



ISSN 1180-4327

**Legislative Assembly
of Ontario**

First Session, 40th Parliament

**Assemblée législative
de l'Ontario**

Première session, 40^e législature

**Official Report
of Debates
(Hansard)**

Wednesday 30 May 2012

**Journal
des débats
(Hansard)**

Mercredi 30 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

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

COMITÉ PERMANENT DES COMPTES PUBLICS

Wednesday 30 May 2012

Mercredi 30 mai 2012

The committee met at 0846 in room 151.

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

The Chair (Mr. Norm Miller): I call this meeting to order. Before we have our first witness, there are a few motions we need to deal with.

Ms. Sandals.

Mrs. Liz Sandals: That the Standing Committee on Public Accounts invite Dr. Chris Mazza to appear before the committee at 9 a.m. in committee room 151—you can fill in the blah blah blah, where—on Wednesday, July 18, 2012.

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

Ms. Sandals.

Mrs. Liz Sandals: That the Standing Committee on Public Accounts seek the authorization of the House leaders for each of the recognized parties to permit the committee to sit on Wednesday, July 18, 2012, for the specific purpose of hearing from Dr. Chris Mazza relating to the 2012 Special Report of the Office of the Auditor General of Ontario on Ornge Air Ambulance and Related Services.

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

Mr. Klees, you have some motions?

Mr. Frank Klees: I think I have three here.

The Chair (Mr. Norm Miller): Okay. The first one, please.

Mr. Frank Klees: 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 any and all correspondence including letters and/or emails, from the associate deputy minister of health, Hugh MacLeod, to Malcolm Bates, director of the emergency health services branch, and Dennis Brown and any other person at the EHS branch in which the associate deputy minister references Ornge, or gives direction concerning the role that the EHS branch is to have concerning Ornge, or relates to allowing Dr. Mazza to do whatever he determines appropriate at Ornge and not to obstruct him during the period October 1, 2005, and the last day of February 2007 or makes any reference to how the EHS

branch and its staff is to monitor, oversee, hold accountable or review the performance of Ornge, and that said correspondence be delivered to the clerk of the public accounts committee no later than Thursday, May 31, 2012.

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

Mr. Klees.

Mr. Frank Klees: 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, call Fred Rusk, former employee at the Ministry of Health and Long-Term Care, emergency health services branch, to testify before this committee.

Interjections.

Mr. Frank Klees: Oh, we don't have to do it?

Interjections.

Mr. Frank Klees: Okay. That the Standing Committee on Public Accounts, pursuant to standing order 110(b), request a copy of the 2012-13 balanced budget from Ornge that was approved by its board of directors.

The Chair (Mr. Norm Miller): Discussion?

M^{me} France Gélinas: Just a friendly amendment: How about we just ask for the budget?

The Clerk of the Committee (Mr. William Short): The only reason I used that wording is because that's what Ornge told me the document was called.

M^{me} France Gélinas: The balanced budget?

The Clerk of the Committee (Mr. William Short): That's what they said that they referenced in the Star article and that was what the specific request was. If you want to amend it, that's fine.

Mr. Frank Klees: I just want to be sure that we get the document that was referenced in the Toronto Star.

The Clerk of the Committee (Mr. William Short): They said that was what the document was.

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

And you have one more?

Mr. Frank Klees: Yes. 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 tariff schedule prepared by Ornge to comply with CTA regulations; and further, a copy of any MOU or agreement

between Ornge and Ornge Air related to the provision of air services and related costing.

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

MR. TOM ROTHFELS

The Chair (Mr. Norm Miller): That's it for motions, so I'd now like to invite our only witness of the morning, Mr. Tom Rothfels, to come forward, please. Good morning. Welcome. Just to confirm that you did receive a letter outlining information for a witness appearing before the committee?

Mr. Tom Rothfels: Yes, I did.

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

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

Mr. Tom Rothfels: I'll be affirmed.

The Clerk of the Committee (Mr. William Short): Mr. Rothfels, 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. Tom Rothfels: I do.

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

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

Mr. Tom Rothfels: I don't have an opening statement. I thought I'd just give the time over to you for questions.

The Chair (Mr. Norm Miller): Then we'll start with the official opposition. We'll start in 20-minute intervals and see how much time we have left after that. Go ahead, Mr. Klees.

Mr. Frank Klees: Thank you, Mr. Rothfels, for being here this morning. We know, certainly according to your CV, that you have extensive experience in the aviation field and held a very responsible position at Ornge.

Can you tell us how it came that you were hired into your position at Ornge, and did Mr. Alfred Apps have anything to do with bringing you into Ornge?

Mr. Tom Rothfels: Yes. I got a call, essentially out of the blue, from Alfred, introducing himself and saying that he was acting on behalf of Ornge, which I didn't really know, and would I be interested in having a chat, as Ornge was looking for some aviation expertise.

We arranged a time to meet. I met with Mr. Apps for probably an hour or an hour and a half or so, in his office. He outlined what Ornge was, what the requirements were, what Dr. Mazza was looking for, and asked if I would be willing to meet with Dr. Mazza, and I said I would.

Mr. Frank Klees: Did Mr. Apps give you any indication of what his relationship was with Ornge and what role he played there?

Mr. Tom Rothfels: Yes. He said he was senior legal counsel.

Mr. Frank Klees: Can you give us an approximate date of when you might have met with Mr. Apps?

Mr. Tom Rothfels: Probably, if I recall, in the spring of 2007, so let's say April 2007.

Mr. Frank Klees: In that conversation in the spring of 2007, did Mr. Apps share with you what the future plans were of Ornge and, specifically, did he discuss at all the broader international scope that they had in mind?

Mr. Tom Rothfels: Yes. He said that Ornge had determined that there was an opportunity to enter the international sphere in repatriation, if you will, of injured people, bringing back injured or sick individuals to Ontario with international emergency medical evacuation, and that in fact Ornge had hired some consultants previously who had developed a business plan, and Ornge was going to use that as a basis to go international for EMS.

Mr. Frank Klees: Okay. When you took on your role, what was your title?

Mr. Tom Rothfels: They called me the chief operating officer for Ornge International.

Mr. Frank Klees: For Ornge International, and Ornge International, then, was one of those for-profit companies—

Mr. Tom Rothfels: No. As far as I know, Ornge International was never created. It wasn't a for-profit company; it wasn't anything. They just gave it that name, but I'm not aware of any company ever having been formed with that name.

Mr. Frank Klees: Isn't that interesting—so you were the COO of nothing?

Mr. Tom Rothfels: Exactly.

Mr. Frank Klees: Well, I'd like to—

Mrs. Liz Sandals: Unlike the guy last week, who was not the COO of something.

Mr. Frank Klees: It's very interesting.

M^{me} France Gélinas: It was funny, though.

Mr. Frank Klees: I'd like to pursue what it is that you did for this company then, Ornge International, and I'd like to fast forward to the acquisition of the AW139s. What role did you have in that acquisition?

Mr. Tom Rothfels: Okay. If I can just take two seconds, this international part of it, when I got to Ornge, they handed me this business plan that had been developed by these consultants, and I told Chris that it wasn't worth the paper it was written on, there was no possible way to implement this, and it was just a piece of garbage, and, you know, if that was their plan, count me out.

I very quickly then was asked to get involved in the process to acquire the helicopters, and so we set up a process under which we would acquire these aircraft. There was a team set up internally at Ornge, of which I was part, but we also had outsiders involved as well. We went through a selection process to find what we called a fairness adviser. We hired PricewaterhouseCoopers as the fairness adviser for this process so that the people who were bidding on the aircraft could have an inde-

pendent source if they had concerns about the transparency, legitimacy or adequacy of the process. We also went out and went through a process to hire what we called purchase advisers, people who were highly experienced in acquiring major aircraft. We hired a company called M-Powered Solutions, a fellow out of McMillan Binch and an associate of his, and there was a team involved at Ornge.

First we went through a selection process to look at the available aircraft that are out there that could conceivably meet the mission that Ornge required, and we defined Ornge's rotary-wing mission in terms of the weight it needed to be able to carry, the distance it needed to be able to fly and the technical aspects of the aircraft that we required.

We determined that there were essentially three aircraft make and models that met these standards. We created a request for information, a fairly substantial document with all of the technical specifications, and we passed that through our fairness adviser. We went through a process outlined with the fairness adviser to make sure that they were comfortable that we had an open, transparent and fair process, and then we sent it out to those three companies, which were Sikorsky, Eurocopter and AgustaWestland. All three submitted very substantial responses to that document—binders probably, on average, about a foot high—

Mr. Frank Klees: Mr. Rothfels, I appreciate all of that detail. Can I, with your permission—

Mr. Tom Rothfels: Sure; yes.

Mr. Frank Klees: —I'd like to just get on to the actual deal, if I could. We're limited in time.

Mr. Tom Rothfels: Okay.

Mr. Frank Klees: Suffice to say that you were satisfied that it was an exhaustive process, that it was competitive and that in the final analysis, the decision was made, as we understand it, to go with the AW139s with Agusta?

Mr. Tom Rothfels: Yes.

Mr. Frank Klees: And can I ask, what was your role on that negotiating team?

Mr. Tom Rothfels: I was then asked to lead the negotiations for the acquisition. Again, we had this team of people that were a team of people within Ornge, as well as the fairness adviser, legal counsel and purchase advisers, but I led the team, led the negotiations, which then took place over six to eight weeks, over which period of time we negotiated the actual deal with Agusta.

Mr. Frank Klees: And who was on the Agusta side of the negotiating team?

Mr. Tom Rothfels: It was led by Lou Bartolotta, and he had a couple of more junior people with him.

Mr. Frank Klees: And was Mr. Mazza involved on your side?

Mr. Tom Rothfels: Yes, but not directly in the negotiations. Before we started the negotiations, I laid out a list of all of our positions, a list of where Agusta was and how we might be able to solve the differences. I regularly updated Dr. Mazza every couple of days, or every few

days, with where the negotiations were and where the differences were. I would get advice from him as to what he thought we should do in terms of how to move forward.

Mr. Frank Klees: So he was fully apprised of the ongoing negotiations.

Mr. Tom Rothfels: Absolutely.

Mr. Frank Klees: He obviously had input through you.

Mr. Tom Rothfels: Absolutely.

Mr. Frank Klees: I understand that Maria Renzella was also involved.

Mr. Tom Rothfels: Yes.

Mr. Frank Klees: Was she actively engaged with you in that process?

Mr. Tom Rothfels: Not in the negotiations. She was part of the selection group, she was part of the process, but she wasn't there in the room for the negotiations.

Mr. Frank Klees: Okay. So the deal was concluded. The amount, the final purchase price for the helicopters, was what?

Mr. Tom Rothfels: Roughly \$12 million and change per aircraft.

Mr. Frank Klees: I'd like to pursue an interesting element of this deal. You negotiated the purchase of the aircraft. I understand that, subsequent to signing the deal for the \$144 million, you heard back from Agusta. As I understand it—correct me if I'm wrong—they advised you of some good news, that they had qualified for an upgraded weight category, and because of that good news, they were going to assess you for an additional—how much?

Mr. Tom Rothfels: I think it was a little over \$600,000 per aircraft.

Mr. Frank Klees: Per aircraft. "So here's the good news: We got this upgraded regulatory blessing, and for that good news, you're going to pay another \$600,000 per aircraft." What was your responses?

Mr. Tom Rothfels: "Nice try." This is the sort of thing that goes on, and no harm, no foul. But it clearly was completely inappropriate. We had covered this off in the purchase agreement. There was no way that Ornge would be required to pay this.

Mr. Frank Klees: So you're an astute business person. This isn't the first time you've been through this. You covered that weight issue off in your agreement, and as far as you were concerned, it was incorporated into that original purchase price.

Mr. Tom Rothfels: Absolutely.

Mr. Frank Klees: And Dr. Mazza was aware of that as well.

Mr. Tom Rothfels: Yes.

Mr. Frank Klees: So you went back to them and said, "Under no circumstances." What was the outcome of that secondary negotiation that you had with Agusta?

Mr. Tom Rothfels: By that point, Rick Potter had assumed responsibility for the relationship with Agusta. I was involved in other areas.

When Agusta asked for that extra \$600,000, I pointed out, both to—well, actually, to everybody; to Rick Potter, to Maria Renzella, to Chris Mazza—the two sections in the purchase agreement where we had covered this off, and said that we absolutely didn't have to pay for this. Do you want me to describe those areas in the purchase agreement?

Mr. Frank Klees: We don't have—

Mr. Tom Rothfels: Okay.

Mr. Frank Klees: It's sufficient to know that that was covered off.

Mr. Tom Rothfels: Absolutely.

Mr. Frank Klees: Mr. Potter testified here, when he was here, that he went back to Agusta and successfully negotiated away that \$600,000 per aircraft.

Mr. Tom Rothfels: Well, right. I guess what he did was point it out to them that it had already been covered off, so, "No."

Mr. Frank Klees: Okay. So, as we understand it—did Mr. Potter come back and report to you and the rest of the team of his successful negotiation?

Mr. Tom Rothfels: Yes.

Mr. Frank Klees: And what was the reaction?

Mr. Tom Rothfels: "Great."

Mr. Frank Klees: Are you aware of what took place when Mr. Potter advised Dr. Mazza of his success?

Mr. Tom Rothfels: I wasn't there in the room, but it's my understanding that Chris was relatively cool to that news and was not enthusiastic about the fact that that payment was not going to be made. As I said, I wasn't in the room but I do recall that the reaction that Rick got was not positive.

0900

Mr. Frank Klees: Is it true that Dr. Mazza subsequently insisted that Ornge pay that \$600,000 per aircraft?

Mr. Tom Rothfels: That's my understanding.

Mr. Frank Klees: Then, subsequent to that, obviously we have to do something. The \$600,000 per aircraft was then paid to Agusta, and there is a sense that that created some problem, then, for probably people like Mr. Potter. You were no longer in the picture directly, but I would expect Ms. Renzella and perhaps—who was the legal responsible for—

Mr. Tom Rothfels: Cindy Heinz was acting as corporate counsel at that point.

Mr. Frank Klees: So I understand it fell to them now to structure an agreement between Ornge and Agusta that would somehow recover that \$600,000, because, having negotiated the \$600,000 away, insisting that the \$600,000 would be paid to Agusta—Agusta now, obviously, was in hand of a lot of money that they had agreed not to charge. Tell us what happened then, to your best understanding. Who was charged with negotiating what I understand is referred to as a marketing agreement?

Mr. Tom Rothfels: I do need to state that I was not directly involved in this, and so there were—I don't have direct knowledge of this, but it was my understanding that both Maria Renzella and Cindy Heinz were primarily

responsible for carrying out the directive that they got from Chris to come up with a marketing services agreement.

Mr. Frank Klees: And that was basically to paper, essentially, the kickback of that money into one of the Ornge companies. Is that right?

Mr. Tom Rothfels: Well, again, I wasn't directly involved so there may have been other things that I wasn't aware of. I'm not aware of anything else, but that certainly could be one explanation.

Mr. Frank Klees: Mr. Rothfels, you're a very astute business person, and while you weren't directly involved, these are not things that are hidden within the executive group of a company like this. I would expect, sir, when you heard about this and you knew what the flow of money was, that you would have had some concern. Did you have any concern about what was going on in this agreement?

Mr. Tom Rothfels: Yes, I did have some concerns.

Mr. Frank Klees: What's your immediate reaction? When you became aware that this flow of money was taking place, what did your gut tell you?

Mr. Tom Rothfels: I was very uncomfortable. I knew, in terms of the purchase agreement, that there was no requirement to pay this. I'd heard about this marketing services agreement. I wasn't aware of the terms of it, but it didn't smell right, I suppose.

Mr. Frank Klees: Did you express your concern to any of your colleagues at Ornge?

Mr. Tom Rothfels: Yes. I think I reiterated a number of times to Rick Potter, to Cindy Heinz, to Maria Renzella and to Chris Mazza that the \$600,000 weight upgrade was a fictional charge and that we, Ornge, should not be paying it.

Mr. Frank Klees: Did the term "fraud" ever cross your mind when you were contemplating this?

Mr. Tom Rothfels: It certainly—again, it crossed my mind—

Mr. Frank Klees: Did you ever express that in those terms to any of your colleagues?

Mr. Tom Rothfels: You know, I don't actually recall if I used that word. It was certainly in my mind, but I don't recall if I used that word to them.

The Chair (Mr. Norm Miller): You have three minutes left, Mr. Klees.

Mr. Frank Klees: If you don't mind—I don't know, because we do have other rounds—would you mind if I just continue and wrap up this line of questioning?

The Chair (Mr. Norm Miller): Certainly, if the other parties don't mind. We'll all keep track of the time.

Mr. Frank Klees: I'll give it to you on the other end, right? Is that okay?

The Chair (Mr. Norm Miller): Continue.

Mr. Frank Klees: Mr. Rothfels, we had here some very senior people, whether it's Mr. Potter, Ms. Renzella—certainly Cynthia Heinz, whose background as a lawyer would have triggered her, I would think, and Ms. Renzella as well as Mr. Potter, in the same way that it triggered you. Something is fundamentally wrong here,

and yet they were charged with implementing this strategy. Did you ever express your concern to any member of the board?

Mr. Tom Rothfels: Yes.

Mr. Frank Klees: And who was that?

Mr. Tom Rothfels: Don Lowe.

Mr. Frank Klees: And what was the response from this member of the board?

Mr. Tom Rothfels: He expressed some concern and surprise and indicated that he would look into it. But I think his feeling was that the lawyers had covered this or papered it or something to that effect.

Mr. Frank Klees: Knowing what the fiduciary responsibilities of a director are, did it concern you that that would be the response of a member of the board, that the legals had papered it?

Mr. Tom Rothfels: The timing was such that, once I had expressed these concerns about this transaction internally and was quite vocal about it, I became persona non grata internally at Ornge. Within a few months, I had left Ornge, and the meeting that I had with Don Lowe took place a week or so after I left Ornge. I felt I had a responsibility to make sure at least someone on the board was aware of my thoughts, and so I had that meeting.

Mr. Frank Klees: Would you say that the reason that you ended up leaving Ornge is because you had expressed your concern about what was going on around this deal?

Mr. Tom Rothfels: I think that that was certainly part of it, yes. There may have been other issues as well, but the organization was such that you were either with the organization or not. Clearly, I was not.

Mr. Frank Klees: Did any other members of the executive, your colleagues, ever express to you their concern about what they saw going on, whether it was—and let's just stay with this deal. Did anyone confide in you to say, "Look, I have serious concerns about this"?

Mr. Tom Rothfels: I think that most of the people who were aware that the weight upgrade charge was not appropriate and who were aware that Ornge was going to pay it anyway probably had some level of discomfort with that.

Mr. Frank Klees: But they were silenced.

Mr. Tom Rothfels: Yes. Yes.

Mr. Frank Klees: Can I ask you, were there other issues that concerned you in the organization that caused you to question whether you should be working and associated with this organization?

Mr. Tom Rothfels: Yes. You know, the work that Ornge does on the front lines is absolutely spectacular. There's no other organization in the world, other than militaries, that operate across the breadth and depth and the horrendous conditions weather-wise and everything else that Ornge does. But Ornge up until that time had been primarily a medically driven organization. It had no institutional history of operating aircraft. To go from not operating aircraft to acquiring complex, medium-weight, twin-engine helicopters in an IFR environment is not something that you do lightly. So with no institutional

capability or history, it concerned me greatly that Ornge was about to undertake this in a very short period of time.

0910

I came up with a plan to joint venture with the world's largest operator of this class and this type of aircraft, the AW139, to help us, to help Ornge learn how to do this and do it safely, properly and within all of the guidelines that were required. When that began to be shunted aside and I realized that Ornge was essentially going to go alone, it gave me great concern.

Mr. Frank Klees: We've had other testimony here to the effect that the concept was far beyond the core competency of the individuals who were then put in charge of this very complex, far-reaching organization. You're agreeing with that.

Mr. Tom Rothfels: As I said, there was no institutional history. There was no one there who had ever operated aircraft, let alone a mixed fleet of fixed-wing and rotary-wing, complex aircraft.

Mr. Frank Klees: Prior to if I can refer to it as the Mazza scheme, the aircraft side of it was contracted out to experienced air carriers who then complemented, obviously, the health care side of it. Would you agree that where things started to go off the rails here was when, in fact, under the Mazza scheme, all of that air carrier responsibility was brought in-house and essentially overwhelmed the people who, as you say, didn't have the institutional knowledge, didn't have the core competency to cope with that? Is that a fair statement?

Mr. Tom Rothfels: I think that that's certainly part of it. The justification internally for doing this was that the costs that were being charged by these third party carriers were unsustainable in the long term and the only viable solution was for Ornge to bring it in-house.

Mr. Frank Klees: Thank you. My last question to you: As a layman, going back to that marketing agreement, would you characterize that, as a layman, as a kickback within the industry?

Mr. Tom Rothfels: Oh boy. Again, I wasn't party to whatever other discussions may have gone on between Agusta and Ornge. There may have been other things. All I can say is that I wasn't comfortable with it and, from what I saw, it certainly bore some—there were issues there.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): Thank you. You used 26 minutes, so perhaps we'll have 26 minutes for each of the other parties, then.

M^{me} France Gélinas: I may choose to cut it up, you know, just to be different.

The Chair (Mr. Norm Miller): You're welcome to if you so desire. Ms. Gélinas.

M^{me} France Gélinas: I will go back to the line of questioning that my colleague started, but just a few housekeeping items before I do this.

The first one is, were you aware of Mr. Mazza's salary during your tenure at Ornge?

Mr. Tom Rothfels: No.

M^{me} France Gélinas: Were you aware of any other executive's salary during your time at Ornge?

Mr. Tom Rothfels: No.

M^{me} France Gélinas: We can see that your salary increased during the period of time you were at Ornge. How were those increases awarded?

Mr. Tom Rothfels: I don't recall that there was any substantial increase in my—there was a bonus structure that was added to my compensation once I started to get involved in some of the serious negotiations for the acquisition of the aircraft and the plans subsequent to that, but the base salary was not—

M^{me} France Gélinas: Okay. And while you were there, although you were with Ornge International—which I guess as a title means all of the business that was to do with international would have fallen under you?

Mr. Tom Rothfels: Well, I was never involved in anything, other than initially telling them that their business plan that they had for international wasn't worth the paper it was written on. Beyond that, I had no involvement in anything international.

M^{me} France Gélinas: And that did not gain you any popularity points.

Mr. Tom Rothfels: I don't think that they were completely wedded to that plan when I got there, so they dropped it fairly quickly.

M^{me} France Gélinas: Okay. Coming back to what went on: The deal is being negotiated. We've had Jacob Blum here to testify. He was there part of the time that you were there. He testified that he met with Ministry of Health officials on a weekly basis. He even gave us, usually on a Friday afternoon, the time, date, place etc., when those meetings took place. During the time that this was being discussed, was any of this ever shared outside of the organization, the fact that you were negotiating a purchase, the discrepancy between what you wanted and what—the briefing that you would give to Chris as to where things were progressing, before the \$600,000 I'm talking about: Was this ever shared with anybody at the ministry?

Mr. Tom Rothfels: I don't know. I wasn't involved in any discussions, briefings or anything else outside of Ornge, so if there were any conversations like that, you'd have to ask people who did those briefings.

M^{me} France Gélinas: To your knowledge, in the management team, who, when there were questions coming from the ministry, would have answered those questions?

Mr. Tom Rothfels: I was so far removed from that—I'm not sure. I do recall that some combination of Jacob, Chris and occasionally, I think, Tom Lepine, were involved in briefings to various people at the ministry. But again, it just wasn't anything I was involved in.

