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STANDING COMMITTEE ON PUBLIC ACCOUNTS

ORNGE AIR AMBULANCE AND RELATED SERVICES: SUMMARY REPORT

1st Session, 41st Parliament
63 Elizabeth II

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The Honourable Dave Levac, MPP
Speaker of the Legislative Assembly

Sir,

Your Standing Committee on Public Accounts has the honour to present its Report and commends it to the House as per the Committee motion dated October 22, 2014 which states “that the document adopted by the Standing Committee on Public Accounts on Wednesday, April 30, 2014 as the Committee’s Report on Ornge Air Ambulance and Related Services: Summary Report be re-adopted, that the report be bilingual and that the Chair present the Report to the House, once the report has been printed.”

Ernie Hardeman, MPP
Chair of the Committee

Queen's Park
October 2014

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Speaker of the Legislative Assembly

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Norm Miller, MPP
Chair of the Committee

Queen's Park
May 2014

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FRANK KLEES regularly served as a substitute member of the Committee.

*JERRY OUELLETTE was replaced by JOHN O'TOOLE on October 11, 2013.

**BILL MAURO was replaced by SOO WONG on April 1, 2014.

William Short
Clerk of the Committee

Ray McLellan
Research Officer

Susan Viets
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PREAMBLE

The Standing Committee on Public Accounts (Committee) held hearings on the Auditor General's March 2012 *Special Report: Ornge Air Ambulance and Related Services* during 2012, 2013, and 2014. The Committee heard from 85 witnesses over 40 hearing days over 147 hours (see witness list, Appendix No. 1, which provides dates when witnesses testified before the Committee).

The Committee tabled *Interim Report No. 1* on the various issues and observations identified during the 2012 hearings in June of 2013. *Interim Report No. 1* described the context for the hearings, provided necessary background on the issues, and clarified terminology.

This *Summary Report* covers the 2013-2014 hearings, and should be read in conjunction with *Interim Report No. 1*. In addition, readers are referred to the Auditor General's *Special Report* on this matter for factual content from the audit.

The Committee visited Ornge's headquarters on April 10, 2013 to tour the facilities and to discuss matters with Ornge officials. Some witnesses were asked to return to provide follow-up testimony. Issues of interest were broadened in the later hearings, while still addressing concerns related to a deficient accountability system and the absence of fundamental principles of sound public administration.

This report provides an overview of the many subject areas touched upon throughout the hearings in 2013 and 2014. It is organized using a "witness summary" format identifying common themes within each witness category (e.g., the Standing Agreement Carriers, the former members of Ornge's Board of Directors and Ornge's management team). The report summarizes each individual's sworn testimony on events during their involvement with Ornge and in the case of current employees, provides an update on ongoing operations and planned improvements.

The Committee concluded that its review of the Auditor General's report on Ornge Air Ambulance and Related Services was compromised by contradictory and inconsistent testimony provided by certain witnesses during the 2012-2014 hearings. Witnesses providing less than forthright testimony included staff from the Ministry of Health and Long-Term Care (Ministry/MOHLTC), current and former Ornge employees, members of the former Board of Directors, Standing Agreement Carriers' representatives, and various professionals.

Consequently, the Committee decided to register its concerns with certain witnesses and with their respective professional associations (see section entitled Professional Conduct and Testimony of Witnesses).

The hearings for this report occurred over an extended period, during the course of which new information was made public; consequently, not all witnesses were privy to the same information.

What Went Wrong at Ornge?

The objectives of this second Committee report are to examine first, where “red flag” warnings occurred and why corrective measures were not taken, and second, how to avoid a reoccurrence of similar problems in other transfer payment recipients by identifying contributing factors within a proactive “early warning context.”

The Committee concluded that the matters identified in the Auditor General’s report could be attributed primarily to the absence of due diligence and oversight on the part of the Ministry of Health and Long-Term Care in applying a robust accountability framework, the lack of transparency and accountability on the part of Ornge’s management and Board of Directors, compounded by systemic operational issues, as well as shortcomings in Ornge’s first Performance Agreement.

The Committee noted that the Auditor General’s March 21, 2012 *News Release* stated that the Ministry’s oversight commitment was compromised in part by insufficient information on operations and inadequate follow-up:

When it assigned the operation of Ontario’s air ambulance service to Ornge, the Ministry of Health and Long-Term Care said that it would set standards and monitor Ornge’s performance against those standards to ensure fiscal and patient-care accountability,” McCarter [Auditor General] said.

We found, however, that the Ministry did not get the information it needed to meet this oversight commitment.

The Committee questioned witnesses on such topics as transparency and accountability, for example:

- Why was the absence of sound information over a prolonged period tolerated by the Ministry of Health and Long-Term Care?
- How does Ornge provide the Ministry with essential information today to ensure that past problems are avoided and that operational excellence is realized—with a safe, reliable and efficient air ambulance service?

In addition to the challenge of identifying and applying corrective measures to the current service delivery model at Ornge, the Committee has given consideration to the merits of an alternative service delivery model.

Dr. Andrew McCallum, Ornge’s current President and CEO, has concluded that problems can be linked, in part, to losing focus:

probably the single biggest thing was the loss of focus on the core business of the organization, which is to provide [air] paramedical transport to the residents of

Ontario. As soon as the organization moved off that area of focus, things started to go wrong, and the focusing outside—and I think, hopefully, what I can bring to the organization is an unrelenting focus on the public service to Ontario. All of our funding comes from Ontario taxpayers, and that’s where we need to entirely focus ourselves.

The CEO has committed to keep the Ministry of Health and Long-Term Care apprised of Ornge operations. (27)¹

Acknowledgements

The Committee would like to acknowledge the assistance provided by the Office of the Auditor General and the staff of the Legislative Assembly in the preparation of this report. It is greatly appreciated.

The Committee acknowledges the commitment of Ornge personnel in providing ambulance services to Ontarians in a challenging environment.

Ornge Moosonee Crew 7793

The Members of the Standing Committee on Public Accounts express their sincere condolences to the families and friends of the members of the 7793 Ornge Moosonee crew involved in the tragic accident near Moosonee, Ontario in May 2013—Captain Don Filliter, First Officer Jacques Dupuy, and Flight Paramedics Dustin Dagenais and Chris Snowball.

Auditees’ Response to Report

Pursuant to Standing Order 32(d), the Committee requests a comprehensive response. The Committee asks the Ontario Government, the Ministry of Health and Long-Term Care and Ornge to consider this Report, with attention to the Committee’s concerns.

SUMMARY OF COMMITTEE CONCERNS

During the 2012-2014 hearings the Committee identified various concerns related to the provincial Air Ambulance Program. These concerns, identified in *Interim Report No. 1* and this *Summary Report*, have been reproduced in this section.

Concerns in *Interim Report No. 1* are listed at the end of that report only (pp. 36-38) whereas in the *Summary Report* they are interspersed throughout the text. Therefore, page numbers have been provided to facilitate cross-referencing in the *Summary Report*, thereby providing the reader with the context for each concern.

¹ *Hansard* references are indicated in this report with the appropriate page number in brackets. The *Summary Report* is based on testimony before the Standing Committee on Public Accounts, 2nd Session, 40th Parliament, Legislative Assembly of Ontario.

The concerns have been organized by subject areas under the main headings of the Ministry of Health and Long-Term Care, Ornge, and the Office of the Provincial Auditor.

The Ministry of Health and Long-Term Care and Ornge should take the necessary steps to address the Committee's concerns in a timely manner.

COMMITTEE CONCERNS

MINISTRY OF HEALTH AND LONG-TERM CARE

Accountability

Reliable Documentation on Ornge

There was an apparent inability or unwillingness of the Ministry of Health and Long-Term Care (the Ministry) to obtain the information needed to exercise proper oversight of Ornge. Where a government ministry is the primary funder of a Crown agency or community service provider, reliable information is required on a timely basis to assess the service levels and cost effectiveness of those services. *(IR)*

Performance Measures

Performance measures are a central component in Ornge's reporting to the Ministry with respect to quality of patient care, timeliness of response for both emergency and inter-facility calls, incident reporting, and the cost effectiveness of aircraft and land ambulance operations. Such performance measures provide a standardized reporting regime on all aspects of Ornge's operations but were not in place. *(IR)*

Evidence-Based Decision-Making

Ornge and the Ministry lacked useful and reliable data to drive evidence-based decision-making. Ornge's Board and senior management at both Ornge and the Ministry are responsible to ensure that major strategic, operational and funding decisions are based on relevant information, with data analyses. These analyses require individuals with the industry-related expertise to critically assess data and define appropriate steps. *(IR)*

Performance Service Standards

The Committee has concerns about the absence of explicit performance service standards for areas such as paramedic qualifications for varying levels of calls that would provide the necessary information required for the Ministry to evaluate paramedic performance in subsequent audits. *(SR, p. 32)*

Ministry Decision on Oversight

The Committee is concerned that the Director of the Emergency Health Services Branch of the Ministry of Health and Long-Term Care was directed by his Assistant Deputy Minister to report to the future CEO of Ornge, Dr. Chris Mazza.

Dr. Mazza was given *carte blanche* to draft the initial Performance Agreement with the Ministry of Health and Long-Term Care. (SR, p. 68)

The Committee is concerned that given the lack of oversight of Ornge by the MOHLTC, the same issues may be present in other transfer agencies throughout the government. (SR, p. 98)

The Committee notes that the events at Ornge confirm that it is not responsible simply to rely on the boards of transfer agencies to provide appropriate oversight. The Ministry must exercise its responsibility to ensure that public funds are being properly administered and that boards are held accountable for their actions. (SR, p. 95)

Board of Directors – Government Appointment

The Committee believes that whenever a Ministry appointment is made to a board that it should be made clear that the mandate of that individual is to report back to the Minister or the Ministry and that the individual is the Minister's representative on the board. (SR, p. 101)

Protection of Core Services

The Committee recognizes that creativity and ingenuity in the delivery of public services should be encouraged but not at a cost to existing programs. In the case of the delivery of public services, for-profit undertakings may engage the attention of public sector employees to the detriment of core service delivery. The segregation of for-profit undertakings is therefore required to protect public sector assets and service levels within an accountability, oversight and fiscal transparency framework. (SR, p. 109)

Ministry Administrative Practices/Standards

Substantial provincial funding allocated for the delivery of public services requires Ministry oversight with periodic inquiries. One objective is to ensure that the funded entity is aware of and in compliance with all established administrative practices and standards expected in a public sector environment. These include compensation levels, salary disclosure, fair and transparent procurement, and whistle-blowing and conflict of interest policies. Established administrative practices require monitoring and enforcement by the Board of Directors and the Ministry. (IR)

Ministry's Provision of Essential Services

The Committee disagrees that the government did not have the option to terminate funding to Ornge. The Committee is of the opinion that the Ministry does have the authority to withhold funding and notwithstanding that an essential service is being provided, the Ministry has the option to make alternative means available to provide those essential services. (SR, p. 96)

Standing Agreement Carriers–MOHLTC Communication

The Committee is concerned that air carriers made numerous attempts to draw their issues to the attention of the Minister as evidenced by letters addressed to Ministers, deputies, and others, which received no acknowledgment. The Ontario Air Transport Association sent a letter to the MOHLTC dated May 4, 2011 outlining the Standing Agreement Carriers' issues. There was no response to that letter and no action was taken. (*SR*, p. 44)

Ministry Oversight – Lessons Learned

One of the lessons learned from Ornge is that government has a responsibility to exercise oversight and to hold every organization that receives public funding to account. The Committee strongly disagrees with Mr. Jackson's (current Director of Emergency Health Services and Director of the Air Ambulance Program Oversight Branch) assertion that every provincial organization with public funding does not need the level of oversight given to Ornge. In fact, this is precisely the attitude that contributed to the problems at Ornge. (*SR*, p. 108)

Oversight Warnings – “Red Flags”

The Ministry was not diligent in pursuing “red flags” indicative of potential problems at Ornge. Of concern is whether other ministries are proactive in encouraging staff responsible for the ongoing oversight of provincially funded entities to use their experience and judgment in bringing forward to senior management instances where they believe serious operational or financial concerns are not being satisfactorily addressed. (*IR*)

Non-disclosure of Salaries

The non-disclosure of salaries is of critical concern to the Committee. The Committee is of the opinion that this should have been a “red flag” that should have been followed up by the Ministry of Finance and the Ministry of Health and Long-Term Care in advance of the Auditor General's audit. (*SR*, p. 79)

Ministry Response to Service Delivery Problems

The Committee stresses that the Minister of Health and Long-Term Care should use all available information to address warnings or “red flags.” Furthermore, the Committee emphasizes the importance of the Minister being aware on an ongoing basis of issues such as salary disclosure and investigations relevant to her portfolio. (*SR*, p. 94)

Ministry Response to Ontario Provincial Police Reports

By not informing herself of the Ontario Provincial Police's position in May 2013 that the Forensic Investigation Team's findings could be released, the Minister missed an important opportunity to make a public statement regarding the findings in the interest of promoting transparency. The Minister testified that she acted on the advice of her former Deputy Minister, Mr. Saad Rafi. (*SR*, p. 95)

Lessons Learned

The Committee believes that there are opportunities to learn from what happened at Ornge, building on the corrective measures taken in response to mistakes experienced in the delivery of air ambulance services. The Committee is of the opinion that in the future the focus should be on agencies reporting accurately on all matters of administration and governance to their respective Ministers, and that compliance be strictly enforced. (*SR*, p. 95)

Air Ambulance Program Oversight Branch

Oversight Expertise Required

The Committee believes that the Air Ambulance Program Oversight Branch (AAPOB) staff lack the expertise and experience in the air and land ambulance field to provide effective Ministry oversight. (*SR*, p. 32)

The Committee disagrees that the AAPOB staff does not need experience in air and land ambulance in order to exercise effective oversight. It has serious concerns that staff are being asked to exercise responsibilities that are beyond their ability and experience. (*SR*, p. 99)

Statistical Data

Mr. Jackson (Director, AAPOB) noted that Ornge's air and land bases (nine air bases and four land bases) have had two or more paramedics on staff 96% of the time. Pilot availability was at 97% and aircraft at 98.7%. (*SR*, p. 103)

Statistical information was provided by the AAPOB in a letter dated May 27, 2013. It included inflated, competing statistics that were inconsistent with the testimony which indicated the following: Ornge's ability to meet targets for day shifts is 63.8% and for the night shifts is 55.8% province-wide. (*SR*, p. 103)

Branch Investigations

The Committee has concerns that the resolution of investigations and complaints is not conducted in a timely manner by the AAPOB, despite the commitment to address these cases. (*SR*, p. 106)

Audits

Transport Canada Program Validation Inspection

The Committee is concerned that Transport Canada's Program Validation Inspection (PVI) from January 2013 identified a number of non-compliance issues such as incomplete documentation, inadequate flight crew training, and concerns related to the Operational Control System and the Quality Assurance Program at Ornge. (*SR*, p. 34)

Transport Canada Inspection Reports

The Committee is concerned that two separate Transport Canada inspection reports found Ornge to be out of compliance with night flight training of its pilots, particularly given the challenges of flying in northern Ontario. The Committee wants assurance from Ornge that all flight training will be conducted in accordance with Transport Canada regulations. (SR, p. 55)

Transport Canada Work Hours Regulations

To ensure safety of operations, the Committee believes it is important that records are kept up to date to ensure that pilots and paramedics do not exceed the maximum number of work hours allowed under Transport Canada rules, when all hours of work from all employment are combined. (SR, p. 47)

MOHLTC Audits

The Committee is concerned that MOHLTC audits have been inconsistent and are not conducted on a regular basis. These deficiencies should be addressed as well as ensuring that Ornge Global Air is inspected. (SR, p. 51)

Argus's Business Practices

The Committee questions the integrity of Argus' business practices and ethics, specifically offering to sell enhanced ratings, and indicated the need for improved oversight of carriers' inspections and ratings. The Committee believes that Ornge's business relationship with Argus should be reassessed. (SR, p. 50)

Ministry of Finance Health Audit Service Team Report

The Ministry of Finance Health Audit Service Team reported (*Audit of Ornge* 2013) that "most" of its recommendations had been addressed; however, the Committee is concerned that there are still outstanding issues related to matters of Board governance, compliance with specific directives, and Ornge's prescribed reporting to the Ministry. (SR, p. 107)

Recovery of Funds

Staff Compensation

The Committee is concerned that steps have not been taken by Ornge or the MOHLTC to recover funds from Dr. Stewart for medical services he did not render. The Committee has requested Ornge to pursue the recovery of the funds and has asked the College of Physicians and Surgeons to investigate Dr. Stewart for inappropriately billing medical services that he did not render. (SR, p. 84)

Communication with Ministry

The Committee sent a letter dated April 9, 2014 to the Minister of Health and Long-Term Care outlining its concerns pertaining to the conduct of Dr. Mazza, Dr. Stewart and the former Board. As noted, the Committee is requesting that Ornge and the Ministry take whatever steps are necessary to retrieve funds and to pursue directors who have failed in their fiduciary responsibilities to the full extent of the law with a view to restitution. (SR, p. 120)

ORNGE

Restructuring

Restructuring of Service Delivery Model

Interim Report No. 1 identified certain concerns or “red flags.” The Ministry was aware that Dr. Mazza and the Board were contemplating the restructuring of Ornge and did not fully appreciate the potential risks of this restructuring initiative. (*SR*, p. 68)

The Ministry of Health and Long-Term Care did not address the concerns of its legal department and the Emergency Health Services Branch concerning some of the structural changes and operational issues at Ornge. (*IR*)

Impact of Restructuring

The Committee is of the view that Ornge under the direction of Dr. Mazza drove the air ambulance program into the ground, leaving very little to build on for the future while staff attempted to deliver core services. Poor staff morale was a significant factor in overall operations, in combination with the many other challenges at Ornge addressed in this report. (*SR*, p. 115)

Corporate Culture

Corporate Culture

The Committee is concerned about the lack of professionalism demonstrated in the relationship between Ornge’s Board and management. (*SR*, p. 65)

Ms. Grauer (former Ornge Board Member) concluded that the problems at Ornge can be attributed to several key factors:

- Dr. Mazza’s management style;
- the pursuit of new funding sources; and
- the questionable strategic approach followed when dealing with not-for-profit entities and the charity.

The Committee identified these issues as being major concerns. (*SR*, p. 71)

Service Delivery Model

Aviation

Ornge’s current business model entails owning all aircraft and directly employing all pilots, paramedics and support staff. At issue is whether this approach provides better patient care—with attention to cost effectiveness—than the previous business model. Formerly, services were delivered by external providers, with the exception of the communications and dispatch function. (*IR*)

Medical Oversight

Ornge has established base hospital services to consolidate medical directives internally rather than rely on external base hospitals for medical oversight. At issue are budget implications for this defined cost over the long term. A revised model may be warranted given the concerns related to the annual cost, operational efficiencies and Ornge as sole operator. (IR)

Staff Standards and Training

In order to ensure the appropriate level of care for patients in a timely manner, staffing levels are defined by established standards. Of concern is that these standards are not being complied with to ensure a response to all calls, regardless of location. (IR)

Given the highly technical nature of Ornge's operations in the medical, air transport and dispatch fields it is essential that training is ongoing to ensure that personnel are current in their areas of expertise and that the staff complement is adequate to perform required functions at all bases. Of concern is whether the needed training is being provided in a timely and cost effective manner. (IR)

Service Delivery Statistics

The Committee is of the opinion that overall Ornge's service delivery is substantially less than reported during the hearings when factoring in all (rather than selected) service components—possibly as low as 70% and lower in certain instances. (SR, p. 30)

The Committee notes that the combined number of air and land patient and other transports during the period from 2006-07 to 2010-11 had actually decreased from 19,425 to 19,274 despite receiving \$57 million more in operating funding from the Ministry of Health and Long-Term Care. (SR, p. 71)

The Committee notes that compliance with response-times prior to Ornge assuming responsibility for air ambulance was approximately 98%. (SR, p. 104)

Record of Patient Safety/Standard of Care

The Committee is concerned that patients' safety and level of care may have been compromised in specific cases in recent years, noting the design issue of the AW139 helicopter medical interior, understaffing of pilots and paramedics, and dispatch issues as potential contributing factors. This concern is based on testimony and a Cabinet submission dated May 23, 2012 entitled *Investigations Concerning Air Ambulance and Related Services: Investigations Breakdown 2007-2011 (Land and Ornge)* that documented specific patient cases. (SR, p. 117)

Audit on Standard of Care (2013)

The Committee concludes that the actual standard of care results are less than reported. It notes that in the Ministry of Finance Internal Audit Division's December 2013 *Audit of Ornge* report, Ornge's processes for preparing selected reports for the Ministry, as required under the Performance Agreement, are "not

consistently designed to ensure their completeness and accuracy” and therefore do not accurately report on the standards of care delivered. Specifically, the *Audit of Ornge* report noted that this reporting issue related to reaction/response times, call volumes, the staffing report, daily availability report and 10-day roll-up, and complaints and investigations. (SR, p. 104)

Ornge’s Inter-Facility Patient Transfers

Approximately 90% of Ornge’s patient transfers relate to inter-facility transfers. At issue is whether these transfer services are delivered with efficiency and effectiveness on a timely basis to the satisfaction of patients and facility staff. (IR)

Performance Indicators

The Committee has concerns with the CEO’s lack of progress on his commitment to take immediate action to establish key performance indicators. (SR, p. 110)

Critical Care Land Ambulance Program Review

The Committee is disappointed with the quality of the report, *Critical Care Land Ambulance Program Review*, which describes options for service delivery models but does not bring forward recommendations for a service delivery model. (SR, p. 107)

Aircraft Service Prior to Ornge

The Committee notes that the contractual arrangements with Canadian Helicopters yielded savings each year. Canadian Helicopters provided air ambulance services prior to the arrangements that were made with Ornge. (SR, p. 72)

Assessment of Service Delivery Model

The Committee believes that the current service delivery model must be reassessed. (SR, p. 58)

Standing Agreement Carriers

Safety Management System

The Committee is concerned about the overall integrity of the safety management system, specifically the self-policing format, and the absence of a formal reporting protocol for Standing Agreement Carriers. While audits are expected to ensure a high degree of carrier oversight, they appear to fall short of this goal. (SR, p. 53)

Standing Agreement Carriers—Staffing

The Committee acknowledges the benefit derived from being able to negotiate pricing subsequent to the closing of the RFP as provided for in the RFP process. However, the Committee believes that it is essential that contract negotiations take place on a level playing field for all air carriers within a consistent and transparent framework, allowing for impacts associated with geography, such as

greater distances resulting in increased fuel costs, and other relevant factors. (SR, p. 42)

Ornge's Paramedic Training Model

The Committee is concerned with the effectiveness of Ornge's paramedic training model, the implications of Ornge's control over flight paramedic training to Standing Agreement Carriers, and the carriers' dependency on Ornge for this training. (SR, p. 43)

Standing Agreement Carriers—Pilot Training

The Committee is concerned, based on information subsequently received, that although the TCAS and TAWS systems may have been installed on Standing Agreement Carriers' aircraft, in at least one circumstance, pilots had not received proper training for use of the equipment. This is an example of the Committee's concern with inadequate pilot training, as noted previously. (SR, p. 57)

Board of Directors

Board's Conduct

The Committee is concerned with the former Board's overall performance given the formal duties and expectations of directors in Canada. The Committee concludes that the directors failed to exercise the fiduciary and oversight responsibilities expected of directors and did not provide the level of governance required to ensure that Ornge Air Ambulance operated in compliance with the terms of the Performance Agreement. (SR, p. 83)

Ornge's independent Board of Directors did not fulfil its fiduciary responsibilities in regard to substantial provincial funding provided to an external organization delivering health care services. The Board did not request the Ministry's perspective on significant strategic decisions. (IR)

As a Board Chair and as a chartered accountant previously with KPMG, Mr. Beltzner should have exercised his professional obligations and responsibilities and ensured that the Board was exercising proper oversight. It is inconceivable, for example, that he was not aware of the \$400,000 medical stipend paid to the former CEO. (SR, p. 83)

The Committee is concerned that the former Board Chair, Mr. Beltzner, claims that he was not aware of many payments that were made to the former CEO Dr. Mazza. Furthermore, the Committee is concerned that the former VP of Finance, Ms. Renzella, unilaterally took it upon herself to approve those payments. Finally, the Committee is concerned that Dr. Mazza would bill for attending Board meetings over and above his excessive compensation received through salary, stipends, and loans. (SR, p. 83)

The Committee is further concerned that Board Members who were apprised of a highly questionable transaction (Weight Upgrade/Marketing Services Agreement) failed to take necessary steps to fully investigate and to prevent this transaction

from taking place. This transaction is now under criminal investigation and should have caught the attention of Board members who had fiduciary responsibility to protect the public funds. (SR, p. 85)

The Committee notes that both Mr. Potter, former VP Aviation, and Mr. Rothfels, former Chief Operating Officer of Ornge, warned Board members (Dr. Lester and Mr. Lowe) that payments were being made by Ornge unnecessarily for weight upgrades related to the purchase of the AgustaWestland helicopters. The Committee has concerns that these Board members ignored the warnings issued by Mr. Potter and Mr. Rothfels. (SR, p. 84)

The Committee has concerns related to the payment made for weight upgrades brought to the attention of a Board member by Mr. Rothfels. At issue is that this matter was not more thoroughly scrutinized by the Board. Now that it is the subject of a police investigation, the Committee is concerned that members of the Board – particularly those with professional backgrounds in law and accounting – failed in their fiduciary and oversight responsibilities. The Committee is requesting that Ornge and the MOHLTC take whatever steps are necessary to pursue directors who have failed in their fiduciary responsibilities to the full extent of the law, with a view to restitution. (SR, p. 85)

The Committee concludes that Mr. Beltzner provided a revisionist perspective on the corporate challenges and how he concluded that they were managed. (SR, p. 86)

Directors' Compensation/Conflict of Interest

The Committee is concerned with the excessive compensation paid to members serving on a board funded by the public sector and the apparent conflicts of interest arising from Board members serving on numerous related boards. (SR, p. 64)

Aviation

AW139 Helicopter Interiors

The Committee learned that Ornge issued an RFP in September 2013 for the redesign of the AW139 helicopter interiors. There is no indication of the cost of this redesign and the very fact that the RFP has been issued indicates that the current design is not up to preferred standards. (SR, p. 33)

Aircraft Training Simulator

The Committee is concerned that the pilot training simulator may be deficient, given the Transport Canada reports that pointed out that the Sikorsky training simulator being used by Ornge does not have the same cockpit configuration as the S76 Sikorsky in the Ornge fleet. (SR, p. 32)

Dispatch

Dispatch Reliability

The Committee has concerns with the accuracy and reliability of Ornge's dispatch and reporting system, specifically its reporting on resource availability—aircraft and staffing—and ultimately the impact on patient safety. The dispatch centre algorithm that governs the allocation of flight hours among carriers and the application of resources to ensure proper service delivery based on need rather than carrier preference was of particular concern to the Committee as it considered the equitable treatment of carriers. (*SR*, p. 29)

The Committee expresses concern about non-performance and the consequences if a base is not able to provide the necessary service level due to such factors as personnel shortages in the medical and aviation areas; specifically, insufficient qualified medical staff, availability of paramedics, pilot shortages, aircraft availability and aircraft maintenance and ground issues. In addition, the statistics provided by witnesses did not provide clarity on Ornge's dispatch service capability. (*SR*, p. 103)

The electronic dispatch system's reported deficiencies required improvements to facilitate dispatch operations and enable the system to provide the data needed to monitor key performance metrics. Ornge has analyzed the electronic integration of air and land-based ambulance dispatch systems. Their assessment of the practicality of this approach is needed to address dispatch system shortcomings. (*IR*)

CAD Upgrade (Flight Vector)

The Committee has concerns with the unpredictability and uncertainty surrounding the functionality of the Flight Vector dispatch system (given that phases two and three of the three-phase rollout have yet to be developed). (*SR*, p. 28)

The Committee is concerned with the timeline for the full implementation of the Computer Aided Dispatch system and that the overall final cost is undetermined. (*SR*, p. 105)

The Committee is concerned that the dispatch communication system is still not fully implemented and operating properly. (*SR*, p. 28)

Filing Complaints – Whistle-Blower/Ombudsman

Whistle-Blower Policy

In September 2013, based on testimony, the Committee concluded that not all Standing Agreement Carriers are aware of a whistle-blower process. Mr. Rick Horwath (President and CEO, Air Bravo) indicated that a more effective complaints process is needed at Ornge. (*SR*, p. 34)

The Committee has concerns regarding the effectiveness of Ornge's communication of the whistle-blower policy. (*SR*, p. 45)

Office of the Ombudsman

The Committee is concerned about the available avenues to file complaints and indicated that the Ombudsman could be of assistance in this regard. (*SR*, p. 67)

Air Ambulance Finances

Air Ambulance Program's Financial Viability

The Committee questions the nature of the discussions on the financial arrangements pertaining to the purchase of aircraft, reportedly discussed and given tacit approval by the Ontario Financing Authority. This is an issue of major concern, given that it was on the strength of the implied backing of the Ontario government that the bond offerings were subscribed to by investors, thus obligating Ontario taxpayers to the debt. (*SR*, p. 73)

Ornge management made certain financial decisions that may compromise the viability of the provincial air ambulance service. Specifically, the ongoing service costs related to the Ornge Issuer Trust bond have long term financial consequences that could have a direct impact on the province's ability to provide ambulance services. (*IR*)

The Committee is concerned that the Board was aware that any expertise that may have been developed by Ornge was funded by Ontario taxpayers, yet the benefit of marketing that expertise would have been realized in large part by the for-profit entities and their shareholders (including Ornge Board members). (*SR*, p. 74)

The Committee has concerns that Ornge was allowed to encumber the government and taxpayers of Ontario with a debt offering that is ultimately a provincial responsibility. (*SR*, p. 90)

The Committee is also concerned that Mr. James Sinclair (Director, Legal Services Branch, Ministry of Finance) and Mr. Peter Wallace (Secretary of the Cabinet, Clerk of the Executive Council and Head of the Ontario Public Service) testified under oath in 2012 that the government of Ontario is not responsible for the capital debt incurred by Ornge through these bond offerings. However, the Auditor General confirmed to the Committee that the government is in fact ultimately responsible for the payment of this debt. (*SR*, p. 90)

Ornge's Budget

Ornge's budget for the current fiscal year will be a subject of review. The Committee has concerns with Ornge's financial commitments, including for

example, staff bonuses, future labour agreements and obligations under the bond commitments arising out of the bond repayment requirements. The Committee believes that Ornge needs to ensure that budget pressures will not compromise air ambulance core services. (*SR*, p. 113)

CEO Compensation/Loans

The Committee is concerned that Dr. Mazza's revised salary was determined in a private sector context, when the for-profit Ornge companies were dependent on government funding. (SR, p. 80)

The Committee is of the view that a transfer payment entity should not be engaged in loans to employees under any circumstances. (SR, p. 81)

Marketing Services Agreement/Weight Upgrades

The Committee is concerned the weight upgrade transaction was done for the sole purpose of taking money from the not-for-profit entities and putting it into for-profit entities through a Marketing Services Agreement with AugustaWestland. (SR, p. 85)

Ornge Global Management Valuation

The Committee questions the valuation ascribed to Ornge Global Management by the Board Chair, Mr. Rainer Beltzner, given that there was no basis on which to justify such a valuation. (SR, p. 81)

Conflict of Interest

Policy on Conflict of Interest

The Committee is concerned that Ornge lacks a clear policy on conflict of interest regarding Ornge employees who also work for another employer, in particular one of the Standing Agreement Carriers. Specifically, the Committee believes that Ornge should implement a conflict-of-interest policy for all such employees, instead of reviewing cases one-by-one. The Committee is concerned that in the case described above (employee of both Air Bravo and Ornge), allowing the employee to stop working at Air Bravo and to remain at Ornge could still present a conflict of interest in the future. (SR, p. 47)

Cliste Report

The Committee has concerns about the credibility and objectivity of this [Cliste] report on recommended compensation levels. The Committee is also concerned about a clear conflict of interest that existed in the role that Mr. Luis Navas, a former member of several Ornge boards and chair of Ornge's compensation committee, played in providing compensation advice. (SR, p. 79)

Procurement

Procurement Directive

The Committee feels strongly that Ornge should follow the Broader Public Sector Procurement Directive. This concern is reinforced by the Ministry of Finance 2013 *Audit of Ornge* which noted non-compliance with the directive. (SR, p. 42)

COMMITTEE HEARINGS – TESTIMONY

The Committee decided to register its concerns with certain witnesses and with their respective professional associations (see section entitled Professional Conduct and Testimony of Witnesses). (SR, p. 1)

Conduct of Witness – Dr. Chris Mazza

The Committee is questioning Dr. Mazza's conduct as a practising physician and as the former CEO at Ornge. The Committee's concerns expressed to the College include such matters as:

- Dr. Mazza's admission that he prescribed Oxycodone for an employee; and
- Dr. Mazza's medical director fee of approximately \$400,000.00 (paid without the knowledge or consent of the former Board of Directors at Ornge). It is the Committee's understanding that there were no records of services rendered to warrant this payment. (SR, p. 124)

Conduct of Witness – Dr. Thomas Stewart

The Committee has filed a complaint with the College of Physicians and Surgeons of Ontario regarding Dr. Thomas Stewart's billing for services not rendered. As noted in this report, the Ministry of Finance's 2012 report entitled *Investigation of Ornge and Related Entities; Final Report* states that Dr. Thomas E. Stewart received medical stipend payments wherein no supporting invoices or support for his work appeared to exist. (SR, p. 124)

Conduct of Witness – Alfred Apps

The Committee has concerns about Mr. Apps' conduct as a lawyer and his role as a lobbyist: specifically, that he provided misleading information. The Lobbyist Registrar of Ontario provided an opinion confirming his role as a lobbyist. (SR, p. 124)

Conduct of Witness – Margriet Kiel

The Committee is concerned that the [Meyers Norris Penny LLP] report's Executive Summary was misleading, specifically the concluding paragraph, which states that: "Overall, our review indicated that Ornge is using provincial Grant Funding economically, efficiently and for the purposes intended in providing air ambulance and related services for the Province." The Committee questions whether Ms. Kiel followed accepted professional standards as a chartered accountant in the preparation of this report. (SR, p. 125)

Conduct of Witness – Rainer Beltzner

The Committee is questioning whether Mr. Beltzner complied with the Institute of Chartered Accounts of Ontario's Rules of Professional Conduct. Specifically, the Committee is concerned that Mr. Beltzner did not fulfil his responsibilities as

Chair of a Board of a publicly funded body delivering air ambulance services on behalf of the Ministry of Health and Long-Term Care. (SR, p. 125)

OFFICE OF THE AUDITOR GENERAL OF ONTARIO

Accessing Necessary Audit Information

The Auditor General was unable to obtain all necessary information in the course of the 2011-12 Ornge Audit. The Auditor was refused access to the records of any of the other entities, which Ornge had contracted with to provide, among other things, aviation, aircraft maintenance, pilot management, accounting and payroll processing services. Ornge's management and Board advised the Auditor General that this was because the Ministry was not funding the other entities directly or indirectly (under the *Auditor General Act* the Auditor is generally allowed access only to organizations funded by the provincial government).

Follow-Up on Recommendations

There have been many reports and reviews of Ornge over the past two years since the tabling of the Auditor General's 2012 *Special Report*. The Ministry of Finance's *Audit of Ornge* (2013) reported that most of its recommendations had been addressed; however, the Committee noted outstanding issues related to matters of Board governance, compliance with specific directives and Ornge's prescribed reporting to the Ministry. The Committee would like an update on the outstanding recommendations in the Special Report.

