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**Official Report
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(Hansard)**

Wednesday 18 April 2012

**Journal
des débats
(Hansard)**

Mercredi 18 avril 2012

**Standing Committee on
Public Accounts**

Special report, Auditor General:
Ornge Air Ambulance and
Related Services

**Comité permanent des
comptes publics**

Rapport spécial, vérificateur
général : Services d'ambulance
aérienne et services connexes
d'Ornge

Chair: Norm Miller
Clerk: William Short

Président : Norm Miller
Greffier : William Short

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

COMITÉ PERMANENT DES COMPTES PUBLICS

Wednesday 18 April 2012

Mercredi 18 avril 2012

The committee met at 0833 in room 151.

SPECIAL REPORT, AUDITOR GENERAL: ORNGE AIR AMBULANCE AND RELATED SERVICES

The Chair (Mr. Norm Miller): If we could get started, we need to go into closed session for discussion right off the bat, so if I could ask media and others to leave the room.

The committee continued in closed session from 0835 to 0856.

The Chair (Mr. Norm Miller): I'd like to call the committee to order and I believe, Ms. Sandals, you have something to start the committee.

Mrs. Liz Sandals: Yes, thank you. I move unanimous consent that the amendment to the amendment moved by Mr. Zimmer, the amendment moved by Mr. Klees and the main motion with respect to witnesses moved by myself all be withdrawn.

The Chair (Mr. Norm Miller): Is there unanimous consent? There is? Agreed. So those motions are withdrawn.

SUBCOMMITTEE REPORT

The Chair (Mr. Norm Miller): Now we have the subcommittee report. Ms. Sandals?

Mrs. Liz Sandals: Yes, thank you.

Your subcommittee met on Thursday, April 12, 2012, and Monday, April 16, 2012, to consider the method of proceeding on the 2012 special report of the Office of the Auditor General on Ornge air ambulance and related services, and recommends the following:

(1) That legal counsel not meet with any witnesses or witness counsel prior to their appearance before the Standing Committee on Public Accounts.

(2) That when the committee clerk confirms a witness's appearance before committee he will also state, "It would be inappropriate at these hearings to indicate that you have spoken to the police with respect to Ornge."

(3) That the committee request that all hearings be held in committee room 151.

(4) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary

arrangements necessary to facilitate the committee's proceedings.

I move adoption of the report.

The Chair (Mr. Norm Miller): Any debate? All in agreement? Agreed. That report is carried.

EXECUTIVE COUNCIL OF ONTARIO

The Chair (Mr. Norm Miller): Our first witness this morning is Peter Wallace, secretary of the cabinet, head of the Ontario public service. If you could please come before the committee. Welcome

Mr. Peter Wallace: Thank you.

The Chair (Mr. Norm Miller): Our clerk will have you do the oath.

The Clerk of the Committee (Mr. William Short): Could you raise your hand, Mr. Wallace? Do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. Peter Wallace: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Thank you. You have five minutes for an opening statement and then there will be about eight minutes each for the various parties to ask questions. Please go ahead.

Mr. Peter Wallace: Thank you, and I'll be pleased to review my statement and obviously pleased to answer any questions the committee may have.

Good morning. I am Peter Wallace. I'm the secretary of cabinet and head of the Ontario public service. I started my current position on December 17, 2001. Previous to that, I'd been a public servant for approximately the last 30 years. Prior to my current appointment, I was the Deputy Minister of Finance and secretary to Ontario's treasury board from September 2008. I've also had the opportunity to serve as Deputy Minister of Energy, deputy minister responsible for policy in the cabinet office, as well as various positions with the Ministry of Natural Resources, Management Board and other ministries.

I'll focus my quite brief remarks on three technical areas that are under the purview of the Ministry of Finance and I believe may be of interest to this committee. These are public salary disclosure, the procedures asso-

ciated with the consolidation of various entities into the province's reporting books and the ministry's role with respect to internal audit and the internal audit process.

Starting off with the Public Sector Salary Disclosure Act: This is an act that is administered by the Ministry of Finance. The act, as I think the committee is aware, outlines a series of technical criteria and that, in turn, imposes an obligation on applicable organizations and individuals to disclose any compensation, essentially T4 compensation, over a \$100,000 level.

The obligation is on the reporting entities. The information is collected through the line ministries, consolidated and published, made available by the Ontario Ministry of Finance. There is always some considerable year-to-year churn in the numbers, as both individuals come on and off the list, as well as organizations appear or change status and are no longer eligible.

Secondly, I'd like to talk about the consolidation of entities. I understand this has been an issue of some interest to the committee. To provide some background on this, in, I think, 2005 the Public Sector Accounting Board altered the accounting standards applicable to provincial governments; and this change in the accounting standards, largely a technical change, altered the reporting entity associated with the government of Ontario and in fact considerably expanded the reporting entity.

The consolidation changes in criteria were essentially technical. They respect a view of an accounting construct. The act of consolidation—and in this case, Ornge was consolidated into the province's books earlier—does not change in any way the practical control of the organization. The fact that the organization is consolidated into the province's books doesn't change at all the practical governance mechanisms through which operational control is normally exercised. That's through performance agreements and other oversight arrangements. This is an important construct, because as the construct of consolidation expanded dramatically in the middle of the last decade, a large number of organizations have come on to the province's books as part of the consolidated entity, and these have historically exercised a very significant degree of operational independence from the province.

So hospitals, school boards and organizations that function almost completely independently from the government of Ontario, such as pensions, pension bodies, healthcare of Ontario pension plan, for example, are technically consolidated into the province's books and are part of the reporting entity, although the province exercises no effective operational control over those entities. The simple fact that they're consolidated does not alter the controls. I think that's accurate, Auditor; that's my understanding.

Mr. Jim McCarter: I think that's a good summary, Mr. Wallace.

Mr. Peter Wallace: The third point I'd like to cover is internal audit, which is a vital management function in the Ontario public service, and it's one we take extremely

seriously. The internal audit division is headed by an assistant deputy minister who reports to the Ministry of Finance, to the Deputy Minister of Finance, for administrative purposes. And there is a clear protocol, a clear understanding that the work of the office of the internal auditor is not influenced or altered by the Deputy Minister of Finance. So the reporting of audit findings, the routine and non-routine activity of internal audit, is not generally shared with the Deputy Minister of Finance. The reporting relationship is a consolidated one that facilitates a relatively efficient administrative relationship but is not intended as an operational or policy relationship. Internal audit remains functionally independent, and this is an important construct. It's designed to be functionally independent from the guidance of the Deputy Minister of Finance, and in that context the Deputy Minister of Finance would obviously not receive, as an ordinary course of business, reviews of specific audits of any type.

The last point I'd like to cover is that, as the committee is aware, I was one of 14 individuals copied on a January 19, 2011, letter from Ornge. While I have no recollection of receiving and reviewing the letter, a subsequent request was received by my office from Ornge asking for attendance at a meeting. I was not available for that meeting, but officials from the Ministry of Finance did attend a briefing provided by officials from Ornge. It is my understanding that this was primarily a technical conversation, that Ornge was showing the government what it had done in terms of a bond issue and a handful of other points.

The ministry did review the material provided by Ornge, did engage in a technical conversation. The focus of the conversation, I am informed, was on the potential risk to the Ontario credit from the bond issue undertaken by Ornge, and obviously, from a Ministry of Finance perspective, any time you have a transaction occurring, any transaction, you want to undertake a certain amount of due diligence to be assured that that transaction does not expose the province's credit to any incremental risk.

Assurances were provided both in the direct documentation provided by Ornge, the January 19 letter, and in that subsequent meeting to indicate that the province's credit was fully insulated from the bond activity undertaken by the entity. That was a clear focus of the Ministry of Finance and the Ontario Financing Authority, to ensure that the province remain insulated from any incremental risk.

The Chair (Mr. Norm Miller): If you don't mind wrapping up, we're a little—

Mr. Peter Wallace: I'll be happy to wrap up. I will simply conclude by saying that I do remain, obviously, exceptionally concerned by the findings of the Auditor General. I am acutely aware of the need for the government of Ontario to continuously drive for more efficient operating models, including operating models that are not traditional, that involve other groups into the delivery of public services, including core public services. But we must always, as the Auditor General's report reminds us,

remain absolutely vigilant to proper accountability structures, proper control structures, proper performance agreements and other mechanisms.

I'll be pleased to answer any questions the committee may have.

The Chair (Mr. Norm Miller): Thank you, and we'll move to the official opposition to begin with. Mr. Klees.

Mr. Frank Klees: Thank you, Mr. Wallace. I'd like to move quickly to the issue of the \$300-million bond offering. I find it interesting that you say that you were satisfied that, as you put it, the credit of the province was "fully insulated" from any incremental risk. Can you share with us: What did you rely on for that insulated risk?

Mr. Peter Wallace: I appreciate the question. The reliance was not by me directly but by officials from the Ministry of Finance, from whom I've obviously subsequently sought information. The meeting, as I understand it, and the correspondence from Ornge, as I understand it, refers retrospectively to bond issues that have already occurred.

We have, in the Ontario Ministry of Finance and the Ontario Financing Authority, fairly substantial experience in bond issuance and in the relationship between bond issuance and organizations with which the government of Ontario has some type of ongoing financial or other relationship. So we relied on—as I understand it, asked questions about three core areas.

The first is the actual documentation provided to me through that letter, which articulates—I believe provides a fair number of assurances that the activities being undertaken by Ornge were both consistent with the performance agreement and outside of the financial relationship with the province. So there's a clear written record that establishes that.

The second part is that there was a series of questions or dialogue at the meeting that confirmed those written assurances.

The third, and from a slightly more pragmatic perspective, is that this is an issue that had, as I understand it, already taken place. It had been reviewed. It had been placed on the market. The market would have seen in the documentation—would have been able to form a judgment that there was no provincial guarantee associated with that, and it would be my understanding from that that this would be a reasonable level of oversight with that type of entity, given that the issue had already occurred.

Mr. Frank Klees: Mr. Wallace, I'd like to ask this: Have you seen the offering memorandum that was used to float the—

Mr. Peter Wallace: I have not reviewed the offering memorandum.

Mr. Frank Klees: You have not. Did your ministry officials at any time review that offering memorandum, knowing that \$300 million was being floated on the open market?

Mr. Peter Wallace: Three hundred million dollars was being floated on the open market by an entity that we

were given concrete assurances—and I appreciate the question. But \$300 million was floated on the open market in response to a structure that insulated the province of Ontario. What this means is that if Ornge defaulted on its obligations or if the entity defaulted on its obligations—unlikely, but nevertheless a scenario that needs to be considered—there is, as we understand it, no recourse back to the province's credit. That would be the primary concern from an Ontario Ministry of Finance perspective.

0910

Mr. Frank Klees: Mr. Wallace, I've read that offering memorandum. There are repeated references to the government of Ontario, repeated references to \$150 million of revenue flowing directly to Ornge, repeated references to the security. In fact, the rating that was attached to this public offering relied almost exclusively on the fact that it was the government of Ontario that was standing behind this offering. I find it quite disconcerting at best that we have such a major public offering taking place with the very clear guarantee of the government of Ontario, and Ministry of Finance officials were not aware.

Can I ask this: Was the Minister of Finance made aware that this offering was being floated before it was?

Mr. Peter Wallace: I apologize, but I need to spend a moment with the language you used. I discussed the notion of incremental exposure to the province's credit. The core construct, as I would understand it and as the financial professionals would understand it, is whether or not, in the event of default, additional incremental obligations would accrue to the province. I of course have no understanding of the way in which rating agencies or investors would have made the decision. That is, frankly and fundamentally, their business, and any construct associated with that would be purely speculative on my part. I do know that the core issue in any bond relates to the security. There is no recourse, as we understand it, and we were given concrete assurances that there is no recourse, back to the province's credit associated with any incremental obligation incurred by the entity.

Mr. Frank Klees: Let me ask you—

Mr. Peter Wallace: I apologize for exploring that, but I do need to answer your question.

The Chair (Mr. Norm Miller): You have about a minute and a half, Mr. Klees.

Mr. Peter Wallace: I do need to answer your question, which is, I am not aware of any briefing to the Minister of Finance.

Mr. Frank Klees: Okay. At the end of the day, is the province of Ontario now responsible for the \$300 million that is out there in bonds? Is the province of Ontario now directly responsible for the interest payments and, ultimately, the repayment of the capital of that \$300 million?

Mr. Peter Wallace: If the entity known as Ornge is unable to fulfill its financial obligations which it incurred through a separately structured subsidiary transaction with bondholders who read and reviewed a prospectus, there is no incremental risk, I understand, from a legal

construct, to the province's credit. The entity, as I understand it, has not been altered by the very appropriate governance changes that have been put in to provide additional fiduciary oversight.

Mr. Frank Klees: Mr. Wallace, anyone reading that offering memorandum will draw the conclusion that it is the province of Ontario that is standing behind that bond offering, that it's the \$150 million of annual funding that will sustain that entity that issued—because there were no other assets. There was no other revenue in that entity that was floating those bonds. So for anyone to accept that there would be no incremental risk to the province of Ontario is outrightly irresponsible. My question to you is, who at the Ministry of Finance—

The Chair (Mr. Norm Miller): We are out of time.

Mr. Frank Klees: —will be held responsible for that?

The Chair (Mr. Norm Miller): We have to move on, I'm afraid.

Mr. Peter Wallace: I will be clear—

The Chair (Mr. Norm Miller): Okay, go ahead and answer the question.

Mr. Peter Wallace: I was through much of this period the Deputy Minister of Finance. If there is accountability associated with that, those accountabilities would rest with me as the Deputy Minister of Finance and as chair of the Ontario Financing Authority.

I will say that in those roles I had the opportunity and privilege to work with individuals well known to Mr. McCarter and others who are professionals in the world of corporate finance and the world of public finance. In that construct, we have considerable experience with the offering of credit facilities by a wide range of private, public and quasi-public entities. We have considerable experience with offerings by entities of the broader public sector that do, in fact, retain and attract risk back to the government of Ontario.

So while I appreciate your view and I appreciate your reading of the prospectus, we will, frankly and with respect, have undertaken a different understanding on the basis of a clear written document from the entity and on the basis of appropriate due diligence concerns. You may feel that investors would have had a different view. Our understanding legally—the assurances we sought were that this was a separate, insulated entity. It doesn't mean we like it. It doesn't mean it's something that's a best practice. It does mean that from the perspective, "Does this attract incremental legal risk?" which is the appropriate standard when confronted with something that has already occurred, there was, as we understand it and as we were assured, no incremental risk. That structure remains intact.

Bondholders do not have—and this would be an important legal issue—we would retain and we would be accurate that bondholders do not have direct access back into the provincial credit.

This is also critically important from a broad policy perspective, because we continually strive for mechanisms, for partnerships, that make our business more efficient. As we strive for those, we do need access to private

credit. Being able to maintain the distinction between private and public credit remains of vital importance.

We do not put ourselves into the minds of potential readers of prospectuses; we put ourselves into the minds of the government of Ontario. From a government of Ontario perspective, with respect, we were assured—we understand factually—that there is adequate insulation from the province's credit.

The Chair (Mr. Norm Miller): Thank you very much. We move to the NDP. France?

M^{me} France Gélinas: And make sure that I get my full 10 minutes.

The Chair (Mr. Norm Miller): Yes, you will.

M^{me} France Gélinas: Good morning. The first thing I would like to know is when you were first made aware that Ornge had for-profit subsidiaries.

Mr. Peter Wallace: I'm not cognizant of when I became aware of that. The point in time at which information was presumably provided to me that would make me aware of it was the January memorandum. Unfortunately, I frankly have no recollection of that memorandum. It was actioned by my office, so it is quite lengthy and one of a fair number of copies. So I would have become more aware of it when media coverage and the Auditor General's review intensified, and it became a subject of broader interest.

M^{me} France Gélinas: Okay. So can you give me a date when it became of broader interest and hit your radar?

Mr. Peter Wallace: No, I'm afraid I cannot.

M^{me} France Gélinas: A range of time? Was it just before Christmas? Was it last summer when the auditor started—actually, was completing—his work?

Mr. Peter Wallace: If I'm forced to speculate on a range of time, it would be someplace between late January and, let's say, June 2011. In terms of the specific question, which is the creation and mechanics of creation of a for-profit subsidiary, that's a fairly specific question, and I—

M^{me} France Gélinas: No, I didn't ask that question. I asked, when did you become aware? So you became aware between January 2010—

Mr. Peter Wallace: 2011.

M^{me} France Gélinas: —2011 and June 2011. Did you speak to anybody about this when you became aware? Did it raise any red flags to you?

Mr. Peter Wallace: The simple existence of a subsidiary of any entity is, frankly, not uncommon—

0920

M^{me} France Gélinas: So it didn't raise any red flags for you? When did it raise red flags for you? When did it become an issue for you?

Mr. Peter Wallace: The issue is frankly not one of corporate structure but corporate behaviour. We have a wide range of organizations. I appreciate the nature of the question, but it is vitally important that we, from an Ontario public service perspective, be open to finding better ways of delivering public services. It is not remotely uncommon for broader public sector institutions

to create subsidiaries to try and extract value from other areas of public service activity. This is done routinely by other areas of the broader public sector. So the mere creation of a subsidiary or an entity would not, in the general rule, raise red flags.

M^{me} France Gélinas: But I'm asking you, when did it become an issue for you? Is Ornge an issue for you now?

Mr. Peter Wallace: Of course Ornge is an issue for—

M^{me} France Gélinas: When did it become an issue?

Mr. Peter Wallace: It presumably became an issue at the time when the question of behaviour of the corporation—

M^{me} France Gélinas: I'm looking for dates.

Mr. Peter Wallace: I'm afraid that I don't have the specific dates associated with that. I'm afraid that I do not keep a diary that indicates what dates I became aware of specific issues—

M^{me} France Gélinas: Give me a range.

Mr. Peter Wallace: I believe I already have. I've said, you know, my understanding—

M^{me} France Gélinas: Okay, so since 2011. So when this became an issue—like you said it is, Ornge is an issue; it became an issue between January 2011 and June 2011—who did you speak to about this?

Mr. Peter Wallace: I would have spoken to officials in the Ministry of Finance. I would have spoken—

M^{me} France Gélinas: The minister himself?

Mr. Peter Wallace: I have no recollection of a specific conversation with the minister on this.

M^{me} France Gélinas: If something is an issue, wouldn't it be reasonable to assume that the Secretary of Cabinet talks to the minister? Do you talk to the minister, ever?

Mr. Peter Wallace: I was the Secretary of Cabinet; of course, I talked to the minister. I was the Secretary of Cabinet following December 11; during most of the relevant time period I was the Deputy Minister of Finance.

M^{me} France Gélinas: Did you talk to the Minister of Finance when you were deputy minister?

Mr. Peter Wallace: I talked to the Minister of Finance—

M^{me} France Gélinas: If something is an issue, would you talk to the minister about issues?

Mr. Peter Wallace: I generally do discuss issues with the Minister of Finance, yes.

M^{me} France Gélinas: So is it reasonable to assume that you talked to the Minister of Finance that there was an issue at Ornge?

Mr. Peter Wallace: It is reasonable to assume that if there were specific issues that were raised with me that related to the responsibilities of the Ministry of Finance—if, for example, we had information that did expose the province's credit or information that was different—

M^{me} France Gélinas: But you did say that you became aware between January 2011 and June 2011. You described it; you recognized that Ornge was an issue. There was an issue. It is your job to let the minister

know. So it is reasonable to assume that you talked to the Minister of Finance. Ornge was an issue between January 2011 and June 2011.

Mr. Peter Wallace: I'm trying to be helpful here, but—

The Chair (Mr. Norm Miller): Ms. Gélinas, if you could let him answer the question please.

M^{me} France Gélinas: He's too long in his answer and tells me a whole bunch of things I don't want to know.

Mr. Peter Wallace: I am trying to be helpful, and I apologize.

Mr. David Zimmer: Just a second, just a second, a point of order.

The Chair (Mr. Norm Miller): No point of privilege; let's continue here.

Mr. Peter Wallace: I explained to you the time frame and I explained to you my mechanism by which I became aware of this. Was information of public knowledge? Information of public knowledge, for example, that the Auditor General was conducting a review—I would have become aware of that, not through an internal audit mechanism, not through some other mechanism, but frankly through the same mechanisms that others became aware of it—through allegations about corporate behaviour.

M^{me} France Gélinas: Okay, I want—

Mr. Peter Wallace: But those allegations about corporate behaviour were broadly known and I would not have felt compelled to share information broadly known specifically with the minister. I could reasonably assume that the minister would read the papers in the same way that I would read the papers.

M^{me} France Gélinas: Okay. I want to talk about disclosure, that the NDP filed a freedom-of-access-to-information about the lack of disclosure of Dr. Mazza's salary. The freedom-of-information went to your ministry, and basically we got back that they couldn't share anything with us. The fact that we filed a freedom-of-access-to-information, that we asked specifically what had happened to Dr. Mazza, would that have been flagged to you in any way?