M^{me} France Gélinas: You did say that it was Mr. Apps who first approached you to join Ornge. What were some of the other dealings that Mr. Apps did for Ornge?

Mr. Tom Rothfels: In the time that I was there, Alf certainly acted as the senior legal counsel. As we were negotiating the deals with Agusta, as we were selecting fairness advisers, purchase advisers, Alf was the senior

lawyer who reviewed all of the documents and approved, frankly, gave final approval to whatever documents we issued. I was heavily involved in an RFI to select a helicopter operator. There was another one for looking at this joint venture we were trying to set up with Ornge. Alf may not have been involved in the day-to-day basis of discussions and negotiations, but certainly he was the lawyer that the other people on the Fasken team reported to and got approval from.

M^{me} France Gélinas: If we look more specifically at the deal: You did an RFI, you started negotiations, then Rick Potter finished the deal where the extra cost for the extra weight was brought forward, then this deal was sent to Cynthia Heinz, Maria and Rick to figure out and to put on paper. Would Mr. Apps have signed off on the finals of those agreements as well, like he had overseen everything else legally that went on?

Mr. Tom Rothfels: Since I wasn't involved in that, I can't answer that directly. You'd have to ask the people that were involved. I don't know.

M^{me} France Gélinas: But when you were there, he was giving the final approval for the legal work that was being performed for Ornge.

Mr. Tom Rothfels: As far as I know, yes.

M^{me} France Gélinas: So it's not a stretch to say that that agreement also would have needed final legal work that Mr. Apps would look at?

Mr. Tom Rothfels: I think that that's probably a logical conclusion, but I don't have any direct knowledge of that.

M^{me} France Gélinas: We have correspondence from Mr. Apps that, if you follow the—do you want to bring this over for him? This is the exhibit that we all have. It's an email from Mr. Apps, and you are cc'd on it. He's actually writing to Maria and to Jacob, but you're cc'd on it. The last line says, "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." This took place on June 20, 2007. Sorry; I should've given you time to read it.

0920

Mr. Tom Rothfels: Okay.

M^{me} France Gélinas: So, any idea why you were copied on that kind of information?

Mr. Tom Rothfels: I probably had been with the organization for—this was June 20—maybe a couple of months. No, I don't recall why. In fact, I don't even recall this email. I'm sorry; I really don't.

M^{me} France Gélinas: No, that's okay. Memory is allowed to forget, and so are you.

By the text that you have seen here, Mr. Apps offered a follow-up private dinner for Chris with the Premier. Do you know if this is something that Mr. Apps could have delivered on? You've had some dealing with Mr. Apps; do you figure he's able to organize dinner with the Premier?

Mr. Tom Rothfels: I suppose it's possible. He seemed to have the ability get people to return his calls.

M^{me} France Gélinas: Okay. And you say this based on—

Mr. Tom Rothfels: He clearly seemed to have relatively high-level connections into the government.

M^{me} France Gélinas: And have you ever seen evidence that he had those connections?

Mr. Tom Rothfels: Only through third parties. I was never involved in any of these meetings. I never really was—as I said, I was never involved, so I have no direct involvement.

M^{me} France Gélinas: But you just knew because you knew him; you knew the work that he did? Okay. What was the extent of your relationship with Mr. Apps?

Mr. Tom Rothfels: We didn't have a very extensive relationship. I was involved in a number of Ornge's transactions: to negotiate the helicopter acquisition, to negotiate the continuation of the helicopter services agreement, to negotiate the joint venture between Ornge and Era. Alfred, again, was senior counsel, and the lawyers that he had assigned to work with me on these transactions would report to Alf. I suppose there may have been occasional either conversations or emails between myself and Alfred including the rest of the team that may have discussed specifics related to those transactions.

M^{me} France Gélinas: Okay. Mr. Apps brought in a consultant by the name of Don Guy. Have you ever heard of this man?

Mr. Tom Rothfels: I've heard the name; I've never met him.

M^{me} France Gélinas: Okay. Do you know what Mr. Apps would have brought him and what kind of work he would do for Ornge?

Mr. Tom Rothfels: No.

M^{me} France Gélinas: Okay. There are also paper trails where Mr. Apps and Mr. Don Guy are trying to arrange meetings for Ornge. Any idea why Ornge would need to arrange meetings with either the Premier, the Minister of Finance, or the Ministry of Health?

Mr. Tom Rothfels: No. Again, I wasn't involved in any of that.

M^{me} France Gélinas: When the change from strictly Ornge being run as a non-profit agency to the creation of Ornge Peel, which later became Ornge Global—were you there at the time when those changes took place?

Mr. Tom Rothfels: I was certainly there when Ornge Peel was set up. I'm not—do you know the timing of when it was changed to Ornge Global?

M^{me} France Gélinas: In about the time you were there. Ornge Peel started in 2007, and Ornge Global in about 2008.

Mr. Tom Rothfels: Yes, I left in August 2010, so I guess Ornge Global was in existence at that point.

M^{me} France Gélinas: Did you have any dealings with Ornge Global?

Mr. Tom Rothfels: No. I was always paid by Ornge.

M^{me} France Gélinas: Ornge Global was the agency that owned the helicopter. Were you aware of that?

Mr. Tom Rothfels: Yes, I think someone may have shown me something that said that there was—Ornge Global, and there was something about an Ornge issuer trust for the bond that was issued or something. Again, I wasn't involved in the structuring of any of that.

M^{me} France Gélinas: Did it sound okay for you that an agency of the Ministry of Health—you know that your budget came from the provincial government. The provincial government usually deals with not-for-profit agencies, certainly when it comes to health care. Was there discussion as to, why did we need that trust, why did we need a for-profit agency under Ornge? Was this ever discussed at management?

Mr. Tom Rothfels: No.

M^{me} France Gélinas: Who made those decisions? Who decided on that corporate structure?

Mr. Tom Rothfels: I wasn't involved in any of that structuring or any of those discussions, so I'm afraid I really don't know.

M^{me} France Gélinas: You don't know?

Mr. Tom Rothfels: No.

M^{me} France Gélinas: Okay.

Mr. Jagmeet Singh: Good morning. You were speaking about the fact that the business strategy or business plan for Ornge International, I think you said wasn't worth the paper that it was written on. I enjoyed that analogy. Were you apprised of the overall for-profit side, or was it just one section?

Mr. Tom Rothfels: No, I was not, again, involved in anything on what is called the for-profit side. I had no involvement there.

Mr. Jagmeet Singh: Just on that component that you were apprised of, that you were able to speak on and say, "This plan is pretty much worthless," was it abundantly clear that there was really no effective strategy in that business plan?

Mr. Tom Rothfels: I think we need to clarify here. In 2007, when I joined Ornge, as I said, Ornge had previously hired a couple of consultants to write a business plan for international EMS. That was the plan that I felt had no merit, and it was dropped. Ornge never pursued that. I understand, a few years later, on the for-profit side, there were some other plans, but quite different from the one that these consultants had written. So I don't know that there was much connection there.

Mr. Jagmeet Singh: That's fine. Thank you very much for that.

You were speaking on some of the problems, overall, with Ornge and some of the things that you felt uncomfortable with, and one thing that you highlighted was the shift from being medically driven to then becoming part medically driven and part aviation-driven. Were there any other concerns that came to your mind in terms of the way that Ornge was being run?

Mr. Tom Rothfels: From a straight, objective point of view, no. I've outlined the concerns that I have. Unless you have more specific—

Mr. Jagmeet Singh: Certainly. In terms of the way funds were being allocated and the way money was being

distributed in terms of the priorities of the organization, can you comment on that?

Mr. Tom Rothfels: No. I wasn't involved in any of that.

Mr. Jagmeet Singh: Throughout your tenure at Ornge, you indicated you were paid by Ornge directly?

Mr. Tom Rothfels: Yes.

Mr. Jagmeet Singh: Are you aware if your salary was disclosed on the sunshine list or if it was ever taken off?

Mr. Tom Rothfels: I was an outside consultant the whole time. I was a third party contractor; I was never an employee.

Mr. Jagmeet Singh: Okay.

M^{me} France Gélinas: Any reason why you were always a third party—chief operating officer, part of the management team; you could have been brought in—the reason why this particular arrangement?

Mr. Tom Rothfels: It was never offered. I was never asked or offered to become an employee.

As a personal observation, I'm not sure I fit very well in that organization from a number of perspectives.

0930

M^{me} France Gélinas: A lot of witnesses have hinted the same way you did. Can you describe the culture and how you don't fit in that culture? You had an office there. You saw them every day. You—

Mr. Tom Rothfels: Yes. There were an awful lot of very dedicated people who worked very hard in that organization, who believed very deeply in the mission that Ornge was fulfilling day in and day out.

I think that Dr. Mazza, as you may have heard, is and can be a very charming, inspiring person, but he was also emotionally—the organization was very sort of top-down driven. Chris would make decisions and people would then carry out those decisions.

It was my first and only foray into the public service sector, if you will. I wasn't familiar with how things operate in that environment. I think I'm probably more comfortable in the normal for-profit industry.

Mr. Frank Klees: But not a good example.

M^{me} France Gélinas: This is not the way it's usually done.

Did you have any communication with the board, except for that one time when you called Don Lowe? Did you ever communicate anything, make a report to the board?

Mr. Tom Rothfels: No. That was absolutely, strictly forbidden. There was never to be any communication with members of the board, other than either through Chris or someone that he may have authorized. So no, that was very much something that wasn't done.

M^{me} France Gélinas: Okay. How much time do I have left?

The Chair (Mr. Norm Miller): Let's see. You have seven minutes.

M^{me} France Gélinas: Okay. I'm going to let it go and take a second round instead.

The Chair (Mr. Norm Miller): Very well. On to the government members, and Mr. Moridi.

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

One of your former colleagues at Ornge, who was associate vice-president, Ms. Kelly Long—did you know her?

Mr. Tom Rothfels: I knew her, yes.

Mr. Reza Moridi: In what capacity did you know her?

Mr. Tom Rothfels: She worked on other areas of the business that I had no involvement in, so I really had virtually no dealings at all with her on a work basis.

Mr. Reza Moridi: Did you know of her special relationship with Dr. Mazza? Were you aware of that?

Mr. Tom Rothfels: Not right away. But things don't stay secret in an organization all that long, so eventually rumours circulated.

Mr. Reza Moridi: What was your impression of her work at Ornge?

Mr. Tom Rothfels: As I said, I wasn't involved—I had no involvement with her, so I really don't know.

Mr. Reza Moridi: She started as a junior person at Ornge and then she moved up to the position of—basically executive positions—associate vice-president very quickly. So the promotion was very fast in an organization—for a person to begin with a junior position and then reach a higher executive position in a short time. What do you think is the reason for her very fast promotion in the organization?

The Chair (Mr. Norm Miller): Mr. Moridi, if I could ask you to pull your mike down a little closer.

Mr. Reza Moridi: Oh, sorry.

The Chair (Mr. Norm Miller): I'm having trouble hearing you. Thank you.

Mr. Tom Rothfels: Well, again, since I wasn't involved in any of the work that she was doing or really any areas that she was involved in, I honestly don't—you know, I don't have a way to evaluate what she did, how she did it, whether she did it well or not. I simply wasn't involved.

Mr. Reza Moridi: So do you think that Dr. Mazza's decision to promote her was a proper decision, just in your own opinion?

Mr. Tom Rothfels: Again, I have no way of giving you an objective answer to that, since I don't know what she did or how she did it.

Mr. Reza Moridi: So you had no dealings with her in her capacity and in your capacity?

Mr. Tom Rothfels: No, not within the organization, no.

Mr. Reza Moridi: What's your general opinion about Dr. Mazza? Just give us a picture of what you think about him.

Mr. Tom Rothfels: I think, as I said earlier, he's a somewhat complicated fellow. He can be charming and brilliant and inspiring. He can also be emotionally driven, volatile, demanding. There are all different sides to him.

Mr. Reza Moridi: How would be his relationships or his interactions with employees as a boss of the company? How would you explain that?

Mr. Tom Rothfels: Pretty much the way I just described him. He could be any of the above. You never knew.

Mr. Reza Moridi: Was he very controlling in terms of—

Mr. Tom Rothfels: Yes. Yes.

Mr. Reza Moridi: Staff, even senior staff, have been controlled directly by him?

Mr. Tom Rothfels: Yes. You were told what to do and you were expected to do it.

Mr. Reza Moridi: Was there any possibility that senior staff—at least the vice-president, the associate vice-presidents, directors, people on that level—would report something to the members of the board of directors?

Mr. Tom Rothfels: This is more opinion than anything. There may have been some relationships, but as far as I knew, there was a very strict rule in place that there was to be no communication to the board other than as authorized by Chris or through Chris.

Mr. Reza Moridi: You were chief operating officer of a corporation called Ornge International. Earlier today, you mentioned that this corporation didn't exist. It didn't exist; it didn't appear at the Auditor General's report. There's no mention about this corporation. You were there for three years, I believe, right?

Mr. Tom Rothfels: A little over three years, yes.

Mr. Reza Moridi: From 2007 to 2011. You were COO, chief operating officer, of this organization. This organization wasn't an incorporated organization, was it?

Mr. Tom Rothfels: Not that I know of, no.

Mr. Reza Moridi: So when they appointed you as COO of this organization, did you know that this organization was basically a phony organization?

Mr. Tom Rothfels: When I first joined, the intention was, as I said, that they had this business plan that these consultants had written to do this international EMS repatriation. So I think there may have been an intent to form a company along that line. When I and others said, "This business plan is simply not viable," I guess they never bothered to incorporate any company because there was no business for it to do. Then I was pulled off to do other things like the helicopter acquisitions and other matters.

Mr. Reza Moridi: But you had been there for three years as a COO of this unincorporated corporation, from 2007 to 2010. Of course, you signed various communications—letters, emails—under that title. Did it never occur to you to ask the question, saying, "I'm the COO of this corporation which doesn't exist legally. Could you do something about this? Could you either move away from this position or incorporate this entity?"

Mr. Tom Rothfels: No, I never did. It didn't particularly concern me. There was never an Ornge International Corp. or Inc. or anything like that. It just said "Ornge International." I guess it was implied that there's a company there, but there never was and it never said anything like that. Maybe it should have bothered me, but it didn't.

0940

Mr. Reza Moridi: Well, your CV or resumé basically outlines that between 2007 and 2010, you were chief operating officer of Ornge International, and within that period, you have done quite a number of works for the company, including negotiations on helicopter purchases from AgustaWestland and others, and Era as well. Again, as a senior person yourself, Mr. Rothfels, when you have been appointed to such a position and then you will say, well—you know, it's not a one-day, two-day or three-day period. Then various activities were conducted by yourself under the title of COO for this phony corporation, never incorporated, and then you kept basically continuing work under that title. You even put it in your resumé, that within those three years you carried that title for a phony corporation. Would this at any time bother you, or did you ask any questions of, say, Dr. Mazza, saying, "I'm COO of this corporation. When are you going to incorporate this?"

Mr. Tom Rothfels: Well, first of all, I'm not—I don't think I agree with the characterization of it as a phony corporation. It was a title that was given. I guess if I had given it much thought, which I probably didn't, I would've thought if there ever was a business that's international that I would ever get involved in that maybe they would incorporate something. But I was never involved in anything that would give rise to the need for that.

Mr. Reza Moridi: Well, they called it Ornge International, as they had various Ornges within the main company. This wasn't a branch of, say, Ornge, a division of Ornge or an office of Ornge. It seemed to everyone that this is a corporation. It has a chief operating officer.

Anyway, thank you very much, Mr. Chair. I'll pass on to Mr. Zimmer to continue.

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

Mr. David Zimmer: The marketing services agreement that was negotiated, the lead-in to that is this business of the weight upgrade charge of \$600,000 per helicopter, times 12 is \$7.2 million. We heard from Mr. Potter that he went back to Agusta and quickly negotiated or told them that Ornge wasn't going to pay the \$600,000 times 12 helicopters. He went back to Chris Mazza and told him the good news and said frankly that he was expecting sort of a pat on the back and a comment, "Job well done. You saved us \$7.2 million." And Mazza's reaction was, as you've said and as Potter said, that he was not keen on that and, in fact, gave the direction to pay the full price. Potter was asked what his reaction to that direction from Mazza was—and I'm quoting from Hansard. Potter said he said to Mazza, "Are you freaking crazy?" Is that a characterization which you would agree with?

Mr. Tom Rothfels: Yes.

Mr. David Zimmer: With respect to Mazza's view of that?

Mr. Tom Rothfels: Yes, it was surprising.

Mr. David Zimmer: You say "surprising"; Potter is a little more colourful and says he thought Mazza was

“freaking crazy.” Would you agree with that stronger characterization?

Mr. Tom Rothfels: I’ll stay with it was surprising. There may have been other things that I wasn’t aware of, but on the surface, it certainly was surprising.

Mr. David Zimmer: Why do you say it was surprising? Why do you think Potter, who’s an aviation expert rather than a medical guy, thought it was freaking crazy? What was wrong with it that made Potter think it was freaking crazy and you say, more diplomatically, it was surprising?

Mr. Tom Rothfels: Well, I think we were both aware that under the terms of the aircraft purchase agreement, there was no need to pay this.

Mr. David Zimmer: Are you aware of any speculation floating around the executive team as to what might have motivated Mazza to say, “Thanks for negotiating the reduction, but let’s pay it anyway”? There must have been gossip around the executive corridors. “Why is the boss doing this? We’ve just set it up so we can save \$7.2 million, and the boss doesn’t want to take the savings.” There must have been gossip and rumours and conversation in the executive team. Was there?

Mr. Tom Rothfels: I’m sure there was. I didn’t really participate much in that. Things were somewhat siloed, so people stuck to what they were told to do. If there was speculation about it, there may also have been, because Chris was involved in direct discussions with senior people at Agusta—maybe there was something else going on that other people weren’t aware of.

Mr. David Zimmer: But absent of being aware of what those other considerations might be, the sentiment was that it was surprising or that it was frigging crazy that he was doing this.

Mr. Tom Rothfels: I don’t think anybody understood.

Mr. David Zimmer: Did you ever see the marketing services agreement that was put in place?

Mr. Tom Rothfels: No.

Mr. David Zimmer: Did you ever become aware of the terms of the marketing service agreement, who was working on it, that sort of thing?

Mr. Tom Rothfels: I knew that there was a marketing services agreement being put into place, and I knew that Cindy Heinz and Maria Renzella had been directed to make it happen.

Mr. David Zimmer: Did you know who was going to be the front-line person doing the research and doing the marketing services?

Mr. Tom Rothfels: No.

Mr. David Zimmer: On your resumé, you’ve got an item here: “2007 to 2010, chief operating officer, Ornge International.” One of the things you did in that capacity and during that time frame, the third-last bullet point on your resumé: “The negotiation with Era and the creation of a joint venture to assume the direct responsibility for Ornge’s rotary-wing operations.” That’s one of the first times I’ve come across Era. What is Era? Who is Era?

Mr. Tom Rothfels: Era Helicopters is a wholly owned subsidiary of a New York Stock Exchange

company called SEACOR. They’re one of the largest fleet operators of the AW139 in the world. Their headquarters is in New York, their main base of operations is in Louisiana, but they have operations in many parts of the world.

Mr. David Zimmer: Did you in fact create a joint venture service with them to assume the responsibility of the rotary-wing operations of Ornge?

Mr. Tom Rothfels: Yes, we negotiated a joint venture agreement. The joint venture company was created, and Era owned, I think, 25% of that; Ornge owned 75%. I left the organization shortly after that joint venture had been created, and, as I understand it, the agreements were never implemented.

Mr. David Zimmer: What was the strategic objective of that joint venture agreement, and who initiated the idea and negotiated the agreement?

Mr. Tom Rothfels: The purpose was that because Ornge had no institutional history or internal capability to operate these rotary-wing aircraft, I think it was mainly my idea that we should bring in somebody who knew what they were doing to help Ornge in getting up to speed and learning how to do this and learning how to maintain these aircraft and staff them and pilot them and train the pilots and manage spare parts. This was a very, very complex undertaking where Ornge had no history or capability. So we thought, let’s bring in somebody who really does know what they’re doing.

0950

Mr. David Zimmer: And then you’ve said that that agreement in fact did not take effect?

Mr. Tom Rothfels: That’s my understanding. After I left, the agreement was essentially left to wither on the vine.

Mr. David Zimmer: So the operations contemplated by the agreement never took off, never took effect?

Mr. Tom Rothfels: That’s correct, yes. Ornge just did it itself.

The Chair (Mr. Norm Miller): You have a couple of minutes, Mr. Zimmer.

Mr. David Zimmer: With respect to Chris Mazza, I’ve been sitting here now for days and days with my colleagues and I’ve been following all the evidence, and for the most part—in fact, probably to a person—every witness talks about the difficulty or the challenges of dealing with Chris Mazza’s personality. Generally, the theme seems to be that he was mercurial, he was aggressive, he was secretive, he was up, he was down: a very difficult relationship to manage.

I can’t help but get the sense that there must be—in my amateur reading there are sort of elements of almost a bipolar disorder here, the way he fluctuated in his management style. Would you agree with that?

Mr. Tom Rothfels: I have no medical background. I don’t think I’m qualified to comment. I can simply say that Chris was—at times, it was challenging to deal with him.

Mr. David Zimmer: Could you give me a couple of examples of what you mean by “challenging”? Give me

one good example of a challenging situation you had with Mazza in terms of interacting with him as one of his executive officers.

Mr. Tom Rothfels: Um.

Mr. David Zimmer: Just so I get the flavour.

Mr. Tom Rothfels: Right. In general, his management style did not include an open discussion of issues. He would make a decision, he would announce the decision, and people were expected to follow that through. I myself often questioned the thought process, analysis or logic that may have gone into that decision when I may not have agreed with it, and areas of aviation where I felt I had some significant competence, yet decisions were made that, frankly, I found difficult to understand.

Mr. David Zimmer: And yet on paper—

The Chair (Mr. Norm Miller): You're pretty much out of time.

Mrs. Liz Sandals: For the whole time?

The Chair (Mr. Norm Miller): No, you'll have another 12 minutes.

Mrs. Liz Sandals: We'll bite into it and let Mr. Zimmer carry on.

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

Mr. David Zimmer: And yet, you know, the irony is that on paper Dr. Mazza obviously is a very intelligent person. He's a highly trained physician—a trauma physician, emergency medicine—MBA training. Academically, I expect he was probably a star in his studies and so on. How do you account for someone with that apparent level of academic intelligence, at least, not being able to function as a chief executive at least vis-à-vis his executive team?

Mr. Tom Rothfels: I wouldn't say that he wasn't able to function. I think there's quite a difference between going to school and learning stuff out of a book, and being in the real world where you have to operate in a much messier environment than what you see in textbooks and what you learn at school.

Chris had never run an organization like Ornge. Chris had no background in aviation and had no experience. So it wasn't a matter of whether he was bright or intelligent; he is. There wasn't any experience there in business, in aviation, in the areas where he was now suddenly involved and he had nothing on which to fall back.

Mr. David Zimmer: Given that and given your executive experience yourself, when you were recruited to join Ornge, you must have done your own due diligence; that is, who's the CEO, what's the CEO all about, what's his personality, what's his vision, what's his background? As an experienced executive professional, is this an environment that I want to join up with? Obviously, you said yes. So given what you knew about Mazza's background or his inexperience in the area and so on, what motivated you to take up the challenge and join the executive team? I mean, a lot of people might have looked into it and said, "I'm going to steer clear of this. Nothing good can come of this," but you joined. I'm not being critical of that. I'm just asking why.

