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**Official Report  
of Debates  
(Hansard)**

**Wednesday 9 May 2012**

**Journal  
des débats  
(Hansard)**

**Mercredi 9 mai 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 ACCOUNTSCOMITÉ PERMANENT DES  
COMPTES PUBLICS

Wednesday 9 May 2012

Mercredi 9 mai 2012

*The committee met at 0846 in room 151.*

**The Chair (Mr. Norm Miller):** I call this meeting to order, and we need to go in camera for the first few minutes.

*The committee continued in closed session from 0846 to 0921.*

## SUBCOMMITTEE REPORT

**The Chair (Mr. Norm Miller):** I'm going to move back into open session. I believe we have a subcommittee report.

**Mrs. Liz Sandals:** We do.

**The Chair (Mr. Norm Miller):** Mrs. Sandals.

**Mrs. Liz Sandals:** Your subcommittee met on Thursday, May 3, 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 the Standing Committee on Public Accounts invite Dr. Chris Mazza to appear before the committee on Wednesday, June 6, 2012, at 9 a.m.

(2) That, should Dr. Chris Mazza fail to accept the invitation, the Standing Committee on Public Accounts consider a motion to present a report to the House requesting that a new Speaker's warrant relating to Dr. Chris Mazza be issued for his appearance before the committee on Wednesday, June 6, 2012.

(3) That Mr. Flavio Volpe be removed from the witness list.

(4) That legislative research prepare an interim document entitled "Issues and Observations" following the hearings on June 6, 2012.

And further considered the method of proceeding on the notice of motion by France Gélinas, MPP, dated March 7, 2012, and recommends the following:

(5) That the committee send a letter to the Ontario Power Authority with respect to the "Request for Information on the Cancellation of Ontario Power Authority's Contracts with TransCanada Energy Ltd. And Greenfield South Power Corporation."

(6) 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.

**The Chair (Mr. Norm Miller):** Any debate? All in favour?

**Mr. Frank Klees:** Chair, I just want to—

**The Chair (Mr. Norm Miller):** Yes, Mr. Klees.

**Mr. Frank Klees:** I think it's appropriate that we at least provide on the record an explanation as to why the arrangements for Dr. Chris Mazza have now been changed from the original date to June 6. Perhaps the clerk can clarify that for us.

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

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

We have received notification that Mr. Mazza will not be able to appear on May 16, from his lawyer, and the committee has now suggested June 6 as a new date for him to come. We have been notified that it is due to a medical condition that Mr. Mazza is currently dealing with, and we will reissue a new invitation for Wednesday, June 6, due to this.

**The Chair (Mr. Norm Miller):** All in favour of the subcommittee report? Carried.

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

**The Chair (Mr. Norm Miller):** I believe we have one motion to deal with before our presenter. Mr. Klees.

**Mr. Frank Klees:** This would be the reference to the information, or further information, that I'm requesting:

That the Standing Committee on Public Accounts (herein "the committee"), under standing order 110(b), stating that "each committee shall have power to send for persons, papers and things," directs the Minister of Health and Long-Term Care as well as the Ministry of Health and Long-Term Care to produce, within a fortnight, all documentation in any form, electronic or otherwise, related to at least the 13 incidents that have occurred between January 1, 2010, and May 1, 2012, investigated by the emergency services branch involving an Ornge ambulance (air or land) as well as any documentation in any form, electronic or otherwise, related to any other internal investigation conducted by the Ministry of Health that pertains to Ornge air or land ambulances.

**The Chair (Mr. Norm Miller):** Any discussion? All in favour? Carried.

## MINISTRY OF FINANCE

**The Chair (Mr. Norm Miller):** Our first witness this morning is Mr. James Sinclair, director of legal services,

Ministry of Finance. Welcome, Mr. Sinclair. You've received the notice for a witness appearing before the committee?

**Mr. James Sinclair:** I did.

**The Chair (Mr. Norm Miller):** Okay. Very well, and I believe our clerk has an oath for you.

**The Clerk of the Committee (Mr. William Short):** Sorry, Mr. Sinclair: Did you want to swear an oath or be affirmed?

**Mr. James Sinclair:** I'm happy to swear an oath.

**The Clerk of the Committee (Mr. William Short):** Okay, the Bible is in front of you there.

Mr. Sinclair, 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. James Sinclair:** I do.

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

**The Chair (Mr. Norm Miller):** Very well. You have five minutes for an opening statement and then there will be questions from the members.

**Mr. James Sinclair:** Great. My name is Jim Sinclair and I'm the director of legal services at the Ministry of Finance. I have held this position since December 8, 2008, which is also the date I entered the Ontario public service. I joined the ministry from the private sector. Prior to my role at the ministry, I was chief legal officer and chief compliance officer at Northwater Capital Management Inc., an investment firm.

As the legal director for the Ministry of Finance, I am responsible for the provision of legal advice to the ministry. There are just shy of 40 lawyers at the ministry's legal services branch, and advice is provided on a wide variety of subjects and in connection with a large number of matters. The role of the legal services branch in connection with Ornge, however, has been fairly limited.

I'm able to speak to you today about three things: how the Public Sector Salary Disclosure Act, 1996, operates; the impact on the province's liabilities of Ornge's bond issuance; and whether the consolidation of Ornge on the province's financial statements resulted in additional liability to the province as a result of the bond issuance.

First, the PSSDA: The purpose of the PSSDA, as you no doubt know, is set out at section 1 of the act and it is to "assure the public disclosure of the salary and benefits paid in respect of employment in the public sector to employees who are paid a salary of \$100,000 or more in a year." Simply put, the act applies to employers. Employers include non-profit employers in the public sector. An employer is in the public sector if it receives more than \$1 million in funding from the government in a year or if the funding exceeds 10%, or \$120,000, of its gross revenues. Employers are required to report the salaries and benefits paid to their employees if they pay them more than \$100,000 in salary in a given year. For the purposes of the act, "salary" means taxable salary, and "benefits" means taxable benefits.

The obligation to determine whether or not to disclose under the act rests with each individual employer. If an employer does not make the required information public, funding can be withdrawn from it or withheld from it. Each year, the Ministry of Finance collects and organizes the information provided to it from organizations subject to the act in order to produce the compendium that is published on its website.

In compiling the compendium, the ministry relies upon the information provided to it by affected organizations and funding ministries. A company that is a for-profit corporation would not meet the definition of employer under the Public Sector Salary Disclosure Act, 1996. It would not, therefore, have an obligation under the act to disclose the salaries paid to its employees.

#### 0930

Now I would like to turn to the Ornge bond issue. We at the Ministry of Finance legal services branch were not involved in the bond issuance itself. I can, however, say something about liability to the province as a result of the bond issuance based upon a review of some of the closing documentation.

The issuer is Ornge Issuer Trust, a trust created as a special-purpose entity under Ontario law. According to the offering memorandum, Ornge is the sole beneficiary of the trust. The trust may offer one or more series of debentures under a master trust indenture with specific terms of each issuance set out in a supplemental indenture.

The offering memorandum is clear in stating that recourse is limited to the assets of the trust. At III of the offering memorandum it states, "There is no recourse against any other entity, including Her Majesty the Queen in right of Ontario, as represented by the Minister of Health and Long-Term Care." And at page 34, it says, "Recourse will be limited to the assets of the issuer from time to time," and goes on to say, "In no event shall there be recourse to any other entity, including the beneficiaries of the issuer or the province of Ontario."

As a disclosure document, the offering memorandum describes the transaction that Ornge was engaging in, and similar statements are made in the trust indenture itself, and this is where the legal relationships are created.

The offering memorandum includes a specific risk factor entitled "limitation of recourse." The risk factor provides that there is no recourse to any other entity, including beneficiaries of the trust, Ornge itself, or the province of Ontario. Even if such a provision were not included in the trust indenture, it would, under common law, be highly unusual for liability to attach to the beneficiary of the trust, Ornge itself, in any event.

I would add that no liability could be imposed on the province without its consent or acquiescence. The province could only provide its consent to such liability if there were a guarantee provided to Ornge in the transaction and if that guarantee were issued in compliance with the Financial Administration Act, with appropriate approvals having been obtained. To my knowledge, no such approval has been obtained and I would add that

applications for these approvals would typically be reviewed by staff at my branch.

As a material agreement, any such guarantee would also need to be described in the offering memorandum and there is no disclosure in the OM of such a guarantee. The OM is clear on the province's liability under the bond issuance: There is none.

Finally, to the extent that there is a question as to whether there is any liability to the province by virtue of the fact that Ornge has been consolidated on the financial statements of the province, the short answer is no. Consolidation is something done for financial reporting purposes and does not override or overwrite existing legal relationships or obligations. The decision as to whether or not to consolidate is an accounting determination. Consolidation does not affect the corporate law principle of limited liability. In a government context, school boards and hospitals, for example, are consolidated even though the province may not be liable for their obligations. The bottom line is, consolidation does not affect fundamental corporate law principles such as limited liability.

So that is it for my opening statement. I'd be happy to take any questions you may have.

**The Chair (Mr. Norm Miller):** Very well. Thank you very much, Mr. Sinclair. Mr. Klees?

**Mr. Frank Klees:** Chair, could you just confirm how much time we have?

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

**Mr. Frank Klees:** Thank you for being here. You have extensive experience in the private sector in the financial area. You are now the director of legal services. I assume that you're familiar, obviously, with the health audit service team, who I think report either directly to you or a colleague. Could you tell us what the responsibility of the health audit service team is?

**Mr. James Sinclair:** The health audit service team doesn't report to me, so I can't actually provide you much assistance there. I mean, they conduct—I would assume that they conduct—audit services for various ministries, the health audit service team being the one involving the health ministry, but that's not something that we at the legal services branch get involved in.

**Mr. Frank Klees:** My understanding is that Mr. Ken Flynn, who is the director of the health audit service team within the Ministry of Finance, met with the Minister of Finance and the Minister of Health to raise some concerns about irregularities at Ornge. So you're not familiar with any of that?

**Mr. James Sinclair:** No, this is the first I'm hearing of that.

**Mr. Frank Klees:** Okay. I'd like to ask you—you're familiar with the offering memorandum—

**Mr. James Sinclair:** I am—

**Mr. Frank Klees:** —that raised some \$275 million of debt. The issuer trustee is BNY Trust Company of Canada. Are you familiar with that organization?

**Mr. James Sinclair:** I am.

**Mr. Frank Klees:** Was BNY Trust involved in any other financial dealings with the government of Ontario?

**Mr. James Sinclair:** I don't know the answer to that, Mr. Klees.

**Mr. Frank Klees:** You're not—

**Mr. James Sinclair:** Not to my knowledge.

**Mr. Frank Klees:** I'm advised that they were involved in a rather substantial instrument—an asset-backed security restructuring that involved some \$32 billion. You're not aware of that?

**Mr. James Sinclair:** I'm aware of the asset-backed commercial paper restructuring—

**Mr. Frank Klees:** In that amount, does that ring a bell?

**Mr. James Sinclair:** I thought it was \$34 billion, but that's within hand grenade range.

**Mr. Frank Klees:** And I would have assumed that someone like yourself, who is a senior person, would have been aware of who the players were who were involved in that rather substantial financial deal.

**Mr. James Sinclair:** Well, typically, the kind of services that BNY, the Bank of New York trust service, would provide would be acting as a trustee for various types of trusts that would be established. So they wouldn't have, typically—and usually their trust agreements would provide that—much involvement in the actual entity that is the trust. They simply act—to form a trust, you need a trustee, and then they would likely, by agreement, have an administrator that would provide administrative services. In the case of asset-backed commercial paper, if there are investments in the trust, they would have advisers who would manage those investments, and the trustee's role would be extremely limited.

**Mr. Frank Klees:** Thank you. Standard and Poor's gave an AA- credit rating to this bond offering. Throughout the entire offering memorandum, repeated references are made to the province of Ontario, and repeated references are made to the fact that this is really a monopoly business. Can you help us understand? Ornge Issuer Trust went to the market—it was a private placement—and was able to secure investors for the \$275 million, yet there's no equity in this deal at all. The only revenue stream that the entity has that would ultimately be responsible for repaying the interest as well as the capital was from the government of Ontario.

In your opinion, apart from whatever technical wording might have been within this offering memorandum, what, in your opinion, would the investors have relied on to give them a sense of confidence that this in fact is an AA- rating investment?

**Mr. James Sinclair:** Well, I mean, I guess, in my opinion, I think the investors would have looked to a number of different things. Obviously, they would have conducted a careful review of the offering memorandum and the trust indenture and other documents. They would have satisfied themselves as to the business model for the entity. They would probably have had meetings with the management team. I don't know this; I'm just speculating. Based on their analysis, they would probably take

note of whatever credit rating was assigned to it, and they would then have made their investment.

I don't know who the investors are. They may have many different reasons for investing in an entity such as this. This is the kind of investment—it had a decent return attached to the debentures, and it would be in an industry that they would have had difficulty getting any kind of exposure to other than this way. So if—

**Mr. Frank Klees:** Thank you. Would you not agree that, at the end of the day, the reason that anyone would have had confidence here is because it's the government of Ontario that's standing behind this?

0940

**Mr. James Sinclair:** Well, I think if the investor had had a careful review of the offering memorandum, they would have noted that the government of Ontario isn't standing behind it.

**Mr. Frank Klees:** Let me ask you this question: In light of events, who now is responsible for paying the interest and, ultimately, who is responsible for paying the capital debt that Ornge has incurred? Would you agree that it's the province of Ontario at the end of the day who really is going to have to cut the cheque for this?

**Mr. James Sinclair:** No. I would think that the responsibility remains with Ornge Issuer Trust.

**Mr. Frank Klees:** So you're suggesting that Ornge Issuer Trust is now solely responsible. They have no income. How are they going to pay it?

**Mr. James Sinclair:** I don't know the answer to that question. I'm not familiar with the financial affairs of—

**Mr. Frank Klees:** Well, sure you are. You're probably more familiar than anyone with the financial affairs of this trust. You know full well that the only income stream is from the government of Ontario. You also know that given the turn of events, the bankruptcies of all of these other companies, that were supposedly going to generate revenue from the private sector—they no longer exist. So there's only one entity left, and that is the government of Ontario, that is flowing operational dollars to Ornge. There's only one source to pay the interest now that's owed to the bondholders, and there's only one source available to repay the capital outstanding, and that is the government of Ontario. Do you not agree with that?

**The Chair (Mr. Norm Miller):** And that's your last question, if Mr. Sinclair wants to answer it, and then we move on to the NDP.

**Mr. James Sinclair:** No, I don't agree with that, because I think that if the Ornge Issuer Trust obtains its revenues from wherever—

**Mr. Frank Klees:** The government of Ontario.

**Mr. James Sinclair:** But it doesn't matter. Wherever it's obtaining its revenue from, it is the obligation of the Ornge Issuer Trust to meet its payments under the bond indenture.

**The Chair (Mr. Norm Miller):** Okay, and we shall move on to the NDP. Who would like to ask questions? Jagmeet or France? Go ahead, France.

**M<sup>me</sup> France Gélinas:** Just on this: So, here we have Ornge Issuer Trust, that has no assets, no money, but issued the bond. The bond is still out there; interest is still being paid. Ornge has been on the front page of the papers for four months, every single day, and you know nothing about this? You haven't followed the money from the Ontario government, to be able to assure me right here, right now, that you are keeping an eye on this, in this important position you hold with the provincial government, to make sure that not one of the taxpayers' dollars ends up paying this?

**Mr. James Sinclair:** Please understand that I am with the legal services branch. It's not our role to get involved in the finances of entities such as Ornge or anything else. We deal with legal obligations. We look at legal things on behalf of the Ministry of Finance, not the Ministry of Health. So what I know of the finances of Ornge and Ornge Issuer Trust is from what I read in the newspapers.

**M<sup>me</sup> France Gélinas:** In your branch of the ministry right now, this file is not active? You're not looking, as to the legal implications for finance, into the debt of Ornge? Nobody's looking at this? It's not your business?

**Mr. James Sinclair:** That's not what I said. I said that we don't get involved in the finances, the accounting, whether Ornge Issuer Trust has the wherewithal to make its payments under the bonds that were issued. I'm not—

**M<sup>me</sup> France Gélinas:** How about the province having the legal obligation to pay?

**Mr. James Sinclair:** But I've answered that question, and my opinion on that is that the province does not have the legal obligation to pay.

**M<sup>me</sup> France Gélinas:** And you know this as of today? You've checked recently? Nothing new has appeared on this file? Legally, you know as of today that we don't have to pay.

**Mr. James Sinclair:** That's my opinion. As of today, there is no legal obligation on the part of the province to pay.

**M<sup>me</sup> France Gélinas:** Go.

**The Chair (Mr. Norm Miller):** Go ahead, Mr. Singh.

**Mr. Jagmeet Singh:** Thank you very much. Ornge is, for the vast majority, provincially funded. You'd agree with that?

**Mr. James Sinclair:** That's my understanding.

**Mr. Jagmeet Singh:** And the purpose of the sunshine list is essentially to know where public dollars are being spent. That's one of the purposes behind it. Would you agree with that?

**Mr. James Sinclair:** No.

**Mr. Jagmeet Singh:** You wouldn't agree with that?

**Mr. James Sinclair:** Lots of money gets spent for things other than salaries. The sunshine list is about where salary dollars and benefit dollars are spent, but that's a subset of what you asked. I partially agree, but it's not the whole thing.

**Mr. Jagmeet Singh:** So it's one way of knowing where some of the money that's our public money is being spent? Would you agree with that statement?

**Mr. James Sinclair:** On salaries.

**Mr. Jagmeet Singh:** On salaries, yes. And the purpose is, it's a mechanism, it's one form of oversight. Would you agree that one of its purposes is a type of oversight?

**Mr. James Sinclair:** I'm not sure that there's oversight in connection with it, but presumably it could be used as a tool by those who have oversight over the various institutions that report.

**Mr. Jagmeet Singh:** That's good enough. So the CEO of, essentially, a completely provincially funded organization is on the sunshine list one year and is no longer on the sunshine list the next year. Does that send any flags in your ministry, or in your role?

**Mr. James Sinclair:** As I explained in my opening remarks, the Ornge entity was structured in a way so that it would be outside of the purview of the Public Sector Salary Disclosure Act. Does that raise flags for me? Maybe it raises flags, but there are lots of reasons to structure businesses that are outside of trying to skirt the PSSDA.

**Mr. Jagmeet Singh:** So for you, it maybe would raise flags. But you'd agree with me, though, in terms of the spirit of what the sunshine list is—maybe not the letter of the law, because if there's a way of restructuring it so that the private entities are providing the income, technically it's not breaching the letter of the law. But in terms of the spirit of what the sunshine list is hoping to achieve, do you agree with me that it's a violation of the spirit of the sunshine list to have the CEO of, essentially, a 100% publicly funded institution not disclosing his salary?

**Mr. James Sinclair:** No, I wouldn't agree with that. People come on and off the list all the time. There are lots of reasons for people coming on and off the list. I think that if we were to say that wherever there's provincial funding, those salaries should be indicated on the list if they're over \$100,000, the list will become less and less meaningful. The province provided funding to General Motors, but we don't have General Motors salaries on our list. It, too, is a for-profit entity. Ornge Global Holdings is a for-profit entity. The salaries of the people who are presumably the officers and directors of that entity aren't reported because it's not caught by the salary disclosure act.

**Mr. Jagmeet Singh:** Just to draw a distinction, though, I'm asking you about Ornge, the public entity; not the other subsidiaries, but Ornge the public entity, the air ambulance provider. The CEO of that institution was Dr. Mazza, and his salary was not disclosed. Do you find that that was a violation of the spirit of the sunshine list: the fact that he, as the CEO of a completely publicly funded institution, was not disclosing his salary, despite the fact that there were private entities as well?

**Mr. James Sinclair:** Well, I think that if he was not being compensated by that entity, then he wouldn't be caught by the Public Sector Salary Disclosure Act.

**M<sup>me</sup> France Gélinas:** How do you make sure that employers do follow the PSSDA?

**Mr. James Sinclair:** It's the employer's responsibility to review the act and to determine whether or not their employees are caught by the provisions of the act.

