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**Official Report
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(Hansard)**

Wednesday 16 May 2012

**Journal
des débats
(Hansard)**

Mercredi 16 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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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON
PUBLIC ACCOUNTS**

**COMITÉ PERMANENT DES
COMPTES PUBLICS**

Wednesday 16 May 2012

Mercredi 16 mai 2012

The committee met at 0815 in room 151.

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

MR. LUIS NAVAS

The Chair (Mr. Norm Miller): I'd like to call this meeting to order. Our first witness this morning is Luis Navas. Mr. Navas, if you would come forward, please. Thank you. Just to confirm that you received the letter of information for witnesses coming before the committee?

Mr. Luis Navas: I did, thank you.

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

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

Mr. Navas, 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. Luis Navas: I do.

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

The Chair (Mr. Norm Miller): Very well. You have six minutes for an opening statement, and then we'll go through the parties for questioning.

Mr. Luis Navas: Thank you very much.

The Chair (Mr. Norm Miller): You're welcome.

Mr. Luis Navas: My name is Luis Navas. I left the board of Ornge over three years ago in 2009. Over the last 20 years, I've advised on executive compensation, corporate governance and human resource strategy to more than 200 corporate boards around the world. I am also an established business professional in investment banking and capital underwriting.

I volunteered to appear before this committee to provide clarity about my involvement with Ornge from the year 2006 to mid-2011. In 2006, Rainer Beltzner, the chair of Ornge, approached me to join the Ornge board. From 2006 to 2009, when I was on the Ornge board and chair of the compensation committee, there were no for-profit legal entities.

I can tell you that the not-for-profit board I sat on reviewed and made decisions with respect to all matters of

executive compensation with the highest standards of rigour and accountability. Over the four-year period, the CEO's compensation increased by approximately \$200,000. The increases were based on the best corporate governance practices. We evaluated comparative compensation levels provided by the sunshine list of hospitals and P3 organizations, and competitive compensation levels were considered for the CEO in light of the increased mandate of Ornge by the government.

The board prepared a detailed CEO performance scorecard every year that improved the level of services, budget efficiencies, and the overall effectiveness of Ornge. The board capped CEO compensation each and every year.

I left the Ornge board in 2009, and that was the last time that I had anything to do with the board's decision-making process for executive compensation. At that time, the CEO of Ornge was earning about \$550,000 in total compensation. The CEO's compensation was approved by the board and deemed appropriate.

In spring 2010, several months after leaving Ornge, Odgers Berndtson, a search firm, contacted me because I was considered to be the best candidate for the newly created Ornge Global to establish business partnerships outside of Ontario. I was never an employee or executive at Ornge, only a third-party adviser. I accepted that this adviser's position was paid for for approximately 14 months. The retainer I received was for about \$175,000 in 2011 plus warrants. Maria Renzella, Ornge Global's COO, advised me that I was being paid from the revenue generated by Ornge Global and not by Ontario taxpayers funding Ornge. I was asked to work with Ornge's marketing group as well as David Santangeli from Morrison Park Advisors. This is the firm that did that the \$275-million bond offering and the Ornge office lease-back financing.

My role was to reinforce this group's efforts by identifying development opportunities, arranging meetings with potential development partners, linking Ornge to a group that could set up an underwriting capital pool. I had no involvement with the AgustaWestland marketing services agreement, but I did provide advice on a global endorsement partnership with AgustaWestland.

The government supported Ornge Global, and I base this understanding on the numerous reports and presentation papers that many members of the government had seen, which I have provided for you today. I was advised

that the vision for Ornge Global came about because of the current air ambulance service gap that exists in Ontario. There was a study that Ornge commissioned by Hay Group that identified this gap in air ambulance services of over 9,000 Ontario patients per year. It was my understanding that the underlying premise for creating a for-profit Ornge entity was that a portion of the profits would be channelled to additional resources for the benefit of Ontarians. This was seen as the best way to reduce the significant service gap and lack of funding.

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Know that I am far from suggesting that nothing went wrong at Ornge. I fully support the work of this committee to get to the bottom of what went wrong, which is why I'm here today on a voluntary basis from the United States.

In order to improve public sector accountability in the future, I have put some thought to what would help the government avoid future situations like this.

Apply due diligence with compensation when considering public-private partnerships. If you refer to the document I have tabled in front of you with regard to the CEO of CHL, CHL was in a private-public partnership with the government, and its CEO received three times what Mazza has been reported as making, almost \$10 million in the last five years alone.

Evaluate conflicts of interest that may develop with compensation consultants. I tabled a CEO contract with you here, where the firm Hay Group is sharing the CEO role at one hospital in Ontario amongst five Hay Group compensation consultants and operational consultants, as well as a booklet of over 100 other examples of conflict of interest.

Pay closer attention to the credentials of compensation consultants. There are consultants who have never practised before taking on senior advisory roles. Hugessen Consulting, who actually educated the Ornge board on executive compensation through a directors' education program, is a case in point. Two of the three founding partners of Hugessen had no prior experience in executive compensation consulting before they took on senior advisory roles. Without the professionalization of the compensation consulting industry, the barriers to entry are non-existent.

I believe greater transparency, accountability and rigour with compensation governance is essential so that what may have happened here with Ornge does not happen again.

With all that said, I hope that people realize that running an airline is complicated, running a helicopter company is challenging, and running a multi-base land and air hospital across a province that is more than 10 times the size of the state of New York is daunting. Ornge is all of those organizations wrapped into one. It's an extremely complex organization to successfully manage, but a service that Ontarians deserve.

I hope my testimony has given you further insight into making this critical component of health care in Ontario better, and I support the work that this committee does.

The Chair (Mr. Norm Miller): Thank you very much, and we'll move to the opposition first for questioning. Mr Klees?

Mr. Frank Klees: Mr. Navas, did you read the Auditor General's report on the Ornge air ambulance service?

Mr. Luis Navas: Yes, sir.

Mr. Frank Klees: According to the Auditor General, this organization is anything but well-run: serious problems in terms of patient care, serious issues in terms of disclosure and in terms of return on investment for the people of Ontario. That's why we're here, by the way. If what you said about Ornge was true, we wouldn't be here.

I'd like to ask you this: You say that you were with Ornge from 2006 until 2011, but then you said you left in 2009. When you first joined Ornge, you were there as a director. Is that correct?

Mr. Luis Navas: That is correct.

Mr. Frank Klees: And you were there as the chair of the governance and compensation committee?

Mr. Luis Navas: That is correct.

Mr. Frank Klees: That is correct. When did you leave the board?

Mr. Luis Navas: In 2009.

Mr. Frank Klees: And when you left the board, what position did you then take on with Ornge?

Mr. Luis Navas: This is in my capacity as an adviser to Ornge?

Mr. Frank Klees: So you're saying you were strictly an adviser to Ornge.

Mr. Luis Navas: That's correct.

Mr. Frank Klees: And you said you had nothing to do with any of the for-profit entities of Ornge.

Mr. Luis Navas: No. I said that at the time when I was on the board there were no for-profit entities.

Mr. Frank Klees: Did you have anything to do as a director in terms of decision-making with regard to the plans that Ornge had for the for-profit entities?

Mr. Luis Navas: No, sir.

Mr. Frank Klees: That never came before the board?

Mr. Luis Navas: Not between 2006 and 2009.

Mr. Frank Klees: And when you took on your role as an adviser, as you put it, who hired you for that position?

Mr. Luis Navas: That was Dr. Mazza.

Mr. Frank Klees: Dr. Mazza himself.

Mr. Luis Navas: Yes.

Mr. Frank Klees: And what was your compensation when you were on the board?

Mr. Luis Navas: I believe we received \$1,000 per meeting and a retainer of \$10,000 per year.

Mr. Frank Klees: Ten thousand dollars per diem, so annually?

Mr. Luis Navas: No, not \$10,000 per diem. A \$10,000 annual retainer, plus \$1,000 per meeting.

Mr. Frank Klees: And how many meetings would you have?

Mr. Luis Navas: At that time, there would probably be about six to eight meetings a year.

Mr. Frank Klees: Okay. So your total compensation between the years 2006 and 2009, as a director, would have been what, annually?

Mr. Luis Navas: I'd have to look back, but it was based on those numbers.

Mr. Frank Klees: Approximately.

Mr. Luis Navas: That would work out to around \$100,000, I guess.

Mr. Frank Klees: So, \$100,000. How much was the chair of the board making at that time?

Mr. Luis Navas: I don't know.

Mr. Frank Klees: You run the compensation committee. You don't know what the chair of the board was earning?

Mr. Luis Navas: I would guess he was probably around \$40,000.

Mr. Frank Klees: But why would you say you didn't know? You were the chair of the compensation and governance committee of the board.

Mr. Luis Navas: Because it changed every year.

Mr. Frank Klees: Pardon?

Mr. Luis Navas: Because it changed every year.

Mr. Frank Klees: How much was it—

Mr. Luis Navas: I would guess about \$40,000, sir.

Mr. Frank Klees: Forty thousand. That's not the number that he told us that he was earning.

Mr. Luis Navas: I'm giving you the dates from 2006 to 2009.

Mr. Frank Klees: What was your title when you left and you were taken on into a new role by Dr. Mazza? What title were you operating on as an adviser?

Mr. Luis Navas: There was no title. It was "adviser."

Mr. Frank Klees: So you assumed that role of adviser from 2009 to what date?

Mr. Luis Navas: No, I believe I indicated it was spring of 2010 to about summer of 2011.

Mr. Frank Klees: Do you recall a meeting that you had with the Cleveland Clinic regarding Ornge Global?

Mr. Luis Navas: Which one specifically? There were a couple.

Mr. Frank Klees: You had many meetings?

Mr. Luis Navas: I think there were two.

Mr. Frank Klees: Why don't you tell me about those?

Mr. Luis Navas: There was one in Cleveland with members of the Cleveland Clinic. There was one other one with one of their satellite offices.

Mr. Frank Klees: Where did that take place?

Mr. Luis Navas: That was in Weston, Florida.

Mr. Frank Klees: Weston, Florida?

Mr. Luis Navas: Correct.

Mr. Frank Klees: During that time that you were working as an adviser, where were you living?

Mr. Luis Navas: Half the time—originally, when I started, I was living in Oakville, Ontario. Then in the spring of 2011, I moved to the United States.

Mr. Frank Klees: Did Ornge pay for any of your moving costs or living costs while you were living in—

Mr. Luis Navas: I believe they paid for my airfare on my first trip down, correct.

Mr. Frank Klees: And subsequent to that, all of your living expenses were looked after by yourself?

Mr. Luis Navas: That's correct.

Mr. Frank Klees: And what were you being paid in that position as an adviser?

Mr. Luis Navas: In 2011, I was paid \$175,000 plus warrants.

Mr. Frank Klees: Plus bonus? And how much was the bonus?

Mr. Luis Navas: Plus warrants.

Mr. Frank Klees: Tell me about that.

Mr. Luis Navas: Warrants were a form of compensation in terms of kind of like a stock option, I guess, on the increased value of Ornge Global.

Mr. Frank Klees: What would the value of those warrants have been?

Mr. Luis Navas: Zero.

Mr. Frank Klees: Okay. What was the potential of those warrants?

Mr. Luis Navas: I think they probably could have accumulated to about \$200,000 over a five-year period.

Mr. Frank Klees: All right.

Do you recall writing a letter to Dr. Bernardo Fernandez of the Cleveland Clinic?

Mr. Luis Navas: I do.

Mr. Frank Klees: It's interesting: You say that you never had a title, but you signed that letter as chief operating officer of Ornge Global.

Mr. Luis Navas: I did not have a title. There was no employment agreement with me whatsoever.

Mr. Frank Klees: Well, why would you have signed this letter?

Mr. Luis Navas: I don't know. I don't even know what you're referring to right now, to be honest.

Mr. Frank Klees: Clerk, if you wouldn't mind?

What we're getting at here is—I appreciate the fact that you've come here to clarify things, but by suggesting that you don't—

Mr. David Zimmer: Have you got copies there, Frank?

Mr. Frank Klees: Yes, it's being distributed. I've asked the clerk to make copies.

Interjections.

Mr. Frank Klees: I apologize. I just got a copy of that this morning.

My point is, Mr. Navas, you're a very experienced business person. You write interesting articles for global governance advisers, advising other companies worldwide about governance and how directors should be conducting themselves, and yet something as basic as your title—you tell us that you didn't have any formal arrangement with Ornge Global, and you don't even recall signing a letter. It was very clear from the reading of that letter—I'm sure that seeing it has probably refreshed your memory—that you were much more than an adviser. You were acting in a very senior capacity of Ornge Global. But having said that, in this article that

you wrote called “The Risky Business of Executive Compensation and Banking”—do you recall writing this?
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Mr. Luis Navas: If I could see that—you keep asking me to recall things, but it’d be great to see it.

Mr. Frank Klees: Sure. That’s a pretty striking title; I can’t imagine that you’d forget about this, but maybe we can pass that along. In that article, you say some very interesting things about the role of directors and responsibilities of boards. You refer, in that article—and, my colleagues, I apologize again; I just got that this morning and it’ll be circulated to you—to Lehman Brothers and Merrill Lynch as examples of lucrative compensation packages for CEOs that have embarrassed boards and forced directors to question the design of executive pay. Do you recall saying that? Is that—

Mr. Luis Navas: Now that I read it, yes.

Mr. Frank Klees: Okay. Obviously, that was somewhat prophetic because I think the board of Ornge, certainly, is embarrassed about the compensation that Dr. Mazza—are you familiar with—I know that you said that when you left, Dr. Mazza’s compensation was \$550,000. Was that the base, or were there additional bonuses in addition to that?

Mr. Luis Navas: That was total compensation.

Mr. Frank Klees: And that was, at the time—I’m assuming that was in 2009.

Mr. Luis Navas: That’s correct.

Mr. Frank Klees: How many employees would Ornge have had at that time?

Mr. Luis Navas: I would guess around 200 or so at the time.

Mr. Frank Klees: About 200. And what would the annual budget of Ornge have been at that time?

Mr. Luis Navas: About \$135 million.

Mr. Frank Klees: About \$135 million. The current chair of the board, Dr. Barry McLellan, who is the president-CEO of a major hospital—they have some 10,000 staff and an annual budget of \$850 million. You know what his compensation is?

Mr. Luis Navas: You surely are not comparing Ornge to a hospital.

Mr. Frank Klees: I am. It is a base hospital. I would suggest—

Mr. Luis Navas: I don’t think that’s a fair comparison whatsoever.

Mr. Frank Klees: Well, I’m going to—

Mr. Luis Navas: Why don’t you compare it to CHL?

Mr. Frank Klees: No; I’m asking the question. I will ask you the question, and I’d appreciate a response. The fact of the matter is—and as a board member you should know—that there was a performance agreement between the Ministry of Health and Ornge that clearly designated it as a base hospital. Its functions are precisely that—very focused, of course, and very specialized. The fact is that it is an organization. Do you know what Dr. McLellan’s salary was and is?

Mr. Luis Navas: Not in 2008-09.

Mr. Frank Klees: It’s \$700,000 today. Compared to \$550,000—I think that for someone who is in the compensation business and compares organizations, I would suggest to you that there is quite a gap here. And there isn’t anyone who has come before this board—even current board members and former board members—who say that that compensation was justified.

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

Mr. Frank Klees: You mentioned—

Mr. Luis Navas: Sorry, what compensation are you referring to “justified”?

Mr. Frank Klees: Either the \$550,000—

Mr. Luis Navas: You’re saying that \$550,000 was not justified?

Mr. Frank Klees: —or the more than \$2 million of compensation.

Mr. Luis Navas: I can’t speak to the \$2 million, but I think I have heard you say and talk about CHL and the comparisons of CHL to Ornge—

Mr. Frank Klees: Tell me the annual—

The Chair (Mr. Norm Miller): Please let him answer, Mr. Klees.

Mr. Frank Klees: Well, he’s—you know, Chair, I’m sorry, but this is unfair. CHL—you tell me the size of that international corporation.

Mr. Luis Navas: They had the exact same operating budget as Ornge at that time.

Mr. Frank Klees: And you tell me whether, as a private corporation, it is fair to compare the Ornge organization, which is a not-for-profit, public service organization, not at all comparative to a private sector corporation—I suggest to you that for you to draw that comparison is in fact not being forthright with this committee.

Mr. Luis Navas: May I answer the question?

The Chair (Mr. Norm Miller): Yeah, please do.

Mr. Luis Navas: Thank you. You’re absolutely right, but that’s one single data point. Just as it’s incorrect for you to say that Sunnybrook is the only example that you can compare the Ornge CEO pay back in—

Mr. Frank Klees: It isn’t the only one.

Mr. Luis Navas: Please let me answer the question. Thank you.

Mr. Frank Klees: It isn’t the only one.

Mr. Luis Navas: Well, that’s what you said. The approach is to look at, as I mentioned in my introduction, if you listened, a multiple list of organizations on the sunshine list back in 2009. The CHL example was actually never even used. It was used as a data point just for comparison purposes. But for you to make a statement that Ornge is only a base hospital—I’m sorry—is completely inaccurate. It is a multiple of things, as we’re learning—

Mr. Frank Klees: I did not—

Mr. Luis Navas: I am trying to answer your question, sir.

Mr. Frank Klees: I did not say that.

Mr. Luis Navas: I am trying to answer your question.

Mr. Frank Klees: Well, sir, let me tell you, you are a witness here and we have the right to ask you the questions that we feel are pertinent to the report that's before us, that we believe are pertinent to the mismanagement that has taken place and, quite frankly, that are pertinent to your role as a director and especially as chair of a compensation and governance committee of this organization. That's our role here.

Mr. Luis Navas: I agree; I agree. And I wish you would actually let the witness answer the question.

The Chair (Mr. Norm Miller): And you're out of time. So I'll let you answer the question, then we'll move to the NDP, please.

Mr. Luis Navas: Thank you. Those are good points, Mr. Klees, but again, you're looking at just one single data point. Back in 2009—and in any situation, you need to look at multiple data points. Are you aware that back in 2009, the CEO of CHL was making over \$1 million a year? And we—I am trying—

Mr. Frank Klees: That is totally irrelevant to what we are talking—

Mr. Luis Navas: I am trying to answer your question, sir. I'm trying to answer your question.

The Chair (Mr. Norm Miller): We'll move on, then, to the NDP, please. Go ahead, France.

M^{me} France Gélinas: Thank you. Good morning.

Mr. Luis Navas: Good morning.

M^{me} France Gélinas: You said in your opening comment that you felt that the government supported Ornge Global. That was in the comments you made. What do you base that on?

Mr. Luis Navas: I circulated a presentation that was shown to me. I was not involved in preparing it or presenting it, but in my professional opinion, the report that was presented and circulated to a number of people in the letter I felt was actually quite detailed. I was also updated on other occasions around conversations that were had with government officials. So based on that is what I'm basing it on.

M^{me} France Gélinas: Have you yourself ever checked if anybody at the Ministry of Health knew what was going on? Did you ever ask some of the people at Ornge Global how things went updating the ministry?

Mr. Luis Navas: Yes. People like the chair of the board of Ornge—

M^{me} France Gélinas: Mr. Rainer?

Mr. Luis Navas: Yes—did provide updates in terms of any meetings that they had, or conversations. It was my understanding that, yes, there was an understanding as to what was going on.

M^{me} France Gélinas: Okay, but when you were on the board, you were not involved with Ornge Global. Or were you?

Mr. Luis Navas: Correct. Sorry, I'm speaking 2010 to 2011 as an adviser, not on the board.

M^{me} France Gélinas: Okay. So what was your relationship? How come you knew what was being said at the board?

Mr. Luis Navas: Just as an adviser, you would have the ability to, at times, find out what was going on. Also, just from a commonsense approach. No adviser wants to be involved in a situation in which you know that there isn't support for what's being done. Nobody wants to get to the end of a process and find out that there's no support. From my perspective, especially from my experience as a board member from 2006 to 2009, I viewed Ontario as the main stakeholder in Ornge and critical to make sure that Ontario and Ontarians knew what was going on.

M^{me} France Gélinas: You also mentioned that you asked—I think you said that Maria had assured you that the contract you had to give advice to Ornge, once you started to work for Ornge Global, was paid for by Ornge Global and was not paid for by the not-for-profit. Did I—

Mr. Luis Navas: That's correct.

M^{me} France Gélinas: Okay. How did you know this, why did you ask and why was it important?

Mr. Luis Navas: To me, it's critical to—it touches on the points that Mr. Klees raised earlier about good governance. If the dollars are coming from Ontario taxpayers for something that is on the for-profit side, regardless of that the fact that the province was standing to benefit from profits that came from it, it would be absolutely poor governance if monies were being used from Ontarians' pockets to pay for that. So I wanted to know.

M^{me} France Gélinas: How big of a budget did Ornge Global have?

Mr. Luis Navas: I don't know that. I didn't have access to that.

M^{me} France Gélinas: How much profit did they make?

Mr. Luis Navas: I don't have access to that. The only information that I had been given was, the monies that were contributed through revenue by AugustaWestland—

M^{me} France Gélinas: —were serving to pay your retainer for an adviser.

Mr. Luis Navas: That's correct.

M^{me} France Gélinas: Did you want to ask a question?

Mr. Jagmeet Singh: Yes. In terms of the government's awareness of what was going on at Ornge, were you ever involved personally in apprising the government, the Ministry of Health, of what was going on at Ornge in terms of salary compensation or anything of that nature?

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Mr. Luis Navas: I never had any interaction with any government official relating to anything on Ornge Global.

Mr. Jagmeet Singh: Okay. As you indicated, being involved, you had some knowledge of what was going on; for example, a letter that you tabled that was given to the Ministry of Health. In terms of just your general knowledge, were you aware if the Ministry of Health was apprised of salary disclosure; for example, how much people were making at Ornge?

Mr. Luis Navas: It was my understanding that from 2008—which I was on the board at that time, as I

mentioned earlier—from that time onwards, there was no discussion or disclosure around compensation with the government of any kind.

Mr. Jagmeet Singh: And do you know why that decision was made?

Mr. Luis Navas: I do, actually, because I was on the board at the time. In 2008, the board's legal advisers were informed that Ornge no longer had to disclose compensation. To be totally honest, being an executive compensation adviser was not anything new to me. There had been a number of other quasi-government entities, P3 organizations, that I was aware of that also were no longer required to disclose compensation levels.

Mr. Jagmeet Singh: Despite not being required to, did you feel that it was still appropriate, given the fact that all the salary was coming from the public purse?

Mr. Luis Navas: I had no issue, if it wanted to be disclosed or not. I have some clients where there are similar issues, and they are not required to disclose; they disclose the top three executives in the annual report. So I was fine either way, but the legal advisers to Ornge had said, "You should just not disclose it."

M^{me} France Gélinas: Was this a discussion of the board members, and how many board members felt, like you did, that it should be disclosed versus shouldn't?

Mr. Luis Navas: It was a discussion at the board level, and the board as a whole felt that if they were being advised not to disclose it, then that was what should be done.

M^{me} France Gélinas: So how come you're still there? You're still at the board, you're having those conversations, and we're saying that you don't have to disclose because you have now gone to a for-profit entity, but you tell us that there was no for-profit entity when you were on the board.

Mr. Luis Navas: No, sorry. Maybe it's not coming across properly. So from 2006 to 2009, there were no for-profit entities. Frankly, there were no discussions around for-profit entities. Any comments that I'm making around disclosure or pay was as a director. It stops and ends there.

M^{me} France Gélinas: So how could Mr. Mazza's salary have been considered not from the not-for-profit if there was no for-profit existing?

Mr. Luis Navas: I'm sorry. I don't understand the question.

Mr. Jagmeet Singh: So, when you were advised that you no longer had to disclose the salary, what happened? What was the change that occurred that required—

Mr. Luis Navas: Oh, just that all employees were no longer being reported on the sunshine list. It was as simple as that.

M^{me} France Gélinas: Based on? What changed?

Mr. Luis Navas: On the legal advice that was given to the board.

Mr. Jagmeet Singh: And what was that legal advice?

Mr. Luis Navas: I'm sure it's still in the minutes of Ornge—that, based on the categorization of Ornge as a legal entity, it did not have to actually report it.

Mr. Jagmeet Singh: And it had nothing to do with the for-profit or not-for-profit—

Mr. Luis Navas: There was no for-profit at the time.

Mr. Jagmeet Singh: So just the new characterization of the organization, that it no longer—

Mr. Luis Navas: That's absolutely correct.

M^{me} France Gélinas: Do you remember which lawyer gave that advice?

Mr. Luis Navas: I don't remember the lawyer, but the firm at the time was Fasken.

M^{me} France Gélinas: It came from Fasken?

Mr. Luis Navas: Correct.

M^{me} France Gélinas: So when you left in 2009, Mr. Mazza's salary was in the \$500,000 range?

Mr. Luis Navas: No. So, just to be clear—because I find I've been listening to the discussions of this committee in the last several weeks and also following the media, and people keep referring to salary. There are three components in executive compensation generally. In a not-for-profit, when I was on the board—and it would be the same in terms of Mr. Klees's example of Sunnybrook—you have a salary and then you have an annual bonus. In a for-profit entity, you usually have three components of compensation: You have a salary, an annual bonus and some form of what's called a long-term incentive. The long-term incentive is something that's usually paid at a future date. It works kind of like a stock option, and it only gets triggered if there's an accumulation of value generated in the organization. So the \$550,000 that I'm referring to was salary and bonus. I think his salary at the time was \$400,000.

M^{me} France Gélinas: And then the other \$100,000 was a bonus?

Mr. Luis Navas: That's correct.

M^{me} France Gélinas: Do you know if the Ministry of Health ever asked how much Mr. Mazza's compensation was?

Mr. Luis Navas: I do know that as the chair of the company, there never was a question asked as to what the compensation was, no.

M^{me} France Gélinas: If you followed the file, you know that the NDP had filed freedom of access to information to find out what Mr. Mazza's salary was. So you're telling us that the ministry never actually asked Ornge what his salary was?

Mr. Luis Navas: No. As chair of the comp committee, I was never approached on anything like that, no.

M^{me} France Gélinas: Would you expect that you would have been if such a request had been made?

Mr. Luis Navas: I would think so, yes.

M^{me} France Gélinas: But it wasn't.

Mr. Luis Navas: Correct.

M^{me} France Gélinas: When did you leave the board of Ornge? What month in 2009?

Mr. Luis Navas: It would have been the end of 2009. It should be in the corporate records of my resignation letter.

M^{me} France Gélinas: So in November or December?

Mr. Luis Navas: It would have been, I think, in December 2009.

M^{me} France Gélinas: Okay. Go ahead.

Mr. Jagmeet Singh: Were you ever Dr. Mazza's college roommate?

Mr. Luis Navas: No.

Mr. Jagmeet Singh: In terms of the compensation, what points did you compare to determine Dr. Mazza's overall compensation?

Mr. Luis Navas: Sure. It's a good question. That's what I was trying to answer before with Mr. Klees.