Mr. Tom Rothfels: Right. Well, in hindsight, of course, that's a very valid point. I met Chris probably two or three times before we decided to work together. As I said, Chris can be a very inspiring, very charming, very—you know, just a charming guy.

He was very passionate about the mission that Ornge needed to accomplish in terms of being the service that provides this medical transportation on this great geographic scale and complexity. He needed some aviation help and was quite passionate about needing someone who could help him make this really the service he always wanted it to be.

Did I look into his background? Yes, I did, and I saw all of these great things that you've described in terms of his medical background and MBA and all the rest of that. I met him a few times and I thought, "You know, I've done all this work in the private or for-profit sector." There was an element, I suppose—I don't want to go too far down this, but there may have been an element, I suppose, of saying, "Well, if I can help in this sort of public service way, then maybe I should do that too."

Mr. David Zimmer: So even an experienced and seasoned executive, as you are, which is evident in your resumé, in your years and years of experience, in the course of doing some background checks and, more importantly, in the course of three or four meetings or so with Chris—and I'm not being critical in this, but you too got caught up in the charming manic of his personality and his vision.

Mr. Tom Rothfels: No, I'd like to think I'm a little more objective than just being charmed by a pretty face and a good story, but—you know, there may have been an element of that, but there clearly was a need in this organization, in talking to him and others, for the aviation expertise that I could bring to the table.

Mr. David Zimmer: Well, most of the other people who have appeared before the committee have talked about recognizing the need of doing the air ambulance piece and doing it properly for the people of Ontario. So there was that, plus the magnetic, charming, visionary, dynamic personality of Dr. Mazza that attracted them. Is that a fair summary of how you got involved in this?

Mr. Tom Rothfels: I think that was certainly an element of it, yes.

Mr. David Zimmer: So what lessons have you learned, as a seasoned executive, as a result of this difficult relationship that you entered into for a while and are now out of?

Mr. Tom Rothfels: You know, I think you take away learnings from every situation. Much of it, I have to say, was positive in that there are a tremendous number of highly dedicated and skilled people in Ornge who work really hard to deliver the service under trying and difficult circumstances, and it was inspiring to be part of that.

It wasn't an entirely positive experience, as I think we've talked about today and as I'm sure you've heard from other people who've appeared here. That's unfortunate, because I think that, again, the vast majority of the people who work at Ornge are now forced to work in

an organization that has a black cloud over it. They see their organization being dragged through the mud, and they had no involvement in that.

Mr. David Zimmer: So what are a couple of big lessons you've taken away from this experience?

Mr. Tom Rothfels: I suppose, if anything, that I'd be very leery of anything involved with an agency in the public service sector, because it clearly operates under different rules than what I'm used to.

The Chair (Mr. Norm Miller): And if you want any time left, you might want to wrap up.

Mr. David Zimmer: All right. Thank you.

The Chair (Mr. Norm Miller): Okay, very well. We'll move to Mr. Klees. You have six minutes.

Mr. Frank Klees: Thank you. Mr. Rothfels, you've been very helpful. I think what you've confirmed is something that we learned this past week, and that is that the government was warned by senior civil servants not to go down this track. You've made it very clear that Dr. Mazza neither had the experience nor the background, certainly no experience in aviation, to take on what was a monumental undertaking—a great concept, but the core competencies were not there to actually deliver on it.

1000

I think that's why we're here today. We're here because what was a good intention just simply did not have the core competencies to be able to deliver on that.

I'd like to just ask you this: You've confirmed for us that you had serious concerns about a number of aspects of the Ornge operation. You confirmed that you had very serious concerns about the kickback document, the marketing agreement that made no sense—there was no financial background to it. You expressed that concern to Ms. Renzella; you expressed that concern to Cynthia Heinz, who was the lawyer for Ornge. You warned them. For whatever reason, they chose to ignore that warning and carried on and, as you say, they ended up papering that document. You confirmed that you expressed your concern to one of the directors of the board, Mr. Lowe, who has fiduciary responsibilities. The fact that none of these people came forward and assumed their responsibilities—whether that be as an executive, whether that be as a director of the board—and none of this was exposed until such time as it became a public embarrassment to obviously not only Ornge, but the government.

So we're here today to determine, really, two things: first, what went wrong and who was responsible—you've been very helpful to us in that; more important is what has to be done to move forward and restore confidence in this province's air ambulance system.

What we're hearing about the lack of competence, the lack of experience and the lack of institutional knowledge about the air carrier side of this industry—sir, nothing has changed since you left. In fact, when you left, you were probably the person who was bringing that experience to the organization.

We have an organization that's flailing. I saw a report yesterday that is riddled with incident reports about patients dying because of either a lack of competence on

the dispatch side or a lack of competence on the part of the individuals who are doing the staffing—understaffed bases, whether that be for pilots or for paramedics. We have a serious problem, and I think that unless the government gets serious about hearing from people like yourself who are telling us that this is a fundamentally flawed structure, that we need some competency, certainly on the air carrier side—until we do that, more people are going to die. We're going to continue to have the kind of incident reports that we're getting almost on a daily basis.

I'd like to know from you: The recommendation has been made—in fact, I think Mr. Blum, amongst others, stated in their testimony here—that the only way to move forward is to pause, to restructure this, to admit that mistakes were made, that the competencies are not there, that the air carrier side of this air ambulance service has to be rethought, that we get back to the point where we contract out that competency—because it is out there. It was done before Ornge under a third party contracting basis to air carriers who are stationed throughout the province who have the ability. They have the knowledge, they have the experience, they have the ability to staff. And that we refocus and get the public side of this back into the business of actually focusing on the health care side. Trying to be all things to all people is how we ended up here.

I would just like your thoughts on that and to take advantage of your experience, your insight into this organization now that you're not there. Can you give us some guidance in terms of just your thoughts on next steps?

Mr. Tom Rothfels: First of all, I think your concerns are very valid. There is an established model out there in the world for what Ornge probably should do. The best example is Federal Express.

FedEx, for many of its air operations, owns the aircraft and then subcontracts private contractors to operate them on behalf of Federal Express, and there are a couple of reasons for that. First of all, FedEx has access to capital and their capital cost is lower than these contractors. But even more importantly, it gives FedEx the chance to make sure that that service is being delivered on the most cost-effective basis with industry players who are known to have good safety records who are being audited regularly by the regulatory authorities—whether it's Transport Canada or the FAA or whatever it is—and FedEx does their own internal audits. It allows FedEx to change operators and put the contract out to competitive bid on a regular basis without worrying about who has the appropriate assets to be able to supply the service.

Ornge has exactly the same situation. When the contract with CHL, the rotary-wing operator, came up for renewal, the problem was that Ornge couldn't find anybody else to bid on it because no one had the aircraft. You just can't find 10 or 12 of these expensive aircraft, properly equipped, lying around waiting for somebody to pick up a contract. So there simply wasn't a way to take this contract away from CHL and give it to someone else because CHL owned the assets.

I think that the Ornge model that probably makes sense is that there's nothing wrong with owning the assets and then you can put them out to competitive bid on a regular basis. There is a significant difference, though, in trying to operate those assets. What you suggested in terms of getting back to a medically focused organization, have the private air carriers operate the air service under Transport Canada guidance and regulations, proper audits by Ornge, making sure that they're following the requirements that Ornge lays out, is probably a model that would make a lot of sense.

The Chair (Mr. Norm Miller): Mr. Klees, you're way out of time. We'll move to the NDP, and you have 12 minutes.

M^{me} France Gélinas: You've said a few times that you haven't worked in the public sector before and, given that experience, you're happy to go back to the private sector. Did you know that there was a performance agreement between the government and Ornge?

Mr. Tom Rothfels: I'd heard the words "performance agreement" and I was vaguely aware that that was the basis under which Ornge operated, yes.

M^{me} France Gélinas: You have never seen it?

Mr. Tom Rothfels: Not that I know of, no.

M^{me} France Gélinas: So the part of the agreement that has directly to do with aviation was never shared with you?

Mr. Tom Rothfels: No, no.

M^{me} France Gélinas: So it was there, part of it squarely had to do with aviation, but it was never shared with you. You were never asked to report on it, anything of the sort?

Mr. Tom Rothfels: No, not at all.

M^{me} France Gélinas: All right, that's reassuring. I'm joking; it's not reassuring at all.

Do you know if anybody else reported on the performance agreement, if anybody else let the government—which was the payer, really—know what was going on?

Mr. Tom Rothfels: No, I don't know.

M^{me} France Gélinas: You don't know. It was not something that was talked about. It was not something that you had to worry about because it was never brought to your attention.

Mr. Tom Rothfels: Correct. I was the aviation guy. I was put over in a corner and told, "Do aviation stuff."

1010

M^{me} France Gélinas: Okay. "Make sure the aircraft are there when we need them and perform the way we want them to perform"?

Mr. Tom Rothfels: Yes.

M^{me} France Gélinas: Did you want to ask your questions now?

Mr. Jagmeet Singh: Yes.

You indicated there were some business consultants who initially came up with this plan, and it was quickly abandoned. Who were those consultants, and do you know how much they were paid?

Mr. Tom Rothfels: I don't remember their names, and I do vaguely recall that they were paid what I thought

was a fair bit of money, a couple hundred thousand dollars, to produce this.

Mr. Jagmeet Singh: I'm just going to read this other question: Do you know how the previous business plan was approved if you thought it was so bad that it took you looking at it—and again, give me your opinion—for it to be eventually scrapped? This would have been a marked and substantial change from the initial business model that the government had approved; do you know if there was any government approval that went along with this business plan that was eventually scrapped?

Mr. Tom Rothfels: I'm not sure it was ever approved. I think the business plan was developed; it was handed to Dr. Mazza. I think he then handed it to me and said, "What do you think? We want to implement this." I said, "I just don't understand it."

Mr. Jagmeet Singh: Okay. I'm going to ask you another question, and then I'm going to pass it over to my colleague. We were talking about how you were uncomfortable with the shift towards aviation from being medically driven. Do you know if this would have required any approvals from the government, and were any of those approvals granted? Were you in the loop in terms of the government supporting any of these decisions for the Ornge mandate to shift towards the aviation focus? I mean, did you ever have to wait for approval before you could proceed to the next stage of acquiring any airplanes or aircraft? Can you comment on those?

Mr. Tom Rothfels: I wasn't aware of any approvals process that was done with the government or anything like that, no.

Mr. Jagmeet Singh: Would you be able to conjecture that perhaps there was just a rubber-stamping going on, that the government had just given wide latitude to what Ornge could do and didn't oversee these particular steps, whether or not they approved of switching into aviation or approved of acquiring the aircraft and dealing with ending the contracting-out to private airplane operators?

Mr. Tom Rothfels: Again, I wasn't involved in any of that. I don't know.

M^{me} France Gélinas: So for the three years and seven months that you were there, where major business decisions were made—I mean they acquired millions of dollars in aircraft, shifted their business model dramatically from subcontracting to operators in Ontario to owning the aircraft and operating. Through all of this, never were you questioned, "We've got this question from the Ministry of Health asking us to justify this, that or the other thing aviation-wise"? None of that ever came to you? You never gave any account to the government whatsoever?

Mr. Tom Rothfels: I, personally, never gave any account to the government, and I don't recall anybody asking me or having any involvement at all in terms of government briefings or approvals or any of that.

M^{me} France Gélinas: If the government had asked how the purchase of the helicopters was decided, what was the process followed, would you be the one that would have been asked to put that paper together, given that you had led the team?

Mr. Tom Rothfels: You know, I could have been. I suspect that that's probably something more that Maria Renzella probably would have done if the government had requested that.

M^{me} France Gélinas: Okay. Do you know if Chris ever reported to the government?

Mr. Tom Rothfels: I don't. I mean, again, I was just not involved.

M^{me} France Gélinas: You never heard about any obligations to report, any obligations to put documents together so that you could meet the requirement of the performance agreement?

Mr. Tom Rothfels: I was certainly aware that there were meetings that either Chris Mazza, Jacob Blum or others would have with different people within the government. I had an understanding that there were meetings happening with the government. The subject of those meetings and the content and discussions were something that I simply wasn't involved in.

M^{me} France Gélinas: Okay. Jacob became very uncomfortable with what was going on at Ornge and, in his dealing with the ministry, certainly let the ministry know of how uncomfortable he was with some of the decisions that were being taken—a \$600,000 decision certainly being one of them. Did Jacob ever share any of his lack of comfort with what was going on at Ornge with you or with any other?

Mr. Tom Rothfels: Not with me.

M^{me} France Gélinas: No?

Mr. Tom Rothfels: No.

M^{me} France Gélinas: Do you know if he had let it be known internally that he was unhappy with some of the decisions that were being taken at Ornge?

Mr. Tom Rothfels: No, he wouldn't—you know, Jacob was fairly discreet. He never shared anything with me along those lines.

M^{me} France Gélinas: And you never heard it through other sources of information through the office either?

Mr. Tom Rothfels: That Jacob was uncomfortable?

M^{me} France Gélinas: Yes.

Mr. Tom Rothfels: Not that I recall.

M^{me} France Gélinas: Do you know why he left?

Mr. Tom Rothfels: No, I never really knew. I didn't know whether it was at his choice or at Chris's choice. I knew that there had been some disagreements—I heard that there had been some disagreements between him and Chris and they had come to a parting of the ways, and that was the end of it.

Mr. Jagmeet Singh: If you had seen something like the overpayment on the weight for the helicopters in the private sector, what would you have expected, in terms of what your shareholders or the board would have done? This was the public sector. If that happened in the private sector, what would you have expected?

Mr. Tom Rothfels: It was a complete non-issue. It was covered in the purchase agreement. You can't blame Agusta for trying. This goes on all the time. It's the way the game is played. You call them up and say, "Nice try, boys. It ain't going to happen," and move on.

Mr. Jagmeet Singh: But what would you expect that your shareholders would have done or the board members would have done if they would have heard of this issue or if this came to their attention?

Mr. Tom Rothfels: I've never seen a situation in any organization that I've been involved in where this would have ever gone to a board. It just would never—maybe it does happen in other places, but this isn't a matter that would have gone to a CEO or a board, because it would have been stopped at a level way below that.

Mr. Jagmeet Singh: Okay.

M^{me} France Gélinas: You were the lead for the negotiations of the helicopters with Agusta. Then Mr. Potter came in and you went on doing something else. The whole time you were there, Chris was not on the negotiating team, but you updated him regularly. But at the very end, you said that Chris was involved in discussions with Agusta; there might have been other reasons why this extra payment was going on. When did Chris become involved, directly dealing with Agusta?

Mr. Tom Rothfels: Oh, Chris was involved from the very beginning. I mean, we first met Agusta when they responded to the RFI. We went over to Italy to tour their facilities. Chris was there on that trip and met all the senior people at Agusta, so he had created a relationship with them from the very beginning.

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

M^{me} France Gélinas: Okay. So the relationship has been created, then you come in as the lead negotiator and Chris is not on the negotiating team.

Mr. Tom Rothfels: Not in the room, day to day, but, I mean, he was making the decisions.

M^{me} France Gélinas: Okay, but he would make the decisions. He was not in the room day to day, but would he still negotiate on the side?

Mr. Tom Rothfels: Not that I'm aware of. I was conducting the negotiations, but I was authorized by Chris to go as far as this on this point, or offer this concession or do that, and that's what I would do.

M^{me} France Gélinas: And that's what you would do.

Mr. Tom Rothfels: Yes.

M^{me} France Gélinas: But Chris was involved when it became time to pay the extra \$600,000?

Mr. Tom Rothfels: He certainly, as far as I know, made—you know, when he found out that Rick had gotten an agreement from Agusta that they weren't going to charge that, as I recall and as far as I'm aware, Chris was the one that decided that it would be paid.

M^{me} France Gélinas: Okay.

Mr. Jagmeet Singh: Are you familiar with Luis Navas?

Mr. Tom Rothfels: Yes.

Mr. Jagmeet Singh: Was Luis Navas the COO of Ornge Global?

Mr. Tom Rothfels: You know, he was on the board for a while. He then came in in some capacity, but I was never sure what he was doing.

Mr. Jagmeet Singh: Okay. He testified last week that he signed some documents in 2009, and he had signed them as the COO of Ornge Global. I mean, would that make sense to you? Did you have any independent knowledge of that?

Mr. Tom Rothfels: It's possible, but again, I wasn't involved.

1020

Mr. Jagmeet Singh: Okay. If there had been an organizational chart of executives of Ornge or Ornge Global, do you know where Luis Navas would have appeared or if he would have appeared at all?

Mr. Tom Rothfels: No.

M^{me} France Gélinas: Have you ever seen an organizational chart of all of the subsidiaries of Ornge?

Mr. Tom Rothfels: No.

M^{me} France Gélinas: It's worth having a look, let me tell you.

Mr. Tom Rothfels: I've heard that it looks like spaghetti.

The Chair (Mr. Norm Miller): If we can move to the government for the remaining time, please. Ms. Sandals.

Mrs. Liz Sandals: Ornge International is mysteriously absent from the spaghetti plate—no meatballs called Ornge International.

Mr. Tom Rothfels: There were never any meatballs; it was never there.

Mrs. Liz Sandals: I wonder if we could go back to Era and the negotiations and their expertise. I believe I understood you to say that they operate AW139s.

Mr. Tom Rothfels: Yes.

Mrs. Liz Sandals: And you were involved as the aviation expert here as Ornge was acquiring aircraft. There has been some questioning of whether AW139s were appropriate—leaving out the expertise—to operate. Was that an appropriate choice of aircraft for the purpose for which they were procured?

Mr. Tom Rothfels: Yes. I believe it was.

Mrs. Liz Sandals: You then spoke about the expertise and that this joint venture with Era fell apart after you left, and you were trying to fill specific gaps. At the point that that fell apart, what were the gaps at Ornge that went unfilled, at least by that particular agreement which you had negotiated?

Mr. Tom Rothfels: Wow. Operating rotary-wing aircraft of this level and this degree of complexity—because these are not simple, little, single-engine training helicopters; they're complex, twin-engine, medium-weight helicopters that were designed mainly with the offshore oil industry in mind. So they have a great deal of capabilities built into them. But a helicopter is something that tries to shake itself apart at any opportunity it can—

Mrs. Liz Sandals: Just by the virtue of opposing propellers?

Mr. Tom Rothfels: Everything's going on. I mean, there's an old saying in the helicopter industry that a helicopter is 15,000 pounds of metal fatigue rotating around an oil leak. Theoretically, it shouldn't fly; it's like a bumblebee.

But to operate aircraft like this, you have to have a tremendous degree of expertise in everything from spare parts, materials management, supply chain, warehousing, engineer training in airframe, engines, avionics, landing gear and propellers. You have to have pilots who are properly trained and are scheduled every six or 12 months for recurrent training. There's constant turnover. It is a very, very complex organization.

When you add to that that this isn't a scheduled air service—you've got helicopters operating out of remote bases scattered all over the province, on demand. So at 2 in the morning in the middle of a snowstorm, off you go. This is way more complicated than an offshore oil operation that operates during the day, in nice conditions and nice warm water in some cases.

It is an extraordinarily difficult thing to do to manage a transition from the old aircraft, the Sikorsky S76s, which are three generations behind the AW139, to the new aircraft where you have two sets of spare parts, two supply chains, two different skill sets in terms of flying the aircraft and maintaining them. This is an enormous undertaking.

Where was the lack of competency? Ornge had none. Ornge had never done this before.

Mrs. Liz Sandals: And just one final question because we have a bell competing with us. You've obviously got a lot of respect for Era and the work it could have done to build that expertise. Do you continue to have any sort of other business relationships with Era?

Mr. Tom Rothfels: Yes. I was—

Mrs. Liz Sandals: And could you describe them?

Mr. Tom Rothfels: I worked for Era for a while after I left Ornge. I'm not with them anymore.

Mrs. Liz Sandals: Okay. Thank you very much.

The Chair (Mr. Norm Miller): Thank you very much for coming before the committee this morning.

We are recessed until this afternoon at 12:30.

The committee recessed from 1025 to 1230.

MR. TOM LEPINE

The Chair (Mr. Norm Miller): I'd like to call this meeting to order and welcome Mr. Tom Lepine to the committee this afternoon. I'd just like to confirm that you did receive information about a witness coming before the committee.

Mr. Tom Lepine: Yes, I did.

The Chair (Mr. Norm Miller): Very well, thank you. Our clerk has an oath or an affirmation for you.

Mr. Tom Lepine: I prefer an oath.

The Clerk of the Committee (Mr. William Short): The Bible is on the table there. Mr. Lepine, 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. Tom Lepine: I do.

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

The Chair (Mr. Norm Miller): Thank you. You can start with an opening statement, and then we'll move to the NDP this time to start questions after your opening statement.

Mr. Tom Lepine: Good afternoon. My name is Tom Lepine. I was the former chief operating officer of Ornge.

Thank you, Mr. Chairman and honourable members of the committee, for providing me with an opportunity to present an opening statement today and to answer any questions regarding Ornge in an open, honest and transparent manner.

There have been many statements made in the media and in the House by members of various parties and by others of activity at Ornge. The public has the absolute right to know where their tax dollars are used and for what purpose.

I have had the privilege of helping patients in this province for over 32 years. I've devoted my entire adult life to providing the best care possible. The reality in health care today is that dollars are scarce and need to be spent wisely and creatively to deliver the best possible care to as many patients as possible within the fiscal realities that we face.

In my role as chief operating officer of Ornge in Ontario, I took the responsibility for service delivery extremely seriously and very personally. You see, I've never forgotten what it's like to watch a patient die in front of you despite the best efforts of everyone involved in their care. I have never forgotten the fear on a patient's family members as you load their loved one into a helicopter or airplane to move them, in some cases, hundreds of kilometres from their homes to a hospital that can care for them when those services or beds are not available in their area. I remembered these feelings and the impact on patients every single day when faced with operational decisions.

The decisions that are made by governments and health care executives are not easy decisions. I would say that every one of us who makes those decisions does not do so lightly, and has spent many sleepless nights agonizing over them. Difficult decisions, however, must be made to ensure the sustainability of the system. Whether we like it or not, to ignore the financial reality in health care decision-making is to ensure the complete failure of the system.

I know there will be questions regarding the rationale for some of the operational decisions at Ornge, and I'm happy to provide you, to the best of my ability, with the answers you and the public seek.

I would be remiss not to mention that the front-line paramedics throughout this province, in both land services and at Ornge, are among the finest in the world. The paramedics, pediatric transport teams and pilots in Ornge who service the front-line calls are exceptionally skilled, extremely dedicated and rightfully proud of what they do every day. Behind them are support teams who are equally skilled in their own right and just as dedicated to ensuring that they do the best they can every day to ensure that patients get what they need when they need it.

This includes communication officers in the Ornge communication centre, transport medicine physicians, aviation experts, educators, back office support staff, and management.

All of the staff at Ornge strove to perform their duties to the best of their abilities during my 11 years at Ornge, including the past year when every single decision and action was being scrutinized under a microscope and reported almost daily in the media. Their professionalism is unquestionable. It is extremely important not to forget these dedicated staff or to allow the great work that they do to get lost as the investigation of Ornge continues.

I have held various roles in Ornge, starting in education, and progressing to take on the role of a member of the negotiating team which negotiated the first performance agreement with the ministry, and eventually assuming senior management positions within operations. I was very fortunate to work alongside Mr. McKerlie when he joined Ornge as the interim CEO.