1. BACKGROUND

1.1 Ontario's Air Ambulance Service²

The province established a helicopter-based aero-medical program associated with Sunnybrook Hospital in 1977.³ Pre-2006, the province's air ambulance program contracted with private operators for aircraft, pilots, and paramedics (see "Air Ambulance Historical Overview 1977-2006" in this section). The Ministry operated the central air ambulance dispatch centre and had oversight responsibility for program effectiveness.⁴

Since its inception the service has expanded to include both rotor and fixed wing aircraft throughout Ontario. Several base hospitals were amalgamated under the Ontario Air Ambulance Base Hospital Program, providing medical direction and advice for ambulance based pre-hospital emergency health care.

In 2005, Health Minister George Smitherman signed an agreement that gave the new Ontario Air Ambulance Services Corporation (subsequently renamed Ornge) all provincial air ambulance service assets for the nominal fee of two dollars with exclusive rights to operate under a Performance Agreement. The Corporation assumed responsibility for air ambulance services, effective January 2006:

[T]he Ontario Air Ambulance Corporation (Corporation) [was] to become responsible for all air ambulance operations. This was done partly to address an independent accreditation review that recommended clearer lines of authority among the different components of Ontario's air ambulance operations. Having an arm's-length corporation deliver air ambulance services was also consistent with the Ministry's long-term objective of moving away from direct service delivery, with health-care services being provided by external entities accountable to the Ministry.⁵

In 2006 the Corporation was renamed Ornge and, over time, given additional responsibilities, such as critical-care patient transfers by land ambulance between hospitals (2008) and a dedicated paediatric transport program (2009). The Auditor General reported in 2012 on Ornge operations involving the direct delivery of services with aircraft and land ambulances stationed at 12 bases across Ontario, and the contracting with independent Standing Agreement Carriers for additional

² This section is based on information from Ornge's *Home Page* and the Auditor General's 2012 *Special Report: Ornge Air Ambulance and Related Services*.

³ Ornge, *Home Page*, <http://www.ornge.ca/AboutOrnge/Pages/History.aspx>, accessed January 28, 2013.

⁴ Office of the Auditor General, *Special Report: Ornge Air Ambulance and Related Services* (March 2012), p. 5.

⁵ *Ibid.*

services. The private carriers provided aircraft and pilots and generally employed their own paramedics.⁶

Air Ambulance Services Historical Overview

The following information provides an overview and timeline of Ontario air ambulance services dating from 1977 through to the creation in 2006 of the Ontario Air Ambulance Services Corporation for the provision of these services.

Air Ambulance Program Historical Overview 1977-2006

Overview

- In 1977, the Province introduced the first air ambulance program in Canada to provide inter-facility transfers of patients between hospitals and to assist land ambulance services in meeting the on-scene needs of patients in areas that were inaccessible by road.
- The ministry used privately-operated rotary and fixed wing aircraft made available through contracted providers and Standing Agreements Carriers.
- All air ambulance transportation was co-ordinated through the ministry-operated Medical Air Transport Centre (MATC).

Contracted Providers

- Canadian Helicopters Limited was the contracted provider for helicopter air ambulance service.
- Voyageur Airways Limited was the contracted provider for fixed wing air ambulance service.
- Over the years flight paramedics used by the air ambulance program were provided by the Ministry or private air carriers.

Standing Agreement Carriers

- Standing Agreement (SA) Carrier air ambulance aircraft were available.
- SA fixed wing aircraft were chartered by the ministry on an “as required” basis. They were used primarily for the inter-hospital transport of non-emergency and emergency but non-critically ill and/or injured stretcher patients. They were also used as backup for transporting emergency patients when contracted provider’s aircraft were not available.
- The Ministry used the services of charter air operators to provide organ recovery flight services.

Ontario Air Ambulance Base Hospital Program

- The Ontario Air Ambulance Base Hospital Program (OAABHP) was formed in January 2002 as a result of the amalgamation of five air Base Hospital programs.

⁶ Ibid.

- The OAABHP was responsible for medical direction and for qualifying and ensuring the provision of patient care by air ambulance paramedics. OAABHP provided training programs for primary, advanced and critical care flight paramedics.

Medical Air Transport Centre (MATC)

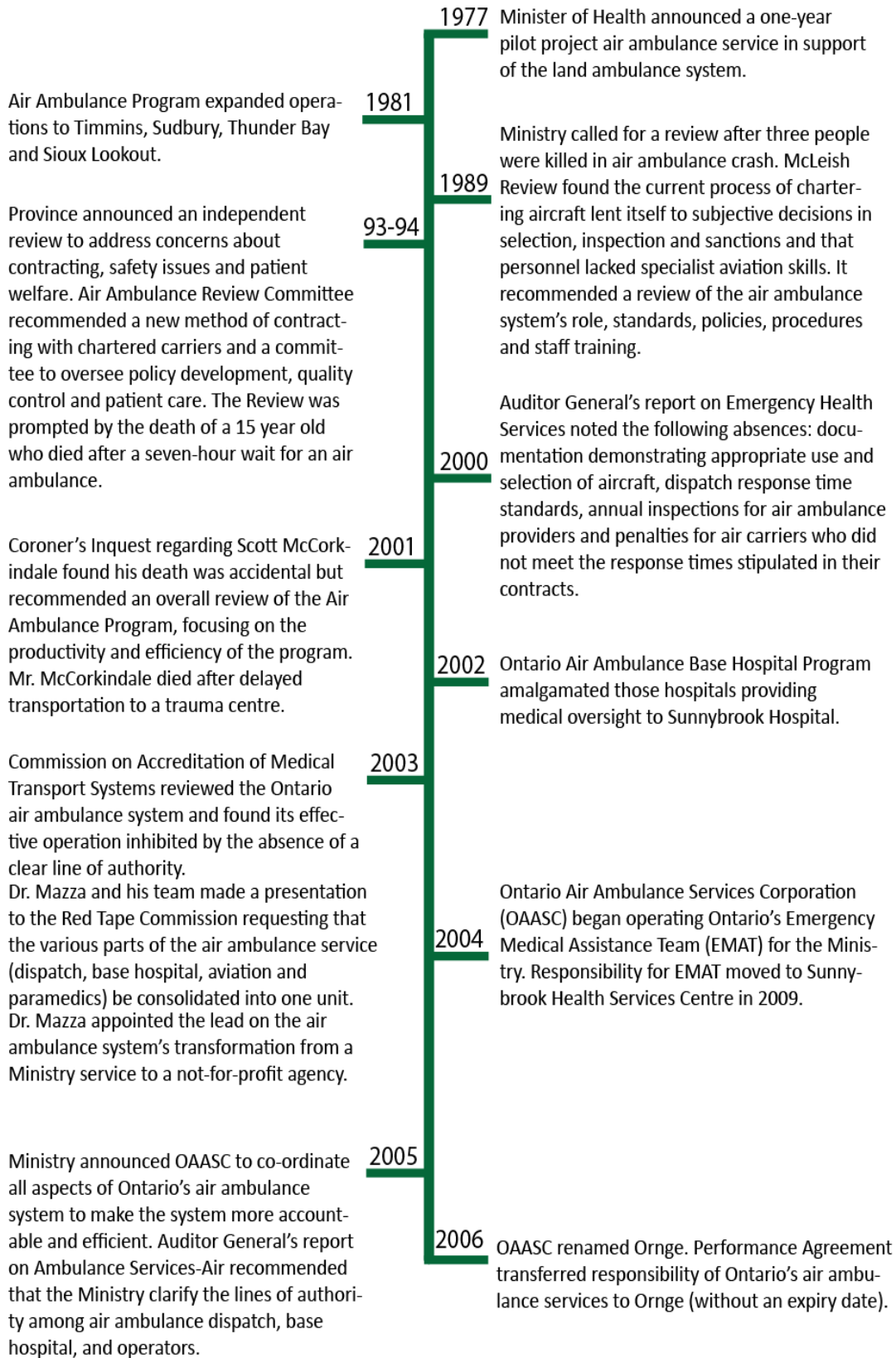
- The MATC co-ordinated arrangements for the air ambulance transportation of patients. It also integrated with the provincial land ambulance dispatch system (Central Ambulance Communications Centres) to co-ordinate required land ambulance transport.
- MATC also arranged aircraft to transport the Trillium Gift of Life program's human organ teams.

Ontario Air Ambulance Services Corporation

- In January 2006, all operational functions of the Air Ambulance Program that had been provided by the Ministry and through the Ontario Air Ambulance Base Hospital Program were consolidated under the not-for-profit Ontario Air Ambulance Services Corporation (OAASC).

Source: This document was prepared by the Ministry of Health and Long-Term Care and provided to Legislative Library and Research Services on January 8, 2014. Amendments to the original text were made by the Committee.

Air Ambulance Program Historical Timeline 1977-2006



2. AUDITOR GENERAL'S FINDINGS

The Auditor General's office generally completes between 12 and 15 value-for-money audits each year for inclusion in its *Annual Report*, tabled in early December. The report on Ornge Air Ambulance Services and Related Services was intended to be included in the 2011 *Annual Report* but was delayed primarily due to the lack of cooperation on the part of Ornge in the course of the Auditor General's audit. Consequently it was tabled as a *Special Report* in March 2012.

2.1 Overview of Audit Special Report (2012)⁷

The audit objective was to assess whether air ambulance and related services were:

- meeting the needs of Ontarians in a cost-effective manner; and
- in compliance with Ministry and legislative requirements.⁸

The Auditor General highlighted the following principal audit findings:

The Ministry has a responsibility to ensure that the services it is paying for are being provided cost-effectively and that Ornge is meeting the needs of the public and Ontario's health-care system. In outlining its plans to the Standing Committee on Public Accounts in February 2006 regarding the corporation that would be responsible for Ontario's air ambulance services, the Ministry committed to set standards and monitor performance against those standards to ensure that the "end result will be improved care, improved access to service, increasing effectiveness and efficiency of the delivery of service, and the assurance of greater fiscal and medical accountability." As well, the Ministry's original submission to Management Board of Cabinet requesting approval for the Ornge arrangement specified that obtaining and evaluating performance information of this nature would be an essential part of the Ministry's oversight function.

However, the Ministry has not been obtaining the information it needs to meet these oversight commitments. For instance, it does not periodically obtain information on the number of patients being transferred or assess the reasonableness of the cost of the services being provided on a per-patient basis

⁷ Ibid., pp. 7-10.

⁸ Ibid., p. 6.

(something it could do by comparing Ontario's costs to costs being incurred in other jurisdictions or examining changes in Ontario's average costs over time). We noted in this regard that the funding Ornge received for air ambulance services increased by more than 20% between the 2006/07 fiscal year (Ornge's first full year of operations) and the 2010/11 fiscal year. However, over the same period, the total number of patients transported by air decreased by 6%. Also over the same period, Ornge received \$65 million to perform inter-facility land ambulance transfers, projected to number 20,000 annually. However, Ornge is currently providing only about 15% of the projected transfers.

From a quality-of-care perspective, the Ministry receives limited information on whether requests for patient pick-up and transfer are being responded to in a timely and appropriate manner or whether patients are receiving the appropriate level of care during transport. As well, we questioned whether the Ministry had adequate oversight over Ornge's procurement practices and its intercompany arrangements with management and the board to ensure that Ornge was following appropriate public-sector business practices.

We suspected that the changes Ornge made to its corporate structure were not contemplated when the Ministry originally negotiated the performance agreement that governs the accountability relationship between the two parties. The Ministry acknowledged this and indicated that these changes hindered its ability to obtain the information needed to exercise adequate oversight.

It should be acknowledged that Ornge has made improvements to certain aspects of service delivery, including a new paramedic training program, and ongoing upgrades to the dispatch system to improve functionality and reliability. It has also assumed additional responsibilities, including certain critical-care land ambulance services in 2008. Furthermore, Ornge has obtained and maintained certification by the International Commission on Accreditation of Medical Transport Services. Consequently, some increase in operating costs may be justified. However, the Ministry needs better information if it is to ensure that the increase in annual funding has been well spent on improving the timeliness, volume and quality of services provided.

[The report noted several areas in which Ornge had not provided the Ministry with information required for proper oversight.]

The Ministry also needs to consider the long-term impact of Ornge having created its own airline and relying much less on other well-established air ambulance service providers. Significant dependence on one service provider poses potential risks, especially if other private-sector air ambulance providers can no longer stay in business. With fewer potential service providers, the Ministry will have reduced negotiating power in future funding agreements because it will have no option but to rely on Ornge for the delivery of Ontario's air ambulance services.

It should be acknowledged that, as a result of our bringing a number of these observations to the Ministry's attention during the course of our audit, as well as later media reports concerning Ornge, the Ministry has recently taken substantive action to address many of the issues raised in this report. Certain issues will take additional time to resolve in the most cost-effective manner given that Ornge's first priority must be to ensure the safe and timely transport of patients needing air ambulance and related services.

3. ORNGE OPERATIONS (2012-2013)

As noted in the preamble, this report summarizes the witnesses' sworn testimony. The Committee would like to restate that in certain instances the testimony was less than forthright and at times contradictory and inconsistent.

Mr. Robert Giguere (current Chief Operating Officer, Ornge) and Mr. Bruce Farr (Interim Vice-president of Operations, Ornge) attended hearings to address current operational issues and remedies including such matters as Ornge/Ministry communication, service delivery, patient safety, and resource availability.

Mr. Giguere originally joined Ornge as a special adviser to aviation on April 23, 2012 and was involved with the transition to rebuild the organization. He was appointed without a formal competition to the position of Chief Operating Officer (COO) on December 10, 2012. His responsibilities included providing input on the revised organizational structure, strengthening internal accountability, and consolidating scheduling to ensure better service coverage across the province. His general responsibility for operations includes aviation, paramedics and pilots, aircraft maintenance, the Ornge Communications Centre (OCC), and the communications officers for dispatching. He has responsibility for ensuring compliance with Transport Canada federal regulations (see Transport Canada

documents listed in this report). (46) He recommended the integration of operations, combining the aviation and the operations divisions to create a cohesive team delivering patient services. (53)

Ornge is focused on its public relations, serving patients and building relationships with stakeholders in the health care field. Mr. Giguere explained the approach as follows:

We're reaching out to the various LHINs and hospitals, to the regions we serve, to community leaders and so on, sharing our knowledge with them and vice versa so that we work better together in collaboration with these organizations and agencies across the province to ensure that we deliver an effective and seamless part of the health care system. (52)

Mr. Bruce Farr, Interim Vice-president of Operations, provided additional information on Ornge's operations in 2013. He commented on the rebuilding of Ornge, noting that he has met with front-line staff including pilots, paramedics, and maintenance personnel. He concluded that employees are confident about the future, noting that their input is being taken into account. (92)

3.1 Corporate Model: In-house Fleet

Ornge's fleet, as of December 2013, consisted of 10 Pilatus PC-12s (fixed wing), 10 AgustaWestland AW139s (rotor wing), and 10 Sikorsky S76As (rotor wing).

Transitioning Issues

When asked to identify flawed operational areas on the aviation side, Mr. Giguere stated:

I believe the transition from the previous rotor operator to ourselves perhaps could have been handled more smoothly. I think that the change from a private organization to essentially a government type of organization, which we are, had some challenges that perhaps could have been handled somewhat differently. A culture change for the employees of the previous operator into Ornge, I think, was challenging for them. Certainly we've been building bridges with those employees, and I would say the relationship is significantly improved. As a consequence, of course, as we rebuild, we're seeing performance improvements as well. (52)

Mr. Giguere justified the benefits of the in-house fleet, as follows:

From a perspective of operating them ourselves, if there's a for-profit operation that you're contracting to, obviously you build a profit margin in. So if we are as effective as the for-profit organization you might contract to, we would in fact take that profit out. So it would be cheaper for us to operate.

We set the standards; we make sure they're complied with. We have one integrated and seamless operation.
(59)

The decision to bring aircraft in-house rather than continuing to contract out services resulted in fundamental concerns on the part of Standing Agreement Carriers, as outlined subsequently in this report.

Mr. Giguere stated that organizational change is ongoing at Ornge to alter the former culture: Ornge's numerous divisions (operations, fixed wing and helicopter aviation, dispatch and flight following, the medical and clinical sides and education) are being brought together. The new culture will remove the distinct operational silos and move away from the separate reporting format. (46)

3.2 Aviation Improvements/Outstanding Issues

Operational Efficiencies

According to Mr. Farr, operational efficiencies introduced have included the following:

- implementation of a critical care emergency land ambulance utilization protocol to optimize the use of all land resources (Ornge and municipal);
- a medical transport service to move lower-priority patients, reducing the dependence on municipal land ambulance Emergency Medical Services (EMS) and detention times for aircraft;
- improved utilization of transportation with land vehicles located at air bases providing an alternative to aircraft during inclement weather;
- use of the Optimal Readiness Project in all phases of Ornge's operation, resulting in better outcomes for patients (e.g., aircraft properly staffed and flight-ready upon request); and
- introduction of a new computerized aircraft dashboard, indicating readiness to the OCC and plans to enhance the efficiency of Ornge weather reporting with improved communications between Ornge flight planners and pilots. (86)

Technology Upgrades: OCC/CAD Systems

The Committee is concerned that the dispatch communication system is still not fully implemented and operating properly.

According to Mr. Farr, the OCC has received significant attention to ensure that communication is as seamless as possible. Planned improvements include the replacement of the former cross-training model for communications officers with a specialized training model and the introduction of certification exams for communications officers. The medical call-taking, flight planning, and flight-following functions have been integrated in the OCC. The implementation of a new computer-aided dispatch system (CAD) to effectively dispatch crews and improve the assembly of information is a priority. Mr. Farr indicated that Ornge had selected a vendor to implement the software. (86)

The Committee received an update on this initiative in 2014. The new system—Flight Vector—is a Computer Aided Dispatch (CAD) system custom developed by Softech for use in an air ambulance dispatch environment.

Flight Vector is an Air Ambulance Dispatch system designed to deal with the complexities of air ambulance dispatch, with features to enhance Ornge's ability to maintain situational awareness and improve dispatch speed and effectiveness. Some key features include:

- unique and customizable medical call intake templates;
- single view of the status of all aircraft in the fleet;
- drag-and-drop assignment of an aircraft to a patient/patient to an aircraft;
- electronic communication capabilities with flight crews;
- integrated maps with automated flight tracking;
- direct system integration capabilities with CTI (Computer-telephony Integration) and external third party systems; and
- ability to accurately time-stamp various critical phases of the transport event.

The Committee has concerns with the unpredictability and uncertainty surrounding the functionality of the Flight Vector dispatch system (given that phases two and three of the three-phase rollout have yet to be developed).

Phase one is the basic, functional dispatch system replacing the existing system. Phases two and three will be used to roll out more advanced features and build on the interfaces with external third party systems (e.g., CACCs and EMS providers).

Aircraft/Crew Scheduling

Mr. Giguere has had responsibility for fleet management and the deployment of resources. He expressed concern with crew scheduling:

We had, essentially, two scheduling departments that didn't work as a team. Again, I mentioned in my opening remarks the silos. In my understanding of the Ornge organization, there were two operating officers; as a consequence, there were two scheduling teams, and yet we're scheduling people for the same resource.

Obviously, when we dispatch an aircraft, we have two pilots and two medics on board, so having that scheduling team synchronized and operating as a team was something that became an immediate goal. With the support of Mr. Ron McKerlie [former Interim CEO at Ornge] and others, we put in place a plan to integrate the two scheduling teams into one, which is now functioning. (51)

Resource Availability Reporting/Dispatch Rates

The Committee has concerns with the accuracy and reliability of Ornge's dispatch and reporting system, specifically its reporting on resource availability—aircraft and staffing—and ultimately the impact on patient safety. The dispatch centre algorithm that governs the allocation of flight hours among carriers and the application of resources to ensure proper service delivery based on need rather than carrier preference was of particular concern to the Committee as it considered the equitable treatment of carriers.

According to Mr. Giguere, department heads review aircraft and crew availability each morning at the operations meeting. He explained that availability is determined by reviewing three essential service components: the aircraft, two pilots, and two medics. Mr. Farr explained that resource availability reports catalogue performance indicators in various areas, such as hours that a given base was out of service and/or deficient paramedic staffing with regard to meeting the various care levels. (88) Mr. Giguere stated that Ornge's current resources—budget, aircraft, staff, etc.—are appropriate:

Our focus is on ensuring that we have the right resources, both human and our operating assets in terms of aircrafts and land ambulances. Our reliability is very good, and we continue to see improvements in our level of care throughout the system through our training processes. (52)

According to Mr. Giguere, the resource availability reports have included transport data for rotor and fixed wing aircraft and ambulance service and

staffing. He testified that staff and aircraft reports indicate that Ornge is performing above 90% availability when all service components are included.

The Committee questioned the reported performance percentage and requested clarification on which components were included in the statistic. (57) When the Committee asked for clarification, it was reported that the March 2013 resource availability report indicated that Moosonee was out of service 19% of the time during the daytime and 36% in the evening. (88, 89)

The 2012–13 Quality Improvement Plan (QIP) addressed specific operational objectives. On staffing and transport, for example, the paramedic staffing objective is to have two paramedics with appropriate training provide the required patient care. According to Mr. Farr, “in January 2013, we reached this level-of-care target (i.e., two paramedics with the right mix of training and certification) 71% of the time.” The “goal is to increase paramedic staffing and training to reach the target 75% of the time by March 2013 and ultimately to exceed that target in future years.” (92)

According to Mr. Giguere, Ornge’s dispatch rate has been at 97.3% for the helicopters and fixed wing aircraft to fly a mission. He provided the following comments on intervening factors that help to account for variations in the dispatch statistics:

. . . for the last few months [2012–2013]. We have a degradation of that performance based on what I describe as the human side, the paramedics and pilots. There are occurrences where we have sick time, where we have personal days, where we have bereavement and so on, where we may not be able to backfill. (53, 57)

The Committee is of the opinion that overall Ornge’s service delivery is substantially less than reported during the hearings when factoring in all (rather than selected) service components – possibly as low as 70% and lower in certain instances.

According to Canadian Helicopters Ltd. (CHL), their dispatch rate was 98% for the period 1977-2012. CHL provided the following supplementary information on its dispatch record to the Committee in a document dated November 17, 2013:

From 1977 to 2012 Canadian Helicopters Limited (CHL) delivered high levels of dispatch reliability to Ontario, ensuring that all bases were launch capable with 2 pilots and serviceable aircraft for 24 hours per day – 365 days per year 98% of the time.

CHL designed and delivered over 25 specialty EMS helicopter conversions for use in Ontario. To minimize risks to patient care, CHL engineered all medical systems including oxygen, suction, compressed air, electrical and incubator power with fail-safe

redundancy. CHL EMS conversions were designed in collaboration with the medical community and allowed for patient intubation and CPR in flight. These designs remain in use today.

The Committee heard testimony about the significance of having penalties assessed to carriers in the event that an aircraft was not dispatched in response to a call. Such penalties were and continue to be levied against Standing Agreement Carriers for non-performance but not against Ornge. (222) The issue is that there were no direct consequences for Ornge non-performance.

Resource Efficiencies Initiatives

Mr. Farr provided information on pilot projects to improve the utilization of resources in various operational areas, including a shift-change protocol, enhanced aircraft readiness, a dispatch protocol, and equipment/on-shift workforce readiness. An internal review of the level-of-care requirements across the system is underway with the objective of providing critical care level staffing at all bases. Also, a critical care land ambulance review was prepared by Deloitte with a focus on service levels and corporate finances. According to Mr. Farr, the objective is to make recommendations with respect to base locations, land ambulance services, and the preferred mix of resources. (86, 93, 94) The Committee has received a copy of this 2013 report entitled *Critical Care Land Ambulance Program Review*.

Staff Training—Aviation and Medical

Mr. Giguere explained that options for improvement are considered with a focus on efficiency and fiscal responsibility. Mr. Farr identified training paramedics in a timely and efficient manner as a key training priority, and using performance measures in deployment planning. He acknowledged that while Ornge is required to staff aircraft in compliance with established deployment plans, it has not been meeting the staffing standard at the critical care level. (87, 88, 90, 92)

The management and the new Board have defined a long-term strategy, specifically including training for medics. (92) Ornge focuses on higher levels of care, at a critical care and advanced care level, while most contract carriers operate at the primary care level. (59) According to Mr. Giguere, upgrading a paramedic from the primary care level to critical care level requires approximately two years. Ornge is implementing an accelerated course for medics from a primary care level to advanced care. An immersion course is planned for September 2013 to bring advanced care paramedics up to a critical care level. Mr. Farr explained that Ornge is working with Ontario's community colleges to hire graduates of the Advanced Care Paramedic program and train them to Ornge's critical care level, thereby reducing the training time from approximately one year to 26 weeks. Mr. Giguere advised that Ornge is in the process of hiring pilots and providing them with training on the Sikorsky 76. (89, 93)

The Transport Canada Program Validation Inspection file 5015-17559-17 indicated that Ornge flight crew members were given simulator training in one

model of rotor wing aircraft but required to fly a model with a different configuration, for example the cockpit layout and performance features.

The Committee is concerned that the pilot training simulator may be deficient, given the Transport Canada reports that pointed out that the Sikorsky training simulator being used by Ornge does not have the same cockpit configuration as the S76 Sikorsky in the Ornge fleet.

Operational Performance Standards

According to Mr. Farr, Ornge's amended Performance Agreement defined operational requirements rather than specific standards. It requires reporting on matters such as levels of care, staff mix, and availability of shifts, but does not contain performance standards. (92)

The Committee has concerns about the absence of explicit performance service standards for areas such as paramedic qualifications for varying levels of calls that would provide the necessary information required for the Ministry to evaluate paramedic performance in subsequent audits.

In terms of response standards, many factors, such as a weather check or aircraft readiness, can affect a timely response. Ornge tracks this information to check on performance and files reports with the Air Ambulance Program Oversight Branch (AAPOB). (87, 88, 90)

Air Ambulance Program Oversight Branch

The MOHLTC established the AAPOB in July 2012 with a view to improving the Ministry's oversight of the air ambulance program. Mr. Giguere described his reporting relationship with the Ministry through the AAPOB. Daily activity reports cover service levels, the number of patients carried, trip distances, level of care required, and cases in which Ornge cannot carry a patient or cannot attend to a patient due to weather or other reasons. Also, they include details on average times for each call, dispatch reliability, and any delays in servicing a call. (53, 58) In addition to the formal reporting regime, detailed internal reports are made available to the Ministry at defined intervals: daily, and for 10- and 30-days periods, providing a comprehensive roll-up of the daily performance reports. (53)

Mr. Giguere noted that Ornge meets with the AAPOB monthly (as well as informally) and Ornge's investigations department interfaces with the Ministry on a regular basis. Questions arise from the daily reports sent to the AAPOB as part of the monitoring of performance and targets. (89, 90) Mr. Farr indicated that he has regular opportunities to follow up with the AAPOB on various matters and noted that Ornge receives regular AAPOB visits, including unannounced site visits at bases to assess operations. (91, 95)

The Committee believes that AAPOB staff lack the expertise and experience in the air and land ambulance field to provide effective Ministry oversight.

AW139 Interior Upgrade

Given the deficiencies of the AW139 rotor wing aircraft medical interiors that led to a number of incidents which put patient care and safety at risk, Transport Canada permitted a one year exemption to operate the AW139 rotor wing aircraft with a modified interior configuration. Mr. Giguere and Mr. Farr noted that the interior on the AW139 was upgraded with an interim solution acceptable to Transport Canada before the expiry of the exemption and that Ornge was considering an improved roll-on/off system for patients. (54, 94) Ornge's key priority is a long term solution for the AW139 interiors (see Appendix No. 2).

Transport Canada provided the following update to the Committee in December 2013 on the interior upgrade:

The approved interior configuration in accordance with the Supplemental Type Certificate for the helicopter's modified stretcher installation (STC O-LSH12-199/D) has been incorporated in all 10 of the AW-139 aircraft operated by [Ornge's] 7506406 Canada Inc., and that is the current configuration in use today. This configuration is approved "permanently", however the company could apply for approval of any further major design change they would or may wish to incorporate in the future.

The Committee learned that Ornge issued an RFP in September 2013 for the redesign of the AW139 helicopter interiors. There is no indication of the cost of this redesign and the very fact that the RFP has been issued indicates that the current design is not up to preferred standards.

Patient Relations

Presently complaints are investigated through Ornge's internal Professional Standards Office. According to Mr. Farr, Ministry investigators may also consider these matters. Ornge reports regularly on the complaints process to the Ministry. Throughout the process a check and balance mechanism ensures that a review is progressing properly. (90, 91) Mr. Giguere noted that the new Patient Advocate will supplement the normal process of investigations and follow-up by collecting information through care reports. (60) Also, the updated OCC will have a new automated system to ensure that the process is completed in sequence.

Whistle-blower Protection

Employees indicated during the hearings that they were not aware of the necessary steps to file a complaint. The Committee noted in *Interim Report No. 1* that the former Board was of the opinion that a whistle-blower policy was not necessary, the corporate culture being such that employees would be comfortable bringing matters to management's attention. Similarly, former Ornge management indicated that whistle-blower protection was not seen to be a requirement. However, testimony of staff and Standing Agreement Carriers indicated the need

for such protection and identified the lack of follow-up on complaints by the Ministry as a serious concern. Mr. Giguere described the current whistle-blower policy as a confidential process that permits staff to report to a third party on a range of issues. (50)

In March 2013, the Committee asked the CEO about the current complaint system. Dr. Andrew McCallum explained that there is a patient advocate on the website to address issues with management. Alternatively, individuals can contact the Ministry, MPPs, and the Chief Coroner's Office. (33) Mr. Farr noted that Ornge encourages personnel to raise issues, particularly around patient care and safety. Current employees have been informed of the process and procedures. (92)

In September 2013, based on testimony, the Committee concluded that not all Standing Agreement Carriers are aware of a whistle-blower process. Mr. Rick Horwath (President and CEO, Air Bravo) indicated that a more effective complaints process is needed at Ornge.

Ombudsman

The Committee supports the proposal that the Ombudsman be given authority to deal with complaints against the air ambulance service. Dr. McCallum indicated that the Ombudsman's office makes a valuable contribution overall. (32, 33)

Transport Canada Certification and Audits

Currently Ornge is audited by Transport Canada, Argus and the Ministry of Natural Resources on behalf of MOHLTC. Mr. Giguere's primary reporting responsibility is to Transport Canada for Ornge aviation, specifically certification requirements.

The Committee is concerned that Transport Canada's Program Validation Inspection (PVI) from January 2013 identified a number of non-compliance issues such as incomplete documentation, inadequate flight crew training, and concerns related to the Operational Control System and the Quality Assurance Program at Ornge.

According to Mr. Giguere, incomplete documentation on crew ground training was addressed before flights resumed. (51) The CEO confirmed that Ornge has addressed all such Transport Canada findings identified in the PVI reports.

4. STANDING AGREEMENT CARRIERS

As noted in the preamble, this report summarizes the witnesses' sworn testimony. The Committee would like to restate that in certain instances the testimony was less than forthright and at times contradictory and inconsistent.

Ornge has five Standing Agreement Carriers on contract for patient transport: Air Bravo, SkyCare, Thunder Airlines, Northern Air Solutions, and Wabusk Air. These Standing Agreement Carriers are responsible for nearly half of Ornge's 19,000 air/land transports per year. The Committee held hearings with the

Presidents/CEOs of the five Standing Agreement Carriers and with the Emergency Medical Services (EMS) manager of Wabusk Air. (371) Issues discussed with these witnesses included the following:

- the implications of Ornge not assessing Standing Agreement Carriers' financial capacity;
- observations regarding the negotiating process with Ornge, including price negotiations;
- whether Standing Agreement Carriers have a minimum number of service hours or earnings guaranteed by Ornge (a minimum guarantee);
- concerns regarding ambulance delays and staffing provisions for in-flight patient care;
- remedies for the lack of trained advanced-care air paramedics;
- communication with Ornge and whether whistle-blower protection covers the Standing Agreement Carriers;
- factors affecting the efficiency of the dispatch centre and dispatch centre algorithms;
- lapses in the Standing Agreement Carrier inspection process;
- whether Standing Agreement Carriers comply with aircraft equipment requirements; and
- suggestions for a future model for Ontario's air ambulance service.

4.1 Key Points on Standing Agreement Carriers

Key points from the Standing Agreement Carriers' testimony include the following:

- In its most recent Request for Proposal (RFP) (posted on December 4, 2012) Ornge did not assess Standing Agreement Carriers' financial capacity.
- The Standing Agreement Carriers indicated that when Dr. Mazza was CEO, Ornge's Request for Information (RFI) sought privileged and confidential information from the Standing Agreement Carriers. Air Bravo said that Ornge "had not even attempted to disguise the plagiarism" of Air Bravo information, including procedures and checklists that "were taken verbatim" from the Air Bravo RFI submission.
- The private sector Standing Agreement Carriers cannot compete when their main customer, Ornge, is both their regulator and their competitor.
- Standing Agreement Carriers call for the introduction of strategies required to ensure the availability of aircraft with a full complement of medical and flight crews for all flights.

- Some Standing Agreement Carriers said better communication is needed between on-the-ground facilities to co-ordinate the arrival of land ambulances with air ambulances at destinations. Similarly, improved communication with hospitals is required to mitigate the issue of delayed patient off-loads.
- Some Standing Agreement Carriers believe the level of patient care was better when an advanced care paramedic was on board a flight.
- There is still a shortage of advanced care paramedics for air operations. Dr. McCallum testified on October 30, 2013 that a pilot project was underway with a community college to train advanced care flight paramedics. On March 28, 2014 Ornge notified the Committee that Cambrian College will launch an Advanced Care Paramedicine (ACP) Flight Bridge course in September 2014. (See details in Section 7.3)
- One Standing Agreement Carrier's EMS manager said that because Ornge has full control of Standing Agreement Carrier contracts that Standing Agreement Carriers may be reluctant to raise complaints. The employee was aware of whistle-blower provisions in Bill 11, then before the House, and thought those provisions would be a good solution.
- One Standing Agreement Carrier noted occasional long telephone wait times when calling the dispatch centre.
- Ornge is auditing issues related to the dispatch centre algorithm following complaints that excess flight hours were not being allocated equitably among Standing Agreement Carriers.
- Ornge introduced a conflict of interest protocol following a Standing Agreement Carrier complaint related to a dispatch centre incident over allocation of hours involving an employee who worked for both Ornge and a Standing Agreement Carrier.
- Ornge has not been auditing Standing Agreement Carriers for adherence to their contracts. Mr. Rabicki said that Ornge did conduct spontaneous audits until 2011 but admitted they had not been conducted since.
- Dr. McCallum testified on October 30, 2013 that Ornge has hired new base managers who will conduct announced and unannounced ramp checks (inspections of aircraft).
- A Standing Agreement Carrier expressed concern over payment requests from a salesperson from Ornge's third party auditor, Argus International. The Standing Agreement Carrier was told it would qualify for an Argus platinum rating (the highest rating) but that additional audit time was required for the rating, entailing costs to the Standing Agreement Carrier. Upon being informed by the Committee of this practice, Ornge directed Argus to stop approaching Standing Agreement Carriers with platinum rating offers at extra cost. Argus raised the issue of a platinum rating with a Standing Agreement Carrier as recently as October 30, 2013.
- Ornge requires the Standing Agreement Carriers to have a Traffic Collision Avoidance System (TCAS) and a Terrain Avoidance Warning

System (TAWS) installed on their aircraft used for Ornge work. Some Standing Agreement Carriers have installed TCAS and TAWS; at least one had not installed TCAS and TAWS as of October 30, 2013. The Committee has subsequently been informed that although the TCAS and TAWS systems may have been installed on Standing Agreement Carriers' aircraft, in at least one circumstance, pilots have not received proper training for use of the equipment.

- As part of its strategic plan, Ornge is reviewing its fleet composition and operations. Dr. McCallum testified that the strategic review will include consideration of public and private service delivery models. Dr. McCallum indicated that management will make a recommendation to the Board on this matter. It will be decided in 2014 as part of the fleet/base location, and aircraft allocation, with the Ministry making the final decision. (378)

Related testimony is discussed in greater detail in the following sections.