**M<sup>me</sup> France Gélinas:** If an employer does not follow the act, how do you find out?

**Mr. James Sinclair:** Please bear in mind that this isn't a primary responsibility of the legal services branch, so I don't get involved in the compilation of the compendium that contains all of the salaries that are caught by the PSSDA. So I don't know the answer to that question. I don't know how the ministry determines whether or not employees should or should not be on the list. But I will say that it is the obligation of the employers themselves and not of the Ministry of Finance to determine whether employees should or should not be on the list.

**0950**

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

**M<sup>me</sup> France Gélinas:** So we could have many other Ornge employers out there shielding salaries from the sunshine list and there is nothing in the legal branch in your ministry—no flags would be raised, no accountability mechanism. We just don't know?

**Mr. James Sinclair:** I don't agree with that. There are accountability mechanisms. The ministry can withhold funding if the act is not being complied with. If the act is being complied with, then that's not something we involve—at the legal services branch, we don't involve ourselves with situations where statutes are being complied with.

**The Chair (Mr. Norm Miller):** And we move on to the government now. Who would like to ask questions? Mr. Moridi.

**Mr. Reza Moridi:** Thank you, Mr. Sinclair, for appearing before this committee.

Mr. Sinclair, you are the director of legal services at the Ministry of Finance.

**Mr. James Sinclair:** I am.

**Mr. Reza Moridi:** Could you please tell us when you started at your job as director?

**Mr. James Sinclair:** In December 2008.

**Mr. Reza Moridi:** And before assuming this position at the Ministry of Finance, could you tell us where you worked and what was your role in your previous jobs?

**Mr. James Sinclair:** I was at Northwater Capital Management, an investment management firm. I was chief legal officer and chief compliance officer at that organization for almost 14 years. Prior to that, I was the senior counsel, derivatives, at the Ontario Securities Commission for five years. And before that, I was at a law firm now known as Gowlings.

**Mr. Reza Moridi:** Thank you. Could you tell us the role played by the Ministry of Finance in cases where entities such as Ornge seek to raise money through a bond offering?

**Mr. James Sinclair:** Can you restate that question, please?

**Mr. Reza Moridi:** The role of the Ministry of Finance when entities such as Ornge seek to raise money through a bond offering.

**Mr. James Sinclair:** Well, if an entity such as Ornge is raising money, the ministry doesn't have any responsibility for Ornge. So it typically would not be involved—that's why the legal services branch wasn't involved in the bond issuance itself. They may talk to the Ontario Financing Authority, which is in the capital markets every day, to get a feel for what the markets are like, but typically, in situations such as Ornge, the ministry wouldn't be particularly involved in those types of capital raises.

**Mr. Reza Moridi:** Thank you. Are you familiar with the \$270-million bond which Ornge has? They got it in 2009, I believe.

**Mr. James Sinclair:** I have familiarity from reading the offering memorandum.

**Mr. Reza Moridi:** Did you have a particular role in that bond offering?

**Mr. James Sinclair:** No, we had no role.

**Mr. Reza Moridi:** Did you review the offering memorandum?

**Mr. James Sinclair:** Yes, I did.

**Mr. Reza Moridi:** Did it cause you any concern when you reviewed the memorandum?

**Mr. James Sinclair:** No. It seems to be a fairly standard private placement memorandum for instruments of its kind.

**Mr. Reza Moridi:** So it looked normal to you?

**Mr. James Sinclair:** Yes.

**Mr. Reza Moridi:** There has been some confusion in the past as to whether or not the government is on the hook for this bond—the \$275 million raised by Ornge. Do you think the government's on the hook?

**Mr. James Sinclair:** I do not.

**Mr. Reza Moridi:** So we are not on the hook as a government?

**Mr. James Sinclair:** No. As I said before in an answer to some previous questions, the legal documentation is quite clear that the province is not liable for the obligations of the Ornge Issuer Trust.

**Mr. Reza Moridi:** In 2008, Ornge was consolidated on the books of the province of Ontario. Are you aware of that?

**Mr. James Sinclair:** Yes, I am.

**Mr. Reza Moridi:** Okay. What role did you play as the ministry's director of legal services in that process?

**Mr. James Sinclair:** I played no role. I'm not an accountant. We have a great accountant here with us. As the legal services branch, we would have had no role.

**Mr. Reza Moridi:** In your opinion, Mr. Sinclair, this kind of thing, which is basically putting Ornge or any entity on the province of Ontario's books—does it have any significance or any importance or any consequences, apart from the accounting procedures?

**Mr. James Sinclair:** There are really good reasons, obviously, to consolidate, and they help people who read the financial statements better understand the government and its finances. All I really want to say about that is that the fact of consolidation doesn't override the trust in-

denture which is clear in saying that the province doesn't have a liability vis-à-vis the bonds that were issued.

**Mr. Reza Moridi:** This consolidation—does it have any impact on the government?

**Mr. James Sinclair:** Presumably it has an impact on the government's finances, but as I said, it doesn't impact the legal liability that the government has for the bonds issued by the Ornge Issuer Trust—because it has none.

**Mr. Reza Moridi:** What is your role and the Ministry of Finance's role in relation to the Public Sector Salary Disclosure Act, which is known as the sunshine list?

**Mr. James Sinclair:** The ministry is responsible for compiling the information that employers throughout the government provide to it, where they determine that their employees are caught by the PSSDA. We, as the legal services branch, provide advice where there are questions that arise as a result of the application of that statute.

**Mr. Reza Moridi:** Dr. Mazza was on the sunshine list, and then he was taken off the list in 2008. Are you aware of that?

**Mr. James Sinclair:** I'm aware of that. He came off the list before I joined government, so I wasn't there at the time that he was on the list.

**Mr. Reza Moridi:** So you didn't play any role in that—

**Mr. James Sinclair:** I played no role in that.

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

**Mr. Reza Moridi:** Thank you.

What role do you think the Ministry of Finance played?

**Mr. James Sinclair:** I can only speculate. My speculation would be that the ministry would have received information from the Ministry of Health as to that ministry and its agencies' employees who should be caught by the list, and I would speculate that they would then have included that within the compilation that is the sunshine list.

**Mr. Reza Moridi:** Thank you very much.

**The Chair (Mr. Norm Miller):** Thank you very much.

**Mr. Frank Klees:** Chair?

**The Chair (Mr. Norm Miller):** Yes, Mr. Klees?

**Mr. Frank Klees:** I would ask—we do have a few minutes left—if we could divide the remaining time amongst the three caucuses.

**The Chair (Mr. Norm Miller):** Is there agreement to do that?

**Mrs. Liz Sandals:** Until 10:15.

**The Chair (Mr. Norm Miller):** Until 10:15. So it would be five minutes for each caucus. Agreed? Agreed.

Mr. Klees, you have five minutes.

**Mr. Frank Klees:** Thank you.

You've just, in response to my colleague's question, made the statement that there would be "an impact on the government's finances." That is the practical implication here of this \$275-million debt outstanding. Interest has to be paid and the capital has to be repaid, and notwithstanding the technicalities that may exist, the province of

Ontario is clearly on the hook for these interest payments and for the capital.

You referred to the offering memorandum. On page 19, there's a very specific reference here—and I'm going to read it into the record: "In the event of termination of the performance agreement, the province of Ontario would be able to take certain steps, in its discretion, to ensure continuity of the services provided by Ornge."

I think this actually contemplated what we have today, and that is that the organization, the issuer of this debt, defaults. Their business plan just has ceased to function, but the government of Ontario has a responsibility to ensure continuation of our ambulance service.

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It goes on to say, "The government of Ontario may take the following steps: (1) realizing on Ornge's interest as beneficiary of the issuer, which realization may include the repayment of all amounts owing by the issuer under the series A debentures and/or an assignment or transfer by the province of Ontario with the consent of the issuer."

The memorandum actually contemplates the eventual-ity of the issuer not being able to perform, and it provides for the province of Ontario to assume the payments.

I want to ask you again: Under the terms of the agreement, first of all, does the province of Ontario have the right to step in and assume the responsibilities and the obligations of the issuer based on the provisions clearly set out in the offering memorandum?

**Mr. James Sinclair:** As I said at the outset, the prov-ince is not liable for the payments under the bonds that were issued by the Ornge Issuer Trust. If there is a de-fault, it can step into the shoes of the holder of the inter-est of the trust, Ornge. But as I also said at the outset, the offering memorandum and the trust indenture are clear that the beneficiary, whether it's Ornge or someone step-ping into the shoes of Ornge, is not liable for the ob-ligations that are the subject of the bonds.

**Mr. Frank Klees:** At the end of the day, it may not be legally, but in all practical terms, the taxpayers of this province are now on the hook.

I just have one other question. We referred earlier to the relationship of BNY Trust and its involvement in this offering. You're well familiar with that company. Can you confirm for me that Alfred Apps represented BNY Trust Company of Canada in that \$34-billion restruc-turing of asset-backed commercial paper?

**Mr. James Sinclair:** I can't confirm that because I just don't know whether he was or not.

**Mr. Frank Klees:** You were not involved in that rather significant transaction?

**Mr. James Sinclair:** I was involved in that trans-action, both when I joined the ministry in late 2008, and, prior to that, I was a member of the proffered committee that was involved in the restructuring of that. There were lots of people around the table.

**Mr. Frank Klees:** You never had any contact?

**Mr. James Sinclair:** BNY Trust wouldn't have been a significant player around the table, so I don't remember whether Mr. Apps was there or not.

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

**Mr. Frank Klees:** But you never had any contact with Alfred Apps in any way in relation to that restructuring deal?

**Mr. James Sinclair:** No.

**Mr. Frank Klees:** Thank you.

**Mr. James Sinclair:** Uh—no.

**Mr. Frank Klees:** You hesitated.

**Mr. James Sinclair:** Well, I was just trying to re-mem-ber the very end of the transaction, and, no; upon further reflection, no.

**Mr. Frank Klees:** He didn't show up at the closing party?

**Mr. James Sinclair:** I don't remember seeing him at the closing party.

**Mr. Frank Klees:** Thank you.

**The Chair (Mr. Norm Miller):** Thank you. We'll move to the NDP. Jagmeet?

**Mr. Jagmeet Singh:** Thank you very much. So, sir, just touching on the PSSDA, if there is a clear breach or if there is indication that a company or an institution is not complying with that, you indicated that the province could withhold funds.

**Mr. James Sinclair:** Yes.

**Mr. Jagmeet Singh:** How does that mechanism work, and was that mechanism available to the ministry with respect to Ornge?

**Mr. James Sinclair:** I'm not quite certain how it would work in practice. I would imagine that if the min-istry was aware that there was non-compliance with a particular entity, and if that non-compliance was brought to them and they continued not to comply, it could then, under whatever funding that entity receives from the ministry, elect not to provide that funding or some of that funding. To my knowledge, that hasn't happened in the past.

**Mr. Jagmeet Singh:** That's right. It certainly hasn't happened with respect to Ornge. But that power is something that exists, and it's a part of the PSSDA?

**Mr. James Sinclair:** It is.

**Mr. Jagmeet Singh:** Okay. And that's regardless of any performance agreement or any other agreement between the province and any given entity?

**Mr. James Sinclair:** Correct. It's baked into the PSSDA.

**Mr. Jagmeet Singh:** And if a request was made for salary disclosure, for example, for Ornge, and the request was denied or turned down, would that provide a ground to use that power under the PSSDA to then withhold funding to the entity?

**Mr. James Sinclair:** Can you ask that again?

**Mr. Jagmeet Singh:** If the province made a request for salary disclosure—a request that you disclose the salary of the CEO of the public entity—and there was a denial or a refusal to comply with that request, would there still be the power to withhold funds under the PSSDA?

**Mr. James Sinclair:** Well, presumably, yes, as long as—there has to have been noncompliance with the statute.

**Mr. Jagmeet Singh:** Okay.

**Mr. James Sinclair:** So as we talked about before, in the instance that we're focused on here, Ornge Peel or Ornge Global Holdings, it was not—

**Mr. Jagmeet Singh:** Captured in the act.

**Mr. James Sinclair:** —caught by the act because of the way it was structured.

**Mr. Jagmeet Singh:** Okay. France?

**M<sup>me</sup> France G  linas:** I want to know, in your experience of reviewing legal documents for the Ministry of Finance, have you come across many times where a transfer payment agency of the government has given personal loans to an Ontarian, to a person in Ontario?

**Mr. James Sinclair:** Not in my time here at the ministry; I have not encountered that.

**M<sup>me</sup> France G  linas:** So you have been here for four years.

**Mr. James Sinclair:** Three and a half.

**M<sup>me</sup> France G  linas:** Three and a half years, and you don't know of any other transfer payment agencies that signed legal documents that say, "We're going to give you a million-dollar personal loan"?"

**Mr. James Sinclair:** I haven't been involved in anything like that.

**M<sup>me</sup> France G  linas:** Do you have an opinion on that?

**Mr. James Sinclair:** I don't know enough about the circumstances surrounding the loans in this case that I think you're referring to to have an opinion. So, no, I don't have an opinion.

**M<sup>me</sup> France G  linas:** Is it in the business of the government to give personal loans?

**Mr. James Sinclair:** No. To my knowledge, it's not in the business of government to give personal loans, but there may be programs out there for which personal loans are provided. I just don't know.

**M<sup>me</sup> France G  linas:** But you've never come across one?

**Mr. James Sinclair:** Not in this context.

**M<sup>me</sup> France G  linas:** I've been in the health care system for 25 years and I've never seen one either.

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

**M<sup>me</sup> France G  linas:** Do you want to finish?

**The Chair (Mr. Norm Miller):** Jagmeet?

**Mr. Jagmeet Singh:** Yes, sure. Just going back to the concept—I mean, the purpose of the salary disclosure, what I want to just understand from you is, is there in any way, in your mind, as someone who oversees this component in some regard, that there's something wrong with the idea that a CEO of a public institution is not providing any salary disclosure though he's a CEO of a public institution? Is there anything that's wrong in the sense that it's violating the spirit of salary disclosure for a public servant?

**Mr. James Sinclair:** This harkens back to our earlier conversation and, really, it depends on what the purpose of the act is. If it's to report publicly where salaries are in excess of \$100,000, then it isn't problematic, and that's the reality that we're dealing with. That's what the PSSDA says.

If the requirement is that it should be the five top executives, the CEO included—their salaries should be reported, even if it's only a dollar a year—then it would violate the spirit of the act, but that's not the act that we're dealing with.

We're dealing with legislation that is very good at certain things, but those things are limited, and they're limited because it only seeks information about salary and benefits, and that's taxable salary and taxable benefits. So it has a very limited scope.

What has happened here in this Ornge arrangement is that, for whatever reason—it may have nothing to do with the PSSDA; I just don't know—a structure was created where an entity was for-profit and outside of the scope of the PSSDA. It's not as easy as a stroke of a pen to re-establish a connection to a for-profit entity. There will be lots of implications for doing that, and we would have to think very carefully about what those implications are, before doing that, and whether or not it's appropriate for the government to seek the salary information for for-profit entities that receive money from the government.

**The Chair (Mr. Norm Miller):** If we can move to the government, then, please.

**Mrs. Liz Sandals:** Yes, thank you, just a couple of quick questions. First of all, to the best of your knowledge, there was no failure to comply with the PSSDA, as the act is written?

**Mr. James Sinclair:** Correct.

**Mrs. Liz Sandals:** And given that there was no failure to comply, there would be no cause for either the Ministry of Finance or the Ministry of Health to withhold funding to Ornge, under the PSSDA?

**Mr. James Sinclair:** Correct.

**Mrs. Liz Sandals:** And then with respect to the bond issue, if Ornge, in any of its entities, fails to pay the interest on the bond to the holders, is the Ministry of Finance under any obligation to pay?

**Mr. James Sinclair:** There's no legal obligation for the Ministry of Finance to pay if there's a default on the interest payments under the bonds.

**Mrs. Liz Sandals:** So there is absolutely no obligation under any circumstance for the government of Ontario, in any guise, to step in if there's a default on that bond. There is no obligation on behalf of the government.

**Mr. James Sinclair:** There's no legal obligation on behalf of the government.

**Mrs. Liz Sandals:** Thank you very much. I have no further questions.

**The Chair (Mr. Norm Miller):** Very well. Thank you very much for coming and for taking some extra time this morning. We appreciate it.

**Mr. James Sinclair:** Great. Thanks.

**The Chair (Mr. Norm Miller):** Take care. We're recessed now.

*The committee recessed from 1013 to 1232.*

MR. RICK POTTER

**The Chair (Mr. Norm Miller):** Okay, I'll call the meeting to order. Yes, Mr. Zimmer?

**Mr. David Zimmer:** What is the—

**The Chair (Mr. Norm Miller):** Order?

**Mr. David Zimmer:** Yes. The time—

**Mrs. Liz Sandals:** What's the time allocation?

**The Chair (Mr. Norm Miller):** The time allocation would be 10 minutes for an opening statement, then 20 minutes each for the parties twice, basically. Then whatever leftover time there is I'll split equally.

I'd like to invite our witness for the afternoon, Mr. Rick Potter, to come forward. Welcome, Mr. Potter. Thank you for making the trip from Thunder Bay. Just to confirm that you received the information for a witness coming before the committee?

**Mr. Rick Potter:** No, I've received nothing.

*Interjection.*

**The Chair (Mr. Norm Miller):** You received it by email, the—

**Mr. Rick Potter:** If I have, I haven't had a chance to read it.

**The Chair (Mr. Norm Miller):** Okay. Then we have a copy for you here. I'm going to give you this and give you time to read it before we start

**Mr. Rick Potter:** Sure.

*Interjections.*

**The Chair (Mr. Norm Miller):** You're fine?

*Interjection.*

**The Chair (Mr. Norm Miller):** Good. Our clerk has an oath for you to swear.

**The Clerk of the Committee (Mr. William Short):** Mr. Potter, there's a Bible in front of you there to swear your oath. Mr. Potter, 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. Rick Potter:** I do.

**The Chair (Mr. Norm Miller):** Very well. You have up to 10 minutes for an opening statement and then there will be questions from the three parties.

**Mr. Rick Potter:** I don't really have much of an opening statement. I think you've got my biography in front of you. I think you'd be better served by the time asking me questions.

**Mr. David Zimmer:** Sorry, I'm just having trouble hearing you.

**Mr. Rick Potter:** I said that you have my biography and CV in front of you, and I think the time would be better served with questions.

**The Chair (Mr. Norm Miller):** Okay, that's very well, then. I think we caught the NDP by surprise, but the NDP has the first round of questioning here. Who would

like to go first? Ms. Gélinas. You have up to 20 minutes and we'll do rotations.

**M<sup>me</sup> France Gélinas:** Pleased to meet you, Mr. Potter, and thank you for coming to Queen's Park. My first question is quite simple: Are you still employed by Ornge or any of its subsidiaries?

**Mr. Rick Potter:** As a contractor, I am currently being retained by Ornge.

**M<sup>me</sup> France Gélinas:** And do you know which part of Ornge has retained your services?

**Mr. Rick Potter:** Ornge Air.

**M<sup>me</sup> France Gélinas:** Ornge Air, the not-for-profit?

**Mr. Rick Potter:** That is correct.

**M<sup>me</sup> France Gélinas:** What is it that you do right now?

**Mr. Rick Potter:** My primary purpose is to provide advice that helps them in the transition from the old management to the new management in the aviation field, and provide advice on safety and existing contracts.

**M<sup>me</sup> France Gélinas:** Similar to what you were doing before?

**Mr. Rick Potter:** That's correct.

**M<sup>me</sup> France Gélinas:** Is this a full-time job for you?

**Mr. Rick Potter:** I have a consulting firm on the side as well.

**M<sup>me</sup> France Gélinas:** How much are you being paid to do this?

**Mr. Rick Potter:** I'm being paid the same remuneration I was at Ornge, roughly \$20,000 a month.

**M<sup>me</sup> France Gélinas:** Okay.

**Mr. Frank Klees:** Sorry, how much?

**Mr. Rick Potter:** Twenty thousand dollars a month.

**M<sup>me</sup> France Gélinas:** Thank you. How long of a contract have you signed with Ornge?

**Mr. Rick Potter:** It was for three months. It expires at the end of June—or end of May, I should say.

**M<sup>me</sup> France Gélinas:** End of May? Okay. Any indication as to whether your employment with Ornge will terminate at the end of May, or do you think it will keep on a little bit longer?

