



ISSN 1180-4327

**Legislative Assembly  
of Ontario**

First Session, 40<sup>th</sup> Parliament

**Assemblée législative  
de l'Ontario**

Première session, 40<sup>e</sup> législature

**Official Report  
of Debates  
(Hansard)**

**Wednesday 1 August 2012**

**Journal  
des débats  
(Hansard)**

**Mercredi 1<sup>er</sup> août 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  
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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  
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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 1 August 2012

Mercredi 1<sup>er</sup> août 2012

*The committee met at 0833 in room 151.*

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

**The Chair (Mr. Norm Miller):** I'll call the committee to order, then. I believe we have a motion to be discussed, so I'll look to Ms. Sandals.

**Mrs. Liz Sandals:** Thank you. I'll table the motion.

I move that the Standing Committee on Public Accounts, "the committee," shall commence the report-writing phase of its review of the 2012 special report of the Office of the Auditor General of Ontario on Ornge Air Ambulance and Related Services, "the review," during the committee's first meeting of the fall meeting period of the Legislative Assembly of Ontario; and

That the committee shall continue the report-writing phase of the review during the fall meeting period of the Legislative Assembly of Ontario; and

That the committee shall complete its final report on the review by no later than 60 days following the committee's first meeting of the fall meeting period of the Legislative Assembly of Ontario.

Just note that the motion is deliberately worded to take account of the fact that we don't know precisely when this committee will first meet in the fall, so it's worded to accommodate that unknown, if I can put it that way.

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

**Mr. Frank Klees:** Chair—

**Mrs. Liz Sandals:** Excuse me. I'd like to speak to the motion, if I may, Chair.

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

**Mr. Frank Klees:** If I might, it might be appropriate—

**Mrs. Liz Sandals:** Excuse me. I think I've got the floor, if it's my motion.

**The Chair (Mr. Norm Miller):** She does have the floor, so go ahead.

**Mrs. Liz Sandals:** This committee has now spent over four months reviewing the Auditor General's special report on Ornge. We've heard over 70 hours of testimony from over 50 witnesses. We've now recalled some witnesses twice, in one case, even three times. The committee has heard from the Auditor General, the Minister of Health and Long-Term Care, deputy ministers and public

servants from across government, former Ministers of Health and Long-Term Care, former deputy ministers and public servants from across government, the management and board of Ornge, former management and board of Ornge, front-line Ornge paramedics, former front-line Ornge paramedics, legal counsel, former legal counsel, consultants, former consultants, and many others, in a comprehensive examination of the facts surrounding the events that occurred at Ornge and the recommendations provided by the Auditor General.

We need to play a role in shaping the public policy decisions surrounding how the government and Ornge move forward to improve the province's air ambulance service. That has traditionally been the role of this committee, which is to provide further advice on implementing the recommendations of the Auditor General.

To do that, we have to begin the task, which I agree will be a difficult one, of parsing through the hundreds of pages of testimony we've heard and thousands of pages of documents we've received and putting together some findings and recommendations. As I said, the purpose of this committee's work is to review the Auditor General's report and make further recommendations on how to strengthen oversight and accountability moving forward. We have a responsibility to Ontario taxpayers, given the amount of money that we have spent reviewing this, to provide some value-added to the taxpayers in terms of implementing the auditor's report and implementing and setting a policy path moving forward.

I hope my colleagues will support moving ahead with report writing so that we can be part of the solution when it comes to moving our air ambulance program forward.

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

**Mr. Frank Klees:** I'll defer to Ms. Gélinas.

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

**M<sup>me</sup> France Gélinas:** You're deferring to me?

**Mr. Frank Klees:** Yes.

**M<sup>me</sup> France Gélinas:** No, I'm okay. I have no comments. I'm ready to vote.

**Mr. Frank Klees:** I have no comments either, other than to say that I find this motion offensive, that the government would choose to shut down these hearings. I think that we have a very long list of witnesses that still have not been called. They are on the list. There are more questions now than there were when we started.

For the government to suggest that we shut down this debate now is shutting down debate—I think the last

thing that we should have happen in this committee or anywhere in this Legislature is that we shut down debate when there's much more to be heard. And so, I would ask that you call the question.

**Mrs. Liz Sandals:** Recorded vote.

### Ayes

McNeely, Moridi, Sandals, Zimmer.

### Nays

Barrett, Gélinas, Klees, Singh.

**The Chair (Mr. Norm Miller):** It's a tie vote, and as the Chair, I'm not going to make a decision that the committee cannot make on its own, so I will vote against the motion.

I would also point out that this motion is not binding on the committee. It very well may have new members, come the fall. At that time, when the new members, or same members, are on the committee, they can, in subcommittee, decide how they wish to proceed, and that may be very well to proceed, as is suggested in the motion, to report writing.

Yes, Ms. Gélinas?

0840

**M<sup>me</sup> France Gélinas:** Subsequent to this, we had directed our very capable researcher to start to do a kind of summary of what we have heard and do those summaries by theme. I was wondering if—I don't mean to put you on the spot, but would you be willing to share how this work is going and if you need any direction in writing this report?

**The Chair (Mr. Norm Miller):** This would probably be a very good time, if Ray is organized, to be able to give an update on what he has planned—

**Mr. Ray McLellan:** Accomplished to date. I can do this fairly quickly, so I won't get into a long discussion.

We had a chance yesterday just to briefly touch on where I'm going, slowly. I would say too, just to preface it, to go back to Ms. Sandals's comment, I'm thinking along the lines of a public accounts committee and a public accounts committee report as we've done over the decades, so that format is what I'm working towards, if the committee's in agreement with that.

With respect to—I'll just let France finish off here. I think she wants to hear this.

**M<sup>me</sup> France Gélinas:** I'm listening intensely now.

**Mr. Ray McLellan:** I tend to approach this in a very kind of a numbers way as to where I am and where I want to be by the end of the process. When we finish off tomorrow, we'll have had 15 days of hearings. I have finished week 10 in terms of the summary. So when we finish tomorrow, I will be turning to week 11 and, hopefully, within the next two weeks have completed that summary.

Now that's the summary that we had talked about, maybe a month ago, of being—we said what we really need to bridge from where we are to where we want to go

is a document that really identifies the issues and observations. It's not a report but it's just more of a checklist. As you were saying, France, it's broken down by themes. My first pass at it I think I probably had about 20 items, from cabin safety and patient safety, to the bond, and on and on. All of that information, just very quickly, is gathered up by subject area, and then I'll have a longer report on that. I would use that at the end of the day—not that you're necessarily interested in this part, but I would use that information, which would be a longer document, maybe 150 pages, to actually work on a final report.

What I would give to you when I finish off these 15 days of hearings is a document, as I say, that's compressed; it will probably be about 40 or 50 pages long. At least by that point we can go through and we can look at it and say, "Well, these are the main 15 or 20 areas, and this is what we want to focus on."

As Ms. Sandals was saying this morning, it's important that I frame that in the context of the auditor's report. But I would say, in doing that, there's going to be kind of miscellaneous and overlap; in other words, matters that weren't addressed in the auditor's report that were addressed by the committee. So we'll start off with the auditor's report and run our issues and observations in parallel to that to see where Mr. McCarter finished off and what he recommended and what the committee has heard, and then go into kind of miscellaneous and new materials. That will have to be framed in a different format without the preamble of the auditor's observations or recommendations.

That's where I am. In terms of timeline, as I say, my objective, prior to the discussion that we just had this morning, was to wrap up this issues-and-observations paper in September so that it will go along to committee for its first meeting. At that point, presumably, you would look at it and make decisions as to where we're going to go—and, as I say, not to kind of pre-empt what was discussed this morning. Prior to this discussion, that's where I thought I was going, so I'm in your hands on this. I'm making progress and I think getting to where we want to be as far as an interim document.

**The Chair (Mr. Norm Miller):** France.

**M<sup>me</sup> France Gélinas:** I thank you for the update. Ray and I had talked before, so I already knew what he was going to say, but then you added a few.

The part that I think could have value at this point is if you sort of give us a summary page as to what the themes are that you're going to be writing on. I understand that it will be based on the auditor's report. This is why we're here. But at the same time, I think this discussion within the committee could be useful.

Liz and I were on the select committee for mental health. This is the process that we used there, where our first report was basically what we heard. The work you're doing now is very much along the same lines: What have we heard? Depending on which headers you put on those, it would be, I think, a worthwhile exercise for you to share with us what are going to be the different headers in that "what have we heard" report so we could

have a discussion on this to make sure that the work that you do you don't have to redo.

And then my second question is that I would be interested—and I don't know if the other members of the committee would also be interested—in you sharing that with us as soon as it is ready so that, if it's a 40- to 50-page document, we could read it, have a little bit of time to read it and digest it. So rather than wait for the next committee to share, as soon as it would be ready, you would share it with all of us. So I put that on the table.

**Mr. Ray McLellan:** Certainly that would be the case. In other words, when this document is ready in September, it would go out, well in advance—the minimum we always had was, a week prior to the next meeting, a document would go out for your review. In this case, it would probably be longer than that, so you'll have a chance to kind of wade through it.

With respect to the first question you had raised on the themes and the chapter headings, quite frankly, I'm working on that right now. I don't have it—so, in other words, I don't have it today.

**M<sup>me</sup> France Gélinas:** It doesn't matter, but even if you just bring us something really, really broad strokes for tomorrow morning, maybe, when we're all there. I think it is a discussion that will be useful to you, and while the auditor is there also, just so that we all frame it in a way that if we had something in mind—

**Mr. Ray McLellan:** Right.

**M<sup>me</sup> France Gélinas:** —then you have an opportunity to hear this before you put pen to paper.

**The Chair (Mr. Norm Miller):** Auditor General?

**Mr. Jim McCarter:** The other thing that might be helpful—I know Ray mentioned following the outline of our report, but you might find you want a different outline. I think what you're getting at is almost like a one-pager, really like a table of contents.

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

**Mr. Jim McCarter:** You might want to talk about the business model or some of the things that we didn't cover in the report. I think what you're getting at is maybe just almost a one-pager table of contents so we can at least look at the major areas and say, “Yes, I think this is hitting the mark.”

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

**Mr. Ray McLellan:** I do have that. As I say, it's rough, so I'll see what I can get together.

But as Mr. McCarter said, my list, in addition to what Mr. McCarter has done, gets into more matters of corporate structure, business planning and even, going to one of Mr. Zimmer's points, the corporate culture—whether or not that's a theme you'd want to pursue. But the corporate culture seems to be an important part of this whole discussion and debate. As I say, with the corporate structure—those topics.

I'll do my best to get something down on paper at some point today and we can maybe spend a couple of minutes tomorrow. But I appreciate your time on this.

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

**Mrs. Liz Sandals:** France mentioned working on the select committee, but the other thing that public accounts

did, where we had more extended hearings than what usually happens at public accounts, was when we did eHealth.

**Mr. Ray McLellan:** Yes.

**Mrs. Liz Sandals:** It was really, really helpful, when we were doing the report writing on that, to have Ray do exactly what he's doing right now, which is to summarize the testimony according to the different themes and strands. It helped us organize and it also brought us back to where it's an issue that the auditor has covered. It helped us bring it back to the auditor's report, because our work is based, certainly as the major piece, on the work that the auditor has done. It was really helpful having the testimony organized for us.

**Mr. Ray McLellan:** And I spoke with Ms. Sandals yesterday about eHealth. This is the eHealth report, which is a standard kind of public accounts format. I think the response from the ministry was probably about four times the length of our report, but anyway—this is the format for public accounts. As I say, I'm in the committee's hands. If we use this tried-and-true format, that's fine. I'll get back to you ASAP on that table of contents and see what it looks like.

**M<sup>me</sup> France Gélinas:** Are the other members of the committee interested in this?

**Mrs. Liz Sandals:** Yes, because I think this is the first step. Regardless of how the vote turns out, somehow we have to figure out—we're only value-added if we can consolidate what we've thought and bring further recommendations around how we can make this work better in the future and how we can avoid the mistakes that happened in the past. If we're going to be value-added, we need to be starting to think. The way we start to think is with Ray's summary of the testimony organized in a way that we can do something useful with it in terms of having an intelligent, thoughtful discussion.

**The Chair (Mr. Norm Miller):** Any other comments?

**Mr. Frank Klees:** Will we have something, then, by way of an outline tomorrow?

**Mr. Ray McLellan:** Yes. We're talking about the one-pager.

**M<sup>me</sup> France Gélinas:** Absolutely—the table of contents, like what the auditor has suggested?

**Mr. Ray McLellan:** That's right. As I say, this is going on as we're sitting here, but I do have the table of contents; that's drafted up. I'll just have to get it shaped up a bit over the next six or seven hours if I can.

Would it be all right to have it tomorrow morning first thing, or would you like to have it at 7 p.m. tonight?

**M<sup>me</sup> France Gélinas:** If you have it today, sure. Share it today. But what I'm also asking my colleagues is, would you be willing to come in 15 minutes early tomorrow morning, even half an hour early, so we can have a discussion on the table of contents so it is clear that the work that you're doing is work that you won't have to redo?

**Mr. Ray McLellan:** Any time.

**Mr. Frank Klees:** In that case, if you could have it for us tonight, it gives us a chance to review that and come back with some feedback tomorrow morning.

**Mr. Ray McLellan:** Okay.

**The Chair (Mr. Norm Miller):** Very well. We'll start at 8:30 tomorrow morning, and we'll take a five-minute recess before we start the proceedings.

*The committee recessed from 0852 to 0902.*

#### MR. RON SAPSFORD

**The Chair (Mr. Norm Miller):** I'll call the committee to order, then, it being after 9 o'clock. Our first witness this morning is Mr. Ron Sapsford. I'd like to call him forward and confirm that you've received the letter for a person testifying before the committee.

**Mr. Ron Sapsford:** Yes, I did, Mr. Chair.

**The Chair (Mr. Norm Miller):** Very well. Our clerk will have you do either an affirmation or an oath.

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

Mr. Sapsford, 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. Ron Sapsford:** Yes, I do.

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

**The Chair (Mr. Norm Miller):** I understand you have an opening statement, so please feel free to do that, and then we'll move to questioning.

**Mr. Ron Sapsford:** Mr. Chair and members of the committee, my name is Ron Sapsford. I was, from March 2005 until December 2009, the Deputy Minister of Health and Long-Term Care for the province.

During that time, there was great change in the health care system but also in the Ministry of Health and Long-Term Care itself. One of the key directions pursued was the divestment of a number of direct health services from ministry operation, air ambulance being one of them. Air ambulance was the first in a long list, including drug benefit registration; OHIP registration and card production; public health laboratory services; three psychiatric hospitals, including Oak Ridges, the high security forensic facility; and the closure of six regional offices of the ministry as a result of the introduction of local health integration networks. During this period, the staff of the ministry went from approximately 7,200 full-time-equivalents to 3,800 full-time-equivalents. The objective of these changes was to put the operation and direction of these services under the authority of corporations that could provide more focus and expert leadership, and to focus the core of the ministry's future role.

I offer this context to simply illustrate that the divestment of air ambulance services, while well under way when I arrived at the ministry, was part of a much larger policy agenda. The air ambulance service was divested to the corporation that was to become Ornge, not as a crown agency but as an independent corporation. The ministry designated this corporation as the provider of air ambu-

lance services and treated it as another of its many transfer payment agencies. There were expectations that it would operate in similar fashion to other health agencies, such as hospitals, CCACs or mental health programs.

It was a non-profit corporation providing public services in the public interest and not seen to be operating in private interest, so the apparent movement from operation in the public interest to one of private interest is, for me, the most surprising and concerning.

My direct knowledge of the details of the issues identified in the auditor's report is somewhat limited, and I appear today not as the deputy minister responding on behalf of the ministry to the report, nor having had access to the information of the ministry in answering the many questions that ensue. Nevertheless, I will do my best to answer the committee's questions and to assist you in your inquiries as best I can, Mr. Chair.

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

**Mr. Frank Klees:** Thank you, Chair. Good morning, Mr. Sapsford.

**Mr. Ron Sapsford:** Good morning.

**Mr. Frank Klees:** I'm sure that your life is very busy these days.

**Mr. Ron Sapsford:** Yes, sir; always.

**Mr. Frank Klees:** Negotiations with the government—how are things going?

**Mr. Ron Sapsford:** We're moving slowly.

**Mr. Frank Klees:** Making progress?

**Mr. Ron Sapsford:** One hopes.

**Mr. Frank Klees:** Sir, I'd like to start with a discussion of the performance agreement, which established the basis of the relationship between Ornge—known at that time as the Ontario Air Ambulance Corp., I guess, and subsequently known as Ornge—and the government. I'm assuming that you were involved in the negotiation of that performance agreement. Is that correct?

**Mr. Ron Sapsford:** No, I wasn't involved directly in the negotiation of the agreement.

**Mr. Frank Klees:** But you were the assistant deputy minister at the time that the agreement was signed?

**Mr. Ron Sapsford:** No, I was the deputy minister at that time.

**Mr. Frank Klees:** The deputy minister.

**Mr. Ron Sapsford:** Correct.

**Mr. Frank Klees:** Okay. And it was signed by George Smitherman and Mr. Mazza.

**Mr. Ron Sapsford:** Correct.

**Mr. Frank Klees:** Who led the negotiations for the Ministry of Health?

**Mr. Ron Sapsford:** Well, let me explain. The negotiations for the divestment went on over a long period of time, the better part of a year, I would suspect. The first time I became directly aware of it was in the fall of 2005, which was just prior, I think, to the government's decision to finalize the divestment. I had started at the ministry in the spring of that year, and so the negotiations, the details of the agreement and so forth, were well under way when I arrived at the ministry. So the first time I be-

came aware of it was at the final approval, where we were going through a final review and sign-off before it went to cabinet for final approval.

**Mr. Frank Klees:** So, as the deputy, did you review that document personally?

**Mr. Ron Sapsford:** In general terms, the way the ministry worked, of course, is that the details of that would be developed through the division of the ministry, in this case emergency services, up through the lawyers who were involved. I'm not aware of all the details of how it came about, but in the final approval I would have reviewed the generalities of the service agreement. I think there were financial transfers. There were regulations that were involved at the time. So a general review of all that package of material.

**Mr. Frank Klees:** So who would the lead negotiator have been for the ministry in putting that contract together?

**Mr. Ron Sapsford:** I have to say—the lead, I'm not absolutely clear. It would have been through the emergency division.

**Mr. Frank Klees:** Perhaps Malcolm Bates?

**Mr. Ron Sapsford:** Malcolm would have been involved. The ADM at the time, whether it was—perhaps Hugh MacLeod had some involvement with the details of it.

**Mr. Frank Klees:** Do you recall who was involved in that negotiation on the Ornge side?

**Mr. Ron Sapsford:** No.

**Mr. Frank Klees:** When this went to cabinet for approval, I'm assuming that you would have reviewed the MB20 at that time?

**Mr. Ron Sapsford:** Yes, in general terms. Correct.

**Mr. Frank Klees:** Given the nature of this transaction—this was a significant policy decision, to divest the air ambulance service—what, as deputy, were the key issues that you were looking for to give you comfort, that you would sign off on that MB20?

**Mr. Ron Sapsford:** Well, several things: to make sure that the financial arrangements were in order, so the amounts of money that were being transferred within a budget; that it was being situated under the Ambulance Act and the regulations were appropriate to situate the delivery of the service there; and then the general outline of the service agreement, the general terms of that, the expectations about service delivery.