Mr. Peter Wallace: I have no recollection of it being flagged. It would normally not be flagged. I have no direct knowledge of that. But in general, the questions are phrased. We are under obligation—we take the obligations extremely seriously—to provide any responsive records. In this instance, there presumably would be no responsive records. In the absence of responsive records, we would send a response indicating that there are no records that we can disclose, simply because we do not have that information.

M^{me} France Gélinas: Okay. We have a document called "Indicators of Control," dated 2008, from the Ministry of Finance, that states, "We feel the government can effectively govern the financial and operating policies of Ornge." You were the deputy minister at the time.

The Chair (Mr. Norm Miller): Excuse me, Ms. Gélinas. Do you have a copy of this document you're referring to?

M^{me} France G elinas: It's in the newspaper. It's a quote from a newspaper.

The Chair (Mr. Norm Miller): If the government members want to see it, then we need to be able to see it.

M^{me} France G elinas: It's in the press clipping that was circulated to us when the good people did their work. Remember? They gave us a package of information about Ornge.

Mr. Jagmeet Singh: I'm going to stop the clock now, because we're being interrupted—

The Chair (Mr. Norm Miller): If it was in the legislative research package that was sent around, that's fine. Continue.

M^{me} France G elinas: Thank you.

Mr. Jagmeet Singh: Mr. Chair, I stopped the clock at 7:41. I'd like it to resume now and not have any of this time count against us.

The Chair (Mr. Norm Miller): Yes, I take care of the clock. Continue, please.

M^{me} France G elinas: Thank you.

So, basically, a document from the Ministry of Finance says, "We feel the government can effectively govern the financial and operating policies of Ornge." You were the deputy minister at the time. Did you feel confident that you could govern the financial and operating policies of Ornge?

Mr. Peter Wallace: Two constructs here: First, this preceded, as a technical point, my appointment as the Deputy Minister of Finance, as I understand. Secondly, and far more fundamentally, the consolidation process occurred over a very large number of entities, over a relatively accelerated period, a time at which we took entities such as hospitals, school boards, pension plans and a variety of others and included them into the province's reporting entity. This was reflecting a set of technical accounting changes that changed the accounting definition of control. There was, in fact—

The Chair (Mr. Norm Miller): We are out of time. I would just let all the members know that if you're finding you don't have enough time, you do have the ability to call a witness back at a future time. We are out of time now. We'll move to the government, please.

Mr. Peter Wallace: I would like to be helpful on this point, if I can.

The Chair (Mr. Norm Miller): Yes.

Mr. Frank Klees: On a point of order, Chair: You know, these proceedings are difficult enough given the limited time frame that we have. The constant interruptions by members of the government committee members here—I would ask that we have an agreement that you, as the Chair, have the responsibility to ensure that these proceedings are carried out in a way that is appropriate. We don't need either Mr. Zimmer or Ms. Sandals acting as referee. I would ask you, as the Chair, to take control of this committee—

The Chair (Mr. Norm Miller): I have the ability to do that, thank you very much. In the interests of time—

Mr. David Zimmer: Chair, just a second. I want to refer to the rules and the memo from the counsel, just on

Mr. Klees's point. Counsel addressed how the procedure—

The Chair (Mr. Norm Miller): Mr. Zimmer, that's a privileged memo, so please don't refer to it. If we can—

Mr. David Zimmer: I ask you to look at page 6 on the procedures for members if they object to a question and the procedures that we have to follow. It's at page 6 of counsel's memo.

The Chair (Mr. Norm Miller): We know about that.

Now, if we could proceed to the government, who would like to do the questioning on the government side? Ms. Sandals.

Mrs. Liz Sandals: Thank you very much. I appreciate your patience and your very clear answers. Forgive me if I refer to you as deputy, because that's how I'm accustomed to it.

We seem to all be taking advantage of your knowledge as Deputy Minister of Finance and I wonder if we could go back to the issue of consolidation, which is very complicated.

If you could explain to us, (a) is Ornge consolidated on the province's books, and (b) why is Ornge consolidated on the province's books? When did that happen and what's the consequence of that happening?

Mr. Peter Wallace: Thank you. I'm going to treat it, frankly, as an extension of the last question and try and be helpful in terms of, I think, the intent of the past question as well.

Consolidation is an accounting construct by which an entity is brought into another entity's reporting books. It's used in a variety of subsidiary contexts; it's used in a variety of others.

0930

In 2005, the Public Sector Accounting Board, which sets the standards for provincial government, broadened the standards—altered the standards to broaden the number of consolidated entities. As part of that, there has been a fairly extensive conversation that involves the office of controller in the Ministry of Finance, line ministries, from time to time the Office of the Auditor General, in understanding the application of these new standards.

The application of the standards themselves and the shift in the standards is of no practical consequence in terms of the reporting relationship, oversight or other aspects. This is not by any way of an excuse, just simply that consolidation as it exists in a reporting entity construct is not an indicator of anything else. For example, we have no visibility—no reporting relationship, no visibility into the corporate structures or governance or other mechanisms used by pension boards, as an example, nor would we want to regulatorily have that type of relationship.

In the specifics of the situation of Ornge, while this occurred prior to my appointment as deputy, I understand it to have been a bit of a grey area, and I think probably the Auditor General may be of help in this: that there are arguments that speak to consolidation of Ornge in this construct, and they include the very high proportion of

funding that Ornge derives from the government of Ontario, the fact that it is, for practical purposes, almost completely reliant on government of Ontario funding. That is one set of criteria.

There are other criteria that are used in the PSAB documentation that speak, for example, to the right to appoint a board of directors and other mechanisms. So we have universities that are largely funded by the government of Ontario but excluded; hospitals that are largely funded by the government of Ontario but included. The subtlety relates to the specific acts, the specific points around the right to appoint boards of directors and others. It's not a no-brainer conversation. It's not remotely surprising—in fact, it's normal—to see differences of opinion about whether or not an entity is consolidated. In this case, the entity was deemed to be consolidated. The arguments on one side were seen ultimately to be a little bit stronger than the arguments on the other side. That decision is made, in general, by the office of the controller in the Ministry of Finance, after consultation with others, including the Office of the Auditor General.

I realize that it is tempting, and I think logical, to understand that this represents a shift or represents the acquisition of broader responsibility for an entity, and there are other reasons to be concerned about the government's responsibility for Ornge—I'm not taking this away from the point at all—but it is not something that relates to the mere fact of consolidation, and I think, Auditor, I'm within the zone of accurate on that.

Mr. Jim McCarter: I think that summarizes it pretty good.

You asked about the date too. It was consolidated for the financial statements for the year ended March 31, 2008, so the decision to consolidate was probably made sometime, I'm guessing, early to mid-2007—to consolidate Ornge.

Mrs. Liz Sandals: Okay, thank you. And just one follow-up question. I take it from what you've said, then, that it's perfectly normal to be having a discussion between the Ministry of Finance, the controller and the Auditor General and the entity itself about whether or not it should be consolidated and how that should happen, that as we moved into the PSAB rules, this conversation around what and how and when to consolidate is a pretty normal conversation?

Mr. Peter Wallace: It has occurred countless times. There are often differences of opinion reflecting different senses of the criteria. Initially, organizations are often surprised to learn that they may be consolidated. They generally are not—you know, from time to time uncomfortable with that concept until they understand that it is simply inclusion in the reporting entity and is, from a governance standpoint, of no practical ramification.

Mrs. Liz Sandals: And if we could turn to your current role as secretary of cabinet, I believe you said you were appointed secretary of cabinet on December 11. What would your larger role, then, in dealing with the larger issues around Ornge rather than—and I'm thinking here of the governance issues. How has that evolved

since you have become secretary of cabinet? What changes have occurred since then?

Mr. Peter Wallace: So it was December 17, I recall. That's a small adjustment.

Mrs. Liz Sandals: Oh, okay. Sorry.

Mr. Peter Wallace: Not especially relevant.

In any organization that is as large as the government of Ontario—in fact, in almost any organization—there is always some real risk of inappropriate behaviour. That can occur within the organization, it can occur with transfer payment partners, it can occur with corporate entities with which we have a relationship.

The two issues that are most vitally important on this are vigilance, understanding what we've done to mitigate risk, and learning, going forward from any risk that was realized. We have to recognize that as government gets smaller—and we are a government that is getting smaller. We are looking forward to occupying a smaller share of gross domestic product than we have in the past. We are committed to efficiency. That will mean doing business in a very different way. The risks we are exposed to in a large, bureaucratically structured, hierarchical organization are very different than the risks we accept when we enter into more complex, sometimes more efficient—hopefully, more efficient—relationships with other service providers.

It is absolutely critical that we become alive to and increasingly vigilant about the nature of transactions that we perform, that we undertake adequate due diligence, that we have effective control and that the use of taxpayer resources simply must be subject to adequate protections so that if we do become concerned, on the basis of any information whatsoever, that an entity of any description may be behaving inappropriately, we have powerful mechanisms and powerful tools—audit, decision rights, governance changes—to allow us to put those issues to rest as quickly as possible and that we are not at risk of any type of behaviour that delays or obfuscates or imposes additional timing issues for decision-makers.

The Chair (Mr. Norm Miller): We are out of time right now.

Mrs. Liz Sandals: Just one point, Chair.

The Chair (Mr. Norm Miller): Yes, go ahead.

Mrs. Liz Sandals: Mr. Klees mentioned having possession of the offering memorandum on the bond issue from Ornge. I wonder if that could be tabled.

Mr. Frank Klees: It's a public document.

The Chair (Mr. Norm Miller): Mr. Klees, do you mind tabling that?

Mr. Frank Klees: I think Ms. Sandals can get it from the library in the same way that I did.

The Chair (Mr. Norm Miller): Okay.

Well, thank you very much, Mr. Wallace, for your presentation. I appreciate it.

Mr. Peter Wallace: Thank you.

WILDEBOER DELLELCE LLP

The Chair (Mr. Norm Miller): Now I'd like to call Alfred Apps forward, please.

Mr. Alfred Apps: Good morning, Mr. Chairman.

The Chair (Mr. Norm Miller): Good morning, Mr. Apps. We'll begin with an oath.

The Clerk of the Committee (Mr. William Short): The Bible is at the table there with you. Do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Alfred Apps: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Just to confirm that you received the notice to witnesses appearing before the committee.

Mr. Alfred Apps: I did. Thank you.

The Chair (Mr. Norm Miller): Thank you very much. You have five minutes for an opening statement and then it will begin with the NDP with the first round of questions.

Mr. Alfred Apps: Mr. Chairman, honourable members, I'm pleased to have this opportunity to appear before this committee in relation to your inquiry into Ornge. Your job is to get at the truth and I'm in a position to assist you. For the public interest to be well served, my presentation and your interrogation of me should take much longer and be much more detailed than 30 minutes allow. Serious issues of public policy and public administration are at stake, vitally important questions of justice and reputation where individuals are concerned are also at stake. I'm happy to answer your questions today and I will return in the future as frequently, as long, as often, as you desire. This is important public business.

On conclusion of these brief opening remarks, I will circulate a summary of my personal and professional background, as well as a detailed overview of the legal work I did in relation to Ornge so that you'll be in a better position to contextualize and evaluate my testimony.

Like each one of the many professionals from the many legal, financial and accounting firms involved with Ornge, my ability to respond in recent weeks to the seemingly endless string of allegations in the media has been severely circumscribed by professional duties of confidentiality to Ornge and, because I and my colleagues are lawyers, by Ornge's right to claim privilege in relation to its communications to us and our advice to Ornge. You've convened these hearings and Ornge has now waived those rights.

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This is fitting and appropriate. The government and people of Ontario have every right to learn the truth about what the legal, accounting, investment banking and other financial professionals did for Ornge, on behalf of Ornge, and why we did it.

I do not have the personal knowledge required to address certain matters. My exposure to Ornge as a lawyer began in 2007, was intermittent and focused on

specialized work related to corporate structuring and structured finance. The original separation and establishment of Ornge and the original set-up of its charitable foundations and for-profit subsidiaries preceded my involvement. I cannot speak with direct knowledge about the total compensation of management or how it was paid. I was not made aware of any management loans until after they'd occurred. I was not involved in providing advice on salary disclosure under the sunshine laws.

I was aware of the marketing services agreement with AgustaWestland and, based upon what I understood, saw absolutely nothing inappropriate about it. But I did not advise on it, play any role in negotiating it and was not involved in documenting it.

For the record, I also want to be clear that I have no knowledge of any wrongdoing, criminal or otherwise, in respect of anyone associated with Ornge.

Let me provide a very brief overview of five key matters I can address:

(1) The government entity reporting discussion, which the secretary of cabinet just so capably addressed, of 2007-08, has been characterized as a matter related to the government's substantive oversight and control of Ornge. This is a red herring. Nothing could be further from the truth. Ornge's financial statements, including in respect of its for-profit subsidiaries, were always audited by KMG, provided to the government and included in the public accounts.

The debate was never about substantive consolidation; it was about accounting consolidation only, and there is a huge difference. Ornge had always presented and audited its financial statements as a non-share capital corporation—a charity—as it was required to do. Consolidation required its financial statements to be presented in a second and additional format to comply with the special accounting policies of government entities.

We, at Fasken, were advised that the extra bookkeeping, reporting and professional accounting services required were going to cost Ornge significant dollars that would have to be diverted away from patient service. Ornge's only objective in questioning the need for accounting consolidation was to avoid unnecessarily wasting taxpayers' money, because it believed that the relevant accounting policy, which was open debate, if properly applied to Ornge, did not require such consolidation. Ornge nevertheless complied with the request, and accounting consolidation has continued to this day. The extra costs have been incurred for several years. But to be clear, accounting consolidation has done nothing substantive other than increase Ornge's costs. It contributes absolutely nothing to increased disclosure, enhanced oversight or government control.

(2) The \$275-million 2009 bond issue: This has been characterized by some of the media as something that was prejudicial to taxpayers because it enabled Ornge to apply funds to improper purposes and for the benefit of private interests. It has even been hinted that it was improper for Ornge to use public funding to service those

bonds. These interpretations are patently wrong. They reflect a misunderstanding on basic matters of corporate finance.

Ornge is engaged in a capital-intensive business with a serious cost-of-capital challenge. It requires aircraft vehicles and ground assets to provide its services to Ontario. In deciding to purchase its capital assets—

The Chair (Mr. Norm Miller): You have a minute left for your statement.

Mr. Alfred Apps: Sorry?

The Chair (Mr. Norm Miller): One minute left for your statement.

Mr. Alfred Apps: In deciding to purchase its capital assets with low-cost-rated debt financing rather than leasing them from third parties at a considerable markup or profit to those third parties, Ornge was able to significantly reduce its cost of capital over the long term, generating considerable savings for its operations for years to come. The financing was entirely standard in format, conventional in structure for transactions of this sort. It was clearly and only in the interest of the taxpayers of Ontario. With more time, I would be happy to elaborate. The government was fully informed before the bond financing was undertaken and raised no objections.

(3) The 2011 reorganization leading to the establishment of the for-profit businesses under Ornge Global has been completely misunderstood and misconstrued, both by the press and the Auditor General.

The for-profit structure was created to serve two primary purposes: insulating and protecting Ornge, Ontario and its taxpayers from new-venture risk and attracting private capital required to finance these ventures that Ontario clearly supported but did not want Ornge to vest taxpayer dollars in. The structure was not in any sense a private empire or conglomerate or web of companies designed to reward private interests.

I'm probably out of time. I've got another page on this—

Mr. David Zimmer: Chair?

The Chair (Mr. Norm Miller): Yes, Mr. Zimmer.

Mr. David Zimmer: I wonder if the committee would consider—Mr. Apps said he had five points he wanted to address in his summary, whether we might, if I make the motion, allow him to continue through his points—

The Chair (Mr. Norm Miller): Mr. Zimmer, why don't we just let him continue?

Mr. Alfred Apps: I've got one page left.

The Chair (Mr. Norm Miller): Finish your page, please.

Mr. David Zimmer: All right. Thank you, Chair.

Mr. Alfred Apps: The structure was not in any sense a private empire or conglomerate or web of companies designed to reward the private interests of Ornge management. It was a conventional, bankruptcy-remote, private-equity, limited-partnership investment structure that those experienced in private equity investment would easily recognize and understand as commonplace, and one that put management's upside incentive—clearly, I want you to understand this—dead last, not first.

The province of Ontario and the investors would have received \$65 million before the management got a cent. Any potential benefits flowing to management were performance-based, highly contingent and deeply subordinated to the interests of the Ontario taxpayer and the private sector providers of debt and equity capital. With more time, I'd be happy to elaborate. The government was thoroughly informed in respect of this reorganization before it was completed, and raised no objections in respect of it.

(4) The credit lease transaction of 2011 in respect of Ornge's head office property has likewise been misunderstood and misconstrued by both the press and the Auditor General. It did not siphon money away from taxpayers to benefit the private interests who own the for-profit companies, nor was it unusual or mysterious. In fact, transactions just like this are concluded every day in the marketplace by companies of all sorts for compelling reasons that I would be pleased to elaborate on.

Analogies are never perfect. In fact, this is not perfect at all. But from a layman's perspective, it wasn't much different than increasing your mortgage to finance sending your kids to college. Importantly, the transaction was based entirely on an independent opinion about fair market rental rates from a leading national accounting and financial advisory house, PricewaterhouseCoopers—something that has never been reported in the media and, curiously, was casually dismissed by the Auditor General.

The credit lease transaction was a financing designed to benefit Ontario taxpayers, not harm them. With more time, I'd be happy to elaborate. The government was thoroughly informed in advance of the transaction and the use of proceeds, and raised no objections.

(5) It has been said that Ornge and its lawyers, including me, misled the minister and the government. This, you will understand, is offensive in the extreme, particularly for someone of my personal background, my long history of civic engagement and my hard-earned professional reputation.

The record actually speaks for itself. To the extent of all matters within my knowledge, the board and management of Ornge more than did their job, and the government was thoroughly, painstakingly and, in all cases, truthfully briefed in advance of Ornge taking any of these actions. If the government had ever raised any objections to anything, I am confident that Ornge would not have proceeded.

Ornge was a great Ontario company with an extraordinary global future. It has now become a case study in the failure of public administration, not, in my opinion—and it is my opinion—as a result of lack of transparency, process or governance on Ornge's part or, frankly, from any lack of oversight or control on the part of the government, but as a result of the fundamental absence within parts of the public sector of the required skill set and competence in commercial and legal matters to properly understand and manage public-private partnerships.

Unless and until we get this right, necessary efforts to offload funding from the taxpayer to the private sector will be met with misunderstanding and confusion and, as such, become politicized and unable to attract investment and doomed to failure. There are excellent examples of success in this area right here in Ontario that we need to apply more broadly.

Thank you for your attention. I would be pleased to take your questions.

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The Chair (Mr. Norm Miller): Thank you. We'll move to the NDP. Who in the NDP would like to question? Jagmeet?

Mr. Jagmeet Singh: Yes.

Thank you very much, Mr. Apps. Mr. Apps, specifically, if you could just highlight some very succinct issues, what was the problem with Ornge and what are the issues concerning Ornge?

Mr. Alfred Apps: The only issue—and I don't have the competence to address it—that I have seen, based on all of my reading of all of the newspapers and my knowing the facts as I know them, is the salary that was paid and whether or not that was appropriate. Everything else I've read is frankly wrong.

Mr. Jagmeet Singh: You indicated that the government was thoroughly briefed on every aspect of Ornge before any step was taken.

Mr. Alfred Apps: Correct.

Mr. Jagmeet Singh: How do you know that?

Mr. Alfred Apps: Because I participated in those briefings as a lawyer, reporting on the structure, how Ornge was insulated, what the rating agency thought of the structure. In fact, what we did in terms of structure was proven out. When the whole thing was blown up, the one thing that was preserved was Ornge Ontario with its rating reaffirmed, without impairment. The point is, what we focused on was explaining to the government why that would happen under any scenario and why it was insulated from venture risk.

Mr. Jagmeet Singh: You indicated that you briefed the government and you were present during those briefings. Who did you brief and who was present?

Mr. Alfred Apps: I've got a detailed record of every briefing that I participated in.

Mr. Jagmeet Singh: Would you be able to just—

Mr. Alfred Apps: I can just give you a high-level overview, and if you want more detail, I'm happy to give it.

Mr. Jagmeet Singh: Would you be able to table that detailed—

Mr. Alfred Apps: Sure, I'm happy to table it.

Mr. Jagmeet Singh: And it's in document form?

Mr. Alfred Apps: Yes. Actually, the summary that I'm going to circulate of the legal work I did for Ornge describes all the points at which the government was briefed. It's about a six-page summary.

Mr. Jagmeet Singh: Thank you.

You've heard the allegations that there was some misconduct on your behalf, that you misled—it seemed that you were thrown under the bus a bit on that.

Mr. Alfred Apps: I think the minister justifiably felt misled, but not by Ornge.

Mr. Jagmeet Singh: Who was she misled by?

