 remained with the Ministry. TSSA was created from the Technical Standards Division of MCCR. The ADM of that Division became the new CEO of TSSA. The Division employed 250 people and all of them were offered jobs with TSSA with full salary and benefits (more details provided in the TSSA case study). TSSA's hiring policy was facilitated by the technical nature of the work carried out by the organization and the specialized knowledge required filling many functions. This was not the case for the other smaller industry councils, which hired some former civil servants, but not all of them.

The introduction of ISM in the three smaller sectors and other restructuring in the Branch - which was not directly related to self-management - resulted in the elimination of 63 full-time equivalent (FTE) positions at MCCR. Employees directly affected by the changes had either been re-deployed inside government to existing vacancies, took the severance package offered to OPSEU employees or obtained new positions with the new organizations. At the end 18 people decided to take the severance package. There were no involuntary lay-offs related to the introduction of ISM.

8. Changes in the Nature of Work and Workplace Practices at MCCR due to ISM

8.1 Policy and Standard Setting Capabilities

In those areas where ISM has been introduced, the Ministry now focuses its efforts on *policy* and marketplace and safety *standard setting* as opposed to the processes and procedures of direct regulatory activity. The policy area of MCCR remained intact. With the creation of TSSA, technical knowledge in the public safety areas resides exclusively with the TSSA. The Ministry relies on TSSA to provide input and advise on policy development and standards setting in the public safety area. In turn, the TSSA consults its industry advisory councils and consumer advisory panels, creating a more transparent policy making process.

8.2 Monitoring of New Organizations – Industry Self-Management Liaison Unit

The Ministry retained the responsibility for ensuring that the new administrative authorities function according to the powers delegated to them by legislation, regulation and the relevant administrative agreements. To carry out these responsibilities, MCCR set up new accountability structures. A new *Industry Self-Management Liaison Unit* was created in May 1997 to help monitor the activities of the new authorities to which certain legislated functions were delegated and to manage the relationship between these authorities and the Ministry. The unit planned, coordinated, and managed the Ministry's activities pertaining to ISM as required by legislation and the agreements with the administrative authorities. It also facilitated legislative and regulatory changes and initiatives concerning consumer protection, public safety and marketplace standards, as proposed by the administrative authorities. MCCR monitored the performance of these self-managed sectors by requiring the new organizations to develop detailed long-term and annual business plans and to file audited annual reports, as described earlier. The Minister reviewed the terms and conditions for board composition and selection. Fees and forms could be changed provided the Minister agreed with the mechanism or process used to change them. By-laws on governance prepared by the council's executive were reviewed by MCCR. The liaison unit supported the Minister in carrying out these responsibilities.

In its first year the liaison unit carried out the following functions:

- held regular liaison meetings with administrative authorities to ensure a seamless transition of the programs to the private sector;
- monitored the authorities' preparation of business plans, their development and implementation of complaint-handling processes and the development of an access and privacy code for TSSA;
- tracked revenue and expenditure commitments to ensure the smooth transfer of authorities' revenue during the transition period, and ensured the proper documentation of revenue collection;
- provided liaison functions with new authorities for progress reports, correspondence, complaint handling and stakeholder relations;
- created an early warning system for emerging issues and negotiated a communications protocol with the authorities;
- ensured adequate briefing and debriefing of government representatives on the new organizations' Boards of Directors;
- coordinated the resolution of transitional issues in administrative, human resources and information technology areas.

The liaison unit became part of the Marketplace Standards and Services Branch (MSSB), which in turn belonged to the Business Division of MCCR. The Liaison Unit was comprised of four positions: a manager, a financial and contract management co-ordinator, a business liaison coordinator and a technical liaison officer. All positions were created with the aim of making the Liaison Unit a monitoring and contract and relationship management unit rather than a regulatory and service delivery unit. We describe in detail the major responsibilities, skill and knowledge requirements of the three existing positions, as these jobs represent a very important segment of future jobs in the public service. The technical liaison officer position was under development at the time of writing. As governments continue to review their activities and privatize service delivery functions, the need for monitoring and contract management services inside government increases.

The *financial and contract management co-ordinator* position is a senior position, classified as an AM 20. The purpose of the position is to provide assistance in the financial administration of ISM activities; to assist in the development of policies and initiatives through the conduct of research studies, issue analyses and special projects; and to develop and facilitate linkages with individual firms, industry groups and other stakeholders.

Major responsibilities of the *financial and contract management co-ordinator* position included:

- providing ongoing financial analysis and support to the ISM and other regulatory initiatives of the unit;
- analysis of financial, economic and statistical data and qualitative information from authorities, individual firms, industry groups;
- maintaining ongoing liaison with officials at the authorities to ascertain financial trends, economic concerns, and industrial development;
- working with industry partners to design, implement and administer financial planning and performance evaluation systems, compliance processes and methods;
- reviewing and recommending multi-year business plans submitted by the authorities;
- coordinating and monitoring contract management activities for the unit;
- working with authorities and private sector partners to develop recommendations for legislative, regulatory and policy changes through the analysis of needs and current issues; developing in concert with industry officials changes to policies, procedures and standards; participating in the development of regulations and policies;
- developing and maintaining close co-operative relationships and consultative liaison with other Branches of MCCR, with other ministries, central agencies, other governments to ascertain trends and maintain awareness of existing and potential issues which impact on ISM.

Skill and knowledge requirements of the *financial and contract management co-ordinator* position were the following:

- thorough knowledge of generally accepted accounting and financial analysis principles and practices, including audit and control, in conjunction with good knowledge of a range of business administration fields, such as finance, economics and business analysis;
- extensive knowledge and understanding of the administrative and financial requirements of the Safety and Consumer Statutes Administration Act and related Ministry regulation;
- detailed knowledge and understanding of commercial law and business and financial operations of the businesses and industries governed by the legislation;
- proven analytical, and conceptual skills to evaluate a diverse range of financial, economic and industrial factors; facility in the use of a range of analytical and financial software programs;
- good oral and written communication skills;
- ability to lead teams and work as a team member with considerable autonomy, depending on the specific project or assignment;
- planning, administrative and project management skills;
- proven interpersonal skills to develop and sustain effective rapport with authorities private sector partners and colleagues in the Ministry.

The first incumbent of the position held an MBA degree and had 20 years of government experience in progressively higher positions, including managerial ones.

The *business liaison coordinator* position was classified as an AM 19. The purpose of the position is to conduct research, issue and trend analyses and special projects in order to analyze and develop ISM and marketplace fairness initiatives; and to develop linkages with the authorities, individual firms, business associations, industry groups and other stakeholders.

Major responsibilities of the *business liaison coordinator* included:

- developing and maintaining working partnerships and liaison with diverse industry stakeholders; officials of individual firms, representatives of industry councils, trade associations; other ministries;
- identifying regulatory policy and ISM issues, including emergency and specific incident situations, conducting research, and assessment; identifying options and recommendations and preparing reports;
- working with authorities and private sector partners to develop recommendations for legislative, regulatory and policy changes; developing in concert with industry officials changes to codes and standards and participating in the development of regulations and policies;
- providing day to day assistance and information on policies, procedures and regulatory requirements to administrative authorities, industry officials and other stakeholders;
- reviewing multi-year business plans, annual reports and other related documents submitted by authorities;
- maintaining day-to-day liaison with Ministry appointees to authorities and boards;
- planning, designing and managing on-going program intelligence gathering systems and collection methods needed for program assessment and review;
- preparing reports, briefing notes, speaking notes, Ministerial correspondence and providing briefings to senior Ministry officials on ISM and marketplace fairness issues including emergency and specific incidents;
- assisting the development of administrative authorities’ communication and issue management strategies, information flows, and approvals, strategies and protocols;
- representing the unit, Branch, division on inter and intra-governmental and government/industry committees, working groups, task forces.