**Mr. Frank Klees:** One of the cornerstones of that MB20 was an assurance to cabinet that the Ministry of Health would continue in a strong oversight role, that while the service delivery was being divested, the responsibility of oversight would stay with the Ministry of Health. Do you recall that being raised as an issue by the minister or by others within the Ministry of Health?

0910

**Mr. Ron Sapsford:** Not specifically. The context for it from my point of view would be a divestment to a transfer payment agency. Many of the relationships that the ministry did have and continues to have would form the same kind of relationship as would be expected with air ambulance: budget allocations, general policy direc-

tion, compliance questions in terms of quality and certification, those sorts of things. In a similar vein, the relationship that would exist between the ministry and, say, a hospital would be the expectation in terms of oversight and supervision.

**Mr. Frank Klees:** I'm surprised that the issue of oversight would not have been front and centre in making this decision and in signing off. This is a very important service. I think the agreement, if I read it correctly, said, "We're signing over the assets for \$1. We're giving carte blanche to this organization." I would have thought that around the cabinet table, certainly in your office as deputy, there would have been considerable discussion about how the government would ensure that service standards are maintained, that accountability is front and centre. You're suggesting, or at least I'm getting the message from you, that that was not really a big issue, that it was kind of an assumption that that would simply take place.

**Mr. Ron Sapsford:** No; don't misunderstand me.

**Mr. Frank Klees:** Please clarify.

**Mr. Ron Sapsford:** Clearly, the ministry had oversight responsibilities. I don't deny that. The service agreement—I don't know all the details as I sit here now—explained a number of accountabilities in terms of service provision and standards. The Ambulance Act and its regulations covered issues of service provision and qualifications and all those things. Clearly, the ministry would continue to be responsible for ensuring compliance with all of those parts, and that forms a major part of what I would call oversight.

**Mr. Frank Klees:** The performance agreement: There has been quite a bit of discussion. If you've been following these hearings, you also know that the Auditor General's report, which I'm assuming you've read, made reference to the lack of oversight on the part of the Ministry of Health which accounted for this organization making a wrong turn. I think we all agree that the original concept in terms of bringing more efficiency to the service and coordinating services was well-intentioned. As you indicate in your opening statement, the apparent movement from operation in the public interest to one of private interest—and I'd actually put it as self-interest—was a surprise to you. It concerns us greatly that that is the direction that it took.

What I'm interested in knowing is how that could happen, given that there was not only the performance agreement but we also had the Ambulance Act. There is other legislation. You yourself indicated that the expectation was that it would operate in a similar fashion to other health facilities such as hospitals, for example. That somehow this well-intentioned policy decision could go so wrong—which department at the Ministry of Health would have been charged with the oversight responsibility of Ornge?

**Mr. Ron Sapsford:** The emergency services branch.

**Mr. Frank Klees:** We have had some testimony here from Mr. Malcolm Bates concerning that issue. Apparently there was frustration within that emergency health services branch, which knew full well what its responsibility was. They wanted to carry out that oversight

responsibility, but the testimony that we have from Mr. Bates is that he was directed to stand down and to allow Mr. Mazza to carry on because, essentially, Mr. Bates's authority was overridden. Mr. Bates was basically told in no uncertain terms that he should be doing whatever Dr. Mazza instructed him to do.

We now have this new entity out here that was created through the divestment. We had oversight responsibility with the Ministry of Health, but the very department that was charged with exercising that responsibility was told that they are now subservient to that organization—to Mr. Mazza and his organization. How could that come about?

**Mr. Ron Sapsford:** I have no idea. I don't know what Mr. Bates would be referring to in terms of that direction, but certainly, no direction like that ever emanated from my office or from my point of view. The ministry has clear responsibilities that were defined in the service agreement. If the suggestion is that Mr. Bates was directed not to—is that how I understand what you're saying?

**Mr. Frank Klees:** Yes.

**Mr. Ron Sapsford:** Not to live up to the service agreement? Then I don't understand where that direction would have come from.

**Mr. Frank Klees:** Mr. Bates indicated in his testimony that it came from Hugh MacLeod. He actually tabled emails here that gave very clear direction that Mr. Mazza is now in charge. I was wondering if Mr. MacLeod would have made that decision unilaterally or if, perhaps, that was a direction from somewhere higher up, which I guess would have put it to your office or the minister's office. You're telling us that you have no knowledge of any direction?

**Mr. Ron Sapsford:** Certainly no direction of that sort would have come from me at any time on any matter.

**Mr. Frank Klees:** Did you ever meet Mr. Mazza?

**Mr. Ron Sapsford:** I met him once for a short meeting, maybe 15 or 20 minutes. I'd never met him before so it was really more of an introductory meeting with him.

**Mr. Frank Klees:** Was that before or after the deal was signed?

**Mr. Ron Sapsford:** That was after.

**Mr. Frank Klees:** Did you know him at all prior to that, or know of him? Did you know of his—

**Mr. Ron Sapsford:** I didn't know him, certainly. I'd certainly heard his name. I've been in the health system a long time, so I knew his name, I knew he was an expert in emergency medicine and worked through Sunnybrook, but that would be the extent of my—

**Mr. Frank Klees:** Do you recall how the decision was made to entrust Chris Mazza with this responsibility?

**Mr. Ron Sapsford:** Those decisions were made long before I arrived at the ministry. As I said, the discussion about the divestment had been decided long before I got there. The negotiations started over the course of, I guess, 2004 or 2005. When I first became engaged with the file was in the fall of 2005, when they were finalizing the package for cabinet.

**Mr. Frank Klees:** Knowing what you know about the performance agreement and how that divestment was to roll out, was there ever any discussion that this new organization, Ornge, would end up actually owning helicopters, owning fixed-wing aircraft, operating their own aircraft division? Was that ever contemplated? Do you recall any discussions that that was part of the strategy or that overall plan?

**0920**

**Mr. Ron Sapsford:** At that particular time?

**Mr. Frank Klees:** Yes.

**Mr. Ron Sapsford:** No.

**Mr. Frank Klees:** It was never contemplated?

**Mr. Ron Sapsford:** Not to my knowledge. It certainly wasn't drawn to my attention, if there were discussion.

**Mr. Frank Klees:** Right. Certainly, we've heard other testimony that supports that as well, that that was never contemplated. That may be one of the issues that took things down the wrong path. We have a lot more information, of course, to glean as to how we got to that point.

Can you tell us, in very simple terms, what that divestment was to look like, and why that step was taken to divest the air ambulance service?

**Mr. Ron Sapsford:** There were, I would say, at least two strong reasons. I think there had been identified problems with the existing service, the way it was organized, in terms of previous audit reports or external reports that had pointed out a number of issues in terms of service and distribution of aircraft and availability. I can't remember all the details, but I think there were some fundamental issues around how the air ambulance service was organized and operated in the first place, and I think that discussion started probably in 2003, a fairly long time ago. So that would be one reason. There were issues around how it was currently operated.

I think the model that was put forward was to create an organization whose specialty would be in this business, and to create an organization that would spend full time focused on air ambulance and not just another service of the Ministry of Health among the many, many responsibilities of the ministry. To me, that was a principal reason to create an agency to spend full time focused on it as a specialty organization.

Then I think the second, which is probably an adjunct, was this more general notion that I referred to, that the Ministry of Health itself needed to move out of direct health operational services, as a general approach to the role of the ministry. So, as I illustrated, over the course of the years I was there, there were several direct services, health care services, that were divested to external corporations, non-profit, much in the same vein as air ambulance.

Those would be the two reasons I would offer for the rationale behind the divestment.

**The Chair (Mr. Norm Miller):** Mr. Klees, you have about two and a half minutes.

**Mr. Frank Klees:** Okay. As we discussed previously, one of the things that the ministry never contemplated giving up was the oversight responsibility and holding this organization to account. As a deputy minister, you

have a great deal of experience within government. In your opinion, if there was a sense that something was going wrong within that organization, what authority does a minister have to intervene with any transfer agency?

**Mr. Ron Sapsford:** I can think of four.

**Mr. Frank Klees:** Okay. I'd like to—and I'll borrow some time, because this is—

**The Chair (Mr. Norm Miller):** Sure.

**Mr. Ron Sapsford:** First, legislative provisions: First you'd look to statutory authority. Some of it is specific; some of it is general.

Regulation under legislation—if there are specific regulations conferring authority or abilities to intervene.

The third would be monetary. The government controls the purse strings of every transfer payment agent, and that's a significant authority to require compliance.

Then the fourth, I would argue, would be that the office itself commands respect, in my experience.

**Mr. Frank Klees:** So if there was an agency—and technically, the legislation, the agreement, the regulation may not give me, as the minister, the authority to intervene directly but, as a minister, to pick up the telephone and to say, "Look, Mr. President or CEO or Chair of the board, we have a problem here. I'd like to have a meeting. I'd like to have a discussion with you. We need to set some things right." That is a very powerful way, a very effective way, to get the attention of the leadership of that organization. I'm assuming that it's your experience that a minister would have a great deal of persuasive power simply by exercising that.

**Mr. Ron Sapsford:** Well, many ministers use many techniques. I wouldn't presume to advise ministers on how they conduct their own business. In my experience, ministers command attention.

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

**The Chair (Mr. Norm Miller):** We'll move on to the NDP. Ms. Gélinas.

**M<sup>me</sup> France Gélinas:** Good morning, Mr. Sapsford.

**M. Ron Sapsford:** Madame Gélinas, ça va bien?

**M<sup>me</sup> France Gélinas:** Ça va, merci.

Thank you for coming to Queen's Park. You're very familiar with this setting and this room and everything else. I'm going to build a little bit onto the line of questioning that Mr. Klees was doing, but I'm more interested in your experience. How do issues get brought to the attention of the minister for action?

What I've been trying to understand is that, from where I'm sitting, there were many warning signs that something was not right at Ornge. We, in the NDP, filed a freedom of access to information as to why Dr. Mazza's salary was no longer on the sunshine list. We filed this; we got a response back telling us that 19 records had been found but none of them could be shared with us. We consider this as telling the government, "Hey, have a look because we've had whistle-blowers come to us telling us that Mazza is now pocketing close to \$1 million. You guys should look into this." So we did; we filed freedom-of-information requests.

Then, estimates comes around—you're very familiar with those; you've attended many. I'm the health critic at that point, but I was subbed out for my leader. My leader comes in—it was Howard Hampton at the time—and Howard spends the entire afternoon asking about one topic. Health care is huge, and we usually query community health centres and hospitals and all this, but we don't talk about anything else; we talk about one topic: Ornge. Howard asked 47 questions about Ornge during those estimates that could not be answered. We got a promise of an answer, but no answers ever come for any of the estimates questions until two years down the road.

Then, we have more and more whistle-blowers coming to the NDP who also tell us that they have gone to different levels of the ministry—some went to the wrong ministry and went to the Ministry of Health Promotion, but a lot of them actually went to different departments and basically talked to the minister, tried to communicate that things were wrong at Ornge, that they are making decisions right now that are taking money away. They shared with them what they could: level of patient care is going down, some of the decisions that are being made, we heard rumours that Dr. Mazza's salary is going to hit the moon etc.

At what point does an issue like this register with a ministry the size of the Ministry of Health?

**Mr. Ron Sapsford:** Just before I—could I just get you to agree with me that the questions at estimates—because you referred to me being at estimates—the questions you're referring to—

**M<sup>me</sup> France Gélinas:** You were not there.

**Mr. Ron Sapsford:** —I was not there.

**M<sup>me</sup> France Gélinas:** No, no. You are not the one.

**Mr. Ron Sapsford:** Thank you. Questions at estimates are always answered, in my experience. That's part of what the role of estimates is. If you're saying the questions weren't answered, I can't offer you an opinion as to why. I don't know why. In my experience, generally, questions in estimates were followed up and answered.

**0930**

**M<sup>me</sup> France Gélinas:** We cannot think of a valid reason why questions in estimates would not be answered. Neither can you?

**Mr. Ron Sapsford:** Well, unless the information wasn't available, the ministry couldn't get the—I mean, I can think of reasons why perhaps not, but in general, questions were and are answered.

**M<sup>me</sup> France Gélinas:** I agree with you. On this point, they were not. I'm trying to understand what needs to happen within the Ministry of Health to pay attention to one of its thousands of transfer payment agencies; I mean, Ornge was but that. The Ministry of Health has thousands of transfer payment agencies. You had a transfer payment agency that, in my humble opinion, was running amok.

The NDP had had a few whistle-blowers come to us, so we filed a freedom of access of information' we concentrated all of our questions in estimates on Ornge to try to get answers, because you don't always know if the whistle-blower is telling you the truth or not, so we were

trying to get information. We know that whistle-blowers were going directly to the ministry, yet no actions got taken for months. That turned into a year; that turned into two years.

I'm sure there must have been other instances where you paid attention to one of the thousands of transfer payment agencies that were within your portfolio. How much smoke must a fire do before you notice that there's a fire?

**Mr. Ron Sapsford:** It's a hard question for me to answer as I sit here today. I'm quite certain the ministry would not ignore information. So, if questions were asked, I'm quite certain the ministry would go about trying to find out. As I've already said, I don't believe the ministry would have ignored Ornge, as you've suggested.

The ministry is organized in a way such that transfer payment agencies generally have a recognized contact with the ministry. In this case, it was the emergency services branch. I would expect that they had much discussion and contact with that particular agency over complaints and other business dealings.

So in terms of the normal way the ministry would operate, there would be, I would assume, lots of discussion and contact and information exchange. How then it gets raised, I think, is your question. That would be based on the kind of answers that were being provided to the questions, if there were answers provided to the questions. It's difficult for me to evaluate the specifics of it without, frankly, talking to ministry staff and understanding it.

**M<sup>me</sup> France G elinas:** In the time when you were deputy minister, do you figure there could have been a transfer payment agency out there that paid their CEO \$1 million, and you wouldn't have known?

**Mr. Ron Sapsford:** No.

**M<sup>me</sup> France G elinas:** You would have known one way or another and, I take it, taken corrective action?

**Mr. Ron Sapsford:** Yes. Well, public transfer payment agencies would be in receipt of public money, which would then invoke the salary disclosure legislation. That would have been transparent. So I'm relying on that particular process as the mechanism.

**M<sup>me</sup> France G elinas:** Okay. So then, we'll go more specifically into the story of Ornge, where Ornge decided to create those for-profit entities, and this is how they justified not putting their salary on the sunshine list. My questions now are going to be about these decisions to have private entities.

In your time at the ministry, how important was the concept of leveraging the expertise, knowledge and skills of the health care system to basically promote a way of making money to fund the health care system? We've heard over and over that what we had at Ornge and what we have within the health care system in Ontario is something to be proud of. We have expertise here that can be leveraged, that can be sold abroad to bring money back into Ontario to fund our health care system. We have some of the best scientists, some of the best hospitals and some of the best physicians here. Basically, we have expertise that we could export. How important was

this concept? How was it shared and—I have a hard time with this word—vehiculated? How was it shared around? Did you understand this?

**Mr. Phil McNeely:** Mr. Chair, could I maybe have the witness closer to the microphone? I can hear Ms. G elinas very well. I cannot make out what Mr. Sapsford is saying.

**Mr. Ron Sapsford:** My apologies.

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

**Mr. Ron Sapsford:** In my words, I would describe that whole notion as secondary or ancillary to the prime purpose of the agency. If you want to talk specifically about Ornge, the prime responsibility was to deliver air ambulance services to Ontarians, period, full stop.

Now, it's not uncommon that agencies develop ancillary relationships and try to market, as you said, and sell their services abroad. I'm familiar with cases in the hospital sector, so this isn't in itself an unusual thing. But it's certainly not the prime mover for a health organization. It's kind of a secondary benefit that occurs.

**M<sup>me</sup> France G elinas:** Let's say we take the example of some of the hospitals that do this. Do they share what they're doing with the ministry? Or are they allowed to go on their own for that part of the ancillary services, as you call them?

**Mr. Ron Sapsford:** No, I would say they do that quite independently. I think, at least in my experience, where those sorts of companies are created they operate to the benefit of the institution 100%, so they're seen as a subsidiary of it, and any benefit that does accrue accrues to the principal agency as opposed to any other organization.

**M<sup>me</sup> France G elinas:** So it's done either through a foundation or through a not-for-profit?

**Mr. Ron Sapsford:** No, often it has to be a for-profit organization because of the federal tax implications. Hospitals, for instance, or non-profits have to protect their non-profit status, and so carrying on ancillary businesses would be designated by the federal government as having to pay tax on income. So they're created as for-profit organizations, pay tax, and any residual benefit flows then to the principal organization.

**Mr. Jagmeet Singh:** Is there a mechanism to guarantee that the money will flow back to the hospital, and does the ministry have a responsibility in overseeing that that actually does happen?

**Mr. Ron Sapsford:** It's rather the reverse. The concern is not that private money flows to the benefit of the non-profit; it's that public monies are not flowing the other way, so that the funds voted for the health service are used for the health service and not to support ancillary businesses.

**Mr. Jagmeet Singh:** What does the ministry do to ensure that public money isn't used to help start up or to assist in the formation or the creation of those ancillary institutions or organizations?

**Mr. Ron Sapsford:** Usually a financial review to make sure that funds are not flowing to subsidiary organizations, those sort of questions—in my experience, public organizations that do this kind of business are well

aware that the protection of public funds is a prime responsibility, and so one relies on the prudence and good judgement of boards of governors and management to recognize that fundamental responsibility and to comply with it. That's an expectation.

**Mr. Jagmeet Singh:** That is an expectation, but when that expectation sometimes is not met—for example, in Ornge, public money was used in the for-profit side. As an ADM, what role would the ministry, as an oversight organization, oversight body, play in ensuring that that doesn't happen?

**Mr. Ron Sapsford:** I suppose the normal review in following up on questions—one has to discover the problem in the first place. As I understand—I haven't followed all the details of this proceeding—information was withheld by Ornge from the ministry. I guess part of the problem is, how do you find out the information that then gives you the ability to follow up and act on it? If the agency of record is not being forthcoming or straightforward, or non-transparent, then the ministry quite clearly is going to have some difficulty. In reading the auditor's report, even the Provincial Auditor had some difficulty in getting information. So one has to judge the difficulty the ministry faces in this particular case with who was on the other side.

0940

**Mr. Jagmeet Singh:** What about the corporate structure and all the decisions along the way being presented to the ministry and to ministry officials, the corporate structure, for example, that allowed for salaries to be withheld? That structure that came into place was disclosed to the ministry. Would that not raise some alarms, that this type of structure of a for-profit/not-for-profit is created? One of the effects of it, which was openly disclosed, would result in salary not needing to be disclosed.

**Mr. Ron Sapsford:** You ask me a very difficult question because I don't know the details of the structure. I'm certainly not privy to it. It never was raised with me at any time. These are events that transpired long after I left the ministry and I really feel unable to offer an opinion.

**M<sup>me</sup> France Gélinas:** Okay. I asked you about how for-profits attached to not-for-profit transfer payment agencies usually work. Would you say that when you were deputy, you pretty well knew every transfer payment agency that had a for-profit attached to them, or was this not something that we paid attention to?

**Mr. Ron Sapsford:** No, I certainly wouldn't be aware of that.

**M<sup>me</sup> France Gélinas:** So the transfer payment agency could have done this and it wouldn't necessarily have reported that to the ministry?