4.2 The Standing Agreement Carriers

Air Bravo

Mr. Rick Horwath is the founder and CEO of Air Bravo Corp., the largest air ambulance service provider to Ornge. Air Bravo, in operation since 2001, has six aircraft available for Ornge and three bases (down from 10 aircraft and five bases at its peak, in 2007). (235, 237, 238) Currently 65%–70% of Air Bravo's business is Ornge-focused, compared to 100% when Air Bravo began operations. Business diversification includes private charters and private air ambulance for repatriation. (237, 243) Ornge is aware of some of the financial challenges faced by Air Bravo. Mr. Horwath said that initially Air Bravo was administered and dispatched directly by the Ministry of Health and Long-Term Care and subsequently became a Standing Agreement Carrier contracted to Ornge.

SkyCare

Mr. Frank Behrendt is the president of SkyCare Air Ambulance, based in Sioux Lookout. Providing primary and advanced care service, SkyCare began operations in 2006 and has been a Standing Agreement Carrier since 2006. (245) As of September 2013 the company had two aircraft, with a third soon due to come online. SkyCare provides services for Ornge daily, and has diversified, with 55%–60% of its business in medevac: "I would say that we're 60-40, 55-45, somewhere in there, the larger part being the medevac." (249, 251)

Thunder Airlines

Mr. Bob Mackie, involved with Ontario air ambulance since 1978, is the president of Thunder Airlines. The company began operations in 1994 and employs about 100 people at bases in Thunder Bay and Timmins as well as customer service agents located along the James Bay coast. (257) Thunder Airlines in the past provided extensive primary and advanced care air ambulance service under a

Standing Agreement with the Ministry of Health and Long-Term Care and then, with the formation of Ornge, Thunder Airlines became a Standing Agreement Carrier for Ornge. (257, 261) In 2006, as a result of changes introduced by Ornge, Thunder Airlines left the advanced care business. While Thunder Airlines is now a primary care service provider, it occasionally transports advanced and critical care patients with a sending hospital doctor or nurse escort. (262) Air ambulance comprises about 35% of Thunder Airlines' business, down from 65% in the past. (265) Business diversification includes daily scheduled air service from Timmins to Moosonee and other destinations. The company owns its aircraft, hangars, and equipment. (257)

Northern Air Solutions

Ms. Heather Vandertas is the president of Northern Air Solutions, which operates out of Muskoka and Thunder Bay. It offers primary and advanced patient care and is a dedicated air ambulance provider, with excess aircraft occasionally chartered by the Ministry of Natural Resources. (268, 274) The company has been in business since 2005, has 50 employees, and provides inter-facility transfers for Ornge daily. (268, 270, 273) Northern Air Solutions was initially a Standing Agreement Carrier for the Ministry of Health and Long-Term Care, subsequently becoming a Standing Agreement Carrier for Ornge. Northern Air Solutions has a three-year Ornge contract, with a possible two-year extension. Northern Air Solutions is expanding to meet service demand. Greater demand (from Ornge) may result from other Standing Agreement Carriers diversifying and being less available to Ornge. (271, 274)

Wabusk Air

Mr. Paul Cox is the president of Wabusk Air. Mr. Derek Wharrie is Wabusk's Emergency Medical Services (EMS) manager. Wabusk began operations in 1995–96 with one airplane, subsequently expanded, and began working in air ambulance when it received its first air ambulance contract from Ornge in 2007. (334, 339) The company is based in Moosonee and functions as an air taxi, servicing the area north of Moosonee where transport is only by air. (332) It also covers Eastern Ontario and sometimes sends flights as far west as Hamilton and London. (282) One-quarter to one-fifth of its business is patient transportation. (332) As of October 2013 Wabusk had one air ambulance aircraft that was deployed for Ornge 80%–90% of the time, and was in the process of acquiring more air ambulances. (Other Wabusk aircraft are dedicated to different revenue streams.) Wabusk is a primary care service provider, with the right to also provide advanced care under the terms of its most recent Ornge contract. (280, 282) Many Wabusk employees are Ornge full-time employees on a two-weeks-on and two-weeks-off rotation, working for Wabusk during their time off. (332)

Mr. Ted Rabicki (Standing Agreement Carrier Liaison)

Mr. Rabicki, both Ornge's former Director, Aviation Contracts, and the Standing Agreement Carrier liaison, as noted previously, is an engineer with a degree in business. He spent the majority of his 28-year career in the private sector, primarily in technical telecommunications. (361) Mr. Rabicki began working as a consultant at Ornge in 2006 and was a full-time employee from July 2009 to

September 2013. Mr. Rabicki reported to Mr. Feeley, the vice-president of aviation operations for the Ornge fleet and before that, to Mr. Potter. When Mr. Rabicki left Ornge, his role was split in two. Mr. Ainsley Boodoosingh became responsible for Standing Agreement Carrier liaison and Mr. John Mokos became responsible for parts management. (362)

4.3 Negotiating with Ornge: Standing Agreement Carrier Financial Capacity, Price, and Minimum Guarantee

Mr. Mackie noted that the RFP was not a tender process (i.e. competitive acquisition) and required negotiation of issues, such as price. Ms. Vandertas said that putting patient care in the hands of the lowest bidder does not create a safe environment. She added that there were 13-15 carriers in the last Ornge bid. Some Standing Agreement Carriers tender for providing advanced care and some do not. (274, 275) Mr. Cox noted that Wabusk's experience with Ornge had improved in the past year and that things are changing for the better at Ornge. (331) Mr. Rabicki said that he had a good relationship with Standing Agreement Carriers. (363)

Lack of Financial Assessment of Standing Agreement Carriers in Most Recent Ornge RFP

RFPs for many government agencies and private clients require proof of financial capacity. It struck Mr. Mackie "as odd" that there was no such requirement in the most recent Ornge RFP. (260) Ms. Vandertas, who also believes that Standing Agreement Carriers should be financially vetted, provided banking information to Ornge even though this was not requested. (279) When Mr. Horwath was asked what his company's credit report would be today, and whether that credit rating would support Ornge awarding a contract to Air Bravo, he replied in each case that he was not sure. (239)

Tendering Issues: Ornge Air Ambulance Service

Mr. Horwath and Mr. Behrendt noted that Ornge Global Air was awarded an Ornge air ambulance services contract with no tendering. (236) Mr. Behrendt added that Ornge Global Air is a commercial air service which has been given hundreds of millions of dollars' worth of contracts, with no fiscal accountability. He wondered what basic business principles were being followed and agreed with the statement that Ornge sets the terms of reference for the RFPs, but is also a competitor. (252)

According to Mr. Rabicki, when Dr. Mazza was CEO, factors, including challenges in staffing air bases, led Ornge to reconsider its model. Ornge discussed the possibility of searching for a new dedicated Standing Agreement Carrier but decided to in-source for reasons of cost and control. He believes that Ornge Global Air did take some business away from the Standing Agreement Carriers. Ornge's goal was to balance fixed and variable costs and to maximize asset utilization. (361) Creating a fail-safe system was a priority. High risk cases that need immediate action require a dedicated service provider. Mr. Rabicki

believes it would be too risky to contract that service out to a Standing Agreement Carrier: “even the exclusive ones aren’t available 24/7, necessarily. So there’s a risk mitigation that needs to be considered.” (366)

General Negotiations under Dr. Mazza

Some Standing Agreement Carriers noted issues regarding negotiations with Ornge when Dr. Mazza was the CEO. Mr. Horwath and Mr. Cox said that Ornge’s Request for Information (RFI) process in 2006 sought privileged and confidential proprietary information from Standing Agreement Carriers. (235, 236, 331) Mr. Horwath said that Ornge “had not even attempted to disguise the plagiarism” of information provided by Air Bravo in the RFI, including standard aircraft operation procedures and checklists that “were taken verbatim from the ones we had provided.” (236)

Mr. Rabicki does not believe there are any trade secrets when it comes to flying and that plagiarism is acceptable, “if that’s not a hostile type of term.” This will result in the creation of documents, readily understandable by Transport Canada, that are required to obtain a licence. He added that Rick Korswagen, former vice-president of aviation operations at Voyageur Airways, prepared the first version of the Ornge Air operations manual and operating procedures. (365)

The Standing Agreement Carriers objected to payment practices in place under Dr. Mazza. Mr. Horwath said Ornge disputed invoices, often short-paying or dismissing them, resulting in an uncollected \$600,000, which Air Bravo was forced to settle at a discounted rate as contract renewal approached. (236) Mr. Cox said that in 2007, when Wabusk first began to work for Ornge, Wabusk carried six-figure balances for Ornge well past the 90-day payment due date; this no longer occurs. (331)

Mr. Horwath added that Ornge “poached” Air Bravo staff. According to Mr. Horwath, Dr. Mazza said, “if you do so [question our ethics . . . question why we are employing some of your employees], there will be no more work for you.” (241) Mr. Rabicki said that Ornge hired some pilots from its Standing Agreement Carriers. (365)

Price Negotiations under Dr. Mazza: Change in Payment Model

Mr. Horwath said that during the RFP process in 2008 Standing Agreement Carriers submitted what he described as “sealed tenders” for price per hour services. Ornge called carriers in for private meetings, questioned their submitted price, and advised that the awarding of contractual guaranteed hours would be in accordance with the lowest-cost carrier. He said, “as I understand it, each Standing Agreement Carrier, including Air Bravo, was instructed to re-examine their cost structure to see if they could offer a price suggested by the Ornge negotiating panel. It was suggested that without meeting this price, a carrier could not expect to be awarded desired guaranteed hours.” (236)

According to Mr. Rabicki following consultation with the Standing Agreement Carriers, Ornge (in 2008) switched the payment model from one based on miles flown (used by the Ministry of Health and Long-Term Care) to a model based on

hours flown and productivity per hour. The intention was to simplify billing, more closely parallel the aviation industry (“which has many costs driven on an hourly basis”), and improve fuel management. (361)

The air ambulance contract had been a tendered, annual contract, with a request for price per mile and no minimum guarantee. According to Mr. Rabicki, the thinking underpinning that contract structure had been, “If we call you, we want to know what you’re going to charge us.” (364) He added that the model left Ornge with no bargaining chip and that the one-price-fits-all structure was “not necessarily appropriate.” When Ornge decided to introduce an hourly pricing structure it invited all the Standing Agreement Carriers in to ensure that they understood the change from cost-per-mile to cost-per-hour and the implications for their companies. Ornge introduced the change before obtaining its own aircraft. The first version of the cost-per-hour contract was signed in 2008. (364) Ornge sought volume discounts. (365)

Minimum Guarantee

Mr. Rabicki said that Ornge decided to improve safety standards and eliminate piston-powered aircraft. Standing Agreement Carriers would need to modernize their fleets to pressurized turboprop aircraft, requiring investments for some. Ornge decided on a multi-year RFP contract structure with a minimum guarantee to help support the Standing Agreement Carriers with their investment. (361) Dr. McCallum added that for the Standing Agreement Carriers, the cost of the first hour flown is the greatest and the cost of the last hour flown is the least. A minimum guarantee enables a Standing Agreement Carrier to know what to expect and to go to the bank to obtain letters of credit, if need be. (376) According to Mr. Rabicki “we used the levers that we had to say, ‘We have a pool of guaranteed hours . . . the more we give you from a guarantee, the better price performance we expect.’ I don’t see anything untoward there.” (365)

Mr. Mackie noted that Thunder Airlines’ current (and prior) contract contains a minimum service hour guarantee, which it has had since 2009. The number of hours is negotiated. (265, 266) Wabusk also received a minimum guarantee from Ornge in its most recent contract.

Price Negotiations under Dr. McCallum

Mr. Horwath said that during a recent contract renewal there was still “negotiating of the tender after the deadline” by Mr. Rabicki. He said that Mr. Rabicki and Mr. Giguere indicated that Dr. McCallum was aware of this, as he was copied in email chains. (237, 245) Ornge states in its RFP that it reserves the right to try to negotiate pricing. (260)

Dr. McCallum said that he was troubled by Mr. Horwath’s comments. He described a two-round process (outlined above) involving negotiations for both an operator’s guaranteed number of hours and for an adjusted price based on higher volume. Dr. McCallum said, “I think that’s entirely appropriate. It’s written into the RFP process. All proponents would have known that. The process, as far as I

can determine – and this is very important to me – was entirely above board and entirely ethical.” (373) Mr. Rabicki also stressed that Ornge issued an RFP, with the right to negotiate, and not a tender as presented in some of the discussions. He noted that Mr. Horwath’s initial pricing bid submission was 60% higher than the then current market rate. (363)

The Committee acknowledges the benefit derived from being able to negotiate pricing subsequent to the closing of the RFP as provided for in the RFP process. However, the Committee believes that it is essential that contract negotiations take place on a level playing field for all air carriers within a consistent and transparent framework, allowing for impacts associated with geography, such as greater distances resulting in increased fuel costs, and other relevant factors.

The Committee feels strongly that Ornge should follow the Broader Public Sector Procurement Directive. This concern is reinforced by the Ministry of Finance 2013 *Audit of Ornge* which noted non-compliance with the directive.

Current Conflict of Interest Allegations

Mr. Horwath said that Standing Agreement Carriers may have reported more concerns to the Ministry of Health and Long-Term Care had confidentiality been assured. (240) He has high regard for some of the executive managers and board members who have succeeded Dr. Mazza but said that “questionable and unethical business practices still exist at Ornge and with its staff.” (236)

Mr. Horwath referred to ongoing “conflict-of-interest issues,” alleging that confidential emails between himself (Mr. Horwath) and Mr. Giguere were passed on to employees at another service provider. (243) The Committee received copies of these emails and decided that they would remain confidential.

Mr. Behrendt also noted the persistence of conflict of interest issues and structural flaws at Ornge that must be addressed. (246) He said that the bidding process must be made fair. (249)

4.4 Air Ambulance Response Times, Ambulance Delays, and Staffing Provisions

Response Times and Delays

Mr. Mackie noted that distances in the north are vast and that the decrease in the number of bases operated by the Standing Agreement Carriers has negatively impacted response times for moving patients. (262, 266) Ms. Vandertas said that on-the-ground facilities must talk to each other to prevent miscommunication so that when an air ambulance flight arrives with a seriously ill patient, the ground ambulance is there. Often ground ambulances are called away even “knowing that we’re coming in.” “I’m not sure of the intricacies of how each community functions with their CACC [Central Ambulance Communications Centre] service in how the call is dispatched . . . Simply logistics, again, plays a huge factor that needs to be focused on.” A long drive to the airports in Sudbury and Sault Ste. Marie means that delays can be lengthy. (272)

Mr. Wharrie feels that as a front-line medic with a Standing Agreement Carrier his work could benefit from improved communication with the hospitals to mitigate the issue of off-load delays at hospitals such as Kingston, Sudbury and Thunder Bay. “We have a lot of off-load delays at various hospitals. Whether or not that’s because of local EMS etc., we don’t have that big picture.” (287)

Inter-Facility Transport and Staffing

Mr. Mackie suspects that Ornge decided Standing Agreement Carriers would not provide advanced care for inter-facility transports in order to save money. (262) Mr. Behrendt said the decision put hospitals under stress. Patients had to wait longer for inter-facility transportation. (247, 248) The two choices were to wait for an Ornge aircraft or for the sending hospital to provide a nurse or physician “off the floor” to be sent on a primary care aircraft with the patient. (248) Mr. Mackie and Mr. Wharrie believe that nurses sent as escorts are out of their element on flights. (262, 288) According to Mr. Wharrie, a nurse technically has control of a patient but the nurse’s responsibilities are not clear, sometimes resulting in primary care paramedics monitoring a patient more than should be the case. If something happens, a nurse cannot do much without a doctor’s order. (288) When asked, Mr. Mackie agreed that there is now a service gap and that the level of patient care is better with an advanced care paramedic on board. (267)

4.5 Training Advanced-Care Air Paramedics

Mr. Mackie noted that one of Ornge’s mandates was to train medics, which is done through its academy but added, “They won’t train any for me.” (263) According to Ms. Vandertas, Northern Air Solutions does not have difficulty recruiting advanced or critical care paramedics (some critical care paramedics do advanced care on the company’s flights). (276) Mr. Cox said that in 2007 Wabusk also wanted to be an advanced care provider but Ornge had hired all the advanced care paramedics. While there is still a shortage of advanced care paramedics for air operations, Mr. Cox no longer blames Ornge. (332)

The Committee is concerned with the effectiveness of Ornge’s paramedic training model, the implications of Ornge’s control over flight paramedic training to Standing Agreement Carriers, and the carriers’ dependency on Ornge for this training.

Mr. Mackie, Mr. Cox, and Mr. Wharrie have all heard that one of the colleges may become involved in training advanced-care air paramedics. (263, 284, 332) Mr. Mackie believes that while this may be the case, Ornge has the training experts and needs to increase its in-house training. (263)

Mr. Wharrie explained that there are two stages involved in being trained up to the level of an advanced-care flight paramedic. The first stage is training for advanced care land, which Mr. Wharrie said is readily available. The second stage is bridging to advanced care flight, which can only currently be done through Ornge. Wabusk Air has been unable to obtain dates for that training for its staff from Ornge. Mr. Wharrie believes that there would not be a strong business case

for colleges to become involved in the training owing to the small numbers of people who would require it once the initial pent-up demand is met. (284)

Dr. McCallum testified on October 30, 2013 that a pilot project (spearheaded by Mr. Farr) is underway with a community college to train advanced-care paramedic flight, entry level paramedics. He is optimistic that it will be possible to expand the program and expedite training. (372) On March 28, 2014 Ornge notified the Committee that Cambrian College will launch an Advanced Care Paramedicine (ACP) Flight Bridge course in September 2014. (See Section 7.3 for details.)

4.6 Communication with Ornge

Communication under Dr. Mazza

Mr. Horwath noted that when the Ornge air service was being established in 2006, Standing Agreement Carriers met with Ornge board members in Thunder Bay. The meeting was so confrontational that no other meeting has been held. (242) Mr. Behrendt said that it is difficult to complain about an organization that is 100% in control of your business and revenues when that organization is very aggressive and when enquiries result in no help. Some air carriers formed the Ontario Air Transport Association to attempt to draw issues to the attention of the government (the dates of lobbying were not specified). A Committee Member asked Mr. Behrendt “when the people would come to your base and do their audits . . . did you ever talk to them?” Mr. Behrendt said the he did and that he believed the government believed what Ornge told it, that “Hey, there’s all these problems out there; we’re going to fix them. . . . Yes, you’re going to hear some complainers come to you, but they’re just complainers, so don’t listen to them.” Mr. Behrendt said there was a credibility issue and agreed with the suggestion that, as a small business in northern Ontario, SkyCare was more easily ignored. (248)

While he could not “recall the exact times or persons,” Mr. Horwath said that Air Bravo had raised the issue of mistrust in the system during Ministry audits. Ministry staff testified that Ornge was “untouchable. . . [and t]hey didn’t know what they could do” about it. (240)

The Committee is concerned that air carriers made numerous attempts to draw their issues to the attention of the Minister as evidenced by letters addressed to Ministers, deputies, and others, which received no acknowledgment. The Ontario Air Transport Association sent a letter to the MOHLTC dated May 4, 2011 outlining the Standing Agreement Carriers’ issues. There was no response to that letter and no action was taken.

Communication under Dr. McCallum

Mr. Horwath’s primary liaison at Ornge was Mr. Rabicki, who left Ornge in September 2013. Since then, Mr. Horwath has been reporting to Mr. Giguere. (239, 240) Wabusk’s primary contact as of October 2013 has been Mr. Boodoosingh. Mr. Rabicki explained that “I . . . left Ornge of my own accord” in September 2013, to take a job in the private sector. (361, 362)

Mr. Mackie said that communication with Ornge is limited to resolving problems: “The communication with senior management is open and frank when it needs to be, although it does at times seem that some of the Ornge managers can be frustrated from what appear to be bureaucratic formalities that many are not used to dealing with. Some have just recently left Ornge because of this.” (258)

Whistle-blower Policy

When asked if he was aware that there is a whistle-blower policy at Ornge, Mr. Cox said, “Absolutely. We sign on our contract that there is a whistle-blower policy, yes. . . . I never really dug into it.” He added, “I went through it on the contract when we filled it out and looked through. I’ve got an understanding of it, I guess. Transport Canada has the same thing; a lot of agencies have a typical thing like that.” (333) In a letter to the Committee dated December 2, 2013, Dr. McCallum stated that all agreements with Standing Agreement Carriers contain whistle-blowing provisions.⁹ In his testimony, Dr. McCallum said that whistle-blowing is well-entrenched, independent, and anonymous. Standing Agreement Carrier complaints are made through an independent third party. As of October 30, 2013, Ornge had received no complaints. (Dr. McCallum did not specify the period of time over which there had been no complaints.) (377)

When asked whom he would tell and how if there was something drastically wrong at Ornge, Mr. Wharrie replied that Ornge has full control of the contract so “you don’t really want to disturb those waters.” He added that “in the past, with the Ministry of Health on inspections, we’ve asked questions.” (285) Mr. Wharrie said he had heard of the Ombudsman, and while he would not know how to contact him, he could look it up (on the internet). When asked to envisage an appeals model for when things go wrong, Mr. Wharrie said “it would have to be an anonymous ability to come forth to a governing or oversight committee of Ornge to fulfil or to look at any issues that we might come up with when we don’t feel comfortable going directly to Ornge, and them having the ability to fix it or the willingness to talk.” (286) When asked if he was aware that Bill 11, a government bill before the House as of October 23, 2013, would provide whistle-blower protection (a firm independent of Ornge would investigate and deal with complaints), Mr. Wharrie said that he was and agreed that it would be a good solution. (286, 287)

According to Dr. McCallum, Ornge has an “open door policy” for representatives of Standing Agreement Carriers whose concerns are addressed in a timely manner. In some cases a third party may be asked to conduct an investigation of an issue. (371)

The Committee has concerns regarding the effectiveness of Ornge’s communication of the whistle-blower policy.

⁹ Letter from the President and CEO, Ornge Air Ambulance, to the Clerk of the Standing Committee on Public Accounts, December 2, 2013.

4.7 Fixed Wing Standing Agreement Carrier Comments on Dispatch Centre

Dispatch Centre Efficiency

Mr. Behrendt said that on occasion SkyCare's business has dramatically dropped off; he suspects that dispatchers have been instructed to dispatch Ornge aircraft even though it may mean they have to fly double the miles. The decision by Ornge to end the Standing Agreement Carriers' advanced care inter-facility transports was "somebody manipulating dispatch for an end gain . . . for the larger organization. It wasn't in the interest of patient safety or patient efficiency." (253) The Committee asked Mr. Behrendt to send a recommendation on these issues that could be forwarded to the Ornge CEO, along with a request for a review/audit. (254)

Ms. Vandertas said that occasional long telephone wait times when dealing with dispatch centre staff may be linked to staff downsizing. The dispatchers do their job well but there are not enough of them. (276) Mr. Cox said that dispatch often schedules flights for 7 o'clock (am or pm not specified), which coincides with Wabusk's shift change and makes it impossible for Wabusk to meet the flight schedule. Mr. Cox said that he has usually been able to discuss this issue with an Ornge contact and that the situation has improved. (334)

Dispatch Centre Algorithm

The algorithm determines which Standing Agreement Carrier to pick for a flight. Mr. Rabicki said that under the algorithm, when a patient need is identified, the patient must be assigned to a suitable aircraft. A list of suitable equipment is produced. Next the value equation is examined to determine the most cost effective way to move the patient. The more aggressive a Standing Agreement Carrier's price and the more efficient the aircraft, the higher a Standing Agreement Carrier will be on the list. (365)

According to Mr. Mackie, an Ornge dispatcher who also works as a paramedic for Air Bravo threatened to take a flight away from Thunder if the Thunder dispatcher did not do as told. Mr. Mackie noticed a drop-off in business in August 2013. He discussed this with Mr. Rabicki and within 48 hours normal business resumed. (259)

Mr. Rabicki testified that following his telephone conversation with Mr. Mackie, he investigated. He said it appeared that the dispatch algorithms were not being followed by the Ornge employee who also worked for Air Bravo. He first had analysts validate the algorithm models, which appeared to be functioning normally. He then notified management that while he did not have evidence, there appeared to be human intervention in the system. Mr. Rabicki was concerned that an Ornge employee who worked for a Standing Agreement Carrier would have access to pricing information through the system which could compromise "the competitive nature of this marketplace." He drew senior management's attention to the possible conflict and believes that the employee had to choose between working exclusively for Ornge or resigning. (363, 369)

Dr. McCallum said that Ornge did not demonstrate that the employee who also worked for Air Bravo assigned aircraft but confirmed that a perceived conflict of interest existed and “on that basis [he] was told to stop his employment.” (374) The employee chose to stop working at Air Bravo and to remain at Ornge.

The Committee is concerned that Ornge lacks a clear policy on conflict of interest regarding Ornge employees who also work for another employer, in particular one of the Standing Agreement Carriers. Specifically, the Committee believes that Ornge should implement a conflict of interest policy for all such employees, instead of reviewing cases one-by-one. The Committee is concerned that in the case described above, allowing the employee to stop working at Air Bravo and to remain at Ornge could still present a conflict of interest in the future.

To ensure safety of operations, the Committee believes it is important that records are kept up to date to ensure that pilots and paramedics do not exceed the maximum number of work hours allowed under Transport Canada rules, when all hours of work from all employment are combined.

During the week of September 16, 2013, Mr. Mackie again noticed a drop-off in flights. Contacting Ornge, Mr. Mackie was called later by Dr. McCallum who said that he would look into the matter and spoke of having a third party assess the algorithm. (260)

Dr. McCallum referred to the call from Mr. Mackie “expressing his concern that it appeared that the excess hours were not being allocated equitably among the carriers.” Dr. McCallum undertook to follow up and also spoke with Ornge’s legal counsel: “The decision we took was that it would be best to get an external third party to audit both the process and also the allocation of the excess hours.” Dr. McCallum said that as of October 30, 2013 this audit was under way and that the report could be shared with the Committee when completed. Ornge notified the Committee on February 14, 2014 that this investigation is ongoing. The Committee expressed concern over the urgency of this matter and that the report on the algorithm formula was overdue.

Conflict-of-Interest Protocol Introduced at Ornge

Mr. Rabicki said that following the dispatch centre incident described above, a conflict-of-interest protocol was introduced. Employees had to sign it and declare any perceived conflicts that would impact an employee’s ability to carry out Ornge duties. Ornge did not limit an employee’s ability to work for other employers but this had to be declared and senior management would decide if the additional employment was tolerable. (363, 370) Dr. McCallum said that Ornge has the right to say “You may not use either position to advantage one of the organizations” and that Ornge’s CAO [Chief Administrative Officer] and general counsel acts on disclosures that “would cause trouble either as perceived or real conflicts.” (373, 374)

Dispatch Centre Independence

Mr. Behrendt believes that the dispatch centre must be removed from the aviation business and given independence. (249)

Holding Time

Wabusk is now paid for holding time when it is on stand-by for Ornge in cases where there is a reasonable delay to a flight. In the past, Wabusk received no such pay unless the delay occurred after a flight had already taken off for the first portion of a trip. In Moosonee, delays can be lengthy because a patient transfer from the hospital on Moose Factory Island requires “helicopter hops” and many factors can delay the hops; again, Mr. Cox said these issues seem to be improving. (334)

Responsibility for Decision of Whether or Not Flight Flies

Mr. Horwath said that “it became apparent that they [Ornge] allowed the unionized medics to more or less dictate whether an airplane was to go flying or not, based on how they [the medics] felt about the weather, instead of leaving that to the pilot’s choice.” (242) Dr. McCallum said, “I don’t think that’s a true statement. It’s always the pilot-in-command’s decision as to whether or not the airplane is going to go flying.” (377)

4.8 Ornge Oversight of Standing Agreement Carriers

According to Dr. McCallum, under the Performance Agreement Ornge is mandated to ensure that the Standing Agreement Carriers “meet the aviation requirements of the Canada Transportation Agency, Transport Canada and the government of Ontario through MNR’s operation standards.” (371) Mr. Rabicki (former Director, Aviation Contracts, Ornge) testified that Ornge is responsible for ensuring that the Standing Agreement Carriers are compliant with the standards set out in the RFP and in the agreements signed with Ornge. Ornge has no compliance department but it does have oversight departments, such as a safety division to examine unusual incidents or occurrences in flying.. (366)

Ornge contracts a third party auditor, Argus International, for Standing Agreement Carrier audits. Standing Agreement Carriers must provide a corrective action plan to address any Argus audit finding. (371) Mr. Rabicki said that under the terms of their contracts, Standing Agreement Carriers are obligated to identify “any unusual incidents or occurrences,” which are forwarded to Ornge’s safety division for investigation. (367)

4.9 Audits and Inspections

Ornge (Argus)

Mr. Behrendt noted that SkyCare is audited by Argus annually. (255) Wabusk was due for an Argus audit in late October 2013. Mr. Cox believed this would be Wabusk’s third Argus audit. (332) Mr. Mackie said that Argus regularly audits Thunder Airlines with respect to operations, which he defined as adherence to the Canadian aviation regulations. (258) Mr. Cox provided the following details of

Argus audits: Argus spends two days auditing the company's manuals and training files for compliance with Transport Canada rules and regulations, interviews key personnel and has a "general look" at the aircraft. (332, 335) Argus also checks Wabusk's "maintenance schedules on the equipment that's dedicated for the [Ornge] contract." (335)

At the end of the audit Wabusk is told whether or not it is in compliance (or exceeds the compliance standards). Argus provides suggestions and makes Wabusk aware of any deficiencies, which must be corrected. Argus requires proof of the corrections. (333) Ornge pays for the Argus audit. Wabusk does not see the final audit report, which is Ornge's proprietary information. (340) Wabusk has never received feedback from Ornge on an Argus audit. (341) Mr. Cox said the Argus audit was a good tool for an operator, and agreed, when asked, that Wabusk is subject to more oversight than would be the case for an air carrier not working for Ornge. (333, 336)

Standing Agreement Carriers do not need an Argus audit to bid for work from Ornge. (340) In a letter to the Committee dated December 2, 2013 Dr. McCallum noted that Ornge does not perform quality checks on the services performed by Argus.

Mr. Imtiazali Waljee, from Transport Canada, said that he had not heard of the Argus audit system. (359)

Argus Platinum Rating

Thunder Airlines provided a Committee Member with a copy of an email it received from an Argus salesman. The email told Thunder that to complete the Argus platinum rating, Argus would need to add one day onto the Ornge audit; the audit cost to Thunder for this additional time on site would be \$3,250. Argus would also charge a monthly fee of \$150 for maintaining and distributing data associated with the Argus rating. (336) Mr. Mackie found that to be "a gross conflict of interest." He forwarded the Argus email to Mr. McKerlie (Interim President, Ornge and CEO) but never received a reply. (259)

Dr. McCallum said "this approach [by Argus] to someone they're evaluating on behalf of a third party, to suggest that they might want to sell them a separate service to enhance their rating, which has no bearing on the original rating, in our view, is entirely inappropriate." Dr. McCallum said that as far as he understands, when Mr. McKerlie was informed of this practice (he did not specify who informed Mr. McKerlie), Argus was reportedly told to stop it and that Ornge would no longer use Argus if it continued the practice. Operators were also told that they should feel free to ignore Argus' offer for a platinum rating, which had nothing to do with the rating for Ornge. (376)

In October 2013, Mr. Cox was verbally told by his chief pilot that according to Argus (based on Wabusk's 2012 audit results) "we had the platinum status" but that Wabusk did not have the actual certificate (for platinum status). A Committee Member read the Argus email sent to Thunder Airlines outlining fees associated

with the platinum rating to Mr. Cox, who said that he was unaware of the fees and that he would not pay for the rating. As of the afternoon of October 23, 2013, Argus had not raised the issue of payment with Mr. Cox. (336)

Mr. Horwath noted that Air Bravo has received an Argus platinum rating three years in a row and that Ornge has never received more than a gold rating. (235)

The Committee questions the integrity of Argus' business practices and ethics, specifically offering to sell enhanced ratings, and indicated the need for improved oversight of carriers' inspections and ratings. The Committee believes that Ornge's business relationship with Argus should be reassessed.

Ornge Does Not Audit for Adherence to Contract:

Standing Agreement Carriers

According to Mr. Mackie, Ornge last audited Thunder Airlines for appropriate delivery of services four or five years ago. Thunder is inspected if it acquires a new aircraft or base. (258) Ms. Vandertas added that other than the initial audit, Ornge has not audited Northern Air Solutions. (277) She believes that Standing Agreement Carriers should be audited regularly by people who have training and expertise and understand what they are looking for and looking at. (272)

Mr. Behrendt said that medics fill out a patient report for every patient carried. The reports are forwarded to Ornge where they are reviewed for compliance with patient care standards. Ornge has conducted one "ride-along" but no unannounced visits. "We would prefer to see somebody from Ornge come by to have a visit every once in a while." (255) Wabusk has not been audited by Ornge for compliance with its contractual agreement. (336)

Ornge's Unannounced "Ramp Checks"

Dr. McCallum explained that a ramp check entails inspecting an aircraft to ensure that both the relevant documents and equipment are on board. Transport Canada ramp checks are based on Canadian aviation regulations; Ornge ramp checks are governed by the contract with the Standing Agreement Carrier. (377)

Ornge conducted unannounced inspections up until 2011. (366, 367) Mr. Rabicki asked, "did we fall off the right path since 2011? Possibly." (367) He added that there are formal ways of ensuring compliance with scheduled, documented inspections and there is also informal feedback. Ornge may learn of a Standing Agreement Carrier issue from an Ornge medic also employed by that Standing Agreement Carrier. Mr. Rabicki said "It's probably not as formal as it could be. I think that's an item that needs to be decided upon and examined." (367)

Dr. McCallum testified that criticism regarding the end of spontaneous ramp checks is fair, that he was not aware of it, that it may have related to "the period of turmoil that started in 2011," and that Ornge has hired new base managers who will address this issue. They will conduct both announced and unannounced ramp checks on the Standing Agreement Carriers, ensuring compliance with contractual requirements. (375)

Ministry of Health and Long-Term Care

The MOHLTC audits Standing Agreement Carriers once every three years for certification (to renew the air ambulance licenses). (240, 256, 277, 280)

According to Mr. Wharrie, the MOHLTC also conducts unannounced audits.

(280) The announced Wabusk audits (for certification) were in 2010 and the summer of 2013. The unannounced audit appears to have occurred during the period 2010–13. (280) Mr. Wharrie explained that during the announced audits two auditors examined Wabusk’s paperwork, HR documentation, paramedic accreditation, supplies, and patient care records over two days.

Mr. Wharrie was not present for the unannounced audit but believes it involved checks that paramedics carried proper credentials, that the air ambulance license certificate was present, and that the hangar met Ministry requirements. (281) Mr. Mackie said that Thunder Airlines underwent its first unannounced MOHLTC audit on August 28, 2013. He described the audit as being a quick spot check. The auditors used a check list and assessed such issues as whether the ambulance was clean and stocked and whether the crew was available. “They weren’t going through documentation.” (265)

SkyCare’s last scheduled MOHLTC audit was in the winter of 2013; Mr. Behrendt described it as an audit of medical operations. (255) According to Ms. Vandertas the MOHLTC audit role appears to end with the certification audits, except for audits conducted in cases of acquisition of new aircraft or bases. She said that audits provide a chance to grow and learn and that it would be prudent to be audited more often. (277)

The Committee is concerned that MOHLTC audits have been inconsistent and are not conducted on a regular basis. These deficiencies should be addressed as well as ensuring that Ornge Global Air is inspected.