What we would do is actually gather—we applied what's called a compensation strategy. We used the exact same type of philosophy and approach that would be used in a publicly traded company at the time. And that should be in the corporate records, the actual compensation strategy of Ornge between 2006 and 2009.

So what we would actually do is we had a pay philosophy to only pay against organizations on the sunshine list, not-for-profits, that had quasi-similar size. We definitely would look for organizations that kind of operate in the same context. Mr. Klees is absolutely right that one of the data points that we would use is hospital CEOs, but it wasn't the only one. The challenge that we would have, though, is how do you find other comparables in terms of aviation experience, both on the rotor side and the fixed-wing side? How do you incorporate, also, the multi-base examples, the air versus land? So it wasn't easy, but we always erred on the conservative side. We really put most of the weight on CEOs of hospitals. When we would compare that to Dr. Mazza's compensation—and I'm talking in terms of target compensation, because what we would do is we'd actually have a salary, and then in terms of the annual bonus, we would have a performance scorecard that would allow him to make anywhere between a threshold level of bonus to a superior level of bonus.

If you combine the total compensation, he was usually around about the 75th percentile of the hospital peer group. So there were other CEOs in the hospital peer group in Ontario who were earning more than him.

M^{me} France Gélinas: Did the ministry know about the compensation structure that you had put in place?

Mr. Luis Navas: Yes. From my understanding—I was not involved in the discussion, but I was advised that in 2007 or 2008, Rainer Beltzner had a discussion with a representative of the government just to explain the process that the board would follow around executive compensation.

The Chair (Mr. Norm Miller): And we are out of time, so if we move to the government and Mr. Moridi.

Mr. Reza Moridi: Thank you, Mr. Navas, for taking the time to appear before this committee.

Mr. Luis Navas: Thank you.

Mr. Reza Moridi: My understanding, Mr. Navas, is that you completed a business MBA course at Ivey school.

Mr. Luis Navas: That's correct.

Mr. Reza Moridi: Is this the place where you met Dr. Mazza?

Mr. Luis Navas: That is absolutely true, yes.

Mr. Reza Moridi: And is it fair to say that you got employed by Ornge through this connection?

Mr. Luis Navas: No. I was contacted by Rainer Beltzner about the board chair position. There's no doubt in my mind that one of the reasons I was contacted—it was probably twofold. One, Rainer Beltzner knew me from the work that I was doing on Bay Street around executive compensation in corporate governance, but also, I would imagine when my name came up that Dr. Mazza would have known my name right away in terms of being in his classroom for 18 months at Ivey.

Mr. Reza Moridi: Were you employed by Ornge Global under contract, or it was just permanent employment?

Mr. Luis Navas: Under contract.

Mr. Reza Moridi: For how long?

Mr. Luis Navas: It was just like any adviser. It was a month-to-month contract, so there was no term on it. But it ended up lasting for about 14 months.

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Mr. Reza Moridi: What was your title there?

Mr. Luis Navas: Again, I did not actually have a title. I don't understand why there is a CEO title on this letter that I've been given. I did not actually have a formal title. I worked—it was a very open-ended-type relationship, but really focusing on helping introduce business partnerships to Ornge outside of Ontario. I'm happy to speak to that, if anyone would like.

Mr. Reza Moridi: But you signed the letter as chief operating officer for Ornge Global?

Mr. Luis Navas: Right, but you won't find any—I can't speak to that, I'll be honest; I know it sounds terrible—but you will not find any corporate record that indicates that that title is true. There was no employment agreement; there were no statutory benefits—none whatsoever.

Mr. Reza Moridi: So do you think that this is the only letter you signed under this title?

Mr. Luis Navas: At this time, I don't know.

Mr. Reza Moridi: So there might be many more letters—

Mr. Luis Navas: There could be. I'll tell you right now: I've been following the testimony—

Mr. Reza Moridi: Please, let me just finish my question.

Mr. Luis Navas: Sure. Sorry.

Mr. Reza Moridi: Do you think that there might be many more letters you have signed under this title?

Mr. Luis Navas: I don't think so, because what you'll find is that I didn't actually have signing authority at Ornge.

Mr. Reza Moridi: But you have signed the letter?

Mr. Luis Navas: Sorry; that's just a framework in terms of a potential partnership. I had no legal signing authority at Ornge.

Mr. Reza Moridi: So do you think you have done illegal work here?

Mr. Luis Navas: No; that's not a legal document. That is just a framework in terms of a potential partnership arrangement. If you look at any corporate files at Ornge, anything that is a final legal document, you will not find any one of my signatures on it, because I was not a legal signing authority at the organization.

Mr. Reza Moridi: Thank you.

I understand that you had been hired at Ornge Global to design executive compensation for the executives—

Mr. Luis Navas: No, that's incorrect.

Mr. Reza Moridi: This is not correct?

Mr. Luis Navas: No.

Mr. Reza Moridi: So were you responsible for designing Dr. Mazza's compensation package?

Mr. Luis Navas: From 2006 to 2009, as a board member, I was involved in that process. That was the last time.

Mr. Reza Moridi: So did you have knowledge about how Dr. Mazza's compensation moved to \$1.4 million?

Mr. Luis Navas: No.

Mr. Reza Moridi: Do you think that there was any specific reason for this, or do you have any knowledge or information—

Mr. Luis Navas: I don't know. In all fairness, I think that's a question for the board. I honestly don't know.

Mr. Reza Moridi: Were you involved or were you aware of how Dr. Mazza's compensation moved from Ornge not-for-profit to Ornge for-profit?

Mr. Luis Navas: Just as I mentioned earlier, the only thing that I was last advised on was around the disclosure. Other than that, I don't know that process. I wasn't on the board at the time.

Mr. Reza Moridi: Did Dr. Mazza ask you to design compensation packages for the executives to avoid requirements from disclosure?

Mr. Luis Navas: No.

Mr. Reza Moridi: It has been reported, Mr. Navas, in the media that Dr. Mazza was trying to set up offices around the world, including Florida. Did you have anything to do with this decision?

Mr. Luis Navas: I had nothing to do with the decision, but I'm aware that those are not the facts. There was never a path to have an office in Florida. I believe the last thing I had heard after I left was that there was a partnership that was potentially going to be signed in Nashville, Tennessee.

Mr. Reza Moridi: Were you involved in the establishing of the office in Florida?

Mr. Luis Navas: No, again, there was no—from my understanding, it wasn't even an office. What you have to understand is, if Ornge Global wanted to grow outside of Ontario into new countries, most countries require, from an aviation perspective, that you have to have a local partner; a Canadian organization cannot own a majority stake in an aviation company in the United States, for example. They were having discussions. I don't know whether they ever closed on the deal or the partnership

arrangement with an organization in Nashville, Tennessee.

Mr. Reza Moridi: Were there any business cases for such a branching or opening up offices in, say, Florida?

Mr. Luis Navas: Yeah, so, it wasn't offices—this is a good question, because I really think the media has not followed this properly. It wasn't opening offices; it was expanding the Ornge portfolio of services outside of Ontario, and that could have included, frankly, British Columbia or Quebec.

In terms of the United States—any country outside of Canada that they would go into—I think they were doing the right thing in saying, “We don't know the US market as well as an American company, plus we have the aviation issues, so we need to have a partner in each country that we”—

Mr. Reza Moridi: Thank you very much.

Interjections.

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

Mrs. Liz Sandals: If we could go back to this letter, Mr. Navas: It's addressed to the CEO of something called the Cleveland Clinic, which is located in Florida.

Mr. Luis Navas: No, sorry. The headquarters are actually in Cleveland.

Mrs. Liz Sandals: Well, I'm sorry, the address that's on this letter is in Florida.

Mr. Luis Navas: Okay, fair enough. Yes.

Mrs. Liz Sandals: It's addressed to the CEO of whatever this thing is, okay? What do you think the CEO thought when he got a letter that has your signature on it, that says you are the chief operating officer?

Mr. Luis Navas: I would think he would think that.

Mrs. Liz Sandals: Regardless of what you think your contract said, you were signing as chief operating officer to external parties, so external parties believed you were the COO of Ornge Global.

Mr. Luis Navas: That's fair enough, yes.

Mrs. Liz Sandals: So why did you sign as COO if you were not the COO?

Mr. Luis Navas: I can only refer to the contract that I have. Again, it's public record. There is no employment contract.

Mrs. Liz Sandals: Yes, but the CEO of this corporation didn't get your contract.

Mr. Luis Navas: I would guess that—

Mrs. Liz Sandals: He got a letter that said you were COO.

Mr. Luis Navas: That's a fair question. It's a fair question. I would assume that it wouldn't be common practice, if you're an adviser to a company, to be signing it as “Adviser.”

Mrs. Liz Sandals: So one just made up a title and said, “I'm the COO.”

Now, what's really interesting about this letter, which was sent in November 2010, is that you are proposing that Ornge will provide “a dedicated rotary, jet and related land transport medicine system” in Florida in the third quarter of 2011, which is, coincidentally, about the time that the new helicopters and the new planes arrived

at Ornge Global, or at least at Ornge in Canada. Where were you going to get the helicopter and where were you going to get the jet to provide dedicated service in Florida?

Mr. Luis Navas: That was actually—again, anything going on in the not-for-profit side was completely separate from the for-profit, so—

Mrs. Liz Sandals: So you, over the signature “COO,” offered up a dedicated jet and a dedicated helicopter, and you had no idea where they were coming from?

Mr. Luis Navas: No, no; that’s not what I’m saying. I’m trying to explain to you that you’re insinuating that the organization was going to be using assets from the not-for-profit side. That’s not true whatsoever. If—

Mrs. Liz Sandals: Well, as we know—

Mr. Luis Navas: Well, I’m trying to explain it—

Mrs. Liz Sandals: The profit was holding all the helicopters for the non-profit.

Mr. Luis Navas: I’m trying to explain it to you. If you actually speak to Bernie, what you’ll actually find out is that there were already discussions in place to order a new helicopter from AgustaWestland, separate and through Ornge Global.

The other thing that’s important to realize is that Ornge not-for-profit—Ornge, period—did not actually have a jet. There were already discussions in terms of buying that also, again through the funds that were being raised through private investors.

Mrs. Liz Sandals: So the fact that this helicopter happens to show up exactly at the same time as the other helicopters is just pure coincidence?

Mr. Luis Navas: Absolutely, because what you need to understand—I think Mr. Potter was here last week—is when you actually make a purchase for a helicopter or have a commitment for a helicopter with a usage for an organization, you’re looking at about a two-year period to actually fill that. So even if you—

Mrs. Liz Sandals: That’s why I’m wondering why they show up at the same time. That’s exactly why I’m wondering that.

Mr. Luis Navas: It’s not the same time; 2010 to 2011 is one year, so you would actually need—and that’s not even a signed deal, by the way.

Mrs. Liz Sandals: But it says that the timing for implementation of Ornge providing a dedicated helicopter is the third quarter of 2011. If it wasn’t one of the helicopters that you had already ordered for Ontario—

Mr. Luis Navas: It was going through AgustaWestland.

Mrs. Liz Sandals: —how could you get a two-year—your words—lead order time, starting in November 2010?

Mr. Luis Navas: I’d have to read this again, but I highly doubt that that’s actually what it’s saying in terms of starting. The implementation process would start in that period, but then you have a long process to actually train the staff, set up the base, applications for licensing etc.

0900

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

Mr. Luis Navas: If you actually ask Ornge for this, you’ll actually find corporate records that show that there were already discussions initiated with AgustaWestland that if that contract or any other contract would go through, there would be new purchases of new helicopters purchased through Ornge Global for-profit with investor money.

Mrs. Liz Sandals: Could you clarify for us that you assumed that the government was approving the compensation and the new corporate structure simply because you saw a letter advising the government of the new corporate structure but with no reference to Dr. Mazza’s compensation? And because you saw a letter informing them, you therefore thought they approved? Is that—

Mr. Luis Navas: No, I never made any statement about compensation. I’m making a statement about approval of the strategy.

Mrs. Liz Sandals: No, you said you believed that the government had approved everything or supported everything.

Mr. Luis Navas: The strategy. I never said compensation.

Mrs. Liz Sandals: So why would you think that just because they got a letter, they were in support?

Mr. Luis Navas: I’m sorry, Ms. Sandals, but that’s not a letter; that’s about a 43-page detailed document.

Mrs. Liz Sandals: Yes, but the fact that—I receive all sorts of things—

The Chair (Mr. Norm Miller): You are out of time at this point.

Mrs. Liz Sandals: —it doesn’t mean I support them.

Mr. Frank Klees: Mr. Chair, if I may?

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

Mr. Frank Klees: I ask for unanimous consent for an additional five minutes, if we could do that. There are just some things that we cannot allow to have Mr. Navas leave without clarifying. Is that agreed?

The Chair (Mr. Norm Miller): Is that five minutes per party?

Mr. Frank Klees: I would think so; right?

M^{me} France Gélinas: Right.

The Chair (Mr. Norm Miller): There’s been a request for unanimous consent for 15 more minutes. Is that agreed? Agreed.

Mr. Klees, it’s your turn.

M^{me} France Gélinas: Unless Liz wants to finish and go first. Liz, would you want to finish and go first?

Mr. Frank Klees: Do you want to go finish off?

Mrs. Liz Sandals: No, we can go around.

The Chair (Mr. Norm Miller): Okay. Go ahead, Mr. Klees.

Mr. Frank Klees: Mr. Navas, you came forward saying that, voluntarily, you wanted to clear your name and clear things up. I think you got yourself into some mess here. There are more contradictions—

Mr. Luis Navas: I’m just trying to help.

Mr. Frank Klees: There are more contradictions in your testimony here, quite frankly, than we've heard from anyone else. First of all, you said very clearly that you were not involved with the for-profit, that you did not hold a title. This letter is very clear. One of two things happened: Either someone else signed this or you grossly misrepresented your role to some very key players with whom Ornge was going to do business.

Mr. Luis Navas: No, not at all. Again, I would ask you to please look at any corporate record and find any employment agreement that actually refers to that.

Mr. Frank Klees: That is irrelevant. I'm sorry.

Mr. Luis Navas: I don't believe it is irrelevant, actually.

Mr. Frank Klees: I'm sorry, this is about what you, sir—

Mr. Luis Navas: An employment agreement is a legal document.

Mr. Frank Klees: Sir, this is about what you were representing in the business market out there. You would not, as an adviser in business, recommend that anyone do business this way.

You also said that there was no intention of establishing an office.

Mr. Luis Navas: To my knowledge, there was not.

Mr. Frank Klees: In this same letter—let me read to you from your letter, sir, that you signed: “Dr. Mazza and I will be in Miami November 11th to the 14th to finalize the details of our new Miami office and aviation base. If you are available, we would welcome the opportunity to discuss our proposal in person.” Sir, this is your letter—your letter that clearly states you're going to open up an office, and you tell this committee under oath that there was no intention.

One final thing. You also said at the outset that you had no involvement with the marketing agreement.

Mr. Luis Navas: No, that's not what I said. I said I had no involvement with the marketing services contract, but I did have involvement with the AgustaWestland endorsement contract.

Mr. Frank Klees: I beg your pardon?

Mr. Luis Navas: Would you like me to say it again?

Mr. Frank Klees: What is the AgustaWestland endorsement contract?

Mr. Luis Navas: There are two contracts. I think—can I actually just address your first one before that?

Mr. Frank Klees: Well, actually, here's what I'd like to do. I'd like to, for the record—because, under oath, when Kelly Long was here, we specifically asked her about the Agusta marketing services agreement, of which we have a copy, by the way, and we know what it referred to—

Mr. Luis Navas: And whose signature is on—may I ask whose signature is on that?

Mr. Frank Klees: Well, I can tell you it's not yours. It is Maria Renzella.

Mr. Luis Navas: Thank you very much.

Mr. Frank Klees: However, whether your signature was on there or not, here is a fact: The agreement—

Mr. Luis Navas: Actually, just for my purposes, can I actually see that letter, please?

Mr. Frank Klees: Which letter are you referring to?

The Chair (Mr. Norm Miller): Excuse me, which letter—

Mr. Luis Navas: He's referring to a marketing services letter, and I'd just like to see it.

Mr. Frank Klees: No, I said the marketing services agreement. We have it on file; I don't have it here. The members of the committee have it.

Here's my question to you. My question to you is this: When Kelly Long was asked who she reported to, who was the lead on the project for the Agusta marketing services agreement, here's what she said: “Luis Navas, the former chief operating officer of Ornge Global.” Interesting that she believed you were the chief operating officer of Ornge Global; apparently everyone else did except you. He was “the lead on that project. He was actually responsible for overseeing the agreement and the deliverables. When he suffered a medical condition and went on medical leave—I believe that was in September 2011; it would have been September or October ... I can't recall exactly the month—I was delegated, because I was reporting directly to him in a junior executive capacity, that I would oversee the final deliverables.”

Sir, you were the lead on that marketing services agreement.

Mr. Luis Navas: That's incorrect. Can I answer that question?

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

Mr. Luis Navas: Thank you very much. What I'd ask you to do, Mr. Klees, is to do your further research and find any documentation that has an official letter from Ornge relating to any marketing services agreement and see whose signature is on that. If you look at the marketing services agreement, you will not find my signature on that. I do not know why Ms. Kelly Long said that.

I also do know, in observing your testimony with her, that you also disagreed with her on a number of points. So unless you're now saying that you agree with everything she said, then I would argue with you that that is not true. I don't know why she said that, but it's absolutely true, sir, that I had provided advice on the AgustaWestland endorsement contract, which maybe is what she is referring to, sir.

Mr. Frank Klees: No, I don't think so. Whose signature appears on an agreement is irrelevant to who has responsibility—

Mr. Luis Navas: Well, you've also just spent the last 20 minutes saying that it is relevant in terms of a signature that's on a letter to Cleveland Clinic. So now you're contradicting yourself.

Mr. Frank Klees: I can tell you what's relevant: Based on what I'm hearing this morning, I'm more inclined to believe Kelly Long than I am to believe you.

Mr. Luis Navas: Great.

The Chair (Mr. Norm Miller): And we'll move on to the NDP, please. France Gélinas.

M^{me} France Gélinas: All right, I will give you a few seconds to explain to us what the endorsement contract is.

Mr. Luis Navas: Sure. I think it's actually a very good amount of time spent for this committee.

To my knowledge, there were two contracts. I think this committee keeps referring to one contract for \$6.7 million. There were actually two contracts. One was what Mr. Klees is referring to, which is the marketing services contract, which I believe was for \$4.7 million. I very much encourage you, Mr. Klees, and anybody else here, to go through all public records and find out when—

M^{me} France Gélinas: You don't have to tell us what to do. I asked you a question.

Mr. Luis Navas: Okay. Okay. The marketing services contract was signed, negotiated and in place by Dr. Mazza and by Maria Renzella. There was a marketing group at Ornge that was in charge of writing, I guess, three or four reports.

When I got there, there was a gentleman in charge of marketing called Modya Silver. He was in charge of the marketing services agreement, in terms of producing consulting reports.

There was then in the summer of 2011—when I left, there was no signed contract, but I believe, from what I'm reading, that it did get signed. What that was was—

M^{me} France Gélinas: But I'm asking you about what the endorsement contract is—

Mr. Luis Navas: That's what I'm trying to get at now, the second—this is—

M^{me} France Gélinas: We already know about the marketing contract.

Mr. Luis Navas: So I'm referring now—when I left, it had not been signed yet, but they were working on an AgustaWestland endorsement contract.

In totality, what people need to understand is—I've heard people talk about these kickbacks or this and that. I can't comment in full to the original marketing services agreement because I was not there when it was done. But what people hopefully will understand is that the partnership or the agreements—the two agreements with AgustaWestland—were not about just these consulting reports. What it was was a global marketing partnership sales arrangement, endorsement arrangement, where the hope of AgustaWestland was that by leveraging the services or the experience of Ornge in using EMS helicopters, that as Ornge Global hopefully grew outside of Ontario, that Ornge would endorse the use of AgustaWestland products.

M^{me} France Gélinas: So how much was the endorsement contract for?

Mr. Luis Navas: It was \$2 million, I think, over four years. Again, I didn't see the final signed agreement—

M^{me} France Gélinas: But you're telling us that you were working under this agreement but it had not yet been signed.

Mr. Luis Navas: Correct.

0910

M^{me} France Gélinas: Yet you were retained—worked for—from 2010 to 2011 on an agreement that had not yet been signed?

Mr. Luis Navas: No, no. That was just one of the things I was doing. I was also helping in terms of making introductions, like the Cleveland Clinic example in terms of other potential partners outside of Ontario.

M^{me} France Gélinas: How much money did you make from the share that was offered to you from Ornge Global?

Mr. Luis Navas: Zero.

M^{me} France Gélinas: Do you still have any of those shares?

Mr. Luis Navas: When I left, I actually returned the vast majority. I think they're worthless anyway. I think I had 300 shares or something like that.

M^{me} France Gélinas: Why did you return them?

Mr. Luis Navas: I offered them back so that they could actually use them in terms of recruiting new talent for the venture.

M^{me} France Gélinas: Although they were worthless.

Mr. Luis Navas: Any warrant is worthless until there's actually value generated over time.

Mr. Jagmeet Singh: Were you involved with salary compensation and talks of salary compensation in 2010 for the board?

Mr. Luis Navas: No.

Mr. Jagmeet Singh: The Toronto Sun reports that, "In talks that involved Navas, a decision was made by the board to increase Mazza's salary and bonus to \$1.4 million in 2010." Do you agree with that?

Mr. Luis Navas: No, and also I think he makes a comment that he called me or contacted me for a statement. I've never been contacted by the Toronto Star.

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

Mr. Jagmeet Singh: So in terms of your salary compensation, the last time you had any involvement with that would have been in 2009?

Mr. Luis Navas: That's correct.

M^{me} France Gélinas: Aside from the framework for a partnership agreement, the words that you used to refer to your dealings with the Cleveland Clinic, were there similar dealings with other health providers in the States or other providers in the States?

Mr. Luis Navas: Yes. Again, as I mentioned—and I never actually got to answer Mr. Klees's point about Florida—the way I understood the question was, was there an office to be set up in south Florida? There were considerations of multiple—not offices but locations in which to have a presence, because you had to have that in order to have an aviation operation in the United States. Mr. Klees points to south Florida, but there were also considerations in California, in Cleveland, in other parts of the United States, in Buffalo. But when I left, the one that they were leaning towards was definitely not Florida, and that's what I'm trying to indicate. It was—

M^{me} France Gélinas: But in your letter, you said from “November 11th to the 14th” Mazza will be there with you “to finalize the details of our new Miami office and aviation base.” That certainly seems like you’re—

Mr. Luis Navas: Right, at that time. Agreed. At that time, that was to be a preferred location—

M^{me} France Gélinas: Did you look at office space down there?

Mr. Luis Navas: No, we looked at hangar space.

The Chair (Mr. Norm Miller): And we are out of time. We’ll move to the Liberals, please.

Mrs. Liz Sandals: I think, no questions, and move on to Mr. Blum. Could you tell us how you’re going to work the rotations for Mr. Blum, please?

The Chair (Mr. Norm Miller): I will as soon as I figure out how much time we have.

Thank you very much for appearing before the committee today.

Mr. Luis Navas: Thank you very much.

MR. JACOB BLUM

The Chair (Mr. Norm Miller): Mr. Jacob Blum is our next witness, if you could come forward, please. Good morning, Mr. Blum.

Mr. Jacob Blum: Good morning.

The Chair (Mr. Norm Miller): Thank you for coming in this morning.

Mr. Jacob Blum: My pleasure.

The Chair (Mr. Norm Miller): You’ve received the information for a witness coming before the committee?

Mr. Jacob Blum: Yes, I have.

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

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

Mr. Jacob Blum: I do.

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

The Chair (Mr. Norm Miller): And if you want to take five minutes for an opening statement, then we’ll go to questions. We’ll have about 20 minutes per party for questions.

Mr. Jacob Blum: Thank you very much, Mr. Chair. Honourable members of the committee, it’s a pleasure to sit here before you today. Hopefully, I can shed some light and provide some information onto this matter. I have a short statement.

I have watched the committee’s work with interest. I have read the transcripts, watched the testimony on TV and noticed that some of the information brought to light did not square with my recollection of events, especially with respect to the subject of the Ministry of Finance’s interest in consolidating Ornge’s assets. Therefore, in the spirit of clarity and the fullness of information, I would

like to table to the committee my notes, my personal diary, on the consolidation matter, which I have affixed to an affidavit.

This is the document. The clerk, I believe, has made three copies, one for each party sitting.

The Chair (Mr. Norm Miller): Yes, and the clerk is making copies of that right now and we’ll have them for you shortly.

Mrs. Liz Sandals: We don’t have that already?

The Chair (Mr. Norm Miller): No, it’s being copied as we speak.

Mr. Jacob Blum: Shall I continue, Mr. Chairman?

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

Mr. Jacob Blum: Okay, thank you. When I arrived at Ornge, or the Ontario air ambulance base hospital program, as it was then called, the system was siloed, fragmented, there was no unified systems design, and patient care was being jeopardized. There were some coroners’ reports; there was the Donner report. The program was housed at Sunnybrook Health Sciences Centre.

I think it’s important at this time that I make a clarification with respect to Fasken’s role in the evolution of Ornge. Fasken’s was Sunnybrook’s legal counsel at the time. Because we were a division of Sunnybrook hospital, we inherited Fasken’s as our legal counsel, so no one at Ornge—myself or anybody else—solicited Fasken’s as counsel; we just inherited them, and they evolved along with us.

I had met Dr. Mazza in 2002 when I started working at Sunnybrook. Dr. Mazza had the necessary personality to drive the breakthrough of inertia that the air ambulance program found itself in at that time. My role was to create a path to realize that unification.

From 2002 to 2008, I built a transition team primed for change and organizational redesign. Some of the key aspects of that included information technology, human capital and back-office functionality. However, the most critical area that had been neglected as a result of a fragmented system was operations. It became quickly apparent to me that what was needed was a world-class command-and-control centre.

The single biggest challenge was staffing operations. It’s important for me to make note that there is a distinction between medical operations and organizational operations. What I’m referring to here in my five minutes is organizational operations, not medical operations. Having said that, the delineation between these two buckets was never truly made at Ornge, and as such, it served as a significant impediment in creating a performance-based organization as opposed to a reporting-based organization.

Therein a culture started to emerge where it became burdensome to challenge the medical operations from the non-medical. Organizational ops. was not understood and therefore did not become a priority. I had hired the executive team and helped build the board of directors. I believed in the executives, but in many ways they were not up to the job of the mandate for organizational change. Quite often, people say that this is a case study in

public policy, governance, transparency and ethics; I would like to think that it's at a more fundamental level. This is a case study of the human condition, where good people found themselves in situations and, if I can paraphrase, took a bite of the fruit of greed. Once that bite was taken, they crossed a Rubicon that I don't think they could come back from.