**Mr. Ron Sapsford:** I'll give you one example. For instance, I learned, in the normal course of my business, a hospital had a contract in China to offer expert advice on hospital services and so on and so forth. That was conducted through a subsidiary. One would hear of these sorts of things, but there was no formal tracking that I'm aware of, in the ministry, of those sorts of organizations.

**M<sup>me</sup> France Gélinas:** Knowing what we know now, do you figure the ministry should track this?

**Mr. Ron Sapsford:** We talk in our health care system a lot about innovation. We talk a lot about improving our health care system through innovation, and innovation, to some degree, implies risk. So I think that the health care system needs a certain amount of freedom to explore innovation and then to apply it to the benefit of our own health care system.

What I think is the important point is to make sure that public monies are not flowing in the wrong direction. I don't have a problem with people undertaking innovative business approaches to try and improve health care or benefit or lever, I think was the word you used at one point, our knowledge and expertise. The important point is to keep the public and the private separately to ensure that public funds are not used for private purposes. This is such a well-accepted rule and understanding in my experience that to have to track it in some minute detail for every single agency—I don't think it is a particularly productive use of anyone's time.

**M<sup>me</sup> France Gélinas:** Very good.

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

**M<sup>me</sup> France Gélinas:** Okay, I'll use my last two minutes.

The members of the board and the chair of the board at Ornge were paid \$200,000 a year for their membership on the board of the not-for-profit transfer payment agency that was Ornge. In your time as deputy minister, do you know of any other transfer payment agency that paid their board members that amount of money?

**Mr. Ron Sapsford:** No.

**M<sup>me</sup> France Gélinas:** Do you know of any transfer payment agencies, except for CCACs and LHINs, that pay the members of their board of directors?

**Mr. Ron Sapsford:** For not-for-profits?

**M<sup>me</sup> France Gélinas:** Transfer payment agencies of the Ministry of Health.

**Mr. Ron Sapsford:** Well, yes. Transfer payment agencies, yes. Don't forget, a large part of our health care system is delivered by private companies.

**M<sup>me</sup> France Gélinas:** True. Labs and—

**Mr. Ron Sapsford:** Labs. Long-term-care homes would have private corporations whose boards, I suspect, are paid.

**M<sup>me</sup> France Gélinas:** Let me rephrase this, then: not-for-profit transfer payment agencies.

**Mr. Ron Sapsford:** No.

**M<sup>me</sup> France Gélinas:** Not-for-profit transfer payment agencies: You had hundreds and hundreds of them, and not one of them paid their board of directors to be on the board?

**Mr. Ron Sapsford:** Well, none that I'm aware of. There may be one or two for very specific reasons, but it's not a common thing. Most boards who are responsible for public health agencies usually serve on a voluntary basis. Usually, costs are covered. Directors incur expenses in the course of their duties. Those would be offset by the agency. But payment of the kind you're talking about, I've never heard of in my whole career.

**M<sup>me</sup> France G elinas:** Okay. We'll leave it at that for now.

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

**Mrs. Liz Sandals:** Good morning, Mr. Sapsford. Welcome back to public accounts. You've been here on all sorts of topics, in your role as deputy, in the past.

I recognize that this development of Ornge, or Ontario Air Ambulance, was well under way when you arrived, I think you've said, in March 2005 as deputy. So that was happening. From your earlier conversation with Mr. Klees, I wasn't quite clear on exactly when it was you first met Dr. Mazza.

**Mr. Ron Sapsford:** I'm not clear either. It would have been, at the earliest, in 2006. It could have been in 2007, somewhere in that—

**Mrs. Liz Sandals:** But by this time, the Ontario Air Ambulance actually existed—

**Mr. Ron Sapsford:** Oh, yes. I met him as the CEO of Ornge, yes.

**Mrs. Liz Sandals:** What has always puzzled me is that there seems to be a long period of time when Dr. Mazza served as a special adviser to the ministry or something. He seems to have had this relationship with the ministry above and beyond simply doing his job at Sunnybrook at the base hospital, as it was then; and there seems to have been this appointment of him as a special adviser. As Mr. Klees alluded to, we did have testimony from Mr. Bates that Dr. Mazza was effectively put in control over the air ambulance program, developing this, and that most notably, during the design stage of the performance agreement, he was the go-to person.

When you came in as deputy, did anybody ever bring it upstairs and brief you on this somewhat peculiar arrangement?

**Mr. Ron Sapsford:** No, would be my simple answer. I think Dr. Mazza had left the ministry, frankly, before I arrived. I stand to be corrected on that, but I think his role as special adviser predated the detailed delivery of the final package of information to cabinet.

I never had any contact with Dr. Mazza in the Ministry of Health. It was always as the CEO. I believe—I stand to be corrected—he had left the ministry before I arrived.

**Mrs. Liz Sandals:** That perhaps explains this disconnect, because clearly, in a lot of the documentation we've seen around the legal billings for the early development of the performance agreement, it backs up what Mr. Klees alluded to, it backs up what Mr. Bates told us. It was quite clear from the notes of the day that Mazza was the go-to person in the early framing of the performance agreement and early structure of the corporation. But you're saying you think that it was so far developed when you came that he had done that early work and he had moved off again.

**Mr. Ron Sapsford:** That would be my best understanding, yes; that the early work had been done and he had left, and then the discussion around the formality of the service agreement was after that.

**0950**

**Mrs. Liz Sandals:** Do you have any knowledge, then, of why this, to me, very odd structure was set up; that the person who was going to be the eventual CEO of the corporation was essentially given responsibility for negotiating the performance agreement? It appears as if Dr. Mazza was negotiating with himself.

**Mr. Ron Sapsford:** I don't know the answer to the question. I just simply don't know. It may be that events transpired in an order, and where they started and where it ended up were two different things. I don't know.

**Mrs. Liz Sandals:** It just seems so, so odd that somebody negotiates their own performance agreement. And it may be why you're unclear on who the lead negotiator was—that the lead negotiator, it sounds like, was actually Dr. Mazza, as I say, negotiating with himself. That may be why you sort of struggled with the earlier question about who was the lead negotiator.

The other thing that has always seemed quite peculiar to me—because I'm certainly aware, as are you, that there's a whole host of lawyers at the ministry—is why it was that negotiating the Ontario Air Ambulance side of the performance agreement seems to have been farmed out to Fasken's, an external law firm, but was paid by the ministry, as far as we can figure out. Fasken's appears to have been on the performance agreement development file as early as January 2003. Was it ever raised as an issue to you that much of the legal work on developing the performance agreement had in fact been done by an external law firm which saw itself as representing OAA, as opposed to representing the Ministry of Health?

**Mr. Ron Sapsford:** The air ambulance corporation itself was created, I think, in 2004, and my understanding is that Fasken was that corporation's lawyers—

**Mrs. Liz Sandals:** But they were billing as of January 2003—

**Mr. Ron Sapsford:** Well, then, it started earlier than that.

**Mrs. Liz Sandals:** Yes. So nobody raised this as a flag when you came in as deputy, that you need to go back and look at the legal history of who was negotiating with whom or—

**Mr. Ron Sapsford:** No. My understanding, coming into it, was that the corporation out there that was receiving the air ambulance as part of the divestment had been created; there had been negotiations with them over a period of time. I wasn't aware that it was necessarily Fasken at that point in time, but they would have been the lawyer representing that external corporation.

As to why the ministry would pay, it would seem to me they were already treating it as if it were a transfer payment agency, and so the costs of setting up the corporation, going through the divestment, making sure that the agreements were in place would have been considered part of the transfer payment cash flow.

**Mrs. Liz Sandals:** Because that was certainly part of the payment trail, starting in 2003, to Fasken's that the auditor identified.

**Mr. Ron Sapsford:** Well, the corporation wouldn't have had any other revenue source, other than the min-

istry. So as the receiving organization, I suspect—I'm a little out on edge here. I suspect—

**Mrs. Liz Sandals:** Well, this is what we're all trying to figure out. Why was it set up this way? It didn't seem to be the way in which it would best protect the interests of the ministry, necessarily.

**Mr. Ron Sapsford:** My view of that would be, the ministry would be on the other side of the discussion, negotiating with the external organization over the divestment and the service agreement and so on and so forth. The ministry would be representing its own interests.

**Mrs. Liz Sandals:** Okay. So there were two sets of lawyers working on this.

**Mr. Ron Sapsford:** Yes.

**Mrs. Liz Sandals:** Once OAA had been formally created and the service was turned over, would you have met with Dr. Mazza, other than that one meeting, at all?

**Mr. Ron Sapsford:** No.

**Mrs. Liz Sandals:** Would you get reports on how this was unfolding? Did you get an impression of how the divestment was going, how the creation of the operation was going?

**Mr. Ron Sapsford:** No, I didn't receive regular reports. I think the way, in terms of operational detail—things would be reported to me on an exceptional basis as opposed to a routine report. I was aware, actually, through an audit report shortly thereafter in terms of the operation of air ambulance, and I think I appeared in front of this committee. So I was certainly aware of some of the issues affecting air ambulance as a result of the Provincial Auditor's—

**Mrs. Liz Sandals:** But there wouldn't have been a routine follow-up; we've created this new thing and sort of just routine reporting that would come up as far as—

**Mr. Ron Sapsford:** No, unless issues were raised by ADMs to me directly.

**Mrs. Liz Sandals:** Okay. The thing that seems to have obviously happened some time in here is this moving to a global operation. We certainly know that there was extensive briefing in January 2011, after you had left, obviously, around this big new structure, but it's clear that the board passed that in January 2010 and that there had been a lot of prior work go into it. In this chain of flagging issues, did it ever come up to you that Ornge was starting to work on a new corporate structure?

**Mr. Ron Sapsford:** No.

**Mrs. Liz Sandals:** So that was never raised as an issue to you.

We know then, as I say, that Ornge moved a lot after you left. One of the things that did seem to come up earlier was the decision to move to the air ambulance. That setting up the bond-holding corporation to actually get into purchasing aircraft happened earlier. Did that come up to your office when they started to move to the purchase of aircraft?

**Mr. Ron Sapsford:** No.

**Mrs. Liz Sandals:** So that didn't come up as a flag to the level of your office, because clearly that did start before you left, setting up that—

**Mr. Ron Sapsford:** I believe that was sometime in 2009, I think.

**Mrs. Liz Sandals:** Yes. But again, it didn't come up as a flag.

**Mr. Ron Sapsford:** No.

**Mrs. Liz Sandals:** Obviously you've been following some of the media, given what time you have from all your other responsibilities that you've got now, and we've certainly been hearing about outrageous salaries, bonuses; we've been hearing about the girlfriends, the daughter, the chair of the board getting big jobs; public funding going to people getting university degrees. When you hear about that now, do you have any thoughts on where this went off the rails, how it got off the rails? Where did Dr. Mazza sort of go astray? Because I think what we all keep asking ourselves is, what went wrong and how do you make sure it doesn't happen again?

**Mr. Ron Sapsford:** It's a very hard question for me to answer. When one hears—well, certainly reading the auditor's report raised my eyebrows in a number of areas and led to questions, many of the questions I think you've been asking here. It's hard for me to assess what went wrong. I think one has to look very seriously at the decision-making of the agency itself as to what they had in their mind. Somehow it shifted from operating public air ambulance services to a whole series of other business ventures that somehow seemed to put Ornge as subservient. That's just my view looking from the outside. Why that happened, how it happened, what decisions were taken: I don't have those answers.

**Mrs. Liz Sandals:** You mentioned that this is the second time you've appeared before this committee on the subject of air ambulance, because the auditor did a report I believe in 2005, and you were here in, I think, February 2006. I believe Mr. Zimmer and I have been around long enough that we were here too.

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I dug out some of that testimony, and I certainly don't expect that you're going to remember in any detail who said what to whom.

The auditor had been looking at the air ambulance service, because he would have been in there doing his audit work in early 2005. His work had to do with before the service was divested. When we go and look at the conversation we had at public accounts, your testimony and Mr. Bates's testimony, it was largely about what Ontario air ambulance was going to look like now that it was being divested because this policy change had happened between the report and you appearing at the committee.

You focused on the creation of Ontario Air Ambulance. Do you recall what you saw as the benefits of creating Ontario Air Ambulance, from a public policy point of view? There were obviously problems that had been identified by the auditor, and Ontario Air Ambulance was looked on as the solution. Can you recall why this structure was the solution, as seen at that time?

**Mr. Ron Sapsford:** I'll try, but maybe you'll tell me what I said. In answer to a previous question, it was to create an organization that was spending full time focused on the delivery of that service. If I remember some

things about the audit, there were coordination problems and standby problems; there were employment issues. There was a whole series of problems in having the service available when needed. Creating an organization that would specialize in this and understand the business from an expert point of view to find the solutions and to manage it on an ongoing basis would be, in my mind, the principal policy reason.

**Mrs. Liz Sandals:** One of the things that sort of stands out, in a way, is what we didn't discuss. There was mention of it being, I think, a non-profit. There was no discussion of alternative revenue in the model. Would that be consistent with your understanding at the time, that there was never any discussion that came to you as you were reviewing the MB20, the cabinet submissions, of setting up these side for-profit corporations?

**Mr. Ron Sapsford:** Not to my memory, no. As I've said, the principal reason was to divest to the non-profit the operation of the air ambulance service. That was the prime motivation.

**Mrs. Liz Sandals:** Yes, and certainly your testimony at the time doesn't reflect any thought of creating for-profit entities.

**Mr. Ron Sapsford:** No.

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

**Mrs. Liz Sandals:** Okay. One of the other things that has been a big issue is the whole business of buying their own aircraft. Again, you've said that it didn't come up to you as a briefing issue. It's clear from your testimony, again, that the model that people are talking about is still procuring the actual flight services from independent, private aircraft operators. That's the model that it's very clear from your testimony that you thought of. Was there ever any discussion that you were briefed on about the pros and cons of owning aircraft at OAA, versus contracting out to private carriers?

**Mr. Ron Sapsford:** No.

**Mrs. Liz Sandals:** So it isn't that something didn't get mentioned in the testimony before the committee.

**Mr. Ron Sapsford:** No.

**Mrs. Liz Sandals:** It was simply that there was never any discussion of switching models.

**Mr. Ron Sapsford:** No. But I will say that part of the model was to put those sorts of considerations and decisions into the hands of the air ambulance operator so that—I can't say I would be surprised that they might choose to do that. In the lexicon, it's a make or buy decision, whether you contract it or offer the service yourself. It was within the authority of the corporation to make those sorts of decisions but it wasn't contemplated at the beginning.

**Mrs. Liz Sandals:** Okay, and that's very helpful to make that distinction. Going back through the testimony, it just isn't something that we discussed.

**Mr. Ron Sapsford:** No.

**Mrs. Liz Sandals:** But it would have been within the authority. That's helpful to know. Okay, thank you. We'll come back later.

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

**Mr. Frank Klees:** Thank you. As usual, we're running out of time. I'm sure that you would rather stay here for another day as well, right?

**Mr. Ron Sapsford:** Please don't invite me.

**Mr. Frank Klees:** Mr. Clerk, does Mr. Sapsford have a copy of this?

We're trying to wrestle with this issue of where things went wrong, who knew what and how early did the Ministry of Health know that this was developing into something beyond what was originally contemplated. I've just handed to you, and members of the committee have in front of them, the recommendation section of the Meyers Norris Penny report that you may or may not be familiar with.

**Mr. Ron Sapsford:** I'm sorry, this is—

**Mr. Frank Klees:** This is the summary of that report, the Meyers Norris Penny report, which all members of the committee have. The final report was delivered September 2010, so you may not have seen this.

**Mr. Ron Sapsford:** Never. This was as a result of the—

**Mr. Frank Klees:** This was a report specifically ordered by the Ministry of Health and Long-Term Care to assess the performance of the Ontario air ambulance system.

**Mr. Ron Sapsford:** Okay.

**Mr. Frank Klees:** Okay? The reason that I wanted you to have a look at this is that as early as July 16, 2010, which is the date of this summary, it included that interesting corporate structure. Some of us saw this for the first time in a letter that was distributed to the minister in January of last year. This report that was delivered to the Ministry of Health back in September 2010, at the very latest, already has this organizational chart growing and it already has a number of for-profit entities. It has the J Smarts not-for-profit foundation, it has Ornge Peel, it has a numbered company that currently—at that time, was inactive, but they had some plans for this.

The reason I show this to you is that the recommendation from Meyers Norris Penny—the first recommendation was, and I'll quote, "The organizations must discuss and document" the Ministry of Health and Long-Term Care's "concerns regarding Ornge's corporate structure and enter into agreed-upon revisions of their contractual relationship, if any, that are required to give the" Ministry of Health and Long-Term Care "more comfort regarding Ornge's corporate structure and its impact on the delivery of air ambulance services in the province of Ontario."

This was a fairly strong message to the Ministry of Health back then. It was another red flag in the whole lead-up to the mess that we find ourselves in.

My question for you, sir, is: If you were the deputy minister at the time—I realize that it's hard, and you may not want to go there, but I'd like to challenge you. Something as important as this, with this kind of corporate structure, would that have given you any cause for con-

cern and would that have prompted you to say, “Look, I think we need to ask some more questions about this”?”

**Mr. Ron Sapsford:** Just a question of clarification, this chart that I’m looking at on the back page, is this part of—

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**Mr. Frank Klees:** Yes, that is the corporate—that is part of that report.

**Mr. Ron Sapsford:** I would want to ask questions.

**Mr. Frank Klees:** I thought that you probably would.

What concerns us at this committee is that, again, this is information that was in the hands of the Ministry of Health at the time and it seemed that no one was particularly concerned about it.

I’d like to—

**Mr. Ron Sapsford:** I don’t know, though, sir, what questions were asked, so I wouldn’t assume the ministry didn’t—

**Mr. Frank Klees:** Well, here’s the interesting thing: There was an even more comprehensive briefing. It was about a 43-page letter, with an organizational chart that was twice as complex as the one that you see there. We have had testimony from the deputy, from the assistant deputy, from the minister, and not one person indicated to us at this committee that that gave them any cause for concern, and we’re wrestling with that. From our standpoint, given the oversight responsibility that the Ministry of Health had, and seeing how this organization was apparently spinning out of control, it just baffles us that somebody did not stand up and say, “Look, let’s put the brakes on here. Let’s call Mazza and his board in here, and let’s have a fulsome discussion about where the priorities should be.” Because, sir, at the same time that this organization was spinning into international businesses, they were having meetings with paramedics in London, Ontario, saying, “We may have to shut this base down because we don’t have the resources to carry on.” If that isn’t a problem, if that isn’t something that even the first person in line for oversight would have to respond to, we don’t know—and that’s why at this committee we’re wrestling with, how do we get a handle on dealing with this issue? Because we can make as many legislative changes as we want, we can make as many changes to a performance agreement as we want, but if the individuals at the Ministry of Health who have oversight responsibilities are not sensitive to what can go wrong and are not exercising their proper oversight, we’re right back to square one.

My question to you, as a former deputy, is, how would you get the attention of the people within your ministry who have that oversight responsibility, to do their job?

**The Chair (Mr. Norm Miller):** After the answer, we’ll move to the NDP because you’re out of time.

**Mr. Ron Sapsford:** Mr. Klees, in my experience, the Ministry of Health—and I’ve worked in the ministry on three separate occasions, and I’ve been on the receiving end of the ministry my whole career as well—has always treated its responsibilities of oversight and due diligence extremely seriously. In this particular case, I can’t answer all the details of it because I’m not aware of it.