Transport Canada

Mr. Imtiazali Waljee is the Associate Director of Operations, West Civil Aviation; Mr. Yves Lemieux is the acting associate director of operations, East Civil Aviation; both at Transport Canada. They are assigned industry enterprises, such as air carriers, airports, heliports, manufacturers, flight schools, and maintenance organizations, in their respective areas of Ontario. Mr. Waljee and Mr. Lemieux are accountable for the effective management of the civil aviation safety oversight program for their designated enterprises and also support the safety of civil aviation within Canada’s borders. Some of their responsibilities include managing the auditing and inspection of the enterprises, and managing and overseeing all service, validation, and assessment activities associated with them. This work is carried out under the authority of the Canadian aviation regulations and the *Aeronautics Act*. (343)

West Civil Aviation and East Civil Aviation each have multi-disciplinary teams, consisting, for example, of air-worthiness (aircraft maintenance), flight operations, and cabin-safety. Depending on the size and complexity of an

enterprise, Transport Canada will send between two to seven or more inspectors for an inspection. (357)

Canadian Aviation Rules and Regulations

Transport Canada administers the Canadian Aviation Regulations (CARs) rules and regulations. It conducts both spot audits and regular audits and, according to Mr. Cox, audits Wabusk every one to three years. Transport Canada “stopped by for a visit” in August or September 2013 and last conducted a full audit in 2011. (333) He said that many of Transport Canada’s audit findings related to:

new stuff that was coming out, the quality assurance SMS [safety management system]. Transport Canada was very vague on whether they were actually ever going to implement SMS . . . so it was hard to . . . know whether you were going to need to do it or not. . . . We have SMS, but we don’t have SMS as per the other air operators like Air Canada and big companies. We do it in the same style, but it’s not the same. (336)

Mr. Cox described the SMS as “the policing of yourself.” (340) The SMS requires that a Standing Agreement Carrier fill out a checklist and keep it on file. Transport Canada reviews the checklist during the audit; the Standing Agreement Carrier is not required to send a copy to Transport Canada or Ornge. Mr. Cox thinks Ornge should request a copy. (336) Prior to its first Ornge contract in 2007, Wabusk was only audited by Transport Canada. Wabusk receives copies of its Transport Canada audits. (340)

Transport Canada carrier classifications include classifications for 705, 704 and 703 carriers. Definitions in part for these classifications are as follows:

- The 705 carrier designation includes operations (other than a 704 carrier) with aircraft that have a takeoff weight of more than 19,000 pounds or for which a Canadian certificate has been issued authorizing the transport of 20 or more passengers. The designation also covers operations authorized to operate helicopters with a seating configuration (excluding pilot seats) of 20 or more.
- The 704 carrier designation includes operations with multi-engine aircraft that have a takeoff weight of 19,000 pounds or more and a seating configuration for 10 to 19 passengers; a turbo-jet-powered aircraft that has a maximum zero-fuel weight of 50,000 pounds carrying not more than 19 passengers; and, a multi-engine helicopter with a seating configuration (excluding pilot seats) of 10 to 19.
- The 703 carrier designation includes operations with single-engine aircraft or multi-engine aircraft (other than a turbo-jet-powered plane) that have a maximum takeoff weight of 19,000 pounds or less and a seating configuration of nine or fewer passengers. This designation also covers

operations authorized to operate a multi-engined helicopter certified for operation by one pilot and operated under Visual Flight Rules (VFR).¹⁰

Mr. Waljee from Transport Canada explained that SMS is a methodology for an enterprise to manage risks that was introduced in 2005 for 705 carriers. SMS does not apply to 704 or 703 carriers. (Wabusk is a 703 Standing Agreement Carrier.) Transport Canada had an SMS transition period when the 705 carriers were approved. Transport Canada next implemented SMS for group 1 airports, such as Toronto's Pearson airport as well as airports in Montreal and Vancouver, followed by group 2 airports. SMS implementation then stopped. As of October 30, 2013, Transport Canada was reviewing SMS requirements and determining its plan regarding SMS for other certified enterprises. (355) Mr. Waljee added that Transport Canada has an SMS in transition process for voluntary implementation. For example if a 703 or 704 carrier wants to transition to SMS "in preparation for the rule coming down," Transport Canada offers staff instruction on the SMS-in-transition methodology. (360)

The Committee is concerned about the overall integrity of the safety management system, specifically the self-policing format, and the absence of a formal reporting protocol for Standing Agreement Carriers. While audits are expected to ensure a high degree of carrier oversight, they appear to fall short of this goal.

Transport Canada's Risk-based Approach to Managing

According to Mr. Waljee, Transport Canada's Civil Aviation mission is to develop and administer policies and regulations for the safest civil aviation system for Canada, while using a systems-based approach to managing risks. This mission is based on the concept that intervention strategies, such as rule-making, oversight, and certification, are tools used to mitigate risk. (343)

Transport Canada has a National Aviation Safety Information Management System (NASIMS) which is used to generate a risk value for a company, based on answers to certain risk-related questions. Transport Canada then assesses a company's risk profile, taking into account the complexity of its operations. It tabulates the results and generates a risk index and then uses a surveillance indicator matrix to determine how often a company Program Validation Inspection will occur. Program Validation Inspections may be carried out at one-, two-, three-, four-, or five-year periods. (344, 345)

Transport Canada defines safety as "the condition to which risks are managed to acceptable levels." Safety oversight comprises

- service (Transport Canada assuring itself that an enterprise operates safely and has effective systems in place for regulatory compliance; Transport Canada then issues a license or certificate); and

¹⁰ See Transport Canada, *Canadian Aviation Regulations 2010-11*, for full definitions.

- surveillance (Transport Canada inspections to monitor compliance with regulatory requirements). (344)

A Transport Canada finding of non-compliance is meant to result in an enterprise correcting any non-conformances in its systems in order to return to and maintain compliance. The onus is on the enterprise to maintain regulatory compliance. (344) If a company fails to correct a non-conformance Transport Canada can enter into enforcement. It would first levy a fine. Next it could issue a notice of suspension with a trigger date. If a carrier failed to comply by that date, it would be grounded. (353) Transport Canada also has the option of an immediate suspension, if there is an immediate threat to aviation safety, such as an air operator intending to dispatch a plane that has ice on its wings. (354)

Transport Canada Planned and Unplanned Surveillance

Planned surveillance, as discussed earlier, focuses on Program Validation Inspections. (344) Unplanned surveillance includes surveillance in response to an unforeseen event or issue, such as an accident, incident, or an increase in an enterprise's risk indicator level. (344) Mr. Waljee said that an incident such as a hard landing or information from the Civil Aviation Daily Occurrence Reports (CADORs) could prompt unplanned surveillance. (348) Transport Canada also has a Civil Aviation Issues Reporting System (CAIRS) which is a confidential system. People can anonymously report issues with companies or personnel. The system is open to the public. (349) The same inspection methodology is used throughout Canada. (352) Transport Canada does not measure percentages of occurrence during inspections of such issues as critical findings. However, a lot of major or critical findings for a company would impact its risk profiling. (358)

Quality Assurance

Mr. Waljee said that quality assurance is in place for air operator maintenance, covering 702, 703, 704, and 705 operators. The next phase of SMS will include quality assurance for flight operations. In its systems-based approach Transport Canada first reviews an enterprise's documentation. Transport Canada then conducts interviews with staff. If an inspection does not corroborate responses received from interviews with company staff, Transport Canada knows "the system is broken."

The Auditor General of Canada audited Transport Canada's surveillance methodology and drew attention to shortcomings in sampling (Transport Canada inspectors were looking at documentation, conducting interviews but not engaging in actual physical inspections). According to Mr. Waljee this has now been corrected. (356)

General Safety: Night Flights

Night flights were discussed in relation to general aviation safety. At issue was whether there were warnings prior to the Program Validation Inspection from Ornge pilots and staff with specific safety concerns. According to Mr. Waljee, Transport Canada did not receive intelligence from pilots and staff prior to the January 2013 inspection.

The Committee is concerned that two separate Transport Canada inspection reports found Ornge to be out of compliance with night flight training of its pilots, particularly given the challenges of flying in northern Ontario. The Committee wants assurance from Ornge that all flight training will be conducted in accordance with Transport Canada regulations.

Ornge Accountable Executive

Mr. Waljee testified that Mr. Giguere is the accountable executive at Ornge with the responsibility of ensuring that the company remains in regulatory compliance. Mr. Waljee noted that Transport Canada's relationship with Mr. Giguere "has been very positive." (359)

Ministry of Natural Resources (MNR) Audit and Inspection Role

According to Mr. Cox the MNR inspects a company's new aircraft when it comes online if the company intends to undertake government work. Transport Canada and the MNR conduct separate operations audits. (336)

4.10 Aircraft Equipment (TCAS, TAWS)

The Standing Agreement Carrier witnesses noted that Ornge requires them to have a Traffic Collision Avoidance System (TCAS) and a Terrain Avoidance Warning System (TAWS) installed on their aircraft used for Ornge work. According to Ms. Vandertas, Standing Agreement Carriers have been required to equip their aircraft with TCAS and TAWS for more than four years. Ornge did not audit the Standing Agreement Carriers for compliance following the most recent RFP. Ms. Vandertas said that she has heard that some Standing Agreement Carriers are not in compliance. She indicated that Northern Air Solutions is in compliance. (278)

Mr. Mackie was previously concerned that not all Standing Agreement Carriers complied with the TCAS requirement but today cannot speak to this (because other Standing Agreement Carriers may or may not have installed the equipment). He said that it is important for aircraft to have functioning satellite telephones so that when required, medics in the air are able to receive direction from a doctor at Ornge. (268)

Mr. Horwath said that Air Bravo aircraft contain TAWS. "We were required to have TAWS on our airplanes, but it came to our knowledge that they [Ornge] didn't enforce that on their own helicopters. . . . We're having higher requirements on us than they are with less experience." (242)

On October 23, 2013 when questioned by the Committee whether Wabusk was in compliance with the TAWS requirement, Mr. Cox admitted that the 180-day grace period to install the equipment required by Ornge on Wabusk aircraft would expire either at midnight or at midnight the next day. He expected that Ornge would "park" the aircraft until the equipment was installed. He explained that Wabusk had to replace an airplane and as a result had not been able to pull an aircraft offline for the equipment installation.

Mr. Cox believes that Ornge's required equipment list was derived from Pilatus fixed wing aircraft equipment, which included TCAS and TAWS, and that Transport Canada does not require a 703 operator to have this equipment. He added that "90% of the country is flying around without it." (337) In a written response provided to the Committee on November 28, 2013, Transport Canada specified that TAWS and TCAS requirements apply only to fixed wing aircraft, not helicopters. TAWS regulations came into force on July 4, 2012. Private turbine-powered aircraft and commercial aircraft configured with six or more passenger seats, excluding pilot seats, must install a TAWS equipped with an Enhanced Altitude Accuracy (EAA) function. TAWS must be installed within two years and EAA within five years of the date the regulation came into force. Transport Canada added that TCAS

are found in the Canadian Aviation Regulations under s. 702.46, 703.70, 704.70 and 705.83. The rules generally apply for aircraft having a Maximum Certificated Take-Off Weight over a certain amount of kilograms, depending on type. These regulations do not apply to privately-operated aircraft.

Mr. Cox explained that TAWS is most effective in mountainous terrain, that Ontario is not mountainous terrain, and that Wabusk has redundant systems in place such as a radar altimeter and altitude alerters. TCAS actively interrogates other transponders to look for a possible traffic conflict and to recommend evasive action. Mr. Cox said that when a pilot flies according to instrument flight rules (IFR), the aircraft is in controlled airspace with 500 feet above and below blocked (to other aircraft). Wabusk is installing TAWS, TCAS, and technology to run those systems in its aircraft at a cost of \$200,000 per aircraft, with a goal of staying compliant for 20 years. He believes that it is possible to install "bare bones" equipment for \$80,000 to \$100,000 per aircraft. (337, 338, 339)

Mr. Cox agreed with the statement that other Standing Agreement Carriers who were compliant and had paid to have the equipment installed would feel disadvantaged if a Standing Agreement Carrier was able to fly without it. He said that Wabusk has been in correspondence with Ornge since the end of August 2013 to indicate that Wabusk would likely miss the equipment installation deadline. "So they [Ornge] know, and I'm hoping they have a contingency." (338) He does not believe that Ornge will face a service gap but agreed that he was not in a position to determine this. (341)

Mr. Rabicki noted that oversight can be akin to overhead. (367) When asked whether as liaison with the Standing Agreement Carriers he would have been responsible for ensuring compliance he said that would be "a pretty tall order . . . what I'll admit is maybe we didn't go back and retroactively look at all the machinery, but any aircraft that was added to the roster was inspected, to be compliant with the specification sheet." Mr. Rabicki agreed that Standing Agreement Carriers who ensured their equipment was in compliance would feel disadvantaged if Standing Agreement Carriers out of compliance were allowed to continue operating. (368) He said that Mr. Potter introduced requirements for

TAWS and TCAs but added that “as Paul Cox said, it’s not guaranteed that it will improve safety.” The current management will have to decide whether the systems are necessary. He noted that the MNR, the organization that sets the standard for air operations for Ontario, does not list TAWS and TCAs as requisite equipment. (369)

The Committee is concerned, based on information subsequently received, that although the TCAs and TAWS systems may have been installed on Standing Agreement Carriers’ aircraft, in at least one circumstance, pilots had not received proper training for use of the equipment. This is an example of the Committee’s concern with inadequate pilot training, as noted previously.

Commenting overall on oversight, Mr. Rabicki described the Transport Canada standard, with federal enforcement and oversight, as the baseline. To some extent Argus mimics this layer. The next layer comprises the MNR standards for operators engaged in government business. Mr. Rabicki said that “the Ministry of Natural Resources sets the standards for operators that work on government business. That holds the flight crews to a higher level of experience – Ornge has oversight on that – to make sure that we have above-average experience flying the aircraft.” (369)

4.11 Consideration of an Alternative Service Delivery Model

Most Standing Agreement Carriers Would Prefer the Pre-Ornge Air Ambulance Model

Dr. McCallum testified that Ornge is currently engaged in a strategic review and confirmed that outsourcing its aviation operations will be considered as part of that review. The service delivery model will be finalized in 2014 with the Ministry making the final decision. (378)

Mr. Horwath, Mr. Mackie, and Mr. Cox believe that the government should revert to the prior air ambulance model where Standing Agreement Carriers flew all the aircraft. (244, 262, 331) Mr. Cox foresaw a possibility that the government might operate a few key bases “if there was a reason why somebody [a Standing Agreement Carrier] wouldn’t man them.” (331) Mr. Horwath said the MOHLTC or the Ministry of Transport should be responsible for “administering, regulating, and dispatching air ambulance services, with aviation professionals flying the aircraft and providing emergency care.” (237) He said Ornge should not operate its own fleet and asked how the private sector can compete when its main customer is its regulator and competitor. (244, 237)

Mr. Mackie suggested that Ornge could tender the operation of its aircraft through an RFP or sell its aircraft. Thunder once offered to buy Ornge’s fixed wing aircraft provided the deal was tied to contracts and still believes it can provide the air ambulance service at lower cost than Ornge. He added that divesting the air carrier portion of Ornge will benefit the Ontario taxpayer over time. (264)

Ms. Vandertas is not opposed to Ornge having its own aviation service; Ornge has the necessary machinery and people and will obviously use its own tools to get the job done. The helicopter program that preceded Ornge was a dedicated service. However, she objects to the way the Ornge air service was created; Standing Agreement Carriers were not truthfully informed of Ornge's plans. (271)

Consider a Multi-Carrier Strategy

Mr. Behrendt believes that a multi-carrier strategy should be implemented. (249) Many capable suppliers are needed in the event, for example, that a sole supplier has to suspend operations. (246, 247) While Standing Agreement Carriers operate in fixed wing transport, none is involved in helicopter operations. (252)

Level of Care Provided in the Future by Standing Agreement Carriers

Mr. Wharrie said that an appropriate level of care must be available "at the drop of a hat," with Standing Agreement Carriers accommodating any overflow. The Standing Agreement Carriers should be allowed to provide primary and advanced care where needed. Mr. Wharrie has heard rumours that, given the narrow gap between advanced care and critical care, service categories might be changed to critical care and primary care or some derivative of primary care. (285)

Consider an Independent Dispatch Centre

As noted earlier, Mr. Behrendt believes that the dispatch centre must be removed from the aviation business and given independence. (249)

Consider Creating an Ontario Air Ambulance Advisory Committee

Mr. Behrendt believes that an Ontario air ambulance advisory committee should be created with a mandate "to pursue continuous improvement of the system" and to provide "a guard on strategic direction." (254) The Advisory Committee should be comprised of stakeholders, including representatives from sending and receiving facilities, nursing stations, hospitals, central dispatch, medical operations, flight operations, Standing Agreement Carriers, as well as someone from Ornge's medical advisory committee. (256) Ms. Vandertas also believes that a forum should be created for input from stakeholders, including operations managers and supervisors. (269)

The Committee believes that the current service delivery model must be reassessed.

Consider Extending Ornge Training to Standing Agreement Carriers

Ms. Vandertas said that Standing Agreement Carriers like Northern Air Solutions should be part of Ornge training to ensure, for example, that they move patients exactly as Ornge does. Ornge management should seek input from the Standing Agreement Carriers on what they need and what could be improved. (271, 272)

Consider Holding Ornge to the Same Oversight Standards as Standing Agreement Carriers

Mr. Wharrie believes Ornge should be held to the same oversight standards as the Standing Agreement Carriers (which face penalties for failing to provide timely service and accurate provision of aircraft location information). (286)

Consider Addressing the Inefficiency of Unused Ornge Fleet Capacity

Mr. Horwath noted that Ornge has 10 fixed wing aircraft. He said that Ornge staffs and uses four, keeping six as back-ups, which is inefficient. (236, 241) At its peak Air Bravo operated 10 fixed wing aircraft which were fully staffed and utilized. (236) Mr. Behrendt added that Ornge is knowingly “sitting at an overcapacity situation with their aircraft. . . . As an operator, if I had the capital that they have sitting around, I would be broke in a month.” In his view, Ornge made a decision to overbuy aircraft. (253)

Mr. Rabicki agreed that there is overcapacity in Ornge’s air fleet. He said there was no valid business reason to purchase 10 aircraft: “it was swirled around the organization, that there was a 25% unserved demand in terms of patient movements, and that’s what the capacity was there for. But it’s hard to grasp what doesn’t happen or what’s not there.” Under Dr. Mazza, Mr. Rabicki suggested allowing the Standing Agreement Carriers to operate and staff (including with medics) the extra Ornge aircraft to improve asset utilization. Ornge management at that time feared the Standing Agreement Carriers would “abuse” the aircraft, for example, by driving the aircraft in the same way an individual might drive a rental car. Mr. Rabicki suggested that Ornge could be responsible for maintenance and monitor the aircraft by keeping them close to its bases but “there was no appetite for that.” (366)

Dr. McCallum agreed that Ornge has excess fleet capacity. The composition of the fleet and how it is operated are both considerations in the strategic plan that will be reviewed over the next year. He said that before making a decision on the fleet, it is critical to determine Ornge’s strategic plan: “if things were to continue as they are now, then clearly something would need to be done, because those are excess assets.” (373) It would be premature to determine that Ornge would again radically change the provision of services. Drawing on the example of the Land Ambulance EMS, he noted that over the last 15 years the EMS has consolidated services into the public sector, removing private carriers because it is difficult to standardize them. However, Dr. McCallum also said that there is an advantage to having private (Standing Agreement) Carriers because of redundancy and the need to withstand the sudden shutdown of a Standing Agreement Carrier. (374) He said that he was “agnostic about it at the moment,” praised the Standing Agreement Carriers, and emphasized that all options would be examined. Risks exist in both the private and single public service models. (373, 374, 375, 376)

As noted, as part of its strategic plan, Ornge is reviewing the fleet composition and operations. Consideration will be given to public and private service delivery models. (378)

5. GOVERNANCE ISSUES: FORMER BOARD OF DIRECTORS

As noted in the preamble, this report summarizes the witnesses' sworn testimony. The Committee would like to restate that in certain instances the testimony was less than forthright and at times contradictory and inconsistent.

The Committee held hearings with six former Board members – Mr. Rainer Beltzner (Chair), Mr. Barry Pickford, Dr. Robert Lester, Ms. Bethann Colle, Mr. Don Lowe, and Ms. Shanon Grauer. The individuals in attendance at the hearings are also listed in the 2012 and 2013 witness lists. As can be seen in the following table, Board members held positions on a number of the corporate entities of the Ornge conglomerate.

Figure 1: Ornge and Affiliated Boards

Member	Board(s)	Elected	Term End
Beltzner, Rainer	Ornge; J Smarts; Foundation; OGA; OCS; ORE; OGRE; 750; 449	June 21, 2005	January 25, 2012
Bertin, Paul	Ornge	October 8, 2004	June 20, 2005
Colle, Bethann	Ornge; Foundation; OCS; OGRE	October 3, 2007	January 25, 2012
Crawford, Lorne	Ornge; Foundation; OCS	December 30, 2005	March 15, 2011
Delaney, Ian	Ornge; J Smarts; Foundation; 449	January 25, 2012	
Grauer, Shanon	Ornge	December 30, 2005	October 3, 2007
Harnick, Charles	Ornge; J Smarts; Foundation	January 25, 2012	
Lang, Patricia	Ornge; J Smarts; Foundation	January 25, 2012	
Lester, Robert	Ornge; Foundation; OCS; OGRE	October 29, 2004	January 25, 2012
Lowe, Donald C.	Ornge; Foundation; OGA; OCS; 750	October 3, 2007	November 25, 2011
Mazza, Chris	Ornge; J Smarts; Foundation; OGA; OCS; ORE; OGRE; 750; 449	October 29, 2004	January 25, 2012
McLaughlin, Virginia	Ornge	October 8, 2004	December 30, 2005
McLellan, Barry	Ornge; J Smarts; Foundation	January 25, 2012	
Mehta, Maneesh	Ornge; J Smarts; Foundation	January 25, 2012	
Merrin, Patrice	Ornge; J Smarts; Foundation	January 25, 2012	
Mitchell, Kelly	Ornge; Foundation; OGA; OCS	September 1, 2011	December 23, 2011
Navas, Luis	Ornge; J Smarts; Foundation; OGA; OCS	December 30, 2005	March 1, 2010
Pickford, Barry	Ornge; Foundation; OGA; OCS; OGRE; 750	October 3, 2007	January 25, 2012
Potter, Rick	Ornge	December 30, 2005	April 27, 2007
Smith, Hamish	Ornge; OCS	June 21, 2005	June 1, 2007
Steven, Leo	Ornge	October 8, 2004	December 30, 2005
Stoyle, Enola	Ornge	December 30, 2005	January 31, 2007
Van-DeVelde-Coke, Sue	Ornge	October 29, 2004	June 20, 2005
Volker, Patricia	Ornge; J Smarts; Foundation	January 25, 2012	
Young, Michael	Ornge	October 29, 2004	June 20, 2005

Definitions: Ornge Foundation (“Foundation”), Ornge Global Air (“OGA”), Ornge Corporate Services (“OCS”), Ornge Real Estate (“ORG”), Ornge Global Real Estate Inc. (“OGRE”), 7506406 Canada Inc. (“750”) and 4495128 Canada Inc. (“449”).

The Committee's primary concern is the need for effective Board governance with Ministry oversight, protecting the public interest, and delivering quality services. (122, 202-204) During questioning by the Committee, members were asked to address such matters as their qualifications and responsibilities—including their relationship with Ornge's senior management and the Ministry. In addition, the Committee raised several specific issues, focusing on the formal fiduciary responsibilities of a board with respect to the following:

- strategic planning;
- management and financial oversight;
- internal controls;
- communication and transparency (Ornge senior management, Board, and Ministry);
- board development and succession planning; and
- conflicts of interest.

Other key topics of interest included the development of the complex scheme of Ornge corporate entities, the purchase of AgustaWestland aircraft, the Marketing Services Agreement¹¹ and its alleged kick-back scheme, Ornge's corporate culture, and Board compensation.

5.1 Board Members' Responsibilities and Compensation

Mr. Beltzner reviewed the responsibilities of directors with reference to *Directors' Duties in Canada*, explaining that the Board "took extensive measures to ensure proper oversight of management's activities and the proper stewardship of the company." (147) He would later elaborate that "the Performance Agreement set out criteria that we were supposed to deliver service, and the question of how we deliver that service was left to Ornge to deal with." (166) The Board maintained detailed minutes, business cases, legal memoranda, data reports, third party reports, budgets, and financial statements recording the Board's decisions. (148)

Mr. Pickford outlined the Board's objectives as follows:

- replace the aging fleet of aircraft with new aircraft owned and operated by Ornge to improve reliability, efficiency and cost; and
- reduce the funding gap between current service levels and future demand for services through fundraising and the creation of for-profit initiatives. (107)

Ms. Grauer noted that Board responsibilities during the period 2005–07 centred on the "mission, vision and values analysis; governance documents, including letters patent and bylaws; policies; CEO compensation arrangements;

¹¹ The Marketing Service Agreement was an agreement under which Ornge Peel Ltd. would provide marketing services to Agusta Aerospace Corporation.

establishment of committees; board education; and the Performance Agreement with the Ontario government.” She also served on the Board’s Audit Committee. (193)

According to Mr. Lowe, the Board functioned with attention to the financial and operational reports, covering such material as the number of patients carried and medical services provided. Patient deaths were investigated and any problems were to be reported to the Board. However, he concluded that the Board was not informed on all matters, for example, the CEO’s compensation. (141)

Board Compensation

Mr. Beltzner’s remuneration on the not-for-profit Board in 2005 was \$11,675, and in 2011, \$221,750, paid to him through the for-profit company Ornge Peel. (158, 159) The invoices he submitted covered work at a rate of \$250 an hour for specific duties. (169) Mr. Beltzner’s position was that the company received monies from the government under what he viewed (and what legal counsel at Fasken Martineau DuMoulin, LLP explained) as a commercial contract, not as an agency of government. Mr. Beltzner testified that his compensation was justified given his involvement in such matters as response times, aircraft availability, and work on for-profit subsidiary companies such as the Ornge Issuer Trust and Ornge Global Real Estate Inc., each with its associated board meetings and financial reviews. He focused primarily on Ornge business and the Ornge Foundation charity, not billing the latter. He indicated that his compensation was based on his involvement with the for-profits in financial management, staffing, and procurement. (159) For example, Ornge Global Air operated under a Transport Canada licence, thereby posing increased risk to directors, and resulting in his additional involvement.

When Ornge Co. and Ornge Peel were formed and Ornge became a charity, stipends were increased to reflect the operational complexity, including, for example, committee responsibilities. An annual retainer was set, based on an independent consultant’s recommendation, with the knowledge that Ornge Peel’s funds were being provided by the province under the Performance Agreement. (166) Furthermore, Dr. Mazza allocated shares of Ornge Global Management Inc. (OGMI), the initial holding company of the limited partnership, to Board members and senior management. Mr. Beltzner testified that the allocation of the transfer was one-half a percent of a share. (114, 161)

The Committee questioned the Board’s expenditures for retreats. Mr. Beltzner said the Committee was assuming that the Board was apprised of such front-line issues and that the Committee had consolidated a multi-year timeline into a few examples of specific retreats. He addressed the examples of retreats cited by the Committee, confirmed that those retreats had been held off-site, but maintained this was for valid reasons. (162)

Mr. Pickford commented that director fees were paid by Ornge Peel rather than Ornge. His retainer was initially approximately \$5,000 to \$6,000. (113, 114) The Founders’ Equity Plan was described by Mr. Pickford as a creation of OGMI.

(114) The Founders' Equity Plan was created to compensate the founders. Dr. Lester did not expect a pay-out from the share value awarded and could not recall seeing final documentation of the Plan. (119, 120)

According to Dr. Lester, Board compensation evolved from fees of a few thousand dollars to an enhanced stipend with the emergence of a new corporate structure with increased risk and complexity. His compensation for approximately seven years on the Ornge Air Ambulance board totalled \$180,000 plus \$1,000 in expenses. (119)

Ms. Colle said that her first-year compensation was approximately \$4,000 to \$5,000. Ornge management explained that the compensation was justified given that it operated as a separate entity, not as an arm of the government. She was aware that the funding was provided by the Ministry. (128) The Founders' Equity Plan had future compensation options; however, final documentation on the Plan never materialized. (129)

Ms. Grauer stated that she did not expect compensation as a Board member. However, directors received an honorarium determined by Dr. Mazza. Her remuneration at the not-for-profit entity was \$1,000 for each Board meeting and \$250 an hour for related committee work. (194) Her total compensation over three years was just under \$15,000. (197)

Mr. Lowe's annual remuneration was initially approximately \$3,000, with total compensation for the four and a half years of \$48,000. (145)

The Committee is concerned with the excessive compensation paid to members serving on a board funded by the public sector and the apparent conflicts of interest arising from Board members serving on numerous related boards.

5.2 Operational Issues

Board members elaborated on several issues in response to the Committee's interest in how well the Board performed its duties. Overall the Committee's primary concern was that the Board was dysfunctional and therefore ineffective in the execution of its fiduciary responsibilities. It became evident to the Committee that the CEO controlled the Board rather than being held accountable by the Board.

Board Culture

As a Board member, Ms. Grauer raised issues that were not acceptable to Dr. Mazza, whom she described as a complex individual with stresses in his personality. (194, 196) She was not asked to serve a second term beyond October 2007.

The Committee asked about the CEO's involvement in the departure of Ms. Enola Stoye (former Ornge Board member). Ms. Grauer's opinion was that the dismissal was illegal and she acknowledged that the Board may have enabled Dr.

Mazza's action in the Stoye resignation by not questioning him on it. (200, 202) She acknowledged that Dr. Mazza was hiring and dismissing individuals with responsibility to oversee his work, and that the Board was a rubber stamp for Dr. Mazza and Mr. Beltzner. In her opinion this was not the Board's proper role. (202) Ms. Grauer noted that the relationship between Mr. Beltzner and Dr. Mazza was close. (200)

Board's Operational Effectiveness

The Committee asked Ms. Grauer what was needed to ensure the proper functioning of the Board. She suggested the following:

- independent selection of Board members;
- government participation in selected Board appointments (Ministry appointments to Board/OIC appointments);
- more board meetings to brainstorm on issues; and
- a proactive Board with directors fully informed of all issues/activities in advance of management decisions. (203)

To ensure that Ornge's governance issues are not replicated, Ms. Grauer submitted the following recommendation for the Committee's consideration:

- require a certain number of Board seats to be filled by nominees of the Ministry of Health [and Long-Term Care] so the stakeholder is "at the table"; and/or
- (once the new Not-for-Profit Corporations Act comes into force and it is no longer required that Directors be Members) have either the Ministry of Health [and Long-Term Care] or its nominee become the sole Member of the corporation so that it elects the Board (Members are not typically exposed to liability).

Communication Issues: Board/Management/Ministry

The Committee enquired about instances when Board decisions were not backed up with appropriate information from management.

Ms. Grauer noted that in 2006 the topic of the rebranding (i.e., adopting a new corporate name and image) of Ontario Air Ambulance was addressed. Her concern was that the Board should have been involved in the decision-making. (195) Ms. Grauer commented that the Board tried unsuccessfully to deal with governance given certain limitations, specifically the close relationship between Mr. Beltzner on the Board side and Dr. Mazza in management. (200)

The Committee is concerned about the lack of professionalism demonstrated in the relationship between Ornge's Board and management.

The Board's role was to ensure that management was communicating with the Ministry. According to Mr. Pickford, the Ministry had the authority to ensure that Ornge was in compliance with the Performance Agreement. (113) Mr. Lowe indicated that the Board was not informed on all matters (e.g., the CEO's compensation), which raised communication concerns. (141) Mr. Beltzner noted that information known to Ornge management or the Ministry was not always available to the Board. (147, 148)

In addition, according to Mr. Beltzner, the Board was concerned about the Ministry's delay in reporting external concerns, specifically relating to a letter of complaint from a Mr. Walmsley (see *Interim Report No. 1*, s. 5.11). It was six to eight months before a response was received from the Ministry regarding this letter. In 2008 the Board sent a letter to the Ministry requesting that it notify the Board on a timely basis of any concerns. (156) The Ministry did not follow-up and it was not until early 2012 that the Board learned of earlier correspondence sent to the Ministry listing issues related to air operations. (150)

The Board relied on the Medical Advisory Committee to address patient care issues. According to Mr. Beltzner, based on information provided by the Chief Operating Officer and a patient survey, the Board was not aware that patient care was at risk. Furthermore, none of the Medical Advisory Committee reports made reference to investigations initiated by the Chief Coroner. (152, 153) Mr. Beltzner regretted that information highlighting negative impacts on Ornge patients was not forwarded to the Board on a timely basis. (168)

According to Ms. Colle, the Board received incorrect information. For example, in contrast to the Auditor's finding that the number of patients served had been the same or fewer, the Board had been told that since 2006 the number of patients had increased by approximately 15%, serving 21,000 patients annually, and that the number of calls not serviced had decreased by 19%. (130)

Mr. Lowe described the Ornge/Ministry interface in terms of oversight through regulations and regular external audits with reports to the Ministry. According to Mr. Lowe, the Ministry received quarterly and year-end statistics, an audit report, a strategy report, and an annual Ornge business report. The Ministry received a business plan review, tied to compensation. Complaints in the field would come through the operational side to Mr. Lepine (former Ornge COO). The Board did not witness problems in these areas. (142)

Ms. Grauer was aware of a Ministry/Ornge dialogue during the Performance Agreement negotiations and when the asset transfer to the new company from the Ministry was being negotiated. Generally the Board had limited interaction with the Ministry; dialogue with the Ministry was through the CEO with occasional reports to the Board. (197, 201)

As a Board member, Ms. Colle was not aware of any interaction with the Ministry. Oversight was administered through the Performance Agreement with various reporting provisions. She assumed that senior management was in conversations with the Ministry as required. (135)

The Meyer Norris Penny (MNP) report identified areas in need of attention; in response the Board asked that management report to it on a quarterly basis to ensure compliance with the Performance Agreement. (113) Mr. Pickford noted that Ornge was responsible for the follow-up, resulting in Board updates and a Performance Agreement checklist. Most of the issues were over timing on the receipt of documentation, such as annual reporting. (114)

Ombudsman's Possible Oversight Role

Mr. Beltzner is of the view that, in the future, investigations should be conducted and reported independently of the Minister and government, and that the Ontario Ombudsman could serve a role in this process. (151)

The Committee is concerned about the available avenues to file complaints and indicated that the Ombudsman could be of assistance in this regard.

5.3 Corporate Restructuring

Mr. Beltzner was involved in the restructuring process, starting in the autumn of 2010, serving on the committee reviewing this initiative. In January 2011 he participated in a presentation to the government, before several ministries, on the proposed strategic plan. He indicated that he was surprised by the Deputy Minister's subsequent testimony before the Standing Committee on Public Accounts that he (the Deputy) had had concerns with the restructuring initiative. He indicated that there were no concerns expressed by government at that time or during a second meeting with the Ministry of Finance on restructuring: (153,154)

I fail to understand, and I wish this Committee would investigate the point of why there was no communication—whether that was by accident, deliberate or whatever. The government kept us in the dark. I will make that statement time and time again.
(155)

However, the Committee noted during the hearings that preliminary discussions on the air ambulance proposal raised concerns within the Ministry as early as September 2004. An internal Ministry e-mail entitled “Air Ambulance Reform—MB-20 Submission” sent by the Legal Services Branch to senior Ministry staff indicated that there were concerns about the air ambulance MB-20 Submission: “crucial pieces of background information as well as meaningful alternatives to the recommended option” were not provided. Furthermore, Mr. Malcolm Bates (Director, Emergency Health Services) testified in June 2012 on his evolving oversight responsibilities over the air ambulance operations leading up to the transition. He explained his role was redefined by the Associate Deputy Minister (Mr. Hugh MacLeod):

. . . the Emergency Health Services Branch [was to] provide every assistance to Dr. Mazza—all right?—who would be the lead on the transformation, on the

movement from the current [air ambulance] system at that particular point in time to a not-for-profit agency. Dr. Mazza had the lead from 2003 to 2005. He was instrumental in ensuring that the unit was not carried on, that oversight was perhaps not as rigorous as it should have been, if you will. He was the main player in the movement from the ministry service to the not-for-profit organization. From 2005 to 2007 I worked for Dr. Mazza, since he was seconded to the Ministry of Health and Long-Term Care, and he provided executive leadership to myself. (389)

The Committee is concerned that the director of the Emergency Health Services Branch of the Ministry of Health and Long-Term Care was directed by his Assistant Deputy Minister to report to the future CEO of Ornge, Dr. Chris Mazza. Dr. Mazza was given *carte blanche* to draft the initial Performance Agreement with the Ministry of Health and Long-Term Care.