Mr. Alfred Apps: I believe that the draft report tabled by the Auditor General in November was so riddled with error and confusion that if I'd been the minister and I had gotten it and relied on it, I would have had the same reaction, coupled with the information about the salary.

Mr. Jagmeet Singh: Okay. That's all. Thank you.

The Chair (Mr. Norm Miller): France?

M^{me} France Gélinas: It's rather interesting to hear you say that the only issue, in your view, with Ornge is the salary paid, I take it, to Mr. Mazza?

Mr. Alfred Apps: I don't know anything about salaries. I learned about the salary—see, I'm not an employment lawyer. I was aware what his base salary was. I wasn't aware of all this other stuff. It kind of hit me like a ton of bricks until I had the opportunity to think about it and reflect on it. But I learned about it at the time it became public knowledge.

M^{me} France Gélinas: You were aware of his base salary, and what was that?

Mr. Alfred Apps: I'm not aware of what his base salary was in 2010, but in—and I'm not sure I've got my years right, so forgive me, because I haven't got the document right in front of me. But it was \$500,000, which didn't seem to me, given the extraordinary work he was doing—it didn't seem to be out of line at all.

M^{me} France Gélinas: Okay. Now that you know that it's \$1.4 million, any comments as to—

Mr. Alfred Apps: I'm not competent to respond to that question. I wasn't involved. I understand that the board had outside compensation experts advising them. I'm not going to try to substitute my business judgment for theirs, because I wasn't there or a part of the discussions. So I don't really have an opinion on that.

M^{me} France Gélinas: Okay. In your briefings, was the Premier ever present when you briefed the government about Ornge?

Mr. Alfred Apps: No elected politicians were ever present in any briefing.

M^{me} France Gélinas: Was this by design, or had you ever asked?

Mr. Alfred Apps: Ornge made it clear, with my assistance, that we wanted to brief the government, wanted to brief it broadly—finance, health, economic development and trade, the Ontario Financing Authority. We obviously left it to the government to decide who should go to those briefings.

M^{me} France Gélinas: So if you never briefed any elected official when you briefed the government about Ornge, did you ever talk to any elected official about Ornge?

Mr. Alfred Apps: No.

M^{me} France Gélinas: Never?

Mr. Alfred Apps: Never—well, sorry. At a cocktail party, I actually had a chat after the bond issue with the Minister of Finance, saying how successful the bond issue had gone, but that was it.

M^{me} France Gélinas: That was the only time you ever talked—

Mr. Alfred Apps: Yeah. I have never met with the Premier on this, or his staff. I have never met with the Minister of Health on this. I have never met with the Minister of Economic Development and Trade on this. The answer is no.

M^{me} France Gélinas: Okay. Did you ever talk to any of the staff in their office?

Mr. Alfred Apps: Yes. Only in relation to setting up briefings.

M^{me} France Gélinas: Okay. So when Jamison Steeve says that you called him to—

Mr. Alfred Apps: I've read Jamison's testimony, and it's absolutely correct. We never talked about substance. We simply—my question was, "So there's a lot happening here. They want to brief the government. What's the right way to go about it? Should it be a common briefing, including of members, or should it"—I can't remember the exact terms of the email. And his response back was, "Start with health and we'll go from there."

The Chair (Mr. Norm Miller): You have two minutes.

M^{me} France Gélinas: Okay. When did you first learn that salary disclosure had not been done from Ornge?

Mr. Alfred Apps: It was never part of my work. I wasn't—I mean, I did know they weren't disclosing their salaries, but it wasn't something—I don't remember when I would have actually become aware of that.

M^{me} France Gélinas: Is this something that you would have raised with Ornge as in—

Mr. Alfred Apps: No. Nowhere near my area of activity or responsibility.

M^{me} France Gélinas: So you didn't care?

Mr. Alfred Apps: No. Fasken's wasn't the employment or labour counsel. And I wasn't the lawyer at Fasken's who advised on this question; others did.

M^{me} France Gélinas: How much money did Fasken make from Ornge?

Mr. Alfred Apps: Well, this may surprise you, but I'm not—I was not the billing partner or the relationship-responsible partner for the file. I was actually just a guy who came in on the specialty team to deal with issues of my area of expertise.

I have no reason to believe that what's been reported in the press is, in general, inaccurate, although I think there were lots of related inaccuracies, because I think those numbers were provided to Ornge. But I can't get into the detail of it except to say that that was for a very broad range of work, of which mine was a subset, over a, I think, six-year period, in circumstances where Ornge had been extraordinarily active on a number of fronts as it got itself up and running.

M^{me} France Gélinas: Did Chris Mazza ever attend Liberal fundraisers when you were there, or are you aware—

Mr. Alfred Apps: I have no idea. I would like—may I elaborate on my relationship with Dr. Mazza?

M^{me} France Gélinas: Sure.

Mr. Alfred Apps: Because it's been—

The Chair (Mr. Norm Miller): You have a minute left.

Mr. Alfred Apps: Okay. Well, it's been fundamentally misdescribed in the press. He was like any other corporate CEO of a client. We had a friendly, courteous and professional relationship. We were not close. There were extended periods of time when we had no contact, when I wasn't working with Ornge. I've never been to his house. We've never socialized. I ran into him at one hospital charity one night. So we had a relationship that was completely normal, not the way it has been characterized in the media.

M^{me} France Gélinas: How much money did you make from Ornge?

Mr. Alfred Apps: I'm glad to clarify that too, because the Toronto Star suggested I was a partner of Fasken Martineau at the applicable time, and I wasn't. Because I had been elected president of the Liberal Party of Canada, I withdrew from the partnership. I became a salaried employee of the firm, with no stake in its fees. More importantly, Ornge was not—I said I wasn't the responsible partner or the billing partner.

M^{me} France Gélinas: I'm looking for an amount.

Mr. Alfred Apps: Do you want to know how much I earned as a salary?

M^{me} France Gélinas: How much did you make from Ornge?

Mr. Alfred Apps: Personally?

M^{me} France Gélinas: Yes.

Mr. Alfred Apps: Nothing, zero.

M^{me} France Gélinas: You were never paid?

Mr. Alfred Apps: No, the firm was paid, and I earned a salary at the firm, but I wasn't a partner of the firm. I wasn't paid on the basis of Ornge billings. I had my own practice, my own clients, my own billings, and prior to withdrawing from the partnership in 2009, I was compensated in accordance with my financial performance on that. After that, I went on a salary because it was inappropriate for me, in my judgment, to be both the president of the Liberal Party of Canada and a partner of the firm.

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The Chair (Mr. Norm Miller): Thank you very much. We'll move to the government members.

Mrs. Liz Sandals: Yes, thank you.

Could we go back to the compensation issue, because leaving aside the \$1.4-million figure and how you got from \$500,000 to \$1.4 million going out the door, the question that seems very odd to me—as not a corporate lawyer—is, if Ornge the not-for-profit is the umbrella and Mazza and some of the others were the senior

executives there, is it not unusual to move the salary away from the senior corporation?

Mr. Alfred Apps: I'm going to be blunt. I am not knowledgeable in this area of law, and I'm not going to give you an opinion. That work was done by a completely different set at Fasken's. It actually, I think, was done even before I was involved. I've never looked at the statute. I don't understand how the statute applies. I don't know what the circumstances were at the time, and I never advised on it.

Mrs. Liz Sandals: Okay. So, in that case, you've said that you weren't the responsible partner.

Mr. Alfred Apps: Right.

Mrs. Liz Sandals: Can you share with us who was?

Mr. Alfred Apps: Yes, certainly. I'll share anything you want. The responsible partner—I don't know the exact dates or details, but it shifted back and forth. Originally, it was a retired partner, before the separation, who was on for Sunnybrook, named George Glover. Then, I think for a period, it was Lynne Golding, who has played a very—I think she has been counsel on a number of matters through the piece and done outstanding work for Ornge. Then it was Cindy Heinz, and Ornge, because it was trying to reduce its legal fees, brought her in-house.

Mrs. Liz Sandals: So she eventually went from Fasken's to Ornge as a direct in-house?

Mr. Alfred Apps: Right, because she was the one who was principally responsible for what I'd say was the ongoing day-to-day operational advice, commercial law generally, so, routine agreements, health law issues, regulatory law issues. As a cost-saving strategy—at least as I understood it—they asked her to come in-house so that they could reduce their legal fees.

Mrs. Liz Sandals: Okay, and who would currently, then, be the responsible partner?

Mr. Alfred Apps: As you know, I left the firm, and I'm not certain I can answer that question.

Mrs. Liz Sandals: So we'll have to ask Lynne Golding?

Mr. Alfred Apps: Yes.

Mrs. Liz Sandals: You also spoke to the issue of the billing partner. Would that be different from the responsible partner?

Mr. Alfred Apps: It depends. The responsible partner is sometimes the billing partner, but—and I'm just talking about internal practice at Fasken Martineau—sometimes the billing partner is someone who is not the overall relationship partner but someone who is billing in certain areas because, for whatever complexity or technical reasons, they want to make sure that they review and sign off on the bills.

Mrs. Liz Sandals: So would the responsible partner oversee the billing partner?

Mr. Alfred Apps: Yes. But in most cases the responsible partner is the billing partner.

Mrs. Liz Sandals: Okay. You referred to the fact that you weren't the expert when it came to human resources and employment issues. Who would have been the

partner who was responsible for the HR and compensation sort of negotiations?

Mr. Alfred Apps: On employment and labour law issues with Ornge—because Ornge had unions as well—we didn't act. That was Hicks Morley. But on the issues of—

Mrs. Liz Sandals: So Hicks Morley would have done the management-side labour negotiations?

Mr. Alfred Apps: Look, all I know is that we weren't involved. I know that Hicks Morley were generally involved as employment and labour counsel to Ornge. I can't speak for what they did or didn't do.

Mrs. Liz Sandals: Okay.

Mr. Alfred Apps: On the issue of regulatory compliance—that is, the issue of compliance and salary disclosure—that was something we advised on.

Mrs. Liz Sandals: And that would have been which partner?

Mr. Alfred Apps: Mr. Guy Giorno.

Mrs. Liz Sandals: I know that my colleague has some questions.

The Chair (Mr. Norm Miller): Mr. Zimmer, go ahead. You have three and a half minutes.

Mr. David Zimmer: Are you in a position to say why you left the firm?

Mr. Alfred Apps: Absolutely. I had intended to leave the firm in June of last year on the expiry of my term as president of the Liberal Party of Canada. In connection with that, I had taken on several board positions: at Pacific Mortgage, as chairman; at Byron Capital, as chairman; and on several other boards as a director.

As a partner in a big firm, it is a problematic thing to be on the boards of clients. I had decided that I was enjoying that, and I wanted to move out. But then the federal election came, the convention got delayed till January and it just made sense to do it then, after I stepped down in January, at the fiscal year-end of Fasken's, which was January 31.

I started talking to firms about what I was thinking about and where I was going to go, and ultimately I decided to go to a 45-person law firm that I helped to found 25 years ago. It used to be called Wildeboer Apps. My brother is there, I know many of the partners and I have the freedom there to both practise law and serve on boards. But it was a decision of long standing that got upended by the federal election.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): We'll now move to the PC Party.

Mrs. Liz Sandals: Do we have any—

The Chair (Mr. Norm Miller): Do you have any other questions? You have two minutes.

Mrs. Liz Sandals: The other issue I would want to raise that I think the committee needs to deal with is that Mr. Apps mentioned tabling documents. Can we just put an asterisk around the conversation with counsel re tabling documents?

The Chair (Mr. Norm Miller): Yes, and I believe Will has noted the documents that are to be tabled.

Any other questions from the government members? No? Okay, we'll move to the official opposition. Mr. Klees?

Mr. Frank Klees: Thank you, Chair. Mr. Apps, a bold defence of Ornge. You've just given us an indictment of the government. You've made bureaucrats look like village idiots. You've undermined the Auditor General here in your comments. It seems that the only people who know what they're doing are you and the professionals and financiers who put the deal together.

Mr. Alfred Apps: Absolutely incorrect. There's great expertise in this government. There's outstanding expertise at Infrastructure Ontario in managing public-private partnerships. There's outstanding expertise at the Ontario Financing Authority. These are people who have developed the skill sets to understand capital markets issues, investment banking issues and structuring issues. I would not be condemning bureaucrats generally.

Mr. Frank Klees: I think that if you take the time to read the Hansard record, you'll realize who you threw under the bus. Nevertheless, you acted on behalf of Ornge, I understand, in the capacity of lawyer, adviser, spokesperson and lobbyist.

Mr. Alfred Apps: Mm-hmm.

Mr. Frank Klees: Did you register as a lobbyist?

Mr. Alfred Apps: I never lobbied.

Mr. Frank Klees: You never lobbied?

Mr. Alfred Apps: Not once.

Mr. Frank Klees: You just said you did.

Mr. Alfred Apps: No, I didn't. I never lobbied this government for anything in respect of Ornge.

Mr. Frank Klees: How do you define "lobby"?

Mr. Alfred Apps: It's defined in the act. Do you want me to get the statute?

Mr. Frank Klees: You did nothing that comes close to lobbying?

Mr. Alfred Apps: Nothing.

Mr. Frank Klees: Did you ever arrange meetings with elected officials for Dr. Mazza?

Mr. Alfred Apps: No.

Mr. Frank Klees: I have a memo here from you, directed to Dr. Chris Mazza, and I'm happy to pass it around. Clerk?

It is from Alfred Apps, on Fasken Martineau letterhead: "Talking points for Dr. Chris Mazza: Lunch with Minister Smitherman," and it goes on, providing Dr. Mazza with considerable detailed direction in terms of what he can and cannot say during his lunch with the minister. Did you arrange that lunch with the minister?

Mr. Alfred Apps: I don't believe I did.

Mr. Frank Klees: Okay.

Mr. Alfred Apps: Sorry, do you have evidence that I did?

Mr. Frank Klees: I'm asking you.

Mr. Alfred Apps: What time frame is this?

Mr. Frank Klees: It's your memo.

Mr. Alfred Apps: Smitherman was the minister, so it's years ago. You can forgive me that my recollection isn't perfect.

Mr. Frank Klees: Okay, fair enough. My question to you: You mentioned that you never had discussions with the Premier on this. In point number 10, you advise Dr. Mazza—

Mr. Alfred Apps: I don't have point number 10.

Mr. Frank Klees: You advise Dr. Mazza, "My advice: Downplay meeting with the Premier, perhaps not even mention it at all—you happened casually to meet him at a reception last month and had a general chat about successful transition at Ornge."

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Interesting instructions, and on the last point, number 11—I trust you have that—"I will call you separately this morning to report on contact with the minister."

Now, you clearly said earlier that you never met with elected officials. Can you explain the difference between what you've told us and what is explicit in this memo?

Mr. Alfred Apps: I know that the contact with the minister was not personal contact of mine, but this—when did Minister Smitherman finish his term as Minister of Health?

Mr. David Zimmer: Just about a year before the election—

Mr. Alfred Apps: In any event, this is a long time ago. I'm happy to undertake to you, Mr. Klees, to go back through my records and get back to you with whatever it is I was referring to there.

Mr. Frank Klees: Thank you. I appreciate that.

I understand that you introduced Don Guy to Ornge. What was the purpose for you making that introduction?

Mr. Alfred Apps: Actually, it was at the time of the consolidation discussion that Peter Wallace was going over and that I mentioned in my thing. It was related—there were actually two periods which we sought Don's advice. He was out of government by this time, had his own consulting firm. There were two periods we sought Don's advice and assistance; basically a brainstorming process to make sure that we were anticipating and thinking about the issues from the government's perspective appropriately. It was really trying to understand what the stakeholder perspective would be.

Don had a very broad overview of the thinking of government and he was very helpful in providing us the benefit of his judgment and his advice.

Mr. Frank Klees: Through whom did Don Guy bill his time for his lobbying?

Mr. Alfred Apps: Through Fasken Martineau.

Mr. Frank Klees: Okay. And how much was he paid for that?

Mr. Alfred Apps: I wasn't the billing lawyer so I don't know.

Mr. Frank Klees: Would it be possible for you to—

Mr. Alfred Apps: Can you ask Ms. Golding to—I can't undertake on behalf of Fasken Martineau anymore.

Mr. Frank Klees: Okay.

Mr. Alfred Apps: But I know that Ms. Golding will be co-operative.

Mr. Frank Klees: Now, you did mention that it was at the time of the consolidation.

Mr. Alfred Apps: That was the first stretch, and then there was a later stretch.

Mr. Frank Klees: The information that we have is that the initial move on the part of the government to consolidate Ornge's financials was proposed by Ministry of Finance bureaucrats. I also understand, and maybe you can confirm this, that the reason that you brought Don Guy on board was to help fend off that attempt by the ministry to consolidate because you were going into this bond offering and you didn't want to have any interference. Is that correct?

Mr. Alfred Apps: Absolutely not.

The Chair (Mr. Norm Miller): Two minutes.

Mr. Alfred Apps: Can I respond in detail on this point? I think it's—okay. In fact, Ornge contacted me to say, "We're going to have somewhere between half a million and \$1 million of additional costs. Is there anything we can do about this?"

I pulled out the Public Sector Accounting Board policy 1300, took a look at it and realized that this was really a grey area in the case of Ornge. It wouldn't be if the new legislation were enacted, which establishes so much tighter control. It would not be a grey area anymore at all. But at the time, it was a very big grey area. So it seemed that it was worth some investment to determine whether or not this had to occur.

I got involved, with Ornge's consent, a top public sector accounting guy from PricewaterhouseCoopers on the technical issues, together with me, the CFO of Ornge and Don Guy on the policy issues.

Really, what Don Guy's advice was—and I made the point earlier, it was a red herring. It had nothing to do with the debt issue. In fact, the government at the time, in a letter, made clear to us that consolidation or no consolidation, it wouldn't impact our ability to issue the bonds. So that wasn't the issue.

But what Don Guy was able to do was actually persuade us, "Don't die on this hill. I've got a sense of what the government's about here and why they want to do it and it doesn't have any impact anyway." And ultimately, that's what we concluded, even though it did have a cost impact.

Mr. Frank Klees: So he was actually successful in managing away the government's concerns here.

Mr. Alfred Apps: For Ornge. He was successful in helping me explain to Ornge why consolidation was not actually even a significant issue from a substantive or governance or independence perspective.

The Chair (Mr. Norm Miller): We're out of time, I'm afraid.

Mr. Frank Klees: If I could just wrap up. We will certainly have you back.

Mr. Alfred Apps: I'd love to come back.

Mr. Frank Klees: What you have effectively done today is confirmed that the government of Ontario was fully informed of everything that Ornge was undertaking, including the bond offering, the scheme of for-profit companies. They were fully apprised, fully briefed and did it anyway.

Mr. Alfred Apps: And they made the right policy decision in any event, and I'm sorry that they got bad information and advice later.

The Chair (Mr. Norm Miller): Thank you very much for your presentation this morning, Mr. Apps.

Mr. Alfred Apps: Thank you, Mr. Chairman.

The Chair (Mr. Norm Miller): We have this morning been a little bit behind schedule, so the committee will need to decide on whether there's enough time to start with Mr. Shortill. If we did, we only have nine minutes, so I would suggest that we reschedule Mr. Shortill and apologize to him—I'd like to apologize to Mr. Shortill, because this is the second time he has made arrangements to come before the committee.

Interjection.

The Chair (Mr. Norm Miller): Thank you.

Mrs. Liz Sandals: I've sort of lost track of—I thought there was some reference to tabling documents. Are there any documents being tabled?

The Chair (Mr. Norm Miller): There is one document that is going to be tabled.

The Clerk of the Committee (Mr. William Short): He didn't have it with him.

The Chair (Mr. Norm Miller): He didn't have it with him.

So we're going to start at 12 o'clock this afternoon, and we'll adjourn now.

The committee recessed from 1017 to 1218.

COMMITTEE BUSINESS

The Chair (Mr. Norm Miller): Okay, I would call this committee to order. I believe we have a motion from Mr. Klees.

Mr. Frank Klees: Yes, thank you, Chair. I'll read this motion into the record.

I move that the Standing Committee on Public Accounts report to the House requesting that the House authorize the Speaker to issue his warrant for the appearance of Chris Mazza, former president and CEO of Ornge, before the Standing Committee on Public Accounts, in room number 151, Legislative Building, Queen's Park, Toronto, at 9 a.m. on Wednesday, May 16, 2012. That if necessary the warrant can be served to Dr. Chris Mazza's attorney, Roger D. Yachetti, Q.C.

The Chair (Mr. Norm Miller): Thank you for that. I just have a comment on the procedure, and that is that the only concern—and I'm not going to comment beyond this—is that in the past the procedure followed by various standing committees when requesting the authorization of the House for the issuance of a warrant has been that the committee would communicate with the individual or individuals on at least two occasions and have two refusals in front of them. I understand that has been the procedure in the past. We have not followed that procedure up to this point. I'm laying that on the floor, and whatever the committee decides is the appropriate course of action, so be it.