Again, I would point you to the fact that the kinds of decisions that were made by this organization are atypical. They’re not typical of what one would expect. So, in presenting this set of facts to the ministry, there may have been some difficulty in understanding or following up, or not getting answers. But my experience is that the ministry staff are extremely diligent and pay attention to things that go wrong, and I can give you lots of instances where, in fact, that has been the case.

So, from my point of view, you’re dealing with an unusual circumstance, as opposed to a fundamental problem with questions of oversight from the Ministry of Health. That would be my reflection to you.

**The Chair (Mr. Norm Miller):** Very well. We’ll move to Ms. Gélinas.

**M<sup>me</sup> France Gélinas:** I tend to agree with you, having been at the receiving end, that the Ministry of Health usually does a good job of oversight. As an executive director for many years, I had to account for every penny that I received. They watched and they asked questions, and they took their job seriously of making sure that the money that had been transferred to my agency was for the accountability agreement that the board had signed with the ministry. So if we take for granted that this amount of oversight that we see throughout the Ministry of Health was applied to Ornge—and yet we have the bad turn of events that has happened at Ornge, as the Auditor General has put in his report. We have the \$1.4-million salary. We have the personal loans. We have the \$200,000 to the board of governors. We have this spaghetti of a corporate structure that makes no sense to anybody, to this day, except for the lawyer who designed it. We have all of this.

So the ministry—we’ll take it for granted—did a good job. They knew that something was drastically wrong, and they tried to act. Then you’re left with this: This was allowed to go on because somebody wanted it to go on. Neither one of those scenarios I like too much.

Going into the experience that you’ve had, not all transfer payment agencies of the Ministry of Health, I’m sure, were charming to deal with. Using your experience, what other scenarios could there be out there that would explain why this went on for years?

**Mr. Ron Sapsford:** First of all, remember: The most difficult parts of this whole story were not decisions of the ministry. Let me start there.

I think how one discovers those kinds of things is the difficult part of this. What I understand of the overall position is that information was kept back, actions were taken that were not revealed, and things were done behind closed doors that were difficult to discover and understand. I think if you start there, then the problem becomes, how do you catch up with that?

I guess in this particular case, it took the Provincial Auditor’s report to do that. I looked briefly at the response of the ministry to the auditor’s report, and I think some of the suggestions that were put forward by the ministry as action as a result of it were useful things to do.

So in terms of how we ensure it doesn't happen again—I'm reading that into your question—I think some of the proposals that have been put forward would do that. They dealt with following the money, tracking the money, and making sure that, if there were certain kinds of actions to be taken by an agency, there needed to be an explicit approval. Some of those techniques, I think, are important considerations.

**M<sup>me</sup> France Gélinas:** So the premise of this discussion is that the ministry did not know and, therefore, could not act because they did not know, and it was basically an agency that hid things?

**Mr. Ron Sapsford:** It strikes me that that's the fact.

**Mr. David Zimmer:** Sorry, I missed that answer.

**Mr. Ron Sapsford:** It strikes me that that's the fact.

**M<sup>me</sup> France Gélinas:** A huge part of me wants to believe this, except that there are so many documents and testimonies that have been presented to us that make this hard to believe. It makes it hard to believe that.

Why is it that whistle-blowers were telling us that his salary was over \$1 million? The whistle-blowers came and testified that they've also told the ministry. When we asked for a freedom of access of information to find out what his salary was, wouldn't the government find out what his salary was?

That's a question.

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**Mr. Ron Sapsford:** Yes, one would attempt to, for sure.

**M<sup>me</sup> France Gélinas:** One would attempt to, for sure. I agree with you.

When questions are asked in estimates that have to do with the corporate structure, that have to do with the money going to the for-profit entity of what was Ornge Peel and Orngeco and all the other for-profit Ornges, that was also an opportunity to get to learn about what they were hiding from you—not from you; you were gone—what they were hiding from the government. When questions are posed in estimates, wouldn't that be an opportunity to learn what they're trying to hide, especially if the questions were pointed: What is this corporate structure? Where does this for-profit get its money?—with a promise from the deputy and the minister to get back to us. Do you consider this an opportunity to find out what they're trying to hide?

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

**Mr. Ron Sapsford:** Well, yes. To ask the question, absolutely.

**Mr. Jagmeet Singh:** Do you agree with the position that there may be transfer agencies that improperly handle money? There may be transfer agencies that don't do their job that they're supposed to do properly? And that may occur again and again. Simply finding a transfer agency that's making a mistake and saying, "Oh, this one's making a mistake time and time again," looking at the agency itself, those mistakes may occur again and again. But a systemic or a systematic approach to the problem would be to have better oversight on a consistent

basis so that the government can prevent this from happening.

Instead of looking at, for example, Ornge, and saying that it was Dr. Mazza who didn't disclose, who withheld information—that may happen again; we can't prevent that—what we can do is ensure that the ministry has sufficient oversight so that it catches these issues early on before taxpayer dollars are wasted. Do you agree with that approach?

**Mr. Ron Sapsford:** Well, I think you need to remember there are different legislative schemes or regimes for different parts of the health care system. I would argue, in a systematic way, the Ministry of Health has huge ability to oversee and to make sure that services are delivered effectively without things going wrong. But there is no legislative scheme that will prevent things from going wrong, and how the government responds, of course, is the more important thing.

One can look at different kinds of legislative models and apply them differently. The same regime is not applied to every single health service. I think the learning from the auditor's report—and the ministry in fact has followed, in its response, to borrow some additional protections from other models that weren't applied in this particular case, that in hindsight—and hindsight is perfect—could have and perhaps should have been in the past.

In terms of the fundamental structures and accountability mechanisms and so forth, I think they're strong and intact.

**The Chair (Mr. Norm Miller):** Very well. We'll move to the government. Ms. Sandals.

**Mrs. Liz Sandals:** Just finishing up on the testimony and the conversation back in 2006, and I notice you said the same thing again today: that Ornge was envisioned as a transfer payment agency; it wasn't envisioned in the way that it turned out.

Anything in particular that, again, you can identify that is key in trying to make sure that that loss of transfer-payment-agency behaviour where, as you mentioned, it seems to not be focusing on public interest but rather private interest—how do you draw that line, given that private entities may be acceptable; how do you enforce that line that you keep the governance model focused on public interest, even though there may be private for-profit offshoots?

**Mr. Ron Sapsford:** I think in the minister's response the ministry offered a couple of those. One would be specific approvals on large capital transactions, prohibition on movement across corporate lines for assets that are flowed to the public agencies—those sorts of occasions where those kinds of business changes are anticipated, then, with a specific approval, would bring the question back to the ministry, at least, for review.

**Mrs. Liz Sandals:** One of the things that is in the legislation that is before the House but has not been passed is giving the minister the ability to appoint a supervisor, much akin to hospitals, CCACs, other health entities. Is that a useful fail-safe, that the minister has the ability to put the transfer partner under supervision?

**Mr. Ron Sapsford:** Yes.

**Mrs. Liz Sandals:** So you would encourage us, then, to make sure that that ability is in place as well?

**Mr. Ron Sapsford:** Well, the minister has that authority over a number of health agencies, so—

**Mrs. Liz Sandals:** But, unfortunately, not under this—the existing legislation did not allow for that. So that would be a useful legislative step?

**Mr. Ron Sapsford:** Yes.

**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 appreciate it.

**Mr. Ron Sapsford:** Thank you so much.

#### MR. HUGH MACLEOD

**The Chair (Mr. Norm Miller):** Our next witness, Mr. Hugh MacLeod, is coming to us via teleconference, and he's on the line. Can you hear me, Mr. MacLeod?

**Mr. Hugh MacLeod:** Yes, I can. Can you hear me?

**The Chair (Mr. Norm Miller):** Yes, we can. If you want to, first of all, either swear an affirmation or, if you have a Bible there, you could do an oath with our clerk.

**Mr. Hugh MacLeod:** Affirmation.

**The Chair (Mr. Norm Miller):** Okay. Our clerk will go ahead, then.

**The Clerk of the Committee (Mr. William Short):** Mr. MacLeod, 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. Hugh MacLeod:** Yes, I do.

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

**The Chair (Mr. Norm Miller):** Also, just to confirm that you received a letter giving information for a witness testifying before the committee?

**Mr. Hugh MacLeod:** Yes, I did.

**The Chair (Mr. Norm Miller):** Very well. Go ahead with your opening statement, then, Mr. MacLeod.

**Mr. Hugh MacLeod:** Good morning from Edmonton, Mr. Chair and committee members. My name is Hugh MacLeod. I have a very brief opening statement. First, I'd like to lay out for you a brief overview of my Ministry of Health and Long-Term Care work experience; and secondly, provide a high-level chronology of my experience with base hospital air operations, Dr. Chris Mazza and the emergency health services branch.

First, turning to my Ministry of Health and Long-Term Care work experience, in the fall of 2002, I was headhunted from my position as senior vice-president, Vancouver Coastal Health. In December 2002, I signed an employment offer with the Ontario Ministry of Health and Long-Term Care as assistant deputy minister, acute care services, and within that, responsibility included base hospital air ambulance operations.

In February 2003, I commenced employment as ADM for acute care services. For the period in 2003 to July 2003, I managed a SARS command centre for care co-

ordination and transfer. For the period of August 2003 to 2004, I performed the full role of the ADM, acute care services division, that I was recruited to. In July 2004, I moved from the ADM acute care services file to set up the health results team. The team was responsible for reducing wait times for cancer, cardiac, cataract, hip, knee, MRI and CT; creating the 150 family health teams and the LHIN structure. In July 2004, I began the transitioning of my ADM portfolio, including base hospital air ambulance operations, to another ADM, and began recruitment for the health results team. In December 2004, a formal announcement was made that I was appointed the associate deputy minister and executive lead of the Premier's health results team, and with that announcement included the names of the health results team leads.

In mid-2007, there was a reorganization of the ministry, with a new organizational structure. The deputy at the time gave me the position of assistant deputy minister responsible for the wait times file; the family health teams; the LHINs; provincial programs like cancer, Cardiac Care Network, renal dialysis and diabetes; and the OMA file. I left the ministry in March 2008.

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With respect to my history with base hospital operations, for context, the period would be February 2003 to September 2004. In February to March 2003, there were a number of briefings by the Ministry of Health's emergency health services branch, including Dr. Chris Mazza, with regard to air ambulance.

Key messages from that briefing:

The associate minister, Dan Newman, and his chief of staff were strong proponents, and work was already under way on a conceptual design, a redesign of air ambulance services. This was due in part to a number of studies, coroners' cases and recent audits that identified gaps between dispatch and service delivery.

In and around April and May 2003, we are now in the thick of SARS. I retain the service of the late Dr. Bill Sibbald, then physician-in-chief at Sunnybrook hospital, to assist me in managing ICU surge capacity and critical care issues due to SARS. I had many conversations with Dr. Sibbald about gaps in critical care, lack of integration, disconnects of critical care transitions and disconnects between dispatch and base hospital. Needless to say, SARS put a spotlight on care disconnects and problems with transitions of care.

Some time in spring 2003, Dr. Sibbald set up a meeting with myself and Dr. Mazza to discuss the current state of affairs. Dr. Mazza once again shared information about previous studies, coroner's cases, consulting studies and recent audits, all recommending changes to the structure of the air program. Dr. Mazza also highlighted the support from the associate minister, Dan Newman, and his staff with regard to a reorganization of the program using the Alberta STARS program as a demonstration but making it the Ontario model. The concept was a non-profit. The concept was to do it within the existing budget allocation.

At the same time, as a result of what we learned with SARS, there was also interest in having Mr. Mazza begin

to look at an EMAT, which was an emergency medical assessment team, including the building of a mobile 20-bed unit that could be dispatched in the province in the event of an urgent requirement. Conversations also took place at this time with a number of ministry staff, including Malcolm Bates and staff from the minister's office, to confirm again interest in moving to a new model post-SARS. The direction was clear: We were to move with all dispatch to create a new Ontario model, and Dr. Chris Mazza would lead the assessment of how this would be accomplished.

I seem to recall also around June or July 2003, a very strong letter that came in from the land ambulance steering committee, which had representation from a number of municipalities, that again shared some significant gaps in care delivery and a lack of action on behalf of the government.

On September 4, 2003, Mr. Bates tabled a document which summarized a meeting called by me to address the air ambulance issue.

In October 2003, there was a new government and a new minister, and activity on the air ambulance initiative slowed and then stopped. The focus of our briefings were briefings with the new minister and his staff, preparing for the 2004 budget and preparing and looking at ways to reduce wait times and create the 150 family health teams.

I was also aware that, during this period, Mr. Mazza had met minister's staff to highlight the previous 2002-03 work with regard to air ambulance.

In July 2004, Dr. Mazza and I met with the minister to discuss the history of the air ambulance. In that conversation, a review took place of the 2002-03 activity and the need to create an Ontario model, again, incorporating the best practices of the Alberta STARS program. Dr. Mazza, in that conversation with myself and the minister, was very clear that the integration of services could be done with little new cost to the system.

Following that meeting, an email was sent to Malcolm Bates capturing the spirit of that meeting and, again, that Dr. Mazza was to take the lead in the file to develop a slide deck for the minister. In addition, a request was made for a detailed breakdown of all expenditures to ensure to "get the biggest buy-in for the dollars we have."

There were a number of correspondences that Malcolm Bates tabled on July 30, again, confirming the need for a full breakdown, a clear understanding of what monies could be applied and my asking for complete disclosure.

I left the file again and transferred the full transition to the new ADM in September 2004. I was made aware in March 2005 that a formal announcement from the new ADM to all ADMs regarding the appointment of Chris Mazza—that he had been retained as the strategic adviser on a secondment, and attached to the March 2005 letter was an outline of the work that Mr. Mazza was to perform as special adviser. Hopefully that context will assist. Thank you.

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

**M<sup>me</sup> France Gélinas:** From the personal relationship that you've had and the opportunity to work, we'll start with Dr. Mazza, did anything ever lead you to believe that we would end up where we ended up?

**Mr. Hugh MacLeod:** No.

**M<sup>me</sup> France Gélinas:** It came as a complete surprise?

**Mr. Hugh MacLeod:** It came as a surprise given that it was very clear from the get-go this was to be a public sector, not-for-profit organization and to provide a much better integrated delivery system that was recommended in a series of reports. That had always been the intent going in.

**M<sup>me</sup> France Gélinas:** All right. So you just said that in 2005, the ADM responsible for the emergency services branch announced that Dr. Mazza had been retained as a—and the word didn't come through.

**Mr. Hugh MacLeod:** On a seconded arrangement, as a strategic adviser.

**M<sup>me</sup> France Gélinas:** As a what?

**Mr. Hugh MacLeod:** Strategic adviser.

**M<sup>me</sup> France Gélinas:** Strategic adviser. Thank you; there's a little bit of noise in here. So he was retained and he worked for the Ministry of Health from March 2005 as a strategic adviser to set up what would be our air ambulance service?

**Mr. Hugh MacLeod:** That is my understanding, yes.

**M<sup>me</sup> France Gélinas:** Any idea how long this secondment lasted?

**Mr. Hugh MacLeod:** I don't really know because, again, in September 2004 my focus was wait times, family health teams and the LHIN structure, so I don't recall how long the secondment period lasted.

**M<sup>me</sup> France Gélinas:** Okay, but we all know that he ended up taking the job of CEO at Ornge.

**Mr. Hugh MacLeod:** We know that; yes, we do.

**M<sup>me</sup> France Gélinas:** I will ask you to take a minute and kind of look back—I take it you know the mess that the Auditor General has uncovered at Ornge?

**Mr. Hugh MacLeod:** I have not read the Auditor General's report, but in preparing for this hearing I did scan a number of the transcripts so I have a general feel, yes.

**M<sup>me</sup> France Gélinas:** All right. Just to highlight some of it, the Auditor General basically found a number of things that were not in keeping with the original idea of having an integrated air ambulance system, some of it being the creation of a series of for-profit entities; 40 of Ornge's staff were paid by the for-profit entities—because it was for-profit, their salary was not disclosed; we find out that Dr. Mazza ends up with a \$1.4-million salary; yesterday we had a human resources person here who also brought in over \$1 million in salary; personal loans were done; questionable deals regarding the purchase of a building by a for-profit that is then lent back to Ornge for a higher amount of money—we're talking millions of dollars more—etc.

**1040**

In all of your dealings with everybody that was trying to put this integrated air ambulance system together, looking back, you never saw any red flags; you never

saw any inkling that those people had more motives than they let us know?

**Mr. Hugh MacLeod:** No. Again, looking at Malcolm Bates's testimony and a couple of documents that he tabled—I'm looking now at the September 4 document that speaks to a meeting that I called, and the number one item reads, "Want to create"—and in bold print—"a public sector, not-for-profit organization modeled on the Alberta STARS program." Where this got to was quite a departure from where this started.

**M<sup>me</sup> France Gélinas:** Was there ever any discussion about having some for-profit company attached to Ornge to leverage some of the knowledge and skills that we were to develop? Was it something that was ever thought of?

**Mr. Hugh MacLeod:** The only area, in my time on the file, that came remotely close to that was the Alberta STARS program. Again, that was the selling feature, I understand, in 2002, to the associate minister at the time. It was also the selling feature when Dr. Mazza and I met with Minister Smitherman in 2004. The Alberta STARS program had a feature that they could raise, through a foundation, sort of charitable donations. So that would be, from my recollection, the only area where—if you want to call that "private" and "revenue generation," that was the only area that was discussed.

**The Chair (Mr. Norm Miller):** The auditor wanted to add something to the discussion.

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

**Mr. Jim McCarter:** It's the auditor here, Mr. MacLeod. I just thought I'd mention—you were asking about the dates of the secondment of Mr. Mazza to the ministry. There was a one-year secondment from April 2005 to March 2006, with a one-year renewal. I'm not sure whether the renewal was exercised or not.

**Mr. Hugh MacLeod:** Okay.

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

**M<sup>me</sup> France Gélinas:** Okay. All right. Because you had put it March—April, close enough—from 2005 to 2006—

**Mr. Jim McCarter:** With a one-year renewal option.

**M<sup>me</sup> France Gélinas:** Because we have testimony from Malcolm Bates that says that in 2003, you had directed Mr. Bates and others within the emergency health services branch to provide every assistance to Dr. Mazza, basically as he needed. Do you agree with Mr. Bates's characterizations that Dr. Mazza was already controlling Ornge at the time?

**Mr. Hugh MacLeod:** I think that's taking some liberties, because if I look at the correspondence that he tabled, it does not say that. It's pretty specific. Again, if I'm looking at the September 4 capturing of the minutes of the meeting that I called, and then the follow-up meeting on September 8—Malcolm Bates was not even there—and then the October 8 meeting, it all points to a public sector, non-profit organization incorporating the best practices of the Alberta STARS program. The Alberta STARS program did not have all the private models that eventually became part of Ornge. It was to identify an action plan and bring forward, with that action plan,

the necessary legal framework and, I guess, eventually the performance agreement, the sequential investments that were required and the timeline for moving the project further. I think a characterization that, at that time, Ornge as we now know it was on the radar screen, I would disagree with.