The appointment of a new leadership team, including Dr. Barry McLellan, to oversee quality and medical aspects of the organization will ensure that the organization moves forward in a transparent and positive manner.

I believe it is important to spend a minute to describe the service that Ornge delivers for the benefit of the public, who may not really understand the complexities of the system and the dependencies on others in the health care system.

For many, in particular in southern Ontario, Ornge conjures up images of helicopters landing at the scene of horrific accidents. These calls, however, make up less than 8% of the calls that Ornge responds to. The majority of calls are the transport of patients between hospitals in either fixed-wing aircraft, or airplanes, helicopters or land ambulance units so they can get access to the care they require. The majority of these calls occur in the north. In the remote communities of northern Ontario, transport by air is often the only access to the health care system.

Many of the patients transported are the sickest of the sick in Ontario, including patients who are beyond the capability of their local hospital to adequately treat them and are therefore transported to hospitals with the availability of specialty services. These patients are often on ventilators with multiple medication infusions, and in some cases are being transported as the final heroic measure to save their life.

At times, there are multiple requests for the same aircraft. As in any emergency department, triage decisions must be made. These triage decisions are made by physicians in the Ornge communication centre, a vast improvement over the process for these decisions before the creation of Ornge.

Ornge is the link that supports the Centres of Excellence model for hospitals in Ontario. Successful transport of a patient requires the coordination of many different resources. Sending hospitals must first identify early on that a patient needs to be transported. A search for a

receiving hospital that can care for the patient and has an available bed is performed by CritiCall. Weather is a major determinant as to when aircraft can fly, as are Transport Canada regulations regarding pilot rest. Collective agreements with unionized staff have requirements for rest that dictate when paramedics can be assigned calls other than emergency transports. Availability of land ambulances to transport non-urgent patients to and from airports is a major determinant of aircraft availability, as Ornge is often unable to unload a patient for the final land leg from the airport to the hospital, leaving aircraft and paramedics unavailable for other calls. Municipal land services must also triage their calls to ensure coverage for emergency calls within their communities, often leaving them unavailable to pick up patients from the airport for Ornge.

Once all these things, however, come together and the transport of a patient takes place, the patient is moved from the relatively controlled environment of a hospital to an enclosed space where paramedics and pediatric transport teams do their best to treat the patient in an environment that is cramped and noisy and sometimes hours from the receiving facility.

Moving on, I would like to include in my statement for the record three important facts:

(1) In response to statements made that Ornge was uncooperative with the AG's office, I can stand before you here today and say with great confidence that I and all staff that reported to me cooperated fully with the AG and his team to provide information, background and answers to all inquiries regarding operations or medical oversight as quickly and completely as possible.

(2) The ministry was kept informed of requirements under the performance agreement and Ambulance Act, and proactively to proposed changes to the way in which Ornge operated in Ontario. Quarterly meetings were held with senior executives of Ornge and representatives from the ministry to the level of the ADM in which plans, issues and challenges were discussed. These included discussions prior to the implementation of changes to scene response policies and plans to deal with Ornge's projected deficit for the fiscal year 2011-12, including plans to deal with escalating overtime costs and other service delivery options. I am pleased to see, however, that measures have been put in place to clarify the types of reports that will assist the ministry to monitor the performance of Ornge to ensure the confidence of the public.

(3) When I did become aware that inaccurate data had been provided to the ministry and to the AG, as Mr. Bates noted in his testimony, I notified the AG's office and the ministry immediately, without hesitation or reservation, and provided the appropriate data sets.

In closing, I feel privileged and proud to have had the opportunity to work with the many dedicated men and women at Ornge. I am dedicated to working with this committee to ensure that Ontarians have a service as crucial as Ornge that they can be proud of.

Thank you, Mr. Chairman. I welcome questions from the committee.

The Chair (Mr. Norm Miller): Thank you. We'll have 20-minute rotations, starting with the NDP. Who would like to go first? Ms. Gélinas, please go ahead.

M^{me} France Gélinas: Thank you for coming to Queen's Park, Mr. Lepine. The first question I'd like to ask is a bit personal, but I hope, in the spirit of your opening comment, you will agree. How did you come to leave Ornge, as in fired or left?

Mr. Tom Lepine: I was terminated from Ornge without cause on February 16 of this year.

M^{me} France Gélinas: And did they tell you why you had been terminated?

Mr. Tom Lepine: Mr. McKerlie and I had a pretty frank discussion, in that I think it is pretty much necessary in order for Ornge to move forward. He indicated that there were no issues with my performance or anything else, but it was more to the point that in order for Ornge to ever be able to move on with the scrutiny that's taking place, I think—and I agree that it's necessary. They won't be able to do so while any previous COOs or the CEO or executive vice-president are still there.

M^{me} France Gélinas: So they basically explained the need to turn the page and move over with new management because things went wrong?

Mr. Tom Lepine: Yes, absolutely.

M^{me} France Gélinas: Why do you figure we need to turn the page at Ornge?

Mr. Tom Lepine: Transparency, accountability. I would say that those are the main things that we have to turn over, absolutely.

M^{me} France Gélinas: Can you give me some example of where transparency had failed?

1240

Mr. Tom Lepine: Well, I mean, the main one that is being discussed and I agree with is the availability of salaries. When Dr. Mazza left, I was appointed interim CEO for two short weeks before Mr. McKerlie came in, and I made it very clear to staff at a town hall meeting that those days were over, that everybody will be reported who makes over \$100,000, on the sunshine list, fully disclosed—it doesn't matter what entity you're in—that we would be amalgamating the entities, those types of things. I think that's important, to be able to follow where the money is going and how taxpayers' dollars are spent. Those are the main priorities, absolutely.

M^{me} France Gélinas: I'll come back to accountability, but staying on transparency, did you know how much Mr. Mazza was making?

Mr. Tom Lepine: I figured out, first of all, what he was making when the Auditor General's report—before the draft report was released to us, we met in one of our boardrooms with the Auditor General's team. There was myself; the chairman of the board, Rainer Beltzner; Barry Pickford; Maria—and I think that was pretty well it. When they presented their facts to us—it wasn't their draft yet, but they were certainly going through their facts—they gave us an aggregated amount for what the top five executives made at Ornge. I just quickly, on my

notepad, took my own salary and multiplied that by four, figuring that the rest must be making pretty close to what I made, and came up with \$1.2 million, which later turned out to be \$1.4 million. So that was the first indication I had.

Immediately after the meeting, I went up to Maria's office and spoke to her and said, "Is this true? Is he actually making this?" She said, "Well, around there. I don't have the exact number right now, but yes, it's around there."

So that was the first indication that I had of what he made. It was confirmed when the minister was asking us to present her the salary, and we were getting some push-back in terms of being able to present that. Once we compiled the data, it did in fact come out to be \$1.4 million.

M^{me} France Gélinas: That happened last spring, when the Auditor General had come in?

Mr. Tom Lepine: Yes. Just before they went off to write their draft report, they met with us to just go over some of the facts, that they had to give us an opportunity to say whether any of them were off or anything like that. I don't know—I'm sure Mr. McCarter could say when that would have been.

Mr. Jim McCarter: It could have been—probably verbally we might have discussed that.

Mr. Tom Lepine: Yes, it was.

Mr. Jim McCarter: And then, I think when you got the draft report in September, I think we did make reference that there were five people with a total salary of \$2.5 million.

Mr. Tom Lepine: That's correct.

So, in answer to your question, Madam Gélinas, I did know when they first presented it to us orally, by calculating it myself. Then, when it was in the report, it made it fairly easy to calculate.

M^{me} France Gélinas: Here again, I know that it's personal information, but in 2008, your salary was \$158,000. By 2012, we're at \$300,000. That's 2008—we all know what the economy of Ontario looked like. We were in the grip of a recession, which we're having a tough time coming out of. We've heard a lot about wage freezes in the broader public service. Your salary was coming from the broader public service. How did it get to increase by \$142,000 over a three-year period?

Mr. Tom Lepine: That was a board decision, so Dr. Mazza came to me in my office and told me what my salary was. The board and Dr. Mazza determined what it was going to be. There was no negotiation or anything else, and obviously I stayed employed there, so I accepted it.

M^{me} France Gélinas: Is this how salary grid changes were made? The board and Mr. Mazza would decide, and then it was shared with you?

Mr. Tom Lepine: Yeah, absolutely.

M^{me} France Gélinas: The management team never talked about it? No?

Mr. Tom Lepine: No.

M^{me} France Gélinas: Did the Ministry of Health ever ask about how much you were paid prior to 2011?

Mr. Tom Lepine: Not that I'm aware of. If they did, they would have probably gone through Maria's office, but they certainly never asked me, and it was on the sunshine list.

M^{me} France Gélinas: Okay. They never asked you if you wanted your salary on the sunshine list, if you would prefer not to or anything like that?

Mr. Tom Lepine: The ministry?

M^{me} France Gélinas: No. Maria and the people within Ornge.

Mr. Tom Lepine: No. They made it very clear that I would always be on the sunshine list as a COO. Once I became COO of Ornge, I was always on the sunshine list, but they did split my salary and put some of it under Ornge Peel in certain years. For example, in 2007-08, everything was on the sunshine list; in 2009-10, it was back in; and 2011 was in.

M^{me} France Gélinas: When some of it was being charged to Ornge Peel, then was that part on the sunshine list or not?

Mr. Tom Lepine: No, it was not.

M^{me} France Gélinas: Okay. So you received income from two different corporations of Ornge—

Mr. Tom Lepine: That's correct.

M^{me} France Gélinas: —one being public.

You did mention that you had quarterly meetings with the Ministry of Health. What were those meetings for?

Mr. Tom Lepine: Basically to discuss any issues that were going on, an opportunity for them to have any questions that they had answered, an opportunity for us to discuss any challenges that we were having. Minutes were taken and an agenda was circulated prior. The first few meetings—I think we only had one at our office, and I believe the rest were by way of teleconference.

M^{me} France Gélinas: Okay. In those meetings, did—I guess if you follow the press, you would know that the NDP had filed a freedom of access of information for salary way back in 2008. In those discussions, did the ministry ever ask you about those salaries, about the freedom of access of information?

Mr. Tom Lepine: They never brought up the freedom-of-information questions at all. I certainly have had discussions—I was frequently in touch with the Ministry of Health, emergency health services branch, primarily through Dennis Brown, prior to his retirement, and then afterwards with Malcolm Bates and Patricia Li. Malcolm and I had several discussions where he would say, "Tom, it would be so much easier if Chris would just report his salary." And I said, "Absolutely, Malcolm. We all agree on that, and you've got no pushback from me," but I didn't have the authority to do that.

M^{me} France Gélinas: So Malcolm knew that Dr. Mazza was not reporting his salary on the sunshine list?

Mr. Tom Lepine: Oh, absolutely.

M^{me} France Gélinas: He addressed that with you. Did he bring it to be known as to why that was important?

Mr. Tom Lepine: He didn't say why it was important. I think we all know why it's important, in terms of transparency and being forthright with the ministry. I can

say—and I've read the testimony of other people from Ornge, other executives, and I can stand here before you today and say nobody else had a problem with it, so everybody else would have been willing to disclose.

M^{me} France Gélinas: But Mr. Mazza was not the only salary that was hidden from the sunshine list. Other executives who testified very similarly to you, saying, "I had no problems sharing it," their salaries were not shared.

Mr. Tom Lepine: He put me on—it was his choice who went where, as far as I understand it.

M^{me} France Gélinas: He, as in Dr. Mazza?

Mr. Tom Lepine: Dr. Mazza, sorry. He put me on the salary disclosure list, and I had no problem with it, because I was running Ornge Ontario.

M^{me} France Gélinas: I want to come back to the meetings that you had through teleconference or otherwise with the Ministry of Health. You talked about, "Agendas were circulated; minutes were taken." Where are those kept? And do you figure we could ask for copies of those?

Mr. Tom Lepine: Oh, certainly. So it was typically—I think they took turns between Michael LeGros from the ministry and Scott Lovell from Ornge, in terms of, first of all, developing the agenda, getting agenda items, and then preparing the minutes, and then they would circulate them back to both parties. I think you could probably get the minutes from either the ministry or from Ornge, either one.

M^{me} France Gélinas: Okay. Physically, do you know where they were kept?

Mr. Tom Lepine: No, I don't.

M^{me} France Gélinas: Were they emailed around or were they paper copies?

Mr. Tom Lepine: Oh, yes; they were emailed around. Everybody who attended the meeting got a copy by way of email and you had an opportunity to correct the minutes or anything else and then they were finalized. So I would say that they're stored in soft copy.

M^{me} France Gélinas: You did mention that sometimes at the meetings comments were made that the ministry had wanted salaries—certainly of Dr. Mazza—to be made public, that it would make things easier. Did the ministry ever make other requests that were denied?

Mr. Tom Lepine: So, first of all, just to clarify: At the meetings themselves, it didn't come up, that I can recall, but in various conversations with Malcolm—we spoke fairly frequently. They were frustrated, and he would often say, "Tom, it would just be so much easier if Chris would report it."

M^{me} France Gélinas: How long ago was that, do you figure?

Mr. Tom Lepine: That's probably going back at least two years.

M^{me} France Gélinas: So in 2010 or 2009? Shortly after?

Mr. Tom Lepine: At least.

M^{me} France Gélinas: Yes, in 2009, shortly after we asked for the freedom of access. Okay. So you had

frequent communication with the ministry. Did that stay all the way through, as in from 2009-10? The whole tenure at Ornge, you were in regular contact with the ministry?

1250

Mr. Tom Lepine: Yes, absolutely. I know that Jacob Blum testified earlier as well that he met with the ministry frequently. I often attended those meetings with Dennis over at the EHS branch—not as often as Jacob did, but I certainly went over probably every month or two months. Basically, Dennis called them fireside chats, and we would sit and have a coffee and go over any issues and keep him updated on anything that was going on.

After Jacob left, I continued those meetings with Dennis up until he retired. Once Catherine Rosebrugh joined our organization as regulatory affairs, she attended with me, with Dennis. Then she took over—she did most of the communication above the level of Dennis, so with Malcolm or the ADM or anything at that level, up until—let's see, I would say it would be last year, so the end of 2010, when Chris said, "You deal with the ministry from now on, Tom. I don't want to be dealing with them. You deal with Malcolm and Patricia. Steve can deal with Tony Campeau and Rob Nishman."

M^{me} France Gélinas: Okay, so you were in charge of dealing with Malcolm and Ms. Patricia Li?

Mr. Tom Lepine: Just for operational issues. Lisa Kirbie, who became our director of regulatory affairs, I believe, did most of the communication on stuff other than operations.

M^{me} France Gélinas: I want to bring you back to a memo that I'm sure you'll be able to identify—but I could circulate it, if you need to—that basically outlines the new corporate structure of Ornge. That was dated January 2011. We already know that numerous briefings took place about this memo. Did you ever help brief anybody at the Ministry of Health about this memo?

Mr. Tom Lepine: Yes, I did. I was there with Rainer Beltzner and Alfred Apps.

M^{me} France Gélinas: Who on the ministry side attended those briefings?

Mr. Tom Lepine: The one when the initial report was tabled—I believe, up to the level of deputy minister was there, but nothing above that.

M^{me} France Gélinas: So the deputy minister was there—

Mr. Tom Lepine: I believe so. I'm trying to think back, because we later had the briefing with the minister regarding the salaries, so I'm just trying to get the two worked out.

M^{me} France Gélinas: Did they raise any questions at the time?

Mr. Tom Lepine: Regarding what? The presentation?

M^{me} France Gélinas: Yes.

Mr. Tom Lepine: No. Basically, the comments we got back were, "This looks solid. Have your lawyers reviewed it?" I think that was Saäd's comments, actually, Mr. Rafi. I think; I'm not absolutely certain of that, so I

just want to say that for the record. It was somebody there who said, "As long as your counsel has checked it over. I don't understand all the legalities of the structure, but it looks solid, and this looks like a good plan to generate revenue outside of Ontario."

M^{me} France Gélinas: So as long as your counsel, which was Mr. Apps, had looked it over, they were comfortable. If Mr. Apps said that this was good, then they were comfortable that this was something that the ministry didn't need to look at any further.

Mr. Tom Lepine: I don't know that they were going to look further or not, but certainly, for that meeting, they didn't have any questions regarding it. I would think that they would have taken it to their counsel. But for the purpose of the meeting, to your question, "Did they have any questions about it?", no.

M^{me} France Gélinas: Did they ever come back to you for more questions? When you had your follow-up meeting with Malcolm Bates or any of those people, did they ever come back and say, "We need explanation about the for-profits, the not-for-profit, how they're linked?"

Mr. Tom Lepine: Not to me, they certainly didn't. At one of our quarterly meetings when Patricia Li was new to the portfolio, she asked about the structure, and Maria drew it up on the board.

M^{me} France Gélinas: Patricia Li asked about the structure and—I missed your answer.

Mr. Tom Lepine: Oh, sorry. And then Maria Renzella drew it on the whiteboard for her.

M^{me} France Gélinas: Okay. She's able to draw the corporate structure from memory on a blackboard?

Mr. Tom Lepine: I think it was more of a simplified version at that point. I don't think it had evolved into what it later became.

M^{me} France Gélinas: I think Picasso would have had a tough time, but she must be very talented.

Coming back to those meetings, you presented—ADMs and basically people in the know within the Ministry of Health are there. They realize that it is a complex corporate structure. They check with you that your lawyer says that it is okay. Therefore, no more questions.

Mr. Tom Lepine: In terms of the legality of the structure, absolutely.

M^{me} France Gélinas: Okay. And we turn the page.

How would you explain that when the minister was questioned on that—this is Minister Matthews—after that briefing that you attended with Mr. Apps and Mr. Rainer and yourself, when asked, "Was there a red flag?" she said yes, of course there were red flags. "We tried to get answers but we were stonewalled."

What event is she referring to?

Mr. Tom Lepine: I have no idea. You would have to ask the minister. To my knowledge, nobody ever stonewalled the ministry in giving them information about anything other than the salary disclosure, for which they had a legal opinion. Ornge had a legal opinion saying they didn't have to disclose, and Chris made that decision

not to disclose. Other than that, to my knowledge, nobody ever tried to avoid giving anybody information.

M^{me} France Gélinas: No. Had you had questions, were you under orders or whatever to keep things secret or to not share?

Mr. Tom Lepine: No, no. My role in these meetings was primarily to discuss the operation of Ontario. So sometimes I didn't even speak.

Quite frankly, I didn't understand the corporate structure. I'd only seen the agreement in terms of what was going to come back to Ontario literally days before our first meeting. So I was still trying to understand as well. My role was strictly to talk about what had been done in Ontario and then it was handed over to Rainer to go through the plans and then Alfred to discuss the corporate structure.

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

M^{me} France Gélinas: Oh, I'm so sorry.

Mr. Jagmeet Singh: That's okay.

If you could just quickly break down who exactly you spoke to at the Ministry of Health and roughly how often it was. If you could just kind of give us names and roughly—

Mr. Tom Lepine: Sure. As I mentioned earlier, initially it was usually with Dennis Brown. So Dennis Brown and I spoke very frequently; I would say every other week or perhaps once a month at least.

I also had—Steve more so than I had fairly frequent conversations with Rob Nishman. Tony Campeau later came over to the air side after Dennis Brown retired. Again, he dealt more so with Steve by that point—I forget what year Dennis retired. But at that point I was dealing more so with Malcolm and Patricia.

The Chair (Mr. Norm Miller): Okay, thank you very much. We'll move on to the government side. Mr. McNeely, go ahead.

Mr. Phil McNeely: Thank you, Chair.

Mr. Lepine, when did you first meet Dr. Chris Mazza?

Mr. Tom Lepine: That would be, I believe, around 1990.

Mr. Phil McNeely: And what was your initial impression of him?

Mr. Tom Lepine: Well, he actually—if I could describe the circumstances in which we met, he came to ride out with me in the ambulance. He was an intern. He was just going through his internship and had to do a ride-out in an ambulance as he was very interested in transport medicine. He came out to ride with myself and Steve Farquhar, who was my partner at the time. Very charismatic, very eager, keen, wanted to play with the siren, that type of thing. So that was my first encounter with him.

Mr. David Zimmer: Sorry, what was that?

Mr. Tom Lepine: Wanted to play with—you know, work the siren for us going to calls, that type thing. So that was my first impression of him: very keen, very, you know, hyper kind of guy.

Mr. Phil McNeely: When you heard about Dr. Mazza's salary—and that's already been mentioned—what did you think of the \$1.4 million a year?

Mr. Tom Lepine: I thought it was ridiculous and what I really felt is the same as I think most Ontarians felt, which is betrayed.

I'm sure we'll get to the discussion later about some of the operational decisions that I had to make. To find out that I was being asked to make those types of decisions, up to and including the potential to have to close bases, in order to stay within budget, and to find out that he had a salary of that and, more particularly, the loans, I felt betrayed and angry.

Mr. Phil McNeely: So you were aware of the advances he had received as well?

1300

Mr. Tom Lepine: Not until we started preparing things for the minister and getting his salary. Maria came up to me and said, "There's something else you have to know."

Mr. Phil McNeely: You were the chief operating officer, so you were number one there. How did these things happen that you weren't aware of before they happened?

Mr. Tom Lepine: What things?

Mr. Phil McNeely: The salaries, the advances.

Mr. Tom Lepine: I would have no reason to ask what the CEO's salary was. He didn't make it public to anybody. I'm a COO. The board determined his salary. Nobody went around asking him what his salary was, and he certainly didn't go—well, I shouldn't say he didn't tell anybody what his salary was. Up to the point where we were actually preparing his salary for the ministry and gathering all the details, he walked into my office shortly before he went off and asked what we were doing. I told him what we were doing, and he said, "Well, Lepine, you know what my salary is." I said, "I don't, Chris. We're pulling it altogether." He said, "Well, it's \$500,000," and I said, "Well, it's not \$500,000, because we've already got documentation here that it's up over a million now and we're trying to include the rest," and he said, "Well, the rest of it goes to my private corporation." I said, "But it's paid through taxpayers' dollars, Chris. That's your medical stipends and we're including that."

Mr. Phil McNeely: The other major issue, of course, is that his girlfriend rose very quickly in the company, was making good dollars as well. What was your thought of that happening in this organization?

Mr. Tom Lepine: He first told Maria, myself, Rhoda Beecher after work one day in—I don't know what year it was. I think it was the end of 2010—in the summer, I think it was. We made it very clear you have to keep work separate from your personal life. Like, I truly don't care what he does in his off time, in his personal life, but we all were very adamant about the fact that he had to keep any relationship separate from what he was doing at work.

Mr. Phil McNeely: Did this create difficulties in the organization?

Mr. Tom Lepine: Absolutely.

Mr. Phil McNeely: The aircraft purchase—Rick Potter, when he was in here, said that he had negotiated to pay about \$7 million less for the helicopters. We heard this morning from Thomas Rothfels that it was \$600,000 per helicopter times 12, so \$7.2 million less. What's your recollection of that?

Mr. Tom Lepine: Rick Potter was constantly in negotiations with Agusta. To use Rick's terminology, he was always trying to beat them up to save some money. So he had been working for quite some time on the weight upgrades. They were charging us for the weight upgrade from 6,400 to 6,800 kilograms. He worked at that for quite some time. He announced at a senior management team meeting that he had negotiated them down to, I believe, zero on it, and including some other upgrades. Everybody clapped and said, "Congratulations." I think I was busy answering an email or something like that, so I didn't catch the first part of it, but certainly clued into what was going on. So yeah, that's my recollection.