Mr. Frank Klees: Speaker, if I might? I think that we're all in agreement that Dr. Mazza should be called. We are running out of time. We only have one day a week of hearings. We're bumping up to the Legislature rising. I think that we have enough information. Dr. Mazza has been advised that there is an interest for him to appear, and I would recommend to the committee that we move forward, if we pass this motion, so that we can get the debate in the House under way.

The Chair (Mr. Norm Miller): Further comment? Ms. Sandals.

Mrs. Liz Sandals: Just to say that we are in agreement. The public motion to invite Dr. Mazza to appear has been on the public record for quite some time, and I think it is important that we move ahead in trying to get him in here to testify, because ultimately, he's the key person that we need to talk to.

The Chair (Mr. Norm Miller): Thank you. Ms. Gélinas.

M^{me} France Gélinas: I would agree with everything that has been said, that we start the procedures with the Speaker's warrants immediately. That does not preclude us from continuing to connect with Dr. Mazza and invite him to come, but the procedures for the warrants have to be started today.

The Chair (Mr. Norm Miller): Mr. Zimmer.

Mr. David Zimmer: Just a question to the clerk: That business about making two requests before, is that a condition precedent to issuing the Speaker's warrant or not? Because if it is a condition precedent, then by the rules you can't issue the warrant until—if the request has been made, and then if a lawyer gives him bad advice, that the condition precedents were met, the warrant is of no validity and then you're going to be behind a month. I just ask the clerk if—you better be careful about that.

The Clerk of the Committee (Mr. William Short): It's precedent or procedure that's been followed in the past. However, it's not necessarily stopping the committee from—

Mr. David Zimmer: So it's a protocol, not a condition precedent?

The Clerk of the Committee (Mr. William Short): Correct.

Mr. David Zimmer: Okay. Thank you.

The Chair (Mr. Norm Miller): Okay. Any further debate? Seeing none, all in favour? Carried.

Then we'll go to Ms. Sandals.

Mrs. Liz Sandals: I have another motion that I would like to table, if I may.

The Chair (Mr. Norm Miller): Okay.

Mrs. Liz Sandals: This is with respect to witnesses.

The Chair (Mr. Norm Miller): We do have two other motions as well. We'll table it, but then if we can get on—

Mrs. Liz Sandals: So you're going to deal with the other two first?

Interjection.

The Chair (Mr. Norm Miller): We don't have time to discuss them right now because we're going to get on

with our afternoon's proceedings, but if you want to table it, that's fine.

Mrs. Liz Sandals: No, we're not debating any of them right now.

The Chair (Mr. Norm Miller): No.

Mrs. Liz Sandals: Okay. Can I save one copy?

The Chair (Mr. Norm Miller): Yes.

Mrs. Liz Sandals: Just so I can advise my fellow members, this is a motion to have Kelly Mitchell to appear, because it turns out that he was simultaneously on the board and being paid as a consultant at Ornge, which would seem to attract some attention from the auditor.

The Chair (Mr. Norm Miller): Very well.

MINISTRY OF HEALTH AND LONG-TERM CARE

The Chair (Mr. Norm Miller): Now, for our first witness this afternoon, we have, from the Ministry of Health and Long-Term Care, Malcolm Bates, director of emergency health services.

Mr. Bates, if you could please come forward. I understand you've already sworn an oath.

Mr. Malcolm Bates: I have indeed.

The Chair (Mr. Norm Miller): So just remember that you are under oath. And you've received the letter with the advice for a witness appearing before the committee?

Mr. Malcolm Bates: I have.

The Chair (Mr. Norm Miller): Thank you very much. You have five minutes for an opening presentation and then the government will go first with questioning this time.

Mr. Malcolm Bates: Thank you very much. Good afternoon. My name is Malcolm Bates. I'm the director of the emergency health services branch of the Ministry of Health and Long-Term Care.

Thank you for this opportunity to address the Standing Committee on Public Accounts with respect to the Auditor General's report on Ornge Air Ambulance and Related Services.

Today, I'll focus on what steps the ministry has taken and is taking to respond to the issues raised by the Auditor General, in particular with respect to patient safety.

Emergency health services is charged with exercising some of this oversight over Ornge. The oversight conducted by the branch includes the requirement for certification which Ornge must undergo every three years. This is augmented by unannounced inspections and by investigations of complaints. In addition, the Ambulance Act contains multiple standards related to documentation, patient care and storage of controlled substances that each operator must adhere to. Ornge is also required to submit ongoing financial reports and audited statements.

Until late in 2011, many indicators led the emergency health services branch to conclude that Ornge was providing good and financially effective service. A comparison of land and air ambulance costs showed that Ornge's

costs were in line. A comparison of investigations conducted in land versus air ambulance also showed that Ornge was in line. Ornge passed its certification reviews.

A review conducted by an external audit firm found that Ornge was using provincial grant funding economically, efficiently and for the purposes intended.

Thanks in part to the information uncovered by the Auditor General, we now know that Ornge misled the ministry on a number of occasions. Furthermore, in January 2012 Ornge itself informed the ministry that the organization had deliberately inflated the number of patients transported over the years since it had assumed full responsibility. The ministry had relied upon these reports to assess requests for funding.

As a result of these revelations, an amended performance agreement with Ornge is now in place. The agreement includes more stringent and detailed monitoring, control and reporting obligations on the part of Ornge. Ornge is required to submit a number of operational reports to the ministry monthly. For issues affecting patient safety and for complaints and investigations, Ornge must provide information to the ministry immediately. The ministry will then assess the need for further investigation.

As well, the performance agreement provides for a greater emphasis on performance standards and includes enhanced key performance indicators with expanded reporting requirements. Under the amended agreement, Ornge's funding and executive compensation are tied to performance improvement targets set out in an annual quality plan, as is the case for other transfer payment agencies, including hospitals. And new provisions link Ornge's performance during one year with funds provided by the ministry in the next year.

The ministry has also taken action to ensure that Ornge's internal investigations protocol will be improved. In this regard, the ministry's manager of investigations has provided advice to Ornge quality assurance staff on investigative techniques and will be providing additional training for them in the area of good investigative methods.

With respect to aviation safety, the Ministry of Natural Resources has recently initiated a safety review of Ornge's rotary-wing ambulance operation. These steps build on recent achievements by Ornge's new leadership team, appointed in January of this year, to provide trustworthy administration focused upon safe delivery of air ambulance services in Ontario.

Once again, thank you for the opportunity to speak to you, and now I'd be pleased to take questions.

The Chair (Mr. Norm Miller): Very well. Thanks for that. The government gets the first opportunity to ask questions.

Mrs. Liz Sandals: That's because my mouth is full, right?

The Chair (Mr. Norm Miller): Ms. Sandals.

Mrs. Liz Sandals: I knew I'd get in trouble when I stole a cookie.

The Chair (Mr. Norm Miller): When you're ready.

Mrs. Liz Sandals: Mr. Bates, you've been with the emergency health services, the branch, and specifically the air ambulance responsibility for a number of years. If we go back into the history of all this, what concerns were there that first prompted—and maybe you could outline to us how it used to work and then the creation of Ornge or OAA, whatever it was initially called. How did we get from “here was the old structure, here were the concerns, and here's the new structure”?

Mr. Malcolm Bates: Yes, of course. Prior to 2006, when Ornge assumed full responsibility for air ambulance services in the province of Ontario, the Ministry of Health was in fact responsible totally. The Ministry of Health utilized several different components to provide air ambulance service, one of which was the administration, which was with the ministry; one of which was dispatch, which was operated by the ministry; one of which was the aviation and the paramedic services, which were outsourced to contracts in the private sector; and one of which was a base hospital, which was provided by Sunnybrook Health Sciences Centre.

In 2003, there was an approach by Dr. Mazza and his team requesting that the air ambulance service be consolidated, and that is putting together all those various parts—the dispatch, the base hospital, the aviation, the paramedics—into one consolidated unit. At that time, Dr. Mazza and his team made a presentation to the Red Tape Commission.

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The Red Tape Commission looked upon that very favourably, and it was moved forward to the point at which legislation was, I believe, drafted, and the intent was to change the Ambulance Act to allow for this type of consolidation of air ambulance in 2003.

At that point in time, the election occurred, as many of you probably remember, and a new government came into place. The initiative by Dr. Mazza and his team continued under the new government. Dr. Mazza was in fact the lead for the implementation of this consolidation and all aspects of it, and the staff of emergency health services and other parts of the Ministry of Health were directed to work with Dr. Mazza to ensure that he had sufficient information in order to proceed with the consolidation initiative. The government approved the consolidation with Ornge taking full responsibility. In 2005, a performance agreement was negotiated. In 2006, the performance agreement was signed between the ministry and Ornge, at that time called the Ontario Air Ambulance Services Corp., and they took over full responsibility for all provision of air ambulance services in the province of Ontario.

Mrs. Liz Sandals: Early 2003 would be before my time here, so just to go back then, at that point Minister Clement would have been the Minister of Health, and there was a Red Tape Commission. So Dr. Mazza actually put forward the proposal to consolidate, and the Red Tape Commission, which was more—just reading headlines, I think, more of a political investigation—concurred with that, and you actually got so far as

drafting legislation to fulfill the consolidation prior to October 2003?

Mr. Malcolm Bates: The government drafted the legislation.

Mrs. Liz Sandals: Sorry, you weren't drafting, but legislation was being drafted—

Mr. Malcolm Bates: That's correct.

Mrs. Liz Sandals: —prior to October 2003; would that be accurate?

Mr. Malcolm Bates: That's right. It was not finalized and it was not passed.

Mrs. Liz Sandals: Well, I'm presuming it was never tabled, given that the Legislature wouldn't have been sitting after June or something 2003, but the legislation was being drafted, not by you, but by somebody else, prior to October 2003?

Mr. Malcolm Bates: Yes.

Mrs. Liz Sandals: I've got my timeline sorted out?

Mr. Malcolm Bates: You do.

Mrs. Liz Sandals: I then was on the scene and I do recall that the auditor did a previous report on air ambulance service, so that previous report on air ambulance service would have been with respect to the old model of air ambulance service, which you described. Is that correct? I don't remember the year.

Mr. Jim McCarter: I've got the timing here. We did it around 2005. Just at that time, a couple of our recommendations dealt with the need to establish better lines of authority, and I think there had been an accreditation review, which also indicated there was a bunch of different people delivering the service, and there needed to be more clear lines of authority. So I think in response to the recommendation at that point, the ministry came forward and said they were looking at establishing this corporation, and about maybe nine months after that, the committee actually had a hearing and we discussed those issues.

Mrs. Liz Sandals: Yeah, because I actually think I first met you at that hearing—

Mr. Malcolm Bates: I believe so.

Mrs. Liz Sandals: —when we were looking at that. So the accreditation report, then, what would have—you both seem to be helping me out, which is fine. When would the accreditation report have been made available or received by you or the government, whomever?

Mr. Malcolm Bates: In the year 2002-03.

Mrs. Liz Sandals: Okay, so that was probably the accreditation report would have prompted the previous government to have a look at this, and then the auditor's report followed along in—

Mr. Jim McCarter: Subsequent to our audit in July 2005, that's when the ministry announced the creation of this corporation to basically establish the air ambulance service, and the accreditation review was started in late 2003. I think it probably reported in 2004.

Mrs. Liz Sandals: Okay. Thank you for the timelines, because I think that helps us understand how the conversation sort of evolved.

So, with the creation of the air ambulance of Ornge—I'm going to call it Ornge even though I know it wasn't that on the first day. What actually then changed as a result of the creation of Ornge initially?

Mr. Malcolm Bates: Subsequent to the announcement by the minister that Ornge would be assuming responsibility and the performance agreement signed, Ornge in fact assumed full responsibility. The base hospital was in fact moved from Sunnybrook to Ornge. Ornge assumed the contractual arrangements with the private contractors that provided air ambulance service and the paramedics. Ornge took over the air ambulance dispatch centre and assumed full administrative responsibility and control over air ambulance services in the province.

Mrs. Liz Sandals: Okay. And Dr. Mazza had the air ambulance base, hospital base, at Sunnybrook, and then Dr. Mazza would still have been obviously the CEO in charge of the air ambulance base when it moved to Ornge.

Mr. Malcolm Bates: That's correct.

Mrs. Liz Sandals: I think I'm being told that my turn is up. Thank you very much, Mr. Bates.

The Chair (Mr. Norm Miller): Yes, thank you, Ms. Sandals. Now we move to the official opposition. Mr. Klees?

Mr. Frank Klees: Thank you. I appreciate your overview. I'd like to go directly to the issue of the consolidation that was anticipated by government.

The term "consolidation," as it was intended under the previous government, to my knowledge, did not mean that Ornge, or whatever the air ambulance entity would be, would get into the business of purchasing a fleet of aircrafts. The consolidation that was intended was to ensure that the oversight and the lines of authority were consolidated, that there was in fact a response to the previous audit that indicated very clearly that there were some weaknesses in the system that needed to be addressed. Would you agree with that?

Mr. Malcolm Bates: I would agree with that.

Mr. Frank Klees: Okay. What has happened since then is that the term "consolidation" somewhere along the line became interpreted by somebody, and obviously it was Dr. Mazza—clearly, we heard this morning that a very brilliant lawyer who understands the complexities of corporate structure came up with a scheme that would not only consolidate operations—dispatch and so on—but would go beyond that and would begin to internalize the actual ownership of a fleet of aircraft and would take on the responsibility of hiring paramedics. Would you agree with that?

Mr. Malcolm Bates: Well, I'm not sure I would characterize it as a scheme, but in fact what you're saying is probably correct.

Mr. Frank Klees: Okay. You've made reference to the performance agreement. I have read the original performance agreement. I know you're intimately familiar with it. That performance agreement sets out very clearly lines of responsibility.

Nowhere in that performance agreement that I can see, unless you can point me to it, does it in any way relieve the Ministry of Health, and specifically the emergency health services branch responsible for air ambulance or ambulance services in the province, of its oversight responsibilities. In fact, there are very specific references to reporting that's required, to oversight responsibilities. Would you agree with that?

Mr. Malcolm Bates: I agree that the Ministry of Health and the emergency health services branch have and had oversight responsibilities and that oversight responsibility was basically set in line by the Ambulance Act, by the performance agreement and by the transfer-of-payment accountability directive.

Mr. Frank Klees: Yes. You made reference to the fact that one of the responsibilities that the emergency health services branch has is to investigate. I believe that you referred as well to unannounced visits. If you're going to do the job properly then obviously you want to do those investigations in such a way that you show up, no different than Revenue Canada or others. How many of those kinds of unannounced inspections took place under the emergency health services branch at Ornge since its implementation?

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Mr. Malcolm Bates: Well, I think it's important to think about the total perspective of oversight. That includes investigations which are formal investigations, that includes unannounced inspections, and that includes what we call certification, which is a very thorough, comprehensive overall review of ambulance operators that we perform every three years. We perform an initial one, which was done with Ornge. We perform one three years thereafter, which was done with Ornge. We have another one subsequent coming up in the month of May of this particular year, a comprehensive overview of over 100 aspects of ambulance service that are looked at by a peer group of people within the business, within the industry, who understand, who are experts in the provision of air ambulance services.

Mr. Frank Klees: So specifically, my question was, and perhaps—if I could ask you to go back and provide the committee with the information about how many unannounced visits were made to Ornge for the purpose of doing the inspections; if you could do that.

Mr. Malcolm Bates: Yes, of course. But I should clarify a little bit. There are more operators than just Ornge that we have to do—

Mr. Frank Klees: I understand.

Mr. Malcolm Bates: There are contract operators, standing agreement operators as they are called, particularly in northern Ontario, who provide aircraft and air ambulance services for the assistance of Ornge when necessary, when Ornge aircraft are not available or when the patient condition dictates that a standing agreement operator will be used. We also do those types of reviews. Before you can provide air ambulance service or any type of ambulance service in the province, you must be certified. They're all certified by our branch.

Mr. Frank Klees: Chair, how much time do I have left?

The Chair (Mr. Norm Miller): You have a little over two minutes.

Mr. Frank Klees: Okay. The certification issue: One of the very disconcerting aspects of what has taken place is that somehow the responsibility for certifying and for training paramedics and, in fact, for certifying other operators was somehow morphed over to Ornge itself. I'd like your opinion as to the appropriateness that now, under this current structure, we have an air ambulance service that actually is self-inspecting, self-certifying and is training and also certifying its own paramedics without third party oversight for that responsibility. Can I get your thoughts on that?

Mr. Malcolm Bates: Yes, of course you can. Perhaps I'll correct something, all right?

Mr. Frank Klees: Okay, please do.

Mr. Malcolm Bates: All paramedics in the province must pass certification. They go through community college or a private college to gain their paramedic certificate. Then they must pass the examination set by the emergency health services branch. They all do that. They're all checked as well for background material so we know—all 7,000 paramedics must register with us, including all of those at Ornge. We certify those paramedics. We certify the operation of Ornge and all ambulance services in the province. You are correct in the sense that the responsibility for paramedics and the supply of paramedics was, in fact, transferred by the government to Ornge in 2006.

Mr. Frank Klees: Okay. And what about the other operators? Is there a certification process that Ornge has responsibility for to certify other providers?

The Chair (Mr. Norm Miller): You have just 30 seconds.

Mr. Malcolm Bates: I can only interpret what you're saying, sir. Ornge would look at their contractors and review those. But they are not the certification group; that is the emergency health services branch. We are the only certifiers of ambulance services in the province of Ontario. You cannot operate an ambulance service—Ornge or any other ambulance service—without a certification approval from the emergency health services branch.

The Chair (Mr. Norm Miller): Thank you. Time for the NDP. Mr. Singh.

Mr. Jagmeet Singh: Good afternoon, Mr. Bates.

Mr. Malcolm Bates: Good afternoon.

Mr. Jagmeet Singh: Mr. Bates, you were specifically responsible for the oversight of Ornge, amongst other organizations as well. Is that correct?

Mr. Malcolm Bates: We are responsible for some of the oversight of Ornge, not all of the oversight of Ornge. Bear in mind there's a great deal of oversight on Ornge, including what we're doing here today.

Mr. Jagmeet Singh: Perfect. So part of your oversight would involve patient care. Is that correct?

Mr. Malcolm Bates: Yes.

Mr. Jagmeet Singh: And part of it would involve the financial, in terms of how much money is being spent and where?

Mr. Malcolm Bates: Well, financially, yes, in terms of the coherence of Ornge with the budget that is provided to them.

Mr. Jagmeet Singh: Perfect. In terms of just the set-up of the way your ministry works, do you regularly check in with or report to the Minister of Health?

Mr. Malcolm Bates: Directly to the minister?

Mr. Jagmeet Singh: Yes.

Mr. Malcolm Bates: No.

Mr. Jagmeet Singh: And how would you convey your findings or any issues with the minister?

Mr. Malcolm Bates: It is a bureaucracy, as you've been told, and we provide information through, at various times, our ADM, executive lead, but at this particular point in time, it's the assistant deputy minister of the direct services branch.

Mr. Jagmeet Singh: Okay. So you would check in with the ADM.

Mr. Malcolm Bates: Yes.

Mr. Jagmeet Singh: And the ADM would then, presumably, pass the information on to the minister.

Mr. Malcolm Bates: I could not tell you—

Mr. Jagmeet Singh: That's fair. Did you ever receive any financial reports outlining the cost of salaries or other costs associated with Ornge?

Mr. Malcolm Bates: That is not the mandate of my branch.

Mr. Jagmeet Singh: Okay. Did you ever receive any reports on the cost incurred with respect to the ambulances—or the helicopters themselves?

Mr. Malcolm Bates: That would be the responsibility of Ornge itself. As long as they provide service under the performance agreement, they have the decision-making as to how they provide that service.

Mr. Jagmeet Singh: Did you ever oversee the way they provide their services by reviewing any documentation or reports provided by Ornge to you?

Mr. Malcolm Bates: Oh, absolutely. They provide numerous reports to us under the performance agreement, and under the new performance agreement, many more reports are required.

Mr. Jagmeet Singh: Did you notice anything that was awry in those reports that you received?

Mr. Malcolm Bates: I don't know what you mean by "awry."

Mr. Jagmeet Singh: Did you notice anything wrong with the reports that you received?

Mr. Malcolm Bates: Yes. As I indicated in my opening remarks, Ornge misled us.

Mr. Jagmeet Singh: And how did you realize that along the way?

Mr. Malcolm Bates: Ornge, in January of this year, provided us directly with a notification that they had falsified the number of transports that they had made over the years, which we had counted upon. And, I might say, the Auditor General also counted upon the infor-

mation from Ornge, because his data source is the same as our data source, and that's Ornge.

Mr. Jagmeet Singh: In January of what year?

Mr. Malcolm Bates: In 2012.

Mr. Jagmeet Singh: Okay. I'll pass it on to you.

The Chair (Mr. Norm Miller): Ms. Gélinas.