Skills and knowledge requirements for the *business liaison coordinator* position were the following:

- outstanding knowledge of Ministry legislation, current programs, initiatives and policies pertaining to business regulation and consumer protection;
- good knowledge of issues of significance to the prime regulated industries and views of principal stakeholders;
- proven administrative and problem solving skills, excellent analytical skills to assess and advise on issues and program matters;
- effective oral and written communication skills;
- excellent presentation skills, and facility in a range of statistical and analytical software;
- ability to lead teams and work as a team member with considerable autonomy, depending on the task;
- planning, administrative and project management skills;
- proven interpersonal skills.

The first incumbent of the position had a BA in political science, had a journalism background and 8 years of experience with the Ontario Government.

The *manager* of the Industry Self-Management Liaison Unit occupied a Senior Management Group - SMG 1 – position. Her job is to plan, coordinate and manage Ministry activities pertaining to ISM, in partnership with the administrative authorities, as required by Ministry legislation and administrative agreements. She facilitated legislative and regulatory changes and initiatives concerning consumer protection, public safety and marketplace standards, as proposed by the authorities. She managed the relationship between the administrative authorities and MCCR and other government ministries and agencies, through the provision of "one window" access from government to authorities and visa versa. She developed and sustained liaisons with business and industry groups, safety standards organizations, and other stakeholders.

The *manager*'s major responsibilities included:

- planning, coordinating and executing strategies and projects concerning industry regulation, ISM and marketplace rules requiring joint efforts of Ministry and industry partners;
- working with industry partners to ensure that their recommendations for changes in policy, legislation, regulations and delegated powers are consistent with overall goals and objectives of Ministry for protection of public safety, increase consumer protection and fair, safe and informed marketplace;
- implementing and overseeing Ministry responsibilities concerning the administrative authorities (e.g. reviews and recommends multi-year business plans, and related reports; oversees monitoring of fees structures/levels;)
- assisting the administrative authorities in the development of their communication and issues management strategies;
- maintaining on-going liaison with Ministry appointees to authorities boards; officials of individual firms, industry sectors, business organizations; other Ministry and government officials;
- providing supervision and evaluation of subordinate staff ;
- project management and matrix management of projects and staff;
- preparing reports, briefings and recommendation for senior management

The skills and knowledge requirements of the *manager*'s position included all the skills required from subordinates and in addition:

- excellent organizational and decision-making skills to direct and manage the activities of staff, to set and maintain priorities and to co-ordinate efforts with industry partners;
- well-developed assimilation skills to quickly acquire and absorb knowledge; and
- skills in project design, control and matrix management.

The first manager of the unit had 15 years of government experience in successively more senior positions. She had been with MCCR since 1990 and had a strong policy background.

8.3 Other changes at the Marketplace Standards and Services Branch

As mentioned earlier, the work of the Marketplace Standards and Services Branch had been affected profoundly by the introduction of ISM. Three of the new ISM organizations - TSSA excluded - created by MCCR carried out the work that had previously been performed by the Marketplace and Services Branch. These three authorities covered motor vehicle dealers, real estate agents and travel agents. With the introduction of ISM and other restructuring (i.e. not directly related to ISM) the Branch lost 63 positions.

One of the primary activities of the Marketplace Standards and Services Branch was industry regulation. The Branch carried out the regulation of those industries, which were considered not yet ready for ISM. These included collection agencies, bailiffs, cemeteries, boxing, kickboxing, and cinemas. The Theatres section also reported to the Branch. The main functions carried out by the Branch included business registration, inspections and investigations, consumer complaints and inquiries, and representing consumers' interests in the marketplace. These included dealing with consumer complaints by phone and in writing, and educating consumers and service providers about their rights and responsibilities. The Branch was formed in 1996 through the merger of three branches: the Business Registration Branch and the Consumer Services Branch, as well as the vestiges of the Entertainment Standards Branch.

The most important factors in determining the changes in the work of the unit were budget constraints, shifting government policy/program priorities, including greater emphasis on results, and technological changes.

The Branch in 1998 employed 80 employees. They were investigators, inspectors, complaint handlers, and business registration personnel. These workers were considered administrative/clerical workers. The Branch employed 11 managers at various levels and 4 professional/technical workers. Investigators were part of the administrative bargaining unit, while all other workers were in the office administration bargaining unit. The number of women employees was increasing. Promotions were directed by the collective agreement. Nobody could be promoted without winning a competition. In the Branch people generally stayed in the occupational group they have entered. Turnover was minimal.

Inside the four main occupational groups, employees were multi-skilled and they were able to handle complaints regarding all the Acts under the Branch's jurisdiction. However, there was no multi-skilling *among* the four main occupational groups. Complaint handlers rotated, working a certain number of days on the phone, then handling written complaints. There were regular staff meetings every Monday morning to discuss new complaints, new scams, and develop a common approach. A "morale" team was established by management to organize social events, build rapport with employees and boost staff morale at the time of downsizing. The president of the Local was a member of the morale team. The employer introduced a formal employee suggestion program. Employees had many suggestions on how to improve performance, e.g. the introduction of form letters. Management developed a form for suggestions, which employees filled out. Management reviewed them and decided which ones to implement. There was no financial incentive attached to the suggestion scheme.

The branch's performance was measured several ways, such as the number of days it took to process an application; length of wait in case of consumer calls; response time to phone calls and letters. These are considered output measures. For investigators' work, more emphasis was put on *outcomes:* such as the number of cases won. These measures were not new; they had been used for a long time. Performance measures were developed in consultation with staff. The Branch director considered the measures achievable and not punitive. All groups had met the standards. The Branch was also asked to prepare comparisons of their performance measures to other provinces, where applicable.

Management used technology to monitor the workflow: measuring the length of phone calls, issues handled, etc. Management used the information gained from monitoring for trend analysis, identifying peak times and peak issues. The Branch reported the results of monitoring. According to the acting Branch director, initially some employees had resisted the monitoring, but accepted it over time. The director did not receive any complaints from employees regarding this monitoring system.

The introduction of ISM, and the principles embedded in ISM affected the Branch in several ways. The creation of the three smaller authorities led to a 75% reduction in the work of the business registration unit. Inspectors and investigators also experienced some work reduction. This led to job design changes. New tasks were added to the job of registration employees and the span of control was increased. While still handling individual complaints, the Branch also sought to better educate the consumer. The Branch encouraged industry associations to develop their own codes of ethics and to solve complaints themselves. However, MCCR still received complaints from consumers. For self-managed industries, complaints are handled by the new organizations in accordance with the terms of delegation.

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9. Union-Management Relations

Most of the employees affected by the introduction of ISM were members of the Ontario Public Service Employees Union (OPSEU). As a result, our focus is on the OPSEU local, which represents employees of the Marketplace Standards and Services Branch. Another affected Local represented employees of the now defunct Technical Standards Division. With the creation of TSSA, those employees ceased to have union representation by OPSEU under Bill 7 which removed successor rights for the union (see detailed discussion on this topic in the TSSA part of the study).

OPSEU locals are organized by geographic location. The Local we studied contained members at 250 Yonge St., covering employees of both MCCR and the Ministry of Finance. This Local also had members at 393 University Ave., where the Companies Branch is located and at 20 Queen St. where the Ontario Securities Commission resides. In the summer of 1998 the Local represented 484 people. A Local Executive Committee directed the Local, with stewards from various branches. The Local president of OPSEU was an investigator with the Marketplace Standards and Services Branch at MCCR. He was hired by MCCR in September of 1994. He became active in the union after the last OPSEU strike in 1996 and was elected president of the Local in June 1997.

MCCR set up a bipartite "Negotiations Committee" to provide a liaison forum with OPSEU for the personnel issues related to the introduction of ISM. Management's main goal in setting up the Committee was to improve communication with the union and to share information on progress with ISM. Management informed the union about its decisions, but, since self-management was a business decision, it did not seek the union's input on the merits of ISM. The Committee had members from the HR department at MCCR, the Assistant Deputy Minister from the team working out details of ISM, and representatives of the affected OPSEU local in addition to the central OPSEU representative. According to the Local OPSEU president, the union's aim at the "Negotiations Committee" was to represent its members' interest by fighting for their jobs. According to the OPSEU collective agreement, the government had an obligation to make reasonable efforts to secure job offers for affected staff. At the same time, the administrative authorities had no obligation to hire existing staff.