Mr. Phil McNeely: Tom Rothfels mentioned this morning—I think he was close to the negotiations—that that weight upgrade, those costs were already in the contract, and Rick Potter was able to see that and to make sure that Ornge would get that \$7 million less, yet it wasn't taken.

Mr. Tom Lepine: No.

Mr. Phil McNeely: Was that time to go to talk to the Ministry of Health?

Mr. Tom Lepine: If I can go through the timeline on that: When Rick negotiated that, approximately a year later, amendment 3, which was the actual amending agreement with Agusta, was signed. So it was a year later, and my signature's actually on that. It was sort of a last-minute addition that Maria put on that somebody from Ornge should be signing it, although the contract was with Ornge Issuer Trust, which I wasn't a signing authority for, and I was no part of any of the negotiations. So I went through the contract with Bruce Tavender and said, "Is Rick happy with this?" I was more concerned at that point—so I wasn't even thinking about the upgrades or anything else at that point. It was a year later, and I really hadn't heard anything about it since. I was more concerned that we were going to be taken advantage of in terms of not getting what we wanted in the helicopters. So I went through it with Bruce and said, "Is Rick happy with this? Is he getting everything he wants?" There's a whole list of landing lights, different avionic equipment, navigational equipment, antennas, multiple different things that he had also been negotiating with Agusta and trying to beat them up on.

I said, "Is Rick happy that he's got everything that he needed in here and has he seen this?" And he said, "Yes." I said, "And who's signed off on the dollar amounts?" And he said, "Maria." I said, "Are these the correct dollar amounts? Is this what's been negotiated?" And he, you know, affirmed that it was. And then I said, "And is this the amount that was negotiated?" And he said, "Yes."

Mr. Phil McNeely: Mr. Potter was quite upset about the reaction he got from Dr. Mazza. We know the final

helicopters did not include the \$7-million discount and you've sort of explained, in your mind, why that was. What did Ornge get for that \$7 million? Can you describe that? Because we haven't had a very good description of what was delivered for that \$7 million delivered by Ornge.

Mr. Tom Lepine: In the actual helicopters?

Mr. Phil McNeely: Ornge received another \$7 million, later.

Mr. Tom Lepine: Yes, I don't—I was not—

Mr. Phil McNeely: What did we deliver for that?

Mr. Tom Lepine: So, there was a marketing services agreement that was negotiated which I wasn't part of, I never did see, as a matter of fact, until—again, after Chris was off and I was appointed interim CEO, I arranged an interview with Kevin Donovan, invited him to come in. Again, in the spirit of openness and transparency—he'd been trying to have an interview with Chris—I offered to meet with him on several occasions and he said, "Well that's great, Tom, but I really want to speak to Chris." So as soon as I was in that role, I invited Mr. Donovan in.

We sat down, which coincidentally was the day Mr. McKerlie was starting. I think Mr. McKerlie arrived 20 minutes before I was meeting with Mr. Donovan, and I briefed him and said, "Why don't you sit in on the meeting?"

So Mr. Donovan asked me about the sales marketing agreement and if he could have a copy. And I said, "Well I don't even know who has it. I really don't know who has it." And Ron and I exchanged glances and said, "We'll try to find it for you." So we found a copy and then there was a debate as to whether we could turn it over because Agusta had a confidentiality agreement attached to it, so I contacted Lou Bartolotta to see if we could turn it over. That was the first time I saw the agreement.

Mr. McKerlie said to me, "Tom, it's time both you and I have a read through this agreement and the deliverables, and see what we delivered for them." So I got somebody to make us up two copies of the sales marketing agreement itself and what they had delivered to date. That was the first I saw of it, so that was when Mr. McKerlie arrived—the day he arrived.

Mr. Phil McNeely: The \$7 million went into the for-profit company?

Mr. Tom Lepine: Correct.

Mr. Phil McNeely: You were involved in the purchase and design of the interior modifications for the AW139 interiors. When did you first discover that you could not do CPR in the helicopters?

Mr. Tom Lepine: I think that was January 2011—either late December or early January, shortly after the first one went into service.

Mr. Phil McNeely: Why do you think that was missed in the helicopter?

Mr. Tom Lepine: I think it was an absolute failure of process that there was no prototype done. It was suggested that we should be doing a prototype; that would

have been caught if we had done a prototype, and it was not done.

Mr. Phil McNeely: Where would the blame go in Ornge for that?

Mr. Tom Lepine: Well again, that is one of the complications of Ornge, that the accountability for things, which is quite often—so if I could walk through that timeline, if time permits and you want to hear on that.

Chris approached me when they had decided to buy helicopters and obviously he wanted to design his own interior with the idea that he would be able to sell it commercially and make money on the for-profit side to later come back into Ontario. He told me he wanted me to pull together a medical team to design the interior and I said, "Okay, I'll get Farquhar on it and so and so." And he said, "Absolutely not. I don't want any management on this team. I want this to be a helicopter interior that's designed by the medics for the medics because no matter what we do, if there's any management interference or suggestions in it, then it's going to be wrong and we'll get blamed for it forever. So I want this to be absolutely done by the paramedics and no management on it at all."

So we picked a team: a paramedic from the south, a paramedic from the north—both rotary-wing paramedics, both very, very experienced; we got one of our transport medicine physicians on the team; there was a project manager that reported directly to Dr. Mazza on it, Philip Giles; and Jim Feeley was on it, from an aviation perspective, VP of aviation, to ensure that anything that was done did not throw off the weight and balance of the helicopter, didn't draw too much power—all of those types of things would affect the flying of the helicopter.

1310

We sent the team over to Switzerland. I went over with them for the first visit, more so from a contract management perspective. Chris had concerns from when he went over about the capacity of Aerolite to be able to deliver the interiors in time, and he wanted me to tour their plant and give him an idea what my impression was as to whether they would actually be able to deliver them or not. When we got back—

Mr. Phil McNeely: I'd just like to interrupt there. Ornge told the ministry that that flaw had been fixed up when it hadn't been. What was that about?

Mr. Tom Lepine: From what I understand of that, when we got the helicopters back and obviously there was a flaw in the ability to do CPR, to transport patients in a semi-sitting, semi-Fowler's position, to deal with certain conditions, I went to Steve Farquhar and asked him if we could actually perform CPR or not, and he said—I think he has already told you about transfers and positioning and all those issues, so I don't think I need to go over that unless you want me to. I said, "Have you been working with medical affairs? Has the chief of staff"—Bruce Sawadsky—"signed off on it? They're saying that it's safe to transport patients. Is it safe or is it not safe to transport patients?" He said, "Bruce is satisfied that with these measures we're doing, it's fine for the patients."

Fast-forward to some of the investigations that come in. I believe that Rick Brady, who's an investigator for the ministry, spoke to Bruce. I knew they were meeting and didn't hear anything else about it. It wasn't until that brief period when I was acting that we had our regular ops meeting and Bruce brought up the fact that he still had some concerns about the interiors. Things weren't moving along as quickly as we had hoped with Transport Canada, and Aerolite was taking forever. The fix that is in place today is the one that we'd been working on for a year, and Bruce voiced at the operations meeting that he was having increased concerns over the interiors.

I looked at him and said, "Bruce, you have been out on a ride-out, correct? You have actually seen this interior?" That's when he told me he hadn't. I ordered him to go out that week and do a ride-out and have a report for me by the end of the week. I think that's when the ministry thought that they'd been deceived.

Mr. Phil McNeely: Thank you. I'll switch to Ms. Sandals.

Mrs. Liz Sandals: How much time do we have left, Chair?

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

Mrs. Liz Sandals: Thank you. Thank you for appearing this afternoon. When Kelly Mitchell was here, he testified that there was an emergency board meeting in December 2011 and that at that time you were chosen to replace Dr. Mazza as, I guess, either the interim president or CEO or something. Could you explain to us what was happening with Dr. Mazza at that time that the board thought it was necessary to replace him as CEO?

Mr. Tom Lepine: He was off on medical leave.

Mrs. Liz Sandals: And do you have any insight as to why you were chosen as the successor?

Mr. Tom Lepine: I had been told prior to that that I was the successor planned for Chris in Ontario. If things took off on a global basis, they were looking at appointing me CEO in Ontario.

Mrs. Liz Sandals: That's an interesting observation in and of itself. I think the ministry, the public and people in general have assumed that Dr. Mazza was the primary overseer of the Ontario operation. As we've just discussed, he was making \$1.4 million from public taxpayers' funds to be the primary overseer. I think what I hear you saying, perhaps, is that you were already doing a lot of the work that we would expect the CEO of Ornge Ontario to be doing anyway.

Mr. Tom Lepine: Right. He was still the CEO. What he said to me in 2011, back to being more responsible for dealing with the more senior level of the ministry—ADM, deputy minister level—that he wanted that to be me and that he wanted me to take more of a role in leading the organization in Ontario; in fact, at senior management team meetings had said, "Deal with Tom with your issues." I would still go to him with major issues to say, "Here's what I think we should do," or you know, whatever. Or he would come to me and say, "You're doing this." Then we'd get into a discussion:

"Well, are you in charge or am I in charge? Who's in charge?", because sometimes he would change decisions that had already been made or add new ones on.

Mrs. Liz Sandals: If you, as the primary hands-on operator, wanted to go one direction, and he sort of waltzed in from the international side and said, "We'll do something else," who won?

Mr. Tom Lepine: He always won.

Mrs. Liz Sandals: He always won. Would it be fair for us on public accounts to conclude from this that, while the public accounts of the province of Ontario were paying his salary—leaving apart whether \$1.4 million was an appropriate salary—\$1.4 million worth of his time was not being expended on the affairs of the province of Ontario?

Mr. Tom Lepine: Yes, I don't know how they divided up his salary between Global and Ornge. I'm not exactly sure how that was done. I don't know if that answers your question. I don't know how much was appropriated from Ornge to there—

Mrs. Liz Sandals: Well, we have a copy of an email from payroll at Ornge Ontario, the actual non-profit Ornge, saying that he has left their employ. It would appear that not any of the salary was on Ornge Ontario's books at this point; it was all over there. But the assumption would be that, as we were providing the money, the focus should be on providing service to the province of Ontario.

Mr. Tom Lepine: I think the answer to your question is—if the question is, was the major focus of his attention devoted to Ontario in the last few years—

Mrs. Liz Sandals: That's my question.

Mr. Tom Lepine: No, it was not.

Mrs. Liz Sandals: Thank you. Could I take the remaining time, if there is any, and add it to our next round?

The Chair (Mr. Norm Miller): Certainly, yes.

Mrs. Liz Sandals: Thank you.

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

Mr. Frank Klees: Mr. Lepine, I'd like to just pick up on the topic of the medical interiors, if I could. Did I hear you correctly; you said that the first time you became aware that there was a problem was in December 2011?

Mr. Tom Lepine: Sorry, after the delivery of the first one, so that would have been December 2010. If I said 2011, that was incorrect.

Mr. Frank Klees: You did say 2011, yes.

Mr. Tom Lepine: Sorry, no; it would have been 2010, either late December 2010 or early January 2011.

Mr. Frank Klees: Okay. Given that fact, why did you not take some initiative and correct those medical interiors if you found out about it in December 2010?

Mr. Tom Lepine: We started acting on it immediately. The first thing that we thought was that they had delivered something that wasn't in accordance with the specs that we'd signed off on. Once that was confirmed, we immediately started working on how we could do a fix to it.

The next thing that people thought—and there was a misperception out there—was that they already had approval for the transverse position for all parts of flights: taxi, takeoff and landing, and any time during flight. When I approached Jim Feeley about it, saying, “Where are we getting at with this?”, he said, “Well, actually, Tom, I think we were misled a little bit on the certification of this. They have to do pull-testing on the stretcher now in the transverse position,” and—

Mr. Frank Klees: Was there not a team from Ornge that actually took a trip or two overseas for the very purpose of helping to design this interior?

Mr. Tom Lepine: Yes, there was.

Mr. Frank Klees: And who was on that team?

Mr. Tom Lepine: That team was a paramedic from the north; a paramedic from the south; Philip Giles, the project manager; and Jim Feeley, VP of aviation. I went for the first trip, again, more so to check on the capacity of the plant and deal with any issues with the contract with Aerolite.

They went back a second time to work on the model. The first time they went, they ran through several scenarios over the course of, I think it was four or five days, in a full-scale mock-up. In fact, I think it was an actual interior that had some mechanical problems, so it was absolutely to scale. They went through a number of scenarios all day long for four days—

Mr. Frank Klees: And you were part of that?

Mr. Tom Lepine: I was observing. I wasn’t taking part in the scenarios per se, because—

Mr. Frank Klees: But you were ultimately responsible for signing off on what turned out to be a \$6-million contract. Is that not right?

1320

Mr. Tom Lepine: That’s actually not correct either.

Mr. Frank Klees: Who signed off on it?

Mr. Tom Lepine: Back to my point earlier in terms of floating accountability: When the interiors were designed, you’ll recall, I said that Dr. Mazza asked me to get a team together, that there was going to be no management on the team. He wanted it to be strictly a paramedic-driven design. I didn’t take part in most of the meetings. When it came down to the final design freeze, Aerolite came over. They were meeting in the boardroom. The two paramedics were down; we flew one down from Sudbury. Philip Giles was here, the project manager; Jim Feeley was there. At this point, the accountability was switching over to aviation in terms of having it put in the aircraft, so there was a project manager from aviation, one from—Philip Giles was still there, and Dr. Denys was there. I went around the table. They had already reviewed the documents, the scope documents, and what was being delivered. I went around the table and asked each individual, “Are you happy that you’ve got what you asked for, that the specs you have in front of you are the specs that you determined meet the exact requirements that you had?” Everybody agreed they were. I gave a verbal report to Dr. Mazza. He asked me, “Is the team happy?” I said, “I went around the table.

Everybody agreed that they’re happy.” At that point it switched over to aviation to manage the installation of them.

Mr. Frank Klees: So you were part of the team. You’re a former paramedic. In your opening statement, you spoke eloquently about your commitment to patient safety. But you never bothered personally to do a hands-on examination and test, even though you were there, you were in Europe, for that purpose?

Mr. Tom Lepine: Yes, I sat in there. I made a couple of suggestions. One of the suggestions I made is, “Why don’t we design this similar to the aviation aspect, the front end, in that regardless of where you sit you should be able to reach for equipment and both sides of the aircraft replicate things set up the same way so it doesn’t matter?” That was a huge improvement. No, I sat there, absolutely, in terms of watching them do their scenarios and taking part, but in terms of actually overriding anything, the only thing that I believe I overrode was that they wanted to have coolers installed in the aircraft to keep some of the medications cool, and when I spoke to Jim Feeley, he said, “Tom, this is going to take so much power. There’s no way this thing will ever get off the ground.” So we said, “No, you can’t have that.” But other than that—

Mr. Frank Klees: Okay. So after two trips and your oversight—

Mr. Tom Lepine: No, one trip for me.

Mr. Frank Klees: —and \$6 million—is that the correct number for the interiors?

Mr. Tom Lepine: Yes.

Mr. Frank Klees: Six million dollars. You found out in December 2010 that they were faulty. How did you find that out?

Mr. Tom Lepine: Actually, it was one of the paramedics that was part of the design process that first reported the issue. Steve reported it to me. I told them to get on it immediately. That’s when I said, “Get medical affairs involved. Is it a risk to patient safety or is it not? If it is not, we won’t be using it.” Medical affairs signed off on it, and we continued at that point to focus our abilities on working with Aerolite to get a resolution to it.

Mr. Frank Klees: Mr. Lepine, I’d like to take just a couple of minutes and read into the record some incidences that relate specifically to that interior, if you wouldn’t mind.

First: On May 17, 2011, Ornge was called on a transfer from Pearson Airport to St. Michael’s Hospital in Toronto. There was a reported patient care issue in flight, and according to reports there was a delay in extricating the patient from the helicopter due to the stretcher jamming. The patient was declared in the emergency room—in other words, he died. The coroner has been notified.

Are you familiar with that case?

Mr. Tom Lepine: I read the report on that case, yes.

Mr. Frank Klees: On July 15, 2011, a critical care paramedic notified the Sudbury CACC that he was unable to perform CPR on the AW139 and would have to accompany the patient in the land ambulance. The patient

was subsequently declared dead. The emergency health services branch investigation found that due to the interior of the AW139, which was designed by Ornge staff, continuous quality CPR could not be performed in accordance with the BLS standards per section 11(a) of regulation 11—uh, 147, under the Ambulance Act.

Are you familiar with that?

Mr. Tom Lepine: Yes, I am.

Mr. Frank Klees: On August 13, 2011, a patient in respiratory distress could not be transported by air ambulance as the Ornge AW139 does not allow for patients in respiratory distress because the patient can't sit up during flight.

You're aware of that?

Mr. Tom Lepine: That one I'm not sure I read.

Mr. Frank Klees: July 17, 2011: The single primary care paramedic on-board the AW139 who arrived at the scene of a motorcycle crash in Parry Sound district informed the local EMS that because of the interior design of the helicopter, he would not be able to perform CPR on the patient. The patient was transported by land ambulance and died en route.

Are you aware of that one?

Mr. Tom Lepine: I'm not aware of that one either.

Mr. Frank Klees: On October 15, 2011, the single paramedic on board the AW139 informed the local EMS that he was unable to perform CPR on the 14-year-old male patient due to the design of the helicopter's interior. The patient was transferred by land ambulance and died.

Are you aware of that incident?

Mr. Tom Lepine: That one also, no.

Mr. Frank Klees: I find it really very disturbing, given your role as COO, first of all, that you're not aware of these incidents.

Mr. Tom Lepine: Sorry. When you say, "Are you aware of them?" I didn't read the reports on all of them. I knew there were a number of incidents that were attributed to it, but not the individual ones.

Mr. Frank Klees: Mr. Lepine, surely there aren't that many cases where a patient dies that you would gloss over them or that you would not be made aware of a major incident like this.

Mr. Tom Lepine: I was made aware by Steve that there were incidences, absolutely. But in response to your earlier question, people do die in our ambulances, and it's terrible for their families. But back to my opening statement: In many cases, the transport of the patient is the last heroic measure for the patient. So not every death in one of our aircraft is an unexpected event. That doesn't make it—

Mr. Frank Klees: Well, surely these would be unexpected.

Mr. Tom Lepine: Yes, I would say that those are.

Mr. Frank Klees: But after a while, when you know that you can't perform CPR, and you've already had a number of deaths as a result of that, I suppose even those deaths are expected.

My question to you is very simply this: If you became aware in December 2010 that you have not a minor prob-

lem with the medical interiors but a major problem—people are dying as a result of that—why has it taken until now—and I understand there's still not a resolution to this. Why would you not have taken immediate action to ensure that that matter is addressed?

Mr. Tom Lepine: So, back to what I said earlier, we did approach—we had Bruce say, "Can they perform CPR? Is this adequate? Are patients at risk? Do you have procedures in place that you can manage patients with respiratory distress?" We were assured by the chief of staff that they could.

We did not sit back doing nothing. We were working with the manufacturer. They did do the pull testing. It takes a year due to regulatory requirements, as was also mentioned by previous witnesses. The fixes that they're working on now they don't expect to have in place until 2014. That's how long it takes with the various regulating bodies, the pull testing, the engineered drawings and everything else. We were not sitting back and taking this lightly. It was a priority for us. It was an absolute priority, and at no point—at no point—did anybody just simply ignore—and it is a major design flaw.

Mr. Frank Klees: If that's your definition of "priority," then I think patients in this province are in serious trouble, if it continues to be the definition of priority for Ornge.

I can tell you, I can't imagine under any other circumstances, if your core business is to transport patients and those patients may well need CPR and your interior can't accommodate CPR and it puts patients at risk, surely, surely there's a backup plan that you would have to deal with critical care or trauma calls. If nothing else, call in Canada helicopters, who have the ability to do it.

Mr. Tom Lepine: Canadian Helicopters?

Mr. Frank Klees: Did the Sikorsky have a problem with this?

Mr. Tom Lepine: Actually they—that's a very good question and one that hasn't come up yet. So, for the record, the only time we couldn't do effective CPR in the helicopters was during taxi, takeoff and landing, in the new design.

Mr. Frank Klees: Well, it killed how many people?

Mr. Tom Lepine: No—well, Mr. Klees, to say that it killed them, for traumatic patients, patients that are vital-signs-absent when you load them into your ambulance from trauma, the survivability is almost zero. The trauma literature is very clear on that.

1330

But I do have to address your point where you asked, did Canadian Helicopters, the old interior, have this issue? The answer is yes. So during taxi, takeoff and landing, in order to be able to do CPR in the old interior—well, at any point—you had to be standing beside the stretcher. You couldn't be strapped in your seat and reach the stretcher, because it was sitting right beside you, right here, so directly parallel—and I know you can't write this in the Hansard. But during taxi, takeoff and landing, by law, you have to be firmly affixed in your seat. When the pilot calls, "All secure," you have to

be strapped in your seat. During that time, for taxi, take-off and landing, in the old model you could not do effective CPR during that time.

Mr. Frank Klees: The problem is, in the new model, you can't do it at any point during flight.

Mr. Tom Lepine: That's incorrect, Mr. Klees. That's absolutely incorrect.

Mr. Frank Klees: Okay. Let's move on to another point.

Mr. Tom Lepine: Well, I think that requires clarification, because you can do it except for taxi, takeoff and landing—always could—in the new interior. That's not to say it was an acceptable design; it wasn't. We started working on a fix immediately, but from the beginning, CPR could be performed in the transverse position, by lowering the stretcher.

Mr. Frank Klees: Mr. Potter, I was advised by a number of paramedics—

Mr. Tom Lepine: Mr. Lepine.

Mr. Frank Klees: Sorry, Mr. Lepine—advised by a number of paramedics that they tried to raise this issue with you personally and you refused to listen to them.

Mr. Tom Lepine: That's absolutely incorrect. I've been on record at base meetings where I would go around and I said that our number one priority was the helicopter interior. I went down to the Toronto base to have a look at it. I made a trip to London and rode out with the crews there. I rode out with the crews in Ottawa to have a look. I came back and said to Chris, "There are more issues than just the CPR. The loading mechanism is not effective; there's work we have to do on that, and we may have to do wholesale changes to the interior."

Mr. Frank Klees: Okay, thank you.

How much time do we have?

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

Mr. Frank Klees: I'd like to just go back to the beginning, if we could, to what started all this, and that's the original performance agreement. I understand that you were one of the key members of the Ornge team that negotiated the original performance agreement.

Mr. Tom Lepine: That's correct.

Mr. Frank Klees: Is that correct?

Who else was on that negotiating team for Ornge?

Mr. Tom Lepine: For Ornge? Jacob Blum was the lead, Cynthia Heinz was on there as legal counsel, and Lynne Golding was the senior counsel.

Mr. Frank Klees: When Mr. Blum testified here on May 16, he discussed a number of sections of that performance agreement that you negotiated that in his opinion gave the Ministry of Health extensive oversight controls, as he put it, of Ornge, should it have wanted to exercise them. Do you agree with the fact that, according to Mr. Blum, there certainly were extensive oversight controls in that performance agreement, the original one?

Mr. Tom Lepine: Absolutely.

Mr. Frank Klees: You do. Can you offer the committee any insight into why, when things started to go wrong at Ornge, the government, and specifically the

emergency health services branch, didn't exercise any of those oversight authorities?