M^{me} France Gélinas: Thank you. The first question I'd like you to answer is that we were provided, at the end of March of this year, a couple of weeks ago, with answers from estimates that dated from a year and a half ago. In estimates in 2010, we asked 42 questions about Ornge but were never given the answers until March of this year. Did you know that there were 42 questions about Ornge in estimates that usually your branch would have handled?

Mr. Malcolm Bates: I did not know that you had not received information, because when we are asked for information, we provide it as quickly as possible.

M^{me} France Gélinas: So you were never told that there were outstanding questions from estimates that had directly to do with your division?

Mr. Malcolm Bates: No.

M^{me} France Gélinas: Okay. Did you know, since we were given answers in March, that somebody had given us answers to those questions in March?

Mr. Malcolm Bates: When we provide information, as this gentleman rightly said before, we provide it, if you want to call it, up the line. We provide it to our assistant deputy minister, and where it goes from there is basically the responsibility of another part of the ministry.

M^{me} France Gélinas: In your years of service as a civil servant, you're aware of the process called estimates, where the minister comes and usually the minister, the assistant deputy minister, and sometimes the people—directors—also come.

Mr. Malcolm Bates: Yes.

M^{me} France Gélinas: In previous years, when there were questions asked at estimates that needed to be answered, was your division ever called upon to answer questions?

Mr. Malcolm Bates: Very rarely.

M^{me} France Gélinas: Very rarely because no question pertained to your area?

Mr. Malcolm Bates: That's correct.

M^{me} France Gélinas: Okay. And this time, questions pertaining to your area—you were not made aware of them.

Mr. Malcolm Bates: If we are asked to provide information on questions of any sort, we provide that information.

M^{me} France Gélinas: Okay. Were you made aware that we had filed a request for freedom of access of information regarding the salary of Dr. Mazza?

Mr. Malcolm Bates: No.

M^{me} France Gélinas: Okay. When you supervise the budget of Ornge—that is, looking to make sure that there's coherence between what Ornge is doing and what

the budget document does—does this document ever talk about salaries?

1250

Mr. Malcolm Bates: No.

M^{me} France Gélinas: Were you surprised when you saw that the salary of Dr. Mazza was \$1.4 million?

Mr. Malcolm Bates: Of course.

M^{me} France Gélinas: In your view, do any of the other transfer payment agencies in your division have salaries in the millions?

Mr. Malcolm Bates: I hope not.

M^{me} France Gélinas: Have you ever seen anybody else in a transfer payment agency being paid over a million dollars?

Mr. Malcolm Bates: I've read about Ontario Hydro.

M^{me} France Gélinas: But within your division?

Mr. Malcolm Bates: No.

M^{me} France Gélinas: No? It doesn't happen? All right.

Would you say that you noticed an improvement in air ambulance services after 2006, after we went to Ornge?

Mr. Malcolm Bates: I cannot honestly say I saw an improvement, but on the other hand, I did not see a deterioration.

M^{me} France Gélinas: Were there any indicators that you had to monitor to see if there was going to be an improvement?

Mr. Malcolm Bates: There were many indicators, one of which was investigations, as we talked about previously, and a number of investigations in Ornge, as I also said previously, did not deviate from a trend that we would expect to see. It did not deviate from that that we saw in land ambulance service. It was totally normal until 2011—the latter part of 2011 and—

The Chair (Mr. Norm Miller): You have one minute left, France.

M^{me} France Gélinas: Okay. Right now, the former Minister of Health and the Minister of Health are laying the blame for what happened squarely in your division, that the bureaucrats did not do their work, did not flag things up to the ministry, which is why this scandal was allowed to continue for so many months, so many years. Do you agree with that?

Mr. Malcolm Bates: I can only tell you that the staff at the emergency health services branch, for which I am responsible, have acted totally appropriately and performed rigorously the oversight available to us and to them, including, as I said, the Ambulance Act provisions, the performance agreement provisions and a transfer payment accountability directive.

M^{me} France Gélinas: So when Mr. Apps comes and says that you did not have the competence to supervise this agency, do you agree with this?

Mr. Malcolm Bates: I have no way of saying anything about Mr. Apps, other than I can say to you that the people within the emergency health services branch are very capable. They are, in some instances, ex-paramedics. They have experience—in fact, air ambulance paramedics. We have financial expertise. I would tell you

that they are totally capable of doing the job that is put before them.

The Chair (Mr. Norm Miller): Thank you very much. Thank you for your testimony today.

Mr. Malcolm Bates: Thank you.

AGUSTAWESTLAND PHILADELPHIA
CORP.

The Chair (Mr. Norm Miller): Our next witness will be Louis Bartolotta, executive vice-president of AgustaWestland Philadelphia Corp. Welcome. You've received information for a witness testifying before the committee?

Mr. Louis Bartolotta: Yes, I have.

The Chair (Mr. Norm Miller): And I believe we have an oath to do.

The Clerk of the Committee (Mr. William Short): Sir, the Bible's in front of you there. So, Mr. Bartolotta, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Louis Bartolotta: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): You have five minutes for a presentation, and then the three parties will have an opportunity to ask questions for eight minutes each.

Mr. Louis Bartolotta: Thank you, Mr. Chairman and members of the committee. As I was just introduced, I'm Lou Bartolotta, and on behalf of AgustaWestland, allow me to express our appreciation for allowing us to appear before you today.

Our company history is one of hard work, ingenuity, focus on the customer and, through these elements, success. AgustaWestland is a world leader in the manufacture of turbine-powered helicopters, serving both commercial and military customers around the world.

Today, over 4,500 AgustaWestland helicopters are in service in over 70 countries; 2,000 of them are serving in armed forces and military roles, and this includes the Royal Canadian Air Force's fleet of AgustaWestland Cormorant CH-149 search and rescue helicopters, whose 442 Squadron of Comox just won the SAR award—the search and rescue award—for operational rescue excellence at the 2012 Shephard's Search and Rescue conference. Our congratulations go out to them.

Another 2,500 of our helicopters are serving in commercial and public service roles, including aeromedical, offshore oil support, general utility, and police and municipal applications. More than 300 of our helicopters serve in the aeromedical field, and today over 80 AW139s serve in aeromedical and search and rescue roles in 16 different countries.

Ontario's health care system and the role Ornge plays in it are held in high esteem, so I think you can imagine how proud we were in August 2007 to be among those

manufacturers to receive a request for information from Ornge in its bid to replace its aging helicopter fleet. And we were even prouder in March 2008, after a rigorous selection process and a demanding contract negotiation phase, to be awarded the contract by Ornge to provide the next generation of modern helicopters to serve the citizens of Ontario for the next 25 years and more.

That process and that contract brought out the best in our company. The operational, delivery and certification demands defined by the Ornge team caused us to organize our internal resources even more effectively than before and to work seamlessly with external organizations such as Transport Canada and the FAA of the United States to achieve the contractual obligations, including certification of the 139's full ice protection system. This optional system, which allows the helicopter to operate in known icing conditions, is a first for an aircraft of this size. It was a wonderful challenge that faced us and one we were certain we would successfully meet, which we did.

We already had a winning aircraft in the AW139. Starting before its first customer delivery in 2004, the 139 had been met with unprecedented acceptance by the world's commercial, public service and military operators. Capable of carrying greater payloads greater distances in instrument and VFR conditions over its competitors, the 139 really is one of the great success stories of our company.

As testimony to that success, we will be delivering our 500th AW139 at the Farnborough air show this summer, and we expect the fleet operational hour level to reach or exceed the 500,000 flight-hour level by that time.

So with this selection of the 139, the citizens of Ontario are being provided with the best helicopter available to serve their aeromedical transportation needs. They are joining other prestigious Canadian operators of the 139, including the Shock Trauma Air Rescue Society of Alberta—and by the way, in 2013 they're moving into Saskatchewan as well—and London Air Services of London Drugs.

When AgustaWestland was given this opportunity to work with the province of Ontario, with the Ornge air ambulance model and with the 139, it was clear to us this was a winning combination, a wonderful brand and something well worth working together on to export beyond Ontario, both inside and outside of Canada.

Many countries today are eager to take a proven model such as yours and put something like it to work for their own citizens. And that concept is in line with one of our core values. Whenever possible, we believe in working in partnership with our customers and in supporting mutually constructive endeavours. For example, when AgustaWestland—

The Chair (Mr. Norm Miller): You have about a minute left for your opening statement.

Mr. Louis Bartolotta: Fine.

For example, when AgustaWestland was asked to contribute to the Ornge Foundation, we did so willingly. The same goes for the 2010 announcement of the Ornge-

AgustaWestland Endowment Fund for aboriginal learners, based in Thunder Bay and provided through Confederation College, to encourage aboriginal students to pursue careers as paramedics and pilots. These examples are no more than what we have done in the past with other programs we believe in.

In closing, yes, we are very proud of our affiliation with Ornge air ambulance, the Ministry of Health, the province of Ontario and with our service to the citizens they represent. We're grateful to be playing our part. Thank you.

The Chair (Mr. Norm Miller): Thank you for that. The official opposition goes first in this round of questioning. Mr. Klees?

Mr. Frank Klees: Thank you, Chair. Thank you, Mr. Bartolotta, for being here. Could you tell me about Finmeccanica? How is that company related to Agusta?

Mr. Louis Bartolotta: How is Finmeccanica related to Agusta?

Mr. Frank Klees: Yes.

Mr. Louis Bartolotta: Finmeccanica is the shareholder of AgustaWestland. It's a very large consortium of companies in the Italian industry. It is, I believe, the second-largest industrial conglomerate in Italy.

Mr. Frank Klees: So is it appropriate to characterize it essentially as the holding company of Agusta?

1300

Mr. Louis Bartolotta: It's the main shareholder of AgustaWestland.

Mr. Frank Klees: Who is Pier Francesco Guaraguolini?

Mr. Louis Bartolotta: Guarguaglini?

Mr. Frank Klees: Yes.

Mr. Louis Bartolotta: He was the past chairman of Finmeccanica.

Mr. Frank Klees: And where is he now?

Mr. Louis Bartolotta: I suppose in Italy; I don't know.

Mr. Frank Klees: What was his position with Finmeccanica?

Mr. Louis Bartolotta: I believe he was chairman.

Mr. Frank Klees: Why did he resign?

Mr. Louis Bartolotta: I don't know.

Mr. Frank Klees: You don't know?

Mr. Louis Bartolotta: Well, if you're alluding to the reports in the press, he resigned his position back—I'm not even sure—six months ago, eight months ago.

Mr. Frank Klees: Mr. Bartolotta, we all have access to information. It would be helpful and I think in your best interest if you just were forthright and told us why he resigned.

Mr. Louis Bartolotta: I think I just told you that I really don't have information on that. I couldn't add anything to what you might have read in the press.

Mr. Frank Klees: Well, I understand there were four investigations. Prosecutors exposed a system of patronage, slush funds, bribery and kickbacks at this company. Because of that, the chairman resigned. Does that help you remember?

Mr. Louis Bartolotta: Sir, you're talking about reports in the press. I can only tell you I have no more knowledge of what went on at Finmeccanica at that level than you do.

Mr. Frank Klees: I find that very hard to believe.

Mr. Louis Bartolotta: Well, I'm—

Mr. Frank Klees: However, it's your testimony under oath, and we'll see where this takes us. Do you know the name Lorenzo Borgogni?

Mr. Louis Bartolotta: No, sir, I do not.

Mr. Frank Klees: He was Finmeccanica's director of external relations, who also resigned after a flurry of media reports that he was being investigated in a slush funds case that involved bribery of politicians, kickbacks of deals. You know nothing about this?

Mr. Louis Bartolotta: No, sir, I don't. You have to understand, AgustaWestland is one of many companies within Finmeccanica. You're speaking about a holding company that resides in Italy, and I don't have direct information any more than you do.

Mr. Frank Klees: Well, the reason that I thought it was important that we have this discussion is because you're well aware that the Auditor General's report makes reference to a very interesting payment by AgustaWestland to Ornge, some \$6.7 million, very, very interestingly, a short period of time after a multi-million dollar purchase was made from Agusta. Those of us who have some knowledge of how business works immediately looked at that payment, and the flags went up. It sounds like a kickback to many of us. How would you characterize it?

Mr. Louis Bartolotta: I find your insinuation and allegation insulting to me professionally and to my company, and I have nothing further to say towards your statement. This—

Mr. Frank Klees: What was the \$6.7 million paid to Ornge for?

Mr. Louis Bartolotta: I'm not sure—

Mr. Frank Klees: What did you get in exchange for \$6.7 million?

Mr. Louis Bartolotta: Perhaps you'd like to tell me what \$6.7 million we're speaking about.

Mr. Jim McCarter: We mentioned \$4.8 million relating to—I think it was providing some marketing assistance. I'm not sure about \$6.7 million; maybe there was another \$2 million. We did mention there was a \$4.8-million marketing agreement, I think. Does that ring a bell?

Mr. Louis Bartolotta: Yes, marketing services agreement, yes.

Mr. Frank Klees: And what did you get for that? What did Ornge do for it?

Mr. Louis Bartolotta: Two things are important to understand about the Ornge program; one is the value for money that the citizens of Ontario have received in the purchase of these aircraft. There is no finer aircraft available today to provide this service to the citizens of Ontario. Distinctly different from that, you have, as I mentioned in my opening statement, a remarkable organ-

ization in Ornge. The depth of knowledge, of medical skills, of operational protocols are world-class—

Mr. Frank Klees: Really?

Mr. Louis Bartolotta: Yes, sir.

Mr. Frank Klees: You have not—

Mr. Louis Bartolotta: May I finish?

Mr. Frank Klees: You have not been in touch with Ontario—

The Chair (Mr. Norm Miller): Mr. Klees, please let him finish.

Mr. Louis Bartolotta: Thank you. The marketing services agreement that we have with Ornge, which was \$4.77 million, was a strict contract-for-services relationship. They are responsible for providing to us a series of reports, which they've done, to a degree, before all of this, unfortunately, blew up, to help us better understand where in the world there would be similar models that might be helpful for us to pursue—I'm speaking more generally, but where countries might have a requirement for aeromedical transportation, where the Ornge model might fit. We felt that their expertise was superior to anything else we could find in the marketplace, so we have a contract with them to provide those services and those reports.

The Chair (Mr. Norm Miller): You have a minute and a half, Mr. Klees.

Mr. Frank Klees: Okay. The rigorous RFP process to which you referred, I understand, took about 30 days from the time that the RFP went out to the time that it was closed. Do you consider that rigorous?

Mr. Louis Bartolotta: Yes, sir.

Mr. Frank Klees: Really?

Mr. Louis Bartolotta: Yes, sir.

Mr. Frank Klees: It's incomparable to any other RFP process that I have come across. There isn't anyone in the industry who considers that rigorous. I have to say, sir, that you don't leave me with a good feeling about the relationship between Ornge, the people who were involved in transacting the deals. We will have many more questions for you.

Mr. Louis Bartolotta: I appreciate it

The Chair (Mr. Norm Miller): Thank you. The NDP, who would like to ask questions? Mr. Singh.

Mr. Jagmeet Singh: Good afternoon, sir. So just to follow up with some questions on that, those services provided. Do I understand correctly that it's \$4.77 million—

Mr. Louis Bartolotta: Yes, sir.

Mr. Jagmeet Singh: —in exchange for reports that were provided from Ornge to AgustaWestland?

Mr. Louis Bartolotta: Yes.

Mr. Jagmeet Singh: And the nature of these reports, can you just clarify that?

Mr. Louis Bartolotta: The nature was basically a sequence of identifying what they saw as areas of the world where a model such as Ornge's would be appropriate to pursue; a prioritization of opportunities is the best way to put it.

Mr. Jagmeet Singh: Sure. How many reports were received?

Mr. Louis Bartolotta: Two.

Mr. Jagmeet Singh: Two reports?

Mr. Louis Bartolotta: Yes, sir.

Mr. Jagmeet Singh: And how long were these reports?

Mr. Louis Bartolotta: How long were they?

Mr. Jagmeet Singh: In length, in terms of—

Mr. Louis Bartolotta: Oh. I don't know specifically, but let me take a—I believe the first phase, phase 1, may have had 80 pages to it.

Mr. Jagmeet Singh: Okay. And how far in between were they provided?

Mr. Louis Bartolotta: They are sequential. They were to run from day 1 through 180, 181—six-month periods.

Mr. Jagmeet Singh: Six-month periods?

Mr. Louis Bartolotta: Yes.

Mr. Jagmeet Singh: And the agreement, how long was that agreement for?

Mr. Louis Bartolotta: It was for 500 and whatever—180 times—540 days.

Mr. Jagmeet Singh: Okay, 540 days. So the \$4.77 million reflects 540 days in which they would provide reports at six-month intervals?

Mr. Louis Bartolotta: Yes, sir.

Mr. Jagmeet Singh: Okay. At any point in time did AgustaWestland or any representatives meet with Mr. Mazza directly?

Mr. Louis Bartolotta: Certainly.

Mr. Jagmeet Singh: And in those meetings, were there ever any elected representatives present?

Mr. Louis Bartolotta: No, sir, not that I recall.

Mr. Jagmeet Singh: Okay. All the meetings that were involving the purchase of the helicopters, were they all conducted in Ontario or were any conducted in—

Mr. Louis Bartolotta: No, sir. They were held in Philadelphia, where we have, obviously, our North American facility. We have 535 employees producing two lines of aircraft, including the 139. They were held here in Toronto, and they were held in Italy as well.

Mr. Jagmeet Singh: Okay. Thank you.

M^{me} France Gélinas: Thank you. You'll understand by the line of questioning that the reason you're here today is because I put your name on the list, and the reason I put your name on the list of witnesses is because of what the auditor is just talking about, the fact that the Ontario government—I'm an elected official—has given Ornge millions of dollars to purchase helicopters.

Then we see that Ornge gets a contract from you. We have made a purchase—"we" as in taxpayers' dollars of Ontario have made a significant purchase with your company, and then you turn around and purchase services from us.

Mr. David Zimmer: Chair, just on a point of order.

M^{me} France Gélinas: I thought we were done with those things.

Mr. David Zimmer: Well, wait a second. You haven't heard what I'm going to say. Chair, I'd like to move in camera for a couple of minutes before we continue on this.

The Chair (Mr. Norm Miller): Okay, we will go in camera for a few minutes, if we can halt your testimony, please. We will go in camera.

Mr. Louis Bartolotta: Do I go back here?

The Chair (Mr. Norm Miller): Leave the room at this point, please.

The committee continued in closed session from 1312 to 1326.

The Chair (Mr. Norm Miller): Thank you for your patience, Mr. Bartolotta. We'll continue now with the questioning of the third party. Ms. Gélinas is going to restate the question she was last asking. She has about five and a half minutes left to ask you questions.

M^{me} France Gélinas: Sorry about this little interlude there.

We all got to decide who we wanted to call; I picked you. The reason I did that was because when I read the Auditor General's report, we can see the amount of taxpayers' money that has been paid to your company, to Agusta. Then we see Agusta buying services from the same entity that had bought services from you. The optics of it looks suspicious.

When you went and wanted to purchase services at Ornge, did any of them raise concerns that the optics would look bad, given that they were a government-funded agency?

Mr. Louis Bartolotta: No, ma'am.

M^{me} France Gélinas: They never did?

Mr. Louis Bartolotta: No, ma'am.

M^{me} France Gélinas: At your end—

Mr. Louis Bartolotta: Neither did we see it as something that would be viewed as such. It was a very honest, straightforward contract for services.

M^{me} France Gélinas: Okay. Are you aware of the corporate structure of Ornge?

Mr. Louis Bartolotta: Not intimately.

M^{me} France Gélinas: Okay. Do you know that there is part of Ornge that is a not-for-profit agency and there are some other parts of Ornge that are for-profit agencies?

Mr. Louis Bartolotta: I'm learning as we go, yes, that there are a variety of structures within Ornge.

M^{me} France Gélinas: When you purchased those services from Ornge, did you know which Ornge company you purchased them from?

Mr. Louis Bartolotta: The perception or the optics, to use your word, of Ornge to us was that it was Ornge and then Ornge Peel and then different names. BNY, I think, came out of it.

We had received notification from Ornge that they were establishing certain companies—not that they were for-profit or not-for-profit; just that they were incorporated under the laws of Ontario. So it didn't really—not that I say it didn't matter to us. We were confident that whatever was being structured was proper and that

the same people we were dealing with with the one entity were in the entities that were being created. So it didn't really cause too much concern.

M^{me} France G elinas: So did you know which one of those entities you were purchasing services from?

Mr. Louis Bartolotta: Yes.

M^{me} France G elinas: Do you remember the name?

Mr. Louis Bartolotta: Ornge Peel, I believe, was the one with the marketing services agreement.

M^{me} France G elinas: Okay. So the marketing services agreement was signed with Ornge Peel, but the people you had been dealing with for the purchase were the same people that you were now purchasing services from?

Mr. Louis Bartolotta: Well, the officers, the people signing the contracts were Dr. Mazza, Maria Renzella; I believe Tom Lepine was on some of the documents. It was familiar faces, let's put it that way.