According to Mr. Bates his role was diminished. He testified that: “It would be to do what Mr. Mazza told us to do [in the Emergency Health Services Branch].” (389)

***Interim Report No. 1* identified certain concerns or “red flags.” The Ministry was aware that Dr. Mazza and the Board were contemplating the restructuring of Ornge and did not fully appreciate the potential risks of this restructuring initiative.**

Mr. Beltzner acknowledged that Ornge did not receive a written confirmation from the Ministry to initiate the restructuring and he believes that going forward boards should have written documentation on such undertakings. (166)

Mr. Pickford explained that the Board approved the for-profit structure on the condition that the province was fully aware of and agreed to the restructuring. In November 2010 the Board began to arrange meetings with the Ministry. A letter was sent to the Minister by the Chair in 2011, followed by meetings with other ministries including Finance. (113) Mr. Pickford believed that Ornge’s corporate structure was not unusual and had been adopted for a variety of tax, legal and other reasons. He said that

the structure that existed before moving to the for-profit structure that we had in 2011 was in order that we could have Ornge Peel look . . . for new for-profit service opportunities as effectively a wholly-owned subsidiary of Ornge the charity, which could not carry on profit-making operations. You needed a separation of the two companies, one from the other.

Ornge Air was formed for the purpose of . . . providing air services, one that would have considerable risk to it, potentially, if there was ever a failure of an aircraft. It

was decided that [Ornge Peel] should be insulated from Ornge, which was the recipient of funds under the Performance Agreement. It made sense to have that legally separated and protect the assets of Ornge itself.

In the same way, the Ornge Issuer Trust was there because we were advised that what the market understands for a debenture issue of this type is having it done by a trust. (112)

Mr. Pickford explained that the restructuring was necessary to raise funds from third-party equity investors for the for-profit services which would generate future revenues for Ornge's ambulance services. (114)

Mr. Alfred Apps (Counsel, Wildeboer Dellelce LLP) provided the Board with a description of the restructuring plan. Dr. Lester had concerns with this process and stated that he was uncomfortable with the associated risks. Reassurance was provided from legal, tax, and financial standpoints. (120) Dr. Lester commented further on the issue of corporate risk:

The information that we were receiving was that we were, in fact—and this is my understanding—insulating Ornge from risk by creating this structure, and at the same creating a structure that would attract equity partners to invest in it. So from my perspective, it sort of made sense.

Dr. Lester testified that other entities had similarly pursued external funding. The Ontario Telemedicine Network and major hospitals including Sunnybrook, the University Health Network, Sick Kids, and Baycrest, had given consideration to private sector ventures to raise capital. (120) He indicated that there were no “red flags” raised by the Ministry. (118)

Dr. Lester concluded that the Ministry was advised of Ornge's objectives in the MNP report and through Ornge's January 2011 letter to various ministries, followed by Ornge's government briefing. Due diligence had been pursued through a special committee on corporate structure with legal, tax, and accounting advice. There were no obstacles to restructuring from the government. (118) Dr. Lester was of the view that the Ministry's approval on restructuring was essential.

My understanding was that the Ministry could not forbid us to move in that direction. However, I think that it would be extremely foolhardy for Ornge to pursue a structure that the Ministry did not approve. . . . I cannot believe that I, personally, or the Board would have pursued an organizational structure that the Ministry said was flawed or that was not in the best interests of the province. (119)

Ms. Colle supported the for-profit structure as it was designed to bring new revenues to Ornge and she was aware that the Board had been briefed on the restructuring plans. She indicated that the structure was complex, but that “the Ornge board took steps to ensure that Ornge was insulated from risk and that service to our patients would never be compromised.” (128, 132)

Ms. Colle said that Mr. Apps was the architect of the new structure and that the Board was involved in strategic planning, specifically in developing for-profit entities to benefit Ornge through the Ornge Global corporate framework. (128, 129) Ms. Colle’s concern was to safeguard Ornge as the not-for-profit corporation to ensure the continuance of ambulance services in Ontario. (128)

The letter of January 2011 from Ornge to the government explaining the corporate restructuring was followed by a meeting with various ministries; Ms. Colle was not informed of government concerns with the proposal. (135) She did not have a concern with the new service delivery model—moving towards for-profit ventures—because she felt that there was a very strong management team at Ornge, specifically now former COO Tom Lepine. The Board was given the metrics and was assured that the number of patients being served was increasing, new equipment was being provided, and reports from the Medical Advisory Committee indicated that patient safety and standards were improving. (136) With hindsight, Ms. Colle commented, “my one regret is that we [the Board] did not know what was going on from the management side.” (137)

The Board was of the view that the Ministry had endorsed the restructuring plan. (142) Mr. Lowe felt that he could contribute to Ornge’s plan to purchase aircraft and helicopters and operate its own air transportation system in response to the increasing demand for services. (138) He explained that the Board endorsed the development of

a strategy for revenue-producing businesses based on Ornge expertise, which would help cover this increasing demand. There was never any personal gain or benefit behind the strategy for the directors. We were focused entirely on dealing with this future problem [financial challenges in providing air ambulance services in Ontario], which will have to be addressed, probably by this government, sooner rather than later. (138)

According to Ms. Grauer, Dr. Mazza developed the corporate strategy. She was of the view that Ornge had an inverted governance structure, given that the CEO recruited the Board and decided on the membership. She concluded that it was “a closed model of membership . . . the directors and the members were one and the same.” Inverted governance had the CEO in a pivotal role of inviting people to the Board. However, she acknowledged that governance is an interactive process and that CEOs do interact with their boards and put forward ideas. The Board dealt with such matters as the CEO’s compensation arrangements (initially in the \$300,000 range) and had input on the Performance Agreement. (197)

At the time of restructuring with the first for-profit entity, consideration was given to transfer executive salaries from the public sector, according to Ms. Grauer. Dr. Mazza had prepared a graph of the proposed reorganization, addressing board governance issues. (195, 196) Ms. Grauer was not aware of the ongoing restructuring initiative. (196) The generation of new revenues was presented within the general envelope concept with no suggestion of personal enrichment or increasing remuneration for board members. (201)

Ms. Grauer concluded that the problems at Ornge can be attributed to several key factors:

- **Dr. Mazza's management style;**
- **the pursuit of new funding sources; and**
- **the questionable strategic approach followed when dealing with not-for-profit entities and the charity. (198)**

The Committee identified these issues as being major concerns.

According to Ms. Grauer it is difficult to apply a common skill set on both the for-profit side and the not-for-profit charitable side as they function under different rules.

Not-for-profits are not supposed to accumulate surpluses. They're supposed to use the money for their purposes. Charities are obviously to use their money for their charitable purposes. So one of the things I think I could say I would have questioned was: Is the purpose for which the money of the charity was being used in line with the Canada Revenue Agency rules? (198, 199)

5.4 Corporate Finances

Ministry Budget and Financing Initiatives

In 2004–05, the last full year that air ambulance was delivered directly by the province, the budget was approximately \$93 million. Over the next four years the budget increased to approximately \$150 million. Dr. Lester believed that budgetary increases were justified given the service needs and increasing costs. (122)

The Committee notes that the combined number of air and land patient and other transports during the period from 2006-07 to 2010-11 had actually decreased from 19,425 to 19,274 despite receiving \$57 million more in operating funding from the Ministry of Health and Long-Term Care.

In addition to the increase in annual operational costs, Ornge incurred capital debt in the amount of \$300 million. Ornge's \$275 million bond enabled the corporation to purchase Pilatus fixed wing aircraft, make the AgustaWestland helicopter purchase, and finance the new Ornge office building.

Ms. Grauer testified that the Board's audit committee provided budget oversight. She also confirmed that the Ministry did not raise questions about this process and the Board did not address the Ministry on such matters. (197) She explained that the Board was well aware that the funding received from the MOHLTC was public funding.

In-house Aviation Decision

The Board was involved in the discussions to take aviation in-house in 2008. The decision to move the aviation component in-house was supported by Mr. Pickford on financial grounds. He expressed certain concerns with the existing CHL contract:

I think the proof is . . . what was being provided by our helicopter supplier: Sikorsky 76s—rotor-wing aircraft and helicopters that were 20 and 30 years old. CHL had come back to us and wanted an increase in what we were going to pay them for their service of providing the helicopters and their management of that whole fleet—providing pilots, fuel, maintenance etc. In the last years . . . the fee from CHL was \$33 million to provide those services. . . . [W]e looked at what their cost of capital would be, and we looked at the profit margin they would want on supplying those helicopters on an annual basis, and decided it made good sense for us to buy our own at what we believed would be a reduced cost of capital with no profit margin built into it. (115)

The Committee notes that the contractual arrangements with Canadian Helicopters yielded savings each year. Canadian Helicopters provided air ambulance services prior to the arrangements that were made with Ornge.

Actual operating costs versus estimated costs resulted in annual savings for Ornge in excess of \$1 million (on average). In addition, CHL was awarded a performance incentive fee of \$200,000 (per quarter) on a frequent basis (nine of twelve quarters) when it achieved a dispatch reliability of 98.23%.

According to Ms. Colle, the helicopters and fixed wing aircraft were contracted from third-party contractors and there had been significant increases in fees and rates from the service providers, in the order of 30% or 40% a year. As the helicopters were 30 years old, safety concerns led to a consideration of purchasing over leasing. It was reported that by the end of 2011, internalizing this component resulted in savings of approximately \$3 million on the rotor wings. (130)

Financial Reporting: Bonds

According to Mr. Pickford, all financial transactions were disclosed through financial statements. He noted that the debenture was issued by Ornge Issuer Trust for a very specific reason: “what was guaranteed, effectively, was [that] those revenues that Ornge would receive under the Performance Agreement would be applied to repayment of the debt to the extent that it was necessary.” In terms of any provincial liability, Mr. Pickford explained that

the province would have had two choices if Ornge failed or the province had decided to cancel the Performance Agreement . . . take over the beneficiary interest in the Trust, and in that way . . . continue to service the debt in the same way that it had been serviced when payments were being made to Ornge—or alternatively . . . pay off the debt and take over the assets.” (109)

He went on to state that the “people invested in the debentures because they saw the flow of revenues coming from the province into Ornge under the terms of the Performance Agreement” and furthermore, that “those fees [Ministry transfer] would be sufficient to repay their debt.” (109, 110) Ms. Colle took a similar position on the relationship between the province and Ornge, and how this arrangement had contributed to the success of the debenture. (132)

On the matter of raising new funds, Mr. Beltzner stated that

we heard of the concerns expressed about financing of helicopters and fixed-wing. As I mentioned, this was not a secret at all. The raising of funds was something that was carefully discussed with the Ontario Financing Authority. If there was ever a question of concern, an initial flag might have gone up there that the government wasn’t happy. (156)

The Committee questions the nature of the discussions on the financial arrangements pertaining to the purchase of aircraft, reportedly discussed and given tacit approval by the Ontario Financing Authority. This is an issue of major concern, given that it was on the strength of the implied backing of the Ontario government that the bond offerings were subscribed to by investors, thus obligating Ontario taxpayers to the debt.

Ornge Revenue Generating Activities

There were two types of Ornge revenue-generating initiatives. One was for donor-specific requests, typically raising funds for a particular piece of equipment. The other was general fundraising for the administrative costs of the foundation. (159, 160)

According to Mr. Lowe the for-profit ventures were funded by money generated first, in the refinancing of the Mississauga office building and second, by the

Marketing Services Agreement. Mr. Lowe was aware that the Ministry was the major stakeholder. (142)

Dr. Lester believed the services provided were legitimate and that the Board viewed Ornge's for-profit ventures as an opportunity for future financial returns and improved service levels. He did not feel that patient care was compromised by corporate restructuring. (123)

The expertise of Ontario's air ambulance service was central to the for-profit business initiative. Ms. Colle's view was that Dr. Mazza's undertakings on the for-profit side were not funded by government, but rather by the seed money provided by AgustaWestland for Ornge Global. (136) The benefit to Ornge would come from licensing skills and expertise—under a master licence agreement—with money flowing back to Ornge. (133)

The Board was led to believe that the potential rate of return from the for-profit entities would be 3% of gross revenue, or roughly 15% of net revenue flowing to Ornge. According to Ms. Colle, private investors were needed with the objective of building assets in the order of \$200 million over 10 years. (130) This fund was to provide a return of 4% to 5% for expanded ambulance services. (136)

Marketing Services Agreement

Ms. Colle assumed that the Ornge Global side responsible for this project would retain experts. Ornge had the required air ambulance expertise, the intellectual property, and the international reputation in this field. (137) The Board was not involved in the Marketing Services Agreement; however, she felt that it was reasonable for each firm to leverage the other in their business pursuits. This arrangement was noted in the original contract with AgustaWestland. (129)

The Committee is concerned that the Board was aware that any expertise that may have been developed by Ornge was funded by Ontario taxpayers, yet the benefit of marketing that expertise would have been realized in large part by the for-profit entities and their shareholders (including Ornge Board members).

Office Building Purchase

Dr. Lester was aware of the financial arrangement for the purchase of the Ornge building in Mississauga, Ontario. The purchase price with contents was \$15 million. The building was subsequently refinanced for approximately \$24 million. The proceeds from this transaction were transferred into Ornge Global Real Estate Inc., one of the for-profit companies formed under the restructuring scheme. Dr. Lester indicated that initially the refinancing was not of concern as "it was an independent evaluation of the worth of the building made by a reputable firm." The transfer to the for-profit company was characterized as a loan with interest that would be repaid. (122)

Ms. Colle confirmed that the \$9 million increase in the valuation of the Mississauga head office was transferred to the for-profit entity Ornge Global Holdings LP as a loan. (133)

Budgetary Restraints: Potential Impact on Service

The Committee enquired about cases when Ornge was unable to respond to calls due to resource limitations, such as a lack of paramedics, pilots, or aircraft. Dr. Lester said he knew of these circumstances and the problems related to understaffing, but had not been informed of any “purposeful policy to understaff Ornge.” However, he was aware of the impact of budgetary restraints. (123) One response was the establishment of Ornge’s internal training program for paramedics. (121)

5.5 Ornge Employee/Consultant Compensation

The Ministry of Finance Internal Audit Division’s June 2012 report, *Investigation of Ornge & Related Entities*, provided information on compensation for Board members and staff, as well as medical stipends paid. Figures reproduced below are taken from the report.

Board Members’ Compensation 2007 – 2011

See Figure 2 (Board Members Paid by Entity) below.

Board Members		Paid by Entity					
			Global GP	Ornge	Peel	Orngeco	TOTAL
Rainer	Beltzner	2011	144,600.00	13,642.00	74,515.00	0.00	232,757.00
Bethann	Colle		0.00	86.00	21,187.00	0.00	21,273.00
Lorne	Crawford		0.00	7,651.00	24,860.00	0.00	32,511.00
Aristides	Kaplanis		66,600.00	0.00	0.00	0.00	66,600.00
Dr. Robert	Lestor		0.00	240.00	0.00	21,187.00	21,427.00
Donald	Lowe		49,600.00	0.00	0.00	0.00	49,600.00
Kelly	Mitchell		27,313.00	0.00	0.00	0.00	27,313.00
Barry	Pickford		46,330.00	8,670.00	39,268.00	0.00	94,268.00
John	Scott		32,750.00	0.00	0.00	0.00	32,750.00
Subtotal			367,193.00	30,289.00	159,830.00	21,187.00	578,499.00
Rainer	Beltzner	2010	0.00	8,542.00	201,106.00	0.00	209,648.00
Bethann	Colle		0.00	737.00	68,248.00	0.00	68,985.00
Lorne	Crawford		0.00	9,944.00	77,897.00	0.00	87,841.00
Aristides	Kaplanis		0.00	0.00	0.00	0.00	0.00
Dr. Robert	Lestor		0.00	0.00	66,148.00	0.00	66,148.00
Donald	Lowe		0.00	0.00	83,143.00	0.00	83,143.00
Kelly	Mitchell		0.00	0.00	0.00	0.00	0.00
Barry	Pickford		0.00	781.00	102,295.00	0.00	103,076.00
John	Scott		0.00	0.00	0.00	0.00	0.00
Subtotal			0.00	20,004.00	598,837.00	0.00	618,841.00
Rainer	Beltzner	2009	0.00	2,965.00	99,750.00	0.00	102,715.00
Bethann	Colle		0.00	655.00	52,500.00	0.00	53,155.00
Lorne	Crawford		0.00	19,024.00	57,750.00	0.00	76,774.00
Aristides	Kaplanis		0.00	0.00	0.00	0.00	0.00
Dr. Robert	Lestor		0.00	0.00	52,500.00	0.00	52,500.00
Donald	Lowe		0.00	0.00	52,500.00	0.00	52,500.00
Kelly	Mitchell		0.00	0.00	0.00	0.00	0.00
Barry	Pickford		0.00	2,097.00	57,750.00	0.00	59,847.00
John	Scott		0.00	0.00	0.00	0.00	0.00
Subtotal			0.00	24,741.00	372,750.00	0.00	397,491.00
Rainer	Beltzner	2008	0.00	27,246.00	21,687.00	49,875.00	98,808.00
Bethann	Colle		0.00	1,281.00	13,125.00	26,250.00	40,656.00
Lorne	Crawford		0.00	15,365.00	14,437.00	28,875.00	58,677.00
Aristides	Kaplanis		0.00	0.00	0.00	0.00	0.00
Dr. Robert	Lestor		0.00	750.00	13,125.00	26,250.00	40,125.00
Donald	Lowe		0.00	3,150.00	13,125.00	26,250.00	42,525.00
Kelly	Mitchell		0.00	0.00	0.00	0.00	0.00
Barry	Pickford		0.00	4,032.00	0.00	43,313.00	47,345.00
John	Scott		0.00	0.00	0.00	0.00	0.00
Subtotal			0.00	51,824.00	75,499.00	200,813.00	328,136.00
Rainer	Beltzner	2007	0.00	31,725.00	0.00	0.00	31,725.00
Bethann	Colle		0.00	1,586.00	0.00	0.00	1,586.00
Lorne	Crawford		0.00	13,934.00	0.00	0.00	13,934.00
Aristides	Kaplanis		0.00	0.00	0.00	0.00	0.00
Dr. Robert	Lestor		0.00	7,189.00	0.00	0.00	7,189.00
Donald	Lowe		0.00	0.00	0.00	0.00	0.00
Kelly	Mitchell		0.00	0.00	0.00	0.00	0.00
Barry	Pickford		0.00	0.00	0.00	0.00	0.00
John	Scott		0.00	0.00	0.00	0.00	0.00
Subtotal			0.00	54,434.00	0.00	0.00	54,434.00
TOTAL			367,193.00	181,292.00	1,206,916.00	222,000.00	1,977,401.00

Source: Ministry of Finance, Internal Audit Division, *Investigation of Ornge & Related Entities*, June 2012, p.90.

Figure 3: Employee Compensation 2007 – 2011

Name / Title	Years	Remuneration
• Tom ROTHFELS, COO Ornge International	(2007 – 2011)	\$1,362,284.03
• John MACKENZIE, COO Ornge International	(2007 – 2011)	\$1,256,676.63
• Philip GILES, VP Product Development	(2007 – 2011)	\$737,360.15
• Kelly LONG, Associate VP Marketing	(2007 – 2011)	\$395,939.82
• Brittany DECKER, JSmarts Director	(2007 – 2011)	\$347,643.41
• Rhonda MAURICETTE, Mgr Org Development	(2007 – 2011)	\$400,283.76
• Nancy MULRONEY, Director Org Development	(2007 – 2011)	\$688,951.95
• Maria RENZELLA	(20% of 2008/2009)	\$130,352.55
• Patricia DIBONA	(Aug2009 - 2011)	\$176,992.99
• Dr Christopher MAZZA	*See Appendix 4 for Dr. Mazza's compensation	
(The employees noted above received partial remuneration from Ornge)		
• Paul CARTER, VP Marketing	(2010 – 2011)	\$136,200.23
• Greg MIZIOLEK, VP Sales	(2011)	\$66,131.66
• Modya SILVER, VP Marketing	(2010 – 2011)	\$147,129.22
• John SIMMONS, VP Marketing	(2011)	\$145,961.24
• Julius UECKERMANN, VP Marketing	(2011)	\$226,762.60
• Michael SHERMAN, Director Corp Development	(2010 – 2011)	\$306,313.63
• Luis NAVAS, COO Ornge Global	(2010)	\$831,536.99

Source: Ministry of Finance, Internal Audit Division, *Investigation of Ornge & Related Entities*, June 2012, p.92.

Medical Stipend Paid to Dr. Thomas E. Stewart 2007 – 2011

As noted in the Ministry of Finance Internal Audit Division report, Ornge indirectly paid Dr. Thomas E. Stewart monthly stipends as follows:

Ornge indirectly paid STEWART \$6,250.00 per month in medical stipends during the period 2007 through 2011. These stipends were paid to Dr Thomas E Stewart Medicine Professional Corporation by virtue of a contract and were therefore not included on a T4 to him. That contract contained an automatic renewal clause to be supported by regular activity schedules. This renewal clause was not found in any of the other doctor's contracts.

Email correspondence was discovered indicating that:

- STEWART performed some service to the Conglomerate in 2007 and 2008.
- No annual contract had been signed for the period 2009 to 2011.
- No transport medical services had been provided for the period 2009 to 2011.
- No budget had been allocated for this expense for the period 2009 to 2011.
- \$218,750.00 in stipends was paid for the period 2009 to 2011.¹²

The Committee is conducting a follow-up with the College of Physicians and Surgeons of Ontario with respect to these medical stipends during the period 2007 through 2011.

5.6 Dr. Mazza's Compensation and Loans

Salary Non-disclosure

Ms. Colle, a director, acknowledged that she knew that the salaries of the senior executives were moved from Ornge to the for-profit Ornge Peel and that this removed them from disclosure requirements. She testified that she did not have a concern with non-disclosure because she viewed the salaries as being on the for-profit side. (132, 133) Ms. Colle was not aware of the extent to which Dr. Mazza divided his time between the for-profit and not-for-profits sides of the business. (129, 130) She felt, however, that it was reasonable if Dr. Mazza was spending more time on the for-profit side, given the anticipated future benefits to Ornge, that his compensation would come from the for-profit side. (130) She had

¹² Ministry of Finance, Internal Audit Division, *Investigation of Ornge & Related Entities*, June 2012, p. 94.

believed that Ornge staff involved in the for-profit side were not paid with Ministry funds. (136, 137)

The non-disclosure of salaries is of critical concern to the Committee. The Committee is of the opinion that this should have been a “red flag” that should have been followed up by the Ministry of Finance and the Ministry of Health and Long-Term Care in advance of the Auditor General’s audit.

Basic Salary/Loans

The Committee asked questions regarding Dr. Mazza’s various compensation arrangements over and above his salary, specifically, loans and medical director fees. The Ministry provided the Committee with a summary of Dr. Mazza’s compensation for the period 2006-2012 covering such items as base salary, performance pay, executive benefits, medical stipend, board fees, and personal loans (see Appendix 4).

According to Mr. Beltzner, the Board approved Dr. Mazza’s compensation and believed it was justified on the basis that his demonstrated expertise in transport medicine was essential to Ornge’s future. (150)

The Board’s Governance and Compensation Committee suggested an independent compensation consultant examine senior management incomes at Ornge. A report was finalized by Cliste Executive Services in June 2010 and delivered to the Governance and Compensation Committee and to the Board. According to Mr. Pickford, the consultants assessed the corporate direction of Ornge Peel as a for-profit business. The consultants concluded that:

Dr. Mazza’s salary should be increased to \$500,000 a year; that he should have a short-term incentive bonus that was performance-related that could max out at around the same \$500,000; and that he have a benefits package that was equal to about 30% of his salary that would be made up of probably pension payments, health plans etc. (115)

The Committee has concerns about the credibility and objectivity of this report on recommended compensation levels. The Committee is also concerned about a clear conflict of interest that existed in the role that Mr. Luis Navas, a former member of several Ornge boards and chair of Ornge’s compensation committee, played in providing compensation advice.

Mr. Navas was a former member of several Ornge boards (December 2005-March 2010) and also served as chair of the Ornge Governance and Compensation Committee. He was also employed by Global Governance Advisors (2005-2010) as a compensation advisor. The forensic investigation of Ornge confirmed the connection between Cliste, Global Governance Advisors, and Luis Navas.

Ms. Colle commented that the Board approved Dr. Mazza's salary following the Cliste report. The comparables were private sector, not public sector, based on transportation, insurance, and medical companies in the \$100 million to \$250 million revenue range. Ms. Colle assumed that the Compensation Committee had considered public sector comparables. (129)

Dr. Lester was aware that Dr. Mazza's salary was determined with consideration given to the need to retain his expertise at Ornge and the potential impact of his departure. Cliste established the market compensation range for the CEO with consideration given to private sector compensation data.

The Committee is concerned that Dr. Mazza's revised salary was determined in a private sector context, when the for-profit Ornge companies were dependent on government funding.

Ultimately, according to Dr. Lester, the salary determination was based on the understanding that the corporate vision would succeed, resulting in an input of new private sector revenue. (121)

As a member of the Board's Governance and Compensation Committee, Mr. Lowe was aware of the CEO's loans and bonuses. He had reservations in principle on the employee loans. (138) It was Mr. Lowe's understanding that the CEO's salary range was not to be fully funded by the Ministry. The base salary was \$500,000 with an additional \$500,000 bonus subject to performance. The performance measures included metrics or measures for determining efficiencies. (141, 144) He confirmed that the CEO received his performance bonus every year from the time that it was instituted. (145)

In 2007 Mr. Beltzner and Mr. Luis Navas, the Chair of the Governance and Compensation Committee, signed a contract (which was a continuation of a 2005 contract) with Dr. Mazza to provide services as a medical director for the OCC. Mr. Navas told Mr. Beltzner that the contract was ongoing; they discussed its continuance, and approved it for that year only. However, Mr. Beltzner noted that "the contract had a continuation clause in it and Dr. Mazza continued to draw money from that [contract] throughout the years, as I understand." Mr. Beltzner was not aware of Dr. Mazza's additional annual \$400,000 medical stipend, identified in 2012, until the Ministry requested clarification of Dr. Mazza's compensation. (163)

The Committee noted correspondence to Mr. Beltzner from Ms. Maria Renzella [former Executive VP Corporate Services and Vice President Finance, Ornge] in 2010 requesting that Dr. Mazza, as the medical director for Ornge, for the City of Toronto's Critical Care Transfer Unit (CCTU), and for OCC, be given an additional stipend of \$125,000. Mr. Beltzner did not comment on this transaction. (164)

According to Mr. Pickford, the Board was not aware of the \$400,000 medical director stipend. As late as December 2011 the Board did not know that Dr. Mazza was paid to provide medical services, given that Ornge had a medical director. This funding would have been covered in the budget under "medical

contractors” as a line item annual expenditure. (115) Mr. Pickford was not aware that Dr. Mazza’s annual medical director fees were paid without an invoice. (111)

Dr. Lester testified that Dr. Mazza’s medical director fee (approximately \$400,000) became known to the Board between December 2011 and January 2012. He understood that when Ornge was created as an independent corporation, Dr. Mazza would have had a medical director role; however, “it was assumed that he was no longer receiving it [the fee] because he was no longer providing the duties.” (117, 120)

The Board became aware of the \$400,000 payment for medical director services in January 2012, according to Mr. Lowe. “He [Dr. Mazza] had every opportunity to tell us [the Board] about it. In the interface through the years, it was never mentioned, yet it was part of his compensation. Frankly, he lied.” (141) The Board’s trust in the CEO turned out to have been misplaced. (143)

Ms. Grauer also testified that she was not aware of the medical director’s stipend. (201)

Dr. Mazza’s Loans

The Committee enquired about the source of funds for Dr. Mazza’s loans: \$250,000 in March 2011 (characterized as an advance against future bonuses), \$450,000 in July 2011, and \$500,000 in July 2010. (161)

The Committee is of the view that a transfer payment entity should not be engaged in loans to employees under any circumstances.

Mr. Beltzner testified that “there certainly appear to be flows of money that I and others on the Board were not aware of.” (162) He explained that the security for one of the loans was 5,101 Class A common shares in Ornge Global Management Inc., a separate entity created in early 2011 to hold the initial shares of the limited partnership for investments by third party investors. (167) According to Mr. Beltzner the value of OGMI was reported to be approximately \$100 million (Mr. Beltzner was unable to substantiate this value). (161) Mr. Beltzner stated that there was a \$500,000 housing loan funded by Ornge Peel. He confirmed that this loan had OGMI backing as security. The “housing loan to Dr. Mazza, which . . . is not an unusual thing to do, came from monies as a result of the commercial agreement between Ornge and the province.”

The Committee questions the valuation ascribed to Ornge Global Management by the Board Chair, Mr. Rainer Beltzner, given that there was no basis on which to justify such a valuation.

The \$450,000 and \$250,000 loans were funded under the Marketing Services Agreement with AgustaWestland and alternative “sources other than funds from the Performance Agreement.” (161)

Mr. Lowe stated that he had reservations in principle about the employee loans; however, as a member of the Compensation Committee he was aware that the CEO's loans were approved. (138) Mr. Pickford explained that Ornge provided Dr. Mazza with a \$500,000 housing loan negotiated in 2010. The other loans were made by the for-profit side (i.e., Ornge Global). Mr. Pickford assumed that these funds came from Ornge Global Solution's earnings, specifically the contract with AgustaWestland and other investments. Furthermore, he indicated that funding "probably came from Ornge Global Holdings limited partnership and its other asset, which was Ornge Global Solutions." (110)

Dr. Lester stated that he was not aware of the loans made to Dr. Mazza. (122, 123) Similarly, Ms. Colle was only aware of the \$450,000 loan at Canada Revenue interest rates, with a five-year term. (134)

Board Testimony on Dr. Mazza's Medical Director's Fee and Personal Loans

Former Board Members	Salary / Compensation Based on	Aware of \$400K Medical Director's Fee / Stipend?	Aware of Loans?		
			\$500K	450K	\$250K
BELZNER	Expertise was essential for success	Not aware until 2012	Yes	Yes	Yes
COLLE	Cliste report Private sector comparables	*	No	Yes	No
GRAUER	*	Not aware	*	*	*
LESTER	Retaining his expertise Potential impact of his departure Advice of compensation expert	Not aware until Dec. 2011 - Jan 2012	No	No	No
LOWE	Private sector comparators The salary was \$500K with an additional \$500K bonus subject to performance The CEO received bonus from the time it was instituted	Not aware until Jan 2012	Yes	Yes	Yes
PICKFORD	Cliste's conclusions: Increase salary to \$500K a year Offer a short-term performance-related bonus Offer a benefits package equal to about 30% salary	Not aware before Dec. 2011	Yes	Yes	Yes

Note: * no comment

The Committee is concerned with the former Board’s overall performance given the formal duties and expectations of directors in Canada. The Committee concludes that the directors failed to exercise the fiduciary and oversight responsibilities expected of directors and did not provide the level of governance required to ensure that Ornge Air Ambulance operated in compliance with the terms of the Performance Agreement.

As a Board Chair and as a chartered accountant previously with KPMG, Mr. Beltzner should have exercised his professional obligations and responsibilities and ensured that the Board was exercising proper oversight. It is inconceivable, for example, that he was not aware of the \$400,000 medical stipend paid to the former CEO.

Approvals and Invoicing

The Committee is concerned about the former CEO, Dr. Mazza, receiving compensation for his work on the Board. Mr. Beltzner testified that he was not aware of the invoices for board fees submitted by Dr. Mazza and indicated that “many of the payments that did not receive the approval of the Board appear to have received the approval or signature of Ms. Renzella.” (154)

The Committee is concerned that the former Board Chair, Mr. Beltzner, claims that he was not aware of many payments that were made to the former CEO Dr. Mazza. Furthermore, the Committee is concerned that the former VP of Finance, Ms. Renzella, unilaterally took it upon herself to approve those payments. Finally, the Committee is concerned that Dr. Mazza would bill for attending Board meetings over and above his excessive compensation received through salary, stipends, and loans.

Mr. Pickford stated that Dr. Mazza’s expense reports were reviewed by the Board on a quarterly basis. However, Dr. Lester stated that he was unaware of the CEO’s personal expenses paid for by Ornge that were not related to corporate pursuits until they were reported in the press. (120) Ms. Colle indicated that she did not see a breakout of Dr. Mazza’s expenses in terms of recreational activities and accommodation. (131)

In December 2011 Mr. Beltzner asked Ornge management about payments without supporting invoices. The patch physicians (on-site consulting physicians) had a contract for services and Mr. Beltzner believed that they did not submit invoices. Additionally, Mr. Tom Lepine said that Ornge retained Dr. Tom Stewart at Mt. Sinai Hospital; however, Ornge management questioned the necessity of his services and whether they were in fact provided. In December 2011 Mr. Beltzner asked the Ministry’s internal audit team to investigate Dr. Mazza’s \$400,000 stipend and the contract with Dr. Stewart. A response to this audit request had not been received by Mr. Beltzner as of January 2012 when he left the Board. (164)

The Committee is concerned that steps have not been taken by Ornge or the MOHLTC to recover funds from Dr. Stewart for medical services he did not render.

The Committee has requested Ornge to pursue the recovery of the funds and has asked the College of Physicians and Surgeons to investigate Dr. Stewart for inappropriately billing medical services that he did not render.

5.7 AgustaWestland Weight Upgrades¹³ Expenditure

Mr. Pickford stated that the weight upgrades and other changes, net of some credits, resulted in a \$2.7 million payment to AgustaWestland, and another payment of approximately \$2.3 million for an inventory of spare parts. Mr. Pickford explained that these costs were provided to the Finance and Audit Committee by Ms. Renzella and he concluded that “all of us [Board Members] understood that these were not unusual contracts to enter into between an aircraft supplier and its customer.” (111)

Mr. Tom Rothfels (former COO, Ornge) had testified in 2012 that he was familiar with the weight upgrade as it related to the Marketing Services Agreement (see Section 5.8 for information on the Marketing Services Agreement). According to Mr. Rothfels the upgrade charge was waived by AgustaWestland. Mr. Rothfels testified that he had discussed this with Mr. Lowe to ensure that the Board was aware and that the issue would be given due consideration. Mr. Lowe testified that this was a management issue and that he was assured by the Finance Department that it was handled properly. Mr. Lowe explained that all aircraft purchase contracts have a weight issue and it is typically a matter that is solved internally by management, rather than by a Board. (139)

According to Dr. Lester the payment for weight upgrades was communicated to the Board by Mr. Rick Potter (former Vice President Aviation and COO, and Ornge Board 2005-2007) who indicated that this payment was not necessary and that he had been aware of this in advance of the payment being made. (117)

The Committee notes that both Mr. Potter, former VP Aviation, and Mr. Rothfels, former Chief Operating Officer of Ornge, warned Board members (Dr. Lester and Mr. Lowe) that payments were being made by Ornge unnecessarily for weight upgrades related to the purchase of the AgustaWestland helicopters. The Committee has concerns that these Board members ignored the warnings issued by Mr. Potter and Mr. Rothfels.