Mr. Tom Lepine: You're asking me to answer something that I can't answer on behalf of the ministry, so I think you would have to ask the EHS branch, but certainly they had the mechanisms. It was clear in the performance agreement: They could come into our premises twice per year to do audits or to look at anything else, and at any other time to look at any part of the operation with reasonable notice—which around the table we discussed as, well, you don't phone up at 3 o'clock and say "We're going to be there at 3:30," and expect everybody to stop the operation, basically.

Mr. Frank Klees: Sure. Mr. Blum testified that around December 2007—that was during the time that the Ministry of Finance was looking to consolidate Ornge's assets—a number of conference calls and meetings were held that involved yourself, Alfred Apps, Don Guy, PricewaterhouseCoopers. Do you recall those meetings or—

Mr. Tom Lepine: I wasn't at any of those meetings. So I wasn't involved in any of the meetings regarding the structuring, with Don Guy, with Alfred Apps, none of those.

Mr. Frank Klees: You were not privy to any telephone calls?

Mr. Tom Lepine: No.

Mr. Frank Klees: No discussions at all?

Mr. Tom Lepine: In terms of what? Just clarify for me, Mr. Klees, because obviously I have spoken to Alfred Apps on a number of occasions; Don Guy, I met once with Catherine Rosebrugh over lunch. But I think your question was in regard to the structuring, was it not?

Mr. Frank Klees: No, the consolidation; this was the financial consolidation.

Mr. Tom Lepine: Oh, I'm sorry. No, the financial consolidation, I wasn't part of those discussions. The only discussions I had with Mr. Guy, with Catherine Rosebrugh, was in terms of plans for the future in terms of generating revenue outside of Ontario. That was it.

Mr. Frank Klees: Okay, back to that original performance agreement. When Mr. Bates was here, we discussed what his recollection was and how he viewed the whole focus of that performance agreement. He confirmed for us in his testimony on April 18 that that performance agreement never contemplated Ornge getting into the aircraft-owning and -operating business, that what was meant by consolidation originally under that concept was a coordination, bringing together the health side of the issue, that it was never contemplated to own aircraft and to bring the aircraft operations in-house, that it was contemplated that they would continue with the third party outsourcing.

Is that your recollection as well?

Mr. Tom Lepine: Certainly there were no discussions regarding insourcing aviation.

Mr. Frank Klees: The original mandate of Ornge, then, based on the policy approval that was made, never

contemplated going out and floating \$275 million of debt?

Mr. Tom Lepine: No, sir.

Mr. Frank Klees: There was an RFI that was issued to your third party contractors, suppliers, and during his testimony, Mr. Bob Mackie, president of Thunder Airlines, told us about that RFI. According to Mr. Mackie, the RFI requested detailed proprietary and confidential information, but no contracts were to be awarded under the terms of that RFI. It was strictly for the purpose of getting that information from the owners of those aircraft.

Do you recall that RFI?

Mr. Tom Lepine: I wasn't part of that, but I do recall that—I do believe that Rick was involved in that, and Maria. I'm not sure who was involved. I wasn't, but I know that they did send out an RFI.

The Chair (Mr. Norm Miller): And you have 30 seconds.

Mr. Tom Lepine: Can I clarify one thing for the record? Mr. Klees, you said that Jacob Blum said I was involved in those. I've read Jacob Blum's testimony and I don't see my name in there—

Mr. Frank Klees: Actually, I didn't say that.

Mr. Tom Lepine: No, earlier—I'm sorry. I'm referring to the discussions regarding consolidation.

Mr. Frank Klees: No, he didn't say that.

Mr. Tom Lepine: Oh, okay. I'm sorry then; I apologize.

Mr. Frank Klees: Yes.

May I have the same consideration as my colleagues?

The Chair (Mr. Norm Miller): Go ahead.

Mr. Frank Klees: Thank you. We were told that, when asked—because obviously if you're the owner of a business and you get a notice from your major employer, if you will, told to provide proprietary and confidential information about their business, it would take people aback somewhat. So the questions were asked of Ornge, "What happens if I don't comply with this?" We were told that "since the carrier was not working in a collaborative manner with Ornge, they should not expect Ornge to work in a collaborative manner with the carrier." Would it surprise you to know that the carriers felt somewhat threatened with that response?

Mr. Tom Lepine: Well, I wasn't aware of that response, so—

Mr. Frank Klees: Do you recall what the purpose of the RFI was?

Mr. Tom Lepine: Yes, I do. From my recollection, anyways, although I wasn't involved with it, we were having a great deal of difficulty trying to find out where the expenses were coming from. So, in other words, when we took over from the ministry, we extended the contract for the SA carriers for the first year, and the next year that they came in with bids, some of them came in as high as—I believe there was one that came in close to 80% over the previous year. Many others were coming anywhere—they were all double-digit increases.

We actually called the ministry, Dennis Brown, and said, "Did you guys ever experience increases like this

year over year?" and he said, "Absolutely not." So we were trying to figure out where the costs were coming from, what was driving these massive increases. Now, we were able to negotiate them down, and I believe—for the record, I don't know for a fact because I don't have any statements in front of me. I have no access to any records, obviously, any more, but I believe we got it down to somewhere around 14% on average. But that was the initial reason, from my understanding, of that initial RFI, was to try to understand what the cost drivers were.

Mr. Frank Klees: Okay.

Mr. Tom Lepine: For example, an advanced care paramedic aircraft—the addition of one paramedic in an aircraft increases the costs even today by \$1,000 per hour.

Mr. Frank Klees: So apparently the RFI closed on June 29, and not long after that, on September 17, Ornge Global Air was incorporated. What would Ornge Global Air end up doing?

Mr. Tom Lepine: Eventually?

Mr. Frank Klees: Yes.

Mr. Tom Lepine: Ornge Global Air is operating—is operating fixed-wing aircraft and now rotor-wing aircraft.
1340

Mr. Frank Klees: Interesting. Would you blame the carriers or anyone else looking at this scenario for taking the position that Ornge actually blackmailed them into disclosing proprietary and confidential information about their business and then using that business to take them out of business? Would you blame anyone for drawing that conclusion?

Mr. Tom Lepine: First of all, I, again, wasn't party to that, so I can't validate that what you're reading back to me is actually true or not; I don't know, I'm going to take your word for it.

Secondarily, they haven't lost their business. From what I've been told, from aviation, is that the actual number of calls that the SA carriers are doing is the same. So the number of hours they're flying has remained fairly unchanged. The slice that they're getting from each one of them has changed dramatically because one of the carriers increased their fleet quite substantively, had much lower rates than everybody else, and that carrier ended up taking the major slice of the pie; so for the other carriers, they absolutely lost business.

Mr. Frank Klees: Well, that's not—

Mr. Tom Lepine: Some of the carriers that were in areas that were not close to calls or had a higher tariff rate were not being used.

Mr. Frank Klees: Mr. Lepine, that is not the reality of what has taken place in the market, and it's certainly not the story of the people who were doing business—

Mr. Tom Lepine: Well, I would strongly urge you to, then, go to Ornge and get the actual number of hours that are being flown. I'm only recounting to you what I was told, that the number of hours has remained relatively unchanged. So I would urge this committee, then, to go and get the information from Ornge to actually see what

the number of hours is that the SA carriers are getting. The advanced care hours definitely dropped.

Mr. Frank Klees: In a memo from Alfred Apps to Dr. Mazza, he says this—it's dated July 3, and everyone has this on file because it was actually provided by Dr. Mazza—he states: "Given political sensitivities in northern ridings, especially they, i.e. Guna"—and that would be Guna Deivendran, who was the senior policy adviser to George Smitherman—"wants to know that: (1) none of this will be in the public domain before the election;"—this was July 3, 2007—" (2) you will continue to find a way to work with the vendors; (3) the minister's office will be kept informed as proposals develop; (4) all is directed toward safety, efficiencies and cost savings. Have a great lunch and as you say, keep the business to a minimum."

Now, clearly, this was Alfred Apps writing to Dr. Mazza, giving him political advice about not disclosing the fact that they were getting into the aircraft business, because most of the people they were competing with were stationed in northern Ontario. So this was a political issue for them; they knew full well that they were going to be putting people out of business.

I guess my question to you is, did it ever cross your mind that you were on a road to actually put Ontario air carriers out of business by your venture into the business? Did that ever come up in discussions?

Mr. Tom Lepine: No. We realized that some of the smaller carriers, as Rick Potter pointed out in his testimony, would be unable to fly; but surely—and if I'm reading you correctly, are you suggesting that it was Ornge's responsibility to pay more for services or pay carriers that were charging more for their services than other carriers so that they would stay in business?

Mr. Frank Klees: No, Mr. Lepine.

Mr. Tom Lepine: And that that's a wise use of taxpayers' dollars, for us to—

Mr. Frank Klees: No, I'll answer that question; here's my answer to that question. It was none of Ornge's business to blackmail private businesses into disclosing their proprietary and business information so that Ornge could compete with them and take them out of business. If Ornge wanted to get into that business, at the very least they should have dealt honourably with the other businesses with whom they were doing business. That's my point of the question.

Now, you say you had nothing to do with this.

Mr. Tom Lepine: In terms of that RFI?

Mr. Frank Klees: This RFI issue that we've been discussing.

Mr. Tom Lepine: Correct.

Mr. Frank Klees: I was told, by now three different sources, that you in fact were part of this; that you in fact attended a meeting at the airport in response, where all of these carriers who were requested to submit these RFIs came together to have a discussion about this.

Mr. Tom Lepine: Oh, I was at that—if that's the meeting you're talking about, I was absolutely at that meeting. I do not recall that we were asking them for per-

sonal information. What we did there was to go and say, "What can we do for you?" and this was—no, please, Mr. Klees. Please give me the courtesy—

Mr. Frank Klees: No, go ahead. I'm sure. We know what you were doing to—

Mr. Tom Lepine: Do you want to hear my answer or do you not want to hear my answer?

Mr. Frank Klees: Go ahead.

Mr. Tom Lepine: We attended that meeting. The carriers were complaining to us that they were unable to upgrade their aircraft, that they had no certainty under the previous contracts they had had with the Ministry of Health in terms of being able to go to their financial institutions and say, "We would like to upgrade our aircraft." They were annual contracts with no guarantee of hours. We said to them, "What can we do to make these contracts more palatable for you?" That's the meeting I attended. The results of that meeting were that they wanted some guarantee of hours. The next RFP that went out had blocks of hours that they could bid at, guaranteed hours, so a direct result of what they asked for. They asked for three-year contracts. We gave them three-year contracts; again, exactly what they asked for.

I don't recall there being any exchange of, you know, personal information that was then used for—but in terms of attending that meeting, absolutely. I mean, as far as I was concerned, that was an extremely collaborative meeting of us saying, "How can we make your lives easier so that you can upgrade your equipment? Because you're flying antiquated, in many cases, single-piston aircraft, non-pressurized cabins, no navigation in terms of GPS. How can we help you to upgrade?" That was the purpose of that meeting from my understanding and certainly my role in it. I'm not an aviator, but I was certainly there in terms of trying to collaborate with the SA carriers and giving them what they had asked for in terms of blocked hours.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): You might want to think about wrapping up, if you want to have some time left.

Mr. Frank Klees: How much time do I have left?

The Chair (Mr. Norm Miller): Well, you're about—almost 10 minutes over of the 20 minutes.

Mr. Frank Klees: So I'll have 10 minutes left.

The Chair (Mr. Norm Miller): It will all balance out in the end.

Mr. Frank Klees: Mr. Lepine, we'll wrap this up here for now. All I can say is that I can't tell you how frustrating it is sitting at this table, and we continue to hear the words "I can't recall," "Not to my recollection," "My best recollection is," and "That's not the meeting that I remember." It's very frustrating. All I can tell you is that there is a difference of opinion on the part of some people who were at that meeting that you were at in terms of what was being discussed there. But we'll leave that for now.

Mr. Tom Lepine: Certainly. In terms of remembering, Mr. Klees, I didn't expect to be sitting here today. I

have no access to any of my records, so I am going from memory, and, as you state, that was quite some time ago. It would be interesting to look—for yourself again, I urge you, then, to go back and look at the records after that meeting to see whether in fact we gave them block hours and we gave them three-year contracts with the intent that they could go to their banks and be able to say, “We’re secure for the next three years.”

Mr. Frank Klees: We know one thing that you gave them: You gave them a new company that floated \$275 million of debt, backed by the Ontario taxpayers, with which Ornge bought fixed-wing aircraft and helicopters and basically put a lot of them out of business. That, in the end, is what you gave them. But again, it’s all a matter of perspective. Thank you.

The Chair (Mr. Norm Miller): Okay. We shall move on to the NDP now. Mr. Singh.

M^{me} France Gélinas: Before we start, can you give us an update as to time and how much each of us has left?

The Chair (Mr. Norm Miller): You’ll have 20 minutes in this round, and then there will be more time after that as well. So 20 minutes for now.

M^{me} France Gélinas: Okay.

Mr. Jagmeet Singh: Good afternoon, sir. I asked you some questions previously, and you’d made some comments about regular meetings and briefings with the Ministry of Health, and you listed some of the people you met with. What I want to know is this: The Ministry of Health and the minister have conveyed this notion that they were kept in the dark. Based on your testimony and other testimony from other individuals, it seems like there were regular meetings held. How do you respond to allegations that the Ministry of Health was kept in the dark with respect to what was going on at Ornge and didn’t know what was actually going on? How would you respond to that?

Mr. Tom Lepine: Again, I would ask them. Nobody in operations has ever denied any access to anybody who has asked for it from the government, ever. If any request came to me, the only thing that I’m aware of—and I’ll go back to this—that was withheld from the government is the salaries.

1350

Mr. Jagmeet Singh: Okay, and that was going to be my next area of questioning. So I’ll put a proposition to you, and you can agree with it or disagree with it. Based on your testimony, just based on your testimony and the fact that you were aware of meetings that you were present in, as well as regular meetings that you were aware that some of your colleagues, including for example Mr. Blum, had attended and the fact that there was an agenda and there were minutes kept of those meetings, throughout your tenure at Ornge, the Ministry of Health was apprised of what was going on at Ornge on a regular basis.

Mr. Tom Lepine: Yes.

Mr. Jagmeet Singh: You agree with that?

Mr. Tom Lepine: I do agree. I should clarify that those quarterly meetings that were minuted, they didn’t

start until after the MNP audit and the recommendation that they be more formal meetings. So prior to that, they were meetings where, again as Jacob and I have both said, we’d drive over to the ministry and meet with Dennis. But there weren’t minutes taken; I mean, we would take our own notes and action items, that type of thing, but there weren’t minutes.

Mr. Jagmeet Singh: Okay, if you could just clarify that. From when to when were they the informal type of driving over to the ministry and speaking with them?

Mr. Tom Lepine: I would say the MNP audit occurred in 2008; I think it wasn’t released until 2010. At that point is when the more formalized meetings took place, with circulated agendas and minutes.

Mr. Jagmeet Singh: So from 2010 onward there were more formal meetings?

Mr. Tom Lepine: Yes, correct.

Mr. Jagmeet Singh: When were the earliest meetings that you were part of, or you were aware of, with the ministry that were the not-as-formal, not-minuted meetings?

Mr. Tom Lepine: Oh, jeez, we had meetings with the ministry prior to Ornge being assigned the responsibility for the delivery of care; we had frequent meetings with them then.

Mr. Jagmeet Singh: That’s pre-2003?

Mr. Tom Lepine: No—yes, it would be around 2003 or 2004. Then certainly once we were assigned the accountability for it, Jacob started his meetings almost immediately with Dennis. I probably would have started attending within a year of that.

Mr. Jagmeet Singh: Okay, so by 2005 or 2006.

Mr. Tom Lepine: Correct.

Mr. Jagmeet Singh: Now, just with regard to the one issue that came up, and there was a bit of an obstacle with the salary disclosure, can you recall how many times that issue came up? How often, how many times, and when did it begin?

Mr. Tom Lepine: I don’t know that there were any formal requests for it.

Mr. Jagmeet Singh: Okay.

Mr. Tom Lepine: But certainly, as I’ve discussed before, more so in the last two years, I would say, or maybe even less—back to my conversations I would have with Malcolm where he was very frustrated and saying, “Tom, it would just be so much easier.” I know that he had—well, I shouldn’t say I know—I was told that he had had meetings with Chris where he had talked about it before. Prior to me dealing at the level of Malcolm, Chris would often go over and meet with Malcolm or meet with Dennis. In fact, Dennis had commented to me at one point, “Chris will come over and tell us that you’re doing something, and then we’ll say, ‘Does Tom know yet?’ And he’ll go, ‘Well, I’m going to go back and tell him that this is what he’s going to be doing now.’”

Mr. Jagmeet Singh: Okay. So at least two years ago. Could it have been earlier than two years ago, or was it certainly two years ago that Malcolm Bates first flagged

this issue that it would be a lot easier? Again, this was informal and wasn't written, but your conversations where it came up, like, "Listen, Tom, this would be a lot easier if Chris would just disclose his salary."

Mr. Tom Lepine: I would say for at least two years.

Mr. Jagmeet Singh: At least two years; okay. And with what type of regularity would that come up? A couple of times over the year?

Mr. Tom Lepine: Yes, I would say a couple of times a year.

Mr. Jagmeet Singh: A couple of times a year.

Mr. Tom Lepine: Yes.

Mr. Jagmeet Singh: Okay. In terms of the response to that, what was the response? I mean, on your end, you didn't have control over it, but what would you say then?

Mr. Tom Lepine: Oh, I'd say to Malcolm, "Malcolm, you know that nobody else here has an issue with disclosing salaries, and you know Chris. He's not going to give it to you. He's got a legal opinion. He's not going to give it to you."

Mr. Jagmeet Singh: Okay. At that point, in your discussions, did Malcolm say, "Well, listen, he'll have to give it to us if we put pressure on him because we're the ones who are footing the bill."

Mr. Tom Lepine: No.

Mr. Jagmeet Singh: He didn't say that? Did you suggest that to him at any point and say, "Listen. I mean, you're footing the bill here. The ministry is paying the fees. You can take whatever steps you need to get that. It's your right."?

Mr. Tom Lepine: I did mention—so, when it became closer to when Minister Matthews was asking us for the information and getting more force with it and Patricia Li had called me to say, "Tom, the minister really wants this information," I said, "I know, Patricia; we're working on it as much as we can. The board is involved. We're trying to get it to you."

That's when we were advised that, should we disclose it without his permission, we could each be held liable, personally and our families. So the board wasn't ready to take that risk and neither were we as individuals, even though we had no problem disclosing ours.

I made the comment to both Patricia and Malcolm: "Why don't you exercise your right under the performance agreement? You just have to give us reasonable notice; you haven't done an audit at all this year, or for many years. Why don't you exercise your right? Tell us you're coming in tomorrow, and Maria can have all the information ready and you can follow the money." Patricia's response was, "We're not going to do that. The minister wants the information and she wants it from you and you'll comply."

Mr. Jagmeet Singh: That's very interesting. When you made that suggestion that—let's clarify some of those points. One is that there hadn't been an audit conducted by the ministry in a couple of years.

Mr. Tom Lepine: The only audit that was conducted by the ministry was in 2008; they had Meyers Norris Penny come in and do an audit.

Mr. Jagmeet Singh: Under the performance agreement, they had the ability to do one at least twice a year?

Mr. Tom Lepine: That's correct. Any other time, if they had any concerns with the operation or anything else, they had the right to come into Ornge, with reasonable notice.

Mr. Jagmeet Singh: You indicated that you had given that suggestion to Patricia Li, that, "Listen: You can come in, with reasonable notice, and audit any time you like."

Mr. Tom Lepine: Yes. This ended up being about two days before we actually got the information to go down and present to Patricia, so I sent it to Patricia; but that was about two days earlier, because they were getting frustrated. We were trying to pull the information together; we were going around in the circle of whether we can disclose it or not and not be sued. Yes, I said on the telephone to Patricia: "Just exercise your right under the performance agreement; come in and look at it."

Mr. Jagmeet Singh: Just a question on this mandate issue of what Ornge was initially intended or what its purpose was. Would you agree with me that the initial mandate of Ornge was medically driven and that the services provided were of a medical nature, and then there was a shift where there became a joint mandate of being both medically driven and also aviation-driven?

Mr. Tom Lepine: Absolutely.

Mr. Jagmeet Singh: When that mandate shift occurred, was the ministry apprised of what was going on in terms of this mandate shift: that initially, Ornge was exclusively medically driven, with outsourcing with regard to aviation; and then the aviation component was now being internalized?

Mr. Tom Lepine: I believe they were notified; I'm not sure who notified them, but I know that they were aware that we were purchasing aircraft. I recall having conversations with Dennis over the types of aircraft—the Pilatus and the Agusta—and them saying, "They're both great aircraft," and that type of thing. In terms of the operating of it, I would say that they were notified, but I can't say who it was.

Mr. Jagmeet Singh: Did they have to approve that mandate shift? Did the government give you approval that, "Okay, that's your new expanded mandate, that you want to now get into the aviation component and internalize that as well as the medical component that has to be there as well"? Did you get approval from the government, or did you have to even apply for approval?

Mr. Tom Lepine: I don't think we had to get approval. They certainly didn't give approval. They didn't say, "You have to have our approval," or anything in that regard. But they were aware of what we were doing, that we were in-sourcing aviation, for sure.

Mr. Jagmeet Singh: And they're aware to the extent that you recall specifically even discussing types of aircraft with Dennis Brown.

Mr. Tom Lepine: Definitely. Because we had discussions about single-engine aircraft; we had discussions about the AW139, to the extent that Dennis said to me at

one meeting, “Oh, Tom, I saw one of your helicopters. I thought you weren’t getting delivery of them until such-and-such a date.” I said, “It’s not ours; we don’t have them yet.” He goes, “Well, I saw a 139 flying over Barrie.” So yes, he was very aware of the type of aircraft that we were buying.

Mr. Jagmeet Singh: Did the ministry ever, then, when they were aware of this shift, ask any questions in terms of, “Is this the right decision for Ornge to be making? Should Ornge be doing this?” Were any of those questions asked by the ministry?

Mr. Tom Lepine: Not to me.

Mr. Jagmeet Singh: To your knowledge, would you have been the logical person to ask these questions?

Mr. Tom Lepine: No. That would have been something that would’ve probably gone directly to Chris or to Rick Potter on the aviation side, although Rick didn’t usually speak to the ministry per se. At that time, I believe Catherine Rosebrugh was still with us, so that probably, with her being our chairperson, probably would have come through her, or directly to Chris.

Mr. Jagmeet Singh: But you can certainly state that they were aware of this decision to get into aviation and that no concerns were raised with you?

Mr. Tom Lepine: Not with me. Absolutely not.

Mr. Jagmeet Singh: With respect to the performance agreement, were there any other mechanisms that you’re aware of that the ministry had access to, beyond the two audits a year and then the anytime audit with reasonable notice?

1400

Mr. Tom Lepine: Yes. I don’t recall which schedule it is. I believe it’s schedule—it has been a long time since I read it—J, I believe it is, which gives certain things that we have to abide by: key performance indicators. There are three different sets, all with different lengths of cure periods attached to them. In other words, if you’re in violation of them, you’ve got a certain amount of time to satisfy the ministry that you’ve corrected those, and then if you didn’t correct them, then there were steps that they could take.

If they felt there was a risk to patient safety, they could do that at any time, come in and—that was more related, I believe, to the communications centre. They had the right to come in and actually take over the communications centre if they felt that it wasn’t functioning properly or there was any risk to patients or patient safety. So yes, there were multiple mechanisms within that.

Mr. Jagmeet Singh: To your recollection, was there any point in time when the ministry exercised any of these other powers that they were given or provided under the performance agreement?