Their fork in the road emerged, and it ultimately became apparent that developing command-and-control operations was put on the back burner. What ended up happening was a desire to become an aviation company—what I cheekily call “boys with toys.” That fork in the road resulted in the strategy being changed, where management could not keep up with the pace of the original mandate and began to deviate from it. At that point, it became apparent that I had to leave. To be sure, it was a great disappointment that I left because I was severely dedicated to changing Ornge as it was meant to be.

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There were some successes, however. A transition team was established to build a modern command-and-control centre. There are some building blocks that still remain in Ornge as a result of that work. To this end, the board can rest assured that there is a good and solid foundation to move forward towards operational excellence as opposed to operational reporting.

Information technology was going to be the backbone of the operational excellence. What we had designed was a service-oriented architecture with dispatch as a core element, and it was through dispatch which is how you could get the performance reporting. To this end, the Auditor General's report clearly demonstrated that there were serious flaws in the communication centre and that the organization and operations were not a focus. An interim solution became the standard, and operational excellence ceased to be the priority.

The front-line staff in the original core mandate of Ornge believed that this was the right direction to go in. Not only did management fail to deliver to the front-line staff the mandate that we had been given, but the 2012 AG report demonstrates that the situation actually worsened.

The operational objective was to have a digital command-and-control centre where core management systems were integrated and all manner of calls could seamlessly be processed. However, the implementation was put on hold and, as I mentioned, the system of Optimus still remains to this day. Optimus was never designed to be a real-time engine and/or a systems architecture. It was only able to report admin reports that could be overridden after the fact, providing static reports on the number of flights.

To address this antiquated system, I had brought in experts to assess and report to management what was needed. The report stated to management that there was a risk in implementing Optimus as opposed to deploying a long-term GIS system, geographical information system. Nevertheless, what I call a “black swan” management decision was made to go ahead with the interim solution.

The Chair (Mr. Norm Miller): Mr. Blum, are you almost done your—

Mr. Jacob Blum: Almost done.

The Chair (Mr. Norm Miller): Okay.

Mr. Jacob Blum: I'll skip ahead and just come to my conclusion for the sake of time.

Ornge's core mandate was simple: Provide world-class transport medicine and patient safety to the residents of Ontario. In conclusion, as a citizen of Ontario reliant on the health care system, Ornge was never meant to be an aviation company. I use the analogy that I would not want my doctor flying me to Florida, and I would not want a pilot in an emergency room when I walked in with a serious illness.

To that end I'll conclude, and I'll allow the committee to ask its questions.

The Chair (Mr. Norm Miller): Thank you for that statement. We'll go to the NDP first. Ms. Gélinas?

M^{me} France Gélinas: Thank you. You were there when the transition was made. I take it that you know that the initial performance agreement has been under quite a bit of discussion. In your view—have you ever read the initial agreement that was signed by the ministry that—

Mr. Jacob Blum: I was the lead negotiator for the performance agreement. I negotiated it. Lynne Golding sat to my right as legal counsel. So I am intimately familiar with the original performance agreement.

M^{me} France Gélinas: I kind of knew that. Thank you. Do you feel that there was sufficient oversight in that original agreement for the ministry to follow what was going on at Ornge?

Mr. Jacob Blum: Yes, I do. Other presenters, I believe, have also commented on the number of clauses and levers within that performance agreement, and I would echo the same. I think the most important lever was a non-appropriation clause that, if the government felt that Ornge was not living up to its obligations in the agreement, they just simply had to turn off the funding.

M^{me} France Gélinas: During the time that you were at Ornge, did the ministry ever make use of the agreement?

Mr. Jacob Blum: There were many reporting aspects of the agreement: a balanced scorecard, quality management assurance, and I would meet regularly, every Friday afternoon, with the ministry emergency health services branch and we would address any operational and/or other issues that the government may have had. So on a weekly basis, I was in constant contact with the emergency health services branch.

M^{me} France Gélinas: So during your time at Ornge, do you know if the ministry ever made changes to the agreement?

Mr. Jacob Blum: The agreement was amended around 2007 to incorporate a new service that Ornge was bringing online, which was called critical care land ambulance service.

M^{me} France Gélinas: And that was done within the confines of the original agreement?

Mr. Jacob Blum: That is correct. That was negotiated, again, by myself with some operations people at Ornge, with legal counsel on both sides of the table.

M^{me} France Gélinas: Thank you. And as far as the fact that Ornge was incorporated under the federal government, when you did the original agreement, was that ever brought into account as something that could impede the government? Did they ever say, “No, we would prefer you incorporate under provincial laws, rather than federal laws”?

Mr. Jacob Blum: Absolutely not, and the discussion on that matter was simply for expediency of incorporation, to meet deadlines.

M^{me} France Gélinas: So it had nothing to do with wanting to—

Mr. Jacob Blum: No.

M^{me} France Gélinas: So the ministry knew about it. They never raised an eyebrow. Everything was good with you incorporating federally.

Mr. Jacob Blum: That is correct. The ministry lead counsel was familiar with it. There were no hidden agendas and, again I state, the only reason why there was a federal incorporation was simply for expediency.

M^{me} France Gélinas: This close relationship, your Friday afternoon meetings with the ministry, I guess, allowed the ministry to have a pretty good oversight of what was going on at Ornge and Ornge to inform the ministry, or was there a specific agenda aside from this for those meetings?

Mr. Jacob Blum: It depended upon the time of year. If we were in the results-based planning process, we would discuss the necessary information Ornge would have to provide to the branch in order for the branch to incorporate that into their reports that would subsequently go up the chain. But there were, again, more informative, casual discussions. It was a sound relationship. It was a trusted adviser-based relationship. So if there were any concerns on the ministry’s behalf, they would have felt free to express them, they would be addressed, and if there were any concerns on Ornge’s behalf with the ministry, the same would be true.

M^{me} France Gélinas: What was your salary at Ornge?

Mr. Jacob Blum: When I first started, it was \$80,000 per year and then it was \$190,000 when I resigned from Ornge. That \$190,000 was a base salary. Included in that was a bonus predicated on performance metrics, if I achieved them—threshold, target, superior—and I think it constituted 30% of your base salary.

M^{me} France Gélinas: So of the \$190,000, 30% came from—

Mr. Jacob Blum: You had \$190,000 base and then the performance could exceed no more than 30% of your base salary, so depending upon how well you performed, if you met only your targets, then you could only get 15%. If you exceeded and met your stretch targets, you might get 25% of your base.

M^{me} France Gélinas: And was this compensation package standard within Ornge, that people would get a

base salary plus up to a 30% bonus based on performance?

Mr. Jacob Blum: We had originally rolled it out to the executive team, and then in subsequent years rolled it out to the directors and to managers. To the best of my knowledge, after I left they may have rolled it out to the rest of the staff. But it was a compensation structure that was primarily designed for the executives.

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M^{me} France Gélinas: Okay. Remind me again: What day did you leave Ornge?

Mr. Jacob Blum: July 17, 2008.

M^{me} France Gélinas: In 2008. The time you were there, did you ever have any freedom of access of information directed at Ornge?

Mr. Jacob Blum: None that I was aware of, no.

M^{me} France Gélinas: You probably know, following the media, that the NDP have filed freedom of access of information regarding salaries. Given your close relationship to the ministry, had a freedom of access of information come to the ministry during your tenure, would they have talked to you about this?

Mr. Jacob Blum: Absolutely.

M^{me} France Gélinas: They would have, eh? Do you know if the ongoing meetings that you had with the ministry—do you know if this is something that Ornge would have continued or that the ministry would have wanted to continue after you left?

Mr. Jacob Blum: In terms of the dialogue and the meetings and the relationship?

M^{me} France Gélinas: Correct.

Mr. Jacob Blum: Yes, I believe it was a fruitful relationship, and not to give myself undue flattery, but the government had said—I’ll back up for a second. There was a six-month period where I went back and forth as to whether I was going to leave, and the government had always said, “We sleep at night knowing that you’re there.” So I felt the responsibility to the government. I had negotiated the performance agreement. I had put my reputation on the line. So I felt a higher duty, if you will, to deliver to the government what they expected, and not only what they expected, but exceed what they expected.

M^{me} France Gélinas: You made it clear that you didn’t think that Ontario air ambulance needed a speedboat; you made that perfectly clear. We all know about your little trip to Guelph and—

Mr. Jacob Blum: Right.

M^{me} France Gélinas: —the climbing over the fence and having a good look at this thing. Did you ever mention that to the people at the ministry, that Ornge had purchased a speedboat?

Mr. Jacob Blum: The question was asked to me on July 17, 2008, just after I had signed my departure agreement from Ornge. I met with, then, one Ruth Hawkins at 5700 Yonge St., where the emergency health services branch is located. She looked at me and she said, “Jacob, I’ve learned about a speedboat and lakefront property.” I looked at her and I said, “Ruth, you have the contractual,

legislative and regulatory levers to find out anything you want to find out about Ornge. I suggest that you don't rely on hearsay or third party information but exercise your levers to get to the truth."

M^{me} France Gélinas: And that meeting took place at 1700 Yonge?

Mr. Jacob Blum: Sorry, 5700 Yonge St.

M^{me} France Gélinas: At 5700 Yonge, and do you remember how long that meeting lasted?

Mr. Jacob Blum: It was over coffee. It was about 30 minutes. Ms. Hawkins stated that if this information was in fact true, she was very disappointed about it. It was an open conversation.

M^{me} France Gélinas: Did you know the value of the boat at the time?

Mr. Jacob Blum: It was approximately \$43,000.

M^{me} France Gélinas: Did you share that information with the people at the Ministry of Health?

Mr. Jacob Blum: In a roundabout way, yes, I did. I'm confident that when we separated from our meeting, she understood very clearly what my concerns were and that her questions had been validated.

M^{me} France Gélinas: Thank you. My colleague has a few questions, but I may come back.

Mr. Jagmeet Singh: So, just to make it very, very clear, you left because you were unhappy with what was going on. Could you make it very clear what you were unhappy with?

Mr. Jacob Blum: In late 2007, there was a direction Ornge started to go in that I was not comfortable with. I was of two minds, where I was quite torn. I felt that if I left, then I was somehow abdicating my responsibilities to the ministry and to the citizens of Ontario, and if I stayed, then I would become party to something that I did not agree to. So, knowing that the ministry had put this onus on me, I felt that I would stay in so long as I could have influence at the executive table and perhaps try to curtail some of these issues. When it became apparent to me that I had lost the influence that I had once had at the executive table and that I could no longer change the direction that Ornge was going in, for ethical reasons, I had to leave.

Mr. Jagmeet Singh: What was the direction that Ornge was headed that you were not approving of?

Mr. Jacob Blum: Becoming an aviation company, and, in addition to that, there were certain programs, there were certain things that were basically, in short, moving away from our core mandate.

Mr. Jagmeet Singh: And if you could just be specific with some of those things?

Mr. Jacob Blum: The purchase of the boat.

Mr. Jagmeet Singh: Yes?

Mr. Jacob Blum: And I would say principally the aviation component and, you know, there was—it had just become no longer about the core mandate as we had stated to the government to which we were given.

Mr. Jagmeet Singh: Now, once the direction was moving away from the core mandate, which the government was aware of, what the core mandate was, was this

a red flag in your mind, and should this have been a red flag in the minds of those in the ministry, that there was something seriously amiss at Ornge?

Mr. Jacob Blum: Absolutely.

Mr. Jagmeet Singh: And what, in your mind, should the ministry have done to fulfill its duty to oversee Ornge properly?

Mr. Jacob Blum: It was my understanding that—Dr. Mazza had told me that in the fall of 2008, he, along with Rainer Beltzner, met with Ruth Hawkins, and Ruth Hawkins had raised her concerns, and that they had addressed them to the point where Ruth was satisfied there was no need to probe any further.

Mr. Jagmeet Singh: What were the concerns that Ruth Hawkins advised, or were you aware of what those concerns were?

Mr. Jacob Blum: I was not present at that meeting, so I can't speak to what she may or may not have said. I can only state to what the concern she had expressed to me.

Mr. Jagmeet Singh: Salary compensation has been an issue. In your mind, did the ministry use its resources in terms of getting to the bottom of salary disclosure efficiently, properly, and should they have done more?

Mr. Jacob Blum: No, no, and yes.

Mr. Jagmeet Singh: Okay. Why yes to the last one?

Mr. Jacob Blum: Yes, because you asked if they should have done more. There were three questions there.

M^{me} France Gélinas: What more would you suggest they should have done?

Mr. Jacob Blum: Exercised their contractual obligations within the original performance agreement. I'm not the ministry. They have their protocols and procedures to which they have to work within their confines. Quite often, they have to send it up the line, if you will. How procedurally they would have done, I'm not exactly sure.

M^{me} France Gélinas: So, being one of the negotiators of the original agreement, you felt that the original agreement gave them the power to request salary disclosures if they so wished?

Mr. Jacob Blum: Absolutely. No doubt in my mind.

M^{me} France Gélinas: No doubt in your mind.

Mr. Jacob Blum: No. It's very clear that the ministry had the ability to go in to Ornge and audit, check files, within any aspects which Ornge had control over, whether that be what is called the left side of the organizational structure and/or the right side of the organizational structure.

Mr. Jagmeet Singh: In terms of being a red flag, how serious of a red flag was it when Ornge took that direction towards becoming an aviation company, or towards aviation, and its interest was aviation? How serious was that as a red flag to show that there was something that the ministry should have known about, that there was something they should have at least gone into more depth on? In layman's terms, why was that such a big issue?

Mr. Jacob Blum: First, it was a deviation from the core mandate. Second, from a policy standpoint, an operational standpoint, Ornge did not have the core com-

petencies to become an aviation company. That was better left to the third party aviators who do this for a living day in and day out.

Mr. Jagmeet Singh: Now, is there any argument—if you could just speak to this. Is there any argument to be made that Ornge could have provided better patient care, or quicker care, if it had gone down this path successfully, in terms of the aviation?

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Mr. Jacob Blum: To my understanding, the primary driver, 80% of the driver, towards bringing aviation in-house was cost-driven, but the analysis and comparative analysis were highly subjective.

Mr. Jagmeet Singh: Okay.

M^{me} France Gélinas: So are you saying that Dr. Mazza made the decision to bring the aviation in-house rather than continuing the purchase of service he had done before because financial analysis had shown that it would be cheaper?

Mr. Jacob Blum: Yes, that would be my understanding.

M^{me} France Gélinas: But you had doubts about this data?

Mr. Jacob Blum: Yes, I did.

M^{me} France Gélinas: And did you share those doubts?

Mr. Jacob Blum: Yes, I did.

M^{me} France Gélinas: And did anybody listen?

Mr. Jacob Blum: No.

Mr. Jagmeet Singh: You indicated before that this was an example of what greed can do to good people, and that greed was essentially the turning point. Can you explain that in more detail?

Mr. Jacob Blum: I'm sorry, could you maybe rephrase the question?

Mr. Jagmeet Singh: You had indicated that the Ornge debacle, I guess, is an example of how greed can turn good people down a wrong path. Can you explain that in more detail, and how that led to the fall of Ornge?

Mr. Jacob Blum: I think what I said kind of speaks for itself. To expand on that would require me to put myself in the minds of the individuals in question, and I don't think that would be appropriate. I used it only as an analogy, and I don't think an expansion on that would serve any purpose.

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

Mr. Jagmeet Singh: Fair enough. In terms of your opinion on—it's come to light now—or when did it come to your attention that Dr. Mazza was making the \$1.4-million compensation?

Mr. Jacob Blum: When I read it in the newspaper.

Mr. Jagmeet Singh: Your opinion in terms of that compensation?

Mr. Jacob Blum: Speechless.

Mr. Jagmeet Singh: You were once described as Dr. Mazza's right-hand man. Why was that, and when did that change?

Mr. Jacob Blum: Why was that?

Mr. Jagmeet Singh: Yes.

Mr. Jacob Blum: I guess you would have to ask him why he felt comfortable giving me the authority and the latitude to build the organization the way in which I felt it needed to be built in conjunction with the Ministry of Health and the standards which they expected. From January 2008 until July 2, that influence or trusted-adviser status which I enjoyed quickly became diluted and Dr. Mazza started listening to other individuals, as opposed to me.

Mr. Jagmeet Singh: Did anything prevent the Ministry of Health from continuing its Friday meetings, if not with you, when you were no longer there, then with any other individual from Ornge?

Mr. Jacob Blum: Not that I am aware of. The relationship I had with the ministry, I think, was based on a solid foundation of trust. I never let them find out about anything prior to me telling them. They were fully informed of all things. We worked quite collaboratively to deal with any issues that may have arisen—stakeholder, for example. So whoever replaced me, how that relationship evolved or what it constituted, I can't say.

M^{me} France Gélinas: Did you ever talk about salary disclosure with the ministry?

The Chair (Mr. Norm Miller): Sorry, we're out of time. If we can move to the Liberals, please. Ms. Sandals.

Mrs. Liz Sandals: Yes, thank you very much—

M^{me} France Gélinas: Could he just finish? Just salary disclosure: Did you ever talk about salary disclosure with the ministry, that has to do with the sunshine list?

Mr. Jacob Blum: To the best of my knowledge, the ministry never raised that issue with me.

The Chair (Mr. Norm Miller): Thank you. On to the Liberals: Ms. Sandals.

Mrs. Liz Sandals: Yes, thank you very much. Mr. Blum, are you now or have you ever been a member of the Ontario PC Party or the Conservative Party of Canada?

Mr. Jacob Blum: If I recall correctly, when I was in university, I believe I was a member of the club in the university, but I don't believe I'm a card-carrying member of the Progressive Conservative Party, federally and/or provincially.

Mrs. Liz Sandals: So you've never worked as political staff for the PC Party?

Mr. Jacob Blum: No.

Mrs. Liz Sandals: You've never worked on a campaign for the PC Party?

Mr. Jacob Blum: I have run political campaigns for the PC Party.

Mrs. Liz Sandals: So, in fact, you might not be a member of the party, but you've actually run election campaigns for the party?

Mr. Jacob Blum: My decision to run an election campaign was largely predicated on the candidate and not so much the party.

Mrs. Liz Sandals: I see. So have you ever contributed to the PC Party?

Mr. Jacob Blum: Yes, I have made donations to the Progressive Conservative Party, in addition to the Liberal Party.

Mrs. Liz Sandals: I see. Okay. Thank you.

Do you know Tony Clement?

Mr. Jacob Blum: No, I do not know Tony Clement.

Mrs. Liz Sandals: You've never ever met Tony Clement?

Mr. Jacob Blum: I may have, at a function, shaken his hand, but I don't know, if he saw me on the street, whether he would be able to put a name to a face.

Mrs. Liz Sandals: Okay. Despite the fact that you worked on the air ambulance program during the time that he was the minister in charge and the discussions began, and you were right-hand man, you never met Mr. Clement?

Mr. Jacob Blum: No, Dan Newman, his parliamentary assistant, was responsible for all ambulance services in the province, and it was Dan Newman's office which I was working through. It was not Mr. Clement.

Mrs. Liz Sandals: Okay. That's very helpful. Thank you very much.

You mentioned that you know Lynne Golding.

Mr. Jacob Blum: That is correct.

Mrs. Liz Sandals: When did you first meet Lynne Golding?

Mr. Jacob Blum: I first met Lynne Golding in 2002.

Mrs. Liz Sandals: In 2002. How did that come to happen?

Mr. Jacob Blum: Through her capacity as legal counsel to Sunnybrook—then it was Sunnybrook and Women's College hospital; today it's Sunnybrook Health Sciences Centre.

Mrs. Liz Sandals: Okay. Have you ever met Guy Giorno?

Mr. Jacob Blum: Yes, I have.

Mrs. Liz Sandals: And how did you come to meet Guy Giorno?

Mr. Jacob Blum: In the same capacity in which I met Lynne Golding.

Mrs. Liz Sandals: As counsel to the air ambulance program?

Mr. Jacob Blum: That is correct. I had met Guy Giorno back in the 1990s, but it would only be in passing. Again, it would have been an introduction at a function, and whether he would remember who I was until 2002 I doubt very much.

Mrs. Liz Sandals: And Kelly Mitchell: Have you ever met Kelly Mitchell?

Mr. Jacob Blum: Yes, I have.

Mrs. Liz Sandals: And how do you know Kelly Mitchell?

Mr. Jacob Blum: Again, I met Kelly Mitchell through a function and quite liked him—he's an affable gentleman—so I deliberately stayed in touch with Kelly Mitchell.

Mrs. Liz Sandals: And did you have anything to do, then, with Kelly Mitchell receiving multiple contracts from Ornge to do work for Ornge?

Mr. Jacob Blum: Yes. I was the individual who brought Kelly Mitchell in as a consultant to Ornge. I will say that my professional mantra on that is: It's only nepotism if they're incompetent.

Mrs. Liz Sandals: It's only nepotism if they're incompetent.

Mr. Jacob Blum: In other words, if I know people who have good professional credentials, I have no problem bringing them in, and if their competency can address my problem, then there's a trust there. Then I feel comfortable hiring them.

Mrs. Liz Sandals: And what particular competencies did Mr. Mitchell use to address your problems? Maybe more to the point, what problems did you ask him to address?

Mr. Jacob Blum: Well, I think "problems" is probably an inaccurate characterization. Mr. Mitchell is very familiar with northern Ontario; that's where he comes from. The bulk of our flights within Ornge are in northwestern Ontario. Mr. Mitchell provided valuable insight as to how to deal with stakeholders in northwestern Ontario.

Mrs. Liz Sandals: Okay, thank you.

So, according to the CV which you have provided us, you began work in April 2002 as the vice-president of corporate affairs of the Ontario air ambulance base hospital program at Sunnybrook. Who would you have reported to in that position?

Mr. Jacob Blum: Dr. Mazza. Just for clarification, I think for the first month or so, I was without title and then was given that title. I came in. I developed the strategy. That strategy was approved at a high level, and then I was given the title. All of my titles really represent where we were in the evolution of Ornge. To answer your question: Dr. Mazza.

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Mrs. Liz Sandals: Okay. So when you were hired, it appears that your previous experience is a consultant. What was it that—why were you hired? Why did Dr. Mazza hire you?

Mr. Jacob Blum: We were introduced via a head-hunter. It was my ability to understand organizational transformation, business processes and integrate different departments within an organization, and the ability to do business modelling, in addition to my public policy understanding. So I would say that there were a number of competencies that blended together.

Mrs. Liz Sandals: Okay. From what I understand you to say, then, you were explicitly hired by Dr. Mazza to do the strategic work to create Ornge. Is that correct?

Mr. Jacob Blum: That is correct. There were one or two other individuals whom I met before he made the final decision to hire me, so he wanted feedback from other individuals.

Mrs. Liz Sandals: Okay. But that was the purpose of your hiring.

Mr. Jacob Blum: Correct.

Mrs. Liz Sandals: You might have been the vice-president of corporate affairs for the air ambulance

program at Sunnybrook, but you really weren't there to manage the service at Sunnybrook; you were there to create Ornge.

Mr. Jacob Blum: At that time, we were a division of Sunnybrook. There was back-office functionality which required interfacing—

Mrs. Liz Sandals: But your primary role was to create Ornge. That was the purpose of the hire.

Mr. Jacob Blum: Yes; that is correct.

Mrs. Liz Sandals: You talk about moving forward to create the performance agreement, but presumably before you moved to creating a performance agreement, you had to get some political buy-in. How did you go about getting political buy-in from Minister Clement?

Mr. Jacob Blum: I take the approach that you get bureaucratic buy-in, if we want to use that language, by understanding what the bureaucrat's mandate is. So I worked—

Mrs. Liz Sandals: So you got bureaucratic buy-in.

Mr. Jacob Blum: Correct.

Mrs. Liz Sandals: How did yourself and Dr. Mazza move to engaging Minister Clement? You said that there was a parliamentary assistant, but I've been a parliamentary assistant. Parliamentary assistants don't unilaterally sign off. So how did you get Mr. Clement's attention to buy into this? Because we've been previously informed that it was Minister Clement who originally bought in. How did you get that buy-in?

Mr. Jacob Blum: I worked through Mr. Dan Newman's chief of staff, and I believe it was Mr. Newman who had made the proposal to Mr. Clement. So he served as the broker, if you will. I never met Mr. Clement in a meeting as a stakeholder.

Mrs. Liz Sandals: Okay. Let's talk about the performance agreement, which you say you were the lead on developing. You've given us some of the performance agreement, but the interesting thing about the performance agreement is that the only action the government can take is to totally cancel the agreement. Once you've moved all the air ambulance services to Ornge, and that's the only air ambulance capacity in Ontario, how could the government in good conscience shut it down if that's the only remedy in the agreement?

Mr. Jacob Blum: A number of clauses were in the performance agreement—and I'll paraphrase—that stated that, should the government make that decision, then Ornge had an obligation to work with the government in order to transition it to whatever direction the government wanted to go in. So if, for example, the government wanted to bring it back in-house, then Ornge was obligated by the performance agreement to work with the government in aiding them in doing that.

Mrs. Liz Sandals: The performance agreement, which you negotiated for the corporation which you moved to, said that the only remedy was that you could work with the government to undo the performance agreement and move the air ambulance service someplace else. There was no "withdraw a bit of the funding";

no supervision. It just said, "Oh, well. Shut us down." That was the performance.

Mr. Jacob Blum: No, I think that's probably not the way to describe it. There were a number of schedules to the performance agreement whereby, if the ministry felt there was something wrong, there would be cure periods. For example, the ministry would notify Ornge that, "X is wrong; you have 30 days to correct it." Ornge would then have to demonstrate that it corrected it. To shut it down wholesale was the last result. There were many clauses and opportunities for the government to say, "You have 30 days, 90 days or 120 days to correct a specific problem and then demonstrate that problem was corrected." To—

Mrs. Liz Sandals: That's in the new performance agreement.

Mr. Jacob Blum: That's in the old performance—

Mrs. Liz Sandals: It's not in the material you've tabled here.

Mr. Jacob Blum: It is. It is.

Mrs. Liz Sandals: I'm going to turn questioning over to Mr. Zimmer, please.

Mr. Jacob Blum: It is in the original performance agreement schedules.

Mrs. Liz Sandals: Not in what you told us today.

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

Mr. David Zimmer: How much time?

The Chair (Mr. Norm Miller): You have—let's see—about nine minutes.

Mr. David Zimmer: Thank you. I gather you would describe yourself as probably the person with the most knowledge of the performance agreement at Ornge.

Mr. Jacob Blum: I have a knowledge of the performance agreement from an operational standpoint. In terms of its technical legality, I relied on my right hand, who was Lynne Golding.

Mr. David Zimmer: All right. And were you the principal person at Ornge to keep an oversight on the performance agreement?

Mr. Jacob Blum: At Ornge, there were divisions—quality management, operations—so aspects of the performance agreement were parcelled out into the respective departments that would have responsibility to fulfill those provisions of the performance agreement. Ultimately, me being the conduit to the government, if there was an issue within a department about the performance agreement, it would come to me and I would go to the government, or the government would come to me and I would go to the department.

Mr. David Zimmer: So you had the broad oversight of the performance agreement, right?