In the final analysis, the union and the employer had different views on the implementation of ISM. The union felt that the employer could have done more to secure employment for affected MCCR employees. The employer indicated that it had limited leverage on employment issues with the new authorities, as they were not obliged to hire former civil servants. The employer felt that it had gone to great lengths to secure employment for the affected employees, both at the Ministry and with the new authorities. Among other measures, the Ministry

- managed its vacancies to reduce lay-offs;
- made numerous presentations to the authorities' Board of directors and CEOs reiterating MCCR's contractual obligations and urging them to make offers to MCCR staff;
- organized question and answer sessions with CEOs and Branch staff on what positions would be available and how the hiring process would work;
- shared job descriptions with the new authorities and information on employees (i.e. length of service);
- negotiated secondments and temporary acting assignments to the new authorities to give staff some exposure to the new jobs;
- secured job interviews for branch staff who applied for jobs with the new authorities;
- negotiated agreements with two of the authorities to offer positions to ministry staff before making any offers to the public;
- co-ordinated the application and screening process, and scheduled interviews;
- made the new authorities advertisements, salary and benefit schedules available to all branch staff;
- cross-training and developmental opportunities were offered to expose additional staff to the new authorities;
- held resume-writing and interview skills workshops for staff;

- the Director held regular, informal lunch-time information sessions on the status of divestment at different stages and relevant process and options.

The Local was still grappling with the aftermath of OPSEU's 1996 strike. Strikebreakers were a real problem for this Local during that strike. After the strike OPSEU decided that strikebreakers would be penalized at 100 % of their earnings during the strike. Those who did not pay the penalty were considered members "not in good standing" and they couldn't vote on every-day local union issues. The Local president felt that those employees who were strikebreakers would not approach the union with any problems related to the implementation if ISM.

The union-management relationship at the Branch level was confined to meetings between the director and union representatives when there was a problem (other than day-to-day operations). There were two joint initiatives between union and management, both operating above the branch level: (1) an occupational health and safety committee, mandated by law and operated at the Ministry level and (2) a Ministry Employment Relations Committee, which existed in every Ministry and operated at the divisional and ministry level.

At the time of writing the union was just starting bargaining for a new contract. OPSEU surveyed its membership about the top five issues they would have liked the union to pursue. The top issue identified by members was job security, followed by the availability of a compressed workweek. OPSEU would also try to bargain union successor rights into the collective agreement, since Bill 7 had eliminated it. The local president believed that job security was still a very important issue as downsizing of the civil service was likely to remain on the government's long-term agenda.

10. ISM Strategy and Its Implications

In this concluding section we evaluate the impact of ISM at MCCR. We examine whether the objectives set by MCCR for the introduction of ISM were met. We also assess the impact of ISM on all stakeholders. These include the Ontario government in general, and MCCR in particular; employees of MCCR and their unions; business/industry; and the public, as direct consumer of the services provided by the new not-for profit organizations and more generally, as taxpayers.

As stated earlier, the twin objectives for the introduction of ISM were to

- reduce the costs and size of government and, as a result, reduce the financial burden on the taxpayer, and
- maintain or even increase consumer protection and public safety.

Accordingly, the assessment that follows examines each objective from different perspectives.

10.1 Impact on Government and on the Taxpayer

The introduction of ISM significantly reduced the size and the cost of government. At MCCR 312 positions were eliminated and the Ministry decreased its operating budget by $19.2 million. New monitoring and contract management functions needed only very modest public resources. The ISM Liaison Unit at MCCR had one management and three professional employee positions. These savings enabled the government to reduce the financial burden on taxpayers.

10.2 Impact on Consumers

ISM constitutes the separation of service delivery from policy, as the new not-for-profit authorities provide services once carried out by government, while government focuses on policy and standard setting. With the introduction of ISM not only did government remove itself from the actual delivery of these services, but it also completely eliminated public financing of the delivery of those services. Government had charged fees for these services when public servants delivered them. However, while these services were generally revenue generating, fees were not necessarily set with the aim of full costs recovery, e.g. costs of auxiliary activities necessary to carry out those services such as accounting, human resource services, etc. were not incorporated into the fees. While the new authorities are not-for-profit corporations, they depend on revenues to meet program expenses. They accomplish this by charging fees to the users of services. Currently the new authorities charge the same fees to the users of services as were charged by the ministry. While the new authorities have the power to set the fees they charge, the Minister has to agree with the mechanism or process used to set or change them. At the time of this writing, fees had not been raised by any of the new organizations in the first year of their operation. When the programs were delivered by government fees collected were remitted to the Government's Consolidated Revenue Fund and could not be redirected to enhance program delivery. Since the new administrative authorities keep the fees collected they are able to use it for service enhancements to directly benefit consumers.

Early indications show that consumers are getting better services for their money. At the time this case study was written, two of the new organizations, the Ontario Motor Vehicle Industry Council and TSSA, filed their first annual reports with the Minister. These annual reports show that the new organizations delivered on their promise of providing improved services to the public. According to the Ontario Motor Vehicle Industry Council's first annual report, the number of completed inspections in the industry increased from approximately 2,100 to 2,400. A successful "anti-curbsider" campaign was carried out to weed out unlicensed dealers. The number of disputes resolved between consumers and dealers and between dealers themselves increased from approximately 300 to a 1,000 in 1997. Investigative activity rose sharply with the number of entities charged and convictions increasing dramatically. The Council also worked with the Canadian Automotive Institute at Georgian College on the development of a certification program for new dealers and salespersons. Achievements of TSSA are described in detail in the next part of this case study. Major achievements include substantial service time reductions and increased inspection activity.

10.3 Impact on MCCR

Although the delivery of these services were delegated to the private sector, MCCR still retained the responsibility for ensuring that these authorities function within the powers delegated to them by legislation, regulation and the relevant administrative agreements. As described earlier, the Ministry carries out this responsibility by requiring authorities to sign binding administrative agreements; to develop annual and long-term business plans that should include performance indicators; and to file an annual report on their achievements. These requirements are in concurrence with the tools generally used in other jurisdictions, such as Great Britain, which are more experienced in their efforts to privatize public services. They also conform to the main thrust of reform and renewal in public management identified by the OECD (1994). In the next section, on TSSA, we examine the administrative agreement between the government - MCCR – and the new service provider – TSSA – the performance measures; and service standards.

Ministry officials concurred with the view that the creation of these new organizations had led to some loss of corporate memory at MCCR. This loss might make it somewhat more challenging to develop policies and set standards in these areas in the short term. New administrative policies and procedures are in place to address this issue. More time and experience with the new organizations are needed to evaluate whether the resources at MCCR devoted to helping and monitoring the authorities - essentially the ISM Liaison Unit with four positions - are sufficient.

10.4 Impact on Employees and Their Union

The introduction of ISM created some uncertainty at MCCR. It led to a loss of employment in the civil service for over 300 employees, although eventually only 18 employees opted for the severance package offered by government. However, its impact was more than just loss of employment. It created insecurity and loss of morale among those who remained with the Ministry. The acting director of MSSB stated that her major challenges were to help employees get over the grieving period and to rebuild efficiency and effectiveness at the Branch. The head of TSSA offered employment to all employees of the Technical Standards Division of MCCR, which lessened considerably the feelings of insecurity resulting from the restructuring.

All employees who accepted jobs with the new authorities lost union representation automatically as Bill 7 eliminated successor rights in the case of public sector restructuring. We do not have information on salaries and working conditions at the new authorities, except for TSSA, where employees were hired at the same salary and better benefits. OPSEU, the union that represented the affected employees, lost approximately 300 members. The union and management had differing views on the implementation process: while management viewed its communication efforts tremendously successful, the union felt relegated to the sidelines.