**Mr. Rick Potter:** There's no indication, and I have no plans to continue on.

**M<sup>me</sup> France Gélinas:** No plans to continue?

**Mr. Rick Potter:** No. I have commitments for the month of June.

**M<sup>me</sup> France Gélinas:** Okay. Thank you.

**Mr. Reza Moridi:** Mr. Chair, it's difficult to hear Mr. Potter. Would it be possible to turn on the other mike as well?

**Mr. Rick Potter:** I'll speak up generally—

**Mr. Reza Moridi:** Is it possible to turn on the other mike as well?

**The Chair (Mr. Norm Miller):** Just speak slowly—

**Mr. Rick Potter:** Okay.

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

**M<sup>me</sup> France Gélinas:** I don't think that helped.

In your previous role at Ornge, you were an executive. What titles did you have?

**Mr. Rick Potter:** Well, my first contact with Ornge per se—Ontario air ambulance—was as a board member, as is indicated in my bio. I was hired on as—I think the initial role was called a director, and then I think I went to associate VP, a VP, and then a chief operating officer, I believe.

**M<sup>me</sup> France Gélinas:** How long were you the chief operating officer at Ornge?

**Mr. Rick Potter:** I believe for a period of about two years.

**M<sup>me</sup> France Gélinas:** For about two years? So which part of Ornge did you have dealings with?

**Mr. Rick Potter:** Ornge Air.

**M<sup>me</sup> France Gélinas:** Ornge Air only?

**Mr. Rick Potter:** No. I did some work for Ornge Global. Whenever any work for Ornge Global was done, it was recorded and those figures were submitted.

**M<sup>me</sup> France Gélinas:** So you were working for Ornge Air, which is the air ambulance as we know it in Ontario. You know about the sunshine list, I take it, where people who are paid over \$100,000 a year, their name gets published?

**Mr. Rick Potter:** That's correct, yeah.

**M<sup>me</sup> France Gélinas:** Yours was published up until 2008, and it was published as \$180,000 a year. Then in 2009, although you have told us that you were working for Ornge Air, your salary disappeared from the sunshine list. As a person in charge of finance, can you explain how come, as an employer, those numbers were not given to the ministry?

**Mr. Rick Potter:** That was a corporate decision that was made. I volunteered every year to have the salary published.

**M<sup>me</sup> France Gélinas:** And it was a corporate decision that was made? By who?

**Mr. Rick Potter:** To my understanding, it was Maria Renzella.

**M<sup>me</sup> France Gélinas:** Okay.

*Interjection.*

**Mr. Rick Potter:** Maria Renzella was our chief financial officer.

**M<sup>me</sup> France Gélinas:** Did you ever question that decision?

**Mr. Rick Potter:** I did not question the decision.

**M<sup>me</sup> France Gélinas:** But you knew that your salary had been on the sunshine list and was not anymore?

**Mr. Rick Potter:** That is correct.

**M<sup>me</sup> France Gélinas:** Do you know if the Ministry of Health knew that?

**Mr. Rick Potter:** I have no knowledge of what the Ministry of Health knew.

**M<sup>me</sup> France Gélinas:** No? Did Maria give any explanation as to why they had not provided your salary to the ministry?

**Mr. Rick Potter:** I believe her interpretation was that it was not required, that we were exempt.

**M<sup>me</sup> France Gélinas:** That you were exempt? What changed from 2008 to 2009 that would have exempted you?

**Mr. Rick Potter:** I have no idea. As I said, I freely volunteered to have that information submitted. I had nothing to hide.

**M<sup>me</sup> France Gélinas:** Okay. You say it was the decision of Maria Renzella that this decision was not shared. What the government is telling us is that this information was not shared because you were working for the for-profit side of Ornge, which is completely in opposition to what you just said. So you stand by your testimony that—

1240

**Mr. Rick Potter:** Every one of my paycheques since my first day of employment with Ornge Air up to the present time has been with Ornge Air.

**M<sup>me</sup> France Gélinas:** Your paycheque has always been with Ornge Air?

**Mr. Rick Potter:** That is correct, ma'am.

**M<sup>me</sup> France Gélinas:** Okay, the not-for-profit. And when you did do some work for Ornge Global, those hours were accounted separately. Did you get a second paycheque from Ornge Global?

**Mr. Rick Potter:** No.

**M<sup>me</sup> France Gélinas:** So what was the point of keeping those hours separately?

**Mr. Rick Potter:** I was asked to keep a record of it. I had my executive assistant detail every meeting I had, every trip I had, as to where it should be most appropriately categorized.

**M<sup>me</sup> France Gélinas:** But it did not influence your pay structure, as in you got the same amount of money every month when you got paid?

**Mr. Rick Potter:** That is correct.

**M<sup>me</sup> France Gélinas:** Did you get paid every month or every two weeks?

**Mr. Rick Potter:** Every two weeks.

**M<sup>me</sup> France Gélinas:** So it didn't matter if you did work for Ornge Global. You would keep track of your hours, your executive assistant would track them where they belong, but you got your pay every two weeks?

**Mr. Rick Potter:** That is correct.

**M<sup>me</sup> France Gélinas:** And the signature on the pay was Ornge Air.

**Mr. Rick Potter:** That is correct.

**M<sup>me</sup> France Gélinas:** The not-for-profit. Did you want to say something?

**Mr. Jagmeet Singh:** So with respect to that, just if you could break it down for me, how do you know—I don't know the cheque that you were receiving. Did the cheque actually indicate on it who was paying it? Did it say Ornge Air? Was it on a letterhead of some sort?

**Mr. Rick Potter:** I don't know if it was on the cheque, but there's actually a run you can do, because there was some question at some point in time as to the employment. Even though a novation, I believe it's called, was issued in the fall of 2011, I was never switched over to Ornge Global. I was always with Ornge Air and my pay always came from Ornge Air accounts.

**Mr. Jagmeet Singh:** Sorry, I missed that portion. At one point there was a switch, but you didn't switch over? What did you mean by that?

**Mr. Rick Potter:** I believe in November of 2011, there was—I think it's called a novation. I'll have to refer to legal counsel for the right term.

**Mr. Jagmeet Singh:** An ovation?

**Mr. Rick Potter:** I think it's called a novation, where they move you from one division to another. I never moved over. I always stayed with Ornge Air.

**Mr. Jagmeet Singh:** Okay. With respect to your salary disclosure, you were content to disclose it at all times, you had no problem disclosing it, but your understanding is that it was a corporate decision not to disclose it?

**Mr. Rick Potter:** That is correct. We were advised, actually, that we were prohibited from disclosing it. What happened in the last year was that if we had disclosed our salaries—the gross amount of executive pay was out there, and by deduction you could have found out what Dr. Mazza's salary was, and that would have been a violation of his rights. That's what I was advised.

**Mr. Jagmeet Singh:** Who advised you that it would have been a violation of his rights?

**Mr. Rick Potter:** I believe our legal counsel did.

**Mr. Jagmeet Singh:** Who is your legal counsel?

**Mr. Rick Potter:** Cindy Heinz.

**Mr. Jagmeet Singh:** Cindy Heinz? Okay. If I can just ask you some questions now, just shifting over to the operation of Ornge: When you initially were involved, were you aware that the initial mandate of Ornge was not to purchase its own fleet of helicopters and aircraft, but to outsource that and to have its own source of paramedics and medical personnel?

**Mr. Rick Potter:** That was not the direction I was given.

**Mr. Jagmeet Singh:** Okay. Can you explain?

**Mr. Rick Potter:** Actually, the reason I was brought on was essentially safety-based. There was some concern over the number of operators. I believe, in 2007, there were almost 100 aircraft being flown by over 30 different operators. Many of those aircraft were old, some antiquated. Many of the operators were one-aircraft operators, very small operations. Many of the aircraft were still piston-powered—piston engines like in a car, as opposed to turbine. I don't want to get too technical; if I do, someone stop me. A lot of them were actually still unpressurized. One of the mandates was to do an investigation on the history of compliance with our contracted carriers and to find a more efficient and safer way of operating.

**Mr. Jagmeet Singh:** I'm just going to ask you a couple of more questions before I pass it on to my colleague. I wanted to get to the heart of—was the Ministry of Health apprised or advised along the way of the operations at Ornge?

**Mr. Rick Potter:** I never had any dealings with the Ministry of Health in my tenure.

**Mr. Jagmeet Singh:** Are you aware, just in general, of the Ministry of Health being apprised of anything or given briefings, or if they attended and they met with other officials at Ornge?

**Mr. Rick Potter:** All the communication with the Ministry of Health was either with Steve Farquhar, Tom Lepine or, I guess, Chris Mazza directly.

**Mr. Jagmeet Singh:** Okay, so you didn't have any dealings—

**Mr. Rick Potter:** That is correct.

**Mr. Jagmeet Singh:** Okay.

**M<sup>me</sup> France Gélinas:** The problems with the layout of the inside of the new helicopter have been reported in the press for quite some time. When did you become aware that the paramedics could not perform CPR, for example, in the helicopters?

**Mr. Rick Potter:** Basically, it was just prior to going to the press, to be honest with you.

I think it's really important to understand the role of aviation at Ornge. With all due respect to southern Ontario people, I think you have to understand that Ornge's business is 82% in northern Ontario; 56% to 60% is northwestern Ontario. It is very much a Toronto-centric, medic-centric, rotor-centric organization. To understand that will put some of the other things in context.

The interiors for the helicopters were solely the purview of operations. Aviation had absolutely nothing to do with it; we were prohibited from being involved in it. Our only involvement was essentially to define the allowable weight for the interior, the centre of gravity, and to look at some of the electrical inputs that would be required. It was 100% the purview of operations to design the interior of their choice.

Now, we volunteered—we actually fought on numerous occasions to try to have more input, because we were afraid of what the outcome might be. I was aware that we sent a team to Switzerland—I believe twice—and I was told that the team was excited, and that the aircraft interior was fully functional as a result of that.

**M<sup>me</sup> France Gélinas:** Okay, and then none of the pilots that you worked with ever mentioned the problems with the interior?

**Mr. Rick Potter:** Essentially, there are sort of two different worlds, okay? The pilots are concerned with the aircraft, the operation of the aircraft etc. The pilots had no input whatsoever and were not asked—aviation was not asked and had no input whatsoever—in the design of any of the interiors.

**M<sup>me</sup> France Gélinas:** But there are some dull times when you're downloading your patients. Pilots and paramedics do end up talking. None of them ever talked about problems with the interior?

**Mr. Rick Potter:** No pilot at any point in time ever expressed a concern about the interior to me, other than the fact that the interior came in heavy, which limited our fuel.

**M<sup>me</sup> France Gélinas:** Which was then in your purview?

**Mr. Rick Potter:** Yes.

**M<sup>me</sup> France G elinas:** Okay. Were there any issues with the helicopters that had been chosen that were ever brought to your attention?

**Mr. Rick Potter:** Well, we had reliability issues, certainly, at the start of implementation. With any new aircraft, you're going to have teething problems, and that was an accepted fact, or we knew it was a proven fact. We increased the redundancy of the number of aircraft in anticipation of that.

As far as the selection of the aircraft goes, I stand by the selection. I think the committee stands by the selection. It's still, as we see here today, the most advanced aircraft. That's been proven by 92 different agencies—there are 92 aircraft being used in medical transport search and rescue around the world that are AW139s. There are over 500 aircraft flying and there's a backlog of two years to get new ones.

**M<sup>me</sup> France G elinas:** What are some of the reliability issues that you had to deal with at the beginning?

**Mr. Rick Potter:** Well, the aircraft—there were limitations placed on the main rotor and the tail rotor life usage limits, which increased some of the maintenance. Parts logistics management was a bit of a challenge. Spares were a bit of a challenge. Training slots were very finite, so it was always difficult getting training slots.

But I think it's important to understand the context. When we brought the AW139s online and put them in service, Ornge itself at that time did not have an aircraft maintenance organization. Ornge only could accomplish the maintenance through CHL, and CHL have told me on numerous occasions they would do absolutely nothing to expedite or help in the transfer.

**M<sup>me</sup> France G elinas:** All right. Was it part of your responsibility to seek to have better maintenance available?

**Mr. Rick Potter:** Oh, we have top-quality maintenance. It wasn't the quality of the maintenance. It was the expediency of the maintenance, and the expediency of the maintenance translates to the availability of the aircraft.

**M<sup>me</sup> France G elinas:** So am I to understand from what you're saying that some of the aircraft might not have been available because of the lack of expediency of the maintenance done by CHL?

1250

**Mr. Rick Potter:** I believe that to be a fact. I believe that there's a learning curve. I think we have to appreciate that most of the maintenance people worked on the Sikorsky aircraft for 25 years and have probably done every procedure 50 or 60 times. They could do it with their eyes closed.

So you have a brand new, high-technology aircraft; it's a completely different generation, it's a different machine. There is an anticipated learning curve. It's going to take us longer to do a check on a new aircraft than it is on an older aircraft, until we can prejudge what parts we need out there, etc.

**M<sup>me</sup> France G elinas:** Where would—

**Mrs. Liz Sandals:** Chair, can we just have, as part of the Hansard record, what CHL is?

**Mr. Rick Potter:** Canadian Helicopters Ltd.

**M<sup>me</sup> France G elinas:** I lost my train of thought there.

Where would you say Ornge is at on this curve of being able to maintain their helicopters in an expedient way?

**Mr. Rick Potter:** As we speak today?

**M<sup>me</sup> France G elinas:** As we speak today.

**Mr. Rick Potter:** I think Ornge is probably 90% or 95% where they should be. We knew that it would take at least a year to two years to do that. That's exactly what happened. It evolved. The training has been completed with all of the technicians. Parts availability has been largely remedied. Spares and stores have been remedied. Part of that is because we're not working through CHL anymore.

**The Chair (Mr. Norm Miller):** Mr. Potter, if I can just ask you to move a little bit away from the microphone now; we're getting noise happening. Thank you.

**Mr. Jagmeet Singh:** Mr. Potter, I just want to go back to your salary and the salary arrangement. The way you received your salary before and the way you receive it now: Is it the same, still?

**Mr. Rick Potter:** Yes.

**Mr. Jagmeet Singh:** And the cheque that you receive is the same type of cheque?

**Mr. Rick Potter:** I believe so.

**Mr. Jagmeet Singh:** Would you be able to table that with this committee? You can block out anything that's personal on there, with your personal address.

**Mr. Rick Potter:** I have no problem with that.

**Mr. Jagmeet Singh:** And you confirm that what you'll be tabling is the same thing you received throughout your employment at Ornge?

**Mr. Rick Potter:** Do you mean how I'm being paid as a consultant versus a substantive employee?

**Mr. Jagmeet Singh:** Yes.

**Mr. Rick Potter:** Sure.

**Mr. Jagmeet Singh:** Okay. And you agree, it's the same form of payment that you're getting as a consultant now—

**Mr. Rick Potter:** It's the same amount.

**Mr. Jagmeet Singh:** The same amount, but it's also the same in terms of the way it's being paid, the cheque or the form of payment?

**Mr. Rick Potter:** It's monthly instead of every two weeks, but—

**Mr. Jagmeet Singh:** Okay, but besides that, it's still the same source of income coming from Ornge and it's the same labelling or the same way you can identify that you're being paid by Ornge ambulance, not by Ornge Global or anything else?

**Mr. Rick Potter:** Yes.

**Mr. Jagmeet Singh:** Okay. Thank you very much.

**M<sup>me</sup> France G elinas:** There are quite a few comments that we hear that the helicopters are really costly to operate, their fuel consumption is way more than what a fixed-wing would be, and that this particular helicopter is especially costly to use. Do you have any comments on that?

**Mr. Rick Potter:** That's true. The helicopters operate at, generally, about 300% of what a fixed-wing aircraft would cost, if you're comparing the AW139 versus the Pilatus PC-12. It is a dedicated machine which has a specific operating environment and it's designed to operate in a specific environment. It is not designed to fly airport to airport or beyond 100 nautical miles. It gets grossly inefficient. But it does extremely well at the roles that it has to do: landing in confined areas, on highways, in remote areas. That's what it's designed for. That's the cost of operation.

The aircraft has about 30% more performance than the S-76, and there is some advantage to that as well.

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

**M<sup>me</sup> France Gélinas:** Okay. So how do you reconcile what you just said with the fact that the number of bases for Ornge actually decreased after—if the helicopters are not to be used for airport to airport but really to be used to go where there are no airports, why is it that more and more—I'm from northern Ontario. We would get helicopters coming in from southern Ontario to service people in my riding.

**Mr. Rick Potter:** How the actual aircraft are dispatched and used by the OCC at Ornge is not under aviation's control. We provide the tools and how they do it. We suggest how they do it. We suggest operating practices and the most efficient practices. But at the end, medical necessity and expedience trump everything.

**The Chair (Mr. Norm Miller):** We'll move to the government now. Who would like to ask questions? Mr. Zimmer. Go ahead, Mr. Zimmer.

**Mr. David Zimmer:** Thank you very much for attending today. When did you first meet Dr. Mazza?

**Mr. Rick Potter:** That would probably be—I'm thinking 2005, 2006.

**Mr. David Zimmer:** And what were the circumstances of that meeting?

**Mr. Rick Potter:** I was asked to join the board of directors.

**Mr. David Zimmer:** Who asked you to join the board of directors?

**Mr. Rick Potter:** Kelly Mitchell.

**Mr. David Zimmer:** She approached you?

**Mr. Rick Potter:** Kelly Mitchell—

**Mr. David Zimmer:** I'm sorry. He approached you?

**Mr. Rick Potter:** Yes. Kelly Mitchell called me up and asked if I'd be interested in joining the board of directors. They were looking for some aviation expertise and, more particularly, northern Ontario expertise.

**Mr. David Zimmer:** Would that have been your first board experience, then, as opposed to operational, technical?

**Mr. Rick Potter:** No, sir. I've been on boards for 35 years.

**Mr. David Zimmer:** Did you have a conversation with Dr. Mazza before you took the decision to join the board?

**Mr. Rick Potter:** I had lunch with him, I believe, yeah.

**Mr. David Zimmer:** And what was your understanding of the contribution that you were expected to make to board discussions?

**Mr. Rick Potter:** As with any board member willing to participate in anything, but what he really wanted to access was some aviation knowledge and some northern Ontario knowledge.

**Mr. David Zimmer:** And what was your initial impression of Dr. Mazza?

**Mr. Rick Potter:** He's a very impressive individual.

**Mr. David Zimmer:** And in what way was he impressive?

**Mr. Rick Potter:** He's charismatic. He's a brilliant individual. He's enthusiastic, a visionary, a very impressive man.

**Mr. David Zimmer:** In terms of his vision for the Ontario air ambulance service, did he tell you what his vision was?

**Mr. Rick Potter:** Not at that time, sir.

**Mr. David Zimmer:** Did you subsequently find out what his vision was?

**Mr. Rick Potter:** Yes. As a board member—we were Ontario Air Ambulance at that point in time. I think it was probably about a year later when Ornge came about, and he'd share with the board, on an ongoing basis, what his vision was for Ornge.

**Mr. David Zimmer:** Okay. And generally speaking, what was his vision, as you understood it?

**Mr. Rick Potter:** My understanding is, his vision was to provide patient-centred, safe and quality transport for the people of Ontario.

**Mr. David Zimmer:** During your time on the board, how closely did you work with Dr. Mazza?

**Mr. Rick Potter:** On the board? I wasn't the senior board member like a chair or vice-chair or anything, but I was on a number of committees with Dr. Mazza as well.

**Mr. David Zimmer:** Would you say you spoke to him daily, weekly or monthly?

**Mr. Rick Potter:** Maybe monthly.

**Mr. David Zimmer:** And were those conversations initiated by you or by him?

**Mr. Rick Potter:** Principally by him.

**Mr. David Zimmer:** And when he initiated those conversations, what typically was the subject matter of the conversation?