According to Mr. Pickford, Ms. Renzella had notified Mr. Beltzner in January 2012 that a December 2009 memo from the COO at Ornge Air stated that a

¹³ Ornge provided the following explanation for requiring the weight upgrade: Ornge elected the option of the higher weight (6800 kg) which allows an additional payload of 400 kg. Payload can be utilized as fuel, crew, passenger, patients or equipment weight. There are some penalties and restrictions when operating above the standard 6400 kg weight.

payment for weight upgrades was not required. (111) In December 2011 Mr. Beltzner asked the Ministry's internal audit office to investigate the weight upgrades payment. A response to this audit request was not received as of January 2012 when he left Ornge. (164) This matter was addressed in the Ministry of Finance Internal Audit Division's June 2012 forensic audit of Ornge entitled *Emergency Health Services Branch Final Report—Investigations of Ornge and Related Entities* (Section: Issue No. 5). It was reported that a total of \$6,650,000 US was paid for weight upgrades on the helicopter purchase agreement; however, with additional related adjustments to the final contract price was \$5,000,301. **Such matters are the subject of the OPP investigation.**

The Committee is concerned the weight upgrade transaction was done for the sole purpose of taking money from the not-for-profit entities and putting it into for-profit entities through a Marketing Services Agreement with AgustaWestland.

The Committee is further concerned that Board Members who were apprised of a highly questionable transaction failed to take necessary steps to fully investigate and to prevent this transaction from taking place. This transaction is now under criminal investigation and should have caught the attention of Board members who had fiduciary responsibility to protect the public funds.

5.8 Marketing Services Agreement

Mr. Pickford told the Committee that Ms. Renzella provided a brief statement to the Board to the effect that Ornge Peel had entered into a Marketing Services Agreement which, as noted, was an agreement with AgustaWestland for \$4.7 million over a two-year period. The objective of the Marketing Services Agreement was to generate long-term benefits to AgustaWestland in terms of sales to other countries and entities interested in medical transportation systems. Mr. Pickford believed that such an agreement was not unusual. He elaborated that "people now say, 'Well it was just a transfer of funds over to them and paid back to us.' I could never see it that way at the time because we were acquiring hard assets (e.g., the spare parts inventory) with those funds. At least, that's what we were being told." Mr. Pickford confirmed that the AgustaWestland contract received Board approval in 2010. (112)

The Committee has concerns related to the payment made for weight upgrades brought to the attention of a Board member by Mr. Rothfels. At issue is that this matter was not more thoroughly scrutinized by the Board. Now that it is the subject of a police investigation, the Committee is concerned that members of the Board – particularly those with professional backgrounds in law and accounting – failed in their fiduciary and oversight responsibilities. The Committee is requesting that Ornge and the MOHLTC take whatever steps are necessary to pursue directors who have failed in their fiduciary responsibilities to the full extent of the law, with a view to restitution.

5.9 Bill 11, the *Ambulance Amendment Act (Air Ambulances)*, 2013

Ms. Grauer supports the changes proposed under Bill 11 the *Ambulance Amendment Act (Air Ambulances)*, 2013, which is modelled on the *Public Hospitals Act*. Its provisions include the ability to appoint members to the board through the public appointments process, the ability of the Minister to order a supervisor, a defined inspection program, whistle-blower protection, and a complaint mechanism. (203)

5.10 Former Chair's Comments on Key Issues

According to Mr. Beltzner, Ornge's operational goals included the introduction of a new business infrastructure, the implementation of financial and operational policies and procedures, and hiring and training new paramedics, pilots, and operational and administrative staff.

The Committee concludes that Mr. Beltzner provided a revisionist perspective on the corporate challenges and how he concluded that they were managed.

Mr. Beltzner testified to the following:

- **Performance Agreement**—The province could have renegotiated the Performance Agreement. (152)
- **Ornge Restructuring**—The former Chair concluded that in the future boards should require the government to provide an annual written communication of all issues of concern. (150, 152)
- **Monitoring Issues/Inadequate Information**—The Ministry did not follow-up and it was not until early 2012 that the Board learned of earlier correspondence (the testimony does not specify who sent the correspondence) to the Ministry listing operational concerns. (150) He noted that “the testimony to date has indicated that some of the information provided to the Board and on which the Board, as did the Ministry, had a right to rely may have been incomplete or incorrect.” (152)
- **Financial Management/New Revenue Sources**—Efforts to ensure financial stability focused on understanding the Ministry's costs and identifying areas for potential improvements to promote operational efficiency and effectiveness. Donor and for-profit funding was central to this for-profit initiative and was reported to the Ministry. (150)
- **Marketing Services Agreement and Weight Upgrades**—“It is only with the subsequently disclosed information that the weight upgrade payments may have been unnecessary that these transactions raise suspicion.” (148)
- **Ornge Issuer Trust's Debt**—The Ontario government is not liable for the Ornge Issuer Trust's debt. (149)
- **Ornge Review**—The Meyers Norris Penny LLP September 2010 report identified a number of compliance issues related to the Performance

Agreement that were resolved and subsequently monitored by the Board. (150)

- **Ornge Communications Centre**—The Ministry’s Medical Air Transport Centre was collapsed and Ornge implemented a fully backed-up and recoverable Emergency Response Centre. (148)
- **Canadian Helicopters Ltd. Contract**—The Ministry contract with CHL was a for-profit contract, based on payments for flow-through costs. (148)
- **Fleet Replacement Strategy**—With the full knowledge of the Ministry and after an analysis of financing options, including discussions with the Ontario Financing Authority, Ornge proceeded with the new rotor and fixed wing fleet purchases. (149)
- **Helicopter Interior**—The new AgustaWestland helicopter interiors were designed by a team of experienced paramedics, transport physicians, and an experienced medical interior manufacturer. (149)
- **Shortages of Paramedics**—Ornge faced shortages of critical care and advanced care paramedics primarily from 2006 to 2011. In response, management developed enhanced training programs for transport paramedics at the advanced and critical care levels. (149)
- **Patient Care and Safety**—Ornge provides medical oversight through the Medical Advisory Committee, advising the Board and supervising medical care, ensuring that medical practice meets or exceeds required standards of care. (206)
- **Adverse Events Reports**—The Medical Advisory Committee reported to the Board on all adverse events; unusual trends were not identified. (149)
- **Helicopter Lift-off Policy**—In response to the Auditor General’s 2005 audit report observation on the cost of excessive helicopter lift-offs, Ornge changed its policy in order to reduce costs, with the approval of the Medical Advisory Committee and the Ministry. The Board instructed the Committee to monitor patient impact and the conclusion was reached that there were no negative consequences. (149)
- **Public Sector Salary Disclosure Act**—“Ornge was never in a legal position to compel the employees of its subsidiary companies to disclose their compensation, including taxable benefits.” (150)
- **Whistle-blower Protection**—Stronger measures are needed to protect whistle-blowers than are provided for in Bill 11 [the *Ambulance Amendment Act (Air Ambulances)*, 2013]. (151)

6. FORENSIC INVESTIGATION, MINISTRY OF FINANCE

6.1 Forensic Investigation (2011–12)

Mr. Allen Tait (Director, Forensic Investigation Team, Ontario Internal Audit Division, Ministry of Finance) explained that the Forensic Investigation Team (FIT) is a corporate investigative resource available to all ministry internal audit service groups. It conducts civil rather than criminal investigations, addressing allegations of wrongdoing against government. (184, 185) FIT was retained by the Ministry, and an initial meeting with Ornge was held on December 23, 2011.

The initial purpose of the engagement was to conduct a forensic audit for the period January 1, 2007, to December 31, 2011. The audit was designed to assess the degree to which Ornge expenditures related to the provision of air ambulance services. As this was an audit, HAST [Health Audit Service Team] initially led the engagement. Given that litigation to recover a portion of funds was a possible result, FIT resources were assigned to provide technical support to ensure the audit met forensic standards. (184, 185)

Mr. Tait explained that upon receipt of certain documents from an Ornge employee, the engagement was converted from a forensic audit to a forensic investigation. FIT assumed responsibility on January 16, 2012, with HAST support.

Terms of Reference

The terms of reference for the investigation were as follows:

The investigation was designed to complete the original forensic audit objective of assessing the degree to which Ornge expenditures related to the provision of air ambulance services. The investigation was also designed to address specific allegations of wrongdoing that had been identified or were identified as the engagement proceeded. (185)

Mr. Tait identified the various areas investigated:

- the corporate structure;
- the cash flow and the method used for the five-year period;
- the AgustaWestland transaction;
- staff remuneration;
- the cost of services;
- the Land Ambulance Program; and
- certain unspecified transactions. (185, 186)

FIT prepared a formal report in the form of a binder of evidence with conclusions; the report was completed in June 2012 and a copy was provided to the Ontario Provincial Police (OPP). The *Interim Report* and *Final Report* were tabled with the Committee in December 2013.

6.2 Investigation Findings

FIT addressed Mr. Walmsley's 2008 allegations outlined in a letter to the Ministry. Following up, FIT determined that Mr. Walmsley did not have documentation to substantiate his claim of a double set of books at Ornge, and it was apparent that he was not directly involved with the cash flow transactions that he was concerned about. Furthermore, there were no witnesses to corroborate his statements. Based on limited evidence, Mr. Tait did not investigate this matter further. (192)

FIT addressed a broad array of matters including the corporate structure of each entity, related party transactions, financial arrangements pertaining to personal loans, and the sale and leaseback of the Ornge office building. (186) Mr. Tait provided the following background:

- **Directors' Performance:** An investigation of the directors' performance and compliance with bylaws was not conducted; however, FIT considered the actions of directors in relation to each specific allegation. (191)
- **Board Governance:** The Committee enquired about Board governance, specifically whether fiduciary responsibilities had been discharged properly. Mr. Tait noted that FIT identified incomplete minute books that were not up-to-date. In addition, FIT considered governance in relation to the Board's oversight role pertaining to specific allegations, such as Board approval or non-approval of personal loans (see Dr. Mazza's loans). FIT questioned the absence of Board oversight with regard to specific transactions. Mr. Tait was unwilling, as an investigator, to draw conclusions about the Board's governance, but said the FIT report could be reviewed by others as a basis for forming an opinion on the Board's governance. (189)
- **Board Membership/Performance:** FIT reviewed the Board membership of each entity (20 were identified) in the corporate structure, looking for elements of common control. (187, 188) Numerous board members were cross-appointed on a number of boards. (191)
- **Ministry/Ornge Communication:** Mr. Tait confirmed that there was documentary evidence that the Ministry had requested information from the former Ornge management and "evidence that some of the reporting was delayed. We do see situations where documents weren't filed on a timely basis. We did find certain circumstances where we questioned the accuracy of the data that was filed." (189)

- **Ornge's Revenues/Cash Flow:** The province provided 93.5% of Ornge's funding. The remaining 6.5% came from other sources, as noted below by Mr. Tait:

We actually have prepared cash flow diagrams in our document. We've determined that roughly 93.5% of the total monies in the conglomerate were ministry-related. . . . the conclusion . . . was that the investigation did not identify . . . a regular source of revenue that was not ministry-related. (187)

Again, we calculate that number [6.5%] based on the total cash that we were able to identify in our methodology. The biggest source of cash outside of that [the ministry-related monies] was the debenture that had been issued of about [\$275] million. There was a \$23 million bond on the sale-leaseback based on the net present value of the lease. There were some small donations made. There were some fundraising donations . . . There were GST-HST rebates. (190)

The FIT report documented the flow of Ministry funds to the not-for-profit Ornge and to for-profit private ventures. Cash flow and common interests are documented in the report. (190, 191)

- **Marketing Service Agreement:** A detailed cash flow analysis of the AgustaWestland helicopter purchase was prepared, including the weight upgrade payment and the Marketing Service Agreement. (192)
- **Bonds:** The Committee enquired about the \$275-million bond, and the \$30-million bond, and whether an investor would have concluded that the province was behind the offerings as the sole funder of Ornge, given that the offering memorandums contained numerous references to the Ontario government and the Ministry of Health and Long-Term Care as the source of funds and the exclusive agreement with the government of Ontario to provide the province's air ambulance service. (191) Mr. Tait declined to comment on this matter.

The Committee has concerns that Ornge was allowed to encumber the government and taxpayers of Ontario with a debt offering that is ultimately a provincial responsibility.

The Committee is also concerned that Mr. James Sinclair (Director, Legal Services Branch, Ministry of Finance) and Mr. Peter Wallace (Secretary of the Cabinet, Clerk of the Executive Council and Head of the Ontario Public Service) testified under oath in 2012 that the government of Ontario is not responsible for the capital debt incurred by Ornge through these bond offerings. However, the Auditor General confirmed to the Committee that the government is in fact ultimately responsible for the payment of this debt.

- **Real Estate/Head Office:** FIT documented and reported that there was a difference of opinion on the valuation of the office building. (186)
- **Hamilton Hangar:** FIT confirmed that Ms. Renzella’s husband owned the Hamilton hangar (used by Ornge), which raised concern about a possible conflict of interest. It was determined that there was “a verbal declaration of the conflict” and no evidence that Ms. Renzella had signed any document in relation to this asset. (191)
- **CEO’s Compensation, Including Loans:** Executive compensation was considered, including Dr. Mazza’s financial arrangements (see Appendix 4). FIT prepared a summary of compensation including the rationale, accompanied by a statement as to value-for-money, for these transactions. (191, 192)

FIT addressed the authorization of Dr. Mazza’s loans noting that there were three loan transactions and the supporting documentation was inconsistent. (191) Specifically, there was “a form of approval from the board” for one, an e-mail approval on the second, and no evidence of approval for the third. Mr. Tait concluded that someone considering the FIT report might question whether in this instance there was a formal approval; it would be up to others to judge whether this was an acceptable practice. (187)

The OPP investigation is a criminal matter separate from FIT, with access to information that civil investigators would not be able to obtain. The FIT report has been completed but not released into the public domain; however, the OPP has requested and is in receipt of a copy of the FIT report. (184, 185, 188)

7. AUDITEE’S CORRECTIVE MEASURES

As noted in the preamble, this report summarizes the witnesses’ sworn testimony. The Committee would like to restate that in many instances the testimony was less than forthright and at times contradictory and inconsistent.

7.1 Ministry of Health and Long-Term Care

Minister of Health and Long-Term Care

The Committee asked the Minister to describe her primary concerns once “Ornge hit the headlines in the Toronto Star and in other news agencies.” Confronted by problems at Ornge, the Hon. Deborah Matthews indicated that her responsibility was first, to ensure high-quality emergency air ambulance services and second, to establish a new leadership team in this regard with a new CEO and Board of Directors. (423)

The Committee’s fundamental question focused on ministerial accountability in the handling of the events at Ornge. Did the Minister and the Ministry officials deliver on their oversight and accountability responsibilities in air ambulance

services? The Minister commented on selected corrective initiatives taken to ensure that the concerns at Ornge were being addressed:

- the introduction of an enhanced Performance Agreement providing an accountability line into operations through regular Ministerial meetings with Ornge’s new senior management and the new Board;
- the establishment of a new Air Ambulance Program Oversight Branch;
- the introduction of Bill 11—the *Ambulance Amendment Act (Air Ambulances)*, 2013;
- the installation of a patient advocate at Ornge;
- the renewed focus on patient safety with reports on performance indicators;
- “ensuring that there’s appropriate staffing;”
- the expansion of operations at Thunder Bay to enhance service to the northwest;
- the requirement to report on response times and system issues; and
- the development of an integrated critical care response system. (425, 429, 430)

The Committee focused on the following issues with the Minister:

- the Ministry’s actions taken in response to the FIT *Final Report* (June 2012);
- Dr. Mazza’s compensation package (2006-2012);
- Ornge’s \$152 million annual 2013 Budget (unchanged since 2011); and
- the servicing cost of the \$275-million bond offering (issued June 2009).

Ministry’s Processing of the Forensic Investigation Material

The Committee received the Ministry of Finance’s Internal Audit Division material—*Briefing Note: Forensic Investigation of Ornge* (dated February 2012) and *Final Report* (dated June 2012)—on December 6, 2013. (419)

The Minister explained that Ministry officials reviewed the forensic investigation material and made the determination that further action was not needed by the Ministry on the basis of the FIT’s findings. (422, 423) The Minister indicated that she would have been briefed if additional corrective measures were required by the Ministry. (429)

The Minister reviewed FIT’s *Briefing Note* in February 2012 and referred the *Interim Report* to the Ontario Provincial Police without reading it. According to the Minister, she was not informed that the *Final Report* had been delivered to the Deputy Minister’s office on July 25, 2012 and confirmed to the Committee that she did not read the *Final Report*. (427) Based on the advice received from Ministry officials, including the Internal Audit Team of the Ministry of Health

and Long-Term Care it was decided that the *Final Report* should remain “unread and still sealed” and be referred directly to the Ontario Provincial Police, to avoid the risk of interference in an ongoing criminal investigation. (412, 425, 427) Consequently the *Final Report* was sent directly to the OPP. (425)

In a letter, dated December 6, 2013, from the Ministry of Health and Long-Term Care to the Clerk of the Committee, the Deputy Minister noted that in May 2013 FIT contacted the OPP about the public release of the report. The OPP advised that “at that time they did not believe that release of the report would have a negative impact on the [OPP] investigation but did request advance notice if the report was to be released.” FIT is of the view that the OPP should be contacted prior to any future release to ensure that their position is unchanged. According to the Minister “neither I nor my office was informed that the OPP made any statement at all [on the release of FIT’s reports]. When this committee [Public Accounts] requested and received the report, that is when I received the report.” (422)

Minister’s Chronology of Events (2011-2013)

The Minister provided the following chronology of events during 2011-13 from the point at which the Auditor General was encountering problems during the audit field work through to her receipt of the FIT reports.

I heard from the [former] Auditor General that he was having difficulties getting information from Ornge. I had a very unusual conversation with the Auditor General, and he said that he was getting very legalistic responses and he was not getting access to the information that he needed to do his work [as required for the Special Report]. Of course, when you don’t get information, you’re concerned that there’s a reason you’re not getting information. When I had that conversation with the Auditor General, I called in the senior leadership at Ornge and I said, “You must co-operate with the Auditor General, and I need to know how much money you are paying in compensation to Dr. Mazza,” because it was clear that he was no longer on the sunshine list, that there was more compensation being paid to him than was being reported.

I got that information on December 21 [2011]. The next day, the forensic audit team—not the Auditor General’s team, the forensic audit team—was called in and went to work at Ornge. By the middle of February [2012] they came back with an interim report, their interim findings—very alarming findings, alarming enough for me to make the determination that this was a job for the OPP. The ministry connected—this matter was referred to the OPP. That was where it belonged, because it was

very important to me that we send a very clear signal that this is not acceptable in any way, shape or form.

Prior to that February date when we received the interim report, the board had resigned. Chris Mazza was no longer working there. There was new leadership in place at Ornge. Then I got the interim report [February 2012 Briefing Note]. It was referred to the OPP. At that point, the clear responsibility, from my point of view, was to let the OPP do their work. There were important changes that needed to be made at Ornge in order to assure the highest quality of care, responsibility and oversight at Ornge. There was a lot of work happening to get Ornge back on the right track. But in terms of the investigation into what had been going on at Ornge, that was in the hands of the OPP. I wanted that work to be done, free of political interference, and when the report came back, the final report from the forensic investigation team—it went from an audit to an investigation—when the investigation team had their final report, ministry officials made a very deliberate and, in my opinion, correct decision that that should not be read and that that be referred to the OPP. It was returned—unopened, uncopied, unread—to the OPP so that they could do their investigation.

A few months later, in October, Ornge wanted a copy of that report because they had to wrap up their auditing statements and so on. That information was requested. Ornge did get a briefing under high security. There were four copies of the final report sent to the ministry. It was very, very, very tightly controlled. The principle that there not be interference with the OPP investigation stood, so that that report was not shared with my office and it was not shared with me because we didn't want to taint a criminal investigation. (424, 425)

Ornge's \$275-million Bond Offering

According to the Auditor General, the \$275-million bond offering is recorded in the summary financial statements of the province. (427) The Auditor clarified that if the province wanted certain Ornge assets it would be responsible for continuing the payments. (428)

Agency Accountability—Red Flags

The Committee stresses that the Minister of Health and Long-Term Care should use all available information to address warnings or red flags. Furthermore, the Committee emphasizes the importance of the Minister being aware on an ongoing basis of issues such as salary disclosure and investigations relevant to her portfolio.

By not informing herself of the Ontario Provincial Police's position in May 2013 that the Forensic Investigation Team's findings could be released, the Minister missed an important opportunity to make a public statement regarding the findings in the interest of promoting transparency. The Minister testified that she acted on the advice of her former Deputy Minister, Mr. Saad Rafi.

At the centre of this issue is the larger question of whether other transfer payment recipients are accurately reporting their operational and financial activities. (424) The Committee noted that Members deal with broader oversight challenges with the numerous provincial agencies and in response the Minister agreed with the enormity of the oversight challenge of agencies and approximately 150 hospitals, adding the following:

We rely heavily on our boards, whether it's our hospital boards or our agency boards, to provide that kind of oversight. In addition, within each ministry there are report-backs, but when a board goes rogue, deliberately creates entities, it appears, so that salaries could be hidden, deliberately creates entities that are there not for the benefit of the public but for the benefit of the people there, that is a very serious problem. (428)

The Committee notes that the events at Ornge confirm that it is not responsible simply to rely on the boards of transfer agencies to provide appropriate oversight. The Ministry must exercise its responsibility to ensure that public funds are being properly administered and that boards are held accountable for their actions.

The Committee believes that there are opportunities to learn from what happened at Ornge, building on the corrective measures taken in response to mistakes experienced in the delivery of air ambulance services. The Committee is of the opinion that in the future the focus should be on agencies reporting accurately on all matters of administration and governance to their respective Ministers, and that compliance be strictly enforced.

Dr. Mazza's Compensation (2006-2012)

The Committee received a summary statement on Dr. Mazza's compensation for the period 2006-2012 in December 2013. The Committee's concern was that the Ministry had not provided a consolidated summary of the CEO's compensation (salaries, stipends, expenses, bonuses and loans) at an earlier date. (420, 421, 427)

Ms. Carole McKeogh, Ministry's Legal Services Branch

Provincial Regulation of Federally Incorporated Companies

According to Ms. Carole McKeogh (Ministry Deputy Director, Legal Services Branch) the province has been restricted in its dealings with Ornge given its federal incorporation. (63) She pointed out that Ornge is a large transfer payment

recipient with a Performance Agreement; in the event that problems should arise the province does not have the option to terminate funding given the essential nature of ambulance services. (62)

The Committee disagrees that the government did not have the option to terminate funding to Ornge. The Committee is of the opinion that the Ministry does have the authority to withhold funding and notwithstanding that an essential service is being provided, the Ministry has the option to make alternative means available to provide those essential services.

Case for Provincial Incorporation

The province has been restricted in its dealings with Ornge given its federal incorporation. According to Ms. McKeogh, Bill 11, the *Ambulance Amendment Act (Air Ambulances), 2013* contains several provisions not enforceable against a federally incorporated company.

However, according to Ms. McKeogh, important governance matters would be addressed by Bill 11, if passed. The bill would:

- provide for the intervention by the province in governance matters through a supervisor (with the powers of the board and the corporation), and other powers when Ornge is continued as an Ontario corporation;
- permit cabinet to appoint one or more provincial representatives to the board of directors with the same rights and responsibilities as other board members; and
- permit cabinet to appoint a special investigator(s). (61)

Bill 11 would provide powers for intervention which currently exist for public hospitals under the *Public Hospitals Act*. Hospitals are non-profit corporations with volunteer boards providing essential health services and funded almost entirely by the province. (60, 61) Ornge would be treated as such in the future.

The public interest test gives the government a range of matters to consider, including the extraordinary power of intervention that accompanies the ability to appoint a supervisor. (64) The Bill also includes the following:

- whistle-blowing protection;
- the continuation provision (continuation of the corporation's property and liabilities, and of causes of actions, proceedings and convictions against the corporation); and
- extensive regulation-making powers. (62, 65)

Ms. McKeogh pointed out that whistle-blower protection would be enforceable against Ornge regardless of federal or provincial incorporation. (63) Ornge now has its own whistle-blowing regime with monitoring by an accounting firm. (65) There is no provision in the Performance Agreement requiring Ornge to report on any subsequent investigations under this whistle-blowing regime to the Ministry; however, a report would be provided if requested by the Ministry. (65)

Changes to Regulation 460 that came into effect on August 1, 2013 make Ornge subject to the *Freedom of Information and Protection of Privacy Act* (FIPPA).

Performance Agreement: Ministry Oversight and Compliance

In response to the Committee's question on what could be done to ensure that the accountability measures in the Performance Agreement are fully addressed by the Minister, the Deputy Minister, and Ministry personnel, Ms. McKeogh subsequently (April 5, 2013) submitted the following written reply:

The amended Performance Agreement between the Ministry of Health and Long-Term Care (the Ministry) and Ornge is a transfer payment agreement under which:

The Ministry agrees to provide funding to Ornge for specified purposes, subject to the fulfillment by Ornge of the terms and conditions of the agreement; and

Ornge agrees to use the funding to provide specified services and to fulfill the terms and conditions of the agreement.

A transfer payment agreement establishes a legal relationship between the Ministry and a transfer payment recipient. It establishes the accountability of the transfer payment recipient to the Ministry, who are the two parties to the agreement. It does not establish accountability processes for the Minister, the Deputy Minister or other Ministry officials as these accountability processes are established within the framework of government and not in individual transfer payment agreements.

As the Committee is aware, the amended Performance Agreement between the Ministry and Ornge contains a significant range of enhanced performance and accountability measures to ensure that Ornge meets the requirements of the Agreement.

. . .

With respect to the amended Performance Agreement, in summary, the amended Performance Agreement between the Ministry and Ornge establishes the accountability of Ornge, as a transfer payment recipient, to the Ministry. The accountability of the Minister, the Deputy Minister and other Ministry officials for the performance of their duties and functions is established

within the framework of government and not in individual transfer payment agreements.

Early Identification of Other “Ornges”

The Committee enquired as to whether the Ministry was aware of other transfer payment agencies experiencing governance/oversight issues, i.e., other “Ornges.” Ms. McKeogh provided the following context:

The vast majority of transfer payment recipients are providing services, but not the same type of essential services as are being provided by hospitals and Ornge.

. . . (T)hose transfer payment recipients are governed by performance agreements and transfer payment agreements that have different rights of notification of concern and escalation of concern and, ultimately, terminating funds. In most of those cases, that would be sufficient. These very significant powers of intervention would only be contemplated, I think, in the case of transfer payment recipients delivering such important services that the termination of funding is just really not an option. (63)

The Committee is concerned that given the lack of oversight of Ornge by the MOHLTC, the same issues may be present in other transfer agencies throughout the government.

The Ministry’s Air Ambulance Program Oversight Branch

The Committee raised several fundamental issues with the operation of the Air Ambulance Program Oversight Branch (AAPOB):

- Ornge’s formal reporting requirements;
- the AAPOB review process for Ornge documents;
- AAPOB staff knowledge in air ambulance services, medical, and aviation fields; and
- the Ministry’s follow-up procedures to ensure compliance with the Performance Agreement.

Mr. Richard Jackson (Director of the AAPOB and Director of the Ministry’s Emergency Health Services Land/Air Direct Services Division) and four program analysts (Ms. Meena Deol, Ms. Heidi Eicher, Mr. Steven Haddad, and Mr. Enan Hoque) appeared before the Committee.

Mr. Jackson explained that the AAPOB was established in July 2012 with responsibility for the oversight and regulation of land and air ambulance services in Ontario. (171) The AAPOB’s mandate is to ensure that “Ornge meets the terms and conditions of the amended Performance Agreement and that the recommendations from the Auditor General directed to both the Ministry and

Ornge are implemented.” The Emergency Health Services Branch (EHSB) has expertise in land and air ambulance services, and ensures that ambulance services provide the required services in accordance with legislation and standards. The AAPOB relies on the expertise of numerous Ministry branches to support oversight responsibilities. (206)

The Committee enquired about the experience of Branch staff, specifically, the program analysts Ms. Deol, Ms. Eicher, Mr. Haddad, and Mr. Hoque. (204, 205) Although Mr. Jackson has had experience overseeing a wide range of transfer payment agencies, neither he nor any of the staff has had any direct experience with air or land ambulance. (174)

Mr. Jackson explained that there are regulatory and oversight roles that are distinct. He is of the view that staff do not require direct experience in ambulance services. He feels that an oversight perspective is required in such areas as aviation safety, which, in his opinion, is provided through attention to Transport Canada reports, for example. Quality of medical care is dependent on internal expertise provided by Ornge’s Medical Advisory Committee and the Quality of Care Committee chaired by Dr. Barry McLellan. The Emergency Health Services Branch (EHSB) has regulatory expertise to oversee patient care standards. (179)

The Committee disagrees that the AAPOB staff does not need experience in air and land ambulance in order to exercise effective oversight. It has serious concerns that staff are being asked to exercise responsibilities that are beyond their ability and experience.

Formal Oversight Protocol

According to Mr. Jackson the Transfer Payment Accountability Directive provides for the “the ability to administer a program, assess risk, and communicate with transfer payment recipients on a regular basis, monitor the results for the services arising from the transfer payments, and taking corrective action, where necessary.” (205) The AAPOB staff has a complementary mix of skills and experience in oversight spheres to conduct oversight. Ministry oversight has been improved through the AAPOB, which receives information on Ornge’s performance (e.g., resources available at each base). (215)

Integrated Oversight and Regulatory Regime

Mr. Jackson explained that the Integrated Oversight and Regulatory Regime provides a comprehensive approach, as follows:

- a call-taking dispatch system in which priorities for medical transport are determined and appropriate resources deployed;
- patient care provided by certified paramedics performing delegated medical procedures under the direction of transport medicine physicians;
- transport provided by aircraft maintained by aviation mechanical engineers and flown by certified pilots;

- ongoing training of all staff involved in the delivery of the air ambulance program;
- quality assurance programs to ensure patient care standards are achieved; and
- regulatory certification and compliance procedures. (206)

Amended Performance Agreement

Mr. Jackson explained the oversight regime was structured “to ensure [that] patient care and patient safety standards are met and that financial accountability and public transparency are enhanced in the delivery of the vital services Ornge provides.” (171) The amended Performance Agreement provides new oversight provisions, as follows:

- a requirement for a Ministry representative on the Board’s Quality of Patient Care subcommittee;
- unlimited Ministry access to Ornge documents and site visits; and
- specific information that Ornge is required to provide to the AAPOB and to the public. (209, 220)

With Ornge operating on a not-for-profit basis, the AAPOB’s agenda is defined in the terms and conditions of the amended Performance Agreement (March 2012), including:

- amended service delivery principles and additional performance indicators;
- quality improvement and enhanced patient relations through a committee on quality, patient satisfaction surveys, a patient relations/complaints process and advocate function, a patient declaration of values, and annual quality improvement planning;
- Ministry approval requirements for Ornge in relation to the purchase of real estate, incurring debt, the sale of assets and any changes to Ornge’s corporate structure; and
- requirements for Ornge to post information on its website pertaining to the complaints process, the QIP, and the conflict-of-interest policy. (172)

Enhanced Accountability and Oversight

Mr. Jackson described the enhanced accountability regime as dedicated staff analyzing Ornge’s reports and following up on issues. (215) He concluded that oversight has improved since the Auditor General’s report.

Under the previous leadership at Ornge, not only was information on a wide range of Ornge’s activities not provided to the ministry or the public, some of the information that was provided, for example, the number of transports, was inflated. We now have considerable data that enable us to measure Ornge’s performance.

Where issues are identified, we follow up with them immediately to determine the corrective action Ornge is taking to address them.

Where the ministry previously had limited knowledge of Ornge's service delivery, we now have almost real-time, detailed information on how effectively Ornge is delivering these services. Where Ornge previously did not publicly report on services it provided, we have an organization that transparently reports on the service it provides. (207)

The AAPOB has regular daily contact with senior Ornge officials to discuss ongoing initiatives. Weekly meetings are held to review findings from Ministry investigations and formal monthly meetings to review Performance Agreement objectives and Ornge initiatives. (206)

Ministry Representation on Ornge Board

Mr. Jackson is the Ministry representative (in a non-voting capacity) on Ornge's board subcommittees—the Operations Committee (service quality oversight in aviation services within the OCC) and the Quality of Care Committee (patient safety). Article 8 of the Performance Agreement specifies that the Quality of Care Committee have a Ministry representative. (208, 209)

The Committee believes that whenever a Ministry appointment is made to a board that it should be made clear that the mandate of that individual is to report back to the Minister or the Ministry and that the individual is the Minister's representative on the board.

Board Practices

According to Mr. Jackson, his office is in contact with the Board to evaluate governance. He recommended that the Board conduct self-evaluation, reflecting upon their work and governance structures in place, with the objective of continuous improvement in board governance. (223, 224)

The Ministry's Health Audit Services Team has reviewed board governance practices. Mr. Jackson concluded that there is a "rigorous governance structure" with "clear terms of reference outlining the requirements and responsibilities of that board committee." To ensure that governance problems do not reoccur at the Board level, Mr. Jackson suggested that the Ministry could expand its oversight by extending its "line of sight across the other board subcommittees." It was noted that Board minutes are not made public. (209)

Performance Agreement Reporting Requirements

The Performance Agreement outlines reporting expectations to the Ministry and to the public, which include a risk-based approach to the management of transfer payment programs. According to Mr. Jackson, risk management practices provide for optimum oversight and control, with the Ministry providing an assessment of

service delivery objectives. “Consistent with this risk-based approach, the Branch’s initial oversight priorities have been focused on measuring and monitoring patient safety and patient care provided by Ornge.” (205)

Ornge Reporting

Mr. Jackson confirmed that he is receiving Schedule A and B reports as required by the Performance Agreement. (183, 184) These reports to the Branch consist of the following:

- **Daily Resource Availability Reports**—which summarize the number of requests for medical transports indicating calls serviced/refused with explanations, patient care—focusing on the number of paramedics available, their qualifications, and the level of care provided. This information is used to monitor performance against the QIP. The Branch acts immediately on shortcomings in daily reporting. (175, 173)
- **Longer-Term Reports**—daily reports are rolled up into 10-day reports and monthly reports for the Ministry, and quarterly reports for longer-term data trending analysis.
- **Resource Analyses**—prioritized analysis of Ornge’s resource availability reporting on medical staffing, the level of care provided by paramedics, pilot and aircraft availability, and the number of medical transports received and responses.
- **Baseline Information**—data on performance metrics is available as required by the Performance Agreement and Ornge’s QIP. Ms. Deol indicated that with the implementation of OCC improvements it is anticipated that there will be fewer investigations. (205, 218)

Report Review Process

The objective of the Ministry’s Resource and Statistics Working Group, which includes Ornge personnel, is to complement the work of the Health Audit Services Team, reviewing reports to determine alignment with the Performance Agreement. Reports are posted electronically and tracked. Analysts check for data integrity. (211-214) Mr. Jackson and Ms. Deol explained certain aspects of the review process:

- **Inspections and Complaints Report:** This document is comprised of complaints reports covering investigations (open and closed). This information is posted electronically each month. (212)
- **Incident Reports:** Incident reports are received daily from Ornge and forwarded to the Branch and the Ministry Investigation Services Unit. The Unit reviews the daily incident reports for contraventions to provincial statutes and/or standards and provides the Branch with their findings. Weekly meetings are held with Ornge and EHSB to ensure follow-up. (206, 214)

- **The Reaction Response Times:** Ornge's computer-aided dispatch system was unable to systematically track information, but a new system has been procured and will be operational in the fall of 2013. (214, 215) The Committee received supplementary information in February 2014 on the implementation of the new Flight Vector Computer Aided Dispatch system currently being implemented.

Statistical Overview: Service Delivery

The Committee expresses concern about non-performance and the consequences if a base is not able to provide the necessary service level due to such factors as personnel shortages in the medical and aviation areas; specifically, insufficient qualified medical staff, availability of paramedics, pilot shortages, aircraft availability and aircraft maintenance and ground issues. (176) In addition, the statistics provided by witnesses did not provide clarity on Ornge's dispatch service capability.

Mr. Jackson noted that Ornge's air and land bases (nine air bases and four land bases) have had two or more paramedics on staff 96% of the time. Pilot availability was at 97% and aircraft at 98.7%. (175)

Statistical information was provided by the AAPOB in a letter dated May 27, 2013. It included inflated, competing statistics that were inconsistent with the testimony which indicated the following: Ornge's ability to meet targets for day shifts is 63.8% and for the night shifts is 55.8% province-wide.