OPSEU had a standing policy of non-participation in matters of organizational change. While this policy allowed the union to avoid accusations of co-optation into management's agenda, it also robbed the union of the opportunity of influencing further changes in the work of government and of softening the blow to their members.

In *summary*, the major contributors to the success of ISM at MCCR were the following.

- the objectives of the government to reduce its size and costs coincided with these industries' push for self-management;
- an open-minded, innovative team of high level executives existed at MCCR. These government executives knew the capabilities of the new organizations and the service improvements they could deliver;
- they did not try to reinvent the wheel, but instead built on the experience of other jurisdictions, while continuing to innovate and adopt new management practices;
- the criteria developed for selecting industries for self-management were critical in achieving success. Selecting areas for the introduction of ISM where fees were already charged for services was an important contributing factor;
- industries identified for ISM had a successful track record and were mature and ready to take on the responsibility.

Another interesting finding is the apparent absence of a union–management relationship at the workplace level. It seemed that at the workplace level the employer generally opted for direct information sharing with employees and unions had a role only when job losses were on the horizon. In a changing political environment there could be merit in revisiting this "equilibrium" from both sides, as research from the private sector shows that union participation could substantially contribute to the success of workplace change in unionized environments (Kochan and Osterman, 1995; Verma and Chaykowski, 1999).

V. Industry Self-Management in Practice: The Case of the Technical Standards and Safety Authority (TSSA)

1. Introduction

The second part of this study describes the experience of one of the new organizations created by MCCR's Industry Self-Management (ISM) initiative, the Technical Standards and Safety Authority (TSSA). By examining TSSA, we gain valuable insight into how government work and workplace practices are changing when a government function is spun off to the private sector. We could also study the implications for human resource management practices, including compensation, and worker representation.

The study reviews the pressures and processes around the creation of TSSA, its mandate, organizational objectives and structure, as well as the changing nature of work and new human resource practices of the organization. New workplace practices adopted by TSSA are described through the experience of one of its divisions. The new Staff Association set up with the help of the employer is also examined. Finally, we analyze the main results of the creation of TSSA on the administration of public safety programs in Ontario.

TSSA was selected from the four organizations created by MCCR under its ISM initiative for several reasons:

- it was the largest, most diverse organization created by MCCR;
- it carried out several critical functions, that previously had been exclusively in the government's jurisdiction, including regulatory activities, standards setting and policy development;
- it prided itself on the high quality of services provided by the organization and on the innovative workplace practices pursued;
- TSSA completed its first annual report on its activities for 1997/98, which formed the basis for analyzing the impact of ISM;
- the organization conducted a detailed Employee Opinion Survey, the results of which were available.

The workplace focus of this site is the Elevating and Amusement Devices Safety Division, which included the responsibility for the Upholstered and Stuffed Articles Program as well.

2. Data Sources

The data for this study consist primarily of interviews with several management personnel and the chair of the Staff Association at TSSA. Among management extensive interviews were conducted with the President and CEO of TSSA, the Vice-President of the Elevating and Amusement Devices Safety Division, and the Manager of Human Resources. Numerous documents and administrative records were also reviewed. These included the Business and Operational Plans of TSSA for 1997/1998; the Interim Progress Report of November, 1997; the Annual Report of 1997/1998; Working Conditions Document;

Performance and Development Program, A Performance Appraisal Document; Performance Review Form; Incentive Plan; the results of the Employee Opinion Survey; copies of "The Safety Standard" the TSSA's Newsletter; and the "Insider", an Information Bulletin for TSSA employees. Information from the Survey on Workplace Issues (SWIG) was also utilized. The Vice-President of the Elevating and Amusement Devices Safety Division completed SWIG.

3. Pressures and Processes around the creation of TSSA

According to the President and CEO of TSSA - who held the position of ADM of the Technical Standards Division at MCCR , the division from which TSSA was created - the main driver for creating TSSA was the conviction that this organizational form would be more appropriate for providing quality services. The idea to create TSSA originated with senior bureaucrats at MCCR. TSSA was set up along the lines of the Alberta Safety Association. Its creation required enabling legislation, which was accomplished in just three months. A core team of four people was selected from the old Technical Standards Division at MCCR and was charged with the mechanics involved in the set-up of TSSA. They heavily relied on the advice of an industry working group, consisting of ten representatives from companies TSSA regulates.

4. Profile of TSSA

4.1 Mandate of TSSA

TSSA was created as an independent, non-governmental, not-for-profit organization with the mandate to deliver specific public safety services under Ontario's Safety and Consumer Statutes Administration Act. TSSA commenced operations on May 5, 1997 and became the sole authority responsible for the administration and enforcement of seven Ontario public safety acts: the *Amusement Devices Act*, the *Boilers and Pressure Vessels Act*; the *Elevating Devices Act*; the *Energy Act*, the *Gasoline Handling Act*, the *Operating Engineers Act* and the *Upholstered and Stuffed Articles Act*.

TSSA acquired the authority to charge and collect fees for its services and it must operate within this revenue base. Any excess revenues must be re-invested in the corporation for such purposes as improved inspections or educating the public about safety. Ultimately excess revenues could lead to future fee reductions. When TSSA was created, the fee structure for services remained unchanged, and TSSA was committed to keeping the same fee structure for the first two years of its operation. TSSA management reviewed the fee structure, advised industry councils of the results and is planning to re-balance the fee schedule in consultation with the industry over the next 1-3 year period to ensure that all industries carry their fair share. Fees could be changed starting in May 1999.

4.2 Relationship of MCCR & TSSA

With the creation of TSSA, MCCR retains accountability for public safety in Ontario, but it focuses more on achieving public safety results rather than on program delivery. MCCR remains responsible for setting overall standards and overseeing public safety policy and delivery, and monitoring TSSA performance. The Administrative Agreement between MCCR and TSSA sets out the terms and conditions that TSSA has to meet in delivering its designated responsibility for administering the seven public safety statutes. The Administrative Agreement requires TSSA to develop a business plan and to prepare an annual report and audited financial statement on its activities. MCCR monitors the performance of TSSA, by reviewing its business plans and annual reports. By-laws relating to the composition of the Board of Directors of TSSA were put in place. The Minister reviews the selection process to the Board and prior ministerial approval is required for any changes to by-laws respecting these issues. The Minister also appoints three members of the Board, while the rest of the members are elected by the membership. TSSA developed its own complaint handling process to address public concerns regarding administrative decisions. The review of technical decisions continues to be handled through the existing processes.

4.3 Services Provided by TSSA

TSSA provides the following public safety services:

- review and registration of engineering designs before equipment is manufactured and installed;
- inspection of facilities and equipment at the time of manufacture, during installations and periodically during operations;
- licensing facilities, registration of contractors and training and certification of tradespersons who install and service equipment;
- investigation of accidents, issuance of tickets, orders and directives; and prosecution for contravening public safety legislation;
- public education programs on safety issues;
- setting of training standards and accreditation of trainers;
- participates in and supports the harmonization of national and international safety codes and standards.

TSSA is accredited under international standards as the only agency providing these services in Ontario. Almost all of the services they provide are mandated by law. For example, in the case of boilers, due to the safety hazards involved, the inspector is at the manufacturing site to approve the equipment before it is put in use. Later, he or she inspects it while it is in operation. The inspector is required to be present when they stop using the equipment. The technical standards enforced by TSSA are developed by national standard-setting organizations on a consensus basis among industry, government and other stakeholders. TSSA is highly respected both in Canada and internationally. Ontario is the leader in the safety business in Canada.

4.4 Organizational Objectives

TSSA's primary mandate is to maintain and enhance public safety [7]. According to TSSA's 1997/98 Business Plan, the twin goals of the organization are protecting the public interest and supporting business development. TSSA's mission is to make people's lives better by enhancing public safety. Their vision is to be an internationally recognized leader in the design and delivery of public safety services.