**Mr. Rick Potter:** It was generally fact-based discussion: "What do you think about this?" or "What do you see as the cost?" or "What are the implications of this?"

**Mr. David Zimmer:** All on the technical aspects of operating aircraft?

**Mr. Rick Potter:** Very much so, yes.

**Mr. David Zimmer:** Okay. Dr. Mazza has been described variously in the media—and I assume you've been following the media—and other places. No?

**Mr. Rick Potter:** No.

**Mr. David Zimmer:** All right. Well, then, I'll tell you that he's been described, in the media and various other

places, as his management style: “tyrannical.” Would you agree with that or disagree with that?

**Mr. Rick Potter:** That would be accurate.

**Mr. David Zimmer:** And in what ways did the tyranny manifest itself from your point of view?

**Mr. Rick Potter:** Yelling and screaming.

**Mr. David Zimmer:** At you?

**Mr. Rick Potter:** Yes.

**Mr. David Zimmer:** And what was your reaction—

**Mr. Rick Potter:** I think I threatened to quit twice.

**Mr. David Zimmer:** I’m sorry?

**Mr. Rick Potter:** I think I threatened to quit twice.

**Mr. David Zimmer:** And what was his reaction to your threats?

**Mr. Rick Potter:** Then usually he’d go away and then about a day or two later you’d get a makeup call.

**Mr. David Zimmer:** He has also been described as “given to obsessive tendencies,” fixated on something. Do you agree with that?

**Mr. Rick Potter:** I think he was, as I say, a truly brilliant individual who had a number of things going on in his head at any time, so I don’t know that he would fixate.

**Mr. David Zimmer:** Was his management style, particularly in discussions with you or the board, of the style, “Look, it’s my way or the highway for anybody that disagrees with me”?

**Mr. Rick Potter:** I think it’s fair to say that Dr. Mazza is fairly singular in his direction.

**Mr. David Zimmer:** Okay. Reflecting back now, if you could identify one point in your time at Ornge when you sensed that the wheels were coming off or things were getting complicated or things were going in a direction that you saw danger signals, when would you say that point was?

1300

**Mr. Rick Potter:** I think it was the start of Ornge Global.

**Mr. David Zimmer:** Where would you put that on a calendar, roughly?

**Mr. Rick Potter:** I believe it would be the latter part of 2010.

**Mr. David Zimmer:** What were the signals or the things that you saw that made you think at that time that things were going awry?

**Mr. Rick Potter:** To be honest with you, I thought the idea was very suspect to start with. From our perspective as an organization, we built two airlines, two aircraft maintenance organizations, went from a staff of one to almost 200 in a period of three years. For us to take on more was pretty questionable. It’s one thing when you start moving into the whole business-jet realm and you start moving to the international scale—you’re in a whole different arena. The consequence of error is huge, the risk is huge, and I did not see any substantive business justification for it.

**Mr. David Zimmer:** I just want to come back to Kelly Mitchell. When Kelly Mitchell approached you, were you surprised at the approach?

**Mr. Rick Potter:** No. I knew Kelly through affiliations with the Conservative Party in the past.

**Mr. David Zimmer:** How long have you been a member of the Conservative Party?

**Mr. Rick Potter:** My mother took me campaigning when I was eight, so quite some time. I ran federally.

**Mr. David Zimmer:** All right. And then the events leading up to your joining Ornge—were you active in the party at that time or—

**Mr. Rick Potter:** Actually, no.

**Mr. David Zimmer:** Where did you run federally?

**Mr. Rick Potter:** Thunder Bay–Atikokan. The record is intact; they haven’t had a Conservative for about 45 years.

**Mr. David Zimmer:** Looking back on things, do you think the various criticisms of Dr. Mazza are fair or unfair—criticism, that is, of his management style, tyrannical style, his single-mindedness, his—

**Mr. Rick Potter:** I think Chris is singularly one of the most brilliant and gifted individuals I’ve ever had the pleasure to meet. As a public speaker, he is truly charismatic. He has a tremendous amount of assets. As a visionary, I think he’s unparalleled with that. His management style left something to be desired. It was somewhat confrontational, somewhat singular, somewhat polar, and that had a tendency to fragment, I think, the organization to some degree.

**Mr. David Zimmer:** So with all those management strengths that you’ve said he had—his vision, his commitment, his charisma and all of that sort of stuff—what was the downside in his personality that has caused this grief?

**Mr. Rick Potter:** The hardest part about aviation, as far as Ornge is concerned, is we were always the bad guys, because we were the guys who had to translate concept into reality. As I tried to explain to Chris on numerous occasions, I can only move at the speed of Transport Canada, the FAA; I can’t move any faster. Everything had to be done, basically, tomorrow, and it just doesn’t work that way in our world.

**Mr. David Zimmer:** As you know, the press about Dr. Mazza’s salary and how it worked its way up to about \$1.4 million—when did you become aware that his salary had risen up to \$1.4 million?

**Mr. Rick Potter:** I think when I read it in the press. We knew he made a lot of money, but I had no concept that it was that much.

**Mr. David Zimmer:** Were salary issues discussed at the board when you were on the board?

**Mr. Rick Potter:** When I was on the board, there was some discussion of salaries. You’re going to have to go back and look at the public record, but I believe his salary was more in the order of \$300,000 or \$400,00 at that time, which was sort of comparative.

**Mr. David Zimmer:** In points of time, you were on the board when his salary did get up to \$1.4 million.

**Mr. Rick Potter:** No.

**Mr. David Zimmer:** Had you left before then?

**Mr. Rick Potter:** Yes. I left five years ago. I had to leave the board to become an employee of Ornge.

**Mr. David Zimmer:** After you left the board, were you on some of the for-profit boards?

**Mr. Rick Potter:** No.

**Mr. David Zimmer:** That's the only board you've been on?

**Mr. Rick Potter:** Yes.

**Mr. David Zimmer:** All right. Thank you. Did you ever have any suspicions, while you were on the board, that Dr. Mazza's salary was becoming over-the-top?

**Mr. Rick Potter:** Absolutely none.

**Mr. David Zimmer:** Now that you know the salary got up to \$1.4 million, do you think that's an appropriate salary for the responsibilities that he had?

**Mr. Rick Potter:** No.

**Mr. David Zimmer:** Why do you say that?

**Mr. Rick Potter:** Comparative industry analysis.

**Mr. David Zimmer:** And what are the comparables in the industry for salary with comparable responsibilities?

**Mr. Rick Potter:** I believe the head of the hospital in Thunder Bay makes somewhere around \$300,000, and I think the new head of Barrie makes \$700,000. I look at the number of employees, I look at the span of responsibility, I look at the total budget responsible for. It's hard to justify.

**Mr. David Zimmer:** Just a ballpark figure: What would you say would be a reasonable salary for Dr. Mazza's position, given his responsibilities—\$400,000 or \$500,000?

**Mr. Rick Potter:** I would think in that neighbourhood.

**Mr. David Zimmer:** Last week, Kelly Long appeared before the committee. She described how she became an executive officer at Ornge, a vice-president. She also described herself as Dr. Mazza's partner, in the relationship sense, not in the business sense. Do you know Ms. Long?

**Mr. Rick Potter:** I know who she is, yes.

**Mr. David Zimmer:** Did you know her personally?

**Mr. Rick Potter:** Not terribly well, no.

**Mr. David Zimmer:** Did you know that she was, to use the expression, his "girlfriend"?

**Mr. Rick Potter:** Yes.

**Mr. David Zimmer:** Did you know that she was his girlfriend before she joined Ornge?

**Mr. Rick Potter:** No. Chris made an announcement that she was his girlfriend. I think he came into my office last August.

**Mr. David Zimmer:** I'm sorry, I missed that sequence.

**Mr. Rick Potter:** Chris came into my office—I think it was last August, but last summer sometime—and mentioned the fact that he was now going out with Kelly Long.

**Mr. David Zimmer:** What was her position at Ornge at that time?

**Mr. Rick Potter:** I don't know. I had nothing to do with her.

**Mr. David Zimmer:** But you knew she was his girlfriend?

**Mr. Rick Potter:** Yes.

**Mr. David Zimmer:** Do you think it was appropriate for an executive like Dr. Mazza to bring his girlfriend on board as one of his vice-presidents?

**Mr. Rick Potter:** I didn't make a judgment. I don't know whether there was a direct reporting responsibility there or not.

**Mr. David Zimmer:** Were you aware that she rose through the ranks very quickly? That is, she was working for a consulting company, Pathway. She was seconded by Pathway to Ornge to do some of their work and subsequently formally hired by Ornge as a VP, all in a very short period of time. Were you aware of that sequencing?

**Mr. Rick Potter:** I had no knowledge that she was working for Pathway or hired by Pathway.

**Mr. David Zimmer:** One of the comments that Ms. Long made last week was she was quite clear that she felt she deserved the promotions and deserved the salary she was getting and that there was nothing untoward about her being taken on at Ornge by Dr. Mazza. Do you think that was appropriate?

**Mr. Rick Potter:** I have no knowledge of her work so I couldn't comment on that.

**Mr. David Zimmer:** All right. I've got just one last question on this resumé business: I see on the resumé we have before us that there's an MBA in progress at Heriot-Watt University, Edinburgh, Scotland?

**Mr. Rick Potter:** That is correct.

**Mr. David Zimmer:** When did you start that degree?

**Mr. Rick Potter:** I think it was 1997 or something like that.

**Mr. David Zimmer:** When have you last done some coursework there?

**Mr. Rick Potter:** I haven't done any coursework, probably, for four or five years. I work about 80 to 90 hours a week at Ornge, or I did.

**Mr. David Zimmer:** Thank you. I think my colleague—

**The Chair (Mr. Norm Miller):** Ms. Sandals, and you have five minutes.

**Mrs. Liz Sandals:** I think my colleague Mr. Singh was trying to get some documentation around the source of your pay. I'm wondering if it would be possible to table your T4 slip from 2011.

**1310**

**Mr. Rick Potter:** Sure.

**Mrs. Liz Sandals:** We're not so much interested in the amounts; we're interested in the record of who, for the record, was the payer. Would that be helpful, Auditor?

**Mr. Jim McCarter:** Of course. I think what you're getting at—the committee—is it Ornge? There's also an Ornge Global Air and there's an Ornge Air. My sense is that on the T4, I think it would show which company actually made the payments, if that's what you're getting at, Ms. Sandals.

**Mrs. Liz Sandals:** Yes, that's what I'm looking for. So—

**Mr. Rick Potter:** Actually—sorry to interrupt. Because there was some confusion with the new CEO as to who I was employed with, I asked, and finance produced a report which showed that every one of my paycheques since day one was issued by Ornge Air. I could give you that if you want.

**Mrs. Liz Sandals:** That would be very, very helpful, because—

**Mr. Rick Potter:** Sure.

**Mrs. Liz Sandals:** To go back to this conversation: Trying to figure out who you were employed by and what position you held, whether it was Ornge Air, the non-profit, versus Ornge Global, is quite significant with respect to the public salary disclosure. We understand that you weren't trying to hide your salary, but whether or not it was reported is quite a significant issue to us.

I'm just trying to understand, then, how this worked, because from your point of view, you were the chief operating officer for Ornge Air. Who, if anyone, then, would have been the chief operating officer for Ornge Global?

**Mr. Rick Potter:** The Ornge Global company?

**Mrs. Liz Sandals:** Yes.

**Mr. Rick Potter:** I don't know.

**Mrs. Liz Sandals:** So if we were to have looked on the website or at the corporation documents at the time, would you have been listed as being in dual roles, as the chief operating officer for both entities?

**Mr. Rick Potter:** I'm not sure. The role of aviation, essentially, was not so much in brokering a deal or being involved in the deal. Basically, what happened was, for example, when they looked at AirMed and purchasing AirMed, we had no involvement whatsoever, other than the fact that then what happens is somebody says, "Okay, we want to do this. Go make it happen." So I meet with the FAA, the Department of Transportation etc. in the States to see if I can make that happen.

**Mrs. Liz Sandals:** But if the planes belonged to one of the private entities, which I understand they did, and if, in essence, if I understand correctly, Ornge Air contracted with Ornge Global to run the planes in some sort of convoluted thing—if you were supposed to make it happen where you—I'm just trying to figure it out. If the responsibility for making it happen had moved over to the for-profit side, and you were still on the non-profit side, somebody here has to be making it happen, as you put it. From your point of view, that was you.

**Mr. Rick Potter:** From a purely aviation—just getting the regulatory approvals to get the machines up and running.

The aircraft at no point in time could ever have been held by a Canadian corporation. That's against the law in the States. There's a 75-25 ownership regulation that prohibited that. You would have had to form a US corporation to do it.

**Mrs. Liz Sandals:** Okay, now you've got me really confused. You're saying there was somebody who was incorporated in the US that—

**Mr. Rick Potter:** There was not. It never got that far, but you would have had to go and form a separate corporation. By law, a Canadian can't operate in the States with more than 25% ownership.

**Mrs. Liz Sandals:** Oh, okay, I see. No, I'm just actually trying to figure out the Ontario air ambulance set-up, because if I've understood the auditor's report properly, many of the functions that we, as taxpayers or the Ministry of Health, thought were being carried out by Ornge Air, the non-profit, seemed to have been, on paper, contracted out to these for-profit entities, even within Ontario.

**The Chair (Mr. Norm Miller):** And you are out of time. You can answer the question, if you like, and then we'll move on.

**Mrs. Liz Sandals:** I'm sorry. Okay. We'll come back to this later.

**Mr. Rick Potter:** It's probably better if I come back, because I'm trying to process the question so I can get you the right answer.

**Mrs. Liz Sandals:** Okay.

**The Chair (Mr. Norm Miller):** Okay. We'll move on to Mr. Klees. Go ahead.

**Mr. Frank Klees:** Thank you. Mr. Potter, I'd like to follow up on two specific items. I want to start off with your comment that you made just a little bit earlier about the fact that you were concerned about the direction that things were going—that you had already, as an organization, taken on a huge task, that with all of the additional layers that were being envisioned, you had a serious concern. And based on your experience, I can imagine why.

As you were concerned, did you ever wonder where the Ministry of Health and the emergency health services branch had disappeared to in this process, that there was not someone knocking on the door, challenging where Ornge was headed?

**Mr. Rick Potter:** My understanding is that presentations had been made to the Ministry of Health, extensive presentations, and that the Ministry of Health was in support of the direction.

**Mr. Frank Klees:** We know that. My question is, did it concern you? Did you ever wonder why, despite the presentation and all of the disclosure to the Ministry of Health, that somebody at the Ministry of Health was not expressing some concern and was not raising some flags and was not doing some investigating into what's going on here?

**Mr. Rick Potter:** I probably thought about it. It wasn't really my purview. Our primary thing was to make sure that we, in point of fact, complied with the agreement and maintained the service in the province of Ontario, which we did.

**Mr. Frank Klees:** I understand. But you did think about why the Ministry of Health was simply allowing this to happen?

**Mr. Rick Potter:** I don't know that I would say that. From an aviation perspective, we were more aligned with the Ministry of Natural Resources than Health, because

the Ontario standards would govern the aviation activities.

**Mr. Frank Klees:** I'm trying to get to the heart of you as a professional. Knowing aviation, you were the key guy, according to your resumé. I look at the list of things that you were responsible for. It deals with audit and quality control. It deals with safety management systems. It deals with staff recruitment and training, labour-union relations, project management. There isn't anything that has to do with the front line of air ambulance service delivery that you were not responsible for.

**Mr. Rick Potter:** Pretty much.

**Mr. Frank Klees:** And so from that standpoint, knowing—and based on your earlier comment that you had some serious concerns about what it is you were taking on, as a professional, did you not question why the Ministry of Health was simply passive on what was happening here, knowing full well what their responsibilities are under the emergency health services branch, as well as what their responsibilities were under the performance agreement under which you were working?

**Mr. Rick Potter:** I guess my answer would be a qualified no. Did I have concerns from a safety perspective? Very much so. That amount of growth, in itself, is a challenge to manage from a safety perspective. We operate under the auspices and the regulation of Transport Canada. We are audited on a regular basis. If I had concerns regarding the safety aspect of it, that's where I would go, or the FAA.

From the Ministry of Health: As I say, I had no interface with anybody from the Ministry of Health in my tenure, so that did not really cross my mind.

**Mr. Frank Klees:** Okay. Let's talk about the aviation side. I understand that on August 20, 2008, SMS Aviation Safety Inc., a consulting firm, was working directly with you, and that they sent out an email to all of the air ambulance carriers that detailed Ornge's plan to acquire helicopters and airplanes, as well as to centralize the air operations to just three super bases. Can you confirm that?

**Mr. Rick Potter:** Part of the plan was to look at the economies of scale. The economies of scale involved three super bases. It was not just three super bases; it was primarily three super bases. That would have been Thunder Bay, Sudbury and—we'll call it GTA at that point; a decision hadn't been made.

1320

**Mr. Frank Klees:** Nevertheless, what you were doing is laying plans to basically consolidate the operation. Isn't that correct?

**Mr. Rick Potter:** What we were doing was consolidating the rotor and the fixed-wing operations, as opposed to consolidating the contracted carriers primary care.

**Mr. Frank Klees:** In the final analysis, it would result in Ornge operating from fewer bases throughout northern Ontario. Is that correct?

**Mr. Rick Potter:** I think it would result in Ornge operating from more optimum bases in northern Ontario.

**Mr. Frank Klees:** That wasn't my question. There would be fewer bases in northern Ontario that Ornge would be operating out of?

**Mr. Rick Potter:** I think that's probably correct.

**Mr. Frank Klees:** That is correct? How many fewer?

**Mr. Rick Potter:** My understanding was that we were still going to have operations primarily in Thunder Bay. There would also be operations in Sioux Lookout and I think, maybe, perhaps, reduced operations in Kenora. I'm not sure about the continuance of operations in Timmins, but expanded operations in Sudbury and expanded operations in the GTA.

**Mr. Frank Klees:** We've heard testimony here that the result of that reorganization would mean that, depending on weather, there would be a significant impact on being able to respond to certain calls, specifically if there was not an aircraft in a locality. It's one thing to take off; it's another thing to call an aircraft to land. Would you agree with that conclusion?

**Mr. Rick Potter:** No.

**Mr. Frank Klees:** You don't agree with that?

**Mr. Rick Potter:** I think the plan that we had would improve the overall efficiency and response time for the province of Ontario. There are several bases which, because of their extremity, don't get utilized, and what happens is that a number of people, because of over-utilization of other bases, don't get the service. What's important to understand is that aviation was a service provider. The way that I looked at it at Ornge, the way it was explained to me, is that we would look at designing a structure based on optimal aircraft utilization. That was impacted by operations. They would look at it from the paramedic side as well. Finally, Dr. Bruce Sawadsky and the medical team would look at it from the medical efficacy viewpoint. We had to work with all of those people to make any kind of decision.

**Mr. Frank Klees:** Thank you. I'd like to move to another focus. I'm assuming from your CV here that you were the main man in charge at Ornge, given the list of those responsibilities. I'd like to discuss the aircraft purchase agreement between AgustaWestland and Ornge. You were the COO. When did you first assume the responsibility as COO?

**Mr. Rick Potter:** I can't remember, to be honest with you. It's probably a matter of record, but I would think it was in the last two years.

**Mr. Frank Klees:** We have two records: Your CV says "2007"; the offering memorandum that was circulated with the \$275-million bond offering says "2009."

**Mr. Rick Potter:** Well, 2009 would be more accurate, rather than just saying, "Director, associate vice-president, vice-president, COO."

**Mr. Frank Klees:** Why is your CV that you gave us different from that? It says "2007."

**Mr. Rick Potter:** It's not different. That was my tenure at Ornge.

**Mr. Frank Klees:** No, it says, "Chief operating officer, 2007 to 2012."

**Mr. Rick Potter:** That's simply as opposed to putting "director" and "associate" and all the rest of the stuff and having the detail—

**Mr. Frank Klees:** Minor detail?

**Mr. Rick Potter:** I believe that to be true.

**Mr. Frank Klees:** Okay. Let's talk about your involvement in that purchase agreement. Which of the Ornge entities was a party to that aircraft purchase agreement?