Mr. Jacob Blum: That's an accurate statement.

Mr. David Zimmer: I want to ask about the sequence of the performance agreement. I gather you negotiated that, and when the performance agreement was negotiated by you, Ms. Golding and others, subsequent to that, you then joined Ornge. Is that right?

Mr. Jacob Blum: I'm sorry, could you repeat that?

Mr. David Zimmer: The sequence is, the performance agreement was negotiated with you at the table, Ms. Golding from Fasken at your side and other technical people. Subsequent to that agreement being in place formally, you joined Ornge?

Mr. Jacob Blum: That is correct.

Mr. David Zimmer: When was the performance agreement in place signed off on?

Mr. Jacob Blum: I believe its effective date was—you'll have to forgive me—2006. But the creation of it was an evolution of many dialogues and meetings, and then the final negotiation of it.

Mr. David Zimmer: So the agreement was in place in 2006?

Mr. Jacob Blum: Approximately, yes.

Mr. David Zimmer: When did you join Ornge?

Mr. Jacob Blum: In 2002.

Mr. David Zimmer: No, that's when you joined OAA. When did you join the entity Ornge?

Mr. Jacob Blum: There were many evolutions of Ornge. First, we were a division of Sunnybrook hospital.

Mr. David Zimmer: When did your cheques come from Ornge, your paycheques?

Mr. Jacob Blum: In 2005, and that would have been the Ontario Air Ambulance Services Co.

Mr. David Zimmer: So just at the time the performance agreement was being negotiated and finalized by you and Ms. Golding at Fasken, that's the same time that you moved over to the Ornge entity. Is that correct?

Mr. Jacob Blum: I moved over to the Ornge entity approximately mid-2006, 2007.

Mr. David Zimmer: And that's at the time in the sequence that the performance agreement was finally negotiated by you?

Mr. Jacob Blum: Let's take it back six months. The performance agreement was negotiated with a legal entity called Ontario Air Ambulance Services Co.

Mr. David Zimmer: The point is, within months of the agreement coming to fruition, you joined the Ornge entity formally.

Mr. Jacob Blum: It was a benign evolution, but to answer your question, yes. Sure.

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Mr. David Zimmer: All right. What do you think of the propriety, or the optics, of you being the chief negotiator for the performance agreement and, at that point in time, when the performance agreement is signed off by all parties, you then joining Ornge and taking on the principal responsibility of overseeing the performance agreement?

Mr. Jacob Blum: I believe the question, with all due respect, skews the reality of how it all evolved.

Mr. David Zimmer: The reality is, you were at the negotiating table for the performance agreement.

Mr. Jacob Blum: Amongst many other things, yes.

Mr. David Zimmer: The performance agreement was finalized, and in that same time frame, you then joined Ornge—I'm referring to your evidence. You then had the

principal, general oversight responsibility for keeping an eye on the performance agreement.

Mr. Jacob Blum: Amongst many other responsibilities which I held, which, once the performance agreement was signed, gave us the authority to start integrating all the back-office functionality.

Mr. David Zimmer: Look, let me cut to the quick here. It strikes me as odd, to say the least, that a person would sit down with an organization and negotiate a performance agreement on something as serious and complex as this, which in this case is to hold Ornge responsible for various things, and then immediately join the organization to enforce the agreement that in effect you just negotiated. Does that look odd to you?

Mr. Jacob Blum: With all due respect, I believe your question is quite narrow. The performance agreement was one step in a sequence of steps that was required to fill the public policy mandate, as cabinet wanted it to be. To single out the performance agreement and take it out of that sequential evolution and make that a question, I think, is wrong.

Mr. David Zimmer: In your judgment—

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

Mr. David Zimmer: Thank you. In your judgment, was the performance agreement a weak document that needed to be fixed later on?

Mr. Jacob Blum: The beauty of the performance agreement is, it provided for latitude for both parties to amend it as Ornge evolved, as Ornge may have taken on additional services or as the government may have made policy decisions.

Mr. David Zimmer: And that's a term that you negotiated on an agreement that you were going to administer?

Mr. Jacob Blum: I'm sorry?

Mr. David Zimmer: That's a term that you negotiated on an agreement that you were going to administer.

Mr. Jacob Blum: Among many other responsibilities I had in the organization. That was just one—

Mr. David Zimmer: When you left Ornge, were you fired or did you resign?

Mr. Jacob Blum: It was, to be quite candid with you, fuzzy. I resigned, but Ornge did not want me to resign. I believe, and I am only surmising, they were concerned about the optics of me leaving, with respect to the government, and so what we agreed upon was that I was going to take a sabbatical. It was a one-year sabbatical, at which time—

Mr. David Zimmer: So let me cut to the quick here. Were you fired?

Mr. Jacob Blum: No.

Mr. David Zimmer: Would you say you were fired, or you resigned?

Mr. Jacob Blum: I resigned.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): Thank you. We'll move on to Mr. Klees.

Mr. Frank Klees: Thank you. Mr. Blum, I'd like to touch on three specific areas with you. First of all, seeing as we've just been talking about the performance agreement, I'll start with that. You made it very clear that you were the chief negotiator, on behalf of Ornge, of the terms of that performance agreement. You, in response to questioning from Ms. Sandals, said very specifically that there were a number of provisions within the performance agreement that would have allowed the Ministry of Health to step in, to take certain actions; that there were some specific time frames—30 days, 60 days, 120 days—that the Ministry of Health could have given notice to Ornge to get certain things right, to work with the government, had the Ministry of Health determined to do so.

Ms. Sandals made a very specific point, and I think it's important that we clarify that. She specifically said that the existing or earlier performance agreement, the original one that you negotiated, did not contain those measures that you had explained. She insisted that it was the revised performance agreement that only contained those clauses. Can you speak to that and clarify that for the committee, please?

Mr. Jacob Blum: With all due respect, I think Ms. Sandals has misinterpreted the original performance agreement.

Mr. Frank Klees: Thank you. So the original performance agreement contained the provisions that you spoke to.

Mr. Jacob Blum: The original performance agreement clearly lays out what are called cure periods to which the government can notify Ornge, and Ornge had those times to—yes.

Mr. Frank Klees: Thank you. Still on the performance agreement: When Mr. Malcolm Bates testified here on April 18, I asked him specific questions regarding the original performance agreement and what was intended. What was the policy intent of consolidation of Ontario's air ambulance service? I specifically said to him, because that was my understanding, that it never contemplated bringing Ornge into the aircraft business, that consolidation meant more the backroom operations, the dispatch and so on and so forth. Mr. Bates agreed.

I'll just for the record read, first of all, part of my question:

"The consolidation that was intended was to ensure that the oversight and the lines of authority were consolidated, that there was in fact a response to the previous audit that indicated very clearly that there were some weaknesses in the system that needed to be addressed. Would you agree with that?"

Mr. Bates responded, "I would agree with that."

I would ask you, again for the purpose of clarification here, to help us understand what exactly that original performance agreement meant and was intended to do when we refer to that term "consolidation."

Mr. Jacob Blum: It was intended—and I believe in my package I had provided committee members with a pre-consolidation of the visual and a post-consolidation

of the visual. If you look at the pre, you had a fragmented system, a very odd relationship between the medics, who worked in an aviation company, and the doctors whom the medics performed medical acts under, who worked for a hospital, where the doctor could suspend the medic if they felt the medic needed to true up their continuing medical education, and then the aviation company that was hiring that medic would be out of staff and would have to pay for this.

The pre-consolidation model was highly fragmented—no clear lines of authority. There was no one single point to everything which was a command-and-control centre. Post-consolidation was to bring all of that in, tie it up, integrate it so you had the back office, the air carriers and the medicine within one house, operating with all allied health professionals under one command-and-control.

Mr. Frank Klees: And what was the intention with regard to the third party service providers? I'm talking now about the various companies across the province that were providing, whether it be the helicopters or whether it be the fixed-wing aircraft—what did the public policy anticipate would happen with that part of the operation?

Mr. Jacob Blum: Ornge would manage them as third party suppliers through a contract management strategy, as had the government before us. So they just assigned the existing contracts they had with the aviation companies over to the Ornge entity, and it was Ornge's responsibility now to perform the same functions as the government did.

Mr. Frank Klees: At what point was that policy changed? Because clearly, there was cabinet approval for that initial policy. At what point was there a policy decision made by the government to now terminate those agreements or allow those agreements to come to an end, and Ornge would now come into the business of owning aircraft, both fixed-wing and helicopters?

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Mr. Jacob Blum: There was no specific public policy process and/or decision made within the government to change the original mandate as you have described it.

Mr. Frank Klees: And your comment earlier obviously is of concern to us when you said, in your opinion, Ornge did not have the core competency to become an aviation company.

Mr. Jacob Blum: That's correct.

Mr. Frank Klees: Based on what we've seen over the last couple of years, based on what we see in the Auditor General's report, I think we are seeing the results of that assessment. In your opinion—because the purpose of this committee is, at the end of the day, to determine what went wrong and make some changes and make some recommendations to the government in terms of how we can get this right and how we can restore confidence in our air ambulance service—what, in your opinion, has to happen, on a go-forward basis, in order to restore that confidence? And perhaps specifically speak to this issue of the aviation aspect of this, where clearly Ornge doesn't have that core competency.

Mr. Jacob Blum: Off the top of my head, three points:

(1) Ornge has to deal with its operational issues, as outlined by the Auditor General in, I believe, three subsequent reports. Reading them, it looks like you're reading the same date. So, deal with the Auditor General's reports with regard to the dispatch centre.

(2) Fix the culture and detoxify the culture within Ornge.

(3) Divest out of the aviation business and let the aviation companies do their job. Contract back out to the aviation companies through a competitive bidding process and allow them to run the airlines, the maintenance and ensure that the aviation component of transferring a patient is safe, and let them assume that liability.

If you think about it, the two most sophisticated aspects of western civilization are medicine and aviation. When you marry the two, it's a high risk. Let the aviators do the aviation; let the medicine do the medicine, and have a wall between the two.

Mr. Frank Klees: Thank you. I'd like to move on to your affidavit.

Mr. Jacob Blum: Yes.

Mr. Frank Klees: I've had a chance—unfortunately, I have a hard time—

Mr. David Zimmer: Chair, just before we do that—

Mr. Frank Klees: Chair, please. We only have so much time.

The Chair (Mr. Norm Miller): We just have 20 minutes.

Mr. David Zimmer: Chair, no. I want to raise a matter of fundamental fairness—

The Chair (Mr. Norm Miller): No, Mr. Zimmer. Continue, Mr. Klees.

Mr. Frank Klees: Thank you.

Interjection.

Mr. Frank Klees: I am going to ask this committee to censure you, sir. You are interfering with my line of questioning. I'll have none of it.

Mr. David Zimmer: We're entitled to see the entire diary, not selected excerpts—

Mr. Frank Klees: Chair, take control, please.

The Chair (Mr. Norm Miller): Please let Mr. Klees continue.

Mr. Frank Klees: I'd like to refer—and I'm having a difficult time reading some of your writing here; however, there are a couple of matters that I would like to address with you. We have had representation here in this committee from two individuals who have said on the record that they have neither lobbied nor engaged in any lobbying activity with regard to this file. One is Mr. Alfred Apps; the other is Mr. Don Guy.

In leafing through this in the short time that I have, there are at least three or four references in your affidavit that I'd like you to speak to. The first one is exhibit I, if you could have a look at that.

Mr. Jacob Blum: Sorry, exhibit I?

Mr. Frank Klees: Exhibit I in your affidavit. It refers to—obviously, these are your notes—a meeting that took place on December 10, 2007—

Mrs. Liz Sandals: Point of order, Chair.

The Chair (Mr. Norm Miller): Yes?

Mrs. Liz Sandals: The point here is that we have selective notes, so the committee has no access to the complete story. I would like to move that the Standing Committee on Public Accounts shall not hear any further oral testimony from Jacob Blum until such time as Mr. Blum has produced to the committee his entire professional diary, as referenced in the affidavit of Jacob Blum, dated May 16, 2012.

Mr. Frank Klees: Mr. Chair, this is an obstruction of the process here. We have the full document.

Mrs. Liz Sandals: In fairness, we need the complete document.

Mr. Frank Klees: Mr. Blum can confirm—I would expect that this is the full document of his notes of that day. Is that correct, Mr. Blum?

Mr. Jacob Blum: That is absolutely correct. In fact, you'll note—

Mr. Frank Klees: That is correct.

Interjections.

The Chair (Mr. Norm Miller): Okay, yes. We will continue with the proceedings. Go ahead, Mr. Klees.

Mr. Frank Klees: Thank you. These notes make reference to a meeting of December 10, 2007. There are two individuals who are referenced as attendees. One is Alfred Apps; the other is Don Guy. In that note, it makes reference to some business that they were to address. Can you comment on this? Tell us very briefly, succinctly, what the nature of that meeting was and what the topic of discussion was, please.

Mr. Jacob Blum: This refers to clarification. Their attendance may have been by teleconference. It may not have been in purpose.

Here, Alf Apps describes what Don talked about, what Don is doing, number one; number two, senior Ministry of Finance officials are on our side with regard to consolidation.

Don Guy is to handle—there were some cryptic emails—

Mrs. Liz Sandals: Point of order, Mr. Chair.

The Chair (Mr. Norm Miller): I'm not hearing your point of order.

Mrs. Liz Sandals: Except I would like to appeal your ruling.

The Chair (Mr. Norm Miller): No, we're continuing. Hold on.

Mr. Jacob Blum: He is to ascertain—

Mr. David Zimmer: There's a process here.

The Chair (Mr. Norm Miller): Excuse me here. You can ask for further documents with a motion but you can't interrupt the proceedings to do that. You will have an opportunity to put forward a motion to ask for further documents.

So please continue.

Mr. Frank Klees: Thank you, Mr. Chair. I apologize on behalf of my colleagues, Mr. Blum. We're trying to get some straightforward answers here. I don't know what the sensitivity is of the government members. They should be on the same side of this and want the same information that we're asking for.

Can you speak to the information that was under discussion at this meeting by both Mr. Apps and Mr. Guy? What is it that they were speaking to?

Mr. Jacob Blum: The issue was trying to ascertain what the Ministry of Finance's motives were for the purpose of consolidating Ornge's assets up into its balance sheets. These notes refer to the discussions surrounding that: Who is going to handle the issue and how are we going to proceed? So it was more of a strategic discussion.

Mr. Frank Klees: And who was going to handle this?

Mr. Jacob Blum: The "to do"s: Don Guy was going to handle some cryptic emails, and then, how fast can we get a meeting? We wanted a meeting with the Ministry of Finance—

Mr. Frank Klees: And who was going to arrange that meeting?

Mr. Jacob Blum: That meeting, to be quite candid with you—previously in my notes there had been phone calls and inquiries made into the Ministry of Finance about the consolidation issue by Mr. Guy through Alfred Apps, and this was subsequent to that, and now we're setting up the meeting: who is going to attend and what the strategy of the meeting is going to be.

The overall purpose of the meeting was to get the Ministry of Health, the Ministry of Finance and Ornge to the same table and figure out what's going on with consolidation.

Mr. Frank Klees: And did either Mr. Apps or Mr. Guy volunteer or were they asked to or was it expected that they would arrange these meetings or telephone calls with the Ministry of Finance?

Mr. Jacob Blum: Not specifically, but within conjunction with Ornge, who was tasked with the original phone call—my recollection is not a call, but if you flip to the second page, "[senior finance is] on our side," Don had spoken to them, and this is his feedback, that senior financial is on our side, "certain not offside," "not trying to get us," confident he can manage the outcome, "outcome winning" by our principles of why we ought not to be consolidated; ensure that we would get a "proper hearing." In addition, "what level" at the Auditor General—we had no idea; "proper level of authority," "ensure PWC is confident."

Mr. Frank Klees: Who is PWC?

Mr. Jacob Blum: PricewaterhouseCoopers.

Mr. Frank Klees: Okay.

Mr. Jacob Blum: They were brought in via Alfred Apps in order to advise on the public sector accounting standards. And then it continued—

Mr. Frank Klees: At the bottom of the next page, Mr. Blum, there's your writing: "Don Guy setting up meeting

with [Ministry of Finance] and AG." What did that mean?

Mr. Jacob Blum: That was discussed in the teleconference call. Whether or not that materialized, I can't recall. But that was discussed as part of the strategy. So we're having a teleconference call. People were handing take-aways, and that would have been a take-away.

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Mr. Frank Klees: Okay. Thank you. Can I just ask—I think we have a couple of minutes left here—in terms of the oversight responsibility, you mentioned that you met on a regular basis with the emergency health services branch of the ministry. There were certain responsibilities, clearly, that the ministry had, and that's why they were meeting with you in terms of oversight.

Mr. Jacob Blum: Correct.

Mr. Frank Klees: They had inspection rights under the performance agreement.

Mr. Jacob Blum: Correct.

Mr. Frank Klees: Your assessment—you met with them on a regular basis until you left.

Mr. Jacob Blum: Correct.

Mr. Frank Klees: Do you feel that the Ministry of Health exercised its responsibilities both during the time that you were there, in terms of its inspection responsibilities, and once you had left? What's your assessment of how efficiently and effectively they met their responsibilities under the terms of the agreement?

Mr. Jacob Blum: Briefly, while I was there they relied heavily on me to ensure that the performance agreement was in compliance. So if there was reporting, if there was documentation required, they would rely on me to provide it. After I had left, things started to go diagonally and there was a geometrical expansion of issues. How the ministry handled those issues after I left, I'm not privy to. So, while I was there they relied on me to deal with any issues they may have had; after my departure, I don't know who they relied on.

Mr. Frank Klees: The Auditor General made reference in his report to the reporting process and the mechanisms in place that Ornge has in terms of its dispatch and in terms of the tracking of calls. Did you ever make a recommendation to Ornge to upgrade that internal process, the technology, and what was the response that you received from that?

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

Mr. Jacob Blum: Yes, I had put together a comprehensive strategy in upgrading the performance agreement, some of which I alluded to in my opening remarks. In the package you received, there's one sheet that looks like gobbledygook, but that is the business architecture for which the dispatch centre would be the core, and connections into financials billing. I also brought in an SAP system, from an accounting standpoint, so there could be no funny stuff with the books, to give the government confidence that we had a top-tier accounting system. I also brought in a highly regarded and highly credentialed

team in order to build the plan, deal with the third party vendors, build the strategy without disruption. There was very little interest in dealing with the dispatch. I'll be very candid with you: I was completely taken aback to read the 2012 Auditor General's report to find out that the systems that were meant to be interim systems only are still there.

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

I would just like to comment to the government bench that you will have the floor this afternoon as we start the proceedings. If you wish to move a motion at that time, you're welcome to do so. But there was no ruling to appeal, and you can't, on a point of order, move a motion.

Thank you very much for coming before us.

Mrs. Liz Sandals: I was wondering if, in the interest of all the committee, Chair—we do have the Auditor General here as a resource, and I would like the Auditor General to tell us whether he was ever contacted by Don Guy to have a meeting between finance and the Auditor General.

Mr. Jim McCarter: Sure. I'm not aware of any contact. Typically the way the consolidation—this is the accounting consolidation, not the operational consolidation—

Mr. Jacob Blum: That is correct; that is correct.

Mr. Jim McCarter: I agree with your comments on the operational consolidation. But on the accounting consolidation, it would primarily be driven by the Ministry of Finance. Their financial statements—they would come to us and say, "We think hospitals or school boards should be consolidated." In this case they came to us and said, "We think that"—and this was a grey one. Ornge was a bit grey, whether it should be consolidated. They came to us and said, "We think it falls over the side of the fence and it should be consolidated." We looked at it, with the debt issue and 99% of the funding coming from the government, and we essentially agreed with their position. But I'm not aware—I was certainly never contacted by Don Guy. We've discussed it in-house, and I think my staff would have mentioned if we had been contacted by Don Guy, but it probably never got that far, Ms. Sandals.

Mrs. Liz Sandals: Thank you, Mr. McCarter.

The Chair (Mr. Norm Miller): Thank you very much. This committee is recessed until this afternoon.

The committee recessed from 1025 to 1230.

MS. MARIA RENZELLA

The Chair (Mr. Norm Miller): I'll call this meeting to order. Our first witness this afternoon is Maria Renzella. Please come forward. Welcome. Just to confirm, you have received a letter with information about witnesses coming before the committee?

Ms. Maria Renzella: Yes, I have.

The Chair (Mr. Norm Miller): Thank you. I believe our clerk will have an oath for you.

The Clerk of the Committee (Mr. William Short): Ms. Renzella, the Bible is in front of you.

Do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Ms. Maria Renzella: I do.

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

The Chair (Mr. Norm Miller): You have time for an opening statement, and then we'll move to the parties for questions.

Ms. Maria Renzella: Thank you, Mr. Chair. Good afternoon. I would like to thank you and the committee for giving me the opportunity to speak to you today.

I was hired by Ornge in April 2005 as the vice-president of finance. For most of my career as a chartered accountant, I have worked in the health care and telecom industries. I felt that my skills and experience were a good fit with the organization, and I was impressed with its strategic vision.

At that time, air ambulance services in Ontario relied on a patchwork of decentralized operations and private sector airlines. Like all health care services in Ontario, air ambulance services were faced with rapidly increasing costs and constrained budgets. Working under the leadership of Dr. Mazza and our board of directors, it was clear to me that our mission at Ornge was to improve the efficiency and quality of air ambulance services by centralizing the province's operations under a single organization. It was also clear to me that Ornge was committed to a strategy of finding new sources of revenue to help sustain adequate funding for air medical transport services and to reduce the financial burden on the province's health care system.

My role at Ornge was to work within the management team to execute the strategies and policies of Dr. Mazza and the board of directors. I did so with great care and diligence, as did all members of the management team.

Finally, I would like to express my admiration and support for all the dedicated men and women who work at Ornge. I have no doubt that the organization will continue to provide excellent care to the people of Ontario.

I'm happy to answer any questions that the committee may have.

The Chair (Mr. Norm Miller): Thank you for your opening statement.

We'll go to the government first: Mr. Moridi. You have 20 minutes. We're going to do two 20-minute rounds and then see what time is left.

Mr. Reza Moridi: Thank you, Mr. Chair.

Thank you, Ms. Renzella, for taking the time to appear before this committee. When did you first meet Dr. Mazza?

Ms. Maria Renzella: I met him April 2005, a few weeks before I started.

Mr. Reza Moridi: What was your initial impression when you met him?

Ms. Maria Renzella: He was charismatic, visionary, very energetic. But the most important thing I noticed was that he had a vision of what he wanted to do with the air ambulance system.

Mr. Reza Moridi: How closely did you work with him when you were working for Ornge?

Ms. Maria Renzella: Being the VP of finance and eventually the executive vice-president of corporate services, I basically managed all the back-office processes. So I worked with Chris mostly on financial matters and anything to deal with financial controls, information technology, anything about those processes, to ensure that the company kept running in the back end.

Mr. Reza Moridi: Would that be on a daily basis?

Ms. Maria Renzella: Yes, it would be on a daily basis initially, as we were building the organization. And then as life went on, there would be weekly meetings that the management team would have, and he would call me or talk to me on an as-needed basis.

Mr. Reza Moridi: Were you involved or did you have any knowledge of the review of his salary that led it to increase to \$1.4 million?

Ms. Maria Renzella: Yes, I knew what the salary was. The salary was determined by the board of directors, and the position I held was to ensure that the payroll matched the salary that was approved.

Mr. Reza Moridi: But you were not involved in the process?

Ms. Maria Renzella: No, I was not involved in the process. The output came from the board of directors. They went through their own processes. I was just given the paperwork to execute.

Mr. Reza Moridi: Do you know the reason for that increase?

Ms. Maria Renzella: There were two parts of that salary, as I understand. There was the salary for being the CEO, and he also received a medical director's stipend. Those were the two pieces in that amount. The salary was based on a third party consulting firm coming in, as I understand, that was hired every year. They came in and did a review of that.

Mr. Reza Moridi: Do you know who that consulting firm was?

Ms. Maria Renzella: It was a company called Cliste near the end. At the beginning, it was Luis Navas who was the consultant who provided advice on executive compensation.

Mr. Reza Moridi: Do you think that salary was appropriate for somebody in that position, within that sort of company—

Ms. Maria Renzella: I believe that the salary was quite high for that—

The Chair (Mr. Norm Miller): Excuse me. Ms. Renzella, can I ask you to back off from the microphone just a little bit? It's making Hansard difficult.

Ms. Maria Renzella: Oh, I'm so sorry.

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

Ms. Maria Renzella: Okay. Yes, I believe that the salary was very high, given the size of the organization.

Although it was complex, I did believe that the salary was quite high.

Mr. Reza Moridi: Did you object to that?

Ms. Maria Renzella: It was not my role to object. My role was only to get the directions from the board of directors at the time and execute.

Mr. Reza Moridi: Do you think that it was appropriate for Dr. Mazza to hire his girlfriend?

Ms. Maria Renzella: No, from a perspective of, I think hiring someone who is your girlfriend and promoting them provides for challenges and problems at work. You had to be on your toes, knowing that that was the situation, and you had to be careful when working with that individual. I believed it was very disruptive to the work organization and did not think it was a good idea.

Mr. Reza Moridi: Thank you very much. Mr. Chair, I'm passing it on to Ms. Sandals.

Mrs. Liz Sandals: Yes, thank you very much. Last week, we had testimony from Mr. Rick Potter, who used to be with Ornge. We were discussing this whole business of salaries on the sunshine list, or not, as the case may be. Mr. Potter had indicated that it was you who had removed the Ornge executives from the sunshine list. Is that reasonably accurate, that you had a role to play in removing people from the sunshine list?

Ms. Maria Renzella: Just to clarify, the sunshine list was dependent on who was being paid in Ornge. In 2007, we had created a company called Ornge Peel and also the Ornge Foundation. At that time, a number of executives were moved to Ornge Peel, and then later on the rest of the back office was moved to Ornge Peel, so there were a number of people. That was because it was an organization that was being set up in order to do revenue-generating activities. That's why there was the back office.

I went to the lawyers and asked them how the sunshine list impacted this, and we were given advice by the lawyers at that time that they were not required to go on the sunshine list.

Mrs. Liz Sandals: And who would the lawyers be who gave you that advice?

Ms. Maria Renzella: This was through Fasken's.

Mrs. Liz Sandals: I see. And which lawyers did you work with on the compensation regulatory issues?

Ms. Maria Renzella: On the compensation, Cindy Heinz was the lead lawyer, the billing lawyer at the time, and I believe Lynne Golding and Guy Giorno at the time were also providing advice as to that.

Mrs. Liz Sandals: So it was Ms. Golding, Mr. Giorno, and then Ms. Heinz was still at Fasken's?

Ms. Maria Renzella: Yes, she was. Yes.

Mrs. Liz Sandals: So at the time the decision was made to move people from Ornge to one of the subsidiaries, she was still at the law firm and she was one of the people who gave that advice.