Business objectives identified in TSSA's first Business Plan were as follows:

- *enhancing public safety* by enhancing the design and delivery of public safety services;
- *communicating proactively* in order to establish credibility with the public and clients and providing ongoing information and education;
- *understanding and meeting client needs* by ensuring the provision of superior value and to meet and exceed client needs and expectations;
- *valuing employees* by creating a challenging and satisfying work environment in which employees are motivated, committed to and capable of achieving TSSA's objectives;
- *achieving operational excellence* by conducting business in the most effective and efficient way possible;
- *exploring business opportunities*.

4.5 Organizational Structure

TSSA is governed by a *Board of Directors* representing both industry and non-industry interests. The Minister appoints three members to the Board. The majority of Board members represent the industry being regulated. The government has one representative on the Board; in 1998 it was the ADM of the Business Division. The other two Minister's appointees are consumer representatives, one from the Consumers' Council and the other from the Consumers Association of Canada. The Board holds regular quarterly meetings. The Board's main duty is to supervise the management of the business affairs of the administrative authority. It does not have the authority to interfere with the independent exercise of statutory functions delegated to TSSA, but it has the right to review how those functions are carried out.

TSSA established eight *industry advisory councils* to reflect the interests of the industries it serves. Industry councils are voluntary, sector-specific and non-statutory. Chaired by industry, they are mandated to advise TSSA on public safety policy and strategy; identify and proactively bring forward safety issues; collaborate on implementation of solutions and assessment of results and provide feedback from and facilitate communications with industry. Generally, Council decision-making is by consensus. Councils are supported administratively by TSSA staff. The CEO meets them at least three times annually.

Besides industry advisory councils, TSSA established a C*onsumer Advisory Panel*. The Panel advises the CEO from the perspective of consumers who are purchasers or users of

[7] Information based on Corporate Profile in Technical Standards and Safety Authority 1997/98 Annual Report.

products regulated by TSSA and persons affected by the safety of the industries regulated by TSSA. The Panel reviews the complaint handling processes of TSSA, and participates in the legislative process by recommending standards, and provides advice on fee setting.

The financial and operating affairs of TSSA is directed by its President and CEO. He is directly responsible to the Board of Directors for the operational activities of the organization and acts as primary liaison between TSSA and the Ontario Government. Work of TSSA has been set up along sectoral lines (e.g. boilers, pressure vessels, elevating devices) while at MCCR they had been organized along functional lines (inspectors/engineers).

The following four divisions were created at TSSA:

- Corporate Services, including financial services, office administration, information system services, transaction and enquiry functions associated with licensing, registration and the certification process, as well as Risk Management services and Training and Certification services for tradespeople;
- Fuels Safety;
- Boilers and Pressure Vessels Safety;
- Elevating and Amusement Devices Safety, including responsibility for the delivery of the Upholstered and Stuffed Articles Program.

Of these, the Elevating and Amusement Devices Safety Division (EADS) would be our main focus.

In addition, the Office of the President and CEO is comprised of three service sections reporting directly to the President and CEO. Corporate Management Services provides corporate and administrative support to TSSA Board and the President and CEO. Business Improvement and Development Services is responsible for strategic and business planning. Human Resource Services also reports directly to the President and CEO (see organizational chart of TSSA enclosed).

4.6 Employment Effect

TSSA employed 246 people in the summer of 1998, of whom approximately 125 were inspectors and 23 engineers. This was roughly similar to the staffing levels for these functions at MCCR. The Technical Standards Division of MCCR from which TSSA was created had been through major changes since the late 1980s. There had been considerable downsizing and continuous reduction in funding. TSSA offered employment to all MCCR employees carrying out functions transferred to TSSA.

5. Changes in the nature of work at TSSA

Some of the changes in the nature of work at TSSA derived from TSSA becoming an entity independent of government. For example, TSSA set up its own finance and HR functions, which at MCCR were done centrally. The unique governance structure of TSSA required, as described above, establishing another new function, Corporate Management Services, which provided, inter alia, corporate support to TSSA's Board of Directors. TSSA most likely would have set up its Business Improvement and Development Services unit carrying out strategic and business planning for is own organizational purposes. However, these functions were also essential to satisfying the requirements of the Administrative Agreement with MCCR regarding business planning and reporting on the performance of the organization.

The administrative area, which involved licensing and invoicing, changed little compared to how it was carried out in MCCR by the summer of 1998. TSSA had just started to review its information technology and collection functions in order to decide whether they should be provided internally or should be outsourced. The engineering and inspection work did not change considerably either. While in these areas the jobs basically remained the same, employees became more productive and more service oriented. There was some indication that TSSA put increasing emphasis on auditing in the name of stepped-up prevention.

TSSA is planning an expansion of its services outside Ontario, focusing on the U.S. market and other Canadian provinces. A pre-requisite for entering the U.S. market is to have their inspectors qualify under U.S. requirements to carry out inspections in their fields of expertise. TSSA is considering getting into the training business by creating a separate safety training entity. TSSA intends to register under ISO 9001/9002 and become a registrar under ISO.

In general, TSSA had an increased focus on safety, on service delivery aimed at providing faster services, and on further improving their interaction with industry. TSSA also became aware of the liability issues related to their work, which previously were assumed by the Crown. At the same time, TSSA had an increased interest in revenue creation ensuring that it is a financially viable organization. All these considerations require increased focus on human resource issues and policies. TSSA has to ensure that workers are not only capable to do their jobs, but that their focus coincides with the interest of the organization.

6. Changing Human Resource Practices at TSSA

6.1 Job Evaluation/Compensation

TSSA carried out a job evaluation exercise by identifying 30 benchmark jobs from the 100 different jobs at TSSA and creating 9 salary bands. A staff committee was set up to advise management on the assignment of jobs among these bands. TSSA participates in annual reviews of the market for their benchmark jobs, but it is not committed to changing their salary ranges annually. TSSA does not link the salaries to the CPI index. In the labour market in which they operate had seen no change is the market rate from 1991-1997. In 1997 the market rate increased by 2.1%; in 1998 it was expected to increase by 2.7%; and in 1999 by 3%. TSSA was not planning any automatic wage increases; individual wage increases would be based on performance. With the creation of TSSA, management compensation days were eliminated, but the salaries of those who received those were increased with a corresponding amount. TSSA also negotiated improved benefits for employees with a private sector provider.

TSSA hired William Mercer to carry out a salary survey. The results show that executives were generally paid *below* the market rate; professionals and technical workers *at* the market rate; while administrative and clerical workers *over* the market rate when compared to similar positions in the corresponding labour market. According to the OPSEU collective agreement, workers hired by TSSA from MCCR must be paid at least 85% of their previous salaries. TSSA hired them *at* their previous salaries. At the same time, TSSA increased the weekly working hours for inspectors from 37½ to 40 hours with a corresponding increase in salaries. TSSA paid the going market rate for inspectors, $57,600 per annum; while engineers earned on average $70,000 per annum. Those inspectors earning below market rate received salary increases in one or two steps to the market rate.

Administrative staff earning above the market wage were red-circled at a cost of approximately $400,000 annually; i.e. the incumbents received the above-market wage, but any successors would be paid within the market rate range. At the same time TSSA was trying to move existing staff slowly into positions that required more responsibilities and, as a result, salaries would be more in line with industry averages. TSSA offered these employees tuition reimbursement to encourage them to upgrade their skills and re-designed their jobs by way of job enrichment. Management salaries are being brought in line with the market rate.

TSSA introduced a new individual incentive plan designed to reward commendable and exceptional work. The incentive system is open to all employees and employs different weighting for different positions. Performance measures are a combination of organizational, divisional and individual deliverables. The incentive plan is in addition to base salary and is payable once annually. The incentive could amount to a maximum of 5% of salary for employees without direct reports; 10% for managers; 25% for vice presidents; and 35% for the CEO. People are evaluated on their targets 3-4 times annually.