Statistical Variance

Mr. Jackson explained that the variance is a measurement of whether the certification level of the paramedics on staff is appropriate (in terms of permitted variance). (175, 176) The measurement in August 2012 was 54% and for January to March 31 2013 it was 70.3%. (176) Ornge's QIP target for March 2013 is 75%. Mr. Jackson confirmed that the percentage of time that Ornge met the standard of care (at least two paramedics, one trained to the critical care level) in March 2013 was 68.4% of the time.

In 2012-13, Ornge received 25,292 calls for transport. Of that total, 51 were not able to be responded to because the aircraft was not available and 130 were not able to be responded to at that point in time because the pilot or the paramedics were not available. (176)

According to Mr. Hoque, the standard of care refers to meeting the target level of care, i.e., having two or more paramedics at the right level of care.

The results for last fiscal year are as follows:

In Q3 they reached that [10 minute target] 66.4% of the time, and by the end of Q4 they reached that 70.3% of the time. We know that they've had two or more

paramedics on duty in Q4 96% of the time, and that the amount of time that they had one or zero staff has also improved from Q3. (222)

The Committee concludes that the actual standard of care results are less than reported. It notes that in the Ministry of Finance Internal Audit Division's December 2013 *Audit of Ornge* report, Ornge's processes for preparing selected reports for the Ministry, as required under the Performance Agreement, are "not consistently designed to ensure their completeness and accuracy" and therefore do not accurately report on the standards of care delivered. Specifically, the *Audit of Ornge* report noted that this reporting issue related to reaction/response times, call volumes, the staffing report, daily availability report and 10-day roll-up, and complaints and investigations.

Certain factors affect this statistic, such as using land vehicles as an alternative. To avoid duplication and an overlap in service Ornge is assessing the stakeholders involved, and the linkages with local EMSs, hospitals, and LHINs so that Ornge is not operating in isolation. (219)

Penalty for Non-Compliance

The Committee pointed out that prior to the appointment of Ornge if the service provider did not meet the standard of care there was a penalty provision in the contract. Mr. Jackson confirmed that penalties are not applied if Ornge does not meet the standard of care and stated that if there were a financial penalty it would mean the removal of funding from Ornge. With fixed costs and without a large variable component in their budget, the impact would result in service reduction.

The Committee notes that compliance with response-times prior to Ornge assuming responsibility for air ambulance was approximately 98%.

Oversight Subjects of Related Interest

The Committee pursued numerous areas of related interest that may have a bearing on the future work of the AAPOB.

Certificate of Assurance

Mr. Jackson noted that the "certificate of assurance" process is used in the public service to ensure management's oversight through a compliance structure. This OPS process outlines checks, balances, and controls needed to attest that oversight mechanisms are in place. (224)

Corporate Structure: Status of Affiliated Entities

According to Mr. Jackson, Ornge is proceeding with winding up its affiliated entities. He confirmed that the objective is to end the for-profit entities since they are not operating on a for-profit basis under the current regime. Changes to the corporate structure are subject to Ministry approval. (182)

Zero-Based Budget

The Ministry uses a zero-based budget approach to conduct costing analysis on Ornge, starting with the annual \$152 million budget and approximately 18,700 transports. The analysis provides statistics on the cost to transport by rotary wing or fixed wing, or by the Standing Agreement Carriers. (180, 181)

In 2013-14 Ornge had a zero-based budget submission in accordance with Article 5 of the amended Performance Agreement. This budget approach is new at Ornge. An operational policy requires Ministry approval for the sale and lease of assets. (173, 182) Ornge's 2013-14 zero-based budget provides for a detailed reporting of all Ornge expenditures providing quarterly financial analysis with attention to any variance in expenditures. (178, 205)

Value-for-Money in Services

Mr. Jackson outlined the progress in achieving value-for-money. The Branch has surveyed other air ambulance providers to obtain an understanding of service levels and the required level of investment. Unlike other jurisdictions, Ornge offers a full suite of functions, so the Ministry is attempting to do more than 18,000 transports at a cost of \$152 million. As noted previously, Deloitte was retained to prepare an extensive analysis, based on various metrics, of how to achieve the best deployment of services (i.e., value for money in ambulance services). (181, 212)

New Dispatch System

Ornge's new computer-aided dispatch system is to be installed in the autumn 2013. A QIP metric applies to the "time from call received to time when wheels are up" on aircraft. The objective is to respond within 10 minutes on every on-scene call. Data will be reported to the Ministry and the AAPOB for tracking purposes. (215) Currently, tracking is done manually and is calculated to the time the dispatch centre (OCC) determines whether an aircraft is available to be deployed. Mr. Jackson reported on the statistical record as follows:

In Q3 it was 90% of the time for an on-scene call that they indicated within 10 minutes that they had a resource available to be deployed. In Q3, for the inter-facility calls—so the target that they set in the Quality Improvement Plan was for an inter-facility call—within 20 minutes of the receipt of that call, they would indicate if a resource was available within 95% of the time. In Q3 they achieved 96% against that particular target. (215)

The Committee is concerned with the timeline for the full implementation of the Computer Aided Dispatch system and that the overall final cost is undetermined.

Adverse Events Notification

Complaints or incidents referenced as a “significant patient adverse event,” as defined within ambulance document standards, are included in the Complaints/Incidents Reports. This information is sent to Ornge’s Quality of Care Committee and the Board for further action. Ornge is required to report to the Ministry on all incidents with oversight provided by the Medical Advisory Committee, identifying issues such as the level of care provided by paramedics. According to the Auditor General, Ornge “internally reported 20 ‘significant patient adverse events’ in 2009-10 to its board of directors, including some that involved patient deaths.” The AAPOB now receives “care reports” that provide details on each incident. Mr. Jackson explained that cases of a death or absence of vital signs would be identified and reported to the Ministry’s investigative arm. In addition, investigations may be warranted in the event of an unusual response or service delay. (221)

Resolution of Investigations and Complaints

Ms. Deol indicated that steps are being taken to close these files within the recommended timelines through a forum for weekly meetings with Ornge’s Director of Professional Standards and Compliance and the lead for investigations at Ornge. Trends in specific problem areas such as triaging, and communication between the OCC and the sending/receiving hospitals, are noted and reported to Ornge. Mr. Jackson explained that specific metrics were approved by the Board for 2013-14. He committed to pursue this matter with Ornge. (218, 219)

The Committee has concerns that the resolution of investigations and complaints is not conducted in a timely manner, despite the commitment to address these cases.

Quality of Care Committee

Mr. Jackson described Ornge’s Quality of Care Committee’s mandate to develop a QIP with key priorities, including excellence in medical care, high-quality knowledge and skills, safety standards, proper staffing and transport, and timely call responses. In addition, measurable objectives were defined and benchmarked with quality improvement targets set and publicly reported. (172) The date for the release of the next QIP has not been determined. (181)

Ministry Inspections

Between February 2012 and April 2013 Ornge’s bases and standing agreement aircraft carriers (contracted by Ornge) had 15 unannounced Ministry inspections, according to Mr. Jackson. Unannounced inspections are conducted by the EHSB in response to complaints about potential contraventions of patient care standards. (172, 206)

Ministry Audit of Ornge (2013)

The Ministry’s Health Audit Services Team has completed its review of Ornge’s board governance practices and accountability, and overall reporting and compliance with broader public sector directives. (173, 205) The objective was to

ensure that transfer payment recipients have implemented procedures to oversee the management of public funds. (178, 205) The report entitled *Ornge Audit*, dated December 2013, was prepared by the Ministry of Finance's Ontario Internal Audit Division.

The Ministry of Finance Health Audit Service Team reported that “most” of its recommendations had been addressed; however, the Committee is concerned that there are still outstanding issues related to matters of Board governance, compliance with specific directives, and Ornge’s prescribed reporting to the Ministry.

Ornge Staff Training Program

The Committee enquired about the Ornge training program for staff moving from primary care paramedic to advanced care and critical care. Mr. Jackson is waiting to receive Ornge’s detailed training program. Certain staffing issues were outstanding, such as the date for adding a third team of paramedics to the Thunder Bay base. Other training-related issues include negotiations on the collective agreement with the CAW representing paramedics, and consideration of incorporating community colleges in the training program. (181)

Staffing Plan: Paramedics

Mr. Jackson noted that there has been a shortage of qualified paramedics. His office now monitors staff regularly and Ornge said that it would provide a staffing plan in June 2013. The complement as of April 2013 was 225 paramedics on staff, 155 full-time and 70 part-time, one more full-time and eight less part-time than optimal. (207)

Critical Care Land Ambulance Program Review (2013)

The Auditor General’s report addressed the need to assess demand for land ambulance services. The Ministry has contracted Deloitte to review the critical care land ambulance program with the objective of assessing demand and to determine cost-effectiveness. (173) The review will address operations (the number of transports carried out versus the number projected initially) and the capacity for other service delivery models, with the objective of optimizing the use of resources. The Ottawa pilot project with land ambulances demonstrated positive results and realized cost savings with a decrease in the reliance on aircraft. (219, 220)

The Committee has since received a copy of Deloitte’s August 2013 final report, *Critical Care Land Ambulance Program Review*.

The Committee is disappointed with the quality of the report, *Critical Care Land Ambulance Program Review*, which describes options for service delivery models but does not bring forward recommendations for a service delivery model.

Addressing “Red Flag” Issues

Mr. Jackson reported on mechanisms to identify and address potential problems:

- **Salaries:** Ornge publicly reports executive salaries and compensation on the website as required under the Performance Agreement. Mr. Jackson monitors all expenditures including salaries to ensure that public funds are used as approved in the budget.
- **For-Profit Entities:** As the Ornge family of companies is being wound up Mr. Jackson receives updates on a regular basis. (208)

Preventing Future “Ornges”: Perceived Risk

A primary concern throughout the hearings has been the lesson learned from the Ornge experience, specifically the need to prevent future “Ornges.” (215, 216) In Mr. Jackson’s opinion there is a need to tailor oversight to the perceived risk in any given organization or service, based on an assessment of the following:

- expectations of the service provider;
- internal controls to provide self-monitoring;
- the Board governance role;
- results delivered in terms of outputs and outcomes; and
- an understanding of the entity’s financial situation. (215, 217)

Mr. Jackson stated that every provincial organization with public funding does not need the level of attention given to Ornge. On the matter of measuring oversight, Mr. Jackson indicated that the ultimate performance measurement is whether specific program objectives are met with operational responsibility and accountability. (217)

One of the lessons learned from Ornge is that government has a responsibility to exercise oversight and to hold every organization that receives public funding to account. The Committee strongly disagrees with Mr. Jackson’s (current Director of Emergency Health Services and Director of the Air Ambulance Program Oversight Branch) assertion that every provincial organization with public funding does not need the level of oversight given to Ornge. In fact, this is precisely the attitude that contributed to the problems at Ornge.

7.2 Ornge’s Senior Management

Dr. McCallum (President and CEO, Ornge) commenced his duties in January 2013. He stated that Ornge is “committed to ensuring that the recommendations set out in Mr. McCarter’s [Auditor General] report are implemented.” (21) The Committee was updated on Ornge’s initiatives including various challenges and measures, as follows:

- to focus on the core businesses as a pre-hospital and inter-hospital care provider with updated mission profiles for differing service requirements across Ontario;
- to update Ornge's Strategic Plan in 2013 refocusing the vision, mission, and objectives; and
- to address the implications of prior financial decisions. (20)

The CEO identified "what went wrong" at Ornge as a lack of proper focus:

[Ornge] became very diffused and looking, in my estimation, at areas of work that were outside what would properly be the focus of a large public sector entity. I think that that was really where things went awry. I think there was a lot of vision; there was a lot of intent to make things better and bigger than they were. But at the same time, there was perhaps the lack of focus on the fundamental core of why we exist. (33)

The CEO would later state that Ornge's "mission is to ensure that critically ill or injured Ontarians are transported safely to the care they need, whether it's by air or it's by land." (45)

The Committee recognizes that creativity and ingenuity in the delivery of public services should be encouraged but not at a cost to existing programs. In the case of the delivery of public services, for-profit undertakings may engage the attention of public sector employees to the detriment of core service delivery. The segregation of for-profit undertakings is therefore required to protect public sector assets and service levels within an accountability, oversight and fiscal transparency framework.

New Performance Agreement

According to the CEO, the new Performance Agreement has provided broader oversight. For example, if assets are being sold, prior Ministry approval is required. Such approvals take more time than a standard business decision would require, and in the CEO's words "I think we have to find a fine balance between an appropriate amount of oversight and being nimble enough to conduct business." (30)

Performance Indicators

Of interest to the Committee are real-time disclosure and the attention to events and incidents. The CEO indicated that "the key performance indicators are well known. The seven-day and 30-day key performance indicators are completely understood by our staff. We take a very proactive approach with the Ministry folks to make sure that they're not surprised." In addition, Ornge operates under the Action Plan for Health Care's focus on quality in primary care and the QIPs in the primary health care sector. Ornge is mindful of the key performance indicators

in that plan and is addressing shortfalls such as the availability of aircraft and crews. (27, 28)

The CEO committed to take action on key performance indicators immediately, noting that there are useful benchmarks in land ambulance. (375)

Mr. Rabicki (former Ornge Director, Aviation Contracts) is of the opinion that defined standards for air ambulance operations are required in the Performance Agreement. Emergency response standards/metrics, similar to other EMS services—land ambulances and fire departments—would clarify service requirements. (370) He recommended that the performance indicators should be tightened in the Performance Agreement in terms of the service delivery.

The Committee has concerns with the CEO's lack of progress on his commitment to take immediate action to establish key performance indicators.

Ministry/Ornge Communication-Reporting

The Committee questioned the new CEO about meetings with the Minister of Health and Long-Term Care to report on the progress being made on operational issues and financial matters. As of March 20, 2013 the two had not met. (21) Dr. McCallum is in regular contact with the director of the AAPOB and with the Ministry's Ms. Patricia Li (ADM), who has responsibility for the AAPOB portfolio. In addition, Ornge has frequent contact with Ministry of Finance auditors. (23)

The CEO is required to report on oversight of Ornge to the Ministry. A series of financial and operational reports are prepared each month coupled with frequent interaction on daily issues to ensure timely response on outstanding issues. (23) The Ministry has focused its attention in several areas, including pay for performance discussions or bonuses, Ornge's financial situation, corrective measures taken in response to the Auditor General's report, and the QIP. (24) Dr. McCallum commented on Ornge's relationship with the Ministry of Health and Long-Term Care, specifically the Oversight Branch. He described it as a "a close working relationship" with the Ministry as regulator and overseer with "a free exchange of information." (371, 372) Ministry oversight has been strengthened through daily reporting by Ornge which include statistics and monthly meeting to explore issues of mutual interest. The budgetary process is fully transparent and the Ministry was invited to provide input in the strategic planning exercise. (372)

Dispatch IT Problems

Ornge is addressing how long it takes to get a helicopter en route to a call. Presently, Ornge's information technology does not permit systems to communicate such information, and overall aviation systems do not communicate well with dispatch systems. Time synchronizing is needed to measure such events using a KPI (key performance indicator). (375)

Staffing

Dr. McCallum provided an update on staff availability and training levels. As CEO, his concern is that the level-of-care commitment is achieved, the availability of appropriately qualified personnel on staff, and the challenge of an inefficient training pipeline. It is a major strategic goal to have the appropriate level of care within 12 to 18 months. This will require cooperation by management and the union. If it is not successful, other models will be considered to achieve the critical-care level of care required. (372)

Update on the Advanced Care Paramedic Bridge Program

Ornge provided an update on the status of its Advanced Care Paramedic (ACP) Bridge program.

For about a year now, we have worked to cultivate interest among community colleges in offering the Advanced Care Paramedic (ACP) Bridge program. This program covers supplementary skills required by an ACP land paramedic in order to work in a flight environment. The scope of practice for an ACP flight paramedic is broader than that of a land paramedic, and as such, Ornge's associated Bridge program involves 632 hours of training (including classroom, clinical and preceptorship). If we are successful in securing a commitment from a community college, the college would offer the classroom component (approximately 6 weeks of didactic learning). [Ornge notified the Committee on March 4, 2014 that discussions were ongoing with two community colleges on the ACP Bridge program].

On March 28, 2014 Ornge notified the Committee that Cambrian College will launch an ACP Bridge course in September 2014. The course description is as follows:

This graduate certificate program will provide Primary Care Paramedic graduates with advanced training delivered through a didactic, simulation, clinical and preceptorship environments. This program provides a unique opportunity for paramedics to continue working while furthering their education, emphasizing flexible, accessible, lifelong learning. This unique program combines ACP land and ACP flight didactic, simulation and clinical aspects. Students will have the opportunity to complete ACP land or combination of ACP land/ACP-Flight preceptorship. [Emphasis added by Ornge.]

Alternative Service Delivery Model (Strategic Planning Process)

Ornge is currently reviewing its future structure—a fully public model or a fully private model. According to Dr. McCallum, it is for management to recommend to the Board on this matter, recognizing that Ornge is “entirely dependent on government funding” and would listen to government on such matters. (378) He commented that “proper strategic planning should consider all aspects of what the company does and what’s best for the mission that the company is trying to achieve.” (375). This is to be decided in 2014 as part of the fleet/base location, and aircraft allocation. (278) The CEO confirmed that when the strategic planning process is completed, Ornge will go to the Ministry of Health and Long-Term Care as the funding Ministry, and that the Ministry will make the final decision. (378)

Steps to Improve Patient Outcomes

Dr. Andrew McCallum suggested that from the operational standpoint two steps could improve patient outcomes, specifically through the mission profile and new measures:

The mission profile, which defines how we use the asset to best advantage for the patient and match the patient’s needs best is number one, because if we do that and get that right, we’re going to be able to provide, again, a highly efficient, highly responsive service to patients at a time they need it.

The second, then, is to develop measures that would allow us to properly understand how we’re doing against that process. At the present time, we have throughout the province—you’ve heard that there’s unmet need. Part of the reason there’s unmet need is because of the opportunity cost of mismatching vehicles to the patients’ needs. For example, we’re not always using the most expeditious means to transport; we’re not always using the most cost-efficient means to transport, with the proviso that there’s the same outcome that occurs; and we’re often doing things to facilitate transport that would be, in my mind, completely avoidable if we had a more organized and integrated system, like moving assets and people all over the province to cover parts of the province that aren’t covered. (377)

Five-Year Strategic Plan (2013)

As part of the five-year strategic planning exercise in 2013, Ornge prepared a list of initiatives with defined rebuilding objectives beyond the scope of routine operations. The list included items at various stages – completed, ongoing, and planned priorities – as follows (see Appendix No. 2 for details on each initiative):

- asset rationalization;
- AW139 interiors;
- collective bargaining;
- land ambulance review;
- *Freedom of Information and Protection of Privacy Act* (FIPPA) preparation;
- Operations Control Centre;
- organizational re-design;
- patient advocacy;
- Performance Agreement;
- Quality Improvement Plan;
- resource availability;
- stakeholder outreach;
- strategic plan;
- training for medics;
- Trillium Gift of Life Network; and
- whistle-blower and conflict-of-interest policies.

Restructuring Process

Management has taken steps to simplify what had become a complex corporate structure. The CEO explained that the restructuring is underway to address a series of companies that are privately incorporated, but not controlled by the Board and management of Ornge, three of which went bankrupt following actions taken in February 2012. (24, 25) Appendix No. 3 provides the status of the various entities in the Ornge family of companies as of January 2012.

Ornge Budget 2013

Ornge's 2013 budget is \$152 million and is flat-lined. (33) In March 2013 the CEO reported to the Committee that Ornge is projecting approximately a \$2.5-million deficit on the \$152-million budget. The shortfall includes \$2 million for bonuses that will not be funded through a provincial budget increase. The CEO confirmed that Ornge operates with one set of books within generally accepted accounting practices. (31)

Ornge's budget for the current fiscal year will be a subject of review. The Committee has concerns with Ornge's financial commitments, including for example, staff bonuses, future labour agreements and obligations under the bond commitments arising out of the bond repayment requirements. The Committee believes that Ornge needs to ensure that budget pressures will not compromise air ambulance core services.

The Committee raised with Mr. Jim Feeley (Vice President, Aviation) the matter of aircraft maintenance as a budget item. He indicated that the budget did not include maintenance requirements for the aircraft. The CEO confirmed that additional funding is not required beyond the current funding envelope and that efficiencies will be found. (31)

Operational Challenges and Planned Efficiencies

The CEO outlined Ornge's immediate challenges and the steps being taken:

- **Ornge's Mission Statement**—to develop a clear understanding of Ornge's mission;
- **Efficiencies in Service Delivery**—to increase service levels within the funding envelope by addressing the efficiencies (e.g., aircraft usage/empty flight hours, and a training program to simplify dispatch);
- **Operating Costs/Overtime**—to address overtime costs, such as when crews are required to “duty out” having reached the end of their duty day (something the CEO explained as a product of “partly Transport Canada and partly collective bargaining agreements”); and
- **Staff Shortages**—to address the shortage of advanced care and critical care paramedics to ensure that staff with the proper skill sets are on board. (29)
- **Transport Canada Inspections**—The CEO noted that Transport Canada's routine inspections identified several safety related areas of concern. The CEO reported that three critical findings related to safety procedures in the rotary aircraft have since been rectified. (30)

Corrective Measures

In terms of specific measures taken and/or planned, Ornge has completed and or is pursuing the following:

- resolution of operational issues, such as a commitment to add a third line of paramedics at Thunder Bay, and to ensure the proper staffing of all vehicles serving northwestern Ontario;
- implementation of the interim medical interior for AW139 aircraft and finding a permanent solution;
- OCC improvements including the certification of all staff in the medical and flight specializations, and the acquisition of new dispatch software in 2013;
- introduction of conflict-of-interest and whistle-blower policies;
- posting of expenses and salary ranges on the Ornge website;
- enhanced government oversight under the amended Performance Agreement; and
- publication of the QIP. (20)

The Committee is of the view that Ornge under the direction of Dr. Mazza drove the air ambulance program into the ground, leaving very little to build on for the future while staff attempted to deliver core services. Poor staff morale was a significant factor in overall operations, in combination with the many other challenges at Ornge addressed in this report.

The CEO updated the Committee in October 2013 noting the following undertakings to improve operations and demonstrate a commitment to value-for-money, as follows:

- the sale of assets in 2013 included two surplus AW139 helicopters not required for patient care (2008 purchase price of \$11 million USD [approx.] per aircraft, sold for \$10 million USD) and the Oshawa hangar (2011 purchase price of \$795,000, sold for \$665,000);
- the implementation of a new computer-aided dispatch system (CAD) to improve crew dispatch and the gathering of data and information (stage one of three is being implemented in the spring 2014);
- continued personnel recruitment to ensure that Ornge meets the level of care required in vehicles;
- the development of the Strategic Plan (which will require board approval and Ministry comment) in three areas: “increasing transports that improve patient outcomes; second, improving the integration of the transport and transfer process; and third . . . devising an appropriate financial plan to ensure viability and recognize cost drivers”;
- a new base management structure and base staffing model, ensuring that bases are locally managed and fully responsible for all staff and operations at the base level (staff has been retained for these positions); (371) and
- an exit agreement on Ornge’s lease on the facility at Mount Hope (Hamilton), Ontario was reached with Cargojet in November 2013 with a payment of \$678,000. Litigation pertaining to construction costs had not been settled as of January 20, 2014.

According to Dr. McCallum, Ornge has “a more robust model of government oversight for our organization and has significantly strengthened our relationship with the Ministry. . . This, in turn, will lead to better value for money for taxpayers.”

Dr. McCallum noted the significance of the Chief Coroner’s review of air ambulance transport completed in July 2013, and the ongoing Ontario Provincial Police investigation. (20, 21)

Operational Issues

According to the CEO there are outstanding issues that need to be addressed, specifically:

- streamlining OCC operations (e.g., unnecessary reporting of data on a patient multiple times – to the receiving hospital, CritiCall, and Ornge – in order to coordinate transfers);
- managing the Provincial Transfer Authorization Centre, added to Ornge’s OCC to address outbreaks; and
- rationalization of aircraft deployment to ensure economies in patient movement (to minimize trips without patients). (24)

Ornge is addressing helicopter night operations. Pilots have been undergoing formal upgrading on “controlled flight into terrain” (CFIT) training. Approximately 95% of the pilots have completed the training and the rotor division is updating the standard operating procedures for night operations. Training is under way on all revised Standard Operation Procedures. New safety measures include the installation of lights at unlit sites. (370, 371)

Retrieving Funds

Dr. McCallum noted that Ornge is attempting to retrieve \$500,000 by serving a statement of claim on Dr. Mazza’s counsel. In addition, there are assets within the bankrupt structures that Ornge can expect once the proceedings are completed. Ornge’s new procedures ensure that compensation, including bonuses and salaries will be made public. (25)

Employee Performance Payments

Employees have initiated discussions on bonuses. The CEO explained that employees have sought redress federally because Ornge is federally incorporated, and aviation is a federally regulated activity. (24)

The CEO noted that management will be making recommendations to the Board on bonuses, noting that financial solvency is a key determinant as to whether performance pay would be awarded. (25) The Board considered bonuses at its March 2014 meeting. Ornge decided that there would be no pay for performance for fiscal 2014.

Chief Coroner’s Review (2012-13)

Dr. McCallum was asked whether there were any cases where Ornge’s operations had a material effect on patient outcomes and it was concluded that a systematic review of all these cases was required.

According to the CEO, two independent experts have been engaged with expertise in aviation and emergency medicine to review the cases. (21–3, 28) The *Review of Ornge Air Ambulance Transport Related Deaths* was completed in July 2013.

The Committee is concerned that patients' safety and level of care may have been compromised in specific cases in recent years, noting the design issue of the AW139 helicopter medical interior, understaffing of pilots and paramedics, and dispatch issues as potential contributing factors. This concern is based on testimony and a Cabinet submission dated May 23, 2012 entitled *Investigations Concerning Air Ambulance and Related Services: Investigations Breakdown 2007-2011 (Land and Ornge)* that documented specific patient cases.

Transport Canada Program Validation Inspections

The CEO provided supplementary information to the Committee confirming the steps taken to bring Ornge into compliance with Transport Canada's standards for fixed wing and rotor wing operations:

Ornge has taken action on all Transport Canada findings identified in the Program Validation Inspection, and that these actions have been accepted by the regulator. We are confident both our rotor and fixed wing operations are in compliance with the agreed Corrective Action Plan.¹⁴

Patient Safety: Cabin Design

According to Dr. McCallum Ornge announced plans to procure and install the permanent medical interiors for the AW139 fleet through an RFP process in September 2013. According to Ornge, the design/build process will take approximately 24 months, with a completion date of September 2015.

Complaints Process

Several options are of interest to the Committee to address service delivery concerns. The Committee raised several issues with respect to a number of complaints about such tasks as routine transfers and emergency on-scene cases, and the management and resolution of enquiries and complaints. The effective flow of information is critical in a patient advocacy unit.

- **Patient Advocate:** Ms. Denise Polgar's new responsibilities as Patient Advocate include the tracking of complaints, liaising with patients and their families and providing necessary information.
- **Whistle-blower Policy:** The CEO explained the whistle-blower policy as follows: "An employee can go to an independent website and seek to advise the independent entity that monitors these statements or concerns that are raised. If that occurs, then those [concerns] are drawn, anonymously, to the attention of the management at Ornge and we're required to respond. It [the concern] would also be available to third

¹⁴ Letter from the President and CEO, Ornge Air Ambulance, to the Clerk of the Standing Committee on Public Accounts, December 2, 2013.

parties such as yourselves [Public Accounts Committee], I think, who would be interested in finding out the truth of the matter.” (32)

- **Extending Oversight to the Ombudsman:** Ornge is subject to significant oversight now and in response to a Committee suggestion that the Ombudsman have oversight for Ornge, the CEO suggested that the accountability checks may become more bureaucratic than warranted by doing so. (32)
- **Other Options – Ministry/MPP/Chief Coroner:** According to the CEO, patients may pursue other avenues to resolve issues, such as their MPPs, the Ministry, and the Chief Coroner. (33) Similarly, if a person goes to the Ministry or an MPP, he or she would have full protection. The Minister has the power to appoint a special investigator to look into a whistleblower incident.

Public Relations

Ornge is focused on public relations, on serving patients, and building relationships with stakeholders in the health care field. (52) Mr. Giguere explained the approach:

[W]e’re reaching out to the various LHINs and hospitals, to the regions we serve, to community leaders and so on, sharing our knowledge with them and vice versa so that we work better together in collaboration with these organizations and agencies across the province to ensure that we deliver an effective and seamless part of the health care system. (52)

Mr. Rabicki is of the opinion that in the past employees’ suggestions and recommendations were ignored to varying degrees under the different management regimes. The current management have proactively solicited input from across the system including employees and stakeholders and the Board. (362) Mr. Rabicki commented that Dr. McCallum and the management team are on the right track with a plan going forward.

8. CRIMINAL INVESTIGATION AND LEGAL ACTION

8.1 Ontario Provincial Police

During the Committee’s hearings the Chair indicated that the Ontario Provincial Police (OPP) investigation would remain separate and distinct from the Committee’s proceedings. Commissioner Chris Lewis (OPP) was called to testify before the Committee to provide information as to the nature of the investigation, the resources being employed and the possible timeline for its completion.

The Commissioner provided the following context for the OPP's ongoing investigation:

On February 16, 2012, the Ministry of Health and Long-Term Care requested an investigation, based on reports by company insiders, of financial improprieties by management of the Ornge conglomerate. If government representatives have reason to believe that a criminal offence has occurred, they file a complaint and the OPP may initiate an investigation. I can confirm that the OPP commenced an investigation under the direction of a detective inspector from our criminal investigation branch. This major case manager is heading up a team of investigators from the OPP's anti-rackets branch's corruption unit, which includes a forensic chartered accountant. Additional investigators from the anti-rackets branch are supplementing this team as required. (34, 35)

Commissioner Lewis stated that his appearance was limited to informing the Committee of the OPP's progress on their ongoing investigation and would not provide the specifics of any evidence and/or findings. Commissioner Lewis noted that "it is critical that evidence heard publicly in this forum [Public Accounts Committee] does not in any way taint potential interviews with subjects, or the levels of their cooperation in what remains an ongoing and incomplete investigation." (34)

As of March 20, 2013 the OPP had conducted 50 interviews, and reviewed 22,000 pages of documents and 500,000 e-mails. The case work has provided "an understanding of the corporate structure and evolution of Ornge, a private company; an awareness of the Performance Agreement and reporting structure between Ornge and the Ministry; and insight into the relationships between Ornge and vendors of aircraft." The OPP's options include the possibility of laying charges or providing the Ministry with the findings on a privileged basis that may be helpful in preventing the re-occurrence of similar problems. He indicated that further action would be up to the Ministry and that the OPP will know within a year whether or not criminal charges might be laid. (35, 37)

The Committee recalled Mr. Lewis on March 5, 2014 to discuss, among other matters, the timetable for the OPP's criminal investigation. The Commissioner provided the following update on the investigation under the OPP's Criminal Investigation Branch by a team of investigators from the Anti-Rackets Branch Corruption Unit, which includes a forensic chartered accountant:

- The investigators have conducted approximately 60 interviews, with current and former employees of Ornge, and individuals in the Ontario public sector and the aircraft industry. They are examining over 30,000 pages of documents and more than 500,000 e-mail communications.

- During the past year OPP investigators have worked with the Royal Canadian Mounted Police and the Federal Department of Justice in preparing applications under the Mutual Legal Assistance Treaty (MLAT) to gain access to information and to compel witnesses in foreign jurisdictions, specifically the United States and Italy. This process is not timely and requires that a protocol be followed.
- The Commissioner provided the following progress report: “My update to the committee is this: Investigation into activities at Ornge continues. I mentioned here last year that within a year, we’d know whether or not there will be criminal charges laid. We’re certainly closer to that determination now, but the investigation is still not complete, and I cannot speculate on the eventual outcome.”

However, in an earlier letter dated January 16, 2014, the Commissioner informed the Committee that “I hope that early in 2015, the OPP will be able to conclude this investigation.”

8.2 Current and Pending Lawsuits Involving Ornge

The Committee requested information from Ornge on March 5, 2014 regarding lawsuits (including details of the lawsuits) that were filed or are pending against Ornge and the MOHLTC. The Ministry notified the Committee on April 1, 2014 that there is no litigation against the Ministry that relates to Ornge.

Ornge provided the following summary of its files (see Appendix No. 5). The following selection pertains to Dr. Mazza and Chamberlain Architects only:

Ornge v. Mazza

- Ornge is suing Mazza over a \$500,000.00 loan
- Mazza denies liability and is counterclaiming over \$1 million in bonuses
- All Statements of Claim, Defence, Counter-claim and Defence to Counter-claim have been filed

Ornge v. Chamberlain Architects

- Ornge is suing the Architect firm over faulty advice in the Hamilton Hangar construction for approximately \$185,000.00
- Architect denies liability and is counter-claiming for unpaid fees
- All Statements of Claim, Defence, Counter-claim and Defence to Counter-claim have been filed

The Committee sent a letter dated April 9, 2014 to the Minister of Health and Long-Term Care outlining its concerns pertaining to the conduct of Dr. Mazza, Dr. Stewart and the former Board. As noted, the Committee is requesting that Ornge and the Ministry take whatever steps are necessary to retrieve funds and to pursue directors who have failed in their fiduciary responsibilities to the full extent of the law with a view to restitution.

9. DOCUMENTS ON OPERATIONAL SAFETY AND INVESTIGATIONS

The Committee has considered the following documents on Ornge operations as exhibits during its deliberations and in the preparation of *Interim Report No. 1* and the *Summary Report*. The links are to documents prepared by parties unrelated to this Committee or to the Legislative Assembly of Ontario. They are provided solely for the convenience of the reader of this report. The information in these documents belongs to and is the responsibility of the entities that created them.

- **Transport Canada–Program Validation Inspection Report:** This report on 7506406 Canada Inc./Ornge rotary wing operations (File No. 5015-17559-17), dated March 1, 2013, addresses matters under the Operational Control System and Quality Assurance Program.
<http://www.ontla.on.ca/library/repository/mon/28004/326730-01.pdf>
- **Transport Canada–Program Validation Inspection Report:** This report on Ornge Global Air Inc. (File No. 5015-16002-17), dated March 4, 2013, addresses matters under the Operational Control System and Quality Assurance Program.
<http://www.ontla.on.ca/library/repository/mon/28004/326730-02.pdf>
- **Transport Canada–Inspection Audit Report:** This report, dated December 15, 2010 (File No. 5258-16002-17), addresses the matters under the Flight Crew Training Records and the Operational Control System.
<http://www.ontla.on.ca/library/repository/mon/28004/326730-03.pdf>
- **Transport Canada/Human Resources and Skills Development Canada–Reports:** These reports, dated November 2013, pertain to non-compliance with federal occupational health and safety standards.
<http://www.ontla.on.ca/library/repository/mon/28004/326730-04.pdf>
- **Meyers Norris Penny LLP–Final Report:** This report, dated September 10, 2010, entitled *Review of Air Ambulance and Related Services*, investigates organizational effectiveness in the delivery of air ambulance and related services provided by Ornge and reports on shortcomings.
<http://www.ontla.on.ca/library/repository/mon/28004/326730-05.pdf>
- **Ministry of Natural Resources–Audit Report:** This audit of Ornge Global Air, dated May 2011, addresses pilot training, fuel vendors and maintenance issues.
<http://www.ontla.on.ca/library/repository/mon/28004/326730-06.pdf>
- **Chief Coroner for Ontario, Patient Safety Review (Ornge)–Report:** This report, dated July 2013, entitled *Review of Ornge Air Ambulance Transport Related Deaths*, is a review of deaths in which concerns related to air ambulance transport were identified.
<http://www.ontla.on.ca/library/repository/mon/28004/326730-07.pdf>
- **Ministry of Health and Long-Term Care–Cabinet Submission:** This document, dated May 23, 2012, entitled *Investigations Concerning Air Ambulance and Related Services: Investigations Breakdown 2007-2011*

(*Land and Ornge*), pertains to specific patient cases.