M^{me} France G elinas: They were familiar faces that—

Mr. Louis Bartolotta: Yes, people we knew.

M^{me} France G elinas: Okay. You know that Ornge has been dismantled, that Mr. Mazza is gone, that the entire board has been fired and a new board has been put into place. Did you know that they are under investigation right now?

Mr. Louis Bartolotta: I understand the board voluntarily resigned. Of course I understand—that's why we're here—that they're under investigation.

M^{me} France G elinas: I just wanted to make sure.

So you saw no red flags when a company that you had just done business with—you go back and do business with them. Is this something that you've done in other parts of the world?

Mr. Louis Bartolotta: Yes, ma'am. Absolutely.

M^{me} France G elinas: Okay, because we read the papers, just like everybody else. I'm reading "The Unravelling of Belgian Kickback Scandals," in which your company is named all over the paper. It looks very much like what happened in Ontario, where a purchase was done with your company and then a return purchase is then done, with your company purchasing services from executives in the Belgian government. Do the two transactions look alike to you?

Mr. Louis Bartolotta: Ma'am, I don't believe that was—

Mr. David Zimmer: That is just a patently unfair question, to take some situation—

The Chair (Mr. Norm Miller): You don't have the floor.

M^{me} France G elinas: Do you know anything about the transaction that happened in Belgium with Agusta?

Mr. Louis Bartolotta: Do I know anything about the transaction? Ma'am, I don't think I was even with Agusta when the sale of the aircraft to Belgium took place. I'm not sure. It goes back quite a few years, we're talking about.

The Chair (Mr. Norm Miller): You have 30 seconds left.

M^{me} France G elinas: Okay. We have an issue here in Ontario where our Auditor General has told us that the people of Ontario have not gotten value for the money that the taxpayers have invested. Some of that money has gone to your company, and some of that money has gone from your company back to holdings of Ornge.

If there is anything you can share with us as to whom you paid that money to and the type of report you got, if there was a request for proposals or sharing the contract—anything that would put that piece of the puzzle at ease, I would encourage you to do this because, right now, the optics in Ontario are not good. The people who were at Ornge, the people that you were used to dealing with, are also having a tough time. Anything you can do to show us that this was a legitimate transaction—you got \$4.77 million value of money for the services provided—please share that with us, because right now the optics are—

Mr. Louis Bartolotta: Can I take that back with me and review and get back to you on that?

The Chair (Mr. Norm Miller): Yes, you may.

Mr. Louis Bartolotta: Thank you.

The Chair (Mr. Norm Miller): It's time for the government to ask questions. Ms. Sandals.

Mrs. Liz Sandals: As Madame G elinas pointed out, her party had asked for somebody from AgustaWestland to be called, and I think it was actually your company's choice that you would appear as the witness, Mr. Bartolotta.

Mr. Louis Bartolotta: Yes, ma'am, it was.

Mrs. Liz Sandals: I wonder if you could explain to us what your direct involvement was, because we got the impression it was because you were the person who was directly involved.

Mr. Louis Bartolotta: Yes. I'm executive vice-president with the company, and I was the lead in the negotiations with Ornge.

Mrs. Liz Sandals: Your name would appear on contracts?

Mr. Louis Bartolotta: Yes, ma'am.

Mrs. Liz Sandals: Okay. So you were directly responsible, then, for the negotiations?

Mr. Louis Bartolotta: Yes.

Mrs. Liz Sandals: One of the things that comes up in the Auditor General's report, which I think has received some attention from a lot of us, is the fact that there were 12 helicopters purchased. There are various numbers that float around as to the number that were actually required, but they tend to range, I think, more in the range of, six to 10 absolutely maximum were required, and it's clear that 12 were purchased. Did that come up at the time in the negotiations, an explanation as to why there were more helicopters being ordered than were actually required?

Mr. Louis Bartolotta: Ma'am, as a supplier of aircraft it's not up to us to address that situation with the customers. It's the customers' decision about how many aircraft they're going to buy for their needs, and then we do our best to respond to the request.

By the way, the contract was for 10 with two options, and then the two options were exercised within the option period of the contract.

Mrs. Liz Sandals: So, in fact, there were ultimately a total of 12—

Mr. Louis Bartolotta: Yes, but it was 10 plus two—

Mrs. Liz Sandals: —but it was 10 plus two options, which may be why the numbers that are reported don't always quite add up.

When a helicopter leaves Agusta, is it a shell or have you already done any of the interior configuration? Obviously, the bulk of them ultimately ended up being air ambulance configuration, but some of these helicopters ended up being a passenger configuration. When they leave Agusta, are they a shell or do you know which way they're headed?

Mr. Louis Bartolotta: Generally speaking, a customer—any customer, I'm speaking of—can take a variety of configurations at delivery. It can be what we would call green, with very little done to the aircraft except the basic fabrication of it; it can have some additional avionics put into it; it can be painted or not painted; it can have an interior that we're supplying. There's a wide variety of configurations.

Mrs. Liz Sandals: In respect of the 12 that were ordered by Ornge, how were they delivered in terms of configuration?

Mr. Louis Bartolotta: Ornge had everything done by us to the aircraft except the interior. The medical interior was a separate contract that they took care of, independently of us. Except for whatever a customer does—as I said, it's not unusual for a customer to go to a third party for an interior—we have to make certain that the two marry up for the plumbing, if you like; for the electrical and other components of the aircraft to marry up to the vendor supplying the interior.

With Ornge, I believe it was that 10 aircraft went ready to receive their medical interior. During the delivery process—I don't know where we were in the process of what number of aircraft—Ornge asked us to take the last two and put them into another configuration, which was more or less a standard configuration, a utility configuration.

Mrs. Liz Sandals: And that would be the last two that were the option—

Mr. Louis Bartolotta: Yes, ma'am, 11 and 12.

Mrs. Liz Sandals: —11 and 12 left you ready to be used as passenger or something—

Mr. Louis Bartolotta: They were not aeromedically configured; they were the standard seating.

Mrs. Liz Sandals: They weren't configured. So what would be particular about the first which left configured? Are you saying that the wiring is different, or lighting, or whatever?

Mr. Louis Bartolotta: They're ready to receive—how can I use an analogy—take a house, and you're having somebody come in and put in a new kitchen, with a lot of plumbing. You've got electrical and water and waste. To receive that, you have to put certain things into

the basic house, and then the person finishing it is going to come in and fit to finish. That's what we're talking about. So when we delivered to Ornge, they were painted, avionics—I'm not sure—we did have additional avionics installed; and it was ready to go to the completion house. So we delivered to Ornge, and then from there, Ornge had a contract with a third party and they took the aircraft home.

Mrs. Liz Sandals: Okay. Can we talk a little bit more about—because you've been asked considerably about the charitable contributions. I understand that large corporations often make charitable contributions, but how do you arrive at the decision-making? What decision-making went into deciding a \$2.9-million contribution to the charitable foundation? Because that's almost \$3 million—

Mr. Louis Bartolotta: Yes, ma'am. Oh, we know. We understand.

Mrs. Liz Sandals: Even for a big company, that's a big contribution. So how did you go about deciding to make this really big contribution to a charitable foundation that was, to put it mildly, not a very well established charitable foundation?

Mr. Louis Bartolotta: It was sometime after the contract had been signed. We were approached by Ornge, by Dr. Mazza, to consider—

Mrs. Liz Sandals: So this was post-signing of the contract?

Mr. Louis Bartolotta: Yes, ma'am; well after. He explained the foundation—by the way, when we talk about this size of money, about \$2.9 million, obviously it goes upstream. We have a lot of people who are cognizant of what's going on and involved in any decision like this. But basically, the foundation's purpose was explained to us. In raising the awareness of Ontarians to Ornge and to help people contribute to the foundation, which is, I guess, the best way to express the description of the foundation by Ornge to us, we felt that the program itself is something we believed in—

Mrs. Liz Sandals: So how did they describe the program? Because I think that's something that—

Mr. Louis Bartolotta: The foundation?

Mrs. Liz Sandals: Yeah, the foundation, because I think that's something that in fact is quite unclear to the Ontario public: What was the foundation actually supposed to be doing?

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Mr. Louis Bartolotta: As I recall, the foundation's purpose is to raise the awareness of Ontarians to Ornge and to solicit more people to fund the foundation so it gains, I guess, some fiscal strength.

But it was really the raising the awareness of the Ontarian that we were interested in. If it was something that hadn't been done in the past and it needed to be done, and we felt it was appropriate that we would support something like that, as I said before, we willingly supported contributing to it. It is a large sum of money, but we thought it was well worthwhile.

The Chair (Mr. Norm Miller): You have a minute left.

Mrs. Liz Sandals: Did you think of this in terms of something like a hospital foundation, where you know that when you contribute to a hospital foundation, they use it to buy more beds, more equipment?

Mr. Louis Bartolotta: Yes, ma'am.

Mrs. Liz Sandals: So what did you think when you found out it was used to purchase really expensive motorcycles?

Mr. Louis Bartolotta: That's not exactly the way—

Mrs. Liz Sandals: That's not—

Mr. Louis Bartolotta: No.

Mrs. Liz Sandals: Well, explain, then.

Mr. Louis Bartolotta: Okay. The foundation had a number of different, let's say, opportunities they wanted to pursue with using the foundation's money to just do that: Raise the awareness of Ontarians about Ornge.

One of them was—I don't watch the show very often, but it's Orange County Choppers, and there's a lot of synergy: Ornge, Orange of Syracuse—

Mrs. Liz Sandals: Chopper, chopper.

Mr. Louis Bartolotta: Chopper, chopper.

The actual amount of money that went to that—I think most of that went to the production of the television show. They only have 12 of the shows per year of all the motorcycles they make, and I think they probably make one a week or two a week or whatever it is. The production of the television episode is where most of the money went to.

The motorcycles were, I think—I'm going to take a guess and say they were \$50,000 or \$40,000 apiece, something like that. It was about that.

The Chair (Mr. Norm Miller): Thank you. We are out of time. Thank you very much for taking the time to come before the committee today.

MR. TREVOR HARNESS

The Chair (Mr. Norm Miller): Our next presenter is Trevor Harness, former aviation training officer with the MATC, Ministry of Health. Welcome, Mr. Harness. You've read the information for a witness testifying before the committee?

Mr. Trevor Harness: Yes, sir.

The Chair (Mr. Norm Miller): Okay, very good. Our clerk will do an oath.

The Clerk of the Committee (Mr. William Short): Mr. Harness, do you solemnly swear that the evidence you shall give to the committee touching on the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Trevor Harness: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): You have five minutes for an opening statement and then the parties will ask questions.

Mr. Trevor Harness: Thank you.

Mr. Chair and members of the committee, thank you for inviting me here today. I am a former member of the

Ministry of Health's air ambulance Medical Air Transport Centre and Ornge. In my 11 years working at air ambulance, I served as both a fixed-wing and helicopter flight controller, aviation trainer and member of OPSEU's local executive. I am a former police officer and certified police dispatcher and both a fixed-wing and a helicopter pilot. I have also got an extensive background in customer service, operational management and business operations, including setting up three communications centres.

As someone who is dedicated to my job, I was one of the many employees who were fired from air ambulance for attempting to stand up for patients and taxpayers during the creation of Ornge. I took incredible pride in my job and I am thoroughly disgusted at what has been allowed to happen to our air ambulance services in Ontario. It is a disgrace and an absolute abuse of taxpayers' money and, more importantly, their trust.

Part of my role here today is to give a voice to current and former employees, people who are and were dedicated to providing the highest, most professional level of air ambulance services to the citizens of this province, many of whom were bullied, harassed, ignored and terminated.

Although attempts were made to warn the minister of this growing crisis, they were all ignored by the Ministry of Health, the emergency health services branch and even the Auditor General's office. With nowhere else to turn, we collectively made a decision that was in the best interests of taxpayers and patients. When the ministry chose to look the other way and failed to live up to their responsibilities, our team was put into action.

The creation of Ornge and the subsequent for-profit entities has jeopardized the health care of citizens across this province. A monopoly by design, the cost of Ornge affects not only the public but numerous stakeholders, including hospitals, nursing stations, private aviation providers and hundreds of employees. People lost their jobs, people lost their lives, companies were forced out of business. Taxpayers' money was squandered with no care or concern. All the while, vital aircraft sat on the ground, with the excuse that the organization didn't have enough funding.

Ornge was an experiment gone very wrong, an experiment whose responsibility lies solely with the Minister of Health, the Ministry of Health and the emergency health services branch. As far back as 2006, attempts were made to alert them to problems developing with the creation of Ornge. Not one person followed up on credible leads and factual information. They chose to ignore the warning signs and failed to perform any due diligence. All senior management and members of the various boards of directors are equally responsible and culpable for the destruction of air ambulance services in Ontario.

Greed was the guiding principle in their decisions, decisions that benefited a select group who had no conscience about making a profit on the backs of sick and injured patients requiring emergency air transport.

Even more disturbing are decisions surrounding safety and service provision that were being made by un-

qualified individuals who were solely recruited for their ability to agree with management.

The organization itself was built on a culture of fear, intimidation and harassment. Anyone who questioned any decision, policy or procedure was dealt with swiftly, from immediate dismissal to threats of legal prosecution. Many hard-working, responsible and dedicated employees found themselves forced out of a job they were committed to, and no one would listen at the Ministry of Health, whose job it was to oversee this vital emergency service.

Nowhere else are the consequences more evident than in the communications centre, the heart of air ambulance operations. From here, emergency calls are received and life-saving flights are planned. Seconds count. Having the right people, the right equipment and qualified, experienced leadership means the difference between life and death. Yet again, the Minister of Health compromised one of the most essential components of air ambulance operations.

Today, the reputation of Ornge is one of failure, mistrust and scandal. A once proud and efficient organization is now an international disgrace. Their credibility has been lost and the damage has been done.

The problem is the business model itself. Simply changing the performance agreement or proposing new legislation is not the answer, nor is bringing in expensive consultants with absolutely no experience in Ontario's air ambulance program. Ornge is broken and cannot be fixed. Air ambulance is not a business; it is an emergency service and needs to be run like one. It requires specialized skill and experience. In this business, seconds count.

Today, there are still individuals at the organization who were actively involved in the design and subsequent demise of the air ambulance program. These individuals were architects of the culture leading to this catastrophe—individuals who have proven repeatedly that they have no idea what they're doing yet are still being grossly rewarded for their incompetence.

The public employees and stakeholders have all lost faith in the Ministry of Health. Contrary to what the minister may state, there is no confidence in the organization by front-line staff. They are frustrated, tired and mentally exhausted at the absence of qualified leadership and real change.

Respectfully, the Minister of Health and her staff are completely out of touch with the reality and the magnitude of this emergency. To use appropriate terminology, air ambulance is in critical condition.

Under the current structure and leadership, a once proud and reliable emergency service is now on a course to collapse. It is a rudderless ship that is destined for failure. Left to continue down this path, air ambulance services will not only get worse but the liabilities will continue to grow. For too long, inaction has led to tragedy.

You didn't listen to us before; please listen to us now. Lives depend on it.

Thank you once again for the opportunity to present to the committee, and I'd be very happy to answer any questions.

The Chair (Mr. Norm Miller): Thank you, Mr. Harness. The NDP will go first this time. Who would like to ask questions? Mr. Singh?

Mr. Jagmeet Singh: Mr. Mackie, thank you very much for coming here today and thank you very much for the introductory comments.

Mr. Trevor Harness: Mr. Harness.

Mr. Jagmeet Singh: Pardon?

Mr. Trevor Harness: Mr. Harness.

Mr. Jagmeet Singh: My apologies, Mr. Harness. Sorry, my notes are mixed up.

You indicated that you had already notified people before about some of the problems. Can you just explain who you notified and what the problems were that you highlighted?

Mr. Trevor Harness: Yes. On April 5, 2008, I was contacted by my manager at Ornge at the time—it had already done the transition over—regarding a call where a child had died. The child had died in the hospital, and our move of the patient to the hospital was done without incident, but it was one of the natural processes where they were doing an inquest.

During the Ministry of Health investigations—a woman by the name of Wendy Kerrigan was conducting the interview. Having been a police officer, I was aware of my rights and the process, and I was opposed to having members of the management team invite themselves to be part of this interview. It was done on tape, and at the end of it, Ms. Kerrigan asked me if I had anything that I wanted to share. I told her, in front of the management, that I did, but that I wanted to talk to her in private regarding some incidents. The manager at the time asked to see me out in the hall. The head of investigations—I apologize; I forget her last name—Debra, a former police officer, works as one of the investigators with Ornge. She demanded to know what I was going to tell them. I reminded her again of both her background as a police officer and mine, and that she was in a position of obstructing justice at this point. She subsequently stopped persisting to want to know what I was going to tell her. Ms. Kerrigan was then hassled, for lack of better terms, by Sandra Wilkie, who was the manager of the com centre at the time, and they wouldn't allow me to talk to her.

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I subsequently went back to my operational desk. Within 30 minutes, I was called to one meeting. We were incredibly busy, we were short-staffed. I had a suspicion of what they were up to and I was allowed to return to my desk only to be recalled, this time to go with the head of operations, Al Stephens, up to meet Rhoda Beecher, who was the VP of human resources.

Again, I asked her what this was about. We ended up in a boardroom with Chris Mazza and he had nothing shy of a temper tantrum because I refused to tell him what I was going to tell the Ministry of Health. He advised me

that he was going to grab the tape and he was going to find out, and his words were that nothing goes outside this house. I persisted in holding my ground. He had a shouting match and walked out of the room and never came back.

Within an hour of that I was suspended, and I cautioned everybody along the way, from the VP of HR to the manager of HR, that what they were doing was not only against our collective agreement, it was against the Employment Standards Act and it was against the Human Rights Code.

I was sent home. I asked why they were suspending me; they insisted they weren't suspending me. I was subsequently fired within 48 hours.

Mr. Jagmeet Singh: Okay. Could you just highlight some of the problems that were occurring at Ornge? If you could give me a list of some of the main problems.

Mr. Trevor Harness: They are endless. From the starting of operations, Ornge was, is and is continuing on down the path of having incompetent individuals running that organization; people with no qualifications whatsoever, people who have no qualifications in air ambulance.

The computer systems that they're using are not conducive to air ambulance operations. In this business, as you can appreciate, we don't have the luxury of pulling off to the nearest cloud to figure out things. We have to make decisions very quickly or people are going to die. The computer systems are part of the problem.

The quality assurance is a huge problem. They have an individual who is in quality assurance and has no idea what she's doing whatsoever. She's been doing that job for two years, yet the Auditor General's report identifies 12 separate areas where they couldn't even track something as simple as the number of ground ambulance transfers they did.

Mr. Jagmeet Singh: With respect to your correspondence, you said you tried to communicate some of these issues with the Minister of Health.

Mr. Trevor Harness: Yes, I did.

Mr. Jagmeet Singh: How did you do that and when did you do that?

Mr. Trevor Harness: Starting on April 6, I made several phone calls to the Ministry of Health, trying to get through. I did that for approximately three days. I was in touch with OPSEU, which was our union at the time. I could not get any answers from anybody, any headway whatsoever. At one point, OPSEU had contacted their legal department to actually bring Ornge in front of a courtroom because this had been happening on numerous occasions and they wanted to actually finally get this out in front.

After that, I personally contacted the Auditor General's office and spoke to one individual on two separate occasions because, as you can appreciate the nature of this, I was served with legal papers threatening to sue me if I spoke about anything.

I was advised by the Toronto Star that I was one of eight employees that were followed by private investigators hired by Ornge.

So you can imagine the atmosphere of trying to get information across. When we finally realized that we were getting nowhere, no one was going to listen, we turned to several media outlets and that's when we started essentially our own investigation.

Mr. Jagmeet Singh: So this is April 6, 2008?

Mr. Trevor Harness: Correct.

Mr. Jagmeet Singh: Did you ever send any correspondences, like a letter or an email, to the Minister of Health saying, "Listen, Ornge has got some serious problems"; anything of that nature?

Mr. Trevor Harness: I sent my suspension notice, which is five pages long, to the Ministry of Health and never got a reply.

Mr. Jagmeet Singh: Okay. Thank you.

M^{me} France Gélinas: Just to keep on your train of thought, you outlined a number of deficiencies within Ornge. In your view, did the corporate structure that was put in place of having the not-for-profit and having other—did that help patient care in any way, shape or form?

Mr. Trevor Harness: Absolutely not. I spent the last year and a half investigating Ornge and their structure, and our team had tracked approximately 14 for-profit companies right from scratch—and this, believe it or not, is right off of Google. We use media sources.