**M<sup>me</sup> France Gélinas:** All right. Fair enough. When would you say that Ornge came on to the radar screen?

**Mr. Hugh MacLeod:** That I don't know because I was no longer on the file.

**M<sup>me</sup> France Gélinas:** Do you know Mr. Alfred Apps?

**Mr. Hugh MacLeod:** No, I don't.

**M<sup>me</sup> France Gélinas:** He was the lawyer who designed the corporate structure for Ornge. You've never met him?

**Mr. Hugh MacLeod:** No, I have not.

**M<sup>me</sup> France Gélinas:** Okay. And you've never had any dealings?

**Mr. Hugh MacLeod:** No.

**M<sup>me</sup> France Gélinas:** All right. How would you characterize the Ministry of Health's relationship to the air ambulance while you were there; as in, was this an important project? How did it fare regarding other duties that were going on at the time?

**Mr. Hugh MacLeod:** It was an important project from my understanding from the briefings in 2003. It was an important project of the ministry and the minister's office in 2002. It elevated its importance, I think, in 2003 because of all of the disconnects that were discovered through SARS. So there was some urgency post-SARS to move with, if you will, the 2002-03 plan to develop an integrated air ambulance program. In part, again, what fuelled that were all the audits, the consultant reports etc. That direction was given to Malcolm and his staff in September 2003 to move forward, and work began in September and October. As I said in my opening, it then slowed down as a result of the new government, which was now focused on briefings of the minister and the minister's staff, getting ready for the 2004 budget, but also looking at what they had on their program, particularly wait times and family health teams.

There wasn't really much activity in terms of advancing the new design of the air ambulance service in 2004 until, if my memory serves me correctly, the summer of 2004.

**Mr. Jagmeet Singh:** Mr. MacLeod, this is Jagmeet Singh, MPP. I'm going to be asking you some questions now, sir.

**Mr. Hugh MacLeod:** Yes. Can you hear me okay?

**Mr. Jagmeet Singh:** I can hear you totally fine. I think everyone else can as well. I'm seeing some heads being nodded.

Sir, I'm just going to ask you some questions in general with respect to the ministry's role at Ornge and in general with respect to any transfer agency. Would you agree with me that one of the primary roles of the ministry would be to oversee or to provide oversight of organizations to which it provides funding, particularly transfer agencies?

**Mr. Hugh MacLeod:** I would agree. In my time with the ministry, it was a wonderful experience because it was my first time within government. I had spent all my career up to that point in time on the operational side, and I got to see the level of sophistication, the loyalty of what's deemed to be the bureaucracy. I think they took that as a very important part of their job, to ensure oversight. Yes.

**Mr. Jagmeet Singh:** Thank you very much for that, sir. You'd agree with me that transfer agencies sometimes will work in perfect coordination with the ministry and do everything to the standards and maybe above and beyond the standards, but there will also be times when transfer agencies may fall short of that. Do you agree with that statement?

**Mr. Hugh MacLeod:** It's an interesting word: "perfect" coordination. I haven't seen that yet, but yes; in spirit, yes.

**Mr. Jagmeet Singh:** Agencies will have different CEOs or different boards of directors. That may change from time to time, but there is one constant: The government remains the primary source of oversight.

**Mr. Hugh MacLeod:** They remain the primary source of oversight, but within the system, there is an understanding that boards will keep to and maintain their fiduciary responsibility, which they all have, and that CEOs will operate in accordance too, and that we shouldn't have had behaviour.

1050

**Mr. Jagmeet Singh:** Right. And in the odd chance that you do have a CEO or a board that doesn't follow the vision or the mandate, it would be the ministry's responsibility to ensure that that doesn't happen, or that, if it does happen, it stops.

**Mr. Hugh MacLeod:** The ministry has a number of, if you will, vehicles at their disposal to become involved.

**Mr. Jagmeet Singh:** Okay, let's talk about that. With respect to Ornge, one of the initial propositions was that it would be a public entity, a not-for-profit that would provide a service for Ontarians. Is that correct?

**Mr. Hugh MacLeod:** As I said earlier, when I was on the file, it was to be a public sector not-for-profit organization. That is correct.

**Mr. Jagmeet Singh:** Would you agree with me, then, that the corporate structure of Ornge would be of vital importance, to ensure that it maintained that initial mandate?

**Mr. Hugh MacLeod:** Well, corporate structure would dictate how decisions are made; the pecking order, if you will, the hierarchy, and who makes the decisions.

**Mr. Jagmeet Singh:** Sorry, just to be more specific: Any proposed change to the corporate structure; for example, integrating or including for-profit entities, including other mechanisms of revenue or other mechanisms of governance—the ministry ought to have had a keen eye on any changes to the corporate structure that may suggest anything but the public model. Do you agree with that statement?

**Mr. Hugh MacLeod:** I'm struggling a bit because I'd have to look at the context before I would make that assessment.

**Mr. Jagmeet Singh:** Sure. I can provide some more clarity, if you'd like.

**Mr. Hugh MacLeod:** Again, I came as the ADM of acute care services, so I was well aware that a number of our large, for an example, academic teaching centres did have—and it's part of innovation—opportunities to bring forward new revenue, but always being in compliance, and never to take any money from the public sector part of the funding to feed those initiatives. If they created a corporate structure within the organization to advance that work, I don't think that in and of itself would trigger somebody in the ministries to say, "Well, we'd better get involved." So it's got to be within a context, if you know what I mean?

**Mr. Jagmeet Singh:** That makes sense. If you were presented, however, with a corporate structure that suggested a union between a public side and a for-profit private side—the corporate structure itself, if it was presented to you, as an ADM, or presented to the ministry, it would be of importance to assess it, to ensure that—one of the most important things would be to ensure that the public side wasn't transferring money to the private side.

**Mr. Hugh MacLeod:** I guess the short answer is, I'd want to be assured that there was no transfer of public funds. That is correct.

**The Chair (Mr. Norm Miller):** You have two and a half minutes.

**Mr. Jagmeet Singh:** Okay. It has come to our attention that there was an audit that was conducted of Ornge and the results of it were presented in July 2010. The audit was conducted earlier, 2008-09. Are you aware of the MNP audit that was conducted?

**Mr. Hugh MacLeod:** No, I have no familiarity with that.

**Mr. Jagmeet Singh:** Okay. I'm reading from the MNP recommendations. They indicate that their number one recommendation—and I'm not sure the numbers have anything to do with priority. The first recommendation was that, "The organization must discuss and document" the Ministry of Health and Long-Term Care's "concerns regarding Ornge's corporate structure and enter into agreed-upon revisions to their contractual relationship, if any, that are required to give the" Ministry of Health and Long-Term Care "more comfort regarding Ornge's corporate structure and its impact on the delivery of air ambulance services in the province of Ontario."

That was a recommendation, and the ministry's response, written here in the report, was, "The ministry will consider this recommendation with input from the ministry's legal services branch." Were you able to hear all that?

**Mr. Hugh MacLeod:** Yes, I was.

**Mr. Jagmeet Singh:** Do you agree with me that this constitutes a very clear red flag—in your mind; tell me your opinion—that the auditors have flagged an issue, that the ministry is concerned about the corporate structure and that the ministry should proceed to evaluate

exactly what's going on and ensure that there are no concerns, to address their comfort? Do you agree that this is a very clear red flag about the corporate structure?

**Mr. Hugh MacLeod:** You've got me at a disadvantage because I'd like to see the full report before making that assessment.

**Mr. Jagmeet Singh:** That's fair.

**Mr. Hugh MacLeod:** But it's safe to say I would assume that whoever looked at, reviewed, that report made a decision based on what was in the report. Again, it would be difficult for me to make an opinion on just what you gave me.

**Mr. Jagmeet Singh:** Okay. But in general, you would agree that, though innovation is encouraged, and innovation is important, it's essential that the ministry oversee to ensure that the way these corporate structures are created prevents public money from being transferred to the private side?

**Mr. Hugh MacLeod:** Yes. On that, I think it's clear that that is not to happen. The reason why I was hesitating on your question is because in life, if you want someone to be innovative, with innovation comes a risk. I would not be suggesting that you micromanage to the nth degree and, therefore, halt all innovation.

However, on the point that you just last made, it is very important to ensure, again, no transfer of public funds to private endeavour.

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

**Mr. Jagmeet Singh:** Thank you very much, my friend.

**The Chair (Mr. Norm Miller):** We'll move to the government side. Mr. Zimmer.

**Mr. David Zimmer:** My name is David Zimmer.

**Mr. Hugh MacLeod:** Good day.

**Mr. David Zimmer:** I have questions in three areas: One is the early birth or genesis of the concept of Ornge, then I'll have some questions about the use of consultants in the early stages of the birth of Ornge, and then I have some questions about Dr. Mazza's management style.

Let me start first with my questions about the genesis or birth of the Ornge concept. I'm going to read to you an excerpt from Hansard at a previous hearing of this committee. It involves a series of questions and answers from Mr. Klees, a member of this committee, to Mr. Malcolm Bates.

From Mr. Klees to Mr. Bates: "Why do you believe that Mr. MacLeod made the decision to essentially take your authority away and hand it to Dr. Mazza?"

Answer from Malcolm Bates: "I believe he was given direction, but I'm not sure. In the information we have, it was direction from—well, I will tell you, back in 2003, first-hand, I know that direction was given by the minister's office in 2003 that this particular transfer from the ministry to a not-for-profit organization was to be accomplished and accomplished quickly. There is evidence of that as well. In 2004, it carried on in the same vein that this would be accomplished. It was not whether, according to Mr. MacLeod, it was how soon."

Question from Mr. Klees: "Did you ever get any indication as to where Mr. MacLeod's directive came from?"

Answer, Malcolm Bates: "As I said, in 2003 it was relatively clear to me because I met with Michael Mjanes, who was chief of staff to the associate minister, Dan Newman. At that particular point, Mr. Mjanes was very clear with us that the proponents of this particular service change wanted it done and wanted it done quickly, and the minister"—that is, Minister Clement—"supported that."

**1100**

You also said in your opening statement—and I think I've got it correctly; if I don't, just correct me. You stated that Dr. Mazza claimed support—that is, for this Ornge concept—from Associate Minister Newman and Minister Clement. You went on to say that it was clear to you, from Associate Minister Newman and Minister Clement, that MacLeod was told to move with great dispatch and that Mazza would be in charge.

What prompted you to come to that opinion that Associate Minister Newman's chief of staff and Minister Clement were pushing this Ornge concept to the extent that they were, and why it seemed so urgent to them that the leadership for the concept be turned over to Mazza?

**Mr. Hugh MacLeod:** Just for clarity: not the leadership but the lead for the development of a potential plan.

On your first question of why, as I mentioned in my opening, in the briefings that I had in that period—February to March 2003—it was very clear to me that there had been a number of conversations that had taken place in 2002, again, in a follow-up to the audits, the consulting reports etc. and the need for a transformation of air ambulance service.

I think what elevated the importance of moving forward was SARS. SARS put a huge spotlight on just how fragile the system was, and the disconnects. There were a number of conversations that took place during that period. There was also post-SARS. There was the David Walker expert panel, which is now beginning to look at what lessons could be learned from SARS. There was the Justice Campbell commission on SARS.

I think all of that together fuelled the desire to move quickly to begin the design of a new air ambulance service, and given Dr. Mazza's involvement way back into 2002 and going forward, he was the logical choice, in the comfort of, at that time, the minister's office, to take the lead on the design of what that new design would look like.

**Mr. David Zimmer:** Did it surprise you or concern you that this rather dramatic change of moving air ambulance from its traditional home in the professional Ontario civil service to a private entity, albeit not-for-profit, under the lead of a non-civil servant—did that surprise you or cause any concern or second thoughts?

**Mr. Hugh MacLeod:** At that point in time, none of that was on the table. The initial work was, again, to scope out the how, what it would look like and what all the potential issues were. Again, in the meeting I called in September 2003, it was all about [*inaudible*] a clear series of questions and answers to potential issues that may be asked by the deputy minister. So the lead for Mr. Mazza, because of his familiarity with "the program,"

was to design and deliver a plan, and that plan did not, at that point in time, include what we now know of as Ornge.

**Mr. David Zimmer:** Is it your view, then, that at that time there was no sense that the civil service was being reduced to a secondary role in the development of this plan?

**Mr. Hugh MacLeod:** No. In fact, I think the minutes clearly state that what Malcolm Bates tabled September 8, in the October 8 minutes—which was the first time I'd seen them, because I was not part of those discussions—clearly sets out a pretty onerous set of responsibilities of the ministry in working with Dr. Mazza to develop the plan.

**Mr. David Zimmer:** There has been some suggestion from some of the witnesses heard previously here that some of the impetus to drive the Ornge concept emanated from the so-called Red Tape Commission, which was on a mission to reduce bureaucracy. Do you have any sense that that played a role in the shift to Ornge from the civil service?

**Mr. Hugh MacLeod:** I can't speak to that. The thought was, again, in the briefings that took place in 2003, and as anchored by the audits, the reviews etc., that by bringing all the pieces together in an integrated fashion, one of the outcomes should be the reduction of bureaucracy and levels and, if you want to call it that, red tape. But that wasn't the primary motivation. The motivation was to build a model built on a very successful model in Alberta called the STARS program, which was truly an integrated air ambulance delivery system.

**Mr. David Zimmer:** Did you have any sense that, once the associate deputy minister's chief of staff, Mr. Mjanes, got involved in this and it was communicated quite clearly that both the associate minister, the minister and, indeed, the government of the day supported this and particularly supported Dr. Mazza's involvement in this—did you have any sense that Dr. Mazza had any back-channel relationship with the minister's office or the offices of the government of the day?

**Mr. Hugh MacLeod:** No more than any other individual in the health care system. No.

**Mr. David Zimmer:** What do you mean “no more than any other individual?”

**Mr. Hugh MacLeod:** Well, many times, CEOs of organizations would have conversations with the ministry and also with the minister's office—so no more than others.

**Mr. David Zimmer:** Let me ask you a question about the use of consultants in these early stages. It has come out at this hearing that a Toronto law firm, Fasken and Calvin, has been spotlighted for billing something in the order of \$7 million to \$9 million as external counsel for Ornge in the process of setting it up and restructuring it and so on. We know that Fasken's got involved in the very early stages of the development of the Ornge concept.

From the documents we've received, the arrangement went something like this: The Minister of Health at the time, Mr. Clement, was obviously interested in pursuing

an overhaul of the air ambulance. His choice of lead on that was Dr. Mazza. Dr. Mazza, at the time, was employed by Sunnybrook, which housed the air ambulance program. Mazza was provided with a team of very senior lawyers and consultants, many of them Conservatives, who were situated at Fasken's to support him. They were hired via Sunnybrook. Those individuals were Lynne Golding, Minister Clement's wife; Guy Giorno, a former Harris chief of staff; and Kevin McCarthy, who is currently Minister Flaherty's chief of staff. Those folks worked with Mazza to lobby the minister of the day and other government representatives to work on the setting up of Ornge. In effect, instead of having the bureaucracy completing the job, they gave it to Mazza and those consultants, who got paid through a hospital budget to in fact lobby the government to do things for which the government had already said it wanted to do. Were you aware of those arrangements or that stuff that was going on?

**Mr. Hugh MacLeod:** No.

1110

**Mr. David Zimmer:** Do you think that type of an arrangement is appropriate in the public administration?

**Mr. Hugh MacLeod:** I can't comment because you're bringing something new to me, and I'd have to see the full context.

**Mr. David Zimmer:** Do you think that's an effective use of taxpayers' dollars?

**Mr. Hugh MacLeod:** To do what? I don't understand the question.

**Mr. David Zimmer:** Paying those kinds of consultants to lobby the government to take an approach to setting up Air Ornge for which the government has already committed itself.

**Mr. Hugh MacLeod:** Well then I think you've answered the question. If they had already committed themselves, I don't know why you'd do the work.

**Mr. David Zimmer:** I'm sorry, I didn't hear your answer.

**Mr. Hugh MacLeod:** You just said they had already committed themselves to doing it. So I'm assuming they had already committed themselves to do it because they believed it was a good plan in the first place.

**Mr. David Zimmer:** Yes.

**Mr. Hugh MacLeod:** That's what I'm assuming. Again, I wasn't there until 2003, so I don't have knowledge of what transpired prior to my arrival in February 2003.

**Mr. David Zimmer:** When did you first meet Dr. Mazza?

**Mr. Hugh MacLeod:** As I said in my opening, some time between February and March 2003. It was part of the usual, as the new ADM from the province of British Columbia. There was a series of briefings, including briefings from Malcolm Bates and the crew in the emergency health services branch and Dr. Mazza about land ambulance, air ambulance, base hospitals etc. In that time frame was the first time I met him.

**Mr. David Zimmer:** And what was your impression of Dr. Mazza? Some people have described him as a

charismatic visionary; other people have described him in other terms. What was your impression?

**Mr. Hugh MacLeod:** My first impression was, very bright, very charismatic, good on his feet and able to articulate a vision and a concept extremely well.

**Mr. David Zimmer:** When did you last have dealings with Dr. Mazza?

**Mr. Hugh MacLeod:** On this file, it would have been, I would guess September 2004. I did have further dealings with him, and I believe this would have been around 2005 or 2006. Now I'm on the wait times file, and I think it was around the summer of 2005. We had commissioned a piece of work, an expert panel on critical care. The critical care report came down, I think, in spring or summer 2005. In that report, which was authored by about 65 physician leaders in the province, Dr. Mazza had a role in what we refer to as "surge capacity" in critical care. We had a conversation at that time about what were some options to build surge capacity in the event that we had another outbreak like SARS. But it was nothing really to do with the air ambulance; it was to deal with critical care.

**Mr. David Zimmer:** So over your couple of years of working with or knowing Dr. Mazza, did your impression or view of his management style or his vision or the way he executed his vision—did it in any way change?

**Mr. Hugh MacLeod:** Well, at that point in time while I was on the file, there was no execution of the vision. These were early days of planning for the redesign of the air ambulance system. In that regard, I was quite impressed, as others were in 2002 and 2003, about his vision for what the air ambulance system could look like: again—he was very clear in all the briefings—modelled after the best practices of the Alberta STARS program and that it would be a public sector, not-for-profit organization. So on that, yes, I agreed, and I thought his vision of what this could be was sound. But at that point in time, there was no execution. This was still early days of planning. So I couldn't comment on his execution.

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

**Mr. David Zimmer:** Thank you, Chair.

So fast-forward now to 2012. Looking back over the last six or seven years, keeping in mind your skills and experiences as a health care administrator, and knowing what you know now of where the Ornge concept ended up, where do you think and how do you think it came off the rails?

**Mr. Hugh MacLeod:** I guess that's the million-dollar question, or maybe it's bigger than a million-dollar question—

**Mr. David Zimmer:** I'd be very interested in your answer.

**Mr. Hugh MacLeod:** —that you're all grappling with.

I guess on a very high level, something went wrong, from what I think was the vision of what could be a very good and integrated air ambulance delivery system, on the execution side. I can't answer the question, "What happened?" On the execution side, something happened.

Again, by looking at the transcripts that I quickly went over, there appeared to be a shift—maybe a distraction—from what was initially to be a public sector organization in the management of public sector funds to some distraction in the creation of a number of private sector entities. Maybe in all of that distraction, something happened in the execution. That's just my hypothetical, based on what I observed.