**Mr. Rick Potter:** It would have been Ornge Air, but I believe the actual purchase was accomplished through, I think it's called BNY, and then the assets went to Ornge Issuer Trust.

**Mr. Frank Klees:** Who at Ornge was on the team that was tasked with negotiating that agreement?

**Mr. Rick Potter:** Maria Renzella was there, Chris Mazza, John MacKenzie, Tom Rothfels.

**Mr. Frank Klees:** Who was the lead on that team?

**Mr. Rick Potter:** It would have been Chris and Maria.

**Mr. Frank Klees:** They were actually engaged in the front-line negotiation?

**Mr. Rick Potter:** I believe so.

**Mr. Frank Klees:** Interesting. From beginning to end, what time frame did it take to actually negotiate that deal?

**Mr. Rick Potter:** I believe it to be in the order of months, probably six months.

**Mr. Frank Klees:** About six months?

**Mr. Rick Potter:** I'm guessing, okay?

**Mr. Frank Klees:** And in the end, the final price tag for the 12 helicopters was what?

**Mr. Rick Potter:** It depends what agreement you refer to.

**Mr. Frank Klees:** I'm talking about the initial purchase agreement.

**Mr. Rick Potter:** I'm going by memory here. I believe amendment 2 to the purchase agreement had a total value of 144—you've got it in front of you, you can refer there—and amendment 3, I believe, indicated a value of 152.

**Mr. Frank Klees:** I'm not familiar with the technical terms, so forgive me. You can correct me as we go along here. Can you briefly explain what the significance of the weight and balance specifications of the aircraft purchase agreement is?

**Mr. Rick Potter:** The performance of an aircraft is very much predicated on its max gross weight. Every pound over your designed gross weight basically is less fuel, less capacity, less capability of the aircraft.

The second part which happened with the AW139 aircraft is, with the higher gross takeoff weight, the 6,800-kilogram versus the 6,400-kilogram, they initially affixed a penalty to what they call "half-life" on the main rotor and tail rotor blades. In other words, every hour you flew above 6,400 kilograms counted two hours against those blades versus one, which has a significant economic impact.

**Mr. Frank Klees:** I understand that the original purchase agreement signed by Ornge included weight upgrades. Is that correct?

**Mr. Rick Potter:** That is correct, sir.

**Mr. Frank Klees:** Are you aware that Agusta finally got the actual regulatory weight upgrade? And are you aware that Agusta actually attempted to get Ornge to pay a premium of some \$600,000 per unit—

**Mr. Rick Potter:** It's \$668,000, sir.

**Mr. Frank Klees:** So \$668,000. Agusta, having negotiated for that weight upgrade in the original agreement, actually came back to you and said, "We need another \$668,000 per unit because we now have the regulatory approval for that upgrade." Is that right?

**Mr. Rick Potter:** That is correct, sir.

**Mr. Frank Klees:** Did you negotiate with Agusta to waive that weight upgrade?

**Mr. Rick Potter:** That is correct, sir.

**Mr. Frank Klees:** Were you successful?

**Mr. Rick Potter:** That is correct, sir.

**Mr. Frank Klees:** When you were successful in negotiating away some \$668,000 of additional cost per unit, you approached Dr. Mazza with that information?

**Mr. Rick Potter:** Yes, but—

**Mr. Frank Klees:** You must have been very satisfied with yourself for having been able to deliver that kind of result.

**Mr. Rick Potter:** What happened is this—and you can appreciate the complexity of trying to bring on 12 aircraft, a number of deficiencies etc. Anyway, to make a long story short, at the point where Lou Barlotta called me over the increase in gross weight, we had about \$2 million on the Ornge side of the equation for delivery penalties that they had failed on the contract. So we had \$2 million on our side of the balance sheet. It wasn't just the increased gross weight; there was an additional landing light, there were some communication package changes, some antenna configuration changes. I believe the Agusta side of the coin—he said I owed him \$12 million. So we had a debt of \$10 million. I discussed this with our committee we had to manage the Agusta things. I went down to Philadelphia and had a meeting with Lou Barlotta to discuss that.

**Mr. Frank Klees:** And you were successful. You came back and said, "Look, guys, I've been successful in negotiating away that six hundred—"

**Mr. Rick Potter:** Ten million dollars.

**Mr. Frank Klees:** How much?

**Mr. Rick Potter:** Ten million dollars.

**Mr. Frank Klees:** Ten million dollars. What was Dr. Mazza's reaction?

**Mr. Rick Potter:** Very cool and reserved.

**Mr. Frank Klees:** Did he not say at some point—and the words may not be correct—did he not express to you that he was not at all happy? Did he not say, "I have other plans for Agusta," and in fact direct that Ornge pay the additional fee, notwithstanding the fact that you had negotiated it away?

**Mr. Rick Potter:** I would answer thusly: I sent him an email—it was a Friday night; I remember that—saying, as you indicated earlier, that I thought this was a pretty good deal. We saved 10 million bucks. I got a very cool response, to which my reply, I remember vividly, was, “It doesn’t even deserve an ‘Attaboy’?” And he reluctantly said, “Attaboy.”

**Mr. David Zimmer:** I didn’t hear that.

**Mr. Rick Potter:** I said, “It doesn’t deserve an ‘Attaboy’?”

Anyway, that next week, he came to me and said, “Rick, there’s a value in that increase in gross weight.” I said, “No, there’s not, Chris. This is just”—I don’t know if we’ve got any aviation people, but this is kind of a standard thing which happens in the aviation industries. It’s a way to sort of jack up the price, to be quite honest with you, okay?

1330

I also reminded him that when Agusta submitted their proposal for those helicopters, it was based on the 6,800 kilogram. The performance was based on that; the selection was based on that.

I said, “There is no value in this. This is paper.” There was no material change to the aircraft. And he said, “Well, there are other things to be considered,” or something to that effect. I’m not quoting; I’m paraphrasing, okay? And that was it.

**Mr. Frank Klees:** And bottom line is, he directed that Ornge should pay that additional amount—

**Mr. Rick Potter:** Not to me, he didn’t, sir.

**Mr. Frank Klees:** Who would he have directed?

**Mr. Rick Potter:** I know that Maria Renzella came in shortly thereafter and said, “There has to be a value to this.” I said, “There’s absolutely none,” and I told her the same story.

My understanding is there was further conversation—I’m not sure who was party to that conversation—with Agusta, which resulted in amendment 3.

**Mr. Frank Klees:** So the amendment, essentially, resulted in Ornge paying the additional \$7.2 million, and Maria Renzella was then charged with finalizing that agreement. That agreement essentially became the marketing agreement that has been under discussion. Is that correct?

**Mr. Rick Potter:** I do not know that that’s the pathway that followed. I was not privy to the marketing agreement until, at one point, I found out that part of the marketing agreement was that we were supposed to provide an aircraft for trade shows and sales promotion. I said to Chris, “You’ve got to tell me what’s going on here, because I have to know, if we’re taking an aircraft out of rotation, what our commitment is, to assess what the impact is on that.”

**Mr. Frank Klees:** So knowing what you knew—you knew there was no value to this \$7.2 million. You challenged Dr. Mazza; you challenged Maria Renzella. Nevertheless, Ornge followed through, insisted on paying the \$7.2 million, and following that, it had to be papered somehow and that paper ultimately took essentially the

form of a marketing agreement with the exact amount of money attached to it.

**Mr. Rick Potter:** I do not know that.

**Mr. Frank Klees:** Okay.

**Mrs. Liz Sandals:** Chair, at one point, Mr. Potter nodded in agreement to having paid the extra. Could you just say “yes” to whatever—could we get a—

**Mr. Rick Potter:** Sure, we can say it’s a yes.

**Mrs. Liz Sandals:** Yes. We don’t pick up the nods in Hansard.

**Mr. Rick Potter:** Sorry.

**Mrs. Liz Sandals:** The yeses and the noes are important.

**Mr. Rick Potter:** I’m from northern Ontario. You have to give me some slack.

**Mr. Frank Klees:** So to your knowledge, did anyone—now you knew. As a major player at Ornge, you were well aware that now Ornge was paying \$7.2 million for air. You had to be concerned, knowing this is public money, knowing this is a public air ambulance service, knowing that there is going to be scrutiny. Did you approach anyone to express your concern about this transaction?

**Mr. Rick Potter:** I wouldn’t categorize it as saying I knew it was air, okay? But was I concerned over the—it’s the same thing as if you go and buy a car today at \$30,000. You don’t go buy it next week and pay the guy \$40,000.

**Mr. Frank Klees:** You had said before that you told Dr. Mazza there was no value in this.

**Mr. Rick Potter:** That is correct. So what I did is, as I said, I talked to Dr. Mazza. I talked to Maria Renzella. I talked to Christine—not Christine. Our lawyer—

**Mr. Frank Klees:** Cynthia Heinz?

**Mr. Rick Potter:** Cynthia Heinz, sorry. I talked to Cynthia Heinz and I said, “Look, this is nuts. This is not a secret.” What I had done when I came back was share it with our committee, because we had a list of ongoing challenges with Agusta we were trying to solve and say, “We can strike this off the list, this off the list and this off the list.” There were any number of people who were well aware of that. In fact, I had reported to the executive committee what had happened that time. I said, “This doesn’t make any sense to me.”

I called Lou Bartolotta at AgustaWestland and said, “Lou, what the heck is going on here?” He said, “Well, we do this all the time.” And then I said, “Look, I can’t see how the hell you’re doing this”—pardon me. “I can’t see how you’re doing this.” And that was it. I said, “Is your CEO aware of this? Is your CFO aware of this?” and he said, “Yes.” I said, “Okay.”

**The Chair (Mr. Norm Miller):** You’re on your last 30 seconds.

**Mr. Frank Klees:** You know, if you don’t mind, Chair, I don’t know if my colleagues would agree—we have another round. Would my colleagues agree if I can just follow through for a few more minutes on this line of questioning?

**The Chair (Mr. Norm Miller):** We would deduct the time—

**Mrs. Liz Sandals:** As long as Mr. Miller is keeping the time very carefully.

**The Chair (Mr. Norm Miller):** Yes, I'll keep track.

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

So essentially, what you confirmed with Mr. Bartolotta is that, first of all he, on the Agusta side, was willing to do this and that his COO—or CFO?

**Mr. Rick Potter:** CEO, I believe—was aware.

**Mr. Frank Klees:** —was also familiar. And they said, “Well, we do this all the time.” It's a matter of how they do business.

**Mr. Rick Potter:** That was my take on what his thing was, and I said, “Okay, I give up.”

**Mr. Frank Klees:** And on the Ornge side, we have the corporate in-house lawyer, Cynthia Heinz, and we have Maria Renzella, who is the CFO, negotiating this deal. They knew there was no value to this, but they were putting together an agreement with a value of \$7.2 million.

**Mr. Rick Potter:** I do not know how they came up with the \$7.2 million.

**Mr. Frank Klees:** Okay. We'll find out at some point I guess, right? But here is my follow-up question to you: Did you at any time feel compelled to go to someone on the board of directors? If this executive group was willing to be complicit in this exercise, surely the fact that you sat on the board as a director—you know that a director has fiduciary responsibilities. Did you at any time make an effort to contact anyone on the board of directors to share with them what you clearly saw was something that wasn't quite in keeping with the way business should be done?

**Mr. Rick Potter:** I did not contact the board of directors; I thought it would be inappropriate as a staff member. I contacted seven people, including legal counsel, and confirmed that the legal counsel on both sides was in agreement with this. My assumption was that I was obviously missing something.

**Mr. Frank Klees:** In retrospect, do you think it might have been a good idea to go to someone on the board to say, “Look, we've got something going very wrong here”?

**Mr. Rick Potter:** I'm still not aware of the details of the marketing agreement or if there's value in that, so I can't comment on that.

**Mr. Frank Klees:** You've read none of the wonderful reporting by the Toronto Star on this?

**Mr. Rick Potter:** No.

**Mr. Frank Klees:** We'll send you the clippings.

Chair, thanks.

**The Chair (Mr. Norm Miller):** Very good. We'll move on to the NDP, then. Who would like to ask questions? Jagmeet, go ahead.

**Mr. Jagmeet Singh:** Thank you so much. Mr. Potter, you were asked a question about when you started noticing that the wheels were falling off, that there was a downturn and some flags were raised. You indicated that

Ornge Global was one of the signs that something was wrong. Do you agree with that statement?

**Mr. Rick Potter:** I'm not sure what context of the “wrong” part you're referring to. I had genuine concerns from an aviation safety and aviation management perspective, to try to accomplish that with the finite resources we had. At that point in time, we had just finished starting up, under part 703, the airline operation for the Pilatus. We were in the midst of a difficult take-over with CHL. We were trying to get a 704 certificate for our rotor operation. We were trying to start an aircraft maintenance organization for helicopters. We were trying to start an aircraft maintenance organization for fixed-wing aircraft. We were trying to recruit pilots, we were trying to recruit maintenance engineers, and there had been no staff increase. The complexity of international operations, it's a different sphere as well.

**Mr. Jagmeet Singh:** Okay. So maybe I can just clarify the question, then. Did you have any concerns in general with the way Ornge was being run, in terms of its provision of quality of care or its provision of patient care, that drew concerns for you?

**Mr. Rick Potter:** From the perspective of aviation, absolutely none. We're very proud of the service we've provided.

**Mr. Jagmeet Singh:** Okay. When you indicated that Ornge Global was a concern, your concern was that it was spreading yourself too thin; that you already had a substantial increase of employees over a three-year period—200 new employees—and that to further expand would just be very difficult to do and would be spreading yourself too thin. Is that what you—

**Mr. Rick Potter:** That is correct.

**Mr. Jagmeet Singh:** Okay. You also indicated that there was no—I don't want to quote you, but something along the lines of that you didn't see a business benefit or an economic benefit or advantage to this idea of creating Ornge Global. Is that right? Is that what you said?

1340

**Mr. Rick Potter:** I'll answer your question in a long-winded manner. When Chris first said he wanted to form an airline, the first thing I said to him was, “You're nuts. I've been in aviation for 43 years. All I can tell you, Chris, is it's really expensive and it's going to be more expensive than I tell you. You're better off on a tightly managed contracted model if you could, given your 20% margins, and go with that.” Anyway, that was the prelude to the fixed-wing.

Then, as complex as fixed-wing is, rotor is probably five or six times more complex, simply because there are a lot less pilots, a lot less maintenance engineers, more complex mechanical equipment and the costs are astronomical. So it was not that we were trying to sell doing this stuff. We were trying to sort of say, “You don't want to be doing this.” But it was more that we were forced into doing it.

**Mr. Jagmeet Singh:** Okay. You touched on something I want to just kind of expand on. I was going to talk about response time and cost of operation. So you'd

agree with me that the cost of operations of Ornge switching to creating its own fleet increased. It was more expensive that way as a model, as opposed to the model you just described of having tightly controlled and supervised outsourced aircraft providers.

**Mr. Rick Potter:** Well, yes and no. It will sound like I'm being hypocritical, but I'm not. What happens is this: You have to compare apples to apples. If you want to compare the cost of Ornge flying \$5-million aircraft with five crews per aircraft and providing that level of response, versus somebody flying a 30-year-old Beech King Air using three crews per aircraft and being available 65% or 70% of the time, no, they're not comparable.

**Mr. Jagmeet Singh:** Okay. Maybe we'll just talk about quality of care, then. In terms of the transition from the initial model, which was outsourcing the aircraft to private providers, sometimes of only one aircraft or some that had maybe a couple of aircraft, and shifting to Ornge having its own fleet, did the response time increase? Were there quicker response times, were they the same or did they go down?

**Mr. Rick Potter:** There are two things. First of all, availability went way up. From a low, I think, of around 65% at one point with the previous contracted carrier, we consistently are above 95%, 96%. In some places, we're consistently above 98% to almost 100% in our availability. On response times, our response times have always been well within all the parameters.

**Mr. Jagmeet Singh:** So if we factor availability and compare that to response time, did having higher or lower availability impact response time from before, when there was the outsourcing model, to Ornge having its own fleet?

**Mr. Rick Potter:** Well, they're sort of two different things. One is having the aircraft ready to go, and the other is being in the aircraft in 10 minutes. If we don't have the aircraft ready to go, it doesn't really matter. So they're kind of apples and oranges on that one.

And the other part is that the world is kind of broken up, as it's a vastly different world between fixed-wing and helicopter.

**Mr. Jagmeet Singh:** Okay. So if you were able to compare both models—I know they're different, and you've explained that one is older fleet and there's a newer fleet—was there a significant difference in terms of the ability of ambulance services to assist someone in need with the old model versus the new model in terms of response time and ability to just get out there and get the job done?

**Mr. Rick Potter:** I believe the province of Ontario is way better served right now than it ever has been before.

**Mr. Jagmeet Singh:** There's also been an increased cost associated with that.

**Mr. Rick Potter:** There would have been an increased cost at any rate. You can't keep flying 25- and 30-year-old helicopters and airplanes. And if you think the contracted cost is expensive now, when you have some contracted carriers who go out and buy \$200,000 and \$300,000 airplanes that are 1972 models and you force

them to upgrade that to a \$5-million capital asset, you're going to see a huge increase in your contracted costs.

**Mr. Jagmeet Singh:** Okay.

**M<sup>me</sup> France Gélinas:** I want to come back for a minute to the comments you made. You came back, you had saved \$10 million and you got your attaboy, but kind of from the back of the hand; it had to be forced out of him. Then you went and shared that with the committee, and you said you reported that to the executive. What committee are you referring to?

**Mr. Rick Potter:** I think it was called the Agusta transition committee, which was basically most of the people in the aviation section, because we had different people responsible for different things.

**M<sup>me</sup> France Gélinas:** Were you the chair of this committee or—

**Mr. Rick Potter:** Yes.

**M<sup>me</sup> France Gélinas:** You were. And can you name me some people who were there and heard it?

**Mr. Rick Potter:** Oh, boy. Ted Rabicki was there, Shauna Marques was there, I think probably John—John MacKenzie was there.

**Interjection:** Tom Rothfels.

**Mr. Rick Potter:** Rothfels? No. I don't think Rothfels was around at that time.

**M<sup>me</sup> France Gélinas:** You also mentioned, "And I had reported it to the executive." Which committee were you referring to? The executive of the board?

**Mr. Rick Potter:** No, the executive committee was—Chris had kind of an executive committee meeting. That would have been Chris Mazza, Rhoda Beecher, Tom Lepine, Steve Farquhar—that's all I can recall right now.

**M<sup>me</sup> France Gélinas:** Did you usually attend the meetings of the executive?

**Mr. Rick Potter:** Yes.

**M<sup>me</sup> France Gélinas:** You did? Was this question ever raised again afterward, so you had kind of gloated as to, "Hey, I did a pretty good job. I went down there, guys. I saved you 10 million bucks"? You reported this, and was it ever brought back again?

**Mr. Rick Potter:** No.

**M<sup>me</sup> France Gélinas:** Did you ever bring it back to the executive?

**Mr. Rick Potter:** I was not party to the negotiations for amendment 3.

**M<sup>me</sup> France Gélinas:** For amendment 3, which is—

**Mr. Rick Potter:** That's the one that has the increased costs.

**M<sup>me</sup> France Gélinas:** Okay.

**Mr. Rick Potter:** Or the agreement that they had with Agusta on that.

**Mr. Frank Klees:** Marketing agreement.

**Mr. Rick Potter:** Marketing agreement.

**M<sup>me</sup> France Gélinas:** You've been an aviation executive for 45 years. You've now lost your job. Did you see this coming?