When you were discussing, then, this whole business of where people would be assigned in terms of their jobs, tell me, how did the discussion revolve around whether or not people were on the sunshine list? How did the dis-

cussion revolve around should people be moved because that would hide them from the sunshine list?

Ms. Maria Renzella: The majority of the discussion arose as to why people needed to be on the separate organization and what the purpose of that organization was. That was the determining factor at the time, which of course also led to the fact that we didn't have to go on the sunshine list. The lawyers, as I understood it, said that it was not necessary, and we had informed Chris at the time. It was up to him whether he wanted to put people on the sunshine list or not, but we were not required by law at the time to do so.

Mrs. Liz Sandals: Mr. Potter indicated that, in fact, he volunteered to go on the sunshine list, but that he was not allowed by yourself to have his salary on the sunshine list; so even though he was willing to be appearing on the sunshine list, the decision was that the lawyer said, "It's not necessary." It wasn't a case of people deciding whether or not to reveal their salaries; it was, "You are now employed here, so therefore you will not be on the sunshine list."

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Ms. Maria Renzella: Once the decision was made as to who was in what bucket or which organization, that decision wasn't really revisited until recently, until the media reports. Then the question was asked, "Would you be willing to put your name on the sunshine list?" We all agreed, but at that point—this was December 2011, of which nothing has come—

Mrs. Liz Sandals: So it's your position, then, that the fact that salaries seemed to start going up rather dramatically after people went over to the for-profit side and came off the sunshine list—the fact that the salaries were hidden and the fact that they then started to rise rather dramatically were totally coincidental?

Ms. Maria Renzella: What I would like to say is that the rising of the salaries—and I think you're speaking specifically about Dr. Mazza's salary. If you go back to the last time his salary was disclosed, it was 2008, but that was only a partial year for 2007, so that number is understated. It does not reflect a full year of his salary, so I wanted to make sure that everyone was aware of that. But as—

Mrs. Liz Sandals: But nevertheless, his salary at least doubled to \$1.4 million.

Ms. Maria Renzella: His salary would have increased over that period of time. Again, the board was well aware of that, and they were determining what the salaries were at that time.

Mrs. Liz Sandals: The board of what?

Ms. Maria Renzella: The board of Ornge and Ornge Peel. They were the same board. They were the ones who knew what the salaries were—

Mrs. Liz Sandals: Oh, that's interesting, because some of the board members have testified that they didn't know what Dr. Mazza's salary was. There seems to have been some people on the board who were aware and possibly some who weren't. That would contradict some of the other testimony we've received.

The thing that I find confusing, and perhaps I'll appear to—could you hand that to the witness? This is something that has been previously distributed to the committee because it appeared in the request for information from Ms. Li, the ADM, with respect to salary disclosure. What she revealed, out of the FOI documents, was an email chain where some of the Ministry of Health people were trying to reconcile—it would appear that they were trying to reconcile the previous sunshine list to the new sunshine list.

What I find interesting as a response, in terms of asking where did these salaries go, is that the payroll supervisor at Ornge says, "A number of employees have left our organization since 2008 and 2009." I'm wondering, if correspondence went out from Ornge in 2009, whose signature, whose name would have appeared on the correspondence from Ornge, the CEO of Ornge, if correspondence went from Ornge in 2009?

Ms. Maria Renzella: It would have been Dr. Mazza. He would have been the CEO of Ornge.

Mrs. Liz Sandals: So here, then, we would have had the CEO of Ornge, still being Dr. Mazza, from the point of view of the world, but the communication from the payroll supervisor at finance is that a number of employees, who have disappeared from the sunshine list, "have left our employ." That would include Dr. Mazza; I believe it would include yourself; it would include Mr. Potter. How do you reconcile the idea that people left, which is what the Ministry of Health was told, yet Dr. Mazza still appears to be CEO of Ornge?

Ms. Maria Renzella: One is a legal question as to what needed to be displayed on the public salary disclosure list, and again, that was legal advice provided to us. Dr. Mazza had the option as to whether he wanted to do that.

The organization of Ornge Peel itself that was created was indirectly—it was owned by Ornge at the time, so it was all consolidated within it. The board of directors knew what the position was—at least, the chair did. The way it was structured was that there was an administrative agreement between the two organizations, from a legal perspective, to ensure that Chris would continue to be on as CEO. So there were legal arrangements made for that.

However, how do you reconcile the two would be—I was under the impression that this is all very normal to have people in one organization be able to provide services to other organizations. It was all controlled within. So the issue of the Public Sector Salary Disclosure Act decision point was left with Dr. Mazza.

Mrs. Liz Sandals: But you did understand that the purpose of the Public Sector Salary Disclosure Act is so that the public is aware of the salary levels of the executives at transfer partners who are receiving provincial funds. Does not this decision, this advice that you received from Fasken's, from Golding, Giorno and Heinz, and the decision to say, "Oh, those people have left the organization," rather than disclosing the salary—

do you really think that is consistent with the intent of the act?

Ms. Maria Renzella: Personally, I had no issues with disclosing my salary. Again, those directions came from Dr. Mazza at the time.

Mrs. Liz Sandals: Thank you. How much time do we have left in this round, Chair?

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

Mrs. Liz Sandals: Do you want to start now or do you want to add that to the next round?

Mr. David Zimmer: Jeff.

Mrs. Liz Sandals: Jeff? Okay.

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

Mr. Jeff Leal: Thank you very much, Mr. Chair, and thank you.

Last week, on May 9, Mr. Potter had some very shocking testimony, I believe, confirming rumours that have been circulating for at least a year regarding the selection of the Oshawa Municipal Airport to be a satellite base. It was not based on technical merit, so a lot of people want to get to the bottom of this. Were you aware of the decision to select the Oshawa Municipal Airport as an Ornge satellite base?

Ms. Maria Renzella: Yes, I was aware of that decision.

Mr. Jeff Leal: Were you involved in the decision?

Ms. Maria Renzella: My involvement in any of those decisions was that I provided support to the executive lead in helping to establish a business case. So my team would provide all the financial report and analysis that would go along with such a business case.

Mr. Jeff Leal: Mr. Potter, the former chief aviation officer of Ornge, testified that he had “genuine concerns” about the location of a base at the Oshawa airport and indeed advised against that decision. Were you aware of his concerns?

Ms. Maria Renzella: I was aware of his concerns, and he had, as I understood, articulated them both to the executive in charge, Tom Lepine, and Dr. Mazza. Again, it was their decision as to whether to set up a satellite base.

Mr. Jeff Leal: So it’s your testimony that he advised both Dr. Mazza and Mr. Lepine on this issue?

Ms. Maria Renzella: Yes.

Mr. Jeff Leal: Were you aware of any lobbying that was done by either MPs or MPPs to move that site to Oshawa?

Ms. Maria Renzella: No, I was not aware. I do know that there was discussion that Dr. Mazza and Tom wanted to set up an eastern base at the time, and they weren’t sure which area to pick, be it Peterborough, Oshawa or whatever other airport. So they were pretty public—

Mr. Jeff Leal: I’m familiar with the Peterborough business case.

Ms. Maria Renzella: Yeah. And so when they went out there, it was a matter of who could provide the best

solution to what they were looking for, but I was not aware of any lobbying.

Mr. Jeff Leal: Mr. Potter testified that the city of Oshawa provided incentives for Ornge to locate there. Are you aware of these incentives and could you provide me any information on the incentive package?

Ms. Maria Renzella: I was aware that there were incentives, but I wasn’t the person directly dealing with that negotiation, so I don’t know all of the details of that incentive.

Mr. Jeff Leal: Who would have that information for me? Is it Jim Feeley who would have that information?

Ms. Maria Renzella: Jim Feeley would have that information.

Mr. Jeff Leal: Mr. Lepine would have that information?

Ms. Maria Renzella: Mr. Lepine, yes, would have that information.

Mr. Jeff Leal: Mr. Mazza—Dr. Mazza—would have that information?

Ms. Maria Renzella: If you ask him, possibly. But I think if you want to go—the people who would actually have the details to provide you with that could be Jim or Tom, yes.

Mr. Jeff Leal: In your opinion, why was the decision ever made to go to Oshawa Municipal Airport if there were so many technical reasons for it not to go there? In fact, Mr. Potter testified that when he was in the air traffic control business for Saskatchewan, Manitoba and, indeed, Ontario, Oshawa had more complaints to air traffic control because of the operation of the airport and, indeed, the curfew and potentially reducing response times if the Ornge satellite base was located in Oshawa.

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Ms. Maria Renzella: The decision to have a satellite base was determined by Mr. Lepine, and I think it was more of an operational decision and something to do with time to patients in that area and the activity. But other than that, I was not involved in that decision at all.

Mr. Jeff Leal: I just want to make sure we’re absolutely clear here. You’re saying it was Mr. Lepine and Mr. Lepine only who made the final decision to go to Oshawa?

Ms. Maria Renzella: Mr. Lepine, under the direction of Dr. Mazza. There was a business case. They went and looked at a number of factors, as I understand. But it was also Dr. Mazza who wanted Tom to investigate whether they should look at opening an eastern base.

Mr. Jeff Leal: Did you review the business case?

Ms. Maria Renzella: Yes, I did.

Mr. Jeff Leal: So what we’re saying is that Mr. Potter said that there was no technical reason. You reviewed the business case—

Ms. Maria Renzella: It was reviewed by—from a financial perspective I reviewed it.

Mr. Jeff Leal: Which would have included the incentives that were put on the table by the city of Oshawa?

Ms. Maria Renzella: Yes, yes, yes. But if you’re asking me for details of those incentives, there weren’t—

Mr. Jeff Leal: Are you aware that in the Municipal Act, in the province of Ontario, bonusing is illegal?

Ms. Maria Renzella: No, I was not aware of that.

Mr. Jeff Leal: Okay. Mr. Zimmer, you may have some questions?

The Chair (Mr. Norm Miller): There's just one minute.

Interjection.

Mr. Jeff Leal: So, when Mr. Lepine appears in front of this committee, which he will do shortly, he's the individual who could shed a lot of light on this decision, I take it?

Ms. Maria Renzella: Yes. He will be able to shed a lot more light on this decision.

Mr. Jeff Leal: And Dr. Mazza: He was directly involved in making this decision also?

Ms. Maria Renzella: Yes. He asked Tom to look into opening up an eastern base, yes.

Mr. Jeff Leal: Okay, thank you very much.

The Chair (Mr. Norm Miller): We'll move on to the official opposition. Mr. Klees.

Mr. Frank Klees: Ms. Renzella, thank you for being here. You've obviously familiar with the Auditor General's report on Ornge.

Ms. Maria Renzella: Yes.

Mr. Frank Klees: You've had a chance to read it.

Ms. Maria Renzella: I read the draft. I haven't read the new revised, but I would assume it's not substantially different.

Mr. Frank Klees: When you first saw the Auditor General's report, what was your reaction?

Ms. Maria Renzella: I was shocked, dismayed, upset, disappointed, a number of—I was just very upset about it.

Mr. Frank Klees: It's a very scathing report—

Ms. Maria Renzella: Yes.

Mr. Frank Klees: —on a number of fronts. Whether it has to do with the patient safety and patient care side or whether it has to do with the operational side, it left a lot of questions, which of course is why we're here.

Ms. Maria Renzella: Yes.

Mr. Frank Klees: One of the things that concerned us a great deal, and I think probably added to the concern not only of this committee and legislators but the public as well, were the Auditor General's comments that it was very difficult for him to get information when he asked for it. The minute that there's a cloak of secrecy, it obviously begs the question: What are these people hiding? Can you help us to understand why the Auditor General would have been obstructed to get information that clearly he felt was in his mandate to have available to him so that he could, in turn, report to the Legislature on what was happening at Ornge?

Ms. Maria Renzella: As I read that, I felt that we responded to all the Auditor General's requests in a timely manner. In some places, we had to go look for the information due to filing and having it in boxes or pulling some things together to make it cohesive. If the Auditor General is referring to the issue about the restructuring

and understanding there were some documents that were in or out of scope, there was a discussion between the chair of the board at the time and the director in the Auditor General's office to determine what the scope of the work was between that for-profit side and the not-for-profit side. My understanding at the time is that there was agreement as to what was to be shared and what was not to be shared. There was no comment otherwise that would have indicated that we were not sharing information appropriately. I did not hear that we were not sharing information. I do understand, at times, though, it just took us a little longer to pull some information together.

Mr. Frank Klees: Mr. Chair, I'd like to hear from the Auditor General. My question to the Auditor General is: Were there specific requests that you made to Mr. Rothfels on occasion? What was the response from Mr. Rothfels to your request?

The Chair (Mr. Norm Miller): Auditor General?

Mr. Jim McCarter: Thank you, Chair. I think maybe the best way I can characterize it is, we eventually got the information that we requested, but compared with our other audits, it took an unduly long amount of time to get the information. Often we'd ask for it, we'd have to ask for it again, and we'd get a document, but we wouldn't get all the document. As Ms. Renzella knows, a lot of the documents were at the lawyers'; that took a fair bit of time. It was challenging to get the documents. We eventually got it, we eventually got the explanations, but it just took a lot of time.

Mr. Frank Klees: Thank you. I think the concern that we have, Ms. Renzella, is that there seemed not only to be a great deal of complexity around this organization; there clearly were a lot of issues that did not invoke a great deal of confidence.

We've already heard your responses to the issue of the sunshine list.

Ms. Maria Renzella: Right.

Mr. Frank Klees: We also heard testimony from Ms. Golding about the fact that, yes, they provided legal opinion, but in providing that legal opinion, they also made a recommendation that, notwithstanding the fact that you are not obligated legally to disclose, you do so anyway, given the relationship between Ornge and the government of Ontario. Can you confirm that?

Ms. Maria Renzella: Yes.

Mr. Frank Klees: Yes. Nevertheless, despite the fact that your legal firm, while responding to the technical request to provide a legal opinion—and they provided that—offered their best advice to say, “Look, in the interest of public confidence, you should be disclosing these salaries.” You can understand, I'm sure, why we would question the motivation and the intent when this organization that was receiving \$150 million of public money would choose not to. Does that make sense to you? Do you understand why we would be concerned?

Ms. Maria Renzella: I understand. As I had already said, this was a Dr. Mazza decision, so this is what he wanted to do.

Mr. Frank Klees: Ms. Renzella, you have a professional background. Prior to coming to Ornge, you were with Allstream, a respectable company. What was your role there?

Ms. Maria Renzella: I was a director of finance. I worked mainly with the sales and marketing departments.

Mr. Frank Klees: And what was your income at Allstream?

Ms. Maria Renzella: It was \$120,000 at the time, plus a number of options.

Mr. Frank Klees: And when you came to Ornge, what was your starting salary?

Ms. Maria Renzella: It was \$130,000.

Mr. Frank Klees: I think the last salary that I saw posted was \$430,000. Is that correct?

Ms. Maria Renzella: The salary was made up of a number of components. It was \$240,000; plus there was a performance bonus on top.

Mr. Frank Klees: Right. But basically, in the space of—when did you start?

Ms. Maria Renzella: April 2005. So I started at \$130,000 plus a performance bonus at that point in time—as well, at Allstream, there was a performance bonus and options, too.

Mr. Frank Klees: So it's fair to say that you've done very well there. In fact, what we've seen from other executives is that everyone did well at Ornge. No one denies anyone success, but the reason that we're examining this is because it is tax dollars, and it wasn't exactly a perfect organization in terms of the success measurements that, as a public body, we would like to see, from the standpoint of delivering emergency ambulance services. So you understand again our questioning, and I think the taxpayer wants us to get some answers to these questions.

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Can I ask this? As a professional who no doubt took your responsibilities very seriously, did you at any time, while you were employed at Ornge, feel that you were being asked to do certain things that you felt were the wrong things to do?

Ms. Maria Renzella: While I was at Ornge, I thought a lot about whatever I was asked to do. I stayed at Ornge mainly because of the mission that it had. It was performing a service to the province of Ontario which was very important to me. I was very loyal to that and committed to that organization.

When things were asked, I tried to ensure that it stayed, in my mind, within the realms of what would be appropriate. I ensured, first and foremost, that whatever was done was legal. I would go to the lawyers a number of times to make sure that whatever was being asked was legal. That was my first and foremost. In many cases—and we were able to always work within a legal environment.

Whether or not I agreed with every decision made, I would suggest that I could say to you I didn't agree with every decision made. I would have made other decisions

depending on if I was in that position to make the decision.

Mr. Frank Klees: I'd like you to think about this very carefully.

Ms. Maria Renzella: Okay.

Mr. Frank Klees: I'd like you to think about the time when the aircraft purchase agreement was finalized and the follow-up to that with the marketing services agreement. I understand that you were the point person, along with Dr. Mazza, in negotiating directly with Agusta the marketing services agreement. Is that correct?

Ms. Maria Renzella: Yes, with the marketing services agreement. I was not involved in the negotiations on the helicopter agreement, no.

Mr. Frank Klees: That is contrary to what Mr. Potter said, and I'm sure you saw his—

Ms. Maria Renzella: I saw that, and that was incorrect.

Mr. Frank Klees: Why do you think Mr. Potter would have put you into that position?

Ms. Maria Renzella: I don't know. At the time when they were negotiating the agreement, I was not part of that. It's a very complex agreement. You're buying helicopters, so there were consultants on board whom we had hired and contractors with aviation experience in aircraft procurement, and there were lawyers on board. I was not involved in the set-up of that. He may have forgotten—

Mr. Frank Klees: But you were involved in negotiating directly with Agusta the marketing services agreement. Is that correct?

Ms. Maria Renzella: Initially, and then, as the services started to be defined, it actually moved over into the marketing area.

Mr. Frank Klees: Okay, but at that beginning stage—can I ask: Where did the original draft of that agreement emanate from? Is that something that you prepared, or was that initial draft delivered to you by Agusta as a starting point?

Ms. Maria Renzella: So if I can step back and sort of walk through what the agreement was, I received a phone call in January of—I believe it was 2010. Dr. Mazza had called me and informed me that he had negotiated a deal with Agusta whereby he agreed to pay for weight upgrades. In return, he wanted to receive a donation, of which he wanted the donation to be used to help with these revenue-generating opportunities. He therefore mandated me, when I returned back, to get in contact with lawyers and determine on how to execute this.

I returned from school at that point in time and spent the first week understanding the facts. I didn't understand completely what the deal was. I had to talk to a number of people. I spoke with the lawyers to understand what they understood the deal was to be. I just had to think about what this all meant.

Later on, it became apparent—the lawyers did come back to me and said that what Dr. Mazza wished to do could not be done, especially in regard to a charitable organization. You could not take funds like that, receive

them and have them used for revenue-generation activities.

Mr. Frank Klees: How much money were we talking about?

Ms. Maria Renzella: We were talking \$4.8 million.

Mr. Frank Klees: So \$4.8 million?

Ms. Maria Renzella: Yes.

Mr. Frank Klees: Thank you.

Ms. Maria Renzella: At this point in time, just to make it all clear, the organization Ornge owned both the foundation—not legally, but it had control over the foundation and the organization called Ornge Peel at the time. So there were discussions with the lawyers whereby, for such a transaction to occur, a value for the service being given had to be demonstrated. Therefore, we sat and we talked about it. I talked to Chris. I was just trying to think through what that could mean.

If you read the agreement—I read the agreement with Augusta; it had contemplated a joint marketing agreement at the time. I spoke with Chris and explained to him specifically what the lawyers had said, talked to him about the concept of this joint marketing—maybe there’s a marketing service that could be provided or something. But it was more of a brainstorming to talk about value for service.

Then I talked to the lawyers a bit more to understand whether that would be something that was legally qualifying. Dr. Mazza therefore—he thought about it a bit more and spoke with Augusta at that point in time.

Mr. Frank Klees: Okay, that’s interesting. So it was intended—the \$4.8 million was really a donation. Your lawyers told you that you can’t accept that donation and so we went back to the drawing board to say, “How can we accept this \$4.8 million and how can we paper this?” That’s really what it came down to, isn’t it?

Ms. Maria Renzella: How do you make it legal, to be used for what you needed to use the funds for.

Mr. Frank Klees: Or at least appear legal, right?

Ms. Maria Renzella: Well, at the time, the intention, I believe, was to make sure, right? But—

Mr. Frank Klees: In the process of this—again, I remind you that we’ve had a number of people here under oath, and there will be more to come. There were a lot of people concerned about this process and there were a lot of people who saw through the facade of this paper.

At any time—and please think about this—did any of the consultants or executives around you or board members come to you to say, “Look, this is wrong. This is illegal. This is essentially fraud”? Did that ever happen?

Ms. Maria Renzella: No. People were—there was definitely controversy between Rick and Chris at the time as to whether Chris would pay for the weight upgrades, but no one ever used the word “fraud.” No one said it was illegal. It was never mentioned. I never heard of that term.

Mr. Frank Klees: Did anyone suggest it was questionable?

Ms. Maria Renzella: There was a lot of internal controversy. I think the focus and the mandate I had at the

time was definitely to try to ensure that whatever we were doing was legal. That was the focus.

Mr. Frank Klees: You are confirming that Mr. Potter—who took great pride in telling us that he had, whether it was him or whether it was a group of them, essentially negotiated away the cost of that weight upgrade and that Dr. Mazza insisted, nevertheless, to pay that. The way we understand it is that even though Augusta had agreed not to charge it, Dr. Mazza insisted on paying it, and it was going to be paid, clearly, out of the bond offering funds that had been raised to buy the helicopters. And then that money would be funnelled back into what was going to be the charity but ended up being—which company?

Ms. Maria Renzella: Ornge Peel.

Mr. Frank Klees: Ornge Peel. So you are confirming that?

Ms. Maria Renzella: The actual discussions and the negotiations, I was not part of. I just received that phone call from Chris. Rick said he was unhappy with it. Again, I don’t know all the details of what Rick negotiated at the time. I received the phone call from Chris at the time stating that.

Mr. Frank Klees: Okay. Can you tell me, when those payments—I’ll just fast-forward a bit here.

Ms. Maria Renzella: Sure.

Mr. Frank Klees: When those payments were made—and we have a copy of the marketing services agreement; I think it has been circulated to everyone. There’s a schedule of payments. When those payments were made, they were made to Ornge Peel, you say?

Ms. Maria Renzella: Yes.

Mr. Frank Klees: Yes, and they would have come through your office as the finance person. You would have received those wire transfers, I’m assuming, and you would know where they were deposited; is that correct?

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Ms. Maria Renzella: My finance team would have known that.

Mr. Frank Klees: Where were they deposited?

Ms. Maria Renzella: They would have been deposited in the Ornge Peel bank account at the time. Then, when there was the corporate restructuring in January 2011, there was that movement—a new corporation of Ornge Global Corporate Services was set up, at which point in time that agreement was assigned there. Once it was assigned there, then those payments were made to that organization.

Mr. Frank Klees: All right. So there would have been funds already deposited from the previous payments.

Ms. Maria Renzella: Right.

Mr. Frank Klees: You’re saying, then, that those funds were transferred into the Ornge Global services account.

Ms. Maria Renzella: Yes. The way it would have worked at the time—this is where things get a bit complex—is, through the corporate restructuring, what we ensured during that time period—or the finance team—

was that any funds received from the marketing service agreement were delineated from the rest of Ornge's funds. There was to be no commingling of the funds, the government funds versus the Agusta funds. Those funds were used to pay off any activities that were not related to the provision of air ambulance services in Ontario. That was how it was working.

Mr. Frank Klees: Okay. I'm sorry, I—

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

Mr. Frank Klees: Okay. Well, we'll have to—could I take about five minutes of my time? I just want to finish this line of questioning, if you don't mind. I'll make it up on the next round.

The Chair (Mr. Norm Miller): Go ahead. Continue.

Mr. Frank Klees: What we have here—and it's very honourable that the folks wanted to make sure there was no commingling of funds; right?

Ms. Maria Renzella: Exactly.

Mr. Frank Klees: They didn't want that money to go into the not-for-profit section.

Ms. Maria Renzella: And vice versa. They didn't want the not-for-profit section—

Mr. Frank Klees: Sure. Did anyone suggest that that's where they came from to begin with?

Ms. Maria Renzella: No.

Mr. Frank Klees: No, of course not. Can you tell me—because they originally came from the bond offering; right?

Ms. Maria Renzella: The bond offering was used to pay for the upgrades and a number of other upgrades that were going on at the time.

Mr. Frank Klees: Right, but we negotiated down, so we didn't have to pay the \$10 million. Now the \$4.8 million, net of the upgrades, was funnelled back into Ornge Global, so it's all from the same source. Of course, the taxpayers are paying the interest payments on that money, so in the end, it's nice to keep it segregated, but it really was all public money to begin with. Nevertheless, we'll deal with that elsewhere.

Can you tell me what happened? You said that those monies were then earmarked to use for other things. What other things and what other activities—

Ms. Maria Renzella: They were to be used for the provision of the services per the marketing agreement, so it was any of the hiring of marketing personnel, sales personnel, and professional fees that were encountered in helping to develop some of the revenue.

Mr. Frank Klees: So \$4.8 million was used to pay people like Kelly Long, who I understand had the lead on that whole marketing production. We're going to be getting a copy of the deliverables under that marketing agreement.

In your professional opinion, was that marketing agreement and the products that were ultimately delivered to Agusta worth \$4.8 million?

Ms. Maria Renzella: Two ways to answer that: First of all, it was negotiated with Agusta. There was a large amount of time negotiated. It was not something that was

done overnight. I started with that negotiation in March. The agreement was signed about four or five months later, and it was to ensure that the services did provide \$4.8 million.

Now, when looking at it from our perspective, at the beginning it was to understand what the costs would be in delivering such a service at that time, and there was obviously a profit component. But again, I would ask Agusta to ensure whether they received that value.

Mr. Frank Klees: Sure. Well, we know it was a donation. And we also know that the contract itself was nothing more than a sham, and Agusta participated in that. We have evidence that they do that worldwide. This is part of how they do business, from what we're told.

I guess what I was hoping to hear from you, and I'm hoping that someone—I mean, Mr. Potter came very close to it. I'm hoping that someone within Ornge will actually fess up and actually say, "You know something, folks? This was wrong. We did the wrong thing." Everybody sees it. What we're looking for is for someone—now, it may take the police to do that; I don't know. I'm sure they're following the money, and ultimately they will draw a conclusion. What I think the public is interested in, and what we would like to see as a committee, is someone who was engaged in this, whether they were bullied into doing it or whether they did it simply through complicity—it would be good to simply have an answer and for someone to stand up and say, "You know what? I'm willing to actually tell the truth here. I think this was wrong, and yet I was bullied into participating, into making this happen." Would you be willing to step forward to do that?

Ms. Maria Renzella: When I looked at the transaction at the time, and it was at the time when everything was within the same—it was all within the same group. It was the same organization. It was looking at making a payment, receiving a payment, in order to generate revenues; that was looking at ensuring the long-term sustainability of the organization. It was to help generate profits. It was going to help provide services to the province of Ontario. It would help mitigate any financial risk. There was a number of things potentially that was going to help do when it was pulled together underneath one roof.