<http://www.ontla.on.ca/library/repository/mon/28004/326730-08.pdf>

- **Ministry of Health and Long-Term Care–Deloitte Report:** This report, dated August 27, 2013, entitled *Critical Care Land Ambulance Program Review*, addresses the inter-facility transport of critically ill patients.
<http://www.ontla.on.ca/library/repository/mon/28004/326730-09.pdf>
- **Ministry of Finance, Internal Audit Division–Ministry Audit:** The Forensic Investigation Team prepared reports on Ornge’s operations for the Ministry of Health and Long-Term Care, entitled *Interim Report*, dated February 2012, and *Final Report*, dated June 2012.
<http://www.ontla.on.ca/library/repository/mon/28004/326730-10a.pdf>
<http://www.ontla.on.ca/library/repository/mon/28004/326730-10b.pdf>
- **Ministry of Finance, Internal Audit Division–Audit of Ornge: Final Report, December 2013:** The Health Audit Service Team prepared this report as part of the Ministry’s 2012/13 and 2013/14 Internal Audit Plans.
<http://www.ontla.on.ca/library/repository/mon/28004/326730-11.pdf>

9.1 Transport Canada: Program Validation Inspection Reports

Transport Canada approved Ornge Global Air Inc. (fixed wing) in 2009. It then approved Ornge Global Technical Services, which was the maintenance organization under Ornge Global Air Inc., in 2011. 7506406 Canada Inc. (rotor wing) received certification in January 2012. (344, 351)

According to Mr. Waljee, under air operator regulations, the Minister issues an operator certificate when an enterprise meets certain conditions. Prior to 7506406 Canada Inc. receiving its certificate, Transport Canada had ensured that the company had training programs in place (including provision of manuals), a qualified crew, maintenance requirements for aircraft, and a maintenance control system for the maintenance requirements. (345, 347) Under the terms of the issuance of the certificate, the company had a year to conduct its own internal audit to identify and fix shortcomings. Transport Canada then conducted an inspection after a year to ensure the company was maintaining regulatory compliance. (345)

A Committee Member cited a Transport Canada letter (Program Validation Inspection file 5015-17559-17) that reported that Ornge flight crew members were given simulator training in one model of rotor wing aircraft but asked to fly another model of rotor wing aircraft with many differences, including cockpit layout and performance. The flight crew was provided no “differences” training. Mr. Waljee commented that “in this particular instance, when the shortcomings were identified by the Program Validation Inspection team at Ornge, the company took their own actions of saying, ‘We will not dispatch any more crew unless we train them.’ So the actions were taken by the company in this particular instance.” (345)

The company submits its corrective action plan to Transport Canada, which follows up to ensure the measures are effective. (346) Mr. Waljee said that the

company is responsible for meeting and maintaining regulatory compliance. (347) He noted that SMS rules do not currently apply to 7506406 Canada Inc. (348) Ornge responded to Transport Canada's findings about the simulator training with a short-term fix and a long-term fix. Mr. Waljee said that in the short term, to mitigate the risk immediately, Ornge voluntarily grounded the crew. (352)

According to Mr. Waljee, the long-term fix is that Ornge will put a process in place to ensure that this issue does not recur. (Ornge pilots will not be allowed to fly unless they receive the appropriate training.) Transport Canada will assess whether the long-term fix is effective. (352) During the implementation of a corrective action plan Transport Canada inspects as often as the principal inspectors feel is necessary to ensure that the company stays "on track."

Dr. McCallum said that to the best of his knowledge Ornge was in compliance.

Transport Canada performed a process inspection in June 2013, following up on the corrective action plan on the report for the January 2013 Program Validation Inspection. (353)

9.2 Transport Canada/Human Resources and Skills Development Canada Reports (2013)/Transport Canada/Human Resources and Skills Development Canada reported in November 2013 on Ornge operations, relating to the Canada Labour Code's occupational health and safety provisions. The directions deal with issues arising from the May 31, 2013 air ambulance helicopter accident in Moosonee. The Transportation Safety Board of Canada is to file its Moosonee Accident Report upon completion of the investigation.

Ornge released the following statement:

Ornge has received directions from Transport Canada/Human Resources and Skills Development Canada, relating to the Canada Labour Code's occupational health and safety provisions. Each direction deals with issues arising from the May 31, 2013 air ambulance helicopter accident in Moosonee. We welcome the agencies' comments and will follow up on each of the directions to ensure our compliance. Our goal is to work with the agencies, management, unions and regulators to address health and safety concerns.

Since the tragic events of May 31, we have been working with a number of agencies examining Ornge's operations. As the health and safety of Ornge's crews and patients is our top priority, we welcome each agency's review as an opportunity to enhance safety. Specifically, we have been working closely with Transport Canada since the date of the accident to identify and address any concerns in relation to aviation

matters. The Transportation Safety Board investigation into the May 31 accident continues, and Ornge is cooperating fully. Ornge is committed to taking all necessary steps to ensure the safety of our staff, both on the ground and in the air.

10. PROFESSIONAL CONDUCT AND TESTIMONY OF WITNESSES

The Committee had concerns with the testimony and professional conduct of certain witnesses.

As noted, letters were sent to professional regulatory bodies to report on these issues. The Committee requested that investigations be conducted with reports filed with the Committee clerk.

At the time of writing three professional bodies were conducting ongoing investigations on matters of professional conduct.

10.1 College of Physicians and Surgeons of Ontario

Dr. Chris Mazza, former President and Chief Executive Officer at Ornge was a witness at the hearings.

The Committee is questioning Dr. Mazza's conduct as a practising physician and as the former CEO at Ornge. The Committee's concerns expressed to the College of Physicians and Surgeons of Ontario include such matters as:

- **Dr. Mazza's admission that he prescribed Oxycodone for an employee; and**
- **Dr. Mazza's medical director fee of approximately \$400,000.00 (paid without the knowledge or consent of the former Board of Directors at Ornge). It is the Committee's understanding that there were no records of services rendered to warrant this payment.**

In addition, the Committee has filed a complaint with the College regarding Dr. Thomas Stewart's billing for services not rendered. As noted in this report, the Ministry of Finance's 2012 report entitled *Investigation of Ornge and Related Entities; Final Report* states that Dr. Thomas E. Stewart received medical stipend payments wherein no supporting invoices or support for his work appeared to exist.

10.2 Law Society of Upper Canada

Mr. Alfred Apps, Counsel, Wildeboer Dellelce LLP testified at the hearings on his involvement with Ornge.

The Committee has concerns about Mr. Apps' conduct as a lawyer and his role as a lobbyist, specifically that he provided misleading information. The Lobbyist Registrar of Ontario provided an opinion confirming his role as a lobbyist.

10.3 Institute of Chartered Accountants of Alberta

Ms. Margriet Kiel appeared before the Committee to discuss the Meyers Norris Penny LLP report, given her involvement as lead partner in the review.

The Committee is concerned that the report's Executive Summary was misleading, specifically the concluding paragraph, which states that: "Overall, our review indicated that Ornge is using provincial Grant Funding economically, efficiently and for the purposes intended in providing air ambulance and related services for the Province." The Committee questions whether Ms. Kiel followed accepted professional standards as a chartered accountant in the preparation of this report.

The Institute of Chartered Accountants of Alberta (ICAA) notified the Committee in a letter dated February 25, 2014 that Ms. Kiel was not found to have conducted herself in an unprofessional manner. However, the Institute indicated that it would consider new material on this file. Furthermore, ICAA informed the Committee that Ms. Margriet Kiel is not registered as a chartered accountant in Alberta and has directed Ms. Kiel not to use the chartered accountant (CA, Alberta) designation.

10.4 Institute of Chartered Accountants of Ontario

Mr. Rainer Beltzner, former Chair of the Board of Directors at Ornge, appeared as a witness on three occasions during 2012-2013.

Based on these hearings the Committee is questioning whether Mr. Beltzner complied with the Institute of Chartered Accounts of Ontario's Rules of Professional Conduct. Specifically, the Committee is concerned that Mr. Beltzner did not fulfil his responsibilities as Chair of a Board of a publicly funded body delivering air ambulance services on behalf of the Ministry of Health and Long-Term Care.

The Committee has asked that the Chartered Accounts of Ontario investigate Mr. Beltzner's involvement in the following matters:

1. The creation of the Ornge Global structure:
 - a. participation in the creation of the organization structure;
 - b. share capital issued to the members of the Board of Directors (the Board) and senior management;
 - c. resulting removal of for-profit entities from the oversight by the Ministry of Health and Long-Term Care (MOHLTC), leading to non-disclosure of compensation on the Ontario "sunshine list", and subsequent limited cooperation with the Auditor General;
 - d. set up of "at cost" arrangements between Ornge and Ornge Global entities, which may have resulted in inflated fees being charged to Ornge;

- e. use of Ornge's intellectual property by for-profit entities, essentially without compensation; and
 - f. transfer by Ornge of \$8.4 million in the MOHLTC funding to its charitable foundation for purchases of capital assets, which were then made available for use by Ornge and the for-profit entities.
2. The Ornge bond issue:
- a. proceeds of the bond being used by the for-profit entities, including using the funds to pay the remuneration and other charges of Dr. Mazza and the Board members, while the MOHLTC funding was used to make interest and, ultimately, principal payments;
 - b. Ornge guaranteeing the debt, thereby exposing the province to potential liability should there be a default on payments; and
 - c. structuring asset acquisition through the funding that would ultimately be funded by the MOHLTC, while the MOHLTC would have no access to these assets under the performance agreement.
3. The purchase and lease back of the head office building:
- a. Ornge selling the building, purchased with the proceeds of the bond issue, to a for-profit entity, while still guaranteeing the debt, thereby exposing the province to potential liability should there be a default on payments;
 - b. Ornge paying the interest and principal on the bond on behalf of the for-profit entity, without being paid back;
 - c. the for-profit entity obtaining additional financing for the building, which was to flow to Ornge Global Holdings LP for future purchase of limited partnership units (approximately \$5.6 million was flowed to that entity before it declared bankruptcy);
 - d. the for-profit entity charging Ornge lease rates which were 40% higher than fair-market value; and
 - e. entering into a 25-year lease (at inflated rates).
4. Operational issues concerning the purchase of new aircraft and ambulances:
- a. the decision to acquire 10 new airplanes and 12 new helicopters (as well as 11 used helicopters while waiting for the delivery of new aircraft), when Ornge's analysis indicated that 6 airplanes and 9 helicopters would be sufficient to serve the province's needs (no analysis was available to demonstrate that additional aircraft were required to serve as back up);
 - b. the sale of two of the new helicopters in 2013 at a loss;
 - c. the decision to outfit two newly purchased helicopters with seating for 12 people, making them ineligible for patient transfer;

- d. the decision to purchase 11 used and aged helicopters for \$28 million to be used for less than 2 years, disposal of which generated less than \$8 million;
 - e. the decision to purchase 18 land ambulances before deciding to operate with only eight;
 - f. maintaining more aircraft and ambulances than available paramedics to staff them;
 - g. ordering new helicopters with deficient cabin design; and
 - h. spending \$5 million received from the MOHLTC for fuel costs, staff training expenses, and contractors' rate increases on costs related to the new aircraft instead.
5. Issues concerning contracts with AgustaWestland/Agusta Aerospace Corp. (Agusta):
- a. Agusta's donation of \$2.9 million to Ornge's charitable foundation, identified as a 'kickback' by the members of the Standing Committee on Public Accounts;
 - b. approaching Agusta to finance acquisition of two custom-made motorcycles at the cost of \$500,000, one of which was not returned to Ornge after use by a TV show in California;
 - c. paying Agusta \$600,000 per helicopter in weight upgrade fees, even though Rick Potter was able to negotiate elimination of these fees; and
 - d. Agusta transferring \$4.8 million or more to Ornge for future marketing and other services (Ornge subsequently transferred the contract and funds to a for-profit corporate entity for use unrelated to provision of air ambulance services in Ontario – a payment the members of the Standing Committee on Public Accounts identified as a "kickback").
6. The purchase of new airplanes: potentially overpaying for the cost of new airplanes, whereby the supplier committed to donating back 2% of the purchase price. This was also identified as a 'kickback' by the members of the Standing Committee on Public Accounts.
7. Compensation of senior management and Board members:
- a. a lack of transparency – since management and the Board were paid primarily by the for-profit entities, while the funds for these payments were provided by Ornge, these payments were made outside of the performance agreement, resulting in compensation not being disclosed on the "sunshine list" or being known to the MOHLTC;
 - b. the determination of Dr. Mazza's compensation and ensuring that only authorized payments were being made;

- c. the approval of approximately \$1 million in essentially unsecured loans to Dr. Mazza;
 - d. valuing Ornge Global Management Inc. at \$100 million, even though the company had no assets or independent sources of income, and attributing correspondent value to Dr. Mazza's shares in the company to serve as loan collateral;
 - e. receiving personally over \$200,000 in retainer fees from for-profit entities for the 2010/2011 year-end, not including reimbursement of expenses (while these fees were for the work on the for-profit entities, these entities did not have independent sources of income and, ultimately, the funds came from Ornge or bond financing being repaid by Ornge); and
 - f. personally making potentially inappropriate expense claims.
8. Issues concerning efficiency, quality of care and safety of ambulance service operations identified in the *2012 Special Report of the Office of the Auditor General of Ontario on Ornge Air Ambulance and Related Services*.
9. Ornge issuing millions in payments to one law firm between 2008 and 2011 for various matters, including structuring and procurement advice, financing issues and numerous business arrangements.
10. The rejection of recommendation to create a "whistle-blower policy".
11. Allegations of nepotism involving hiring of Mr. Beltzner's daughter and Dr. Mazza's girlfriend for full-time positions at Ornge for-profit entities.
12. Allegations that Mr. Beltzner asked two Board members (Enola Stoye and Shanon Grauer) to resign because they disagreed with the creation of J Smarts, a charitable organization, by Dr. Mazza.
13. Kelly Mitchell being awarded a \$350,000 lobbying contract.
14. Determining compensation for Jacob Blum upon his departure from Ornge.
15. Hiring Luis Navas, a former member of the Board and the former Chair of Governance and Compensation Committee, as the marketing advisor to Ornge Global, and knowledge of Mr. Navas holding himself out as COO of the entity.
16. "Stonewalling" the MOHLTC in their attempts to obtain information.

APPENDIX NO. 1**LIST OF WITNESSES—2013-2014 HEARINGS**

Name	Position, Organization	Date of Appearance
Behrendt, Frank	President, SkyCare	September 18, 2013
Beltzner, Rainer	Former Chair, Board of Directors, Ornge	May 1, 2013
Colle, Bethann	Former Board Member, Ornge	April 24, 2013
Cox, Paul	President, Wabusk Air, Inc.	October 23, 2013
Deol, Meena	Senior Program Advisor, Ministry of Health and Long-Term Care	May 29, 2013
Eicher, Heidi	Senior Program Advisor, Ministry of Health and Long-Term Care	May 29, 2013
Farr, Bruce	Acting Vice-President, Operations, Ornge	April 17, 2013
Giguere, Robert	Chief Operating Officer, Ornge	March 27, 2013
Grauer, Shannon	Former Board Member, Ornge	May 29, 2013
Haddad, Steven	Senior Program Advisor, Ministry of Health and Long-Term Care	May 29, 2013
Hoque, Enan	Program Analyst, Ministry of Health and Long-Term Care	May 29, 2013
Horwath, Rick	President and Chief Executive Officer, Air Bravo	September 18, 2013
Jackson, Richard	Director of the Air Ambulance Program Oversight Branch and Director, Emergency Health Services Land/Air, Direct Services Division, Ministry of Health and Long-Term Care	May 8, 2013, May 29, 2013
Lemieux, Yves	Acting Associate Director of Operations, East Civil Aviation, at Transport Canada.	October 30, 2013
Lester, Dr. Robert	Former Board Member, Ornge	April 24, 2013
Lewis, Chris	Commissioner, Ontario Provincial Police	March 20, 2013 March 5, 2014
Lowe, Don	Former Board Member, Ornge	April 24, 2013
Mackie, Bob	President, Thunder Airlines	September 25, 2013
Matthews, Hon. Deborah	Minister of Health and Long-Term Care	December 11, 2013
McCallum, Andrew	President and Chief Executive Officer, Ornge	March 20, 2013 October 30, 2013
McKeogh, Carole	Deputy Director, Legal Services Branch, Ministry of Health and Long-Term Care	March 27, 2013

Name	Position, Organization	Date of Appearance
McKinlay, Tom	Ministry of Health and Long-Term Care and Ministry of Attorney General, Counsel, Crown Law Office, Civil	April 10, 2013
Pickford, Barry	Former Board Member, Ornge	April 24, 2013
Polgar, Denise	Patient Advocate, Ornge	April 17, 2013
Rabicki, Ted	Former Director, Aviation Contracts, Ornge	October 30, 2013
Tait, Allen	Director, Forensic Investigation Team, Ontario Internal Audit Division, Ministry of Finance	May 8, 2013
Vandertas, Heather	President, Northern Air Solutions	September 25, 2013
Waljee, Imtiazali	Associate Director of Operations, West Civil Aviation, Transport Canada	October 30, 2013
Wharrie, Derek	Manager, Emergency Medical Services, Wabuska Air	September 25, 2013

APPENDIX NO. 2

ORNGE'S STRATEGIC PURSUITS—KEY PRIORITIES¹⁵

No.	Priorities
1	<p>Asset Rationalization (<i>Linked to concerns raised in Auditor General's report</i>)</p> <ul style="list-style-type: none"> • Ongoing efforts to divest redundant assets - sold two AW139s in spring 2013, with consideration to other aviation asset sales. • Current efforts to sell unused hangar in Oshawa and to sub-let Hamilton and unused office space at 5310 Explorer Drive. • Seeking a suitable solution for a heavy maintenance facility.
2	<p>AW 139 Interiors (<i>Responds to concerns raised in Auditor General's report</i>)</p> <ul style="list-style-type: none"> • Interim interior solution has been installed and is functional. • Long term solution is in the design phase and will be reviewed with staff, bargaining unit, and physicians prior to acceptance or planning for implementation. • Implementation of the long term solution timeline and process is pending provision of design.
3	<p>Collective Bargaining</p> <ul style="list-style-type: none"> • Currently negotiating all five collective agreements (three with OPEIU, one with CAW and one with OPSEU). • Significant challenges to efficiency in service delivery. • Implications for cost structure and resource availability.
4	<p>Land Ambulance Review (<i>Linked to Auditor General recommendation 2</i>)</p> <ul style="list-style-type: none"> • MOHLTC-commissioned study (Deloitte Review) on critical care land ambulance transports to determine if the program is meeting the needs of patients and facilities. Ornge is contributing to the review. • In addition, Ornge has launched a pilot project in Ottawa where land ambulances are being used in place of the helicopter. Early data shows an increase of approximately 20 per cent in use of the land vehicles, with a commensurate decrease in the number of rotor hours, leaving the helicopter available to respond to high acuity calls.
5	<p>FIPPA Preparation</p> <ul style="list-style-type: none"> • Preparing for anticipated filing of a regulation in August 2013, which will require new in-house expertise and records management systems.
6	<p>Operations Control Centre (<i>Linked to Auditor General recommendations 1, 3 and 4</i>)</p> <ul style="list-style-type: none"> • Currently securing vendor for a new CAD system to improve dispatch efficiency, reduce opportunity for error, capture necessary metrics, and create the capability to interface electronically with system partners. • Completed certification of OCC staff to re-skill the medical call takers, flight planners, and flight followers. The former cross-training staffing model has been replaced by a specialist model, where communications officers work in positions according to their specific qualifications and skill sets. • Established central scheduling to combine the scheduling that was previously performed separately for aviation and medics. Supports efforts on the level of Care and Resource Availability (see below).

¹⁵ This information was provided to the Standing Committee on Public Accounts in a letter addressed to the Legislative Research Service dated May 17, 2013 from Mr. Robert Giguere, Chief Operating Officer, Ornge.

No.	Priorities
7	<p>Organizational Re-Design</p> <ul style="list-style-type: none"> • Consolidation of three divisions under the Chief Operating Officer strengthened internal accountability and improved integration across aviation operations, paramedic operations, and the Operations Control Centre. • Development of Base Manager positions to provide for improved on-site leadership and more effective operation of Ornge's 11 bases. Recruitment currently underway. • Upcoming hiring of three permanent executive positions (VP Finance, VP Operations, and General Counsel) will help stabilize the organization. • Further efforts are underway to align the organizational structure with business needs and strategic directions through an Organizational redesign project.
8	<p>Patient Advocate (<i>Linked to Auditor General recommendation 5</i>)</p> <ul style="list-style-type: none"> • Established new Patient Advocate function in September 2012, in keeping with Auditor General's recommendation. • Created Patient Declaration of Values (posted on website) and complaints tracking process. • Continue to work with advocate to improve processes, timing, and service to the public. • Ongoing analysis of complaints for trends.
9	<p>Performance Agreement (<i>Linked to Auditor General recommendations 1, 3 and 4</i>)</p> <ul style="list-style-type: none"> • Establishing reports and processes that respond to new MOHLTC requirements in the Amended Performance Agreement (first year of implementation), with focus on assessing performance outcomes in relation to the provisions of the Agreement. • Working to systematize compliance reporting with MOHLTC Amended Performance Agreement, including establishing IT platforms that support required reports and metrics. • Future work, with MOHLTC, on refining the Agreement to reflect optimized service delivery and efficient, comprehensive oversight of appropriate key performance indicators.
10	<p>Quality Improvement Plan (<i>Linked to Auditor General recommendations 3 and 4</i>)</p> <ul style="list-style-type: none"> • 2012 Quality Improvement Plan was submitted and has influenced direction for the past fiscal year. • 2013 QIP has been submitted to MOHLTC (per Performance Agreement dateline) and reflects a move towards consistency with the health care sector and Ornge's quality priorities for the future. • Implementation initiatives and tracking/reporting on 2012 Plan is underway. • 2013 plan to be posted following MOHLTC approval.
11	<p>Resource Availability (<i>Linked to Auditor General recommendations 3 and 4</i>)</p> <ul style="list-style-type: none"> • Implementing the Readiness Initiative aimed at improving the preparedness and responsiveness front line staff, in support of resource availability. Recruitment of base managers will reinforce this further. • Other efforts are underway to improve resource availability, including collective bargaining, recruitment, revised credential requirements, improvements to training regimes, attendance management, and centralized scheduling.
12	<p>Stakeholder Outreach</p> <ul style="list-style-type: none"> • Ongoing efforts to reintegrate with EMS and Healthcare (stakeholder) community. • Current and future efforts to connect with partners in the health care system (Criticall, LHINs, hospitals), with focus on effective client service and mutual efficiencies.
13	<p>Strategic Plan</p> <ul style="list-style-type: none"> • 5-year strategic plan is in development with draft anticipated for presentation to the Board of Directors in September 2013.
14	<p>Training for Medics</p>

No.	Priorities
	<ul style="list-style-type: none">• Implemented an immersion model for training upgrades for primary care paramedics to become advanced care paramedics, and advanced care paramedics to become critical care paramedics.• Presently working to streamline the model of initial paramedic education, with consideration to involving community colleges.
15	Trillium Gift of Life Network (<i>Linked to Auditor General's report on TGLN</i>) <ul style="list-style-type: none">• Nearing completion of a new Service level Agreement between Ornge and TGLN pursuant to the Auditor General's TGLN recommendation.
16	Whistleblower and Conflict of Interest Policies (<i>Linked to Auditor General recommendation 1</i>) <ul style="list-style-type: none">• Implemented Whistle-blower policy and an Independent Ethics Executive.• Comprehensive annual review of Conflict of Interest obligations was completed for 2012 and initiated for 2013.

APPENDIX NO. 3

STATUS OF ORNGE'S FAMILY OF COMPANIES (2012)¹⁶

Details on the status of the entities which made up the Ornge family of companies, up to January, 2012

i) Continuing Companies

By continuing companies we mean that these corporate entities continue to be used by Ornge to deliver services to the Ministry of Health and long-Term Care, for the Province of Ontario. For each of these companies Ornge either is the shareholder, member or has the authority to appoint members of the Board for such organization.

- a) Ornge - Federally Incorporated, not-for-profit, charity
 - Ornge will move this corporation from the Federal regime to the Provincial Regime when the new, not-for-profit legislation is proclaimed in Ontario
 - timing is not in Ornge's control
 - note also, some companies may be amalgamated with Ornge, rather than "wound up"
- b) Ornge Foundation - charity to be wound up, likely by Fall 2013
- c) J Smarts - charity to be wound up, likely by Fall 2013
- d) Ornge Global Air - holds Transport Canada certificate for fixed wing operations
 - may be amalgamated with 7506406 Canada Inc. to provide a single air service provider to Ornge
 - amalgamation with Ornge requires consideration of labour relations issues and Transport Canada regulations
- e) 7506406 Canada Inc. - holds Transport Canada certificate for rotor wing operations
 - may be amalgamated with Ornge Global Air (see above)
- f) Ornge Corporate Services Inc. (formerly Ornge Peel) - provides corporate services to all "continuing companies"
 - all staff have transferred their employment to Ornge
 - may be amalgamated with Ornge over the next 6 to 12 months
- g) Ornge Real Estate Inc. - holding company which leases head office property to Ornge
- h) Ornge Global Real Estate Inc. - holds legal title to Explorer Drive and has covenants with finance providers

¹⁶ This information was provided to the Standing Committee on Public Accounts in a letter addressed to the Legislative Research Service dated May 17, 2013 from Mr. Robert Giguere, Chief Operating Officer, Ornge.

- (f), (g) and (h) may be amalgamated with each other, subject to the ability to negotiate changes to financing agreements and other commercial agreements (step1).
 - (f), (g) and (h) may be amalgamated with Ornge, when all corporations fall under the same jurisdiction (step 2).
- i) 4495128 Canada Inc. (Bare Trustee) - this company held the legal title to Explorer Drive, which was subsequently transferred to Ornge Global Real Estate
- this company will be wound up or amalgamated with Ornge over the next six months
- j) Ornge Issuer Trust - this is a trust which holds the major assets for the Ornge family, excluding Explorer Drive
- the Trust is the signatory to the Trust Indenture on the \$275 million bond, and as such it is unlikely that the Trust will be changed in the foreseeable future

ii) Not Continuing Companies

By this term we mean those companies which were not brought into the Continuing Companies Group, following the bankruptcies in early 2012. Note, at the time of the creation of the continuing companies, no steps were taken to provide Ornge with shares in these corporations, or membership or authority over the appointment of the Board of Directors. Thus, Ornge has no corporate control or engagement with these companies. The leadership of these organizations remains with their Directors, Shareholders and/or members, which should be reflected in their annual corporate filings. Ornge is not responsible for these companies.

- a) Ornge Global Management Inc.
- b) Ornge Global Holdings LP
- c) Ornge Global GP Inc.
- d) Orngeco
- e) Ornge Global U.S. Inc.
- f) Ornge Global US Risk Inc.
- g) Ornge Global Solutions Inc.
- h) 7731272 Canada Inc.
- i) Ornge Global Brazil Holdings Ltd.

APPENDIX NO. 4.

Dr. Mazza's Compensation Summary (2006-2012)

C. Mazza Compensation Summary

Calendar 2005-2012

Calendar year	2005 (*)	2006	2007	2008	2009	2010	2011	2012	Grand Total (Note 3)
Base Salary		285,000	358,408	367,968	418,655	591,549	511,019	79,693	2,612,292
Pay for Performance		162,000	171,100	180,960	375,000	385,000	902,500		2,176,560
Executive benefits: RRSP		18,000	20,299	60,000	15,491	21,000	16,406	1,986	153,182
Executive benefits: Other		51,423	46,562	20,590	81,148	104,306	111,332	52	415,413
Other		18,250	13,125			22,500	30,000	3,250	87,125
Compensation Total		534,672	609,495	629,518	890,294	1,124,355	1,571,257	84,981	5,444,571
Medical Stipend/Patch	230,891	304,104	331,165	310,041	309,959	410,974	304,992		2,202,125
Expense Report	9,851	9,486	21,019	2,541	2,159	16,019	28,831		89,906
Board of Director Meetings Fees		10,473	13,125						23,598
Credit Cards	18,316	48,415	66,290	87,193	53,555	65,211	74,415		413,396
Loans						500,000	700,000		1,200,000
GRAND TOTAL									\$ 9,373,596

Note 1: Compensation includes T4 and T4A (when applicable) earnings (salary, performance pay, other taxable benefits)
 "Base Salary" includes Regular pay, Vacation, Sabbatical, Sick, etc ...
 "Executive benefits: Other" includes taxable benefit portion paid out in cash
 "Other" includes Director fees, Car allowance

Note 2: Medical Stipend includes monthly stipend of \$25,416 and occasional payments for Patch when performed
 Medical Stipends by year:

2005	203,333	
2006	305,000	
2007	305,000	
2008	305,000	
2009	305,000	
2010	305,000	
2011	279,583	Note, stipends were paid for 11 months in 2011, however, due to timing, Dec 2010 stipend was paid in Jan 2011.
	2,007,916	
2010	125,000	Additional Stipend
Patch	69,209	
Total Medical Stipend/Patch	2,202,125	

(*) 2005 includes payments made between April 2005-Dec 2005

Note 3: Back up's (such as T4's, expense reports, loan agreements, etc.) have been provided previously

Loan interest payments made by C. Mazza to Ornge		
Date	Amount	Deposited in
11/6/2010	\$ 1,250	Ornge Corporate Services
2/1/2011	\$ 1,250	Ornge Corporate Services
9/20/2011	\$ 1,250	Ornge Corporate Services
9/20/2011	\$ 1,250	Ornge Corporate Services
12/27/2011	\$ 1,250	Ornge Corporate Services
12/27/2011	\$ 1,125	Ornge Global GP
Total interest paid	\$ 7,375	

APPENDIX NO. 5

LAWSUITS FILED AGAINST ORNGE

1) Ornge v. Mazza

- Ornge is suing Mazza over a \$500,000.00 loan
- Mazza denies liability and is counterclaiming over \$1 million in bonuses
- All Statements of Claim, Defence, Counter-claim and Defence to Counter-claim have been filed

2) Ornge v. Chamberlain Architects

- Ornge is suing the Architect firm over faulty advice in the Hamilton Hangar construction for approximately \$185,000.00
- Architect denies liability and is counter-claiming for unpaid fees
- All Statements of Claim, Defence, Counter-claim and Defence to Counter-claim have been filed

3) Ornge et al vs Armstrong

- Date of incident: May 19, 2010
- Summary of Action- delay in transport, failure to have appropriate equipment available
- Plaintiffs- Megan, Richard, Marion, Jessica and Brittany Armstrong
- Defendant- Ear Falls Community Centre/Family Health Team, Nicolass Botha, ORNGE
- Counsel- Lorenzo Girones counsel for plaintiffs, Donald Dow (Gowlings) for Dr. Botha, Joshua Liswood (Miller Thomson) for Ear Falls Medical Centre and Ms. Delorme, W. Whelan for Ornge.
- Amount of Claim- \$20,000,000.00
- Date of Commencement- January 23, 2014
- Court-Kenora
- Claim Description- delay in transport, which lead to delay in treatment, which lead to amputation
- Status and Evaluation- we have just served Notice of Intent to defend

4) Ornge et al vs Barzan

- Date of incident: July 10, 2010
- Summary of Action- delay in transport

- Plaintiff- Louise Carole Barzan, Anthony Paul Barzan, Guy Michael Barzan, Ida G. O'Hare
- Defendant- ORNGE, Drs. Smith, Owen, Jenkin, Macintosh, Sharkaway, O'Brien, Berg, McDonald, Moore, Sault Area Hospital, B Polnick, C Fryia, K Dinter, A Giallionardo, T. Scornaiencki, L.Caruso, L Marsh, A.Reynolds, C. Marinovich, K. Mousseau
- Counsel- Gina Saccoccio Brannan-Plaintiffs, M Sammon- Dr. Jenkin, WWhelan-ORNGE, Paul Millican- other named doctors, Anita Varjacic-Sault Area Hospital and named nurses
- Amount of Claim- \$12,520,000.00
- Date of Commencement- July 9, 2012
- Court- Toronto
- Claim Description-55 year old man that was transferred from Sault Area Hospital to Toronto and subsequently died
- Status and Evaluation- currently in the examination of discovery phase

5) Ornge et al ats Ingham, Jamie (mother's claim)

- Date of incident: June 30, 2011
- Summary of Action- delay in transport
- Plaintiff- Christeena Ingham, Jordan Ingham by Litigation Guardian, Lesley Froome, Jeri Lynn Vagg, Martha Krewench and Gerald Krewench
- Defendant- Windsor Regional Hospital, Drs Duarte, Zhao, E. Kassass, Peter Kuhlmann, Angela Novena, Tamara Siddall Criticall and Ornge
- Counsel- Claudio Martini for the Plaintiffs, Simon Clements (Stieber Berlach) for Critical, Gordon Slemko (HIROC) for WRH, Mr. Jaan Liles (Lenczner Slaght) for Drs Duarte, E Kassass, Zhao, Kuhlmann, Novena and Siddall; Wendy Whelan (BLG) for Ornge
- Amount of Claim- \$1,010,000.00
- Date of Commencement- June 27, 2013
- Court- Windsor
- Claim Description- delay in transport
- Status and Evaluation- pleadings stage, may be consolidated with father's claim

6) Ornge et al ats Ingham, Jamie (father's claim)

- Date of incident: June 30, 2011
- Summary of Action- delay in transport
- Plaintiffs- William Ingham, Jordan Ingham, an infant by her Litigation Guardian, Ted Ingham, Ruth Ingham

- Defendant- Windsor Regional Hospital, Dr. Duarte, Dr. Zhao, Dr. Kassass, Dr. Novena, Dr. Kuhlman, Dr. Siddall, Her Majesty the Queen, ORNGE, Andy McIlroy and Adam Pitsinigas
- Counsel- Samuel A. Mossman for the Plaintiffs; Gordon Slemko for WRH, Mr. Jaan Liles for Drs Duarte, E Kassass, Zhao, Kuhlmann, Novena and Siddall; Wendy Whelan (BLG) for Ornge, Andy McIlroy and Adam Pitsinigas
- Amount of Claim- \$1,000,000.00
- Date of Commencement- May 24, 2013
- Court- Windsor
- Claim Description- delay in transport
- Status and Evaluation- pleadings stage, may be consolidated with mother's claim

7) **Ornge et al ats Maracle-Doyle**

- Date of incident: August 11, 2007
- Summary of the Action –patient alleges she did not receive appropriate treatment for leg injury resulting in amputation of part of her foot and inability to use her lower leg, complains of depression, anxiety, chronic pain and panic attacks
- Plaintiff – Joy Maracle-Doyle
- Defendant –Ornge, Drs Gray and Lepage, West Parry Health Centre, Parry Sound Ambulance, Corp of the town of Perry Sound , Majesty the Queen in Right of Ontario
- Counsel – Ornge- CClarke, DGirlando, Plaintiffs-Murray Tkatch, Drs Gray & Lepage- Mark Lerner, Majesty the Queen in Right of Ontario- Ministry of the Attorney General, William Manuel, West Parry Health Centre, Parry Sound Ambulance and the Corp of the town of Perry Sound- Rob Zarnett from Smockum Zarnett
- Amount of claim – \$6,000,000.00
- Date of commencement- Statement of Claim naming Ornge: August 10, 2009, amended January 13, 2012
- Court - Toronto
- Claim description – delay in transport, which lead to delay in treatment, which lead to amputation
- Status and evaluation as at January 31, 2014 – Examination of Discoveries took place March 2012 and went to Mediation in November 2013, with no resolution