**Mr. Rick Potter:** Did I see losing my job coming?

**M<sup>me</sup> France Gélinas:** Yes.

**Mr. Rick Potter:** Not really, but it's okay.

**Mr. Frank Klees:** You're still getting 20 grand a month.

**Mr. Rick Potter:** I'm retiring, and that's fine with me.

**M<sup>me</sup> France Gélinas:** Okay.

**Mr. Rick Potter:** I started off as a pilot 43 years ago. I'll probably go back to flying.

**M<sup>me</sup> France Gélinas:** Do you know what is happening to Ornge? Do you know why you're losing your job?

**Mr. Rick Potter:** My belief is it's fundamentally because of political process. I will look at anybody in this room and say I'm damned proud of the job that I did, I'm damned proud of the job that the people in aviation did on behalf of the people of Ontario, and I believe you're going to be better served in the future because of the work we did.

**M<sup>me</sup> France Gélinas:** You really feel that you were contributing to improving air ambulance services in Ontario?

**Mr. Rick Potter:** Absolutely.

**M<sup>me</sup> France Gélinas:** So how come we're not continuing down this path, then?

**Mr. Rick Potter:** I believe it's politics.

**M<sup>me</sup> France Gélinas:** What do you mean, "politics"?

**Mr. Rick Potter:** There are a number of politicians right here. My name was brought up in the House of Commons. Someone referred to a master's degree. You have the resumé in front of you, which I think is about 15 years of age. At no point in time did I ever tell anybody at Ornge I had an MBA. As a matter of fact, I told Chris Mazza twice that I didn't. Mazza came in my office and said, "Potter, you have an MBA." I said, "No, Chris, I never finished it." He said, "No, no, you've got an MBA." I said, "No, Chris, I never finished it." Okay? He said, "Well, it will look a lot better if you did." And that's it; he left.

**M<sup>me</sup> France Gélinas:** All right, then.

**Mr. Rick Potter:** He's a hard man to say no to.

**M<sup>me</sup> France Gélinas:** You had just graduated. So previous to December of this year, you thought that you were doing good work and that the good work was about to continue?

**Mr. Rick Potter:** I know we were doing good work in aviation.

**M<sup>me</sup> France Gélinas:** How about Ornge as a whole?

**Mr. Rick Potter:** I think Ornge as a whole seemed to be fairly confused.

**Mr. Jagmeet Singh:** So let's just talk about some of the confusion. Would you agree with me that—three key concerns have been raised, if we can summarize them. People talk about mismanagement of funds—there were public funds being shifted into private, for-profit—and there was wastage of funds. There's actually a large amount of money that's unaccounted for. There are some issues with the quality of care, and there are some issues with respect to communications: the ability to communicate and respond to requests for services. Would you be able to touch on any of those three? And do you agree with them as issues of concern?

**Mr. Rick Potter:** Most of those have nothing to do with aviation. The only thing I would say, as far as negotiations go, is one of the things—because of the relationship with Agusta, I was held back from doing a lot of the stuff that I wanted to do.

**Mr. Jagmeet Singh:** Okay. Putting aviation aside, just as someone who was aware of what was going on at Ornge to some degree, would you agree with me that there was certainly mismanagement of funds in terms of using the public dollar efficiently and effectively?

1350

**Mr. Rick Potter:** From what I saw, I would say no. What I've seen in our expenditures—and I can only comment on the expenditures that I'm a party to—there was darn good value that we got for you. We beat up a lot of people.

I'll give you an example. As far as I know, unless it has changed in the last few months, we're the only people in the world who were able to negotiate with Agusta so we'd have no penalty on the main rotor and tail rotor blades. That's a \$10-million savings. We beat up on a lot of people to try to get good value.

**Mr. Jagmeet Singh:** Okay. You had negotiated very well and effectively to get rid of that cost for the increased weight but Ornge went ahead and paid for it anyway. That's an example of some money being wasted that you had worked hard to save. It's not your fault, but it looks like Ornge wasn't managing its money very well.

**Mr. Rick Potter:** I am not sure what the value was of the difference.

**Mr. Jagmeet Singh:** But you'd agree with me that could be one example of mismanagement of funds—that's not your fault, but that could be the perception of why Ornge—

**Mr. Rick Potter:** I would agree that if it's not well-founded, it could be, yes.

**Mr. Jagmeet Singh:** Were you aware of any other examples of mismanagement of funds like that?

**Mr. Rick Potter:** Not in our world.

**Mr. Jagmeet Singh:** With respect to communications between those who were requesting services and the communications team that was set to respond to those requests, are you aware of any issues with respect to that?

**Mr. Rick Potter:** I'm not sure what communications team you're referring to.

**Mr. Jagmeet Singh:** Just the communications department of Ornge, in terms of responding to or assessing demands or requests for any care.

**Mr. Rick Potter:** I thought they were doing a pretty good job.

**M<sup>me</sup> France Gélinas:** We questioned you at the beginning about how come your salary was not on the sunshine list. You said you freely volunteered to have this on the sunshine list. Do you have any way of showing us that you did that—that you sent an email, a letter—or is it going to be your word against somebody else's?

**Mr. Rick Potter:** No, it was a discussion with Maria Renzella.

**M<sup>me</sup> France Gélinas:** It was a discussion with Maria? Okay. You don't remember ever having something in writing that shows that you were quite willing to have your salary on the sunshine list, knowing that you work for Ornge Air and that it should be, and you accepted—what was her reasoning again that it shouldn't be put on the sunshine list?

**Mr. Rick Potter:** What I was told was that it wasn't a requirement, so they weren't going to report it. They had some interpretation that it wasn't necessary.

**M<sup>me</sup> France Gélinas:** And you took that for granted and that was the end?

**Mr. Rick Potter:** I did.

**M<sup>me</sup> France Gélinas:** What made you aware of even asking?

**Mr. Rick Potter:** I'm sorry?

**Mr. Jagmeet Singh:** The fact that you said, "Hey, I'm willing to disclose my salary. I have no issue disclosing it"—why did that even come up in your mind?

**Mr. Rick Potter:** Because I was asked if I would disclose my salary.

**M<sup>me</sup> France Gélinas:** Who asked you?

**Mr. Rick Potter:** Maria.

**M<sup>me</sup> France Gélinas:** Maria asked you if you would disclose? In what context did that come about?

**Mr. Rick Potter:** I don't know. It was some meeting. Her office was beside mine.

**M<sup>me</sup> France Gélinas:** So she asked you, "Would you be willing to disclose your salary?" and you knew that that was going to be disclosed on the sunshine list. You said yes, and then she said, "I asked you, but really the answer is we won't share it."

**Mr. Rick Potter:** No, what I was told is that it's not necessary, that there was some exemption as to the interpretation of it. It really wasn't an issue to me because I had nothing to hide. I said, "Go ahead. I don't care."

**M<sup>me</sup> France Gélinas:** So she came to ask you, you said you didn't care, and then she said, "But we're not going to do this because we don't need to."

**Mr. Rick Potter:** Yes.

**M<sup>me</sup> France Gélinas:** Isn't that a weird conversation?

**Mr. Rick Potter:** Yes.

**M<sup>me</sup> France Gélinas:** That was a weird conversation. Were there many weird conversations like this at Ornge?

**Mr. Rick Potter:** Yes.

**M<sup>me</sup> France Gélinas:** And you just accepted them as, this is the culture of the place?

**Mr. Rick Potter:** I didn't see it as a consequential issue at that particular time. If counsel had made an interpretation that they didn't have to do it and they didn't want to do it, I said, "I don't care."

**M<sup>me</sup> France Gélinas:** Do you remember how long ago that was that this conversation took place?

**Mr. Rick Potter:** The last conversation regarding this was probably in December. I remember there was Lepine, myself, Rhoda Beecher. They asked, and we all said we're good with that.

**Mr. Jagmeet Singh:** Mr. Potter, just some quick questions on briefings. I know you personally weren't

involved in briefings with either the ministry or any government agencies. Were you aware in general of briefings that were occurring or that took place?

**Mr. Rick Potter:** No.

**Mr. Jagmeet Singh:** Did you know about them at all, though?

**Mr. Rick Potter:** No.

**Mr. Jagmeet Singh:** Okay.

**M<sup>me</sup> France Gélinas:** But you did testify that the ministry had been briefed about what was going on.

**Mr. Rick Potter:** Yes. Like, Tom would say he'd met with somebody at—I don't even know the people's names, but he had met with somebody at the Ministry of Health or they were going to see somebody in the Ministry of Health.

**M<sup>me</sup> France Gélinas:** So you knew that this was happening, but it had nothing to do with you?

**Mr. Rick Potter:** That is correct.

**M<sup>me</sup> France Gélinas:** Okay. When you say "in December," you mean December of this year, in 2011, was the last time you had that conversation?

**Mr. Rick Potter:** Yes.

**M<sup>me</sup> France Gélinas:** Was it the first time you had the conversation about the disclosure?

**Mr. Rick Potter:** No, we had a conversation probably about a year earlier, as well, I think.

**M<sup>me</sup> France Gélinas:** So in 2010, the same conversation with the same people: Lepine, Rhoda, yourself?

**Mr. Rick Potter:** I can't answer you because I can't remember.

**Mr. Jagmeet Singh:** But for sure Maria would have been involved in that conversation the first time, in 2010?

**Mr. Rick Potter:** Yes.

**Mr. Jagmeet Singh:** Was that the first time, in 2010, or could it have happened before that as well, in 2008 or 2009?

**Mr. Rick Potter:** I don't know. I'm sorry; it wasn't that big an issue to me.

**M<sup>me</sup> France Gélinas:** No, I understand. But when she would say to you, "We don't have to. We are exempt," the conversation led you to believe that it was a lawyer that had told Maria that you were exempt?

**Mr. Rick Potter:** That is correct.

**M<sup>me</sup> France Gélinas:** And which lawyer was she referring to?

**Mr. Rick Potter:** I assume Cindy Heinz.

**M<sup>me</sup> France Gélinas:** You assume Cindy Heinz? You never—

**Mr. Rick Potter:** I do not know that to be a fact.

**M<sup>me</sup> France Gélinas:** Did you ever talk to Cindy about that?

**Mr. Rick Potter:** No.

**M<sup>me</sup> France Gélinas:** Did you ever talk to your colleagues about that?

**Mr. Rick Potter:** No.

**M<sup>me</sup> France Gélinas:** Did you know what your colleagues were making?

**Mr. Rick Potter:** No.

**M<sup>me</sup> France Gélinas:** No? Didn't know, didn't care?

**Mr. Rick Potter:** Correct.

**M<sup>me</sup> France Gélinas:** Pretty much.

**Mr. Jagmeet Singh:** Mr. Potter, was there any other time when you negotiated a savings where either Dr. Mazza or anyone else on the board turned around and said, “No, actually, you know, we’re going to go pay the full amount, even though you’ve negotiated a savings for us”?

**Mr. Rick Potter:** No, and Dr. Mazza didn’t say that, per se, okay? Did we negotiate other savings? Sure, lots.

**Mr. Jagmeet Singh:** And the other savings that you negotiated, did they go ahead as planned or were they ever—

**Mr. Rick Potter:** On the aero one, we saved \$7 million.

**The Chair (Mr. Norm Miller):** You’re on your last minute, there, Mr. Singh.

**Mr. Jagmeet Singh:** Sure. Any other negotiations similar to the one where you had worked out an agreement to reduce the costs but then Dr. Mazza was like, “There’s a value to this. I want to pay that amount”? Did that ever happen in any other example?

**Mr. Rick Potter:** I don’t recall any, no.

**M<sup>me</sup> France Gélinas:** Aside from the people you named to us that were on the executive committee with Dr. Mazza—Rhoda, Tom, Steve etc.—they seem to have known the content of the deal, and you seemed to be put aside. Is there a chance that when we talk to those people, they tell us the same thing: “Oh, they all knew, but I didn’t know”?

**Mr. Rick Potter:** I don’t know. I can’t answer that question, sorry.

**M<sup>me</sup> France Gélinas:** So you felt that you advised people that the \$10 million had been saved, that that was a big “attaboy” moment for you, and that when this started to fall apart, everybody seemed to understand. You said, “I thought there was a piece missing,” so you accepted it as a piece missing and it was none of your business, therefore, you continued with your life?

**Mr. Rick Potter:** What I said to Chris, and I’ll paraphrase for this committee, was, “Are you freaking crazy?”

**M<sup>me</sup> France Gélinas:** It started with an F but was a different word?

**Mr. Rick Potter:** I didn’t say that.

**The Chair (Mr. Norm Miller):** We’ll move on to the government, then, Ms. Sandals.

**Mrs. Liz Sandals:** Thank you. Let’s go back to Ornge Global Air. It’s my understanding that Ornge Global Air sold its aviation services essentially back to the province, but through Ornge the non-profit entity. Can you explain to us exactly what flight service is aviation services? And also, administrative costs would have gotten sold back to Ornge?

**Mr. Rick Potter:** Well, Ornge Air consisted basically of the pilots and the management personnel to run the airline for the fixed operation and then, later, the rotor operation, so those would be the services that went back. The OCC was part of operations, it was not part of

aviation. Just commencing, I think it was December 1, was the ACC, which was sort of the—

**Mrs. Liz Sandals:** ACC stands for?

**Mr. Rick Potter:** Oh, boy. Aircraft—

**Mrs. Liz Sandals:** If you can’t remember the acronym, tell me what it does.

**Mr. Rick Potter:** Basically, it was the dispatch function for our aircraft.

**Mrs. Liz Sandals:** So when those services were sold back, obviously they had to be sold back to Ornge at a price.

**Mr. Rick Potter:** I have no idea. Let me take a tack, because I may answer your question. One of the frustrations that I had as an accountable executive—which is a Transport Canada position—the accountable executive is essentially the person who goes to jail if something goes wrong in an airline operation; not an enviable position. But one of the responsibilities of an accountable executive is to be able to ensure you have enough funding to do your operation and conduct it safely.

Because of the way that funding was at Ornge—the Ornge world of six or seven companies and money going back and forth—my complaint to Maria was that I have to be able to prove on paper, if I come to you with a budget of X amount of money, that I have X amount of money. I never had a problem getting the money, but I could not say, “Okay, this is where it’s coming from.” It got to the point on purchases of things that I’d go to her and say, “Who’s behind this?”

1400

**Mrs. Liz Sandals:** Okay. Let’s go back to this model where you’ve got Ornge, which is being funded by the province—let’s go at it that way—purchasing aviation services from Ornge Global Air or one of the other entities. If you’re purchasing something from somebody, you must be paying a price. Where did the price come from? Who set the price tag? How was the price tag determined?

**Mr. Rick Potter:** I have absolutely no knowledge of that. That would have been Maria Renzella. My understanding is it was simply a function of the direct costs, i.e. salaries and materials that were consumed.

**Mrs. Liz Sandals:** So would you have been responsible for providing her with the direct costs of these things—what the actual cost of the component was?

**Mr. Rick Potter:** She had access to the budgets, and she had every line item that we used.

**Mrs. Liz Sandals:** So she would never have asked you for an opinion as to, “What does this cost?”

**Mr. Rick Potter:** Oh, no. She would question some of the things.

**Mrs. Liz Sandals:** Okay. If she questioned it, would her questions be related to wanting to have a lower cost reflected or wanting to have a higher cost reflected so that Ornge would pay more?

**Mr. Rick Potter:** No, it was never that. It was more just—you can appreciate it’s a technical thing. Somebody says, “I need three artificial horizons.” She would go, “What’s an artificial horizon?” But I mean, she wouldn’t

say, “Why did you pay \$10,200 for this artificial horizon when you can get another one for \$8,000?” If we purchased, we had a fairly stringent procurement policy, which we followed to the letter.

**Mrs. Liz Sandals:** Okay. So from your point of view, you followed a stringent policy to procure whatever it is you would need in order to provide the aviation service. But even though you were playing the role of chief operating officer, we’re a little bit confused as to where your name was lined up on the corporate books. Let’s set that aside. From your point of view, you were the chief operating officer involved in aviation services. She would never have asked you, “We now have to figure out how much to charge Ornge”?

**Mr. Rick Potter:** No, she never did.

**Mrs. Liz Sandals:** “What to charge for this”?

**Mr. Rick Potter:** Never did.

**Mrs. Liz Sandals:** So you’re saying you have no knowledge, then, of whether what was charged back to Ornge by the for-profit entity was strictly cost or whether it was cost plus?

**Mr. Rick Potter:** I have no knowledge.

**Mrs. Liz Sandals:** You have no knowledge, even though you were chief operating officer on both sides, it sounds like in a way, of whether there was a profit factor built into what the public taxpayer, in essence, was being charged.

**Mr. Rick Potter:** I have no knowledge whatsoever of that.

**Mrs. Liz Sandals:** So who would have been responsible for the decisions around how much the for-profit entities were charging Ornge?

**Mr. Rick Potter:** Maria, it was my understanding.

**Mrs. Liz Sandals:** And would she have worked that through in conjunction with Dr. Mazza?

**Mr. Rick Potter:** I don’t know who she worked it through in conjunction with. She did not work it through with myself.

**Mrs. Liz Sandals:** But she did not work it through with you. You made the comment—I think Mr. Farquhar talked about distractions. He talked about the fact that the creation of the for-profit entities was a distraction in terms of providing safe, quality paramedic services. You just said, I think, something to the effect that all this corporate structure got in the way of what you would like to do. Is that correct?

**Mr. Rick Potter:** I don’t know that it got in the way. Well, it would get in the way, to some degree. I think that’s a fair statement to make. It was because you start wondering where things are going or what reports through what.

**Mrs. Liz Sandals:** What would you have liked to be able to do that would have improved the quality of the aviation service side of Ornge, that you were unable to do because there was this focus on for-profit and “Can we sell services to Brazil?” or wherever people were trying to run around and sell services? In your view, in this for-profit, what got in the way of providing good service?

**Mr. Rick Potter:** It’s very simple: Ornge aviation should have been a stand-alone corporate entity, fully accountable for every cent it spent on aviation within itself.

**Mrs. Liz Sandals:** I think you alluded to this earlier: In your view, then, taking the corporate structure back to the original one where you just simply had Ornge, the non-profit is the appropriate structure? Or do you see any need for any of these side entities?

**Mr. Rick Potter:** I see no need for any of the side entities.

**Mrs. Liz Sandals:** Okay, I think that answers the question. Are there other issues around which you raised concerns with Dr. Mazza, where things were interfering with or you were unable to—

**Mr. Rick Potter:** No, I really think that one of the great things about working with Chris is, when we decided to start the airline—I mean, we have the most over-trained Pilatus pilots in the world. When we started that airline, we knew there was a significant risk. I went to Chris and I said, “This is the training plan we’ve developed. It’s probably five or six times more extensive than any of our contractors’.” But, starting an airline, you don’t have experience. We trained, and it was very safety-based. I can say that if I ever went to Chris with a safety concern, there was never any hesitation about support.

**Mrs. Liz Sandals:** You mentioned earlier that sometimes you had to block out time and report on a time sheet when you were providing services to some of the other entities.

**Mr. Rick Potter:** Correct.

**Mrs. Liz Sandals:** What services did you actually—if we could see your calendar, where you blocked out providing services to these other entities—

**Mr. Rick Potter:** Sure.

**Mrs. Liz Sandals:** What were the services you did provide to these other entities?

**Mr. Rick Potter:** We did a project for the Saskatchewan government. We designed the rotor system for Saskatchewan. On the US endeavour, I dealt with AirMed, which is a company based out of somewhere in Alabama; I’ve forgotten now. Chris was looking at buying them, so I went down and looked at the organization, its safety management systems, maintenance procedures, those types of things. We looked at buying an entity or starting an entity, apparently, in Fort Lauderdale. I was there and looked at properties and looked at contractors to see if that was a potential.

I dealt with US lawyers on numerous occasions as to the structure of what an organization would be like in the States. Mr. Apps had designed a structure which I challenged and, you know, we were trying to find a way to do that. That’s primarily that.

We were asked to comment on some other things. I think they put a bid in for Kazakhstan and they wanted me to look at what the infrastructure was there, as well as Saudi.

**Mrs. Liz Sandals:** Would it be possible for you to provide the committee with a list of the other projects that you were asked to work on?