As the for-profit structure was created, that was the one in 2011, and then that agreement was moved over to that side, you know, I can understand how, as you sit there and you're looking at this—I can understand your position. So I would relook at that transaction, given the way it ended up being. But initially, it was all to be a beneficial transaction for all.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): You have used your five minutes. For the additional five minutes, we'll move to the NDP: Ms. Gélinas.

M^{me} France Gélinas: You were at Ornge from April 2005 till 2012; you invested seven years of your life into that organization. How could it be that you ended up being terminated?

Ms. Maria Renzella: I was terminated legally. I was an employee of a company called Ornge Global GP, which was providing master management services to Ornge. That was the organization that was on the right-hand side of the big corporate structure. It went into insolvency. The contract between Ornge and Ornge Global GP was terminated, at which point my employment was terminated. There was a windup of all the for-profit activity at that point in time.

M^{me} France Gélinas: Did Ornge Global GP—

Ms. Maria Renzella: Yeah.

M^{me} France Gélinas: Apart from what was transferred over in the agreement from Augusta, what other source of revenue did they have, and what kind of amount were they bringing in?

Ms. Maria Renzella: So when it was started up, the organization had a marketing services agreement in one of the entities that belonged in that whole family. Ornge Global GP just housed a few executives who charged their time at cost. Everything was done at cost. There was no profit to Ornge. So that was their other source of revenue, through this master management agreement.

Any time that those executives, including myself, worked on any Global initiatives that were not specific to Ornge, they were charged to the Global services side. That was either financed through the marketing agreement—there was also a loan that was done from Ornge to the right-hand, to that for-profit, side. That loan was a result of a credit lease transaction. The credit lease transaction was where there were some funds raised through the monetization of a lease that was done between Ornge and Ornge Real Estate.

M^{me} France Gélinas: So that was for renting of the space?

Ms. Maria Renzella: That was for the renting of the space, yeah.

M^{me} France Gélinas: So, aside from the money you were getting from the dealings you had with Ornge the not-for-profit and Augusta, there were no other sources of funding?

Ms. Maria Renzella: No. The organization was pursuing external investors at the time, and at the same time, they were looking for other alternative sources of revenue. They had visited the States to see if they could generate some potential customers down there. They were setting up a joint-venture-type partnership down in Brazil to see if there could be some work that could be done down there.

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M^{me} France Gélinas: Wouldn't you say that it was a little bit premature to move you over there? Why not wait till some of that work was done?

Ms. Maria Renzella: I agree. I think, from my perspective, it was premature to create the structure. The business plan was not fully created at the time in order to entice the investors to come in or to generate the revenue. There had to be additional research required at the time before that would be going. So I do agree with you.

M^{me} France Gélinas: But yet you agreed to transfer your employment agreement to an entity that had no revenue.

Ms. Maria Renzella: At the time—it was sort of like the structure was being approved through the board. The process by which they went through the approvals of the structure and the legalities were such that I went along to do that. But if you're asking from more of a business sense whether the timing was too early to move people around or to even set up the structure, that was more of what my answer was pertaining to. It was almost like it was preparing for things to occur.

M^{me} France Gélinas: When you received your paycheque, would you receive a paycheque from Ornge Air, the not-for-profit, and then a paycheque from Ornge Global?

Ms. Maria Renzella: No. I received only one paycheque, from Ornge Global.

M^{me} France Gélinas: From Ornge Global.

Ms. Maria Renzella: Yes.

M^{me} France Gélinas: Who paid for Mr. Rick Potter's salary, Ornge Global or Ornge Air?

Ms. Maria Renzella: Ornge Air paid Rick Potter's salary, and then the way it was structured was, Ornge Air provided services to Ornge; it was an aviation services contract. So all the actual costs—again, nothing was done at profit; everything was—it was almost like all actual costs. So if I paid Rick \$240,000 a year, that salary was charged back to Ornge at \$240,000 a year. So that's how that would work.

M^{me} France Gélinas: On Rick's paycheque, it would show Ornge Air. On your paycheque, it would show Ornge Global.

Ms. Maria Renzella: Yes.

M^{me} France Gélinas: Okay. So we come back to, then: How could it be that the decision was made not to disclose Rick's salary if he was paid by Ornge Air?

Ms. Maria Renzella: The decision was made basically by Dr. Mazza at the time. Legally, he was given advice that if they were in separate legal structures, he did not have to disclose, so he did not want to disclose and the decision was therefore to disclose only those salaries that were in Ornge at the time.

Mr. Jagmeet Singh: So just to break down the difference: Before 2009, would you agree with me that there were no for-profit entities?

Ms. Maria Renzella: In 2007, I believe we set up Ornge Peel, which was—the way, legally—we just set up an organization. It was owned by Ornge. It was for-profit from a legal perspective, but it didn't generate any profit. Everything was done at cost. It was just a method to ensure that—

Mr. Jagmeet Singh: Sure. So, with the exception of Ornge Peel, the whole for-profit structure hadn't been set up yet.

Ms. Maria Renzella: No. It had not been set up yet; absolutely.

Mr. Jagmeet Singh: Your salary up until—you weren't paid by Ornge Peel, ever. Is that correct?

Ms. Maria Renzella: I was not paid by Ornge Peel ever—

Mr. Jagmeet Singh: By Ornge Peel.

Ms. Maria Renzella: No, no, I was paid by Ornge Peel.

Mr. Jagmeet Singh: You were paid.

Ms. Maria Renzella: Yes, I was.

Mr. Jagmeet Singh: And when were you moved to Ornge Peel?

Ms. Maria Renzella: I moved at the same time as a number of other people were moved, as well as the back office. I believe it was in 2007.

Mr. Jagmeet Singh: Okay. Rick Potter was never moved to Ornge Peel. Is that correct?

Ms. Maria Renzella: He was in Ornge Peel at one point in time. He was in Ornge, then Ornge Peel. Then, when the decision was to internalize the aviation operations, he was then moved into Ornge Air, because there had to be an accountable executive from a regulatory perspective to ensure that you had someone in there.

Mr. Jagmeet Singh: Sure. His pay, though, throughout his time period, while he was working there, was always from Ornge Air. Is that correct?

Ms. Maria Renzella: Correct.

Mr. Jagmeet Singh: And Ornge Air is not-for-profit?

Ms. Maria Renzella: Ornge Air, again, is in a legally set, for-profit organization. It's called for-profit. But as Peel was, they were just providing services, so nothing was done at profit. There were no profits being generated; it was just at cost. It was a charge-back.

Mr. Jagmeet Singh: But he was always being paid by Ornge Air from the beginning of his payment till the end.

Ms. Maria Renzella: He started in Ornge and then he moved to Ornge Peel, and then he moved to Ornge Air. So he did move around.

Mr. Jagmeet Singh: If Rick Potter testified that he was always paid by Ornge Air, would you agree with that or disagree with that?

Ms. Maria Renzella: As soon as Ornge Air was created, I would agree with that, yes.

Mr. Jagmeet Singh: No, for his entire—if he testified that for the entire duration of his payment, working at Ornge or working at this establishment, he was always paid by Ornge Air, would you agree with that or disagree?

Ms. Maria Renzella: I would say no, because in 2007, Ornge Air did not exist.

Mr. Jagmeet Singh: Okay. Mr. Potter indicated that he was always willing to disclose his salary. Would you agree with that?

Ms. Maria Renzella: We didn't talk about it that much. When it really came to fruition was when the media reports started coming out. There was an ask to say: Are you willing to disclose your salary? I asked him. I said that I would disclose mine, and he agreed to do that. But that was where the majority of those issues came out.

Mr. Jagmeet Singh: Was the decision to end the salary disclosure ever your decision?

Ms. Maria Renzella: No, it was not.

Mr. Jagmeet Singh: And if he testified to that fact, would you agree with that or disagree with that?

Ms. Maria Renzella: If he testified to that fact that I—

Mr. Jagmeet Singh: That you're the one who said that he should not disclose—

Ms. Maria Renzella: No, I would disagree with that. The decision not to disclose on the Public Sector Salary Disclosure Act was Dr. Mazza's decision at the time in 2007. We just continued on with that decision.

Mr. Jagmeet Singh: Did you ever receive any freedom-of-information requests to disclose salary?

Ms. Maria Renzella: No. No, I have not. We received a number of other FOI requests, but that one I have not seen. I'm trying to remember.

Mr. Jagmeet Singh: Okay. What other FOI requests did you receive?

Ms. Maria Renzella: Performance agreement. That was the major one that I remember that was received.

Mr. Jagmeet Singh: And when was that, approximately?

Ms. Maria Renzella: I think it was 2010 or 2009.

Mr. Jagmeet Singh: In 2010 or 2009?

Ms. Maria Renzella: It was late fall 2009.

Mr. Jagmeet Singh: Do you recall who made that request?

Ms. Maria Renzella: No, no. That just came through the normal channels where there's a—

Mr. Jagmeet Singh: And if there was a freedom-of-information request for salaries, would that have ended up on your desk being one of your responsibilities?

Ms. Maria Renzella: Yes. That would have been on my desk, and I would have done what I normally would have done: phoned the lawyers and tried to determine what we needed to do with that.

Mr. Jagmeet Singh: So if that request had been made, you would have received it? Do you agree with that comment?

Ms. Maria Renzella: It would have come to me at some point or someone would have told me about it.

Mr. Jagmeet Singh: Okay. If you never received that request, would it be fair to say that no one actually passed that information along to you, then?

Ms. Maria Renzella: Exactly.

M^{me} France G linas: Just to continue on this, the NDP did file a freedom of access of information when we realized that Dr. Mazza was no longer on the sunshine list. We were told that 13 documents were found and that none of them they could share with us. That's the ministry saying this. So you are telling us—we filed a request for freedom of access of information for Mr. Mazza's salary with the Ministry of Health. The Ministry of Health never asked you how much Mr. Mazza was making?

Ms. Maria Renzella: No. I never received that request. Again, it depends on when you sent it. It might have gone through another channel in the organization,

and I just never heard of it, but I've not personally seen that.

M^{me} France Gélinas: Okay.

Mr. Jagmeet Singh: You say that a loan helped pay for the salaries at Ornge Global?

Ms. Maria Renzella: Yes.

Mr. Jagmeet Singh: That loan was secured—was that secured by Ornge, the not-for-profit entity?

Ms. Maria Renzella: It was an unsecured loan because it was Ornge Real Estate that was making the loan to the global side, and there was no—

Mr. Jagmeet Singh: So were there any public assets used in securing that loan?

Ms. Maria Renzella: That's a more complicated question. The loan was an unsecured loan, and it was based on the difference between the amount of the capital value of the building and how much of a bond—there was a bond that was raised in relation to the building.

Mr. Jagmeet Singh: Was that building owned—

Ms. Maria Renzella: That was owned by Ornge Global Real Estate, which was a subsidiary of Ornge.

Mr. Jagmeet Singh: So then would that be considered a public asset?

Ms. Maria Renzella: If it was owned by Ornge. The question of whether it's a public asset or not I can't answer because that's more of a legal question. But I can at least tell you it would be an asset of Ornge.

Mr. Jagmeet Singh: That's fine. Sure. Who paid the interest on the principal of that loan that Ornge Global had?

Ms. Maria Renzella: Ornge was paying the interest and principal on that loan.

Mr. Jagmeet Singh: So Ornge, the not-for-profit Ornge?

Ms. Maria Renzella: Ornge, the not-for-profit. The concept was that, at some point, the difference in that loan of—I think it was about \$5 million, but it would have gone up to about \$8 million. That was going to turn into an equity investment on the global side, and therefore there would have been some ownership there. The other concept was also that there were going to be some savings from that that Ornge would realize because Ornge Global will now pay a fair share of the rent and would pay more of the back-office services because that would be shared. There would be some offsets to those costs, so that—

Mr. Jagmeet Singh: Sure, but in actuality what happened was that a publicly funded entity was paying the interest on a for-profit loan given to a for-profit entity?

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Ms. Maria Renzella: Right, and then the for-profit entity was paying the interest on the loan back so it would have been nil, but at the time they were using the same funds to pay off the loan.

M^{me} France Gélinas: How much of this did the ministry know? I mean, every year you had to do an annual statement; you had to have your annual statement audited. I mean, we had a previous witness who says that

they met with the Ministry of Health every week. How much of this did the ministry know?

Ms. Maria Renzella: All of this transaction happened in January 2011, and it was disclosed to the ministry as part of the documentation that was sent to the minister at the time. It was a 45-page document. Then they met with the various ministries and members of the government at that time. There were a number of people. I believe it was Tom Lepine, Rainer Beltzner and Alfred Apps who attended those meetings. At that point in time, all of this was disclosed.

M^{me} France Gélinas: From those disclosures and those meetings, did anybody from the ministry go back to you and ask for clarification?

Ms. Maria Renzella: No, I did not receive any clarifications on that.

M^{me} France Gélinas: The Minister of Health is on record as saying that of course alarm bells and red flags went up when they presented the 45-page document, but she says, "We were stonewalled by Ornge"—we couldn't get any information. But you're telling us that nobody from the ministry ever came and asked for more information?

Ms. Maria Renzella: That's true. No one came. I never heard an additional request at any point in time after those meetings had occurred.

M^{me} France Gélinas: Could it be that more financial information requests would have gone to somebody else and you wouldn't know that the ministry is looking?

Ms. Maria Renzella: I would say that if it went to my team—to the finance team directly or the government relations team—they would have informed me, so I did not hear that there were any other requests.

Mr. Jagmeet Singh: Are you aware of any other briefings or any other meetings where the ministry was apprised of what was going on at Ornge?

Ms. Maria Renzella: I was only aware of that set of meetings that Rainer Beltzner, Tom Lepine and Alfred Apps had at that time. There was about three or four different sets of meetings at that time, and then as a matter of course we had our quarterly meetings with the ministry.

Mr. Jagmeet Singh: And what did you discuss in your quarterly meetings?

Ms. Maria Renzella: We'd discuss any hot issues. At the time, the hottest issue was the Auditor General: What was the status of the Auditor General? So we discussed that. We discussed any operational issues. It was Tom Lepine and myself. It was mostly a matter of day-to-day issues, any operational issues, the Auditor General. We discussed where we were with some of the revenue-generating pieces, but those were mostly the discussions. They lasted for about half an hour to an hour.

Mr. Jagmeet Singh: So from 2008, let's say roughly, until 2011, how often and on what basis would you be meeting with the ministry to give them updates on what's going on at Ornge?

Ms. Maria Renzella: There was a set meeting, and it started in about 2008. In late fall, there were quarterly meetings set up with them.

Mr. Jagmeet Singh: Quarterly meetings set up as of late 2008.

Ms. Maria Renzella: Yes, late 2008.

Mr. Jagmeet Singh: And those continued on until the end of your stay there?

Ms. Maria Renzella: Yes.

M^{me} France Gélinas: Mr. Blum this morning told us that when he was there he met weekly with the minister and the EMS department at the Ministry of Health. Then, when he left, did anybody else continue those weekly meetings with the ministry?

Ms. Maria Renzella: We replaced the position, and that person, I think, had a different communication style than Mr. Blum. They talked on the phone quite a bit. I don't believe there were formal meetings because we had the quarterly meetings, but they would pick up the phone more often just to be able to keep them up to date as to what issues we were presented with and ask them questions, so it was more of that.

M^{me} France Gélinas: And who would he call?

Ms. Maria Renzella: Who would that individual call? It was mostly with Dennis Brown.

Mr. Jagmeet Singh: And who was that individual?

Ms. Maria Renzella: It was Catherine Rosebrugh who replaced Jacob Blum.

M^{me} France Gélinas: When you had your quarterly meetings, who from the ministry would be there, or would attend or teleconference or whatever?

Ms. Maria Renzella: It would be mostly Dennis Brown, Malcolm Bates sometimes, Narendra Shah, who was their finance arm, Tony Campeau, Mike LeGros, and Patricia Li would attend—not all the time, but she would attend some of the meetings.

M^{me} France Gélinas: And at no point did any of those people during the course of this say that the Minister of Health, or the office of the minister, has questions about your for-profit entity, they have questions about the marketing agreement, they have questions about the corporate structure, nothing?

Ms. Maria Renzella: No, there was no discussion of that, no.

The Chair (Mr. Norm Miller): You have about one minute.

Mr. Jagmeet Singh: Was there any point in time where the ministry asked you a question or asked for some oversight and you said no or Ornge said no?

Ms. Maria Renzella: No, there was nothing like that. This year when the organization handed in their results-based planning template, it was a bit confusing to everyone because of the change. There was change in where certain line items were, so I asked for a meeting with the finance team at the ministry and I walked them through the corporate structure, how it worked with that team at the time.

Mr. Jagmeet Singh: When was that?

Ms. Maria Renzella: I would believe it was the fall, the September/October time frame. I went down there—it was after I did the RPP, so it would have been a November time frame. I walked through all of that with them, so that they could understand. It was a more informal setting, so that we could have a bit of interaction if they had a number of questions at that point in time.

M^{me} France Gélinas: And the fact that the Minister of Health told us that she was trying to get financial information and she was stonewalled: Those people never shared that with you, they—

Ms. Maria Renzella: Exactly. I've not heard of that.

The Chair (Mr. Norm Miller): Thank you very much. We'll move on to the government now. Mr. McNeely, go ahead.

Mr. Phil McNeely: Ms. Renzella, you were executive vice-president, corporate services and vice-president, finance at Ornge.

Ms. Maria Renzella: Yes.

Mr. Phil McNeely: And at some time, then, you became an employee of Ornge Global.

Ms. Maria Renzella: Yes.

Mr. Phil McNeely: Which was for-profit.

Ms. Maria Renzella: It was a for-profit organization legally, but again it was a way to house a number of executives and then they could do a charge-back, but everything was done on a cost-recovery basis only.

Mr. Phil McNeely: Thank you. This morning Mr. Blum was asked if he was fired or quit, I think, in 2008. He was asked whether he was fired or quit. He said, "Neither." Would you comment on that?

Ms. Maria Renzella: Whether he was fired or quit? I believe that he and Chris eventually just parted ways. They had a very close relationship, as I remember, but as life went on, I think Jacob and Chris were just not working well together and they decided to part ways. But there was a severance package arranged for that, so definitely it was an agreeable termination—but there was severance paid for that.

Mr. Phil McNeely: What are the terms of that separation agreement, then?

Ms. Maria Renzella: You're going to ask me to go way back in my memory. It was approximately, I believe, a year payout at the time, with some education payments.

Mr. Phil McNeely: So a full year?

Ms. Maria Renzella: A full year.

Mr. Phil McNeely: Plus some education?

Ms. Maria Renzella: Yes.

Mr. Phil McNeely: If we could try to get that. That seems to be, the termination agreement, innovative; it was referred to, I think, by Mr. Blum as a sabbatical.

Ms. Maria Renzella: Right.

Mr. Phil McNeely: And so it was a sabbatical—a full year's salary-plus. What was Mr. Blum's salary at that time?

Ms. Maria Renzella: It was between \$140,000 and \$160,000 a year, plus bonus.

Mr. Phil McNeely: Plus bonuses. It seems to be a strange parting of ways that those kind of dollars should

be paid out. Why do you think they were so generous with this separation agreement?

Ms. Maria Renzella: I think that was a decision from Chris. Anything I could offer here would be just a personal opinion.

Mr. Phil McNeely: So in your position, you had no input into that?

Ms. Maria Renzella: I had no input into any of that.

Mr. Phil McNeely: I think I'd like to go now to that \$4,772,500, or \$7 million, whatever; it was the value that AgustaWestland received for those payments that were made. Potter had a different view about what the \$7 million was. But what do you see as this agreement, which was signed—I'm not sure of the date—but it says \$1,281,000 to be paid as phase 1; \$1,740,000, phase 2; \$1,750,000, phase 3, so a total of \$4.7 million. What was that exactly for?

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Ms. Maria Renzella: There were a number of services that were detailed. There was a whole phasing approach that said—I think there were three or four pages of deliverables where they had to do a large amount of research and then provide some deliverables. It's all very specific in there. It was agreed to between Agusta and the marketing team at the time.

The first phase—you can see that there was a large payout at the beginning. I believe it was, like you said, \$1.2 million. It was almost to be able to fund the people that were going to do the work and some of the costs involved in doing the work. Then, at the end of the phasing, there would be another payment, and then they would start the second and third phases. The idea is, as they went along the phasing, as I remember—and I'm going from memory—is that the deliverables would also be further defined as you went along, because as you got more research, there would be more deliverables, there would be better definition, further defined. But it was going to be more of a collaborative effort between Agusta and the Ornge side.

Mr. Phil McNeely: The taxpayer eventually pays for the full amount of the aircraft, and Mr. Potter had proposed a good agreement with the plane manufacturer. We heard that evidence. In your position, was this realistic? Which hat were you wearing? There was the for-profit hat that some taxpayers' money had been put in through this—somebody referred to it as a kickback. Which hat would you be wearing when you were giving advice on this?

Ms. Maria Renzella: So at the time when this occurred, there was no for-profit side, so—always wearing the Ornge hat, always ensuring that there was value to the organization as a whole and, hence, value to ensuring that the services are being provided in accordance with the performance agreement. That was the hat that I wore all the time.

Mr. Phil McNeely: I'll turn it over to Mr. Zimmer.

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

Mr. David Zimmer: You're a chartered accountant—

Ms. Maria Renzella: Yes.

Mr. David Zimmer: The early part of your career was with a national accounting firm. Before that, you have a bachelor of finance. Then you got a master's degree in business administration at the Kellogg-Schulich, that's in Chicago and at York; comptroller at the University Health Network; director of finance for the old AT&T, now Allstream; and most recently at Ornge. So you're an experienced financial person.

Last week, Mr. Potter gave his evidence, and he told us how he negotiated a substantial discount with Agusta. He presented what he thought was good news to Chris Mazza and was met with the response from Mazza, "No, we're not going to take that discount. We're going to pay the full price"—if you will. Mr. Potter was asked, "What was your reaction to that?" I'm quoting Mr. Potter's evidence from Hansard. He said to Mazza, "Are you freaking crazy?" referring to Mazza not taking the discount. That "Are you freaking crazy?" comment from Mr. Potter to Mazza, when he got Mazza's rejection of the discount: Is that a sentiment that you would have shared?

Ms. Maria Renzella: Initially.

Mr. David Zimmer: So you would have felt, as Potter did, "Are you freaking crazy?"

Ms. Maria Renzella: Yeah, but at that point in time, I had to understand all the facts. I was not—Mr. Potter's a bit more boisterous in his response. I would have—

Mr. David Zimmer: But it's a sentiment that you would share?

Ms. Maria Renzella: But I would have thought, "Why are you doing this?" Then I had to understand what it was—

Mr. David Zimmer: Why would you have those thoughts?

Ms. Maria Renzella: Again, you had to understand the whole agreement, arrangement. So initially you're thinking, "Why are you paying for that?" As I had said before, I looked at it as a whole and understood that some of the payments were coming back. But I also had to understand what the full picture of all the negotiations were.

Mr. David Zimmer: When you understood the full picture of the negotiations, did you convey your feelings, perhaps in less colourful language, to Mr. Mazza?

Ms. Maria Renzella: I was given a mandate at the time, so I was more or less more focused on ensuring that things were done legally at the time.

Mr. David Zimmer: But you still felt it was—

Ms. Maria Renzella: Well, I knew that there was definitely this conflict between the two.

Mr. David Zimmer: In the Attorney General's report, he was critical of the mark-up on the rent—

Interjection.

Mr. David Zimmer: I'm sorry, the Auditor General.

Mr. Jeff Leal: Jim just thought he got a promotion.

Mr. David Zimmer: Yes. Sorry.

Mrs. Liz Sandals: Or a demotion, whatever.

Mr. David Zimmer: He was critical of some of the pricing services that Ornge paid, particularly this busi-

ness of the rent, marking up the rent. Did you share that sentiment also?

Ms. Maria Renzella: You see, I was not involved in any of that, so I'm not a valuator by any chance. I understood that a valuator was selected, and I just don't have the knowledge to be able to question it at the time.

Mr. David Zimmer: So at the time, you had no knowledge that the rent paid was way above market rent?

Ms. Maria Renzella: No. All I knew was that there was a valuator who provided a value of, I believe it was, \$20 and that there was a comfort letter provided by a—

Mr. David Zimmer: So when Ornge purchased services from Ornge Global, who decided what the cost of those services would be?

Ms. Maria Renzella: So the way things were done was, you looked at—it was almost as if Ornge was one entity. Sorry, is that okay? It was almost as if Ornge was one entity. So Ornge received a budget of \$150 million and then every piece was apportioned. Aviation was given a portion, the back office was given a portion etc. Everything was done at cost, so it was almost like a bottom-up, cost-centred budgeting arrangement. There was no—

Mr. David Zimmer: And who decided what those costs were?

Ms. Maria Renzella: Each one of the people who ran those areas—we did a bottom-up: “So how much do you think it would cost to do this and that?”

Mr. David Zimmer: And did Dr. Mazza review those—

Ms. Maria Renzella: Dr. Mazza would review the cost estimates. We would have to balance against the budget. Dr. Mazza would review the cost estimates and then they were presented to the finance and audit committee of the board to ensure that they knew what the breakdown was. But everything was done at cost.

Mr. David Zimmer: And did Dr. Mazza ever adjust those costing figures that he got from the staff?

Ms. Maria Renzella: No, no. It was a collaborative effort between myself, Rick Potter, Tom Lepine, in most cases, where we would go through to determine what the cost—

Mr. David Zimmer: But did Dr. Mazza ever interfere or change those costing—

Ms. Maria Renzella: He would tell me what the targets were—

Mr. David Zimmer: Aha.

Ms. Maria Renzella: —to ensure that there would be—like, if he needed some money for himself, like \$1 million.

Mr. David Zimmer: So he set the targets and the staff, under you, worked to those targets.

Ms. Maria Renzella: Yes.

Mr. David Zimmer: All right. Thank you.

Mr. Potter also said that as the executive who was accountable to Transport Canada, he was having real trouble proving, showing, demonstrating to Transport Canada Ornge's source of funding to run its aviation

operations. Do you know why? Can you shed some light on why he was having trouble?

Ms. Maria Renzella: I read that and I kept wondering, because I worked with Rick quite closely in ensuring that he had the financial resources he required to run the organization. Again, we were in a transitional time period, so a lot of the costs were not known and they were guesstimates.

Mr. David Zimmer: But his concern was not so much the costs themselves; it was the source of the funding for those costs.

Ms. Maria Renzella: He knew that they were coming from Ornge. I am not sure why he was confused, but all of those—the funds that were used to fund the day-to-day operations of Ornge Air were coming from Ornge and he was given a budget to work within. Any funds that were required for any capital, because there were still additional modifications, other software etc.—those were usually done out of the bonds money, because that was—

Mr. David Zimmer: Mr. Potter made it quite clear in his evidence from time to time that he was the aviation guy. He wasn't the medical person or the business person. He also said he had great difficulty understanding the corporate structure and the financial comings and goings and all of that sort of stuff. Would you agree with that?