6.2 Performance Review

All staff at TSSA participate in an annual performance review. The review is intended as a summary of ongoing feedback and recognition discussed throughout the year. It provides an opportunity to identify performance objectives and development plans for the upcoming operational year. In addition, it establishes a link between an employee's performance and merit pay increases. The review process identifies training and development needs and assists in the development of career planning, in promotion and transfer decisions.

Individual performance is evaluated on TSSA core competencies, i.e., skills and abilities identified as being common and essential to all TSSA employees. These are: customer focus, communication skills, interpersonal and team skills, functional skills, planning and organizing skills, ability to adapt to change, innovative disposition, decision-making and problem solving skills, leadership/mentoring/coaching skills, performance management skills, and position specific functional competencies.

6.3 Training

The training budget of TSSA was set at 2½ % of the total salary budget in 1998/99. The main training goal is to ensure technical competence of the staff. Changes in safety codes and standards are the main drivers for training at TSSA. In addition, in 1998 TSSA offered workshops in career and life planning, resume writing, interviewing techniques, business writing specifically designed for TSSA, including accident investigation reports and briefing notes. A three-day management-training workshop was also conducted. A pilot initiative was developed for corporate services called “Leader in Each of Us” consisting of twelve sessions, each lasting half-a-day. These workshops concentrate on enhancing existing, and building new, customer service skills, including negotiating and conflict resolution skills. The course is offered in groups of 12 employees and takes 6 months to complete. Some inspectors indicated that they require skills in dealing with the public to complement their strong technical skills

In order to examine the changing nature of work and workplace practices at TSSA we now turn to one of the Divisions, the Elevating and Amusement Safety Devices (EADS) Division. As we pointed out in the methodology section above, changes in the nature of work and workplace practices could be best detected at the workplace level, where people are working in small to mid-size groups.

7. Changing Workplace Practices: Experiences of the Elevating and Amusement Devices Safety (EADS) Division

7.1 Work of the EADS Division and its Employees

The primary activity of this Division is regulatory: it establishes and enforces safety standards. Standard setting requires some research and some policy development as well. The Division is responsible for regulating the safety of over 39,000 elevators, escalators, hoists used in the construction industry, dumbwaiters, moving walks, lifts for disabled persons and other lifts throughout Ontario. It is further responsible for the safety of amusement rides, passenger ropeways, water slides and go-karts, a total of about 2,000 devices. The Division reviews and registers designs for elevating devices and technical dossiers for amusement rides, and licenses these devices when they meet technical code and safety requirements. The Division licenses amusement device owners and maintenance contractors. Construction hoists are inspected after each assembly at each site. Amusement rides are inspected before initial operation and then on a periodic basis. Elevators and escalators are subject of periodic inspections, the frequency of which is determined by factors such as age, type, usage of equipment, quality of maintenance and the number of reported accidents, incidents and repairs. When they encounter non-compliance they have authority to lay charges. The Division collects, analyzes and monitors both quantitative and qualitative indicators of the level of public safety.

At MCCR, work had been organized by function. There were two branches, the Engineering and Standards Branch and the Enforcement and Inspection Branch. At TSSA the old MCCR organization by function was changed to a program oriented organization with four Divisions. This new organizational structure is more client-friendly, as clients have to deal with only one Division and not two branches as in the past.

The most important task of the Branch is to reinforce its safety message and focus on prevention. There is increased emphasis on customer service, although the main duty of the inspectors remains to enforce the law. After the creation of TSSA some clients tried to test the new authority, as they felt that they were not dealing with government anymore. Some individual building owners wanted to eliminate the practice of surprise inspections and did not want to pay fees for inspections. However, their efforts were unsuccessful.

According to the vice-president of the EADS Division, the changes in TSSA’s work are driven primarily by increased public demand for more, and better quality services; by the need to better inform citizens and pay greater attention to their views; and, finally, by an increased emphasis on results. Budget constraints or shifting government priorities did not have a significant impact on TSSA because of its financial independence from government.

The EADS Division employed 66 people in the summer of 1998. Of those there were 5 managers, 5 engineers – one of them was the chief engineer; 1 technician; 47 inspectors, and 7 clerical workers, who dealt with customer service. The supply and demand in the labour market was in equilibrium by 1998 and TSSA could hire good personnel with the necessary training and experience. The organization had a good reputation as an employer. They advertised in trade magazines and the Toronto Star and used word of mouth recruitment through inspectors and outreach to hire new personnel. Following a workload review aimed at better planning and increased inspector management, the EADS Division had downsized its staffing requirements. For example, of the six people who retired in 1998, four positions were eliminated. This downsizing was achieved without any negative impact on either the quality of work or on client service at the Division. There were no turnover problems in the EADS Division. Inspectors usually stayed in their jobs; they liked them for their independence. Two managers were ex-inspectors, and the “duty officer”, which is a management trainee position, was also an inspector. Most of the inspectors were male; the Division employed only one female inspector. The average age was around 40, but many inspectors were in their late 20s.

7.2 Work Re-organization

The new divisions of TSSA carried out a study of all the regions and their workloads. Regional offices were eliminated and inspectors now work from home. Since this reorganization managers had increased four-fold the time they spend on staff support. The EADS Division is planning computerization of the inspectors’ work, which could lead to new efficiencies and improved quality of reporting. At the time of this writing inspectors hand-wrote their notes, mailed them to Toronto, where they were keypunched into the database and invoices were generated and sent to the inspected. The use of computers would allow inspectors to generate the report and the invoice on the spot; this would improve the cash flow of TSSA; it would provide timely and efficient access to complex and volumous codes and standards; generally improve communication and enhance consumer service. Reports would be completed faster, would be cleaner and more accurate, increasing database integrity. The data would be entered by the inspectors themselves speeding up the reporting process.

The Corporate Services Division's "Risk Management" unit carries out risk assessment of the various devices and inspectors base their work schedule on these assessments. Risk management of elevators contains several criteria against which elevators are evaluated. Every elevator in the province is inspected, but at different intervals based on the risk assessment results. If there is any hint of risk, TSSA will inspect the elevator at 6-month intervals or less. TSSA personnel attend every accident in the EADS Division's jurisdiction and report it to the Minister. If the EADS Division uncovers any systematic safety problems, it issues a Director's ruling which is sent to every building owner with elevating devices and to all contractors. The EADS Division changed their inspection routines somewhat. While earlier personal follow-ups had been automatic, since the formation of TSSA, they are carried out only if there is any perceived risk to the public using a risk management model to target inspections on highest need in terms of public safety. Otherwise, TSSA allows the companies to fill out an affidavit describing the corrective action taken. These sworn statements are audited by inspectors on a test-sampling basis.

7.3 Technological Change

For quite some time, inspectors had requested that computers be provided to facilitate their work. They were not provided with computers at MCCR due to budgetary constraints. With the set-up of home offices, and left to their own devices, inspectors bought different types of hardware and software. TSSA does not reimburse inspectors for the use of their own computers. When TSSA considered computer support for the inspectors, comparability became a major concern. TSSA developed an information system strategy and planned to create a partnership with a computer company to further develop their database and computerize and automate their work. In 1999 laptops will be provided for inspectors in various parts of the province to pilot the project.

Whenever the technology of the devices the Division inspects changes, the inspectors receive training in the new technologies. For example, with the introduction of remote elevating maintenance and monitoring the chief inspector was assigned the responsibility of understanding the new technology and of developing technical training programs with the assistance of TSSA's electronic engineer and industry.

7.4 Training at the EADS Division

The EADS Division had a training budget of 1¾ % of their salary budget: \$175,000 - \$200,000 in 1998/99. Individual training plans are developed based on the results of personal evaluations. The Division trains its own inspectors. Many inspectors are certified elevator mechanics, the rest are certified elevator inspectors. TSSA generally requires inspectors to have at least 10 years experience in the field. At the end of the 1980s, when the labour market was tight and they could not compete with the private sector, graduates were hired from community colleges with 2-3 years of technical training. These community college graduates were required to complete a 3-year, in-house training program. TSSA was in the process of having its in-house training program accepted as equivalent to the North-American standard for qualified inspector programs. The Division also conducts re-training. Inspectors who lack some skills spend one month with an experienced inspector in the field. With the introduction of computers, the inspectors will receive extensive computer training, probably from a vendor.