**Mr. Rick Potter:** I don't have that and I don't have access to the email anymore—

**Mrs. Liz Sandals:** But you've just sort of rhymed off—

**Mr. Rick Potter:** But Judy Rybar was my executive assistant in Thunder Bay, and she would have that.

**Mrs. Liz Sandals:** Okay, because you've just rhymed off a whole list of things that you were doing on the for-profit side. It would probably be helpful to the committee to have that, because I think what you just said was a more complete list of for-profit projects than we've probably had access to previously.

I know that Mr. McNeely has a few questions.

1410

**The Chair (Mr. Norm Miller):** Mr. McNeely.

**Mr. Phil McNeely:** The situation when you came to Ornge, or what the previous name was, was you were using a lot of contractors and a lot of old planes, and there were a lot of problems with that.

**Mr. Rick Potter:** That's correct.

**Mr. Phil McNeely:** Could you go through what you had then and take us through to where you are today? Just to go through that whole process.

I'd also like you to comment on your opinions when you were going to run the airplanes yourself, own, be an airline; and then how you felt, now that you've got that, about taking that out of Ontario. Were you in over your head when you came to that? You had made comments that that was not a direction you wanted to go in.

**Mr. Rick Potter:** I think there are three questions there. I'll see what I can do.

First of all, the system as I perceived it, when I came on board, is there was nobody really watching the contractors; there wasn't. There was very little quality control on the part of us as to the service we were getting, the equipment they were doing, their compliance—a number of things. The equipment they were flying: There was very little specification on the age of the equipment, the type of equipment, the radio navigation equipment inside the aircraft—there was virtually none. Some of the stuff was old, it was tired, it was beat up, and it was certainly not something that we needed in a modern system. Very few people in the world fly piston aircraft in a medevac operation anymore. Very few people fly unpressurized aircraft in a medevac situation anymore.

So we looked at that, then we looked at a number of operators that we were using for one, two and three hours a year type of thing—a “they get one call” type of deal. What we wanted to do was we wanted to improve the quality of equipment. We wanted better aircraft and we wanted better and more accountable organizations that were operating on our behalf. So what we did do was we improved the specifications. For example, we put in a requirement for TAWS, which is terrain avoidance equipment; TCAS, which is traffic avoidance software; GPS—some of them didn't have GPS navigation, and in the north, you can't really go anywhere without a GPS type of thing.

Those were some of the changes we made. Unfortunately, it did eliminate some people. We would have loved to have that number, but we just couldn't sustain having that equipment. What we also did was a five-year analysis of any reports that were filed in the Canadian aviation daily occurrence reporting system against any of those operators to look for trends, and analysis on that to see what flags needed to be raised on both the operator's side and the type-of-equipment-they-were-operating side of the equation. We did that as well. What that led to was fewer operators, but it led to operators with better equipment.

Are we there yet? No, we're not, because one of the constant things that we always had to balance out was if we went and said, “We want you to get brand new aircraft,” “We want you to do this,” well, you'd move from \$1,300 an hour to \$3,000 an hour in a contracted fee. So there's always a balance and an evolution.

One of the things we did do to try to help the operators was we moved from one-year contracts to longer-term contracts, because they were always looking for a way to amortize the capital side of improvements on their part. We were fairly successful with that. That's the system that we inherited.

The intent of Ornge Air at the start was only to do advanced and critical care transport. The primary care transport was to be left solely to the contractors. My understanding is they're doing a little bit of the primary work now, which is another story. So there's that part there.

Now what we do is we've demanded they have a safety management system. We have our own safety management system. We have a more strident reporting system as well. What we do do is we audit a minimum of three contracted carriers per year. They're independent audits; it has nothing to do—we have independent contractors come in and they certify our tests to the compliance of those aircraft operators.

Is there a way to go in those operators? I think there's room for improvement. As a matter of record, we've had accidents with two of our major contracted carriers in the last year, year and a half, and our major rotor carrier in the last five years. So is there room for improvement? Sure there is. There always is in aviation. It's always a balance between safety and cost, and that's one of the things we wrestle with on a daily basis.

What was the other question? Sorry.

**Mr. Phil McNeely:** Maybe just a general question, then. The service that was there in 2004, 2005, from a patient safety point of view and the service that is there today—I think you said that it has improved a great deal.

**Mr. Rick Potter:** It has improved. For example, one of the things I say where it's very hard to compare Ornge to a contracted carrier is that we will use five crews per aircraft, because we staff an aircraft as a 12-hour shift. So it's fairly straight up.

What a lot of contractors will do is they'll only use one or two crews per aircraft and they're on a pager system, and whether that pager goes off at 2 a.m. or 2 p.m.,

they have to make their way to the airport in an hour and get going.

We had a historical problem with CAW and the paramedics who refused to get on a number of our SA carriers because of duty time and duty rest and they didn't like the equipment or they thought there was an endangerment to their safety. So there was a negotiation with CAW in which I believe they came to an agreement that they wouldn't be forced to go on a standing offer agreement carrier. So that's changed a bit there.

**Mr. Phil McNeely:** Mr. Zimmer wanted some more time. How much has he got?

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

**Mr. Phil McNeely:** Two minutes, Mr. Zimmer.

**Mrs. Liz Sandals:** Can we look, then, at the—  
*Interjection.*

**Mrs. Liz Sandals:** Okay. He actually wanted the two minutes.

**The Chair (Mr. Norm Miller):** Two minutes, Mr. Leal.

**Mr. Jeff Leal:** Thank you, Mr. Chair. I just had to step out momentarily.

**Mr. Frank Klees:** I think your two minutes are up.

**Mr. Jeff Leal:** Thank you, Mr. Klees, through the Chair.

*Interjection.*

**The Chair (Mr. Norm Miller):** Go ahead.

**Mr. Jeff Leal:** Thank you, Mr. Chair. Through you to Mr. Potter: Mr. Potter, as chief operating officer for Ornge, were you involved at all in the decision to establish a satellite operation at Oshawa Municipal Airport?

**Mr. Rick Potter:** In the selection of the airport, yes.

**Mr. Jeff Leal:** You were. Did the city of Oshawa provide any incentives for Ornge to establish at Oshawa Municipal Airport?

**Mr. Rick Potter:** Yes.

**Mr. Jeff Leal:** Through you, Mr. Chair, could you detail those incentives for me?

**Mr. Rick Potter:** To be honest with you, I can't remember, but there were incentives.

**Mr. Jeff Leal:** Through you, Mr. Chair, could you bring that information back to this committee? Or who would have that information for me to get my hands on?

**Mr. Rick Potter:** Jim Feeley.

**Mr. Jeff Leal:** Jim who?

**Mr. Rick Potter:** Jim Feeley is the VP of aviation at Ornge.

**Mr. Jeff Leal:** Jim Feeley?

**Mr. Rick Potter:** Yes.

**Mr. Jeff Leal:** Through you, Mr. Chair, were you aware that at Oshawa Municipal Airport for the longest time there was a curfew of 11 p.m. for takeoff and landings?

**Mr. Rick Potter:** I was very aware, Mr. Leal. As a matter of fact, Oshawa was certainly not an airport of my choice—on the analysis. It doesn't have an instrument landing system. I can't get down below I think it was 350 feet on the GPS approach there.

In my previous career that was earlier referred to, I was responsible for basically all the air traffic control towers in Saskatchewan, Manitoba and Ontario. Oshawa was one of them. It had probably one of the loudest noise complaint communities of any of the airports I dealt with.

**The Chair (Mr. Norm Miller):** And we are out of time. You'll get another five minutes.

**Mr. Jeff Leal:** Thank you very much, Mr. Chair. I have some more questions to ask.

**The Chair (Mr. Norm Miller):** Very good. We'll move to Mr. Klees. You have 17½ minutes this time, Mr. Klees.

**Mr. Frank Klees:** Mr. Potter, I'd like to focus on the medical interiors file. Can you tell me who was on that team to deal with the medical interiors, determine the design and also do the negotiation for that?

**Mr. Rick Potter:** Of the AW139?

**Mr. Frank Klees:** Yes.

**Mr. Rick Potter:** The singular point of contact for all of the interiors on the fixed and rotor was Steve Farquhar. He worked for Tom Lepine. I believe there were two medics on one committee. I believe one fellow's name is Wade Durham—don't quote me on that—from Toronto Island. And one of the physicians went over; I'm not sure of the physician's name. I believe Tom Lepine went as well.

**Mr. Frank Klees:** Was Dr. Sawadsky in any way involved in this? He was the medical director, was he not?

**Mr. Rick Potter:** He was. I don't believe Dr. Sawadsky went to Switzerland. I believe Sawadsky was involved in the process very much.

**Mr. Frank Klees:** He was on the team.

**Mr. Rick Potter:** Yes.

**Mr. Frank Klees:** Can you tell me who did go to Switzerland?

1420

**Mr. Rick Potter:** I believe it was Farquhar, Lepine, another medical doctor and two paramedics.

**Mr. Frank Klees:** And what was their purpose for going to Switzerland?

**Mr. Rick Potter:** The purpose of going to Switzerland, as I understood it, was that there was a full-size, completely detailed mock-up of the AW139. So they were able to actually use the mock-up of the AW139, take their concepts, sit in the aircraft, perform all the necessary exercises and procedures they do, and verify that they could be accomplished on the aircraft.

**Mr. Frank Klees:** That being the case, which sounds very practical, how do we fast-forward—you say there were two trips to Switzerland?

**Mr. Rick Potter:** My understanding was that there were two.

**Mr. Frank Klees:** Did this team ever report back to you, as COO, in terms of how things were going?

**Mr. Rick Potter:** No. They only reported through Tom Lepine.

**Mr. Frank Klees:** So there was a mock-up. They were able to get on the aircraft and were able to test it

out, essentially. And then it got back here, and after—how many millions?

**Mr. Rick Potter:** Six million dollars for the interior, I believe.

**Mr. Frank Klees:**—six million dollars for the interior, the paramedics here found out they couldn't perform CPR.

**Mr. Rick Potter:** I believe that to be true.

**Mr. Frank Klees:** Can you help me with this? What am I missing? What was this team doing over there?

**Mr. Rick Potter:** I do not know. Aviation was not part of it. Actually, I think Jim Feeley went on one trip, and he tried to make a comment and was told to mind his own business.

**Mr. Frank Klees:** Here's my concern: We have all these experts and leadership people from Ornge making the trip to Switzerland, specifically for the purpose of helping to design and negotiate the medical interior for these new helicopters, and we end up with something that doesn't work.

The emergency health services branch of the Ministry of Health has a very specific mandate, and one of their responsibilities is to inspect any new medical equipment—ambulance, air ambulance—to ensure that it is up to standard. What is it that the emergency health services branch did to ensure that these specifications were up to standard?

**Mr. Rick Potter:** I have no idea.

**Mr. Frank Klees:** Did you ever hear from the emergency health services branch?

**Mr. Rick Potter:** No.

**Mr. Frank Klees:** To your knowledge—

**Mr. Rick Potter:** Well, I heard there was a fellow doing an investigation—I think it was in January. That was the first I ever heard of it.

**Mr. Frank Klees:** In January of this year?

**Mr. Rick Potter:** Yes.

**Mr. Frank Klees:** And what was he investigating?

**Mr. Rick Potter:** There had been 25—there had been a number of fatalities onboard the aircraft, and he was investigating. That's the first I heard.

**Mr. Frank Klees:** There were a number of fatalities on the aircraft, and that's what he is investigating?

**Mr. Rick Potter:** That's my understanding.

**Mr. Frank Klees:** Okay. As the chief operating officer—I'm just trying to get a sense of how engaged you, personally, were in this responsibility that you have—did you ever question why you haven't seen someone from the emergency health services branch of the Ministry of Health on-site?

**Mr. Rick Potter:** No, because that's solely the responsibility of Tom Lepine and Steve Farquhar. My assumption would be that they—they were insistent, for example, on doing a medical acceptance of the interior of the aircraft in Philadelphia. My assumption, and aviation's assumption—and they were very adamant and strident about the fact that, "This is operations; we will design and we will do this"—was that they would manage that particular portfolio.

**Mr. Frank Klees:** So you made the assumption that they would have had the appropriate interaction with the emergency health services branch and that everything was up to standard with the Ministry of Health standards?

**Mr. Rick Potter:** That is correct. We were essentially told to mind our own business. Our interface came, and the point was, is the interior compliant with Transport Canada regulations?

**Mr. Frank Klees:** In testimony here, the Deputy Minister of Health said in no uncertain terms that they were misled. I asked him very specifically about the medical interiors, and we had been led to believe that it was Dr. Sawadsky who had the lead as the medical director.

**Mr. Rick Potter:** That's correct.

**Mr. Frank Klees:** So I asked the deputy why they didn't do their job, and he, in his response—I'll just read it to you. I said, "Where was the Ministry of Health?" His response was, "We were given that assurance by that same medical director"—now, I had mentioned Dr. Sawadsky. He said, "We were given that assurance by that same medical director that the interiors were sufficient, and it wasn't until a complaint was lodged via our communications centre on or about July 2011 that we discovered that that indeed was not true. We were misled." Those are the deputy's words. He goes on to say, "We launched an investigation. I understand that actions have been taken to get a short-term correction."

Now, when the deputy minister said that he was misled, can you give me a sense of who at Ornge would have misled him?

**Mr. Rick Potter:** I can tell you it was not myself; it was nobody in aviation. We never had any contact. We never had any questions from him.

**Mr. Frank Klees:** Can you suggest who we might speak to or call to this committee who might be able to enlighten us on that issue?

**Mr. Rick Potter:** Again, everything I've seen to do with any medical interiors—the coordination of medical interiors, the design of medical interiors, the RFIs, RFQs, RFPs and what I would associate with medical interiors—were the purview of Lepine and Farquhar.

**Mr. Frank Klees:** Thank you very much.

Safety was a priority. You just said earlier in your testimony that whenever you went to Dr. Mazza for funding for moving forward on safety issues, it was always a priority. Can I ask you, then, who was responsible for the policy—a very specific policy—for understaffing crews? I understand that that was put in place specifically to save money. Whose responsibility was that?

**Mr. Rick Potter:** Understaffing paramedic crews?

**Mr. Frank Klees:** Yes.

**Mr. Rick Potter:** It would be Farquhar and Lepine. It has nothing to do with aviation. As long as I've got two people up in the pointy end of the airplane, I've done my job.

**Mr. Frank Klees:** Okay. You just made reference—and this is very timely today, because you said Ornge always has five crews available per aircraft.

**Mr. Rick Potter:** That's our desirable staffing. I'm not saying we have it 24 hours a day, every day of the week, but that's certainly what we aim for.

**Mr. Frank Klees:** Okay. You're aware of the incident that happened here today, just north of Toronto?

**Mr. Rick Potter:** No, I'm not.

**Mr. Frank Klees:** Well, let me share this with you, and I'd like to get your sense as someone who intimately understands the process and staffing, and the standards. There was a collision earlier today that happened at about 6:30 in the morning. Local EMS arrived on the scene. They had to extricate one of the drivers from the vehicle. They put a call in to Ornge for an air ambulance. They were told by the dispatcher at Ornge that there was no crew available and they wouldn't be able to get a crew until 7:15. I understand that the reason for that is that they just weren't available. The previous crew had booked off. Yet, when I hear what you're saying, that it's Ornge's policy to always have five crew per aircraft available, I'd just like to know how it can happen that—it seems that Ontarians now have to book their emergencies in accordance with the shifts at Ornge.

**Mr. Rick Potter:** It would be inappropriate for me to comment on the occurrence of today. The staffing for an aircraft we use is normally five crews per aircraft or 10 to 11 per aircraft at a base. That's not to say that you have 10 or 11 available at any given time because, obviously, there are people on days off and there are certain regulatory requirements as to length of duty days, as to number of days you can work etc. But we do strive to have redundancy and backup in the system.

Again, being away from it for a couple of months, things may have changed. It's a tough process on the rotor side, the helicopter side, which you're referring to. We lost some people in transition, which we had counted on.

We had fully anticipated getting 80 pilots from CHL. We didn't get that number. I can't give you the number that they got right now, but I can tell you on the fixed-wing side, we had initially projected for a 25% to 30% turnover rate because they're smaller aircraft; people are ambitious and they move on. Our turnover rate in the first two years of operation was only 2%, which is a record in the industry. We retained most of our pilots.

1430

**Mr. Frank Klees:** But apparently, that's not happening now.

**Mr. Rick Potter:** I'm not aware of what's going on now, sir.

**Mr. Frank Klees:** Well, I'll tell you, we're getting a great deal of feedback from the front line, from paramedics, as well as pilots, that they're very unhappy with how things are being handled at Ornge, that pilots are leaving, paramedics are leaving. They're distressed at the circumstances under which they're working, and the concern, of course, that everyone has is that you can have all the helicopters you want; if you don't have the pilots, if you don't have the paramedics, you don't have an emergency service. So, are you aware of that personnel shortage problem that we've got?

**Mr. Rick Potter:** No. I left working in the office at Ornge on March 1, so what's happened in that interim I'm not sure. What has happened in the general aviation marketplace is that there's been a fairly significant hiring uptake by Porter, by the Air Canada startup, by Jazz, a number of them, and, really, starting off with a single-engine turboprop is generally kind of the start point for a pilot in their career, and we know that a lot of people will progress through that.

The disadvantage we have in Ornge is that—I don't understand why, but there's a number of people who would not prefer to live in northern Ontario, and so if there's an opportunity to move to southern Ontario, they take that.

**Mr. Frank Klees:** Can I ask, just again to shift to the Pilatus deal, were you involved in that purchase agreement, the negotiating—

**Mr. Rick Potter:** Yes.

**Mr. Frank Klees:** What was your role in negotiating that deal?

**Mr. Rick Potter:** Essentially, kind of a technical representative.

**Mr. Frank Klees:** Okay. Did you make a specific recommendation based on that technical analysis to Ornge—

**Mr. Rick Potter:** To recommend that type of aircraft?

**Mr. Frank Klees:** Yes.

**Mr. Rick Potter:** I did, sir.

**Mr. Frank Klees:** Okay. And did you declare a conflict when you made that recommendation?

**Mr. Rick Potter:** No.

**Mr. Frank Klees:** It's my understanding that you're very good personal friends with Frank Kelner.

**Mr. Rick Potter:** No, I'm not.

**Mr. Frank Klees:** You're not?

**Mr. Rick Potter:** No.

**Mr. Frank Klees:** Do you know Mr. Kelner?

**Mr. Rick Potter:** Sure I do. It's Thunder Bay.

**Mr. Frank Klees:** Okay.

**Mr. Rick Potter:** There's Thunder Bay and then in the aviation community is probably 30 or 40 people. I know Cliff Friesen and Harvey Friesen and all the rest of them, too.

**Mr. Frank Klees:** Okay.

**Mr. Rick Potter:** I don't think Cliff would say I'm his friend, though.

**Mr. Frank Klees:** Did you negotiate the \$300,000 donation back to Ornge?

**Mr. Rick Potter:** It had nothing to do with me.

**Mr. Frank Klees:** Pardon?

**Mr. Rick Potter:** I had nothing to do with it.

**Mr. Frank Klees:** But you're aware that it did take place?

**Mr. Rick Potter:** Actually, no. I know that Chris tried to institute a policy, I think, where he went after primary people for something like a 2% donation back. But I had nothing to do with that.

**Mr. Frank Klees:** So are you saying that it was a matter of business dealings that if you did business with

Ornge, that it was expected that you would kick back to the charity a certain percentage of that deal?

**Mr. Rick Potter:** I wasn't involved. I don't have the answer to that. But further to your initial question, the aircraft weren't purchased from Kelner aircraft. They were purchased from Pilatus in Switzerland. Kelner had nothing to do with it. As a matter of fact, they were kind of upset that we didn't buy it through him. They did do some of the maintenance stuff because they're the maintenance centre for Canada.

**Mr. Frank Klees:** Okay.

**The Chair (Mr. Norm Miller):** You have about two and a half minutes.

**Mr. Frank Klees:** I'd like to just spend a couple of minutes, which is all I have, regarding your background. You were with Nav Canada as an air traffic controller. That was your background, and then you were at Confederation College. Can you tell us the circumstances under which you left Confederation College?