Mr. Tom Lepine: No.

M^{me} France Gélinas: You said that you’ve had one meeting with Mr. Don Guy. You were accompanied by Catherine, I think you said?

Mr. Tom Lepine: Catherine Rosebrugh, yes.

M^{me} France Gélinas: Can you tell me when and where this meeting took place?

Mr. Tom Lepine: That would have been before, I believe, we started up the for-profit entities. Catherine was going to meet with him for lunch, and said he was an old friend and just said, “Tom, why don’t you tag along? You need to learn more about the political side, so why don’t you just tag along?”

M^{me} France Gélinas: Was Mr. Guy working for Ornge at the time?

Mr. Tom Lepine: No, I don’t believe he was.

M^{me} France Gélinas: Were you aware that he worked for Ornge?

Mr. Tom Lepine: I found that out later, yes, I did.

M^{me} France Gélinas: Through your work or through the media?

Mr. Tom Lepine: Through the media. Actually, I would say, no; that was probably in the week before we went and presented the salaries to the minister.

M^{me} France Gélinas: That you found that out. Before this, when you were introduced to him, what was discussed at that meeting?

Mr. Tom Lepine: A lot of small talk, for the most part, and then Catherine mentioned that we were looking to generate revenue outside of Ontario and to bring back into Ontario, and is that something that Don felt would be in keeping with the direction of the government or would there be any opposition to that?

M^{me} France Gélinas: And what was the answer?

Mr. Tom Lepine: I believe he just said, “I don’t think so. It sounds pretty much in touch with the”—I believe they were working on their—

Interjection.

Mr. Tom Lepine: Yes. I don’t know exactly what it was at the time because I wasn’t really keeping that in touch with it; I wasn’t really connected on the political side at all. But he seemed to think that that was in keeping with the direction of the government.

M^{me} France Gélinas: Of the government at the time.

I’m going back to the meetings you’ve had with the chair of the board, Mr. Apps and yourself presenting the corporate structure. When Mr. Apps was here, he described himself as really the architect of the corporate structure. He was not always kind to us and said we were not sophisticated enough to understand the structure, but other people better than us would be. Were you one of those people who could understand the structure?

Mr. Tom Lepine: At one point, I did. As it became more convoluted, no, I did not.

M^{me} France Gélinas: Take me back to the point in your organizations where we go from having this not-for-profit Ornge, then Ornge Peel starts and then the transfer to Ornge Global. What was the thinking behind it and how did that flow?

Mr. Tom Lepine: From my understanding, the creation of Ornge Peel was designed so that we could generate exactly that: generate revenue outside of Ontario to bring back in. My understanding was that, as a not-for-profit, we weren’t able to do that.

At the time, we'd had a couple of requests to do some consulting in terms of—there was one for Saskatchewan, I believe, and one for Nunavut. There was also one down, I believe, that they did in the Caribbean, and then we were asked to participate in putting proposals together for the UAE and for Saudi. So there had to be a mechanism to be able to generate that revenue, to bring it back in.

That was my understanding of setting up Ornge Peel. The other for-profit entities followed from that in order to be able to go out and sell like services that we had in Ontario; so in other words, to set up a service wherever, if they wanted it.

M^{me} France G elinas: Okay. So that was to be for-profit, and the profits were to come back to Ornge?

Mr. Tom Lepine: Correct.

M^{me} France G elinas: Okay. Why was there this other trust, this other company that was to be owners of the aircraft? Why not Ornge?

Mr. Tom Lepine: Again, I wasn't part of any of those restructuring or structuring discussions, but from my understanding of that, it's common practice to hold assets in a trust, and that's, again from my understanding, to protect the organization. If there's, you know, a lawsuit for whatever, people can't come after your assets and then you're unable to provide service. So it was really for the protection of Ornge and the government; that was my understanding of that.

M^{me} France G elinas: This issue of protection and this issue of being able to generate profit, was this ever communicated to the government through your talks with Mr. Bates or anybody else?

Mr. Tom Lepine: Oh, absolutely.

M^{me} France G elinas: They knew all about it?

Mr. Tom Lepine: Yes. That was laid out in—again, Maria drew the chart on the board for Patricia Li and explained how it was going to work, where the assets were held and where they would flow if the performance agreement was wrapped up or any of those types of things, absolutely.

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

Mr. Jagmeet Singh: Mr. Lepine, we learned this week that the legal services branch on this exact issue expressed some concerns with the private-public scheme. Did any of the government officials express that concern to you? The legal services branch indicated that there were some concerns expressed in a letter, but were those concerns ever expressed to you about the need for this public-private scheme or the way it was structured? Were any of those concerns ever raised?

Mr. Tom Lepine: Not from the extent of what the result was going to be. Again, in some of my conversations with Malcolm it was just, "Why is it so complicated? Why is this structure so complicated?"

Mr. Jagmeet Singh: Malcolm flagged that, that it was complicated?

Mr. Tom Lepine: Yes.

Mr. Jagmeet Singh: When would that have been?

Mr. Tom Lepine: I would say that was probably after about the third quarterly meeting, so probably some time in—

Mr. Jagmeet Singh: In 2010?

Mr. Tom Lepine: In 2010 or early 2011.

Mr. Jagmeet Singh: Early 2011?

Mr. Tom Lepine: I would say probably closer to late 2010.

Mr. Jagmeet Singh: Late 2010. Okay. Was there any follow-up with that? When he said, "Why is it so complicated?" you said—

Mr. Tom Lepine: So my response to Malcolm would be, "I don't necessarily understand the structure either," but I'm told that it has to be set up this way for the benefit of tax advantages, to protect the assets. There are certain laws regarding charitable organizations and everything else, and this was supposed to be set up so that nobody could come after the assets of Ornge or the operation in Ornge Ontario. Should something happen outside of Ontario, it was supposed to be in order to create a wall so that nothing could come in and affect the service delivery in Ontario.

Mr. Jagmeet Singh: Did Malcolm have any follow-up then, after you explained somewhat, as far as you knew, but you indicated that you didn't really understand fully either the complexity of it? Did Malcolm then say, "Okay, I'm going to follow up on this," or did he do any other follow-up?

Mr. Tom Lepine: No, and I think that was a discussion that took place after the quarterly meetings, like just, you know, "Why is everything so complicated?"

Mr. Jagmeet Singh: Okay.

The Chair (Mr. Norm Miller): Very well. We've used up that block, so we'll move to the government. Mr. Zimmer.

Mr. David Zimmer: Thank you, Chair. I've got some questions about Mr. Blum. Did you know Mr. Blum before he joined Ornge?

Mr. Tom Lepine: No, I did not.

Mr. David Zimmer: When did he join Ornge?

Mr. Tom Lepine: I would think somewhere around 2002—no, I think 2003 probably.

Mr. David Zimmer: And when did you join Ornge?

Mr. Tom Lepine: In 2001.

Mr. David Zimmer: And his position when he joined Ornge?

Mr. Tom Lepine: I think he was VP of corporate.

Mr. David Zimmer: What was your reporting or professional relationship with Blum?

Mr. Tom Lepine: I didn't report through him at all. So, at that point, I reported through—when he first started or anywhere throughout the—

Mr. David Zimmer: When he first started and then up until the point he left, what was your business relationship or reporting relationship with Blum?

1410

Mr. Tom Lepine: I never reported to him, so I had no reporting relationship with him. When he started, I was in

education at the time. I reported through the director of education—

Mr. David Zimmer: Were you both considered to be on the executive team?

Mr. Tom Lepine: No, not at that time. But later on, we were.

Mr. David Zimmer: All right. Let's go to "later on." Were you both considered to be on the executive team later on?

Mr. Tom Lepine: Yes.

Mr. David Zimmer: What period was "later on"?

Mr. Tom Lepine: I moved up into—

Mr. David Zimmer: Roughly.

Mr. Tom Lepine: Yes. I would say, from 2006 on.

Mr. David Zimmer: So from 2006 until Blum's—

Mr. Tom Lepine: Until he departed.

Mr. David Zimmer: —departure in?

Mr. Tom Lepine: I don't have the date that he departed.

Mr. David Zimmer: All right. But during that period you were on the executive team together?

Mr. Tom Lepine: Yes.

Mr. David Zimmer: So you had an opportunity to work on various issues together?

Mr. Tom Lepine: Oh, absolutely. Yes. Jacob and I often worked together. He would often come to me to ask operational questions.

Mr. David Zimmer: What is your assessment of Mr. Blum's performance as an employer, as a member of the executive team? Would you hire him in another capacity?

Mr. Tom Lepine: No.

Mr. David Zimmer: Why?

Mr. Tom Lepine: Because, in my experience with him, he never delivered on much of anything. He would frequently call me and say, "Can you cover this meeting for me? I'm tied up in traffic," or whatever, or, "I'm going to be late." I would ask who it was with. I wouldn't even know who he was meeting with, and I'd go into a meeting with no information and have executives from another organization sitting across from me saying—after you do your introductions, "So what did you want to speak to us for?", and my response would be, "I thought you had called the meeting."

Mr. David Zimmer: Without leading you too much, would it be your position that he did not fulfill his duties as he was expected to?

Mr. Tom Lepine: He didn't report to me, but back to your earlier question, I would not hire Jacob in any capacity, based on what I saw in terms of deliverables.

Mr. David Zimmer: Mr. Blum testified here on May 16. During his testimony, he said that he was one of the principal architects, if not the principal architect, of the original performance agreement. Specifically he said, and it's in Hansard, "I was the lead negotiator for the performance agreement. I negotiated it." Would you agree with that statement?

Mr. Tom Lepine: He was the lead negotiator, absolutely, but everybody there—Lynne Golding played an integral part. Cindy Heinz played an integral part, as did

I. He had no operational experience. Anything related to anything operational, it was my input on that. So I would not say that he did it on his own, but he was the lead of the team.

Mr. David Zimmer: Was he the lead negotiator in the nominal sense of the word, or, as you say, there were other people who did parts, technical and other business parts of it?

Mr. Tom Lepine: Correct.

Mr. David Zimmer: So he was the nominal lead?

Mr. Tom Lepine: Correct.

Mr. David Zimmer: But not, in effect, the substantive lead in the sense that he knew all the technical stuff?

Mr. Tom Lepine: Absolutely.

Mr. David Zimmer: Mr. Blum also said on several occasions that he left the organization in 2007 because he was unhappy with the direction of the organization. Here's one example of an exchange when he was here. A question from me: "When you left Ornge, were you fired or did you resign?" Mr. 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—" Then I stepped in. Mr. Zimmer: "So let me cut to the quick here. Were you fired?" Mr. Blum: "No."

My clear recollection of that exchange is that, along with that answer "No," there was a body language from him indicating that there was more to the answer than that.

Next question—so following up on that body language that was sending different signals on whether he was fired or resigned. Follow-up question, Mr. Zimmer: "Would you say you were fired or you resigned?" Body language again, uncertain. Finally, Mr. Blum: "I resigned." He also indicated that he resigned with a pay package.

So what's your recollection of the circumstances of Mr. Blum leaving Ornge? Was he fired? Did he resign? Did he get a package? Did he initiate it? Did Ornge initiate it? Was he unhappy? Was Ornge unhappy? What happened?

Mr. Tom Lepine: My understanding is that the board recommended that he be terminated.

Mr. David Zimmer: On what information do you rely for that understanding?

Mr. Tom Lepine: It was discussed at a committee meeting that I attended.

Mr. David Zimmer: Who was at the committee meeting?

Mr. Tom Lepine: It was the operations committee. There were several committees of the board. I was on the operations committee. Actually, back in that time, they may have not even been committees then; it might have been the actual board. So Rainer Beltzner was the one who mentioned it to Chris: "Have you taken care of

Jacob yet? Is he gone?" Chris said, "No," and Rainer said, "I want you to take care of that."

Mr. David Zimmer: What did you understand that to mean, "I want you to take care of that"?

Mr. Tom Lepine: That he'd be terminated.

Mr. David Zimmer: Were there any minutes kept of that meeting or other meetings on the discussions of Mr. Blum's termination?

Mr. Tom Lepine: Certainly there were minutes taken of the board meeting. That may have occurred after the board meeting was actually over, but while we were still in the room. So I don't know. There was still part of—I think the meeting had probably adjourned at that point and it was just a discussion with people still in the room, but I was there to hear the board chair say—

Mr. David Zimmer: But you're clear that the board, responsible persons in authority, took the decision to fire Mr. Blum?

Mr. Tom Lepine: Yes.

Mr. David Zimmer: And you would not characterize that as a resignation?

Mr. Tom Lepine: Unless they had a discussion and Chris got him to resign; Chris would have been the one who dealt with it. I wasn't there for the actual delivery of the message, but it was the expectation of the board that Jacob was to no longer be at Ornge. So I don't know what they had discussed, whether Rainer had discussed terms with Chris prior to—how they were going to do that, but it was certainly that they wanted Jacob gone.

Mr. David Zimmer: Was it a competence issue; that is, Mr. Blum's lack of competence, in the eyes of the board anyway or in the eyes of Ornge, that led to his being terminated?

Mr. Tom Lepine: I wasn't part of the discussions to say why they wanted him gone. I can't comment further, just because I wasn't there.

Mr. David Zimmer: Were you asked at any time for your opinion of Mr. Blum's competence—

Mr. Tom Lepine: No.

Mr. David Zimmer: —or whether he should be retained or—

Mr. Tom Lepine: No.

Mr. David Zimmer: Can you characterize for me or describe, give me some insight into Mr. Blum's relationship with Mazza—more of his personal-cum-business relationship.

Mr. Tom Lepine: Jacob was, for all intents and purposes, Chris's right-hand person, or so it seemed from the very beginning when Jacob started. He would call Jacob—Jacob would often say to me, "He's calling me at all times of day and night." I know that they were in touch frequently, so it was a very close business relationship, and then more so on a personal level I know Jacob was instrumental in helping Dr. Mazza through the death of his son as well.

Mr. David Zimmer: Obviously their relationship fell apart at some point.

Mr. Tom Lepine: I can't say that. I don't know whether the relationship fell apart or what the rationale

was for him leaving the organization, whether that be through—

Mr. David Zimmer: But anyway, Dr. Mazza did not come to his rescue, and Dr. Mazza wanted him out of there?

Mr. Tom Lepine: I don't know whether Dr. Mazza wanted him out or not or whether Dr. Mazza got him out because he was told to get him out.

Mr. David Zimmer: Who would have told Dr. Mazza to get him out?

Mr. Tom Lepine: The board.

Mr. David Zimmer: Oh, the board. All right. Thank you.

From what you know of the relationship, was Mr. Blum's influence on Mazza's leadership a positive one or not a positive one?

1420

Mr. Tom Lepine: Jacob was a good strategist, knew government. Chris didn't know how to manoeuvre through government at that point. So I think he used Jacob a lot for that. In terms of being—boy, whether it was a positive relationship for either one of them, I'm not sure.

Mr. David Zimmer: Mr. Blum was also asked a number of questions about Kelly Mitchell, how Kelly Mitchell ended up as a government relations consultant at Ornge. Mr. Blum was specifically asked whether he felt that Kelly Mitchell's Conservative political background had anything to do with his getting hired, and Mr. Blum's answer was, "It's only nepotism if they're incompetent." You've described Mr. Blum as being incompetent. So do you have—

Mr. Tom Lepine: I didn't say he was incompetent. I said I wouldn't hire him. I don't believe I actually said he was incompetent. I said he didn't deliver on a lot of things, but for other things that Chris had him doing, I don't know what his competency was at that. So I don't believe that I actually said he was incompetent, but I do stand by that I would never hire him.

Mr. David Zimmer: All right. Do you know why Kelly Mitchell was hired?

Mr. Tom Lepine: I'm trying to remember when Kelly came in. Yes, I believe Kelly was hired to help us work with the Conservatives—with the Conservative Party. He worked with me on a contract to develop an aboriginal strategy to work with First Nations communities, to get more involved with them, find out how we could improve service to their communities and that type of thing. So I worked with him on that.

He did come in and attend our senior management meetings for a time, to learn more about Ornge. In order for him to be able to assist us, Chris had him actually come in every—I forget which day of the week it was that we had our senior management—

Mr. David Zimmer: Who was part of the executive team that discussed and took the decision to hire Kelly Mitchell?

Mr. Tom Lepine: Those types of decisions weren't made at the senior management team meetings. They would have been a Chris decision.

Mr. David Zimmer: Sorry?

Mr. Tom Lepine: They would have been just a Chris decision. They wouldn't have been discussed that, "Should we hire somebody?" or anything like that. Those discussions didn't take place at any SMT meetings. It would be that Chris would hire somebody.

Mr. David Zimmer: All right. Do you have any idea or did you get any information as to why it was felt that it was necessary to have an experienced Conservative lobbyist taken on to, as you say, "work with the Conservatives" on this?

Mr. Tom Lepine: I don't know that he was hired on as a lobbyist, and I think that the rules had certainly changed over time—

Mr. David Zimmer: You said he was hired to work—

Mr. Tom Lepine: I think he was hired to work because he was a Conservative and would be able to understand the Conservative Party and work with them. We wanted to work with all parties in government.

Mr. David Zimmer: I've got one last sort of a personal question here, really. I've been sitting here for many, many days now. More often than not, I hear from witnesses that they had to attend meetings, and so they went to Switzerland; they went to Italy; they went to Florida; they went here—everybody took a plane and went to the meeting. Was it the practice of Ornge to do any telephone conferencing as a way to hold down costs, or was everybody flying to the meetings in these exotic locales?

Mr. Tom Lepine: No. People did go to various countries, but no, most work was done on the telephone.

Mr. David Zimmer: Thank you.

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

Mrs. Liz Sandals: Yes. I'd like to think about the infamous letter of January 19, 2011. Could you give Mr. Lepine a copy? That might make life easier. Everybody else, I think, has one, but if anybody doesn't, I have many.

You have mentioned already that you were at the briefing where this letter was presented, along with Mr. Beltzner and Mr. Apps.

Mr. Tom Lepine: Correct.

Mrs. Liz Sandals: Were you involved at all in producing the letter?

Mr. Tom Lepine: No.

Mrs. Liz Sandals: Okay. Thank you. But you're obviously familiar with it because you were there to present—

Mr. Tom Lepine: Yes. I read it prior to going. Again, I was always taken to the meeting in case there were questions about what we do in Ontario.

Mrs. Liz Sandals: It's one of the odder letters I've ever read, because it flips between being written by a comms/marketing person and then a nuts-and-bolts person and a written-by-a-lawyer letter. So I'd like to have a look at some of the written-by-a-lawyer parts, but before you went into the briefing, were you given any insight as to what Mr. Beltzner, the chair of the board, thought the outcome of this meeting was supposed to be?

Mr. Tom Lepine: Yes. The outcome was to brief the government and ensure that they were informed and hopefully get their support.

Mrs. Liz Sandals: And that would seem to be consistent, if you look at page 3, the very bottom, it says, "Ornge is seeking nothing from the government except to make it aware of what it has done and is intending to do." So that would be your understanding? That's consistent with what you were told?

Mr. Tom Lepine: That's correct.

Mrs. Liz Sandals: Before you went into the meeting, then, what was the status of this new corporate structure? The decision-making had already been done?

Mr. Tom Lepine: I believe it had, yes. I think the structure probably changed after that some more still.

Mrs. Liz Sandals: Oh, okay. I wasn't actually aware that it kept evolving, but right at the very bottom of page 3 there's reference to a motion that the board had adopted in November 2010, which said, "The corporation and its subsidiaries are hereby authorized to enter into the final documents..." and then subject to the chair of the board briefing the government?

Mr. Tom Lepine: Correct.

Mrs. Liz Sandals: So this was just the formal briefing, but the board had, two months prior, already approved everything; is that correct?

Mr. Tom Lepine: I don't know, because that was the Ornge Global board. So whether they had already approved it or not, I don't know, but this was to brief them. I think it was subject to this briefing with—

Mrs. Liz Sandals: So the board motion that's referenced here is actually a motion of the Ornge Global board—

Mr. Tom Lepine: Correct.

Mrs. Liz Sandals: —as opposed to Ornge the non-profit?

Mr. Tom Lepine: I believe so.

Mrs. Liz Sandals: Thank you. Because you can't tell in the letter—

Mr. Tom Lepine: Yes.

Mrs. Liz Sandals: Reading the letter, I always thought that was the Ornge not-for-profit board.

Mr. Tom Lepine: I believe it was the Ornge Global board. I can't say with certainty because I didn't attend either board meetings. I would attend operations committee meetings—

Mrs. Liz Sandals: But that helps in the understanding here of what's going on.

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

Mrs. Liz Sandals: About a minute and a half. I want to look at page 13. There are a number of statements in the paragraph that's in the top half of the page, so I will speed-read.

"While the performance agreement clearly sets general standards for the operation of the Ontario system, it neither specifies how the standards are to be met nor prescribes the means by which the mandated services are to be delivered. Ornge is generally free of restrictions in

structuring its approach to the delivery of the services and is able to pursue whatever business model the board deems appropriate.”

Then it goes on to say, “...under the performance agreement, Ornge is neither prevented from entering into partnerships, joint ventures or other business arrangements, nor restricted in whether it uses owned, leased or third party assets. Ornge is entirely at liberty to outsource any or all of its management or operational functions, whether to arm’s-length parties, affiliated parties or otherwise, as the board sees fit...”

Clearly, this is a section written by the lawyer. So, given that we know that in fact a whole lot of the day-to-day functions of Ornge moved to for-profit entities, do you still stand by your statement that the performance agreement gave the government the ability to see everything that was going on—appropriate accountability, what you’ve called “floating accountability”?

Mr. Tom Lepine: Certainly on the Ornge side, Ornge Ontario, as of—it was in Maria’s testimony. They changed the structure, so I think at that point it was more difficult. Prior to that—

Mrs. Liz Sandals: So once we get over to this new structure, the accountability actually floated to the new structure in the sense that that’s where a lot of the business was taking place?

Mr. Tom Lepine: The accountability for delivery in Ontario?

Mrs. Liz Sandals: Well, the accountability for what were the salaries, what was the management team doing, who was buying airplanes, who was hiring pilots, who was maintaining airplanes. Where was that accountability, given that, according to the lawyers, the performance agreement says that you can farm all this stuff out?

1430

Mr. Tom Lepine: I think that’s a question that Maria would have to ask, based on the way the structure was set up and Alfred worked to set it up. In terms of accountability for Ontario, that would rest with Chris and me.

Mrs. Liz Sandals: So if you wanted to get at—

The Chair (Mr. Norm Miller): We are out of time, unless you want to use up a little more—

Mrs. Liz Sandals: Just let me finish this. If, for example, you had the accountability, and the accountability is supposed to be with you as chief operator for management services, why didn’t you know the salary? Why didn’t you know what was going on with the management contract?

Mr. Tom Lepine: Because they were all done on the for-profit side. My only role—

Mrs. Liz Sandals: So how would we get at accountability for management salaries? That’s just one example.

Mr. Tom Lepine: I, quite frankly, don’t know.

Mrs. Liz Sandals: And, I think, there lies the problem: The accountability floated away.

Mr. Tom Lepine: Absolutely.

Mrs. Liz Sandals: Thank you.

The Chair (Mr. Norm Miller): We move to the opposition. You have nine minutes for this round.

Mr. David Zimmer: How much time, Chair?

The Chair (Mr. Norm Miller): He has nine minutes.

Interjection.

The Chair (Mr. Norm Miller): Probably about nine minutes for the next round.

Mr. Frank Klees: I’d like to pick up on Mrs. Sandals’s floating theme, if I could.