The Division conducts in-house seminars twice annually in order to upgrade the knowledge of their inspectors on legislative changes, technological changes, etc. Training given to employees is formally evaluated.

7.5 Employee Involvement

The EADS Division established *self-managed work groups* of administrative and clerical workers to equalize the work-load; e.g. the chief engineer's secretary will not sit idle while the chief engineer is out of town, but will help with administrative and clerical work in other parts of the Division. *Multi-skilling* was introduced among inspectors. Two years before TSSA was established elevator inspectors and amusement device inspectors were cross-trained, so one person could carry out both types of inspections in a given geographic area. This cross-training encompassed both job enlargement and enrichment. It produced better responses to emergencies, improved safety coverage and a more efficient operation.

An *inspectors' working group* was set up within the EADS Division. There are six inspectors in the working group, each representing one geographical area. The inspectors themselves selected the representatives. The inspectors' working group meets with the Director and one managerial representative every six weeks to discuss technical, human resources, and a variety of other operational issues. Draft agendas and minutes of the meetings are sent around to all inspectors to inform them of the issues discussed by the group. Representatives of the inspectors can also solicit issues and the opinions of the employees they represent and can put them on the agenda for the group meeting. The manager participating in the work of the group is selected by the chief inspector. Engineers are not standing members of the group, but are invited to participate on engineering issues. This working group can be considered a problem solving team, where members are elected by a larger group of employees.

This working group was asked to define the attributes of a good inspector, which led to the development of the performance evaluation form for inspectors. This performance review form describes the most important skills and performance elements of inspectors. These include technical knowledge, communication skills, professionalism, client satisfaction, efficiency, interpersonal skills, leadership, self-improvement, and cost recovery. The evaluation form contains a self-evaluation by the inspector and the manager's evaluation of the inspector's work. The inspector and the manager then discuss and negotiate the final results of the performance evaluation.

7.6 Performance of the EADS Division

Formal performance measures are used to evaluate the work of the unit. The most important measures include quality of services provided including timeliness, customer service, and productivity of the unit. The productivity measures take into account the quality and number of inspections carried out and the length of time required carrying out these inspections. The impact of their work on safety outcomes is also measured. The performance of the EADS Division greatly improved on all important performance indicators since the creation of TSSA. The quality of the work had improved considerably: the percentage of questionable reports dropped from 35% to 5% from 1996 to 1997. In this time period the EADS Division reduced turnaround times for the review and registration of elevating device design submissions by 25% and for amusement devices by 10%. Periodic inspections increased by 19% in 1997 compared to the previous year. Inspection activity in the Upholstered & Stuffed Articles Program increased 100%, while turnaround time for applications and renewals processing was reduced by 50%. The Elevating Devices sector reported that serious injuries decreased by 24% from 108 in 1996 to 63 in 1997. In the Amusement Devices sector, reported serious injuries decreased by 24% - from 21 in 1996 to 16 in 1997. Employee morale was generally very good at the EADS Division. The Employee Opinion Survey, which was carried out in 1998, showed that employees in the EADS Division considered their supervision fair (see section 9 for details). Inspectors were becoming more customer oriented.

8. Employee Representation at TSSA

8.1 Creation of Staff Association

Because of Bill 7, employees who were offered employment at the new Technical Standards and Safety Authority lost their union representation. The union that represented most of the employees at MCCR was OPSEU. The CEO of TSSA set up an informal group of 8 staff elected by their peers to work on the form of representation they wanted. They held an open ballot for all employees of TSSA where they had the following options:

- OPSEU representation
- Staff Association
- forming a new union, or
- no representation at all.

90 % of the employees who participated in the vote voted in favour of forming a Staff Association. OPSEU did some campaigning to remain the representative of the employees. However, the 6 weeks long OPSEU strike of 1996 still had a dampening effect on the willingness of employees to be represented by OPSEU or by any “conventional” union.

8.2 Description of the Association

The Staff Association is not a union under the Ontario Labour Relations Act. It was formed to create a good communication channel between employees and the employer. There is no bargaining over wages and working conditions between the employer and the Staff Association. The Staff Association’s role is primarily an “information sharing device”.

The Association had 223 members in the summer of 1998. All managers, with the exception of senior management and employees of the CEO’s office, became members of the Association. The Association is funded completely by the employer; employees do not pay any dues. The Executive of the Association has 7 officers: 3 representing inspectors from the 3 different divisions; 1 representative for engineers; 1 management representative; and 2 administrative representatives. Each officer is elected directly by the employees they represent. The officers elect the chair. In 1998 the chair was an inspector with the Fuels Safety Division who had been the vice-president of one of the OPSEU locals at MCCR. The chair is elected for 3 years, while 2 officers are elected for 2 years and the 3 remaining members for 3 years. This allows continuity on the Executive of the Association. The chair of the Association spends approximately 15-20 hours every month on the Association’s business, of which 6-8 hours a month are on company time, and the rest his own time.

The Association’s governing body meets quarterly with management on company time. Both parties prepare their agendas for these meetings. The Association encourages its members to have their issues in writing in advance of the meetings for consideration by the executive. Generally there are no Association meetings as all inspectors work out of their homes and live all over the province. Communication is by voice-mail and fax. Administration and management is centrally located in Toronto. The Association talks to senior management on such issues as job postings and health and safety. However, the Association did not participate in the development of the Employee Opinion Survey. Neither was it involved in the development of new job descriptions and performance management system.

8.3 Working Conditions Document

Th employer developed a working conditions document, which is reflected in the individual contracts of employment of TSSA employees. The document is basically a modified version of the old OPSEU collective agreement without the clause on wages. The document increased the weekly working hours from 371/2 hours to 40 hours for inspectors and investigators. It contains a 3-step grievance procedure with arbitration as the final step. The employer pays 80% of the costs of the arbitration, while 20% is paid by the individual grievor. It makes both the individuals and the Association more careful in their decision to take cases to arbitration. If the Association wins the case, the employer pays the arbitration costs in full. The document is not binding on the parties, as is a collective agreement.

The Working Conditions Document covered the following areas:

business travel allowance	bereavement leave
home offices use and allowance	jury duty
meal allowance	leave without pay
provision of equipment	maternal, parental, adoption leaves
holiday pay	short term disability
vacation leave and vacation credits	long term disability
accommodations	employee advances
hours of work	probationary period
overtime	relocation
emergency response	travel time
compressed work week	grievance procedure.

9. Results of the Employee Opinion Survey

The HR group in consultation with some TSSA employees developed the Employee Survey that was carried out in February 1998, building on nine months experience as TSSA. Areas covered included job satisfaction, supervision, performance evaluation, job demands, opportunity for growth, training and development, job security, quality of service, information technology, pay, benefits, corporate values, management style, and company image. Of 240 employees, 184 responded, a 79% response rate.

Overall results of the survey showed that 80% of the respondents were satisfied with the work environment, the management team, and the compensation package offered by TSSA. Of the respondents, 92% were satisfied with TSSA as a place to work and 95% of the respondents expressed a high level of commitment to the company, would put forth extra effort if asked, and were proud to be a TSSA employee. The survey indicated that employees had an extremely high level of commitment to their work group. Employees felt that TSSA did a good job of providing job security for its employees. Eighty-five percent of the respondents enjoyed a good working relationship with their manager. At the same time respondents felt that managers needed to improve their communication with subordinates, to share and invite information more readily, and to learn how to listen to their employees. Only 65% of respondents indicated that they were provided with proper information from their managers. Staff felt room for improvement in clarifying the relationship between pay and performance and linking performance and recognition. Employees also expressed high need for improved training opportunities, as well as on the job training. Fourty percent of respondents wanted better career opportunities. While 75% of respondents believed that TSSA is focused on providing good quality service to clients, they felt that the organization needed to improve service provided to staff. Information technology was identified as a serious concern for all employees.