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Ms. Maria Renzella: I thought he did understand it. I think when we moved it to the more complex structure we were still working out things, but the general—but it was the same; right? So I just—

Mr. David Zimmer: Okay. You know, it's a principle of business management that often the best management chart, if you will, is the simplest, the clearest chart that everybody can clearly understand: Who's doing what and who reports to who and all that sort of stuff. In your testimony, you just finished using the words, “It was a very complex structure.” You used that sort of phrase throughout your testimony.

Ms. Maria Renzella: Yeah.

Mr. David Zimmer: Given your business background, your MBA, your commerce degree, your CA degree, you must have thought, “This corporate structure is complex to the point of actually being a disservice to what we're trying to do here; it's just too unwieldy, too difficult to understand, too difficult to put your finger on accountability and all of that stuff.”

Ms. Maria Renzella: The focus at the beginning was definitely to set up a corporate structure. As I understood, the mandate was to set up this corporate structure. The organization was looking for investors on the global side, and there were a number and multitude of reasons why they had to set up this complex structure, and I agree with that. And it was a bit unwieldy, as you're trying to figure out who's doing—I tried to simplify a lot of it from pulling away from a financial perspective, but my hope and where I was going down the road, should I have stayed at the organization longer, would have been to try

to simplify that structure. But it was just early in the game. We were still trying to implement—

Mr. David Zimmer: You know, I had a conversation with some management expert friends of mine—they do some teaching—and this thought was offered, so I'll throw it out to you: "You know, in my MBA program, teaching in an MBA program, if I had an MBA student or a couple of students who came to me with a project with a corporate structure as complicated, as unwieldy, as unaccountable as the world of Ornge, I'd fail them all."

Do you have any sense that that complex structure failed the people of Ontario and would fail if you wrote it up as an MBA case study? Would you have the nerve to do a case study and turn it in to a professor at Schulich or Kellogg and say, "Here's a corporate structure. What do you think of it, Professor?"

Ms. Maria Renzella: From a business perspective, the corporate structure was complex. It was more generated due to tax accounting and regulatory—

Mr. David Zimmer: Would you have the courage to turn that kind of a corporate structure into an MBA case study?

Ms. Maria Renzella: I would have simplified it.

Mr. David Zimmer: Thank you.

The Chair (Mr. Norm Miller): You still have another three and a half minutes.

Mr. David Zimmer: Oh, well, let me root around here a bit. Ah. Thank you, Chair, for giving me this chance.

You know, one of the ideas on the Ornge thing was to set up the for-profits away from the not-for-profit, speaking broadly, and in theory, the profits were going to generate some income and some of that was going to come back to the province, to the non-profit, about 3%. Did any of that projected 3% ever work its way back to Ornge, back to the public purse?

Ms. Maria Renzella: I just want to make sure I understood. So, as you're aware, there were no revenues that were generated external, so there was no money yet—right?—but should, let's say, the right-hand side have become profitable and—

Mr. David Zimmer: On any business plan where you go to the bank with your business plan and you lay out the plan when the revenues are going to come in, the bank looks at it and says, "Give us the time frame when you're expecting the payback"—the 3%, in this case. On your business plan, looking ahead, when were you anticipating the first flow of money back to the non-profit?

Ms. Maria Renzella: The way the agreement worked, if I remember correctly, there was a three-year holiday period and then it was going to flow back. The plan, again, as I remember—as in any plan, it's made of assumptions, etc. I think it was within the first year that they were going to generate revenue, should things—

Mr. David Zimmer: And it's that same sort of business plan where you've got the revenue stream several years down the road and it's only a paltry little 3%, and that was the business plan.

Ms. Maria Renzella: It's 3% of the gross revenue, and I also understand that there was a pledge agreement, so any of the profits that would go to the partners that moved up, that would be pledged back to Ornge.

Mr. David Zimmer: In your theoretical business plan that you might submit to the professor at the MBA school, if you had a 3% payback that you were expecting to get some years down the road in an unwieldy and complex and unaccountable organization, do you think that you'd get much more than an F in an MBA class for that business model?

Ms. Maria Renzella: I think you would look at what the return should have been, and I think you needed to look at a number of things.

Mr. David Zimmer: What do you think the return should have been?

Ms. Maria Renzella: Well, it depends on your risks, as you would say; the risks that the organization would take. As in any risks, you would determine your rate of return. The higher the risk, the higher the return.

Mr. David Zimmer: Did you use any of your work experience, the things you were working on at Ornge, for your MBA case studies? You did your MBA in 2010.

Ms. Maria Renzella: Yes, 2009-10.

Mr. David Zimmer: So you did some case studies?

Ms. Maria Renzella: Right.

Mr. David Zimmer: Did you have the courage to use any Ornge things you were working on as good examples?

Ms. Maria Renzella: What I would do was, I applied the tools given to me at the MBA school to Ornge examples. For instance, I used it to help determine what were good performance metrics for Ornge, and that was going to be a way to get a—

The Chair (Mr. Norm Miller): We are out of time now, so we'll move to the opposition. You have 15 minutes. Mr. Klees?

Mr. Frank Klees: Thank you, Mr. Chair. Ms. Renzella, I have just a few housekeeping items I'd like to deal with. First of all, Mr. Potter. I'm not sure why your testimony is so very different on so many things from Mr. Potter's. He's such an affable guy; you're such a nice lady.

Ms. Maria Renzella: We got along.

Mr. Frank Klees: Somewhere, I would have expected that we would get the truth. Mr. Potter insisted, through three questions, that his paycheque has always been with Ornge Air. It was never paid by any other entity of Ornge. Can you confirm that?

Ms. Maria Renzella: He was paid by Ornge Air when Ornge Air was created. However, prior to Ornge Air being created, he was an employee of Ornge in Ornge Peel.

Mr. Frank Klees: Thank you for that. We'll deal with Mr. Potter on that.

Mr. Luis Navas: Can you tell us, just very briefly, what role he had at Ornge?

Ms. Maria Renzella: Luis was head of the—we called it the global solutions business, but he was in

essence head of the for-profit: getting it established, developing the business plans, doing the sales. So he was the point person after Chris, reporting to Chris, to actually focus on developing the profits that we're talking about.

Mr. Frank Klees: And I suppose that's why we have a letter on hand that he personally signed as the chief operating officer of Ornge Global.

Ms. Maria Renzella: Yes.

Mr. Frank Klees: And he was the chief operating officer of Global?

Ms. Maria Renzella: Of Ornge Global Solutions. Yes, he was.

Mr. Frank Klees: It's interesting, of course, that he denies that he was ever the chief operating officer of global Ornge. Interesting. Anyway, thanks. We'll deal with him on that.

I'd like to talk about Alfred Apps and Don Guy. You were very much part of their communication. How can I put it? Certainly you're on many of the email trails. There was a particular email that was sent directly to you by Mr. Apps, copied to Tom Rothfels, John MacKenzie and Christopher Mazza. I'd like to read it to you.

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Ms. Maria Renzella: Okay.

Mr. Frank Klees: It says, "Last nite"—

Mrs. Liz Sandals: Do you have a copy?

Mr. Frank Klees: You all have it.

Mrs. Liz Sandals: But does the witness have it?

Interjection.

Mr. Frank Klees: She doesn't mind if I read it, and I'm happy to pass it on. I will read it first, if you don't mind.

The subject is "Last Nite."

Ms. Maria Renzella: Okay.

Mr. Frank Klees: Does that bring anything to mind?

Ms. Maria Renzella: No.

Mr. Frank Klees: No, okay.

Ms. Maria Renzella: Do you have a date?

Mr. Frank Klees: It says, "Friends"—

Mr. David Zimmer: Wait a second. I think we—

Mr. Frank Klees: It says, "Friends: Last nite worked perfectly. Chris was able to make a real connection with the Premier, and to lay out"—

Mr. David Zimmer: Chair.

The Chair (Mr. Norm Miller): Hang on a second.

Interjection.

The Chair (Mr. Norm Miller): Can we get a copy made?

Mr. Frank Klees: Well, sure we can.

The Chair (Mr. Norm Miller): You can go on to something else.

Mr. Frank Klees: We'll get a copy for you. In the meantime, I'll ask if you—

The Chair (Mr. Norm Miller): We'll come back to that, Mr. Klees. We'll get a copy. If you want to continue with something else.

Mr. Frank Klees: Sure. Let's switch to 2007. By the way, is Mr. Zimmer on retainer to you here? No?

Mr. David Zimmer: Frank's complimenting me.

Mr. Frank Klees: During 2007-08, I understand that there was an additional request made to the Ministry of Health for \$5 million in funding. This is over and above the operational costs. Does that ring a bell? You're familiar with that?

Ms. Maria Renzella: Yes.

Mr. Frank Klees: What was the reason for requesting that additional \$5 million in funding?

Ms. Maria Renzella: If it's the example I was thinking of, this was where we had—the organization had underspent on their land ambulance side. Remember, there was this CCLA? There was a land ambulance. There was a request to be able to use the \$5 million on the air side, as the organization was going forward and transitioning to new aircraft and dealing with some of the standing-offer-agreement issues and some fuel issues. But it was mostly in relation to getting ready for the transitioning to new aircraft.

Mr. Frank Klees: Okay. Well, I'm not sure we're talking about the same—

Ms. Maria Renzella: Okay, so that's why I'm just trying to remember what that is. If there was a letter, that would be great.

Mr. Frank Klees: Okay. But let's say that that may even have been the case.

Ms. Maria Renzella: Okay, sure.

Mr. Frank Klees: My understanding is that there was an additional \$5 million of funding requested from the Ministry of Health, and at the same time—my understanding is that it was to pay for aviation costs.

Ms. Maria Renzella: Right.

Mr. Frank Klees: It rings a bell?

Ms. Maria Renzella: Yes. Yes.

Mr. Frank Klees: The additional aviation costs because of the increase in prices.

Ms. Maria Renzella: Yes.

Mr. Frank Klees: Was the Ministry of Health aware that at the same time that Ornge made the request for the additional \$5 million of funding, Ornge had a surplus, on deposit with Nesbitt Burns, in the amount of some \$30 million?

Ms. Maria Renzella: Oh, they would have been aware because it would have been in our cash balance, which is shown in the financial statements. But the \$30 million, what was in Ornge's bank account, would have represented—a large amount of it was working capital and some other depreciation. So you've got cash and then you have accounting profits, so there would have been a difference between the two there.

Mr. Frank Klees: It's very interesting that the Ministry of Health would have approved an additional \$5 million of funding to pay for fuel, knowing that there was \$30 million on deposit in another bank account of surplus funds, so designated. Does that not strike you, as the chief financial officer, as somewhat strange?

Ms. Maria Renzella: Well, they had access to all the records and it was their determination whether they were

willing to give the \$5 million. But we looked at it from an accounting perspective.

Mr. Frank Klees: And you're confirming for us that, at that time, the Ministry of Health was fully aware that there was \$30 million in a Nesbitt Burns account?

Ms. Maria Renzella: It would have been in the—we provide annual financial statements.

Mr. Frank Klees: I understand you do that.

Ms. Maria Renzella: The \$30 million would have been disclosed in those financial statements.

Mr. Frank Klees: That's not my question.

Ms. Maria Renzella: Yes.

Mr. Frank Klees: My question is, at the time, which was mid-year—

Ms. Maria Renzella: Would they have known that?

Mr. Frank Klees: —would they have known that there was \$30 million of surplus funds in a segregated account at Nesbitt Burns while you made the request for \$5 million of additional funding?

Ms. Maria Renzella: I would have assumed that they would have looked at the financial statements from the year before.

Mr. Frank Klees: Okay, can you tell us how that \$30 million was ultimately drawn down? What was it used for?

Ms. Maria Renzella: The \$30 million: Part of it was working capital, so that would always represent at least a month of operating expenses, because you're always delayed by a month. The government pays you a month in advance; right? So the organization would always have funds in the bank, because they would always be in a positive working capital situation.

Mr. Frank Klees: Then why was this totally drawn down in 2008?

Ms. Maria Renzella: Because some of it was moved from the Nesbitt Burns account to the TD Bank. But it was all within the same bank account.

Mr. Frank Klees: Those funds would have been drawn down with your approval.

Ms. Maria Renzella: Yes, they would have been.

Mr. Frank Klees: So, the \$30 million: Why was it drawn down out of Nesbitt Burns?

Ms. Maria Renzella: If I had my financial statements in front of me, I would be able to track the numbers and understand how I did the flow of funds at the time.

Mr. Frank Klees: Thirty million is a lot of money. I can't imagine that you would not remember why \$30 million from—

Ms. Maria Renzella: From Nesbitt Burns.

Mr. Frank Klees: Nesbitt Burns to TD—

Ms. Maria Renzella: Oh. At the time—and I will tell you, because I was getting a better deal from TD on interest rates than what Nesbitt Burns was offering me at the time.

Mr. Frank Klees: So the full \$30 million was shifted over to the TD Bank.

Ms. Maria Renzella: Slowly. As certain things were expiring, then we slowly moved it over to the TD.

Mr. Frank Klees: Is it still there?

Ms. Maria Renzella: Do we still have some money? Does the organization still have money at Nesbitt Burns? I think they still had some money left with Nesbitt Burns, yes.

Mr. Frank Klees: What happened to the \$30 million? I mean, that's a lot of money.

Ms. Maria Renzella: A lot of it went into paying off the expenses and the principal and interest. Right?

Mr. Frank Klees: Was any of that money used for the for-profit side?

Ms. Maria Renzella: No. No.

Mr. Frank Klees: Never transferred?

Ms. Maria Renzella: No. No.

Mr. Frank Klees: Okay. And \$30 million is still there?

Ms. Maria Renzella: I wouldn't say \$30 million is there. I believe it would have gone down to reflect whatever the working capital is now.

Mr. Frank Klees: Can I ask about, while we're waiting for this—

Ms. Maria Renzella: No, I have it right here.

Mr. Frank Klees: Is it here now? Okay. I don't see it. Can someone give me a copy now?

Interjection: It's there.

Mr. Frank Klees: Thank you.

So it says: "Last nite worked perfectly. Chris was able to make a real connection with the Premier, and to lay out the success story of Ornge at a high level in a way that provides the groundwork for our entire initiative.

"Once we have massaged the game plan past the Minister of Health, I will organize a follow-up private dinner for Chris with the Premier so that he can outline the vision and the game plan in greater detail.

"It could not have gone better." Signed, Alfred Apps.

Now, this was directed to you. It was to you and Mr. Blum. Can you tell us about this email and what exactly it was that you were trying to achieve there?

Ms. Maria Renzella: It was 2007, in the summer, so I would assume this was about the acquisition of the aircraft and getting that ready. I think that was the first, because that summer was the summer when we started looking at acquiring aircraft. Then I wasn't sure, also, if they started talking about trying to raise the awareness of what Ornge was, maybe to lay the groundwork, that maybe in future they were looking at some revenue-generating opportunities.

Mr. Frank Klees: I would assume, from the fact that Mr. Apps is sending you this email, that you would have been involved, probably, in the pre-discussions, when you discussed about Alfred setting up this meeting with the Premier.

Ms. Maria Renzella: Most of my discussions with Alfred were very high-level.

Mr. Frank Klees: That's pretty high.

Ms. Maria Renzella: Yeah, that's pretty high, and it was just—

Mr. Frank Klees: It doesn't get any higher than the Premier.

Ms. Maria Renzella: No, no, no. I meant high-level in the discussions and in the details. He was just letting us know that he had set this up.

Mr. Frank Klees: But you would have been aware that Alfred was setting this meeting up with the Premier.

Ms. Maria Renzella: Yup.

Mr. Frank Klees: Yes?

Ms. Maria Renzella: Yes, yes, I would have been. He would have told us, yes.

Mr. Frank Klees: This is not something unique. I mean, Alfred was a key player. I understand from even his discussions that in terms of that corporate structure, a lot of that tax planning, that he was really the brainchild behind that. Is that correct?

Ms. Maria Renzella: Yes, he was.

Mr. Frank Klees: Yes. And I would think that in the course of that, there would have been a number of other meetings that he would have arranged, with—whether it's the Premier, the Minister of Health or the Ministry of Finance.

Ms. Maria Renzella: I wouldn't know. My focus at the time was—as life continued on, my conduit was just trying to figure out how to do the corporate restructuring and addressing issues he would have raised in the specifics. A lot of the higher-level and discussions with government—I would assume he would have dealt with Dr. Mazza directly and not with me. I was not involved in any of those.

Mr. Frank Klees: What about Mr. Guy? Did you ever meet Mr. Guy?

Ms. Maria Renzella: Mister who?

Mr. Frank Klees: Guy, Don Guy?

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Ms. Maria Renzella: I met him in passing, but never purposefully.

Mr. Frank Klees: Okay. Any meetings that you would have participated in where perhaps he was on the phone in a conference call?

Ms. Maria Renzella: I'm just trying to think through. Most of the dealings with Don Guy occurred when we actually had Catherine Rosebrugh working for us, so I wasn't as engaged at that level at that point in time. I was more in the back end, working out finances.

Mr. Frank Klees: On the issues of lawyers, you mentioned—we're going to go back to the marketing agreement.

Ms. Maria Renzella: Okay.

Mr. Frank Klees: You mentioned that you were running this by lawyers—

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

Mr. Frank Klees: The first set of lawyers who said it would be illegal to do what you were contemplating to do: Who were those lawyers?

Ms. Maria Renzella: The same—Fasken's.

Mr. Frank Klees: Fasken's. And what about Cynthia Heinz?

Ms. Maria Renzella: Cindy was the lead lawyer at Fasken's—

Mr. Frank Klees: Did she tell you as well that this was—

Ms. Maria Renzella: Yes, yes. Most of my discussions with Fasken's would occur between—I would pick up the phone and call Cindy or talk to her directly. Then she would go to her subject-matter experts at the firm as I was trying to raise issues—

Mr. Frank Klees: When did Cindy Heinz come to work directly at Ornge?

Ms. Maria Renzella: June 2011.

Mr. Frank Klees: Okay. Did she have a hand in actually structuring the marketing services agreement? Were her hands on this? Would she have been the lawyer or the point person?

Ms. Maria Renzella: She was the lawyer who wrote out the agreement, working with our marketing folks at the time.

Mr. Frank Klees: Okay. So initially, she said that this was illegal. Then she would have been the point person who said, "Okay, we can cobble this together, and this will make it all okay." Is that right?

Ms. Maria Renzella: She said that—yes, she said that that was the case and that we just needed to work through the services and we had to ensure that there were actual services being rendered for the value. She was very careful on that.

Mr. Frank Klees: My final question to you is: The director of regulatory affairs at Ornge—I'm assuming that that person would be responsible for briefing the Minister of Health or the Ministry of Health on what is going on and would be the liaison with government. Is that a fair assumption?

Ms. Maria Renzella: A fair assumption.

Mr. Frank Klees: Who is that director of regulatory affairs?

Ms. Maria Renzella: Presently?

Mr. Frank Klees: Yes.

Ms. Maria Renzella: I don't know, because I don't know if the person has left the organization. When I left, the director of regulatory affairs was a young lady called Lisa Kirbie.

Mr. Frank Klees: Lisa Kirbie?

Ms. Maria Renzella: Yes.

Mr. Frank Klees: And what was her background before she came to Ornge?

Ms. Maria Renzella: I believe she was working in the Senate office out in Ottawa. She worked for the feds at that point in time.

The Chair (Mr. Norm Miller): You are out of time, Mr. Klees. We'll move on to the NDP, please.

M^{me} France Gélinas: I'll let her answer the question.

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

Mr. Frank Klees: I was just going to say, prior to that?

Ms. Maria Renzella: I don't know. I did not interview Lisa, so I did not go through her resumé at the time.

Mr. Frank Klees: Thank you very much.

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

M^{me} France Gélinas: A few more questions: You handled the financial part as part of senior management at Ornge. Through the times you were there, you were quite successful in getting the Ministry of Health to increase your budget year to year. Did that require any negotiations with the ministry? How did you convince them that you needed your budget increased when a lot of other transfer payment agencies had their budget frozen?

Ms. Maria Renzella: The first three years I was there, the budget increases had already been reflected in the performance agreement. So there was no need to ask; it was already stated in the performance agreement. Come the fourth year—and I'm just going from memory and doing my math, and 2009 would be the first year—we would prepare our budgets, but a lot of the requests and discussions actually happened between Dr. Mazza and the ministry at the time. We would prepare the documentation, he would have some secondary conversations with them, and we received what we received. I went through the normal—you know, the results-based planning. For instance, last year we went through, and we had assumed—we asked for a 3.5% increase; we received the same as the rest of the organizations, which was 2%.

M^{me} France Gélinas: So you were treated like every other transfer payment agency of the Ministry of Health.

Ms. Maria Renzella: Everybody else, yes. Yes.

M^{me} France Gélinas: The only difference is that in 2009, you were able to negotiate a higher increase than the rest of the transfer payment—

Ms. Maria Renzella: Right. From what I understand, we did, but that was a discussion that Dr. Mazza would have had.

M^{me} France Gélinas: Do you know who Dr. Mazza talked to at the Ministry of Health?

Ms. Maria Renzella: I would assume he would have talked to Malcolm Bates at the time.

M^{me} France Gélinas: That would be his—Malcolm Bates?

Ms. Maria Renzella: Yes.

M^{me} France Gélinas: Were you asked to prepare any financial information to justify the budget increase?

Ms. Maria Renzella: No. All I ever did was go through a results-based planning exercise and just went through those increases, and by virtue of doing the bottom-up, that's how you justified how much you needed.

M^{me} France Gélinas: Okay. In the documents that would have been presented, did they at any point make reference to Ornge Peel?

Ms. Maria Renzella: All my documents were consolidated, so Ornge Peel was always in there.

M^{me} France Gélinas: It was always in there?

Ms. Maria Renzella: It was always included in there. Yes, it was.

We also showed that we were looking at generating revenue in all of those documents, too, that were presented to the ministry.

M^{me} France Gélinas: So would it be fair to say that step by step, as the for-profit entities were being developed for profit yet to come, all of this corporate structure was being shown through your financial statements and through your financial documents?

Ms. Maria Renzella: Just to clarify, the corporate structure prior to December 31, 2010, up to that point, was all within that Ornge. So everything was together. Ornge Peel, at that time, was part of that structure. Come January 2011—so it's only been this past year—that's when things started to be disaggregated, at that point, where you had a for-profit side and a not-for-profit side. At that point, the elements of any potential revenue or expenses that were not being borne were not included in those numbers. But this was the first year we ever did that, and we were trying to explain that.

M^{me} France Gélinas: So when you say that Ornge Peel was included—

Ms. Maria Renzella: Yes.

M^{me} France Gélinas: But Ornge Peel was an independent corporation?

Ms. Maria Renzella: It was an independent legal organization up to 2010, but it was owned by Ornge. So it was all part of the same family of companies. From a financial perspective, it was fully consolidated.

M^{me} France Gélinas: Okay.

During the estimates in 2009—estimates is a process we have here where the opposition gets to ask the Minister of Health all the questions we want—we put on the record 42 different questions that had to do with Ornge. The minister was not able to answer any of those questions. Ms. Li was there at the time; a number of people from emergency medical services were also there. They were not able to answer any of those questions, but they promised us that they would get the answers.

Did you know that a lot of questions had been asked? Have any of those questions ever filtered down to you? Did they ever ask you? Some of the questions were to explain the corporate structure between Ornge Air and Ornge Peel, for example—that was one of the 42 questions.

Ms. Maria Renzella: No, I don't remember receiving the list of questions.

M^{me} France Gélinas: So none of this was ever asked of you?

Ms. Maria Renzella: I don't remember seeing any of it, so I'm really thinking that through, and I don't remember. No, because I would have remembered answering the questions, obviously, and sitting down and walking through.

I do know that we had a meeting, which was part of our quarterly meeting, where we were presenting our proposed budgets; that was in the fall of 2010. That's when I first met Patricia Li, and she asked me to explain the corporate structure at that point, and we talked about some of those things. But I'm trying to remember if there were those specific questions.

M^{me} France Gélinas: After your meeting with Ms. Li, were you under the impression that she understood?

Ms. Maria Renzella: Yes.

M^{me} France Gélinas: She didn't come back with more questions?

Ms. Maria Renzella: No.

M^{me} France Gélinas: She was clear as to what you had had to say?

Ms. Maria Renzella: Yes, and again, the door was always open.

In addition, we've always presented to everyone the offering memorandum that we issued when we did the bond issue, because that was a really nice document that explained what the organization was, how the corporate structure worked and how the interactions between all the organizations were. It also provided a brief explanation as to some key contracts and stuff. So I also believe that that was a really good wealth of information for people.

M^{me} France Gélinas: And that was shared with the people at the ministry?

Ms. Maria Renzella: Yes.

Mr. Jagmeet Singh: Just building on that last point, Patricia Li specifically inquired about the corporate structure. Do you know what her questions were?

Ms. Maria Renzella: It was in a quarterly meeting, so she just asked me, "Maria, could you explain how the corporate structure works?" It wasn't asked before, so it was one of these informal—I stood up in front of a board and just sort of wrote it out for her at that point in time.

Mr. Jagmeet Singh: Okay. What date would that have been, roughly? Or what year, let's say?

Ms. Maria Renzella: I'm thinking it was October/November 2010.

Mr. Jagmeet Singh: Okay. Would you have had any correspondence to follow up, like any emails?

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Ms. Maria Renzella: No. There was always, at the end of those meetings, sort of a bit of a minute-taking that happens that says, "This is what we talked about at these meetings, and these are the action items."

Mr. Jagmeet Singh: Do you know who would have those minutes?

Ms. Maria Renzella: It would have been Michael LeGros.

Mr. Jagmeet Singh: Michael LeGros?

Ms. Maria Renzella: On the ministry side.

Mr. Jagmeet Singh: On the ministry side, okay.

There were a number of purchases and a kind of direction that Ornge was taking, and I wanted you to comment, as an employee there, on the water ski boat, the OC Chopper motorcycle, these purchases, and their costs. I mean, what was your opinion on them?

Ms. Maria Renzella: The water ski boat was purchased for the charitable organization called J Smarts. Again, you could not use performance agreement money. There were monies that were generated from tuition revenues that we used to loan to J Smarts at the time to help buy the boat. The negotiation, the purchase of the boat, was all done by Dr. Mazza at the time.

With regard to the chopper, that was part of a fundraising event that was positioned to the board. I believe

Dr. Mazza thought it was a neat idea to partner with a company called Orange County Choppers—Orange, Ornge; Choppers, choppers—and wanted to use that as a way to kick-start fundraising for the foundation. So when that occurred, they talked a lot about—I guess as part of the show, the show manufactures motorcycles, and you have to pay the show X dollars of money and they get a trophy bike and another bike. In order to do that, we were advised at the time not to use the money from the foundation, so the organization actually went to ask Agusta to finance the acquisition of that. But there was a whole presentation made to the board of the foundation to say whether this was a good idea, if that was an appropriate use of funds.