But again, I think when you have two governments, multiple ministries, countless reports that say, "It's time for a redesign; build on the principles of the STARS program," and everybody bought in—it wasn't the plan that was at fault here; something happened in the execution.

**Mr. David Zimmer:** Thank you.

**The Chair (Mr. Norm Miller):** Thank you very much. We'll move to the opposition. Mr. Klees?

**Mr. Frank Klees:** Thank you. Good day, Mr. MacLeod.

**Mr. Hugh MacLeod:** Good day.

**Mr. Frank Klees:** I'd like to just pick up where you left off in your discussion with Mr. Zimmer as to how we move from a vision to a nightmare, which is what I think we ended up with here.

I think we all agree that the initial concept had a good direction. We needed coordination; we needed to introduce efficiency into the program. The fact that two governments saw the wisdom in that certainly seems to at least endorse the direction. What I would like to do is just identify a couple of the components of that so-called vision.

I had the discussion with Mr. Bates as well as with a number of others over the last few weeks on this very issue. The question that I put to them I'm going to put to you as well, just to see if we have some consistency in what that initial understanding was. That is this: Was that original concept that was incorporated into that cabinet submission, the MB-20, and incorporated into the performance agreement—did that at any time include the concept of bringing in-house the ownership of aircraft: helicopters, fixed-wing aircraft, assuming responsibility for the maintenance and overseeing an entire carrier industry?

**Mr. Hugh MacLeod:** I really can't answer that because that happened—and I'm not trying to duck it. I was not involved in those conversations. What I can say to you is, those questions that you are asking were not part of the deliberations that I was involved in, leading up to the building of the plan. Those conversations that you just put to me were not part of the 2003-04 conversations.

**Mr. Frank Klees:** Yes, and that was really my question. Was it part of the plan? Because everything that we've seen and what we've heard from other witnesses is that that was never a part. We've looked at the cabinet submissions. We read the original performance agreement. Nowhere is there any reference to this concept of purchasing helicopters, bringing the ownership of those assets into what ended up being Ornge. What you're saying to me is that you would concur with that, that that was not contemplated in the original concept that you

were familiar with and that Chris Mazza discussed with you. Is that correct?

1120

**Mr. Hugh MacLeod:** That is correct. In fact, I think that's confirmed by one of the documents that Malcolm Bates tabled. I'm looking at an October 8, 2003, planning meeting, which is the follow-up to the meeting that I asked for on September 4, 2003, and it begins to lay out the work for the ministry and particularly the emergency health services branch. Nowhere in this six-page document is it surfaced, what you've just put on the table.

**Mr. Frank Klees:** We—I shouldn't use the term "we," but there are many who have come forward, and I tend to agree with those witnesses who have come forward who have expressed their opinion that Ornge did not have, does not have the core competency to take on that massive responsibility of owning and operating a fleet of aircraft; that that is something that is highly specialized and should be left with organizations that have the expertise, have the history and have the competency in place to manage that. Would that be a logical conclusion that you would draw?

**Mr. Hugh MacLeod:** Well, I'd have to see—the diligence of the ministry, what they usually do, is seek out that advice and then put whatever that advice is in front of the ADM or the deputy or the minister. So I would want to see all of that and then, based on the good counsel from the ministry, make a decision. But I haven't been privy to that.

Again, going back to how this started, it was pretty clear that this was not on, if you will, the initial drawing board in 2003-04.

**Mr. Frank Klees:** At the point of time that a policy decision was made within Ornge—because there's no record anywhere of a decision coming to cabinet that specifically authorizes Ornge to get into that business. So what we have, so far at least, is an organization that was granted a mandate, a very responsible one, that then took it upon itself to expand that exponentially and incur, in order to get into that business, a debt of some \$300 million through a public bond offering, and nowhere on record is there any authorization from the government, formally, to Ornge to get into that business. How does that happen, in your opinion?

**Mr. Hugh MacLeod:** I can't answer that. I think that's probably what the purpose of this committee is: trying to uncover how decisions were made; when they were made; who was involved. I don't even know what period of time those conversations took place, so it would be very difficult for me to answer that.

I think, though, there's an important piece of context that is missing here. I know a lot has been made of my email to Malcolm Bates on July 12 where it's characterized as putting him completely in charge. That was not the case. If you read the email, it says "to take the lead on this file and prepare the necessary slide deck for the minister to take forward." That was to convince the minister of the day that all of that information—2002-03—is still relevant today. It's important.

But the last piece is even the most important piece: "a detailed breakdown of 'all fiscal expenditures'"—and these are my words—"the minister ... wants to be convinced that we have tactically set in direction how we are going to get the biggest bang for the dollars we have." This goes back, again, to the earlier conversations in 2002, 2003 and 2004 with Minister Smitherman. It was very clear that the original plan could be done within the existing funding envelope, with maybe a tweak here and there. If my memory serves me correctly, at that point in time the funding envelope was in the range of \$90 million. This was about using existing dollars wisely in the design of a new system. I think that's just important context.

Again, I can't speak to what happened. How did it move from—I'm not saying, a relatively simple plan. But how did it move from a concrete plan—again, modeled after the STARS program in Alberta, which is not a private sector the way Ornge got to be. What happened in the execution of that? I can't answer that.

**Mr. Frank Klees:** I guess we have our work cut out for us, trying to figure that out, because we're not getting a whole lot of co-operation from very many people.

One aspect of this, however, is the whole issue of oversight. One would expect that if a particular plan is to be executed, then we need someone to focus the organization, whether it's Ornge or any other transfer agency or organization of the government, in order to prevent it from going rogue, as this organization has been described by the minister. In order to prevent that from happening, we need in place the appropriate accountability measures and appropriate oversight mechanisms, and someone has to be appointed within the Ministry of Health, in this case, to play that role. Would you agree with that?

**Mr. Hugh MacLeod:** Well, I would agree that—again, as I said earlier, in my time within the ministry, coming from the outside, from the operations side, you have a jaundiced view of how the ministries operate and the level of competency etc., but you get inside and you really begin to realize these are loyal public servants, these are dedicated professionals who come to work every day to ensure the protection of the public funds, the adherence to legislation and regulation etc. So I think, in the main, they do pay attention.

I guess the challenge that you have is trying to figure out what happened here. Was it a rogue organization that just kept information private and didn't share the information with the ministry, and therefore it's all to them? Or were there some earlier signals that people didn't pay attention to?

The ministry does have a series of vehicles at their disposal when they identify, as you say, red flags. They have a number of vehicles that they can become involved. Even on my time on the file and on acute care services, there were times that there were enough red flags that were raised, and proactive action was taken by the ministry, by the minister's office to address those red flags. So the mechanisms are there.

**Mr. Frank Klees:** You've confirmed what we heard from Mr. Sapsford, who testified earlier. He indicated

that there are really four mechanisms available to a minister to intervene, if need be. Three of them are prescriptive, in terms of legislation, regulation and agreements. The final one is the moral suasion that a minister has because he or she is a minister, and that overrides the first three—knowing that the minister has ultimate responsibility for administration and oversight. It seems that that fourth mechanism was overlooked, unfortunately, in this case.

**1130**

There's another aspect of this, Mr. MacLeod, that I'd like to follow up with you on. I'm going to go back to Mr. Bates, who, I think, did not interpret your email as passively as you're suggesting it perhaps was intended. It was very clear from Mr. Bates's testimony that he took from this email, as well as from a number of others that he tabled with us, that this was really a very clear direction to him to stand down. Along with that standing down was also what he referred to in his testimony as a disbanding of the emergency health services branch unit that had oversight responsibility for air ambulance.

As a result of that, the message to us was that, notwithstanding the stated mandate of the emergency health services branch to oversee and to hold accountable this organization, they neither had the authority—which, according to Mr. Bates, was undermined by your direction. How do you respond to that?

**Mr. Hugh MacLeod:** I tried to get a hold of Malcolm prior to my giving evidence—he's on vacation—because I didn't want to surprise him about what I was about to say. We're asking ourselves to go back in time—2004, so that is eight years ago—but what Malcolm didn't produce in the evidence is that before I sent him that email, I sent him the draft of the email, and I said to Malcolm, "I'm going to send you an email. Tell me if it's okay"—and I don't want to capture all of what happened in 2002-03, but the essence of the email is no different than the direction that was given by the previous government in 2003—"Tell me if you're okay with sending the email." And so, he gave the okay; I sent the email. So I'm just trying to clarify for you and for Malcolm the intent.

Perhaps what happened here—and I'm just guessing. As I went through his testimony, it was quite obvious to me, because on a couple of points—I think you asked the question, "How often did you have contact with Mr. Bates?", and Malcolm talked about how every time he had conversations with him it was a tirade and Dr. Mazza was dictating to him. So perhaps what started—I'm just surmising here; again, I have not had an opportunity to talk to Malcolm. I'm not going to say it was passive, because there was a direction, but it was basically the same direction that was given in September 2003. Maybe as a result of the relationship that now emerged, Malcolm began to interpret it to have more direction than was intended originally.

**Mr. Frank Klees:** Speaking of relationships, can I ask, over the course of time, as you saw this Ornge organization emerging, what was your assessment? Because now you started to see Chris Mazza up close and personal. You must have had a very close eye on this, be-

cause this was a new experiment. There was a lot at risk. It was an important part of health services. Over time, did you get more comfortable with Chris Mazza as the CEO, and did your confidence grow? Or did you start to question whether Mr. Mazza was on the right track or whether he was the right person for this job?

**Mr. Hugh MacLeod:** I don't think it changed. It didn't change. When you say, "paying attention to the file," yes, I was paying attention to the file up until 2008 when I left the ministry, and at that point in time, if my memory serves me correctly, there wasn't a lot of [inaudible] Ornge ended up to be, so there was no reason for me to become alarmed. I only became alarmed later when I began hearing about what was in the Toronto Star and where the organization evolved to.

**Mr. Frank Klees:** Was there ever any discussion about this organization between yourself and anyone in the Premier's office?

**Mr. Hugh MacLeod:** No.

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

**Mr. Frank Klees:** You made reference to a meeting that you had with the minister and Mr. Mazza.

**Mr. Hugh MacLeod:** Yes.

**Mr. Frank Klees:** Was there anyone else in attendance at that meeting?

**Mr. Hugh MacLeod:** I believe Ken Chan was there, a policy adviser, and Dr. Mazza. During that period of time that I alluded to, late fall 2003 until spring 2004, the new government was preoccupied with briefings, the budget, the wait times file that I would eventually have and family health teams. I was made aware of the fact that Dr. Mazza had had a number of briefings with Ken Chan, the policy adviser, again, bringing him up to speed on what happened in 2002 and 2003 etc. So I do believe in that July meeting with the minister, Ken Chan was present.

**Mr. Frank Klees:** Are you aware of any other meetings that Mr. Mazza may have had with others in government, whether it was policy advisers in the Premier's office or the Ministry of Health?

**Mr. Hugh MacLeod:** I'm assuming he probably had a number of meetings with people at the Ministry of Health—the Premier's office, no—but I'm assuming probably a lot of meetings with Malcolm Bates and folks with emergency health services. Then post-2005, when he became seconded as special adviser, I'm assuming in that, he must have had lots of conversations with the ministry and then, no doubt, the minister's office.

**Mr. Frank Klees:** Was there ever a time when you received specific direction from the Minister of Health or anyone in the Premier's office to get on with this plan?

**Mr. Hugh MacLeod:** No, no more than the direction that was given to me following the meeting with the minister to say, "Begin putting the slide deck together and get a document to me with all the financials." No more than that.

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

**Mr. Hugh MacLeod:** You're welcome.

**The Chair (Mr. Norm Miller):** We'll move to the NDP. Ms. Gélinas.

**M<sup>me</sup> France G elinas:** It's nice to talk to you again, Mr. MacLeod. I want to pick up a bit as to where Mr. Klees was going. That is, in one of his questions, you answered that the ministry has a series of vehicles at their disposal if they see that something is happening that seems wrong. In your experience as an ADM, could you tell me some of the vehicles that are at the disposal of an ADM if one of their transfer payment agencies is doing wrong?

**Mr. Hugh MacLeod:** Well, first of all, if you combine the legislative and the regulatory, usually that's the first place to start because that begins to give you your legal construct or your framework. You are the funder, so that carries pretty significant clout, and you have the office. In my time, it was basically three offices: You had the office of the minister, so a call from the minister; or the office of the deputy, or a call from the deputy; or the office of the ADM responsible. So there are vehicles there.

When I was ADM of the acute care services file—and as I said earlier, there were occasions where there were enough red flags that came in that would begin to show a pattern. That's hopefully what the red flags will do: When you bring them all together, it begins to show a pattern. You would then have conversations within the ministry and then with the minister's office.

On occasion, supervisors were appointed. When that happened, it wasn't just, if you will, the individual coming in as the CEO; there was also coming in as the board, because typically, when you got to that situation, there was actually a disconnect not only at the governance/fiduciary level, but at the operational level. So there are tools available.

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But again, in my experience, probably the biggest tool that you had was, you are the funder and you are the ministry, so picking up the phone can get people's attention.

**M<sup>me</sup> France G elinas:** I agree with you. From where I stand, it seems like the red flags were showing a pattern and that action should have been taken before.

Some of the red flags started with my party, with the New Democrats. We filed a freedom of access to information in March 2010 because the salary of Dr. Mazza was no longer being disclosed. Actually, why we did this was because there was some whistle-blower who had come to us to tell us, "Hey, this guy really gave himself a huge raise. You guys should look into this." So we filed a freedom of access to information. The freedom of access to information was answered on June 9, so a couple of weeks later, basically telling us that they had found 19 pieces of correspondence—I forgot the exact word—but none of them could be shared with us.

If you had a freedom of access to information asking for the salary of the CEO of a not-for-profit transfer payment agency of the Ministry of Health, do you figure you would have found out the salary?

**Mr. Hugh MacLeod:** Yes.

**M<sup>me</sup> France G elinas:** That's the way I feel, also.

So there were 19 records that could not be shared with us.

Then comes estimates time. I know that you've had the pleasure to sit in on estimates and you know what the process entails. Well, here again, we were in 2010 and estimates came around. I'm the health critic for my party, but my leader subbed in for me. My leader is the one who had been receiving whistle-blower information, so he subbed in for me for the Ministry of Health estimates and asked 47 questions about Ornge. We didn't talk about anything else—no primary care, no hospitals; all sorts of stuff was going on in 2010—solely about Ornge. We talked about the corporate structure. We talked about the salaries not being disclosed. We talked about some issues with quality of care. The ministry was not able to answer the questions, which is fine; they promised to give us answers. No answers were given to the estimates questions till way after the scandal had hit the front page of the paper. We were in 2012 by the time we got answers.

Would you consider this a red flag?

**Mr. Hugh MacLeod:** Again, I wasn't at estimates—I don't know if it was a pleasurable event, as you frame it; estimates was always an interesting event—but the whole purpose of estimates is to ask the questions and to ensure that there's good due diligence on the management of the public purse. My experience with estimates is, when questions are asked, they're either answered there or there's a follow-up answer. So I can't speak to why you were not provided with answers to the questions, because usually that is the purpose of estimates: to ask the questions and get answers to the questions.

**M<sup>me</sup> France G elinas:** From where I sit—we asked those 47 questions—it seems to me like the civil servant would have gone to Ornge and, basically, asked our questions to them, to find answers, and did their work. But the result of that work was never shared. Is this the way it usually works? If I ask—

**Mr. Hugh MacLeod:** Again, in my history with estimates, that's not the way it works.

**The Chair (Mr. Norm Miller):** You are out of time, so we'll move to the government.

Who in the government would like to ask questions?  
Ms. Sandals.

**Mrs. Liz Sandals:** Mr. MacLeod, Liz Sandals here. I wonder if I could get some clarification around a question that Mr. Zimmer asked earlier. You were discussing meetings and who was meeting with who back in 2003. With the billings that we've seen from Fasken's, it's clear that both Mr. Giorno, who you would know from your past experience with the provincial government, and Kevin McCarthy, who was also working for Fasken's but who has now moved on to be Minister Flaherty's chief of staff—it was clear that they were meeting with various political staff in both Minister Clement and Associate Minister Newman's office. That was going on at the same time as the meetings that you've described in the spring/summer of 2003 that you were holding with Dr. Mazza and I'm presuming other people more at the bureaucratic staff level. Were you aware that those political meetings were going on simultaneously?

**Mr. Hugh MacLeod:** No. This is a long time, but if my memory serves me correctly, in that time period,

2003, it was my understanding that Mr. McCarthy—I think his first name was Mike?

**Mrs. Liz Sandals:** Kevin.

**Mr. Hugh MacLeod:** Oh, this is Kevin. Okay.

**Mrs. Liz Sandals:** So maybe we're talking about two different people.

**Mr. Hugh MacLeod:** Okay. Because there was, I think, a Mike McCarthy who was a policy adviser in the minister's office.

No, I was not aware—

**Mrs. Liz Sandals:** No, this is a Kevin McCarthy who was clearly working for Fasken's.

**Mr. Hugh MacLeod:** Okay. No. The answer is I was not aware.

**Mrs. Liz Sandals:** Okay. It just didn't sound to me in your chronology that you were aware that there was also—in fact, Mr. Giorno, and I expect Mr. McCarthy, but Mr. Giorno was actually registered as a lobbyist at the time.

**Mr. Hugh MacLeod:** Yes. I've never met the individual.

**Mrs. Liz Sandals:** Okay, but you know him as Mr. Harris's chief of staff at the time. I just wanted to check in with you on that particular piece of information.

When things started to go astray—actually, the other thing I wanted to check in with you is that Mr. Sapsford, who was here earlier this morning, testified that he had never been briefed on or asked an opinion on the whole issue of Ornge buying its own fleet of aircraft. He essentially said what you said, which was that the conversation was always about the aircraft continuing to be provided by private operators; even though it worked for Ornge to buy their own aircraft—it was started while he was still the deputy minister—that he in fact had never been briefed on it.

You talked about “Did anybody ask permission?” Clearly nobody at Ornge asked permission because the deputy minister of the day wasn't involved in a policy discussion about whether or not this was the right thing.

Is this the sort of thing that it would be useful to include in performance agreements, in legislation? As we move forward and look at transfer partners and how do we prevent this, that there actually be an explicit requirement for public sector non-profits to check in with the government in advance of taking on major capital debts?

**Mr. Hugh MacLeod:** That's a big question. Again, you'd have to look at the full health care system and ask yourself, is this just one additional impediment barrier to managing of the system? Again, something happened here that you folks are trying to get your arms around, and I wouldn't want to put a cast on *[inaudible]* who abide by the rules. The rules of the day, if you will, are very transparent and have boards that understand their fiduciary responsibility.

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I think the question is, what happened? Did those conversations take place in that period of time—March of, I think it was 2005, and I think the auditor said until 2006, when Dr. Mazza was seconded? What was the breadth of the conversations that took place then that led to the

creation of what you now know as Ornge? I think those are important questions to ask.

**Mrs. Liz Sandals:** As a general policy point of view, though, what I think I heard you say—contradict me, please, if I'm wrong—is that as we move forward as a public accounts committee and look at recommendations, we need to be careful that we don't create another whole round of red tape that clamps down on the ability of public sector organizations to innovate and that we need to find some sort of a balance between accountability and oversight while still leaving public sector organizations the ability to manoeuvre in ways that benefit taxpayers and benefit citizens receiving services.