10. Summary and Discussion

The transition from government provision of public safety services to a not-for-profit organization, independent of government, was seamless. TSSA delivered on the restructuring objectives of government, while protecting public safety. The new organization developed a very effective relationship with MCCR staff, and successfully managed its relationship with its Board of Directors, clients, stakeholders, and the public. TSSA management prided itself on providing better services to the Minister than when it was a part of the Ministry. The relationship between TSSA and the Ministry was excellent. The CEO of TSSA, who was previously the ADM of the Division at MCCR, is well known by the Ministry Executive.

TSSA reorganized its services along a program delivery structure that improved its responsiveness to client needs. It rationalized its field operations and moved towards a more efficient "home office" approach to field service delivery. As a result, it created a more responsive, efficient, and flexible delivery vehicle for industry.

Senior management and the board of directors, reflecting the industry position, valued the skills and knowledge of the staff that carried out public safety functions at MCCR and offered employment at competitive salaries and improved benefits to all ministry employees at the time of the divestiture even tough TSSA was not obliged to do so under the law. This employment policy was one of the major contributing factors to the seamless transition from government delivery of services to privatized delivery. The nature of the work for the core functions of TSSA – inspecting, investigating, and review of engineering designs – changed relatively little in the first year of operation. However, TSSA reported that the quality of services, timeliness, and inspection levels had improved considerably. The organization focused on creating the right incentives for their employees by introducing new job descriptions, annual performance reviews, and improving the link between pay and performance. Clearly, TSSA aims to be a model employer.

The Employee Opinion Survey conducted by the employer showed that TSSA employees were highly committed to their work, their work group, and TSSA. They were generally satisfied with management. Areas for improvement were identified as more effective communication with employees, supporting employees' training needs and career aspirations, and improving the technology. Employees lost union representation with the creation of TSSA due, to Bill 7, which took away successor rights. They opted for the creation of a Staff Association under a free vote initiated by the employer.

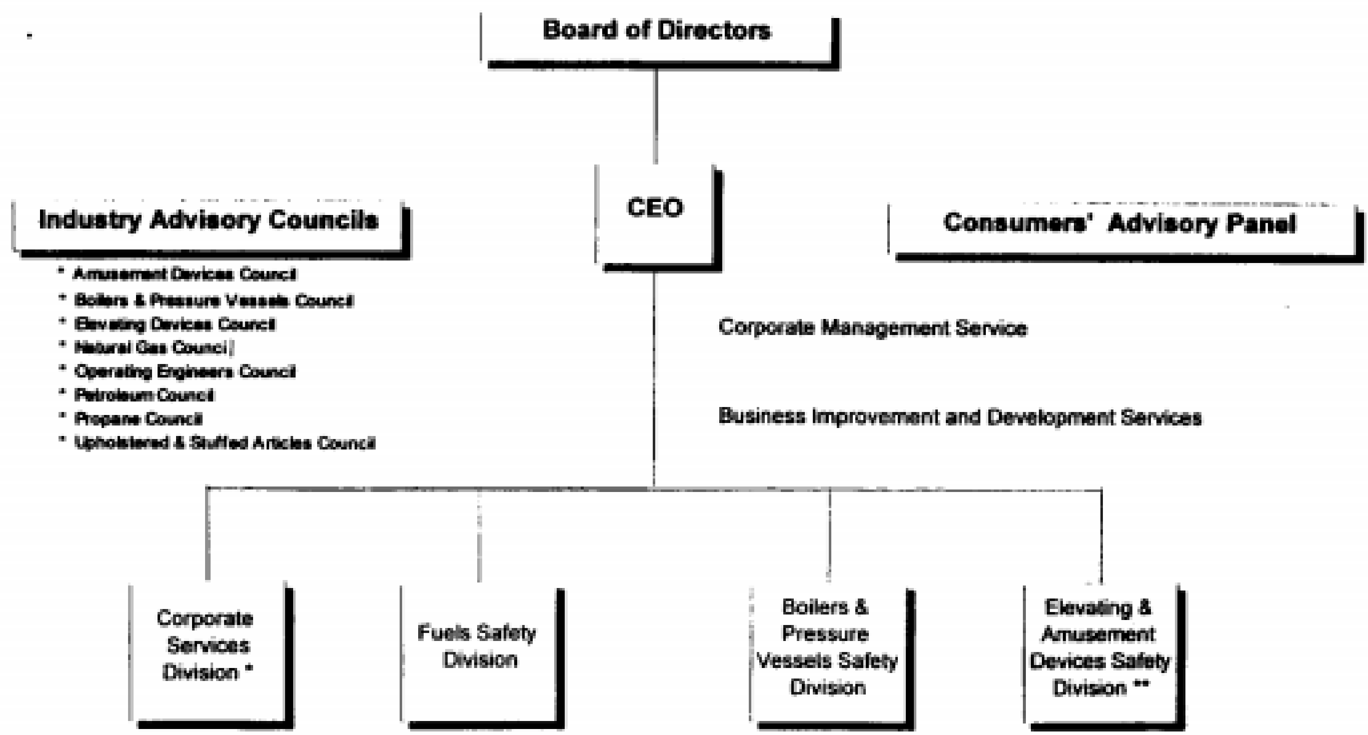
One area of concern relates to technical knowledge in the area of public safety residing exclusively with TSSA. The question is whether there are any dangers in allowing all technical expertise in public safety areas administered by TSSA to reside exclusively with an organization that is outside government. Are the interests of TSSA and government sufficiently common to allow TSSA to carry out these functions for the government?

Although TSSA is a not-for-profit organization, it needs to cover the costs of running the organization from the revenues generated by the organization. This sets up a new interest in revenue generation. TSSA could increase revenues by increasing the number of inspections carried out, by increasing the fees charged for those inspections, or both. Increasing the number of inspections could lead to increased public safety, the main concern of government. However, it might be problematic for industry if increased inspection activity leads to higher costs.

In a similar way, could TSSA, given its monopoly, excessively increase the fees charged for its activities in order to increase its revenues? Several safeguards are in place to ensure that the fee structure remain fair. With the creation of TSSA, and full cost accounting principles, it is possible to precisely account for the costs of running each program administered by TSSA and the revenues generated by each program. Fees were not increased in the first two years of the operation of the organization to ensure smooth transition. It is the intent of TSSA management to review the fee structure in light of the cost accounting information. TSSA was planning to seek advice from its industry advisory councils and Consumer Advisory Panel regarding the new fee structure because its own Board consists of industry representatives. According to the Administrative Agreement with MCCR, the principles of fee setting had to be approved by the Minister as well. Thus, both MCCR and the industry and consumer councils act as safeguards against TSSA exploiting its monopoly power to raise fees or increase the number of inspections arbitrarily.

Another potential problem would be a drive from individual firms or groups of firms for lowering safety standards. In the Elevating and Amusement Devices Division, individual elevator operators wanted the Division to decrease inspections. Industry associations were likely to resist this push because such a move would likely increase the risk in the industry leading to rising accident rates and increased insurance costs. Lower safety standards will also increase TSSA's liability exposure and will lead to higher liability insurance costs. Ontario is a world leader in safety standards. MCCR retained the responsibility for setting safety standards, which would ensure that Ontario would keep, and likely raise, these already high public safety standards. It seems that the accountability structures set up by MCCR around TSSA would likely ensure that TSSA acts in the interest of the public by maintaining and even increasing public safety.

TECHNICAL STANDARDS AND SAFETY AUTHORITY (TSSA)



* responsibility also includes the delivery of Risk Management services and Training and Certification services

** responsibility also includes the delivery of the Upholstered and Stuffed Articles program

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