Mr. Jagmeet Singh: So just a couple of pieces there. One was: Agusta funded the motorcycle?

Ms. Maria Renzella: Yes.

Mr. Jagmeet Singh: And the board was aware of these decisions that were being made?

Ms. Maria Renzella: Yes.

Mr. Jagmeet Singh: And was the ministry apprised along the way of this—

Ms. Maria Renzella: That one I couldn't tell you—no, they were, because what happened was, when they launched the motorcycle, the fellow that heads that show, Paul Teutul, Sr., came. It was at the Blue Jays game. So when they came, there were some ministry officials there, so yes. There were people who were apprised, and they went there, and there was media, so the organization was trying to make a big splash with it.

Mr. Jagmeet Singh: Do you recall who from the ministry—

Ms. Maria Renzella: No, I wouldn't know. Again, I wasn't part of that whole—

Mr. Jagmeet Singh: There has been some indication—so whenever decisions were made, you would go through the lawyers to ensure that everything was legal; you've been saying that. When the issue of salary disclosure came up, again, did you go to the lawyers to ask the lawyers' confirmation about whether or not salary should be disclosed?

Ms. Maria Renzella: At the time when that happened—it wasn't me specifically. I believe—it might have been Jacob at the time who went and asked them specifically whether that was legal, but, you know, it did come through to me how it worked out. I'm just trying to remember who asked who, but it was either me or Jacob.

Mr. Jagmeet Singh: Okay. Now, specifically, Lynne Golding has testified that she did not think that the salaries should be—I mean, she indicated, she testified that the salaries should be disclosed, that they should not be kept off the sunshine list or not kept hidden. Would you agree with that?

Ms. Maria Renzella: Would I agree that she said that?

Mr. Jagmeet Singh: That's what she—

Ms. Maria Renzella: I believe she said that, because Lynne would have said legally it was fine, and then she would have offered that other piece of advice, but, again,

that would have gone to Chris, and it was his decision point.

Mr. Jagmeet Singh: Did you recall hearing that advice? I mean, is that something—

Ms. Maria Renzella: I just heard the one thing, but I also believe I've heard that she had said that in subsequent discussions.

Mr. Jagmeet Singh: That the salaries should be disclosed?

Ms. Maria Renzella: Yes, yes, that that was her opinion. That would be something—yes, I believe I've heard that.

M^{me} France Gélinas: Did you ever bring that discussion to your quarterly meeting with the ministry? I mean, here we are; I'm representing the NDP. We're trying to find out what happened to the salaries, why were they taken off. We filed freedom-of-access. Patricia Li is the one who handles this. You meet with her regularly, and squat, bugger all, nothing was ever said?

Ms. Maria Renzella: No, nothing was ever said. Now, I do also understand that—as you know, the organization had gone through an audit from the Ministry of Health, their internal audit department. So a company called MNP had audited us. I understand that Dr. Mazza was quite open with them and told them that we were not on the public salary disclosure list at that point in time. That was also discussed with those auditors at that time.

M^{me} France Gélinas: Did you understand why?

Ms. Maria Renzella: Why Dr. Mazza did not want to be on there? I think for him, it was a privacy issue.

M^{me} France Gélinas: Did you ever have this discussion with him?

Ms. Maria Renzella: No, I did not. When it came to compensation, he was very sensitive.

M^{me} France Gélinas: Was he the only one in the organization like that?

Ms. Maria Renzella: Yes.

M^{me} France Gélinas: But nobody else had their salary disclosed? If he didn't want to have his, what would have kept—

Ms. Maria Renzella: I think it was one of these—you needed to—he was making the decision on behalf of the organization.

Mr. Jagmeet Singh: Mr. Potter has indicated—and the fact is, that his salary was disclosed up until 2008. After 2009, his salary was no longer disclosed. What changed between 2008 and 2009 that precluded his salary from being disclosed?

Ms. Maria Renzella: He was moved out of Ornge. He was transferred into either Ornge Peel or Ornge Air at that time.

Mr. Jagmeet Singh: But my understanding is that he has always been paid by Ornge Air.

Ms. Maria Renzella: But Ornge Air didn't exist in 2007, so he couldn't have been, right?

Mr. Jagmeet Singh: It didn't exist in 2007.

Ms. Maria Renzella: No.

Mr. Jagmeet Singh: Did it exist in 2008?

Ms. Maria Renzella: No. I think the organization was set up in the spring of 2009, around that time frame.

Mr. Jagmeet Singh: Okay.

M^{me} France Gélinas: When you say “Ornge Air,” is this one of the for-profit companies?

Ms. Maria Renzella: It was a company that had to be created to house the fixed-wing operations. So it was created legally. We called it a for-profit because a not-for-profit requires all these objects etc., but it never generated profit. It was just a separate entity indirectly owned by Ornge at the time. But it had to be a separate legal entity because of the operating certificate and some of those regulations around that.

Mr. Jagmeet Singh: Didn't it seem to you that this was just all a roundabout way of hiding salaries, that this is public money that's going to a publicly funded organization? All of its funding is essentially public. All the for-profit—there's no real revenue being generated. It's essentially public money being spent in Ornge, but then there are these entities created just to hide salaries.

Ms. Maria Renzella: Ornge Air: I would say, that was created definitely for regulatory purposes. Ornge Peel was initially created in order to house the back office and generate the revenues. Was it created too early and, again, were we doing things far too early? Possibly. I do agree that that's the case. Was there a benefit because the organization was not on the Public Sector Salary Disclosure Act because of that? Yeah, there was that benefit—I say “benefit,” but that was the outcome of that. Was that the reason for it? I wouldn't say it was a direct reason for it, but I think Dr. Mazza was quite pleased that this enabled him not to be on the sunshine list.

M^{me} France Gélinas: When other witnesses came to testify, they talked about different meetings that took place; that Mr. Apps was often at those meetings with Mr. Mazza or with other leadership of Ornge. Do you know why this particular lawyer would be chosen to come to meetings between the government and Ornge?

Ms. Maria Renzella: From my perspective, Mr. Apps understood more of what Chris wanted to do and could articulate it quite well; also, because he understood how the government worked and what the concerns were. He was also able to talk to Chris about those concerns in such a manner as to not be an alarmist with Chris. So I think it was more his relationship with Chris and his knowledge on how to work within a government setting. Chris would listen to him in that manner.

M^{me} France Gélinas: Okay. The relationship between different employees and Mr. Mazza, I take it, was tense? Only a few people were able to get through to him?

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Ms. Maria Renzella: Right. Chris surrounded himself with a team of people. His personality would go up and down. It would be temperamental at best. I think on one hand he tried to protect himself by not exposing himself a lot to his employees at the time, and he liked it better when that group of people, of which I was one, could go and talk to employees and work on things. He also

believed, being a CEO, he was entitled to not have to deal with certain people, that he was the CEO and the CEO only deals with other CEOs, so he had that type of leadership where he felt that he could just have to deal with the higher echelons as opposed to dealing with everybody.

M^{me} France Gélinas: Mr. Apps told us that he was the architect of the corporate structure. Would you agree with that?

Ms. Maria Renzella: That Mr. Apps was the architect of the corporate structure? Yes.

M^{me} France Gélinas: Were you ever able to fully understand this? You've probably seen it; it's part of the big memo that everybody talks about.

Ms. Maria Renzella: Yes. Right.

M^{me} France Gélinas: You're able to understand this?

Ms. Maria Renzella: There was a lot of learning. There were certain elements of it that I was still trying to understand, a lot of the details, but generally speaking, I could understand what that structure was, and the focus on my side was trying to implement that structure.

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

M^{me} France Gélinas: Do you know anything about Ornge Brazil, which is not on this lovely map?

Ms. Maria Renzella: Yes.

M^{me} France Gélinas: What's Ornge Brazil?

Ms. Maria Renzella: The organization had developed a relationship with a company called Synergy in Brazil; it was Avianca. They were looking to set up an Ornge-type business there. In discussions with both lawyers, both in Brazil and in Canada, as well as accountants, both in Brazil and Canada, due to the taxation issues, the best way was that there had to be a company set up here that held the shares of a Brazilian company in Brazil, so it was just more for tax reasons.

M^{me} France Gélinas: And did anything ever come of it? Did they ever hold shares?

Ms. Maria Renzella: No. The organization was close to signing an agreement in December, but with all the media—and eventually we just wound everything up. But there were agreements that were almost put in place that they were negotiating.

The Chair (Mr. Norm Miller): Thank you. You're done the time for that round.

I have a question for the committee, and that is, there are two motions that would be good to deal with today. Would you like to allow five minutes at the end of the committee? In other words, quit at five to 3 and deal with both those motions then? Is that fine with everyone?

Mrs. Liz Sandals: Yes, five minutes at the end.

The Chair (Mr. Norm Miller): Okay. Very well, then. We will continue. You'll have six minutes then, so we'll move on to the government members and Mr. Zimmer.

Mr. David Zimmer: From time to time, in your evidence, when you're trying to explain things, you've said you're trying to explain these issues between Ornge not-for-profit and Ornge for-profits. You've come back to

this idea that, in one sense, it was one organization, although they were parcelled out, not-for-profit, profit, and so on. The Auditor General in his report said that he had great difficulty accessing information from those entities on the for-profit side. So my question is, in looking back, in hindsight, do you think it was appropriate for the corporate structure to be set up in such a way that this sort of big Ornge family was organized in a way—a not-for-profit, several for-profits—that it made it very difficult to examine the use of the public monies that were put into the big Ornge family? Do you think that was appropriate? And then to rely on, “Well, you can't have that information because that's on the for-profit,” and the way the company was organized defensively—

Ms. Maria Renzella: Right.

Mr. David Zimmer: —made it hard for everybody to understand what's going on, made it hard for everybody to follow the money.

Ms. Maria Renzella: I think the focus when—no, I'll just reword that. In retrospect, I believe anything where government funds were being used should have stayed on the not-for-profit side, and then there would have been a much more clear delineation as to any revenue-generating, because the intent with the Auditor General was not to not allow them to look at—follow the money. Absolutely, they should have been allowed to see any monies that were paid for my salaries and what my salaries were.

I believe that was the direction. It was anything that had nothing to do with government money at the time that needed to be segregated. So there could have been, I would say, a much more elegant way to do it, so as it would have eased up the—the follow the money.

Saying that, though, the majority of that happened in January 2011, so a lot of the review could have happened up to December 31.

Mr. David Zimmer: You say there would have been a more elegant way to do that. I take it from that that another word might have been that there was a more transparent way to do it?

Ms. Maria Renzella: That could be a better—

Mr. David Zimmer: Yes?

Ms. Maria Renzella: Yeah. That could be a better word, yeah.

Mr. David Zimmer: All right. And again in hindsight, given your background as a CA, particularly as a CA—and you're a member of the institute—and your professional obligations and all of that, do you think there was a shortcoming in exercising your professional due diligence in alerting folks or dealing with or calling into question some of these financial irregular or odd or inelegant or less-than-transparent corporate structures?

Ms. Maria Renzella: When looking at all of this, I spoke a lot with the accountants also to understand. The unfortunate part was that sometimes it was the accounting rules that created the reasons for this complexity, which was the unfortunate part. So those were the things—but I did run things by other people and asked them what they thought; right?

Mr. David Zimmer: I know accountants and lawyers, and physicians, I suppose, but especially accountants and lawyers, will often call their professional body, the Law Society or the Institute of Chartered Accountants, if they're in an ethical quandary, and ask their institute, "Can I do this? Is this proper? Is this ethical?" Were there ever any calls put in to the institute to seek their advice?

Ms. Maria Renzella: No, I made no calls. Like I said, I thought, by speaking with lawyers from a large legal firm, and a large accounting firm, that if there were any concerns, they would have been raised.

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

Mr. David Zimmer: Thank you, Chair.

The Chair (Mr. Norm Miller): Thank you. And Ms. Sandals?

Mrs. Liz Sandals: Yes. Just one other quick question: You mentioned that when you were going through the budget allocation process, you would get the allocation from the Ministry of Health and then various branches of Ornge or the entities would get their piece of the budget for air or paramedics or land ambulance, whatever, but that Dr. Mazza asked that a certain part be set aside for his purposes. How much was that typically?

Ms. Maria Renzella: Oh, it was almost set up like a contingency fund. It would be \$1 million or half a million dollars, just to make sure—it was there to deal with any surprises.

Mrs. Liz Sandals: And during your time there, how was the contingency fund actually spent?

Ms. Maria Renzella: It was never spent. It was never spent purposefully. Like, it would be dealing with—let's say the fuel cost went up. So it would be part of that forecasting. It was almost like a certain way that you do budgeting. You always sort of set aside a little bit of money just in case—

Mrs. Liz Sandals: So it wasn't his personal purposes?

Ms. Maria Renzella: No, no, no. It was more—

Mrs. Liz Sandals: It was a corporate contingency fund?

Ms. Maria Renzella: Yeah, yeah.

The Chair (Mr. Norm Miller): Thank you. We're out of time there. Mr. Klees?

Mr. Frank Klees: How much time do we have?

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

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Mr. Frank Klees: Okay. Just a couple of things. Your executive MBA: I understand that you spent a considerable time in Europe doing that work. Is that right?

Ms. Maria Renzella: Actually I only spent four days in Europe.

Mr. Frank Klees: And at a cost of how much? The total MBA was what?

Ms. Maria Renzella: I believe it was about \$110,000.

Mr. Frank Klees: And how did you feel about that being paid for by Ornge?

Ms. Maria Renzella: First of all, I had no choice. I was basically told I needed to take my MBA or it was my job.

Mr. Frank Klees: I see.

Ms. Maria Renzella: So I had no choice at the time.

Mr. Frank Klees: Was that a taxable benefit to you?

Ms. Maria Renzella: No.

Mr. Frank Klees: Was it a taxable benefit to anyone?

Ms. Maria Renzella: No.

Mr. Frank Klees: How was that justified?

Ms. Maria Renzella: It was just like when you provide training or education to any of your employees; that's an allowable expense.

Mr. Frank Klees: Okay.

A bond offering dated January 31, the debenture, Ornge Global Real Estate Inc. with BNY Trust Co. of Canada: You recall that \$30-million debenture?

Ms. Maria Renzella: Yes.

Mr. Frank Klees: What was that taken out for?

Ms. Maria Renzella: That was, as we call it, the credit lease transaction. That was for the building.

Mr. Frank Klees: For the building. So Ornge Global Real Estate Inc. borrowed \$30 million against that real estate that had been purchased for how much?

Ms. Maria Renzella: They borrowed—well, the debenture says \$30 million, but the building was purchased for approximately \$16 million.

Mr. Frank Klees: Right. So that would have been the market value, right?

Ms. Maria Renzella: That was the market value at the time when we bought the building. You're right.

Mr. Frank Klees: And then how much later was this debenture issued?

Ms. Maria Renzella: It was issued—it would have been 18 months later.

Mr. Frank Klees: Eighteen months. That's quite an incredible—you know, through all our discussions, the numbers just keep going through the roof, don't they? It's amazing.

Here's what's particularly—I'd like to ask you this: Unless I'm reading this wrong, it looks as though there's a 25% per annum interest on this debenture.

Ms. Maria Renzella: Yeah. No, it isn't. It's about 5.2%—

Mr. Frank Klees: Really?

Ms. Maria Renzella: —the actual interest. The way these are being written up, it looks odd. It looks odd, but it's actually a 5.2% amount. As you know, the rationale for that increase in the value was basically the present value of the lease payments. That's how they were able to do that.

Mr. Frank Klees: I would think that in anybody's books what you're essentially saying is that the present value of the lease payments increases the fair market value of this property, which is why someone was willing to lend \$30 million against a building that was originally purchased for how much?

Ms. Maria Renzella: Sixteen million.

Mr. Frank Klees: Sixteen million, 18 months before. Did you not have any concerns about this transaction?

Ms. Maria Renzella: Alfred Apps was the architect of that transaction at the time.

Mr. Frank Klees: It all seems to come back to Alfred Apps, doesn't it, somehow?

Interjection.

Mr. Frank Klees: Just a lot of it.

I just have final questions. There was this deal. There was the \$275-million bond offering, all of which you knew would attract interest payments. Can you tell me where you believed that the interest payments for this debt would come from? Who would be making those payments?

Ms. Maria Renzella: Specifically with the \$275-million bond, that would have been coming from Ornge.

Mr. Frank Klees: Ornge the not-for-profit?

Ms. Maria Renzella: Ornge the not-for-profit, because that would have been what—basically it's almost like a replacement of what you used to pay the private sector, CHL or whatever, because you would pay them for the helicopters. You're just paying yourself.

Mr. Frank Klees: Except that, at the end, not only are you paying the interest, but you're also on the hook, the not-for-profit, for the \$275-million capital amount that has to be repaid at the end.

Ms. Maria Renzella: The way the organization set it up, it was an amortizing bond, so it's very similar to a mortgage. There was a payment of \$22 million or \$23 million a year, which was principal and interest. At the end of 25 years, everything was fully paid for, and the assets—being the helicopters, the planes and whatever other assets were purchased with that money—would go back to Ornge.

Mr. Frank Klees: Interesting. Not my reading of it—

Ms. Maria Renzella: Yeah, but that's how it worked.

Mr. Frank Klees: —that was one option under the agreement.

Ms. Maria Renzella: Yeah. No, that's how it worked.

Mr. Frank Klees: So are you saying that the payment that Ornge was making to the third party suppliers was the same amount that was being paid under the repayment plan for the bond offering?

Ms. Maria Renzella: What I'm saying is, the way you—you sort of replaced it. Yes, there was a payment—you could never specifically identify it with the third parties, but the way you financed the principal and interest was through the fact that you no longer paid your third party providers as much because they weren't providing you with the capital.

Mr. Frank Klees: But you are agreeing with me now that Ornge the not-for-profit is responsible for the interest payment and for the repayment of the capital of that \$275-million bond offering, correct?

Ms. Maria Renzella: Yes. Yes, it is.

Mr. Frank Klees: Are you aware that the Ministry of Finance disagrees and absolutely washes its hands of any responsibility for that bond offering?

Ms. Maria Renzella: But it was Ornge, not the ministry. Right? It's Ornge, yeah. So at the time it was Ornge only.

Mr. Frank Klees: I understand, but, you know, it's interesting that it all comes back. The ministry, on the one hand, is denying their responsibility because of how it was structured, but you knew full well that all along it was the not-for-profit Ornge organization that was responsible and would, in fact, be making the repayment on that bond offering, correct?

Ms. Maria Renzella: Correct.

Mr. Frank Klees: Thank you very much.

The Chair (Mr. Norm Miller): And you are out of time, Mr. Klees. On to the NDP: Ms. Gélinas.

M^{me} France Gélinas: I will continue with that \$275 million. There seems to be \$25 million missing. We have the Minister of Health saying she wants to know where that \$25 million is. Do you have any idea where that \$25 million—

Ms. Maria Renzella: This is the first time I've heard that there's \$25 million missing. There was—every item and every disbursement made was always supported by a receipt of some sort, so every transaction is supported. So I'm baffled by a \$25-million amount that they say is missing, because that doesn't make any sense to me. Every amount was being accounted for.

M^{me} France Gélinas: Of that \$275 million that was brought in through the bond offering while you were there, how much of it was left?

Ms. Maria Renzella: We spent the whole amount.

M^{me} France Gélinas: You spent the entire amount?

Ms. Maria Renzella: Yes, we did.

M^{me} France Gélinas: And you were paying back through this portion of interest, portion of your capital back to the people that had financed the bond through the money that was coming from the ministry to Ornge, to paying the bond?

Ms. Maria Renzella: Right, yes.

M^{me} France Gélinas: Coming back to what Mr. Klees was saying, you can see how, in the public eye, it looks like the government—this is our money; this is the people of Ontario's money—goes and transfers money to Ornge, a not-for-profit corporation, so that they can provide us with air ambulance services, and then that money is used to pay interest and capital on the bond offering that is used to purchase aircraft that a for-profit company owns. We, as in the transfer payment agency, the not-for-profit transfer payment agency, did not own those aircraft. It was a separate entity, a for-profit entity, that owned it. Where am I going wrong?

Ms. Maria Renzella: So it wasn't a for-profit; it's a trust that presently owns the aircraft, but the beneficiary of the trust is Ornge. So once the assets are fully paid off, those assets go back to Ornge, and they do become Ornge's property assets.

M^{me} France Gélinas: In the same way that if the payment is not done, it becomes Ornge's responsibility to make the payment—

Ms. Maria Renzella: Let me clarify that. So the question is, if there is no payment—in most cases, there would be no payment. Let's say the performance agreement was terminated with Ornge, and Ornge couldn't make its payment at that point in time. Then the question is, what recourse do the bond holders have? Do they go after Ornge? Well, if the performance agreement is terminated with Ornge, Ornge basically is insolvent, so there's no money to go for there. So therefore, the bond holders—the only thing they have access to are the assets themselves, which would be the helicopters and the aircraft, I believe. Right? So at that point—but it doesn't go back to the government. That's what would happen there.

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M^{me} France Gélinas: Okay. Just quickly because we don't have much time: You had knowledge of the performance agreement? You referred to it many times this afternoon.

Ms. Maria Renzella: Mm-hmm.

M^{me} France Gélinas: Has the government ever asked you to do modifications to the performance agreement?

Ms. Maria Renzella: No, they never have. And any discussions of modifications would have gone through Chris at the time.

M^{me} France Gélinas: Are you aware that modifications were asked for and refused?

Ms. Maria Renzella: No. I will say this: When MNP came in to do their audit, they had initially recommended that both the ministry and Ornge should relook at the performance agreement and look to see if there should be some potential changes, and then that was removed after some discussion. But that was the only time I remember there being some discussions in that light.

M^{me} France Gélinas: So it was a suggestion that the performance agreement should be modified?

Ms. Maria Renzella: Yeah.

M^{me} France Gélinas: A discussion took place. You were aware that a discussion took place. Was Mr. Apps involved in those discussions?

Ms. Maria Renzella: No, no. Those were not involved with Mr. Apps at all, no.

M^{me} France Gélinas: Who was?

Ms. Maria Renzella: It was definitely the auditors that were doing the work and it was people from Ornge that were involved. I wasn't specifically there.

Mr. Jagmeet Singh: When did this take place and who was it that made the recommendation that perhaps—

Ms. Maria Renzella: MNP. It was MNP.

Mr. Jagmeet Singh: MNP.

M^{me} France Gélinas: So you had to modify your performance agreement when you started doing land ambulance, did you not?

Ms. Maria Renzella: Yes, we did. So we did an amendment to the agreement at the time. Yeah, it was an amendment.

M^{me} France Gélinas: So that was the only time an amendment was made?

Ms. Maria Renzella: There were two amendments: When we had to add additional services up to Thunder Bay and then when there was the land ambulance.

M^{me} France Gélinas: And an agreement was always reached?

Ms. Maria Renzella: Yes.

M^{me} France Gélinas: Was it difficult to negotiate those agreements?

Ms. Maria Renzella: I wasn't part of those negotiations at the time, but from my understanding, they were not that difficult.

M^{me} France Gélinas: They were not that difficult. Who would have been in charge of those negotiations?

Ms. Maria Renzella: Jacob Blum was the one that negotiated them, and then we had lawyers involved, too.

M^{me} France Gélinas: Okay. Had you ever wanted to modify your performance agreement yourself?

Ms. Maria Renzella: No. I think we were still working out how to work with it better, work on some of the reports and the indicators. I think there was some work that we still needed to do from that perspective. I think the focus should be less on modifying the agreement, more on improving the communications and the indicators and those types of items.

The Chair (Mr. Norm Miller): And you are out of time. So thank you very much for coming before the committee today.

Ms. Maria Renzella: Thank you.

The Chair (Mr. Norm Miller): We have two motions that have been tabled, the first one by Mr. Klees, if we can deal with those before we wrap up.

Mr. Klees, do you want to move your motion?

Mr. Frank Klees: Yes. Thank you, Chair. I move that the Standing Committee on Public Accounts, pursuant to standing order 110(b), whereby each committee shall have power to send for persons, papers and things, request a copy of the report, product or other material produced under the terms of the marketing services agreement between Ornge and AgustaWestland; and further, that the material be provided in its entirety to the committee.

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

Ms. Sandals, you have a motion?

Mrs. Liz Sandals: That Jacob Blum be compelled to produce and table with the Standing Committee on Public Accounts no later than Monday, May 21, 2012, his entire professional diary during his employment with Sunnybrook, starting April 2002 and with Ornge and its related entities through July 2008, as referenced in the affidavit of Jacob Blum, dated May 16, 2012.

The Chair (Mr. Norm Miller): Any discussion? Is there any discussion. You wanted—

Mr. Jagmeet Singh: Yes, discussion.

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

Mr. Jagmeet Singh: My assessment of Mr. Blum was that he was more than forthright. If there were any questions that we wanted to have answered, he was more than

willing to answer them—or any questions that we had, he was more than willing to answer them.

With respect to his entire professional diary, it may include portions that have nothing to do with Ornge. I think that's going beyond what the purpose of our duties here are. I'm more than happy to ask Mr. Blum to table anything that's related to Ornge, and I'm sure he would be happy to do that, but to require him to provide his entire diary I think is not necessary.

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

Mrs. Liz Sandals: Well, I would put in “his entire professional diary as it relates to the provision of air ambulance services and critical land ambulance services in the province of Ontario.”

The Chair (Mr. Norm Miller): Okay. Is that fair?

Mr. Frank Klees: That's friendly.

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

Mr. David Zimmer: I think the point is here, he introduced an affidavit and he pulled excerpts from his professional book; he referred to excerpts from his professional diary. I think now, on this idea that if he's referred to a part of a document, we should be able to see, have a look at what else—

The Chair (Mr. Norm Miller): Okay. We're going to run out of time unless we get this modified and vote on it.

First of all, we'll vote on the amendment. All in favour of the amendment?

M^{me} France Gélinas: I want to make sure: So we will only ask Mr. Blum to add information that he has not al-

ready provided if it has to do with air ambulance or other ambulance services.

The Chair (Mr. Norm Miller): In the province of Ontario, yes.

M^{me} France Gélinas: In the province of Ontario.

The Chair (Mr. Norm Miller): Yes, that was the amendment. Correct. Okay, and that has carried.

Then the motion as amended: All in favour? Carried. Okay.

Mr. Frank Klees: Chair, I have a quick question.

The Chair (Mr. Norm Miller): Yes?

Mr. Frank Klees: In light of Mr. Blum's testimony today and the very critical issue of the role that Ruth Hawkins played, can the clerk confirm for us that Ms. Hawkins will in fact appear before this committee?

Interjection.

The Chair (Mr. Norm Miller): The clerk will inquire with the Ministry of Health.

Mr. Frank Klees: And the reason I say that is that if in fact Ms. Hawkins does not appear, I will move that we issue a Speaker's warrant because of the importance of her testimony to this committee.

The Chair (Mr. Norm Miller): Very well. The clerk will make inquiries.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): We are adjourned.

The committee adjourned at 1456.

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