The for-profit companies were there for one reason and one reason only: They were there to line the pockets of the same individuals that put themselves on all of the for-profit boards. The Ornge non-profit, the actual air ambulance operations, were put at jeopardy, for a lack of better terms, by the interests, which included sourcing out business, we investigated, down as far as Miami, Florida. So the effort that should have been put into the actual air ambulance, taxpayer-funded operations of providing helicopters and airplanes, was basically a distraction for the management. They were more concerned with figuring out ways to make money, to get shares, to get bonuses, versus the fact that your helicopters are not staffed with appropriate paramedics; you have aircraft sitting on the ground. At one point there was a Thunder Bay helicopter that sat on the ground for five days in a row because they said they didn't have funding to staff the aircraft.

The Chair (Mr. Norm Miller): And you have a minute left.

M^{me} France Gélinas: When you say the same people that were all—would you name those people?

Mr. Trevor Harness: Well, the first one that comes to the list is Rainer Beltzner. He is the chair, or was the chair, of Ornge non-profit; also of the Ornge Foundation and of J Smarts. His name appeared on the top of the list of every single for-profit company. Chris Mazza's name also appeared on the majority of them, with the exception of one. Even Alfred App's name appeared on a holding company.

Mr. Jagmeet Singh: I'm just going to ask one quick question. You said there are some people who were

involved in the design and the destruction that are still involved now. Can you name those people as well?

Mr. Trevor Harness: Yes. There are numerous. There are literally every base manager. Steve Farquhar, who was Tom Lepine's—the former VP of operations—number one man on the job. These were people that designed the policies and the procedures that were put into place; Sandra Wilkie, who apparently was in charge of quality assurance for two years, and, as the auditor pointed out, there's major deficiencies. And these people are all making in excess of \$120,000 a year plus bonuses.

The Chair (Mr. Norm Miller): Thank you very much. It's now time for the government. Mr. Zimmer.

Mr. David Zimmer: You used the expression “we investigated” Ornge. Your investigation went on for a year. You made some reference to investigating something or a trip to Miami or something?

Mr. Trevor Harness: Yes, sir.

Mr. David Zimmer: How many people were on your investigative team?

Mr. Trevor Harness: On a reserve side, 28.

Mr. David Zimmer: And can I have their names?

Mr. Trevor Harness: That, unfortunately, you cannot.

Mr. David Zimmer: Why not?

Mr. Trevor Harness: Because, as with any intelligence and investigation, part of that is anonymity and we have to respect that.

Mr. David Zimmer: All right.

Mr. Trevor Harness: Just so you know, most of these people are still currently working either as paramedics or in the communications centre.

Mr. David Zimmer: Who's the lead investigator. Is that you?

Mr. Trevor Harness: I would say yes, that would be myself.

Mr. David Zimmer: Okay. Can you give me some of the names on the investigative team?

Mr. Trevor Harness: The only names that I can tell you would be Kevin Donovan of the Toronto Star, Paul Bliss of CTV, and, believe it or not, they have no idea that they are part of the team. They have been contacted over the last year and a half under different aliases—

Mr. David Zimmer: Sorry. I just want to understand this. So Kevin—

Mr. Trevor Harness: Kevin Donovan is the reporter for the Toronto Star.

Mr. David Zimmer: And Bliss? What's his name?

Mr. Trevor Harness: Paul Bliss from CTV did—

Mr. David Zimmer: And they're on your investigative team but they don't know they're on your investigative team?

Mr. Trevor Harness: Exactly. They've been spoken to under different aliases.

Mr. David Zimmer: Well, would they be surprised to know that they were on your investigative team?

Mr. Trevor Harness: No. Not at all.

Mr. David Zimmer: Well, then, why don't you tell them that they're on your investigative team?

Mr. Trevor Harness: If you're going to have an investigation where intelligence comes in, you're relying on a lot of trust of a lot of people with information.

Mr. David Zimmer: How can someone be on a team, whether it's an investigative team or a baseball team or any kind of team, without knowing it?

Mr. Trevor Harness: Well, this isn't a baseball team. This is an investigation into corruption, and when you're dealing with these kinds of investigations, you have to do what we commonly term as undercover work. I operate under three different alias names. People have no idea they've spoken to me in the past—

Mr. David Zimmer: Can you tell me what your alias names are?

Mr. Trevor Harness: That I cannot.

Mr. David Zimmer: Okay. Can you—thank you.

The Chair (Mr. Norm Miller): Ms. Sandals.

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Mrs. Liz Sandals: Okay, now my head is splitting. So this is an undercover intelligence team, and I think you said 28 members, but the two that you named didn't know that they're part of the team. How many of those other 28 members know they're part of the team or don't know they're part of the team?

Mr. Trevor Harness: Ninety-nine per cent of them know they're part of the team. The only reason those two don't, as you can appreciate, is, because we're dealing with contacting people right up as high as vice-presidents of companies, we can't simply say, “This is what we're going to do. We want to put it on the 6 o'clock news tonight.”

For example, the situation with CPR in the aircraft, where they couldn't do CPR: Those photographs were provided through the team by paramedics that are working still. As you can appreciate, they are in fear for their jobs if they're ever discovered.

Mrs. Liz Sandals: You mentioned that you've taken trips to various places to do this undercover investigation, so this is quite a large undercover investigation you're describing here. Who would be funding this undercover investigation?

Mr. Trevor Harness: Believe it or not, nobody. There's not a single person, including myself, that got paid a dime.

Mrs. Liz Sandals: And what are the qualifications of your undercover investigators?

Mr. Trevor Harness: When you talk about undercover investigators, you're talking about—it comes down to one essential word, and that is “trust.” If they trust me with the information, that I'm not going to reveal their identity, that I'm not going to pass on their IP address with an email, they're going to provide you with accurate information. The second you violate that trust, you will not get that source, very much like in policing; you will not get that source, that information you're looking for. It has taken us a lot of time to build up the trust of employees both current and former, members of various corporations, to give us information so that we can connect the dots so that we can put this information

forward which you have read about in the newspapers, no doubt, on several occasions.

Mrs. Liz Sandals: So are you claiming, then, that you're the source of all the information that has been in the media?

Mr. Trevor Harness: No. I would say that I'm one of probably—

Mrs. Liz Sandals: Or your team is the source?

Mr. Trevor Harness: Not the entire source. I certainly don't want to take anything away from Kevin Donovan; he had an entire team of reporters working on it, and they did a lot of their own investigations as well.

Mrs. Liz Sandals: Okay. Mr. Zimmer has a question, and then if we have some time, I have some more.

The Chair (Mr. Norm Miller): Mr. Zimmer.

Mr. David Zimmer: You're not prepared to share the names of your investigative team with this committee. Would you be prepared to share that information with, say, the ongoing OPP investigation?

Mr. Trevor Harness: If they asked me, I would certainly quantify those, and they would appreciate that there is a privilege there with informants. If we can provide any information, certainly.

Mr. David Zimmer: Thank you.

Mr. Frank Klees: Chair, I thought we had an agreement around this table regarding this issue. Mr. Zimmer raised it a number of times himself and now puts his foot in it.

Mr. David Zimmer: It's a process, not substantive. I just asked if he'd share the information.

Mr. Frank Klees: Chair?

The Chair (Mr. Norm Miller): Are you finished, Mr. Zimmer?

Mr. David Zimmer: I'm done.

The Chair (Mr. Norm Miller): Okay, Ms. Sandals.

Mrs. Liz Sandals: I guess, given Mr. Klees's role in all this, is he knowingly or unknowingly on your team?

Mr. Trevor Harness: Mr. Klees was one of the first individuals that I spoke to about a year and a half ago and forwarded a lot of the information to, as we did attempt to make contact with several other MPPs. I even tried, at one point, getting in touch with the Minister of Health herself, and couldn't get a response back on a couple of different occasions. They wouldn't even let us get past—I asked to speak to her assistant. I said, "I understand you're not going to put me right through to the Minister of Health, but let me qualify what I have to say," because our intent is and has always been by the team to fix this mess. Nobody is getting any compensation; nobody is getting any perks from anybody. Everyone here truly has a dedication for patient care. We've lived our lives to it.

Mrs. Liz Sandals: You talked about how you were Googling people, so in trying to prepare for today, I Googled you, and I came up with something called Regional Air Support and Rescue, RASAR. Your name came up as associated with that. Could you explain to us what that is?

Mr. Trevor Harness: Yes, that's a charity that I set up, as a helicopter pilot, to—

Mrs. Liz Sandals: So this is a charitable, non-profit helicopter business?

Mr. Trevor Harness: It's not a business; it's a charity. It's a registered charity.

Mrs. Liz Sandals: And what does this charitable helicopter business do?

Mr. Trevor Harness: Well, what we're in the process of doing is we have a fundraiser that is going this October. Our foundation is set to purchase a small helicopter that is going to be made available to emergency services in the GTA, that in the event a child goes missing or a patient wanders away from a medical facility, we would provide the aircraft and two of us pilots free of charge to that municipality.

Mrs. Liz Sandals: So you don't actually have a helicopter.

Mr. Trevor Harness: No. I fly through another base.

Mrs. Liz Sandals: So this thing exists on the website but it doesn't actually provide any—because it says it's air support and rescue. So at this point, it's a name, and you're trying to raise money—

Mr. Trevor Harness: That's correct.

Mrs. Liz Sandals: —but it doesn't actually provide any service, even though—

Mr. Trevor Harness: Not as of yet, no.

Mrs. Liz Sandals: So you're collecting money and getting—as a charity, but you're not actually providing any service?

Mr. Trevor Harness: No, that's incorrect. We're not collecting any money right now. As I said earlier, in October of this year we have a major fundraiser that's going to generate about \$600,000 net, and that money, in October, will be used to purchase the aircraft.

The Chair (Mr. Norm Miller): Thank you very much. And now we'll move to the official opposition. Mr. Klees.

Mr. Frank Klees: Thank you, Mr. Chair. Mr. Harness, I want to thank you for, first of all, being here, and for all of the work that you have done. Through you, I want to thank the other front-line people, pilots and paramedics, who have had the courage to come forward and provide us with information. Without that, we wouldn't be here today, so I just want to thank you for that.

Mr. Trevor Harness: Thank you.

Mr. Frank Klees: I also want to make it very clear that the objective that we have here in this committee is, first of all, to review the Auditor General's report, and it's the Auditor General's report that confirmed many of the things that you brought to our attention. Apart from the financial irregularities, which we're not going to get into here because there is a criminal investigation into those, what is particularly concerning to us are the operational issues, some of which you refer to. The Auditor General, in his report, indicated that there are some 20 incidents that were reported back to the board of Ornge; a number of those involved patient deaths. I think, as I hear you, as a professional, what motivates you and

has motivated you is precisely that—that we now have an air ambulance service that is dysfunctional at best.

You have heard the Minister of Health boast about a new CEO, a new board of directors, a new performance agreement, and that all will be well. I'd like to know from you, based on your knowledge of what is actually happening on the front line at Ornge, how encouraged should we be that we're on the right track here?

Mr. Trevor Harness: Not at all. Ornge is a model, as I mentioned earlier, that is broken. I am very familiar with the structure of STARS, Shock Trauma Air Rescue, out in Alberta. They have been running for 26 years. There was a vague attempt to model Ornge after the STARS model. You can't duplicate that. Air ambulance, as I mentioned, is an emergency service. You cannot run an emergency service, respectfully, with a board of directors and with individuals who may possess a private pilot's license and believe, again respectfully, that they have a knowledge of aviation.

Just recently, it was announced by Ornge that they are going to hire the former head of Toronto EMS, Bruce Farr, on a six-month contract for consulting. Now, respectfully, he has 30 years' experience and I'm sure he does know something about ground ambulance operations. Unfortunately, he knows nothing about air ambulance operations. And that's been the case with all of the senior managers and middle managers. They may have the best of intentions, but they do not have the operational knowledge of being able to select aircraft, know which aircraft to send, how to manage a comm centre. The communications centre alone, since 2006, has had seven directors. They have no idea what they're doing, and when they either give up and quit and/or get fired, they get replaced by somebody else, up to the current person, who was trying to learn what they do on the job by putting pieces of paper taped to a window asking employees to put their ideas up on how air ambulance should be run. I think at this point we're looking for a little bit more leadership than that.

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Mr. Frank Klees: You refer to the quality assurance issue.

Mr. Trevor Harness: Yes, sir.

Mr. Frank Klees: And around that, one of the issues that we have heard about quite a bit is Ornge's mandated delay policy.

Mr. Trevor Harness: Yes.

Mr. Frank Klees: Could you elaborate on that for us and tell us what the impact of that policy is on patient health?

Mr. Trevor Harness: That had a huge impact. When it comes to helicopter operations, contrary to what people may think, that a buzzer goes off, as you see on TV, and people go running to the helicopter, it doesn't happen like that. Previous to Ornge, as soon as a helicopter call came in—this is why you need qualified, very experienced people dispatching these aircraft, unlike today. You need to know weather, you need to know fuel, you need to know operations, you need to know capabilities,

and you need to get that aircraft in the air immediately, as seconds count.

At one point, Ornge attempted to put a 10-minute delay policy into place. Their justification for it was that it was going to help save on the cancelled-call ratio that they were experiencing. In my personal opinion, that's a cover for trying to save money. You cannot have a scene call response with a car accident or a train wreck—and I'll give you an example.

Outside of London last year in a town near Glencoe, a 24-year-old male in a pickup truck was struck by a train and dragged approximately 300 metres. He was trapped underneath the train, still alive. Anybody with half of training in aviation would know that if they're calling and they're saying, "This guy's alive under a train," there's a pretty good chance you need to get that helicopter in the air pretty quick.

At that point, they had their 10-minute delay policy that said that if a ground ambulance was within 10 minutes of reaching that scene, you're to weather-check the helicopter, tell him about the call, the area, but do not launch it. So when the ground ambulance showed up on this call, they looked at this guy under the train and, as you can imagine, said, "Oh, my goodness, we need a helicopter." They're out in the middle of nowhere.

In comes another policy from the Ministry of Health which is actually a good policy. When they finally mobilize this patient into an ambulance, the rule is, if you do not see the helicopter on final approach, you have to start heading to the closest hospital. In Glencoe, there is nothing. It's nothing shy of a clinic. So they transported the patient there. You've got to remember, the golden hour is now ticking.

The helicopter was subsequently called. The accident happened at approximately 10:45. The helicopter was not wheels up, in the air, until 11:20. By the time they got to what they call the "modified location" and back to the London hospital, it was 12:40. The flight from their base to that scene and direct to London Health Sciences would have been no more than 30 minutes.

This patient subsequently died, and I'm not suggesting for a minute that the 10-minute delay response was the sole contributing factor, but you have to agree that you'd have a better chance of survival getting to a hospital faster.

Mr. Frank Klees: Thank you. Mr. Harness, in your attempts to contact the minister, and you were unsuccessful in doing so—

The Chair (Mr. Norm Miller): And you're on your last minute, Mr. Klees.

Mr. Frank Klees: Okay. Did you inform anyone else in the minister's office or at the Ministry of Health about your attempts or about what your concerns were at any time, and if so, when did you make those contacts, and do you remember who you might have been able to contact?

Mr. Trevor Harness: I attempted several direct contacts by phone. Nothing ever came back. I do have a contact in the ministry, and I have relayed all my con-

cerns for the past year and a half to this individual. I am aware that some information has been met with success and some has not.

Mr. Frank Klees: But that information or that individual, you can't disclose, or can you?

Mr. Trevor Harness: No, sir.

Mr. Frank Klees: I think, Chair, that what we're hearing today from Mr. Harness confirms the need for a select committee. I think it's very obvious that there are many front-line people who would want to come forward. They're intimidated from doing so. We've heard from Mr. Harness that ongoing concerns are very much still there, and I think it's our responsibility to ensure that we create a forum where people can come forward safely and confidently, with the appropriate whistle-blower protection, so that we can in fact restore confidence in our air ambulance service, which is really the objective, first of all, of the Auditor General's report and of the Legislature.

The Chair (Mr. Norm Miller): Thank you for your comments, and thank you for your presentation today. We are out of time for your presentation.

ONTARIO AIR TRANSPORT ASSOCIATION

The Chair (Mr. Norm Miller): Our last presenter this afternoon is going to be Mr. Bob Mackie, who is director of the Air Transport Association. Mr. Mackie, welcome.

Mr. Bob Mackie: Thank you.

The Chair (Mr. Norm Miller): Just to confirm, you've read the information provided to witnesses testifying before the committee?

Mr. Bob Mackie: I have.

The Chair (Mr. Norm Miller): Okay, very well. Our clerk will go through the oath with you.

The Clerk of the Committee (Mr. William Short): Do you have the Bible?

Mr. Bob Mackie: Mm-hmm.

The Clerk of the Committee (Mr. William Short): Mr. Mackie, do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Bob Mackie: I do.

The Clerk of the Committee (Mr. William Short): Thank you.

The Chair (Mr. Norm Miller): Very well, you have five minutes for presentation and then we'll go to questions.

Mr. Bob Mackie: I'll read quick.

The Ontario Air Transport Association is a voice for Ontario's commercial air carriers, including those who supply air ambulance service to the Ministry of Health through Ornge. As certified and licensed air ambulance carriers, these carriers have been the backbone of the provincial air ambulance service for decades.

I have been involved myself in the air ambulance system since 1978. I have witnessed the system mature

from very humble beginnings to where patients are now transported in ministry-licensed ambulances.

The system continued to improve until 2006. The number of air ambulance bases and aircraft has severely dwindled under Ornge. For example, where northwestern Ontario once had five communities with a fixed-wing air ambulance base, there are now only two.

It is impossible to summarize in only five minutes what has transpired since 2006. Really, a hearing or inquiry should be called to allow witnesses sufficient time to bring forward the whole story.

The government announced in 2005 that it was appointing what we now call Ornge to work with the ministry "to streamline our air ambulance system." The mandate was to increase service, have a single point of contact and medical oversight. Absolutely nothing in this announcement indicated that there would be changes to the actual procurement of air ambulance services. The air carriers welcomed this announcement, as it was going to streamline the system.

On February 23, 2006, Deputy Minister Sapsford confirmed before this committee that the actual delivery of aircraft would continue to be done under external contract. He also stated "that the Ministry of Health isn't in the business of flying helicopters, maintaining them and so forth. It's a specialized business that others can provide on a contract basis, I would argue, more effectively and more efficiently than we could ourselves." We agree.

In that same meeting, Malcolm Bates confirmed that there were in fact competitive processes to secure air ambulance services and that Ornge was required to follow those processes. He also agreed with the statement "It's a specialized business."

The government's initial announcement; testimony to this committee by various government officials, including the deputy minister; the committee's report and recommendations to the House with respect to the auditor's report of 2005; and the actual performance agreement with Ornge confirm that there was never any intent for Ornge to start its own air service. In fact, the report to the House states: "Services are to be provided on a contract basis through external operators, with the expectation that this approach will be more effective and efficient."

What really happened, however, is to the detriment of the existing air carriers and, it would now appear, the Ontario taxpayer. How this came about is even more shocking.

In 2007, Ornge issued an RFI to the air carriers. Unlike previous RFPs, this RFI requested detailed proprietary and confidential information. No contracts were to be awarded. The carriers were told in a vendors' meeting that Ornge wanted this information to gain a better insight into cost drivers. When queried as to what would happen if a carrier did not reply to the RFI, it was bluntly stated that since the carrier was not working in a collaborative manner with Ornge, they should not expect Ornge to work in a collaborative manner with the carrier. Some call it blackmail.

The RFI closed on June 29, and shortly after, on September 17, what we now know as Ornge Global Air was incorporated as a for-profit corporation with Mazza as one of the directors. It appears that Mazza took it upon himself to start his own airline, using perhaps fraudulently obtained information as well as taxpayers' money to do so. He then gave his new airline business, without adhering to government procurement guidelines—in other words, he gave his new airline our business and we were actually forced to help him.

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He continued to conspire to eliminate the contracted carriers. He raided our staff, made it difficult to get paramedics trained and went so far as to tell some paramedics that if they wanted to upgrade their skills, they had to come and work for him.

OATA has repeatedly brought these and other abnormalities to the government's attention. Meetings were held in Thunder Bay with representatives from Minister Gravelle's office, MPP Bill Mauro's office and Ornge. As well, a letter to Minister Caplan in 2008 expressing continued concerns went unanswered by the ministry, referring us back to Ornge, the very organization that we were trying to bring to the attention of this government.

It now appears that the new board is not familiar with its own mandate and the government has forgotten the mandate as well. Mr. Delaney spoke to this committee about how dedicated the front-line people they have are. Absolutely, we agree; they used to work for us.

OATA specifically recommends that Ornge must return to and focus on its original mandate. Ornge Global Air was never part of that mandate and must be shut down.

The supply and operation of fixed-wing and rotary-wing aircraft must be tendered in an open and competitive bidding process, as was the government's stated intention.

As noted in the auditor's special report, neither Ornge nor Ornge-contracted consultants found any significant issues with the carriers. These carriers provide Ontarians with a service that puts emphasis on patient care and safety, and provide it at a very reasonable cost to the taxpayer.

I'd be happy to take questions.

The Chair (Mr. Norm Miller): Very well. Thank you. It's time for the government to go first. Ms. Sandals?