**Mr. Hugh MacLeod:** I think that's a fair assessment. I guess I've been in this business a long time, and when things go wrong, whether it's bad behaviour or whatever, everybody else shouldn't be penalized. Good governance is good governance. It's governance that understands their fiduciary responsibility and understands the separation between their role, which is ensuring that the policy frameworks that they create are being administered and followed by the CEO and, particularly in public non-profit organizations, ensuring that public dollars are used for public purposes and not for innovative private-sector purposes.

**Mrs. Liz Sandals:** Interestingly, that's the same line that Mr. Sapsford drew: ensuring that public dollars are only used for public purposes.

**Mr. Hugh MacLeod:** Yes, well, they have to be, because again, that's why the dollars were allocated in the first place to the transfer agencies.

**Mrs. Liz Sandals:** Thank you very much. You've been very helpful, Mr. MacLeod.

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

**Mr. Frank Klees:** Mr. MacLeod, I believe you asked the question once, “Do we bury or spin bad news to avoid internal and external transparencies that could provide a compelling case for change, and suppress the truth in the organization?” Do you recall asking that question?

**Mr. Hugh MacLeod:** I do.

**Mr. Frank Klees:** We may be facing that, and we may need your help to get us out of this. There's a tendency, whether it's in government or any business organization, to want to avoid the truth because there will be consequences. I think the challenge that we have in this committee and that the government has is not only to recognize what Chris Mazza and the board have done to go rogue, but if we're going to deal with this going forward, I think we also have to be very honest about what went wrong within the Ministry of Health.

The Auditor General, in his report, one of the cautions that he raised was, he made it very clear that, in his opinion, the Ministry of Health failed in its oversight responsibilities. It's one thing to say that; it's another thing to then determine where that failure of oversight took place and what it is that we have to do to address that to ensure it doesn't happen again. From someone who has been in government in a very senior role, particularly in the Ministry of Health, knowing what you know from the

auditor's report—no doubt you've seen reports on these proceedings—what would you recommend we do, specifically with regard to the issue of oversight at the Ministry of Health?

**Mr. Hugh MacLeod:** That's a million-dollar question. That's the whole purpose of why your committee was convened. I haven't had the luxury of—I don't know how many people have given evidence about history, chronology etc. But from an outsider looking in, it's obvious to me that, again, as I said earlier, something went wrong with execution both at the board level and at the C-suite level of Ornge.

I think the question is—and you talked about spin or truth—how much did they hold back? As a result of them holding back—I guess you'll determine that through your deliberations—it caused the situation you now find yourself in in Ontario. On the other side, were there some missteps in the ministry in not following up—I can't answer that. And if so, what correction can be taken?

If there's some tightening that I think, as an outsider looking in, perhaps is needed in future performance agreements that should be signed by both the board and the CEO, it would be—I guess I didn't hear all of Mr. Sapsford; I only heard the last 15 minutes—clarity in the performance agreement that no public sector funds can be used for any other purpose. I'm not suggesting that if that clarity was there and signed off on it would have avoided some of the execution issues at Ornge, but I think it would have probably gone a long way in that regard.

**Mr. Frank Klees:** I just have a couple of questions. Leading up to this hearing, Mr. MacLeod, have you had any discussions with anyone at the Ministry of Health here?

**Mr. Hugh MacLeod:** No, I have not.

**Mr. Frank Klees:** My final—

**Mr. Hugh MacLeod:** The only conversation I had was with your clerk. What I asked for is, "Give me any documentation that made reference to my name."

**Mr. Frank Klees:** Okay. Well, thank you very much.

**Mr. Hugh MacLeod:** You're welcome.

**The Chair (Mr. Norm Miller):** Thank you, Mr. MacLeod, for taking part in the proceedings today.

We are now recessed until 1 o'clock this afternoon.

*The committee recessed from 1158 to 1303.*

#### MR. JONATHAN LEE

**The Chair (Mr. Norm Miller):** I call this meeting to order. I call our first presenter this afternoon: Jonathan Lee, pediatric transport paramedic. Please come on forward.

Mr. Lee, just to confirm: You received the letter for a witness coming before the committee?

**Mr. Jonathan Lee:** I did.

**The Chair (Mr. Norm Miller):** Great. Our clerk has either an oath or an affirmation for you.

**The Clerk of the Committee (Mr. William Short):** The Bible is in front of you there if you want to do the oath.

Mr. Lee, 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. Jonathan Lee:** I do.

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

**The Chair (Mr. Norm Miller):** Welcome to the committee. You can take the time to do an opening statement if you'd like, and then there will be questioning by the three parties. Go ahead.

**Mr. Jonathan Lee:** Good morning, everybody. My name is Jonathan Lee. I have spent the majority of my 18-year paramedic career working in Ontario's air ambulance system. I started flying in 1998. I have worked in both northern and southern Ontario. I have worked on helicopters; I have worked on airplanes.

I ended my 10-year helicopter stay in Toronto approximately two years ago when I transferred to the newly formed Ted Rogers Paediatric Transport Team. It's a unit that Ornge runs out of its Markham base, and it is a team of seven that are specialized in the transport of children aged 28 days to 17 years.

Before you begin your questions, I'd like to take a moment to express to you how both flattered and surprised I am at being called before the committee. As an employee of Ornge, I obviously have a great deal of interest in the goings-on of the committee but must make it clear to you that I have been, up until this point in time, no more than a passive observer in the process.

I hope you are mindful of the fact that I did not receive any information regarding the substance of the questions that are about to be asked of me, so it was very difficult for me to prepare. Furthermore, my role at Ornge is limited to basically patient care, so I don't know how much pertinent information I will have for the goings-on of your committee.

I would like to add also that I'm here to speak for me and don't make any claims as to representing the opinions of anybody else in the organization.

**The Chair (Mr. Norm Miller):** Great. Thank you very much for that statement. The government will ask questions first, so I'll turn to—who am I turning to? Mr. Moridi.

**Mr. Reza Moridi:** Thank you, Mr. Lee, for appearing before this committee. Before yourself, Mr. Lee, two of your colleagues on the front-line staff from Ornge appeared before this committee. Their insight was very helpful to the committee, and it was quite beneficial.

I would like to begin by asking you, how long have you been at Ornge, working at Ornge as an employee?

**Mr. Jonathan Lee:** I've been at Ornge since it has been Ornge. I was in the air ambulance system when it was Ornge; I was in the air ambulance system when it was Ontario Air Ambulance. I worked for Canadian Helicopters, and I worked for the Ministry of Health before that.

**Mr. Reza Moridi:** So you practically started working at the current Ornge before it became Ornge.

**Mr. Jonathan Lee:** I'm sorry; I've also spent 10 years in a helicopter, so I can't hear you. You've got to speak loud.

**Mr. Reza Moridi:** Okay. Would you explain your role at Ornge? What's your role?

**Mr. Jonathan Lee:** Right now?

**Mr. Reza Moridi:** Yes.

**Mr. Jonathan Lee:** My role right now with Ornge is strictly patient care. I'm part of a paramedic/nurse team that works in specialized critical care transport. Its role is to basically move pediatric patients from the community into a tertiary pediatric hospital. I spend the majority of my time working out of Markham in a land ambulance, bringing most of my patients down to SickKids. I am a provincial resource, though, so if there are children in need outside of the immediate area, Ornge has the ability to put me on an airplane or a helicopter and I will go up to—where did I go the other day?—Sault Ste. Marie, to bring a patient down in an airplane to other tertiary hospitals, like Ottawa or London or Hamilton.

**Mr. Reza Moridi:** Could you give us a sense of a day in the life of a pediatric transport paramedic at Ornge?

**Mr. Jonathan Lee:** As far as what I do, how I spend my day, it really depends on the day. It could be a day where I sit and do nothing all day. It could be a day where I come in at 10 o'clock and I work 12, 14 or 16 hours straight. It's really quite variable. It just depends on how many children are sick that day.

**Mr. Reza Moridi:** Could you tell us why you wanted to become a pediatric paramedic?

**Mr. Jonathan Lee:** Pediatrics?

**Mr. Reza Moridi:** Yes.

**Mr. Jonathan Lee:** Specifically pediatrics?

**Mr. Reza Moridi:** Yes.

**Mr. Jonathan Lee:** It was a good opportunity to change for me when they opened the team up in Toronto. It was a new challenge. Pediatrics tend to be something that a lot of health care professionals are a little shy around. It was nice to have the opportunity to take a bit of extra training and a bit of extra time and to specialize in what is normally sort of an uncomfortable patient population for some providers.

**Mr. Reza Moridi:** Would you tell us why Ornge was attractive to you?

**Mr. Jonathan Lee:** Why Ornge was—

**Mr. Reza Moridi:** Yes, as an employer. What made you become an employee of Ornge? Were there particular reasons that you could tell us?

**Mr. Jonathan Lee:** It's a difficult question because I didn't really become an employee of Ornge; they kind of became an employer of me. I was a Ministry of Health employee. I'm a helicopter paramedic first and foremost. That's where I started. I went through a number of employers while I had the same job and the same locker, and I just sort of landed at Ornge.

**Mr. Reza Moridi:** So you would say that there was a kind of natural transfer from the previous employer to Ornge.

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**Mr. Jonathan Lee:** Yes, it was, very much.

**Mr. Reza Moridi:** Could you give us an explanation, a brief idea, basically, of the culture of Ornge—the changes that took place earlier this year? Earlier this year, as you know, there were some changes made in Ornge. The culture changed. Could you explain those changes to us?

**Mr. Jonathan Lee:** The culture change?

**Mr. Reza Moridi:** Those changes you may have felt.

**Mr. Jonathan Lee:** I can tell you what I feel, and that's about it.

**Mr. Reza Moridi:** Yes.

**Mr. Jonathan Lee:** From a day-to-day operation—it's certainly a more relaxed environment when you're dealing with people in head office. They seem to be a little less on edge now. It's certainly a more open environment than it was a year ago at this time. But, how is it right now? It's certainly a warmer culture.

As for the front-line paramedics, what are things like right now? Things are just—up in the air, right now, I think is probably the easiest way to describe it. It depends on the day and it depends on who you talk to.

**Mr. Reza Moridi:** Did you ever interact with Dr. Mazza?

**Mr. Jonathan Lee:** I did, yes.

**Mr. Reza Moridi:** You did. What was your impression of him?

**Mr. Jonathan Lee:** My interactions with Dr.—let me frame the answer to the question: I dealt with Dr. Mazza perhaps twice in the last five or six years. My dealings with him have been very limited since he became a suit-and-tie, MBA kind of guy. I had a great deal of dealings with him when I initially started in air ambulance. He was very heavily involved in the medical operations of the air ambulance in Toronto at that time. So I did countless hours of training with him, hospital time with him, so I had a very decent relationship with him that way, medically speaking.

**Mr. Reza Moridi:** What other front-line staff would have—their impression of Dr. Mazza? Do you have an idea?

**Mr. Jonathan Lee:** What—

**Mr. Reza Moridi:** Other front-line staff, like yourself, what would they think? Or what was their impression of Dr. Mazza?

**Mr. Jonathan Lee:** Well, I expect that their impression would be like Mr. Wade's yesterday or like Mr. Doneff's, or anywhere in between. It really would depend on who you speak to. It's a difficult question for me to answer.

**Mr. Reza Moridi:** Dr. Mazza and his executive team members told the ministry and also the minister that the for-profit entities which they created would have no effect on the Ontario operations. Do you have any particular view on that statement?

**Mr. Jonathan Lee:** I have no idea how the for-profit parts of the company would interact with the actual day-to-day operations—that's way above my pay grade.

**Mr. Reza Moridi:** That's basically what they said. They said it's not going to affect the Ontario operation.

**Mr. Jonathan Lee:** I don't know what to tell you, sir.

**Mr. Reza Moridi:** You don't know.

**Mr. Jonathan Lee:** That's not me. I don't have any shares in any companies.

**Mr. Reza Moridi:** Have you noticed any changes in Ornge, in terms of culture and otherwise, since the new leadership was placed a few months ago?

**Mr. Jonathan Lee:** Yes, I do. I think—again, I've got to be careful. I certainly was very hopeful when things changed. It was a very difficult environment. I think the problem right now is there are a lot of things that need to be fixed and the things that need to be fixed are not quick fixes. I know right now I'm sort of trying to be patiently optimistic. Is that sort of a good way of putting it?

**Mr. Reza Moridi:** So would you say that the environment has been improved?

**Mr. Jonathan Lee:** Yes, certainly, it has been improved.

**Mr. Reza Moridi:** Good. My colleague Mr. Klees makes comments about Ornge not having the right skilled people to run and operate Ornge. He has even gone on to say, "I wouldn't want to be a patient of Ornge." Can you explain the effect of this sentiment on the front-line staff at Ornge?

**Mr. Jonathan Lee:** The effect of Mr. Klees's statements?

**Mr. Reza Moridi:** Yes.

**Mr. Jonathan Lee:** I can explain it on me.

**Mr. Reza Moridi:** Yes, you and your colleagues—the front-line staff.

**Mr. Jonathan Lee:** Mr. Klees's statements don't mean very much to me on a day-to-day basis. I don't know what to tell you.

**Mr. Frank Klees:** He wants you to say something bad. That's what he wants.

**Mr. Reza Moridi:** No, no—just asking your feelings.

**Mr. Jonathan Lee:** I don't know how to answer the question. I can see that Mr. Klees has been very busy. Do I blame Mr. Klees for the environment right now, the abuse that we take from the public right now? I would imagine at some point, you're all a part of the abuse that I'm taking from the public right now. Is it Mr. Klees's fault? Maybe. I don't know. Am I happy when you tell me that you don't feel safe being in my helicopter? Whatever. It's your opinion. You're entitled to it. If you want to come and see me and what I do in the back of the helicopter, you're more than welcome to, and I would suggest that that would change your opinion.

**Mr. Reza Moridi:** Okay. What would you recommend to help improve morale at Ornge? What can be done in the future, in your view?

**Mr. Jonathan Lee:** I really think that we just need to get back to the business of doing what we were doing. My personal opinion is that a lot of this has become very distracting. I know that I was very optimistic when things started to change, the environment started to change. But there's a list of problems, we need to fix them, and we need to just focus on fixing them. From my perspective, that's what would make me happy. The Auditor General's report, right now, doesn't mean anything to me.

You've got stuff in front of me that needs to be fixed. Let's fix that and move on.

**Mr. Reza Moridi:** You may know that a number of initiatives have been introduced by the minister in the past few months. For example, a new leadership team is in place at Ornge; a new performance agreement has been signed with Ornge; also, there's proposed legislation. Do you think that Ornge is now heading in the right direction?

**Mr. Jonathan Lee:** I think it's heading in a new direction. I couldn't tell you whether it's the right direction or not. It was the right direction when Mazza took over. It was the right direction when we were downloaded from the ministry. You guys have a new right direction every few years. It has been my practice to just kind of hold on and ride it out.

**Mr. Reza Moridi:** I must tell you that in the past few months, we have heard some troubling stories in this committee room about Ornge and, in particular, what the leadership of Ornge has done. I assume that you have followed this news in the media and also at the Legislature.

**Mr. Jonathan Lee:** I followed some of the stories. I'm not sure specifically which ones you're referring to.

**Mr. Reza Moridi:** But generally you have been following the stories—

**Mr. Jonathan Lee:** I have, yes.

**Mr. Reza Moridi:**—with regard to Ornge, and the discussions in this room and also at the Legislature. As a paramedic, what are your thoughts on what has transpired at Ornge over the past number of months?

**Mr. Jonathan Lee:** As far as the leadership changes or as far as the troubling stories?

**Mr. Reza Moridi:** All of these developments.

**Mr. Jonathan Lee:** Like I said, we're changing. We're fixing some of the problems that we had. Some of them are easily fixed and fixed right away, and some of them are still in the process of being fixed. Like I said, I'm cautiously optimistic at the moment.

**Mr. Reza Moridi:** Again, over the past eight, nine months, as you know, there has been very heavy media coverage on what's happening with regard to Ornge. Most of this coverage wasn't positive. How has this situation affected the morale of yourself and also your colleagues, particularly the front-line staff at Ornge?

**Mr. Jonathan Lee:** I think it is what you make of it, right? Nobody wants to be the subject of abuse and ridicule, and there has been a fair bit of abuse and ridicule. How has it affected the morale? It's difficult. Has it affected my morale? It really just depends on the day. Is my morale happy at the end of a 14- or 15-hour shift when somebody is swearing at me and asking for their money back? No. That's not good for my morale. Again, I like what Brandon said yesterday: You do what you need to do to stay positive, and if you don't, then it takes you down to a dark place, right?

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**Mr. Reza Moridi:** Some people have come up to me, Mr. Lee, and said, "Enough already. It's time to move forward," with regard to what we are doing in this committee. They're saying, "You know, we have heard

all we are going to hear. Let's get back to what matters." Basically, they mean delivering the best emergency health service to the people of Ontario. What do you think about this kind of statement?

**Mr. Jonathan Lee:** Yes, I would agree with that statement. From what I see on my end, no system is perfect. You trust the people within the system—and I'm talking about the people in this part of the system, the part of the system that's doing things. We will figure out how to work the system. But what has happened in the last five or six years is, it has been constantly changing. Nobody knows from one day to the next what to expect, what the expectations are or how they can effectively use the system.

So, yes, I agree with that statement. I would very much like to get back to doing what I'm doing and doing it without having to testify in parliamentary committees. My apologies, sir; you're kind of on the bottom of my list of fun things to do.

**Mr. Reza Moridi:** Yes, Mr. Lee. In the last year and also this year, our government has taken a number of steps basically following the AG's, the Auditor General's, recommendations to fix things at Ornge. Have you noticed a difference in the organization in recent months as a result of the changes—

**Mr. Jonathan Lee:** Oh, certainly, yes.

**Mr. Reza Moridi:** —we've made as a government in Ornge?

**Mr. Jonathan Lee:** Certainly, and I said that initially. The organization is certainly a lot more open than it was a year ago.

Again, the front line was fairly insulated from the senior executive on a day-to-day basis. People who are up in the head office, up at Explorer, there is a huge change in the mood with those guys. It's noticeably more relaxed up there.

**Mr. Reza Moridi:** Things which happen at the top level, at the highest level, at the executive level, affect the front-line people as well. As you were saying, if I'm hearing correctly, there have been significant changes in the front-line staff. In terms of your morale and organization, the work culture etc., have there been?

**Mr. Jonathan Lee:** Again, I can speak for me.

**Mr. Reza Moridi:** Yes, your own feelings as a member of the front-line staff at Ornge.

**Mr. Jonathan Lee:** Like I said, I am cautiously optimistic. I know that things are changing, and a lot of the things are getting better. I'm trying to be patient while the other problems are cleaned up as well. Is my morale improved? Yes, my morale has improved. I can't tell you about the others' morale.

**Mr. Reza Moridi:** There have also been changes to patient safety and related policies at Ornge—again, in recent months, after the changes in the leadership at the top at Ornge. Policy changes with regard to patient safety—you could elaborate on that?

**Mr. Jonathan Lee:** I'm fairly insulated from a lot of those because I don't do a lot of helicopter work anymore, so a lot of those big changes are not me. I know they've made changes, from my patient care perspective,

as far as incident reporting and what they consider to be patient care incidents that need to be reported, how they're reported and what happens to those reports. There's certainly a more sort of vested interest in that. It's no longer just a paper trail exercise if something happens.