**Mr. Rick Potter:** Sure. I went to Confederation College for five years and it was just about five years and I finished. My task was to build the Aviation Centre of Excellence and to bring the three faculties together in that facility.

**Mr. Frank Klees:** We will be hearing from Patricia Lang from the college here and we will be asking her about the circumstances under which you left Confederation College. Do you have anything to add to your answer?

**Mr. Rick Potter:** No. Patricia Lang and I had differences of opinion, but my intent was never to stay past five years anyway.

**Mr. Frank Klees:** I see. But you were terminated there?

**Mr. Rick Potter:** I left Confederation College at about the five-year mark, which was what my plan was.

**Mr. Frank Klees:** But the circumstances were that you were fired; is that correct?

**Mr. Rick Potter:** The circumstances were that I had agreed to work for five years, and I worked for five years.

**Mr. Frank Klees:** What experience prior to coming into Ornge did you have in starting up a new airline?

**Mr. Rick Potter:** The short answer is none. The longer answer is that I've been involved in aviation as a commercial pilot for—well, as I say, 43 years. There's not an airport in northwestern or northern Ontario that I haven't personally flown into. I—

**Mr. Frank Klees:** But there's a difference between being a pilot and managing an entire fleet and managing an airline as the COO with all of these responsibilities that you had there.

**Mr. Rick Potter:** If I could finish, I managed an aviation operation and air traffic control of almost 500 employees—somewhere short of 500 employees.

**Mr. Frank Klees:** That's air traffic control. That's not—

**Mr. Rick Potter:** That's aviation. It's a regulatory-based environment, and I was the accountable executive at Confederation College for the aviation program.

**Mr. Frank Klees:** Did you get a sense at any time that you might be underqualified for this huge—

**Mr. Rick Potter:** Absolutely none.

**Mr. Frank Klees:** Thank you.

**The Chair (Mr. Norm Miller):** Thank you very much. We'll move on to the NDP, and you have six minutes each for this round.

**M<sup>me</sup> France Gélinas:** Okay. A whole bunch of little questions that have nothing to do with one another in any particular order. I'll start with, when you were talking about some of the other projects, you mentioned projects for Saskatchewan, AirMed for Alabama, Fort Lauderdale, and then you concluded this by saying, "Mr. Apps had designed a structure which I challenged." I'm curious to hear more about what the structure is that had been presented to you that had been designed by Mr. Apps, and what are some of the challenges that you brought?

**Mr. Rick Potter:** Well, the challenge is compliance with—in the United States, first of all, it's the DOT, the Department of Transport. Their role is to look at new businesses, whether it takes away from American business, whether it's going to impact on American business. One of their mandates is, they're very adamant about ownership, clarity of ownership and who is operating and managing the aviation enterprise.

You know, Virgin Airlines spent \$10 million and still couldn't get through the DOT. It's a fairly significant hurdle to cross. Mr. Apps designed a system which—to call it complex is being generous. Basically I said to him, at the end of the day the word they look at is "control," and if at any point in this process, in the control chain, there's less than 75% US control, they won't buy it. My interpretation of what he presented was that that would not be in compliance with the DOT.

**M<sup>me</sup> France Gélinas:** So, did you ever question why such a complex corporate structure had been designed? What was the idea? Like, why put yourself through that much time, effort and energy? What's behind this?

**Mr. Rick Potter:** I do not know.

**M<sup>me</sup> France Gélinas:** Did he ever explain the corporate structure to you?

**Mr. Rick Potter:** No.

**M<sup>me</sup> France Gélinas:** No? No. Although you didn't know the full structure, you knew enough to say that we have to look at control at each and every one of those—

**Mr. Rick Potter:** What happened was, there was a meeting with Chris, and Chris said, "Well, we're going to do this." I just said, "Whoa, what are you doing here?" Then I said, "I don't think you can do that, and I've got to see this." That's when I said, "This isn't going to work."

**M<sup>me</sup> France Gélinas:** And what is it that you have seen? What did they show you when you said, "This is not going to work"?

**Mr. Rick Potter:** They showed me an organizational chart, which had a number of corporate entities and who owned this and reported over here—I can't remember all the figures, but there was like 25% over here and this went to something like 2%. I said, "It doesn't matter,

here, you've got this—it can't work." It won't—no pun intended—it won't fly.

**M<sup>me</sup> France Gélinas:** And you were right; it crashed quite badly.

Another question had to do with, when you met Mr. Mazza, you described him as an impressive guy. Do you think he was a good choice for the CEO of Ornge?

**Mr. Rick Potter:** I've often thought of that. I think he was a good choice at the beginning, and I think as a visionary he had a tremendous amount that could be accomplished. But if you could put Chris over in the visionary thinking, idea, conceptual mode over here and have somebody who was—

**M<sup>me</sup> France Gélinas:** Operational.

**Mr. Rick Potter:** —perhaps more traditionally business-oriented, it would have been better.

**M<sup>me</sup> France Gélinas:** It would have been better. One of the reasons we were given for Dr. Mazza making \$1.4 million and having been given personal loans was that other agencies were trying to recruit him, and in order to keep him in Ontario, we needed to pay that much money. You know the aviation business really well. You've been in it. You're known in the aviation business very well also. Who would have wanted Mr. Mazza's expertise in air ambulance?

1440

**Mr. Rick Potter:** I think Chris's forte was not so much aviation, but it certainly was in emergency transport medicine. My understanding is that there is not a large number of people who are both emergentologists and have an MBA, and have 20 years' experience in the emergency business. So I think he was one of a very select few who could do that particular part of the job.

**M<sup>me</sup> France Gélinas:** Do you know if there's a market out there for—there are not too many agencies that offer air ambulance either.

**Mr. Rick Potter:** Is there a market for it? I don't know. Chris firmly believed there was.

**M<sup>me</sup> France Gélinas:** Okay. To my colleague.

**Mr. Jagmeet Singh:** So when you were looking at the chart and you said, "You've got this here; this is not going to work," what did you mean by that?

**Mr. Rick Potter:** It would not meet DOT approval.

**Mr. Jagmeet Singh:** Besides DOT approval and in general the complex corporate structure, what else? Were there any other problems you noticed with it?

**Mr. Rick Potter:** I didn't analyze the corporate structure; I didn't analyze the cash flow. I was at a couple of meetings; I made a couple of comments. I mean, they had a growth rate that was better than Google's. When I looked at the lines, I said, "Where does that come from? Have we got any proof of that?" I never saw any proof.

**Mr. Jagmeet Singh:** Okay. Beyond that it was complex and you didn't see any proof of it, did you raise any other concerns about the structure—the way it was set up?

**Mr. Rick Potter:** No, because it wasn't my concern. I dealt with the aviation aspect, and I raised concerns about that.

**Mr. Jagmeet Singh:** Again, besides the DOT, any other aviation concerns you had about the structure?

**Mr. Rick Potter:** As it exists today?

**Mr. Jagmeet Singh:** Pardon me?

**Mr. Rick Potter:** As it exists today?

**Mr. Jagmeet Singh:** As it existed when you were looking at the chart and you said, "I don't agree with this. This is not going to meet DOT approval."

**Mr. Rick Potter:** That wasn't so much a safety thing. It was just regulatory compliance. It was not going to happen the way they wanted to do it. Chris was insistent that he had to have control. Again, that flies in the face of everything the DOT and the FAA say: You can't have control if you're a foreign operator. It's the same thing in Canada: You can't have a US entity come in and have control of a Canadian corporation. That was really the crux of the matter on that one.

**M<sup>me</sup> France Gélinas:** I want to come back to what we call kickbacks, but I'll try to find a better word to describe this exactly. We're looking right now at money that the Auditor General has identified for marketing services that looks very much like we paid too much to Agusta so that they would give money back to a for-profit company to do questionable work. Is it common in the industry, when you go out and purchase whatever you need for your aircraft? Is this something you have seen—not that you have done, but that you know is happening?

**Mr. Rick Potter:** All I can say is that I did not understand going from 144 to 152.

**The Chair (Mr. Norm Miller):** And we are out of time on this question. We'll move to the government. Mr. Leal, go ahead.

**Mr. Jeff Leal:** Mr. Chair, through you to Mr. Potter, I want to go back and pursue the decision to go to Oshawa. You indicated to me that the city of Oshawa put an incentive package on the table. Is that correct?

**Mr. Rick Potter:** That is correct.

**Mr. Jeff Leal:** It was a poor choice to go there, in terms of aviation and in terms of potential patient response because of the curfews at Oshawa airport?

**Mr. Rick Potter:** All I can say is in response to the aviation side; I didn't deal with the patient side of it. But on the aviation side, I had genuine concerns with Oshawa. They assured us that that would not be a problem—the noise abatement—but my experience has been that that lasts as long as that council is in power and subsequent councils can change it under pressure. That was what scared me.

**Mr. Jeff Leal:** Do you know the content of the incentive package put forward by the city of Oshawa?

**Mr. Rick Potter:** No. I think there was incentive by the city. I believe it may have been reflected in fuel pricing or advantage on the fuel pricing at the airport, but you can't quote me on that. We'll try to get you the information for it.

**Mr. Jeff Leal:** Did you advise against the decision to go to Oshawa?

**Mr. Rick Potter:** I did initially, and I did subsequently, yes.

**Mr. Jeff Leal:** Who made the decision to go to Oshawa?

**Mr. Rick Potter:** To be honest with you, has a definite decision been made about Oshawa? When I left, there hadn't been—

**Mr. Jeff Leal:** Who made it? If you advised against, who made the decision, obviously overruling you on technical merit?

**Mr. Rick Potter:** It would have been the COO of operations and the CEO.

**Mr. Jeff Leal:** What position does Jim Feeley hold at Ornge?

**Mr. Rick Potter:** VP of aviation.

**Mr. Jeff Leal:** How long has he been there?

**Mr. Rick Potter:** Three years? Four years?

**Mr. Jeff Leal:** Was he responsible for the decision to go to Oshawa?

**Mr. Rick Potter:** I don't believe so.

**Mr. Jeff Leal:** Who was, then?

**Mr. Rick Potter:** It was made by operations.

**Mr. Jeff Leal:** Dr. Mazza made the decision?

**Mr. Rick Potter:** Dr. Mazza supported the Hamilton decision on the initial go around. Now, the subsequent decision-making—I'm just trying to think of how this thing played out. After there was some reconsideration, operations wanted to go to Oshawa. I believe operations were the people who pushed Oshawa, which is Lepine and Farquhar.

**Mr. Jeff Leal:** So there is documentation, correspondence that would have been going back and forth in terms of the bid for Oshawa?

**Mr. Rick Potter:** I believe so, yes.

**Mr. Jeff Leal:** I have a couple more questions. How much were you paid as a board member of Ornge?

**Mr. Rick Potter:** I think I was paid \$1,000 a meeting.

**Mr. Jeff Leal:** Did you serve on the Ornge board at the time it approved Mr. Kelly Mitchell and the Pathway Group's retainer?

**Mr. Rick Potter:** No.

**Mr. Jeff Leal:** If I want to go back to the Oshawa thing for a moment, did you provide a technical overview of the Oshawa operation to determine that it wasn't a good choice?

**Mr. Rick Potter:** Yes.

**Mr. Jeff Leal:** Do you have that information? Could it be made available to this committee?

**Mr. Rick Potter:** I don't have it, but Ornge has it and they certainly should be able to make it available.

**Mr. Jeff Leal:** Who would we go to at Ornge to acquire all this correspondence and technical information?

**Mr. Rick Potter:** I'd start with Jim Feeley.

**Mr. Jeff Leal:** Jim Feeley?

**Mr. Rick Potter:** Yes.

**Mr. Jeff Leal:** I have no further questions.

**The Chair (Mr. Norm Miller):** Mrs. Sandals?

**Mrs. Liz Sandals:** And if we could make a request, then—if I understand you correctly, sir, you don't per-

sonally have the documentation around Oshawa, but Ornge would.

**Mr. Rick Potter:** That's correct.

**Mrs. Liz Sandals:** So if we could get a request for Ornge to provide all the documentation, correspondence, emails, whatever internal reports or analysis there is—

**Mr. Rick Potter:** Sorry, but there's sort of two parts to this. The first part would be we were charged with doing an analysis of the GTA/southern Ontario area to find a base to replace Toronto Island. A decision had been made to replace Toronto Island. We did an analysis on every airport we could find to find the most suitable airport and Hamilton won, hands down; unequivocally the best choice at that particular point in time. Subsequent to that—and that was verified by operations at that time; that was also verified by the medical committee at that time, the medical advisory committee, Dr. Sawadsky.

Subsequent to that a change had been made, and there were further negotiations, I believe, with Oshawa. Prior to my leaving, there was still some debate over—I believe there were a number of employees at the Toronto Island who would have preferred Oshawa, and they renegotiated or reopened some of that and went back.

**Mrs. Liz Sandals:** Okay, so if we could get the documentation, correspondence, analysis around the decision by Ornge—

**The Chair (Mr. Norm Miller):** And our clerk has been writing furiously here—

**Mrs. Liz Sandals:** —yeah—by Ornge and the Hamilton versus Oshawa and the decision to go to Oshawa, in particular any incentives that were offered in any meetings with respect to Oshawa.

**The Chair (Mr. Norm Miller):** Very well. Any other questions?

**Mr. Jeff Leal:** I have a quick question.

**The Chair (Mr. Norm Miller):** Go ahead, Mr. Leal.

**Mr. Jeff Leal:** If there was all this technical information in terms of response times to go to Hamilton and then there was a 360-degree change to go to Oshawa, Mr. Chair, who exerted pressure to have it move to Oshawa?

**Mr. Rick Potter:** I don't know that there was pressure so much. In the initial mix, we were charged with finding the most suitable airport that would operate our Pilatus aircraft, our AW139 aircraft and a potential business jet. What the business jet did is it essentially—number one, it automatically eliminates Toronto Island. So it limited a number of airports because of length of runway etc. and some prohibitions. We looked at a number of issues and it's all detailed there, right from air traffic control services to weather reporting, length of runways, noise abatement procedures, availability for snow removal—all of those kinds of things. As I said, unequivocally, Hamilton was way ahead of any other airport.

**Mr. Jeff Leal:** Mr. Chair—

**The Chair (Mr. Norm Miller):** You've got 30 seconds left.

**1450**

**Mr. Jeff Leal:** To Mr. Potter: Do you find it passing strange that with all the technical support to go to another

location that you ended up in Oshawa, from your professional perspective?

**Mr. Rick Potter:** Yes.

**Mr. Jeff Leal:** Yes. I'm finished, Mr. Chair.

**The Chair (Mr. Norm Miller):** Very well. We'll move to Mr. Klees.

**Mr. Frank Klees:** Mr. Potter, you mentioned earlier that Ornge audits, obviously, all of your service providers, the people who contract—

**Mr. Rick Potter:** Including Ornge.

**Mr. Frank Klees:** I was going to ask, who audits Ornge?

**Mr. Rick Potter:** We're audited on three levels. We audit ourselves as part of the safety management system.

**Mr. Frank Klees:** Right.

**Mr. Rick Potter:** We're audited by the Ministry of Natural Resources, and we're audited by independent auditors.

**Mr. Frank Klees:** Well, I find it interesting that Ornge audits itself.

**Mr. Rick Potter:** Every organization does that as a part of a pre-audit process. It's part of the safety management system, to go through and see whether you're compliant.

**Mr. Frank Klees:** Has that worked well?

**Mr. Rick Potter:** It works well in every organization, as long as it's not the sole and only source. We're the only organization that's audited by two other independent sources.

**Mr. Frank Klees:** When was the last time MNR audited Ornge?

**Mr. Rick Potter:** MNR started an audit, I believe, in May, and before I left, I bugged them. We still didn't even have an audit report.

**Mr. Frank Klees:** Chair, I'd like to get a copy of that latest audit report by MNR.

**The Chair (Mr. Norm Miller):** Okay. So noted.

**Mr. Frank Klees:** When was the last time that Transport Canada audited Ornge?

**Mr. Rick Potter:** Transport Canada was in. Initially they do—when we started the Pilatus operation, they did an initial check, and I'm not sure what their date for the next one is.

**Mr. Frank Klees:** Do you recall, overall, the results of that audit? On a scale of one to 10, with one being not very good to 10 being very good, where would it have—

**Mr. Rick Potter:** It was probably about an 8.5, and that's a subjective opinion. There were some discrepancies in the training files, but in any audit, including Air Canada and any airline in Canada, you go through and you'll find on the maintenance records and stuff minor things. But as far as the operation goes, there were kudos. The independent auditor that we had in the fall, his report said it was the best airline operation he'd ever seen.

**Mr. Frank Klees:** That's interesting, given what we know and given the rest of the story. Chair, I think we should get a copy of that Transport Canada audit as well.

**The Chair (Mr. Norm Miller):** So noted.

**Mr. Frank Klees:** Since the last Transport Canada audit, Mr. Potter, would you agree that, given that all of the operations now are under the Ornge umbrella, whereas previously it was CHL that was providing, certainly on the helicopter side, very experienced staff and expertise—as of March 31, all of those functions, 100% of them, are now under Ornge. Do you think it would be appropriate to have Transport Canada come in now and do an audit to see just how well equipped and how qualified the people in key positions are to delivering our air ambulance service—

**Mr. Rick Potter:** Certainly, it would be. Number one is that every key person at CHL now works for Ornge; okay? That's the first part. The second part is Transport Canada, as a matter of regulation, within the first six to 12 months of operation will come in and do an audit.

**Mr. Frank Klees:** Except you said earlier that many of the individuals who were highly qualified, whom you expected would come across through the transfer, chose not to.

**Mr. Rick Potter:** On the pilot side.

**Mr. Frank Klees:** On the pilot—well, I would say that's a pretty significant part of the operation, wouldn't you?

**Mr. Rick Potter:** Pilots are critical to that operation.

**Mr. Frank Klees:** Right. I suppose that given the fact that we have really a very different organization today than we did pre-March 31, it's important for us to know what Transport Canada's assessment of that organization is.

**Mr. Rick Potter:** I think it's important to know Transport Canada's assessment, but I disagree with you completely that it's a very different organization. It's not. When we designed the transition, it was designed so that there was the absolute minimum of change and a minimum of disruption. The same reporting systems, the same key personnel positions were all retained; the same policies, same procedures, all retained. The idea was, and it worked out tremendously well, actually, that it was essentially transparent to an employee whether they worked for CHL in February or Ornge in May—that it was any different.

**Mr. Frank Klees:** When it comes down to the qualified people who are in those positions, can we get a list of the individuals and their qualifications who were on the job while CHL was operating and what the staffing complement looks like now in terms of positions and qualifications?

**Mr. Rick Potter:** Sure. I can't do it, but Ornge would—it's a matter of record. HR would have that.

**Mr. Frank Klees:** So, Chair, we should request that.

**The Chair (Mr. Norm Miller):** So noted.

**Mr. Frank Klees:** I think it's important for us to get a sense of what the comparative complement of expertise and qualifications is in the organization.

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

**Mr. Frank Klees:** I have a minute. Mr. Potter, I want to thank you for coming here today. You've been very helpful. As much as I wish I could say that I was encour-

aged, I'm really not. I think that we have a great distance to go before we can express confidence in our air ambulance service. You mentioned earlier in your comment that you felt that what went wrong here was politics. I'd suggest that I think what went wrong was greed. I think there were a lot of people at the trough here who took a concept and, quite frankly, abused it. We're dealing now with the fallout of that. We'll see over the next few weeks where this takes us.

**The Chair (Mr. Norm Miller):** Thank you very much for making the trip down from Thunder Bay today for your coming before the committee, Mr. Potter. It's appreciated.

There is one matter before we recess. Mr. Potter had requested reasonable airfare for the trip. The subcommittee has discussed this already. Do I have agreement of the committee for this? Agreed? Agreed. Okay.

Thank you very much. This committee is adjourned.

*The committee adjourned at 1457.*







# CONTENTS

Wednesday 9 May 2012

Subcommittee report .....	P-199
Special report, Auditor General: Ornge Air Ambulance and Related Services.....	P-199
Ministry of Finance .....	P-199
Mr. James Sinclair	
Mr. Rick Potter.....	P-207

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