Mrs. Liz Sandals: Yes, thank you. When you say you hope that Ornge Global will be wound down, I'm presuming you don't simply mean shutting it down, which is happening. What is it that you see happening?

Mr. Bob Mackie: Well, I think we're all in a pickle here now, quite frankly. It's allowed to manifest itself because you do have Ornge Global Air now, and they are—because they've put other carriers out of business, have taken the medics and so on, there definitely needs to be a period of transition to go back to where the aviation services go back to where they belong in the aviation community.

Mrs. Liz Sandals: So you're recommending that all air service be provided by the standard offer agreement providers?

Mr. Bob Mackie: There used to be two really different ends. There was the critical care, which was a dedicated contract, and there was the helicopters. Actually, helicopters were operated by Canadian Helicopters Ltd. until just recently—a few months ago, right? So those Ornge helicopters you see flying through the air were not operated by Ornge; they were operated by Canadian Helicopters. The dedicated fixed-wing contract was operated—

Mrs. Liz Sandals: So what are you suggesting then? I'm sorry; I'm just trying to understand. You're suggesting that the service be automatically returned to Canadian Helicopters?

Mr. Bob Mackie: No, I believe that the operation of the equipment and whether or not that involves the sale of the existing equipment to the operator or lease—I mean, that would have to be determined, but the operation of the aviation assets should be returned to the aviation industry, who know what they're doing.

Mrs. Liz Sandals: And the paramedics and the folks who are actually—so you're talking simply about who flies the aircraft, who owns the aircraft. Is that what you're talking about devolving?

Mr. Bob Mackie: I'm in the flying business and, very briefly, the company that I'm involved with—

Mrs. Liz Sandals: Which is?

Mr. Bob Mackie: I'm the president of Thunder Airlines. We used to provide advanced care as well as primary care service to the province under a standing agreement situation. We were the largest advanced care carrier, for example. As a matter of fact, in Dryden I had a base which didn't cost the government a penny if they didn't use me, staffed 24 hours a day, seven days a week, with advanced care people, and it worked quite well.

Under Ornge, of course, that's gone. But as far as the medics go, the original mandate, I believe, back in 2005 to 2006 when it was sent over, was that certain medics would come under the umbrella of Ornge. I have no issue with that—the critical care and/or even perhaps the advanced care.

Primary care—the vast majority of patients in the province are actually moved as primary care, and there's no need for that, necessarily. They're not now under the umbrella of Ornge. They actually work for the operators.

Mrs. Liz Sandals: So you're less concerned about who the paramedics work for; you're concerned about who's flying the aircraft, be they helicopter or fixed-wing.

So your members are, then—helicopter aviation services and airplane aviation services are your members?

Mr. Bob Mackie: Members are primarily the fixed-wing industry.

Mrs. Liz Sandals: Okay.

Mr. Bob Mackie: There was really only one operator, as we know, in Ontario that was flying—

Mrs. Liz Sandals: —who was doing helicopters.

Mr. Bob Mackie: Yes, exactly.

Mrs. Liz Sandals: So your members are, for the most part, then, the fixed-wing operators.

Mr. Bob Mackie: That is correct.

Mrs. Liz Sandals: So your members, then, have lost that contract—no, there are still some of them.

Mr. Bob Mackie: There's a few left.

Mrs. Liz Sandals: How many of your members still have contracts?

Mr. Bob Mackie: I would say there's perhaps four.

Mrs. Liz Sandals: And how many of your members have lost the contracts?

Mr. Bob Mackie: Well, let's see here: Way back when, in 2005, we lost a total of six.

Mrs. Liz Sandals: And how many of your members have contracts? Of the four that still have contracts, are they still the same size of contract?

Mr. Bob Mackie: Oh, absolutely not. Thunder Airlines, with some decisions that were made in 2006, we elected—as I mentioned, we had advanced care bases, including on-site, which mirrored the government's critical care. That all got shut down overnight when Ornge simply changed the protocol and decided to move the responsibilities for paramedics. In order to what? Quite frankly, we suggest that it was probably because he was running out of money at the early stages. He put that onus on—

Mrs. Liz Sandals: He?

Mr. Bob Mackie: Mr. Mazza. He put that onus on the various hospitals. So all of a sudden, all of these highly skilled paramedics that we had, trained and certified by Ornge, weren't being utilized any more.

Mrs. Liz Sandals: So let's go back, then, to your members, though, who you're here to represent. You used your own example. So how much revenue, then, in contracts with the Ministry of Health or with Ornge, as the case may be over the years, would you have lost?

Mr. Bob Mackie: I think probably in the neighbourhood of—I would be shooting from the hip, and I really don't like to do that, but in 2006 down to 2007, my company probably lost about \$4 million to \$5 million.

Mrs. Liz Sandals: And you're saying that your members would be typically losing multimillions of dollars?

Mr. Bob Mackie: Yes, absolutely. My company is a little bit more heavily involved with the advanced care, so there's a much larger investment just in equipment and training and so on. But, yes, everybody who was doing advanced care definitely got the pinch.

Mrs. Liz Sandals: Okay. So in the model that you're proposing, obviously if there's multiples of you, the tens of millions of dollars, then, would be returned to your companies.

Mr. Bob Mackie: Well, you say model, but I just go back to: What was the original mandate? I'm just saying, go back to the original mandate that the government specified that they were going to do. We were all in agreement with it. They were going to look after the medics; they needed direct medical oversight. We had

this system where you had different base hospitals throughout the province.

Like I say, I've been very involved with the air ambulance, starting off as a pilot back in 1978, and I saw good things happening. And probably one of the biggest good-news stories was when they did this. They're going to centralize us; this makes sense. We had no issue with it, and they were supposed to continue the contracts. We expected—we'll call it the fixed-wing dedicated contract, which is for fixed-wing service in Sioux Lookout and Timmins; they've since added the machine in Thunder Bay due to the angioplasty there at Thunder Bay Regional, and the same thing with the helicopters. But the operation of those was to continue—the medics were supposed to go in those operations under the umbrella of Ornge, which was fine. They actually got downloaded from the ministry back in about 2000, which was a mistake. So they just went back to what the original plan was. It morphed from that.

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The Chair (Mr. Norm Miller): And we are out of time.

Mrs. Liz Sandals: We're out of time?

The Chair (Mr. Norm Miller): Yes. So we'll move to the official opposition. Mr. Klees?

Mr. Frank Klees: Thank you.

Mr. Mackie, thank you very much. I think you've helped to crystallize a good part of the issue here for us.

Again, to go back to a fundamental point: That was the vision of consolidating the service and centralizing certainly many aspects, particularly the oversight and the management of that. That was at the heart of that original mandate and announcement, and it's what would have been achieved through the original performance agreement. It was all there.

Mr. Bob Mackie: It was all there and it looked great.

Mr. Frank Klees: What went wrong, as you've pointed out, is that someone decided to take that vision and essentially morph it into a very self-serving business strategy. It was, I believe, never the intention to create another Ontario fleet of aircraft owned and managed by the province of Ontario.

Mr. Bob Mackie: That's right. There's at least no documentation that I can find where the government made any decision that they were going to tell the air operators in the province of Ontario, who supply services not just to the Ministry of Health but various other government agencies, that they were going to put them out of business. That was never announced.

Mr. Frank Klees: I'd like to get to the impact on patient care that that decision had and, actually, if we allow it to continue, will continue to impact patient care. Could you tell us how many bases were in place in Ontario prior to this Ornge decision and how many are in place now, and the impact that that has on actually reaching patients within the appropriate time frame?

Mr. Bob Mackie: Sure. For the record, as I mentioned in my little spiel there, it went from five fixed-wing bases in northwestern Ontario down to two. We now only have

Sioux Lookout and Thunder Bay. Red Lake, Fort Frances and Dryden have gone by the wayside.

In the rest of the province, we no longer have Hearst, Kapuskasing, Sudbury, North Bay, Sault Ste. Marie, Kingston, Toronto Island, London or Toronto Buttonville. Those were all places that had fixed-wing air ambulance service.

Just so recently as this past fall, when the operator out of Fort Frances actually moved his operation to Manitoba, there was a need to get a patient out of Fort Frances. Well, being the fall, the weather's not very nice. If you fly, you know that quite often you can take off but you can't land. It took two days to get that patient out. If that operator had still been there, there would have been no issue.

Mr. Frank Klees: So there's a significant impact on patient care.

Mr. Bob Mackie: Absolutely.

Mr. Frank Klees: Apart from the fact that the government has essentially moved in and stripped a lot of independent businesses of their business and the economic loss that goes along with that, we have the impact on the other side, on patient care.

Mr. Bob Mackie: Yes.

Mr. Frank Klees: Can I ask you this? This has been scrambled now. How do we unscramble this mess? Is it a matter of—and I think Ms. Sandals asked the question earlier. She said, is it just a matter of returning it to the place where it was or, I'd suggest and I'd like your thoughts on this, that one option is that we do what hasn't been done before—at least under Ornge—that we respect the procurement process of the province of Ontario and say, "Look, you people who are in the aviation business, come forward under an appropriate RFP, tell us what your expertise is, tell us what it is that you can do to deliver and restore confidence, restore the actual services that we need, and do so under a competitive process so that we know we're getting the best value for our dollar." Is that a reasonable option for us to consider?

Mr. Bob Mackie: Absolutely. Obviously there's going to be a transition period. We just can't leave the people of Ontario without an air ambulance service—that's obvious. But yes, I mean, the air carriers are more than willing, able and capable of doing exactly what you said, including the rotary wing.

Mr. Frank Klees: I've heard, and perhaps you know better, that there are a number of pilots who have left Ornge, there are others who are contemplating leaving, and the reason is that they do not have confidence in the management level at Ornge. The implication of that—could you talk to us about that? If you don't have the pilots, and there are only so many pilots in Ontario, what's the implication to our air ambulance service?

Mr. Bob Mackie: Well, I can't speak directly to the number of pilots leaving Ornge, because I just hear rumours and innuendoes, but obviously, that also happens in the industry as far as pilot movement goes.

I think, like anyone, they're nervous. They're seeing what's going on. They're seeing this hearing going on,

they're reading the Toronto Star and watching the TV, and they're seeing things. So yes, they've had issues with their management, they've had issues with their senior management—some of that has been changed. Unfortunately, part of the problem, from my perspective, is that—I mean, with all due respect to Ron McKerlie, he got parachuted into a pretty big mess, but it wasn't one of the normal messes that he was usually set to clean up. This is the aviation business. I've been in it for 35 years, and I've seen lawyers and I've seen doctors quit their practices because they wanted to start an aviation company. None of those are in business today.

Mr. Frank Klees: Including Dr. Mazza.

Mr. Bob Mackie: Apparently. You know, Dr. Mazza—I've actually known Chris Mazza since the mid-1990s, when he first became involved, because I was sitting on a committee for the Ministry of Health that was as a result of the air ambulance review. And even back then, all he could talk about was, you know, how he loved this particular aircraft, the PC-12, because he actually went down to Australia and flew a little bit with the royal Australian flying doctors, I believe it's called. So he had a vision, I mean, he definitely had a vision, and I was sold. I was sold up to 2006, and I did see improvements up until that point. But it was when he became—how shall we say—in charge and fiscally responsible, it kind of went downhill.

Mr. Frank Klees: So what was lacking was the accountability mechanism to oversee what was an original vision that actually should have, and could have, worked?

Mr. Bob Mackie: As I said, the mandate as announced by the government in 2005 was sound. It was sound. It just—somehow it went from this, it went from Deputy Minister Sapsford saying, "We're not getting in the aviation business. We're going to fix this so that we know how to send these airplanes out, and helicopters, know how to dispatch them, know how to get them back, know that the medics are well-trained, know that it works and clicks, but leave the aviation part of it to the aviation professionals." Suddenly, somebody thought—at least from my perspective—"I have an opportunity to start an aviation company." That's what happened. But people are taking that as they accepted the fact that he did that. There is nothing, at least that I can find—and I would love for somebody to point out to me where the government changed direction, what decision was made, who made it.

The Chair (Mr. Norm Miller): We are out of time for the opposition.

We move to the NDP. Who would like to ask questions over there? Mr. Singh.

Mr. Jagmeet Singh: Thank you very much. Mr. Mackie, thank you for taking your time.

Mr. Mackie, if you could just highlight, if you could just break down the specific areas where Ornge fell short of providing patient care and why the Ornge model was worse than the pre-existing model where the aviation was left in the hands of the independent carriers?

Mr. Bob Mackie: Patient care—well, where am I going to start with that? I'm a pilot, first of all, and I operate an aviation company. We are definitely concerned about patient care, because we are also a licensed, certified air ambulance company. However, all of our medics, and actually Mr. Bates mentioned today—I'm just going to fit this in here—that the Ministry of Health certifies and licenses paramedics. That's absolutely true, but didn't go so far as to say that you don't fly for Ornge unless you're also trained and certified by Ornge. That's another process that's on top of that. So it's not just that some land paramedic can get in the back of an airplane or even anybody who has written the provincial exam. There's another step.

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Patient care: In a lot of aspects, as far as the ability, the number of functions that paramedics, especially critical and advanced care paramedics and even to a certain extent primary care paramedics, are allowed to do has increased over the years, without a doubt.

Where patient care has probably gone backwards is that we are no longer—I believe part of the mandate was to increase availability of air ambulance in the province. I think I just named 13 bases that were now closed, so that, in itself, has to hurt patient care. You have Ornge aircraft now based—and fewer aircraft. So these aircraft that you now have left have to fly that much further. It's not uncommon for my company to get called up to leave Thunder Bay to go pick up a patient in Moosonee to take them to Timmins.

Mr. Jagmeet Singh: Okay. You expressed some concerns about what was going on in Ornge. You expressed those concerns to the Minister of Health; is that correct?

Mr. Bob Mackie: One of our members wrote a letter to Minister Caplan.

Mr. Jagmeet Singh: When was that letter written and what was the content of it? Basically, what was said?

Mr. Bob Mackie: Well, I can submit that, if you like—

Mr. Jagmeet Singh: Yeah, that would be great.

Mr. Bob Mackie: Or not.

Mr. Jagmeet Singh: Perhaps if you could table that—

Mr. Bob Mackie: Yeah, I can table the correspondence to that end, sure.

Mr. Jagmeet Singh: Certainly, and to save time, you can do that at the end.

Mr. Bob Mackie: That's fine.

Mr. Jagmeet Singh: Do you know roughly when that was written?

Mr. Bob Mackie: Well, it was 2008. I believe it was in the summer of 2008. It took months for an answer to filter back, and it actually got to the minister's office through Minister Gravelle's office locally in Thunder Bay, and then forwarded to Minister Caplan.

Mr. Jagmeet Singh: So you mention Mr. Gravelle. What was Minister Gravelle's involvement? Did you complain about Ornge to Minister Gravelle?

Mr. Bob Mackie: We were complaining—we had numerous meetings; one meeting actually where Ornge

attended with counsel, in Thunder Bay. Minister Gravelle himself was not there. He sent a representative of his office there.

Mr. Jagmeet Singh: Okay. And what was discussed at that meeting?

Mr. Bob Mackie: The operators—and these, by the way, include operators who are not air ambulance companies, but saw problems—helping—or on the horizon, I guess. The very same thing—what's the government or a government-sanctioned entity getting into aviation? You're going in, you're being a competitor with private enterprise, and you're stealing our people.

Mr. Jagmeet Singh: So you expressed that concern with a representative of Minister Gravelle's office, with Ornge officials there, with counsel and with yourself?

Mr. Bob Mackie: Yes.

Mr. Jagmeet Singh: And did you address any concerns with the actual quality of the care being reduced and problems with Ornge itself?

Mr. Bob Mackie: Quality of care, no. No patient care issues were really brought up in those meetings, no.

Mr. Jagmeet Singh: It was just the conflict of interest or—

Mr. Bob Mackie: It was a conflict of interest, and it was against what was the mandate. And I'd like to go so far as to say is—they were sneaky how they did it. Can I be blunt?

Mr. Jagmeet Singh: Yeah.

Mr. Bob Mackie: Very, very sneaky. As I mentioned, the RFI that came out, that vendors' conference was at the Sheraton Hotel at Pearson airport. The operators were just livid in that meeting: What are you doing? We had to give our contract fuel prices, which are highly, highly confidential. With our contracts that we do with Imperial Esso, we had to turn that over to Ornge or we wouldn't get any more further contracts. Like, what's with that?

Then they also went on to—you know, "Oh, no, we're not buying airplanes. We just want to do this so we get a better understanding of the aviation industry." Meanwhile, I'm on a safety board with the National Business Aircraft Association. I'm in Orlando, I think it was 2006 or 2007. There's people down there already shopping for helicopters and fixed-wing airplanes. I mean, aviation is a small business. They started making noises that they were shopping—like, we knew the same day.

Mr. Jagmeet Singh: Okay. Just to build on that, you were concerned with Ornge getting into the aviation business. Was there a cost savings associated with the previous plan versus Ornge's plan?

Mr. Bob Mackie: Well, let me put it this way. You had 13 more bases. You had an advanced care, 24-hour base in Dryden. You had more advanced care service. You had all these aircraft. I think Malcolm Bates in 2006 said there were 25 aircraft available at any given time, and they were only spending \$97 million. That's a far cry from what's being spent today.

Mr. Jagmeet Singh: Okay, that's excellent. Thank you.

The Chair (Mr. Norm Miller): And you have a minute and a half.

M^{me} France Gélinas: Just a few questions. Am I right in thinking that the Ontario Air Transport Association actually wrote to Minister Matthews, the present Minister of Health, in May 2011? That would be about a year now.

Mr. Bob Mackie: Yes, that's correct.

M^{me} France Gélinas: Do you remember the content of this letter?

Mr. Bob Mackie: Not precisely. It was the president of the association that sent it out. I've read the copy, but I've had—you'll have to bear with me. I've got about 180 hours worth of research just into the last few weeks. But I can actually give you a copy of that letter. I don't have it with me here today, but I can put my hands on it.

M^{me} France Gélinas: I would really appreciate if you could table it.

In your experience and knowledge—you know what's going on with Ornge right now. It has become a scandal. I take it you read the papers just like the rest of us and watch TV like the rest of us. Did you see this coming?

Mr. Bob Mackie: Yes.

M^{me} France Gélinas: And when did you see this coming?

Mr. Bob Mackie: Well, I probably saw it coming three, maybe four, years ago. What we saw was a house of cards being built, and this house of cards had no way of sustaining itself. It was going to collapse. It didn't collapse exactly the way I thought it was going to, but it was not sustainable with what they were doing.

M^{me} France Gélinas: Could you tell me some of the pieces of the house of cards that you knew about?

Mr. Bob Mackie: Well, the fact of the matter is—

The Chair (Mr. Norm Miller): You have a minute left.

Mr. Bob Mackie: —and I think the previous person mentioned it, unfortunately you have, again, an aviation company being run by people who didn't know an awful lot about aviation.

It was also obvious because as time went on—we see on September 16, 2007, that he's starting a for-profit company. As a matter of fact, I was in a meeting with Ornge in Thunder Bay. The operators were there that have been called by Ornge. They had their counsel there.

They had the head of the MAC at the time, which was Dr. Bruce Sawadsky, there, along with Rick Potter.

It came up in the meeting—I forget how, but they were trying to say, “We want all this information. We want to work with you.” And I asked them, “What about 878”—I forgot the number now—“Canada Inc.? What's this?” And they had no idea. The counsel had no idea. So this was the for-profit company that you guys just incorporated a few months ago, okay? It's going to be Ornge Air, because we know that you've applied for an operating certificate. We know that you've applied to the Canadian Transportation Agency for an operating licence. This is all public knowledge.

So it was like they could go about and do whatever they wanted, with no oversight and no accountability to anyone. I actually laugh about this. Somebody just yesterday said, “How is that?” My answer to them, as simplistic as it is—I said, “You see it's a nice blue sky out there? They could walk into the room and tell you that that's a purple sky and you were expected to believe it. It was their way or no way.”

The Chair (Mr. Norm Miller): Thank you very much for your testimony today. We appreciate you coming.

A couple of items before the committee wraps up. Next week on the 25th, I'm informed by the clerk, we have plenty of people to ask to come before the committee from our existing list, so the clerk is going to work on lining those people up. We would start at 8:30 a.m. on Wednesday so that we have some time to deal with the motions etc. I anticipate a subcommittee meeting to look at future witnesses as well. The two people we missed today, Tim Shortill and Barry McLellan, will be scheduled as the first two people on Wednesday.

Mr. Frank Klees: Chair?

The Chair (Mr. Norm Miller): Yes, Mr. Klees.

Mr. Frank Klees: Do we have time for me to bring forward two motions? They're just witnesses that I'd like to have called.

The Chair (Mr. Norm Miller): We have a number of them. You can table them with the committee and we will deal with those next Wednesday.

Mr. Frank Klees: Okay. I'll do that.

The Chair (Mr. Norm Miller): Thank you. This committee is recessed.

The committee adjourned at 1450.

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