Mrs. Liz Sandals: He said it first.

Mr. Tom Lepine: Did I say “floating”?

Mr. Frank Klees: When was the first time that you became aware of the famous boat?

Mr. Tom Lepine: When I got back to work from a weekend, and Chris had purchased a boat over the weekend.

Mr. Frank Klees: Tell me the circumstances.

Mr. Tom Lepine: We were starting to set up J-Smarts under Chris’s direction, a not-for-profit charity to try to prevent injuries in youth. At that time, I think the target range was 13 to 15, youth within that age bracket. There were lots of different ideas floating around. He wanted to do it through high-risk sport. He wanted to take the approach that the traditional ways of teaching—just telling your kids, “Don’t do something”—they’re going to do it anyway, so let’s teach them how to do it safely and still participate in those types of sports.

Mr. Frank Klees: I want to focus on the boat purchase.

Mr. Tom Lepine: Yes. One of the sports that he was looking at was wakeboarding and waterskiing, amongst other things, such as skateboarding and those types of things. I don’t know whether at the time he had started to work on an arrangement with Muskoka Woods or not, or whether that came later. But certainly, those were the sports he was interested in. As I say, I came back to work and we had a boat.

Mr. Frank Klees: You had a boat. Did you have anything to do with signing off on the purchase?

Mr. Tom Lepine: No.

Mr. Frank Klees: Who would have signed off on the purchase of that boat?

Mr. Tom Lepine: I believe Chris made the purchase in terms of negotiating it and making the deal. I would think that Maria would have had to sign off on that as well.

Mr. Frank Klees: And the purchase price for that?

Mr. Tom Lepine: I don’t know exactly. I think it was in the 40s. I’m not sure.

Mr. Frank Klees: Was that waterski boat purchased before or after he met Ms. Long?

Mr. Tom Lepine: She was working for us at the time, so—

Mr. Frank Klees: I noticed earlier, when you were asked about whether Ms. Long working at Ornge created some difficulties, that you probably wanted to expand on that. In what way did that cause some difficulties in the office?

Mr. Tom Lepine: I think Kelly had more of a direct route into his office than any of the other executives. In other words, if anybody said something contrary to what

Kelly believed, chances are, you wouldn't be with Ornge for very long.

Mr. Frank Klees: And that obviously created some tension.

Mr. Tom Lepine: Absolutely. Other people within the organization felt that they were eligible for promotion prior to her, so it created a great deal of tension and angst within the organization.

Mr. Frank Klees: She had a meteoric rise in her career, compliments of Ornge. Mind you, many others did as well. But she ultimately was given the lead on the marketing agreement which was to deliver millions of dollars of expertise to AgustaWestland. When you became aware of that, what was your thought?

Mr. Tom Lepine: I didn't know what the deliverables were or anything in the sales and marketing agreement. Again, I just wasn't privy to that, so I didn't really know what she was—I knew she was working on an agreement with Agusta but I really didn't know any of the details of it, so I really didn't pay much attention to it.

Mr. Frank Klees: Okay. Can I ask—I'd like to talk about quality assurance. One of the concerns that were raised by the Auditor General in his report was the whole issue of reporting of critical information from Ornge to the ministry; the lack of information translating, obviously, ultimately into some difficulties at Ornge. Who was responsible at Ornge for quality assurance?

Mr. Tom Lepine: It was fragmented.

Mr. Frank Klees: It was fragmented?

Mr. Tom Lepine: Yes, sir.

Mr. Frank Klees: Was that fragmentation under your direction? Ultimately, you were the COO, right? This would fall under your responsibilities as well, or were there separate—

Mr. Tom Lepine: On the medical side, we had it, I believe, fairly well under wraps. The VP of medical affairs, Jo-Anne Oake-Vecchiato, was experienced in quality management at hospitals and was well versed in quality management procedures. The medical advisory committee had plenty of quality metrics in measuring the performance of paramedics, in that they would evaluate cases every month. Each of the medical directors had a certain amount they had to do. We had a quality manager in the OCC, and Steve, as was discussed prior, basically looked after it in operations.

When I say it was fragmented—we used to have a quality management department, which oversaw everything. It didn't matter whether it was medical operations; it didn't matter what part of the organization. They reported directly to the CEO, and I think that's the way it should be. There should be an overarching quality management program, or quality management department, that looks after that.

Mr. Frank Klees: Who was responsible for changing that structure?

Mr. Tom Lepine: Dr. Mazza.

Mr. Frank Klees: Okay. When you say it became fragmented, who were the key people responsible within that fragmented structure for quality management?

Mr. Tom Lepine: Again, Jo-Anne Oake-Vecchiato, in terms of medical affairs; Steve more so in the operations; Sandra Wilkie, down in the OCC. In aviation, Rick Potter had—I'm sorry, I forget the gentleman's name. It just slipped—I can picture his face. There is somebody in aviation who was strictly assigned to do it in aviation.

Then, aviation and medical affairs: Jo-Anne started putting together common data sets and putting together a plan where medicine could learn a lot from aviation in terms of how they handle their quality management and the types of methodologies they use and everything else. She was working very closely with aviation to start to develop some of those things into medicine and learning best practices from aviation. I believe aviation is far more advanced than medicine in certain aspects of quality management.

Mr. Frank Klees: Did your wife work in that department?

Mr. Tom Lepine: Yes, she did.

Mr. Frank Klees: What's her name?

Mr. Tom Lepine: Meredith Morrison.

Mr. Frank Klees: Did you hire her into that position?

Mr. Tom Lepine: No, I did not. Chris Mazza hired her initially, on contract, to look after a different program. Then she was put into that role.

Mr. Frank Klees: You never considered that a conflict? You were able to keep—

Mr. Tom Lepine: The minute Chris hired her as a contract, I declared a conflict immediately with Chris and the chairman of the board. They said, "The conflict has been declared. She'll never be reporting to you," and so on. We declared that conflict immediately.

Mr. Frank Klees: Just a final clarification: When you left, what was your total compensation at Ornge, including benefits?

Mr. Tom Lepine: Yes, absolutely. Salary from Ornge, \$306,000; salary from Ornge Global, \$57,000; total, \$363,000; taxable benefits, a total of \$30,000.

Mr. Frank Klees: It was reported that you were also getting paid a consulting fee by Dr. Mazza. Is that included—

Mr. Tom Lepine: No, that's the Ornge Global. It wasn't a consulting fee from Dr. Mazza. The Star got that incorrect.

Mr. Frank Klees: Just a question: Where did the funds come from? Obviously, we know where the funds came from in Ornge. There was some claim along the way that these for-profit entities somehow were generating their own revenue or were seeded from somewhere. To your knowledge, where did the money come from that gave companies like Ornge Global and these other for-profit companies the ability to pay out salaries?

1440

Mr. Tom Lepine: From the initial donation by Agusta—it's part of that marketing services agreement, I believe—and from the credit lease transaction.

The Chair (Mr. Norm Miller): You are out of time, Mr. Klees.

We'll move to the NDP. You have six minutes each for this round.

M^{me} France Gélinas: I didn't hear you. You said from the donation from Augusta and from the—

Mr. Tom Lepine: Sorry; the credit lease transaction on the building.

M^{me} France Gélinas: The credit lease transaction. So there was no other means of generating profit except for those two that you were aware of?

Mr. Tom Lepine: Right. The plan was to get equity investors. Several were lined up. Obviously, once things started coming out in the newspaper, they were no longer lined up, it's fair to say. But they had not generated any revenue at that point.

M^{me} France Gélinas: Did you want to go first?

Mr. Jagmeet Singh: Sure. In general, none of the for-profit side was able to generate any revenue, as far as you're aware of. Is that correct?

Mr. Tom Lepine: That's correct.

Mr. Jagmeet Singh: What was your opinion on that in terms of the viability or the need to have a for-profit side if it's not generating any revenue?

Mr. Tom Lepine: Yes. I think I mentioned it earlier in my testimony. I think the plan itself—to generate revenue outside of Ontario to bring back into Ontario, to the benefit of the operation in Ontario—is a good one. I believe it's a good vision. I think it was done in a much more complicated manner than which it needed to be done. I believe that the actual path that they were going by to get money coming in in large amounts through international repatriation was probably too far down the line; it was done too early. If it was me setting it up, I would have left it with Ornge Peel being a for-profit, get your name established doing some consulting services where there's no expenditure of money. If you're asked to go over and do an evaluation or make comments or respond to an RFP, then you have certain stages where you get money and it flows directly back into Ontario—done.

Mr. Jagmeet Singh: With respect to the expansion of Ornge in general, would you agree with me that, in a short span of time, Ornge expanded quite rapidly? The number of employees increased, the payroll increased, the fact that there were aircraft that were purchased: That was a huge increase and expansion. Would you agree with that characterization?

Mr. Tom Lepine: Absolutely.

Mr. Jagmeet Singh: Would you agree with me that the rate of expansion was greater than Ornge could handle, that it expanded much more quickly than Ornge could actually handle?

Mr. Tom Lepine: I would say that everybody was certainly stretched to the limit and there was absolutely no margin for error.

M^{me} France Gélinas: You mentioned in your opening comments that when you found out about the over \$1-million-a-year salary to Dr. Mazza, you took offence to this, because you had been asked to look at the closing of some bases and tough decisions to try—I'm guessing—to

manage to stay within budget, and then you find that out. How tight was the budget?

Mr. Tom Lepine: The last year I was there, the fiscal year 2011-12: By the end of the first quarter, the projections were that we were going to be looking at an \$8-million deficit.

M^{me} France Gélinas: Had you been in deficits before?

Mr. Tom Lepine: No.

M^{me} France Gélinas: No? That would have been the first year that you would have been in deficit. So you had an \$8-million challenge in front of you. By the second quarter, how did things look?

Mr. Tom Lepine: They hadn't improved a great deal. By the third quarter we were back on target—back on projections. We managed to come in—well, I can't say whether we came in on budget or not because I was already gone.

M^{me} France Gélinas: But it looked like you were going to.

Mr. Tom Lepine: We were certainly back on our projections, yes.

M^{me} France Gélinas: So you knew that that budget was tight. What were some of the changes that were implemented to go from an \$8-million projected deficit to back on track?

Mr. Tom Lepine: There were a number of things that we were looking at. I was being pressured by finance to actually close bases and to discontinue night shifts at certain bases. I was very adamant that anything that affected the front line had to be an absolute last resort. Maria and I talked. I know you spoke to Steve about not filling overtime. That was one of the steps that we took.

The first thing we did is, the major lever that really drove costs was the flight hours. Whether that be in fixed-wing or rotor-wing, it didn't really matter; they were the costs that really put you over. So we looked at how we could manage the non-urgent transfers, first of all, so that there would be the least amount of impact on patients. We looked at instituting slots, we called them. In other words, if you needed to save a million dollars, here's what it translated into: how many flights you could do per day or per month, or whatever. Then, based on the percentage of calls that were done in each area of the province—we didn't want to say, "Okay, you've only got so many slots in the northwest," which is the busiest quadrant in the province, and they get wiped out, so we really tried to spread it out. Just by changing one to two patients a day, you had tremendous savings over the year, because the costs of aviation are so great.

We tried to shift transports by rotor-wing to fixed-wing for anything that was airport to airport, because there's no advantage to using a helicopter if you have to have a land ambulance pick you up at both sides.

We tried to work with the Thunder Bay hospital and Thunder Bay EMS to look at moving non-urgent patients more quickly from Thunder Bay airport to the hospital. Thunder Bay was the busiest airport, with about 1,500 patients moving in and 1,500 out of that airport over the

course of the year. We had great difficulty getting transport to the hospital, so we worked with Thunder Bay EMS and Thunder Bay hospital to get in on their contract with a private transportation company.

M^{me} France Gélinas: Did you share—

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

M^{me} France Gélinas: Did you share those plans with the ministry? Did you keep them up to date?

Mr. Tom Lepine: Absolutely. At one of our quarterly meetings, I outlined it to Malcolm. Patricia was there, as well, on the phone; Tony Campeau, I believe, was there. I don't think Rob Nishman was there. Maria was there from our side; I believe Bruce Tavender, Scott Lovell. We mapped out that the plan to manage the overrun was to take the least invasive approach first and then, as a last resort, we would touch anything else. We talked about the slots. We talked about the fact that the next thing may have to be—that we wouldn't be filling overtime for short-notice book-off only, and that's only if people booked off at the last minute. The next step would be to have to decrease service at some bases at night. And then the last resort after that was to close a base and—

The Chair (Mr. Norm Miller): Thank you, and we'll move to the government. Mr. Zimmer.

Mr. David Zimmer: In an earlier round of questions, I asked you whether Mr. Blum was a positive influence on Dr. Mazza, and you said, "They weren't a positive influence on each other."

Mr. Tom Lepine: I believe I said I'm not sure they were.

Mr. David Zimmer: All right: "I'm not sure they were a positive influence on each other." But it seemed to me by your body language—I mean, I just got the sense that there was a little more to the story than was reflected in your answer.

Two questions: Why weren't they a good influence on each other?

Mr. Tom Lepine: I think sometimes they both got each other spun up.

Mr. David Zimmer: Sorry?

Mr. Tom Lepine: I think they sometimes got each other spun up. In other words—

Mr. David Zimmer: Strung out?

Mr. Tom Lepine: Spun up.

Mr. David Zimmer: Spun up.

Mr. Tom Lepine: In other words, there wasn't really a calming influence.

Mr. David Zimmer: Okay. This is a very delicate question, and it may seem like an odd question, but I'm going to ask it: Were you aware or was there talk around Ornge, in executive circles or other circles, speculating on or thinking about whether Dr. Mazza and Mr. Blum were using illicit drugs?

Mr. Tom Lepine: I've never heard any rumours about Dr. Mazza using illicit drugs. Certainly there were rumours about Jacob.

Mr. David Zimmer: And what were the rumours?

Mr. Tom Lepine: That he was using illicit drugs.

Mr. David Zimmer: What kind of drugs?

Mr. Tom Lepine: The rumour was cocaine.

Mr. David Zimmer: Thank you. Mr. Leal will pick up the time.

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

Mr. Jeff Leal: Thanks, Mr. Chair. Through you to Mr. Lepine, the context of my questions will be regarding the decision to go to Oshawa.

To set the context for you, the city of Peterborough, joint-shared by the government of Canada, the province of Ontario and the city of Peterborough, spent \$30 million to renew Peterborough regional airport to eventually accommodate aviation services of Ornge and the Ministry of Natural Resources, and, as you know, we already have a land base in Peterborough for Ornge. So I'll be pursuing questions with you about that.

1450

Mr. Tom Lepine: Okay.

Mr. Jeff Leal: We understand, based on the testimony by Mr. Potter and Ms. Renzella, that you were involved in the decision to locate an air base in Oshawa. Is that the case, sir?

Mr. Tom Lepine: I was directed to open a base in Oshawa.

Mr. Jeff Leal: You were directed. By whom?

Mr. Tom Lepine: By Dr. Mazza.

Mr. Jeff Leal: You were directed by Dr. Mazza to go to Oshawa?

Mr. Tom Lepine: He strolled into my office one day—I don't know who else was in my office—and said, "Lepine, you're opening a base in Oshawa. I can't take the risk of having union strife while I'm trying to woo investors, so you will be opening Oshawa." My response to that was, "Where are we getting the money from? We're still in the process of building Hamilton, and we need to look at both airports." We had looked at Lindsay, Peterborough, Oshawa, all those airports, when we were initially doing the scoping out for where our super base was going to be, which ended up being Hamilton. He said, "Fine. I don't care where it is, then—Peterborough or Oshawa. Do your evaluation." I said, "Nobody in operations can do that. Get aviation involved." We had somebody who reported to Rick do all the negotiation—well, they weren't actually negotiations. We basically asked for you guys to submit what the costs were going to be.

Mr. Jeff Leal: I want to be absolutely clear: You were directed by Dr. Mazza to go to Oshawa?

Mr. Tom Lepine: Absolutely.

Mr. Jeff Leal: Mr. Potter, a previous witness here, the former chief aviation officer for Ornge, testified he had genuine concerns about the location of a base at Oshawa airport and advised against it. Were you aware of his concerns?

Mr. Tom Lepine: From my understanding, reading through Rick's transcripts, I think he is referring to when we were initially looking at airports. When we were initially looking to move out of Toronto, we were evaluating all airports. Steve Farquhar and myself both

preferred to go to the east end because that's where the preponderance of our calls were. There were more calls coming from the east than there were from the north. It didn't matter to us—Peterborough or Oshawa. In fact, in terms of staffing, it made more sense in Peterborough, because—you're absolutely correct—we did have a land base there. From a strictly operational perspective: Peterborough.

Rick Potter did agree that Oshawa had noise problems, that it wasn't a good airport in terms of noise. Ultimately, Hamilton became a clear winner when you mixed the patient demographics, when you mixed all the aviation functions, when you mixed weather and the ability to launch—it should've increased our launch reliability. All of those factors: Hamilton was the clear winner.

When Chris ordered me to open Oshawa, and I said that we need to look at both airports, the question that wasn't asked of Rick Potter was, "If you had to choose between Peterborough and Oshawa, which would you choose?" I did ask Mr. Potter that; it was Oshawa. Between the two airports, it was Oshawa. He did not believe that we should have a base in the east end at all, because it was going to drive his aviation costs up significantly in terms of having additional aircraft maintenance engineers on staff to deal with any snags that occur out there, and tooling of equipment at another base. The whole purpose of the super base—one of the purposes—was to amalgamate maintenance. So for him, it was going to drive his aviation costs up, and he didn't believe that the city of Oshawa was going to be able to resolve the noise complaints, although they gave us assurances they were. But in terms of, "Rick, we've been ordered to open it. It's clear; the announcement has already been made that we're opening it; Oshawa or Peterborough?" We did all the analysis. There was a matrix done. Oshawa was the clear winner.

The Chair (Mr. Norm Miller): We are out of time, so I move to the opposition. Mr. Klees.

Mr. Frank Klees: Mr. Lepine, the Auditor General had raised some concerns about the validity or the accuracy of numbers that were submitted by Ornge to the ministry in terms of the number of transports and so on.

Before I get to this, I'd like to ask you, what was the cost to the Minister of Health of Ontario's air ambulance service before it was transferred to Ornge? Do you recall that?

Mr. Tom Lepine: I believe it was around \$90 million.

Mr. Frank Klees: About \$93 million, something in that range, right?

Mr. Tom Lepine: Somewhere in there, yes.

Mr. Frank Klees: What is it today?

Mr. Tom Lepine: Our budget last year was \$152 million, I believe it was.

Mr. Frank Klees: The number of transports that Ornge does has actually gone down between then and now. Is that not true?

Mr. Tom Lepine: The overall number of transports?

Mr. Frank Klees: Yes. Before you answer that, what the clerk has just given you is a document—it's actually

quite current: May 23, 2012. The cabinet members have this in their hands, and now we do. It's compliments of people who care about what's going on here. I'll read the first note. It states: "Please note that Ornge's chief operating officer indicated that a 'method of counting patients was mandated by the CEO with the intention of demonstrating an increase in activity associated with the transition of air ambulance from the Ministry of Health to Ornge.' The result is that Ornge has transported an annual average of 8.9% fewer patients since 2006-07 than it previously reported. This equates to more than 2,100 fewer patients transported in 2010-11."

There are two things that are disconcerting about this. One is that apparently there was a conscious decision made to actually inflate the numbers in the reporting, of which I'm assuming you're aware.

Mr. Tom Lepine: I became aware, again, when I was acting CEO. When Mr. McKerlie came in I was already investigating whether it took place or not, confirming it. When he came in, I said, "Here's another problem that we have," told him about it and said, "Do you want to call the AG's office or do you want me to call?" He said, "You call." So I reported it immediately upon finding out.

Mr. Frank Klees: Who was responsible for implementing the system that actually inflated the numbers?

Mr. Tom Lepine: I don't think it was a system that inflated the numbers, Mr. Klees. If I could take a moment to explain how it was done?

Mr. Frank Klees: You'd better do it quickly, because we've got a bell here, and I need to get the answer.

Mr. Tom Lepine: I thought I was hearing things. I apologize.

It was a method of counting patient legs as opposed to actual patients carried. Chris was using patient legs. I asked for a report, and the people from information management said, "Do you want it the old way we do it or do you want actual patients?" I said, "I want actual patients, and what are you talking about?"

Mr. Frank Klees: So once you brought your calculations into line with the way it used to be before Ornge, the numbers actually reduced by 8.9% fewer patients a year. Is that correct?

Mr. Tom Lepine: I have no idea. I was gone by then, by the time the calculations were done.

Mr. Frank Klees: According to the cabinet document, that's the point. Here's the real question: Given the fact that we're actually transporting fewer patients than we were before Ornge and the cost has increased to the taxpayer from \$93 million to \$150 million, how does one explain that, first of all, to the taxpayers, and how in the world could a board of directors justify overseeing an organization like that?

Mr. Tom Lepine: I would say that nobody was aware that those numbers were incorrect, so I don't think the board had any visibility into that. I didn't have visibility into that, so I'm quite sure that the board didn't.

In terms of fewer patients, I think the important thing is to find out why there are fewer patients. Is it because

hospitals are no longer calling Ornge? The other factor to keep in mind is that Ornge doesn't determine its calls. In other words, it's a sending facility that picks up the phone that calls us. The main driver of call volume for us, when you really boil it down to the end game, is the availability of receiving beds. If there are no receiving beds, nobody moves. Do you understand where I'm going with that?

Mr. Frank Klees: I understand. I think one of the reasons that hospitals stopped calling Ornge is because Ornge wasn't making it there on time and patients were dying en route. Maybe that's one of the reasons. The other reason, we're told—

The Chair (Mr. Norm Miller): You're on your last 30 seconds, Mr. Klees.

Mr. Frank Klees: —is that Ornge was understaffed so often that hospitals actually had to release their nurses

or their doctors to get on that helicopter with Ornge to ensure the patient was safe.

The reason we're frustrated here is because taxpayers are investing \$150 million-plus in our air ambulance service, it's unreliable, and, under the current structure, there seems to be nothing happening other than more Band-Aids by this Minister of Health. This committee has a responsibility to get to the bottom of it.

Thank you for your help today.

Mr. Tom Lepine: Thank you.

The Chair (Mr. Norm Miller): Thank you very much for coming before the committee. We appreciate the time you took.

This committee is adjourned.

The committee adjourned at 1500.

CONTENTS

Wednesday 30 May 2012

Special report, Auditor General: Ornge Air Ambulance and Related Services.....	P-281
Mr. Tom Rothfels.....	P-282
Mr. Tom Lepine	P-295

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr. Norm Miller (Parry Sound–Muskoka PC)

Vice-Chair / Vice-Président

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Toby Barrett (Haldimand–Norfolk PC)

M^{me} France Gélinas (Nickel Belt ND)

Mr. Phil McNeely (Ottawa–Orléans L)

Mr. Norm Miller (Parry Sound–Muskoka PC)

Mr. Reza Moridi (Richmond Hill L)

Mr. Jerry J. Ouellette (Oshawa PC)

Mrs. Liz Sandals (Guelph L)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants

Mr. Frank Klees (Newmarket–Aurora PC)

Also taking part / Autres participants et participantes

Mrs. Christine Elliott (Whitby–Oshawa PC)

Mr. Jeff Leal (Peterborough L)

Mr. Jim McCarter, Auditor General

Clerk / Greffier

Mr. William Short

Staff / Personnel

Ms. Catherine Beagan Flood, legal counsel

Mr. Ray McLellan, research officer,

Legislative Research Service