It's to the point where I think we got an email the other day that said—there's criteria. If certain things happen in the air, I have to fill out paperwork. Obviously, if a patient dies, it's a significant incident. But there was even a blanket email I think like a month ago that said, "If things get worse in your patient"—just very generic, if it goes poorly—"please just notify your immediate manager when you're done so that they're in the loop of any adverse events that may or may not happen in transport."

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

**Mr. Reza Moridi:** Okay, thank you very much, Mr. Lee. Thank you, Mr. Chair. That's all.

**The Chair (Mr. Norm Miller):** Okay, very well. We'll move on to the opposition, then. Mr. Klees?

**Mr. Frank Klees:** Thank you. Welcome, Mr. Lee. You indicated in your opening statement that you were surprised to be invited here. Can you tell me who you were invited by?

**Mr. Jonathan Lee:** Mr. Short.

**Mr. Frank Klees:** Can the clerk tell us who nominated Mr. Lee?

**The Clerk of the Committee (Mr. William Short):** I thought the subcommittee got all three lists, but maybe not.

**Mr. Frank Klees:** Well, Ms. Gélinas said that she did not nominate Mr. Lee. I did not nominate Mr. Lee. So it must have been the government nomination, just to clarify.

Welcome. You heard Mr. Moridi make his comment. I just want to set something straight for the record. I have at no point in time ever said anything disparaging about front-line paramedics or front-line pilots. I have made reference to unqualified people who are working at Ornge. The information we got about unqualified people working at Ornge came from front-line paramedics and front-line pilots. A great deal of that focus was on managers who had been appointed to very important roles. As one of your colleagues testified yesterday, they would be introduced to managers who would then have the responsibility to, for example, manage a branch. They had never seen them; there was no experience on their resumé relating to air ambulance in any way, shape or form, but all of a sudden they were put into a position of management. That caused some concern on the part of the front line, who are out there relying on some management support and resource support.

I have also called into question the unqualified people who—some of whom work at the communications centre. That was brought to my attention, as well, primarily by pilots who were very concerned about incidents that they were subjected to as a result of someone in that communications centre being so unqualified that they

don't even know medical terminology, can't pass on appropriate information, which causes a great deal of difficulty not only for the pilot but for the paramedics. Have you ever experienced anything like that?

**Mr. Jonathan Lee:** It's getting better. They had a little experiment a little while ago.

**Mr. Frank Klees:** Tell us about that.

**Mr. Jonathan Lee:** You'd know better than I would the dates, but at one point they decided that our dispatch centre, which basically is divided into medical people and aviation people—so you were hired as a medical person with your medical background or as an aviation person with your aviation background, and if you were a medical person with your medical background, then you did medical things. They had a little experiment where they decided that they could make the flight people into medical people and the medical people into flight people; furthermore, if they could train flight people to be medical people, then they could train people with neither flight nor medical backgrounds to do flight or medical things. They did that for a little while, and that was less than optimal.

**Mr. Frank Klees:** In other words, we had unqualified people holding very important jobs, that, based on what I was told by front-line paramedics and pilots, were putting people at risk—patients, as well as pilots and paramedics.

**Mr. Jonathan Lee:** Yes. It made things a little bit difficult.

**Mr. Frank Klees:** To clarify for Mr. Moridi, who went out of his way to attempt to misrepresent what my intention was, I'm going to read from an investigations report that all of the members of the committee have. You're familiar with these, in any event, but I think it's important that we at least put some of this on the record.

This was a confidential document that is prepared for cabinet. In one of those items, February 20, 2011, the Sudbury communications centre claimed that there was a lengthy delay—or rather, the Sudbury CACC—you're familiar with what that is—claimed that there was a lengthy delay for OCC staff to answer the phone when the CACC was trying to request emergency air ambulance response, resulting in a serious incident.

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Another one: Renfrew CACC claimed that the OCC—that's a communications centre—delayed processing a modified on-scene air ambulance request. The implication of that, we all know.

I'm not going to take the rest of our time because I have other questions, but this is full of those.

I tell you, I make no apologies for bringing it to the forefront that under the Ornge administration, unqualified people were allowed to assume very responsible positions. And yes, I'm hopeful that that has stopped. But I believe one of the reasons it stopped is because we made it a point to make that public, and as a result of that, I believe that people's lives are better. I believe your life is better because it makes your life that much more efficient in terms of being able to carry out your responsibilities.

I'm interested in your unit, the pediatric transport paramedic unit. I understand that that was really initiated

as a result of a donation to Ornge by the Rogers Foundation. Is that your recollection, as well?

**Mr. Jonathan Lee:** I don't think it was initiated; we were well on our way, and then the donation came after the fact.

**Mr. Frank Klees:** If I recall correctly, I think it was something in the range of \$200,000?

**Mr. Jonathan Lee:** It was \$250,000.

**Mr. Frank Klees:** Right, \$250,000.

Can you help me understand—I know what your focus is. You've explained that. Do you do other calls, as well, or is it strictly—that's your specialty, but obviously you would look after other transfers and—

**Mr. Jonathan Lee:** I try not to. There is evidence to support improved outcomes for children when they're transported by specialty teams. So, really, that's my focus. Am I capable of doing other calls? Have I done other calls? Yes. But again, that's not a matter of routine. Those are the one-offs.

Yesterday, Brandon talked about meeting up with medics from Toronto. I was one of the medics he met up with from Toronto. There happened to be three of us on the pediatric team one day, and Brandon was by himself in London. I met up with Brandon, and we went and did calls.

It's a matter of scope of practice for me. When I chose to do pediatrics, my scope of practice changed as far as adults are concerned. I have a very broad scope of practice when it comes to children, but now, if I choose to do adult stuff, my scope of practice is very narrow. It's just a by-product of specialization. Can I help do adult calls? Yes. But I am essentially a primary care paramedic when it comes to dealing with adults. Primary care paramedics are of limited value in a lot of these ICU kinds of calls. I help out where I can with that sort of stuff.

**Mr. Frank Klees:** You are a critical care paramedic by training. Is that right?

**Mr. Jonathan Lee:** Yes, that's correct.

**Mr. Frank Klees:** I'd like to talk about that a bit with you. You're familiar with the term, obviously, "balanced level of care," BLOC, right?

**Mr. Jonathan Lee:** Yes.

**Mr. Frank Klees:** My understanding is that Ornge management has been suggesting that balanced level of care is the best way to provide care. For the benefit of the committee, can you describe what Ornge means by "balanced level of care"?

**Mr. Jonathan Lee:** I'm making this up, so just bear with me if it's not 100% accurate, because I don't have their policy in front of me.

The gist of it is that there are three levels of care within the—pediatrics aside, because, again, I'm a small group; I'm not really a good representation of the whole. Of the other 205 paramedics, there are three levels of care: There is a primary care paramedic, an advanced care paramedic and a critical care paramedic. What that means is—to make it quite simple for you, my goal, my job, when I get in the back of a helicopter or ambulance or whatever, is to go to Sudbury General and take a patient to Newmarket. To do that, I want to take your pa-

tient and I want to maintain or improve that level of care that they're getting in the hospital, and I want to do that without robbing resources from Sudbury hospital. So, you don't have to send your nurse, you don't have to send your doctor or your respiratory therapist.

Without getting too technical—as a critical care paramedic, there are a couple of things but not a lot of things that you can dream up in your hospital that I can't manage on my own. Our critical care guys will move things like intra-aortic balloon pumps; mechanically ventilated patients—patients who can't breathe; we're breathing for them. We'll run all kinds of potent drugs to maintain blood pressure.

That's the scope of practice of a critical care paramedic. You should be able to handle whatever is thrown at you.

As an advanced care paramedic, your scope of practice is fairly limited—not fairly limited; it is limited from that of a critical care paramedic. There are a number of more invasive things, a number of more drugs—the drugs scope of practice is limited. There are actually rules about which drugs you can run, as opposed to my critical care scope of practice, where it's wide open—

**Mr. Frank Klees:** Can an advanced care paramedic do intubation?

**Mr. Jonathan Lee:** Yes, an advanced care paramedic can do intubations.

If I work as a critical care paramedic with another critical care paramedic, my scope of practice is considered critical care. If I work with an advanced care paramedic and I'm a critical care paramedic—this is their balanced level of care—it is assumed that that aircraft can still function at a critical care level, because I have a partner who can intubate—that's one of the big things—who can maintain an airway with me; it doesn't change the level of care in the aircraft.

If you move to the third level of paramedic that is within the system right now, which is a primary care paramedic, their scope of practice is—this is sort of like an entry-level paramedic position. Their scope of practice is much more limited. They cannot do intubations. The number of drugs that they can administer is very limited. A lot of the hospital/ICU kind of interventions, they can't perform.

If I am working as a critical care paramedic with a primary care paramedic, that now affects the level of care of my aircraft. I can't function to my full scope of practice. It limits my scope of practice. So those are the level-of-care issues.

**Mr. Frank Klees:** And I understand that it's a policy of Ornge, where—at one time, the units were considered critical care units, because there had to be two critical care paramedics on board to respond to a high-level emergency. That's what I understand.

**Mr. Jonathan Lee:** It's been a long time since it's been that. It was that with the ministry; I think, during Canadian Helicopters.

**Mr. Frank Klees:** Yes, it was.

**Mr. Jonathan Lee:** That's when they said it was okay to staff AC/PC/CP.

**Mr. Frank Klees:** When Ornge became Ornge?

**Mr. Jonathan Lee:** Before Ornge; when it was Canadian—when it got downloaded. That's when the AC/PC/CP thing started, during Canadian Helicopters.

**Mr. Frank Klees:** What happens when you put a primary care paramedic with a critical care paramedic?

**Mr. Jonathan Lee:** Less things happen, because—

**Mr. Frank Klees:** And how often does that happen in the field?

**Mr. Jonathan Lee:** To me, it never happens, because I'm a specialized—

**Mr. Frank Klees:** Oh, sure—

**Mr. Jonathan Lee:** Like I said, I'm a bad person to talk to for this kind of stuff.

**Mr. Frank Klees:** But you're familiar with what happens in the field. Is that something that does happen?

**Mr. Jonathan Lee:** I can tell you that it happened a fair bit before I left. That happened a lot. And I can tell you that there are still primary care paramedics within the system in the south. The number of times that it happens right now? I can't tell you. But is it still happening? I assume so, because they're still—

**Mr. Frank Klees:** And to be clear with Mr. Moridi, this is another aspect that the front-line paramedics brought to my attention, the fact that quite often they were placed into a situation where they were unable to respond to a particular call because of this policy. That is very frustrating, I can imagine, for a paramedic. You're there, you want to provide the service, but you're actually precluded from doing so if you aren't qualified to the appropriate level. Is that right?

**Mr. Jonathan Lee:** I would agree with that.

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**Mr. Frank Klees:** Okay. So I'm hoping that Mr. Moridi understands that when I talk about unqualified people, it's not an aspersion on anyone. It really is a focus on the management at Ornge that allowed these things to happen.

Surely, on a go-forward basis, what we want to do is ensure that those standards of care are brought to the appropriate level so that we have people who can be comfortable on the front line; so that, first of all, whoever is doing dispatch understands their function; and so that whoever the team is, it's up to the appropriate staffing levels to ensure that we're not in a situation where, when a call came in—and there are numerous examples on this incident report—no one was able to respond because there weren't paramedics, because there weren't pilots. Those are things that are a challenge, and it's clearly something that we have to address on a go-forward basis. That we want to make sure that you've got the resources to do your job is basically what it comes down to.

**Mr. Jonathan Lee:** What I would like to add, though, is that when you talk about primary care paramedics, the primary care paramedics, I suspect, would be fairly offended if you told them that they were unqualified, because they are qualified. They are certified, and they are primary care paramedics. They've completed their education, and they've completed their training. They are qualified paramedics, but—

**Mr. Frank Klees:** Precisely. So again, thanks for that clarification, because no one has ever intended to call a primary care paramedic unqualified. The unqualified definition comes when that particular team is not qualified to respond to a particular call.

**Mr. Jonathan Lee:** I would agree with that. The team becomes unqualified. That's correct.

**Mr. Frank Klees:** Precisely. I think it's important that we all understand that context. To misrepresent that intention is not helpful, and I think what we want to do is ensure that we move forward with that understanding.

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

**Mr. Frank Klees:** I'll save it for the next round.

**The Chair (Mr. Norm Miller):** Very well. We'll move on to the NDP. Ms. Gélinas.

**M<sup>me</sup> France Gélinas:** Thank you for coming, Mr. Lee. Although it is at the bottom of your fun things to do, you're here now, so we might as well get to it.

**Mr. Jonathan Lee:** Second from the bottom, now that I get to talk to you.

**M<sup>me</sup> France Gélinas:** There you go. Things are looking up.

All right. You've been there for a long time, so let's focus on since you worked for Ornge. Your locker stayed the same, but your paycheque came with a different logo. Since Ornge was there, did you ever have an incident where you had to put in a complaint to your employer or to anybody else, for that matter?

**Mr. Jonathan Lee:** What do you mean by complaint? I've got a lot of complaints. I'm a paramedic; I complain about everything.

**M<sup>me</sup> France Gélinas:** Okay. Give me an example as to how it would work.

**Mr. Jonathan Lee:** How to the process works?

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

**Mr. Jonathan Lee:** The complaints process with Ornge, there were a bunch of different incarnations of it. I think it's called a care report now. It was at one point called a DSA. It had a bunch of different names. Regardless, the process was, you went into an online system, you entered your concern into one of different categories—it's a patient care issue, it's a health and safety issue, it's an aviation issue—you logged it, and you sent it off to—

**M<sup>me</sup> France Gélinas:** To whoever answered those emails.

**Mr. Jonathan Lee:** That's correct, yes.

**M<sup>me</sup> France Gélinas:** And then what happened?

**Mr. Jonathan Lee:** I didn't do anything with them after that, so I don't know what happened after that.

**M<sup>me</sup> France Gélinas:** Did you ever hear back? Can you think of something happening with health and safety, and you put in a complaint? Does the answer come back through email? Does somebody come and talk to you?

**Mr. Jonathan Lee:** I'm a really bad person to talk to about that, because I haven't done a whole lot of them. I know they have talked a lot recently about improving the responsiveness to those DSAs. There was certainly a problem with a lot of those incident reports, with Ornge,

just disappearing. I know at one point Dr. Mazza came in and said it was going to be some magic thing on his desktop, where these instant reports would be flashing right on his desktop so he knew about them. I know a lot of those, under Ornge, sort of disappeared, to the point where I know a lot of people just didn't bother filling them out anymore.

**M<sup>me</sup> France Gélinas:** They gave up because the process was not working.

**Mr. Jonathan Lee:** Yes, it was kind of shoddy.

**M<sup>me</sup> France Gélinas:** Do you know if it's working better now?

**Mr. Jonathan Lee:** Presumably it is working better now. Again, I haven't actually done one yet, so I can't tell you. My manager said to me just the other day, "Those incident reports now are looked at by everybody, so make sure you're concise and appropriate with them." So I assume now they are being scrutinized a little bit more closely.

**M<sup>me</sup> France Gélinas:** Who is your supervisor?

**Mr. Jonathan Lee:** Gail Houghton. We call her T.S. She's my immediate supervisor.

**M<sup>me</sup> France Gélinas:** And who is Gail's supervisor?

**Mr. Jonathan Lee:** That would be Wade Durham, manager/director.

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

Since Ornge bought the new Agusta helicopters, have you had an opportunity to work in them as a pediatric paramedic?

**Mr. Jonathan Lee:** Sort of. We did our initial orientation as the helicopters were coming in. I spent a lot of time in the old helicopter. I'm very happy and comfortable in the old helicopter. The new helicopter has got—there are a lot of things that have to be done just in the right way for things to work properly. I just won't do calls in that thing unattended, because I don't do enough of them. In the event that they put us in that aircraft, what I do is I'll take one of the paramedics who is working on that aircraft. He'll stay with the helicopter. He'll bring us up, and we'll go and do the call. So I have him there to handle the logistics of how the helicopter works, because I just don't do enough calls in the helicopter to be familiar with it.

**M<sup>me</sup> France Gélinas:** Okay. There have been some problems that have been brought forward with the design of the interiors of the helicopter. The one that hit the front page of the paper, I'm guessing you know, is about difficulties performing CPR.

**Mr. Jonathan Lee:** Yes.

**M<sup>me</sup> France Gélinas:** Given that you work with smaller patients, would that also apply to children, to pediatrics?

**Mr. Jonathan Lee:** I would suggest to you that it would apply to anybody over about the age of one, because under the age of one, I can do CPR like this. After that, I have to straighten up my arm.

**M<sup>me</sup> France Gélinas:** So as soon as they're bigger, then—

**Mr. Jonathan Lee:** Then it's, yes, a bit of a problem.

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

This question has nothing to do with anything; I'm just curious. Who handles the zero to 28 days?

**Mr. Jonathan Lee:** Oh, zero to 28 days is handled by the neonatal transport teams throughout—

*Interjection.*

**Mr. Jonathan Lee:** Yes. So SickKids, London—

**Mrs. Liz Sandals:** Ottawa.

**Mr. Jonathan Lee:** —Ottawa, McMaster. I can't forget McMaster because my old partner would yell at me. And it varies. Some of them do a little bit older, too. SickKids will do up to the age of three, so there's a bit of overlap with us.

**M<sup>me</sup> France Gélinas:** Is the neonatal considered, like you, a special unit?

**Mr. Jonathan Lee:** Oh, very special. They're very specialized.

**M<sup>me</sup> France Gélinas:** So it's a special unit that deals with neonatals only.

**Mr. Jonathan Lee:** Yes, very specialized.

**M<sup>me</sup> France Gélinas:** This had nothing to do with anything; I had kind of forgotten.

When you were talking with Mr. Klees, you said that things have improved since there's been a new management team. You certainly talked about how they seem a little bit more relaxed when you call headquarters and stuff. Can you give me examples of how this affected what you do, as in the before and the after?

**Mr. Jonathan Lee:** How it affects me in the before and the after—

**M<sup>me</sup> France Gélinas:** Well, you did say that things had improved. Can you give me an example as to what you based your comments on?

**Mr. Jonathan Lee:** Oh, the relaxed atmosphere. Like I said, just even with the interactions with the people up there, that is better.

From a front-line perspective, how is it better? Things are certainly easier. There's much more communication with the front line. There's none of the "don't talk to me until you've gone through this set of steps," or whatever. I can run stuff up the flagpole if I want to run stuff up the flagpole. That's certainly a non-issue.

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They are a lot more responsive to a lot of—like the helicopter, right? The helicopter was, "We're not going to talk about this. It's an education problem. You guys just don't know how to use it." Now it's, "Okay, you come forward, and you tell me the problems. We acknowledge the fact there are problems. We're going to work to fix it. I'm telling you that this is what we're doing. I'm telling you it's not perfect. I'm telling you it's just an interim solution. We are working forward." That kind of stuff just never happened before. It was, "This is what you got. Deal with it." It's a huge difference, right?

**M<sup>me</sup> France Gélinas:** That's an improvement. I realize you're in a specialized unit. Are other paramedics in the same base with you?

**Mr. Jonathan Lee:** There are other paramedics, yes.

**M<sup>me</sup> France Gélinas:** Did you notice any changes in the staffing level?

**Mr. Jonathan Lee:** Again, you've got to be careful because I'm not a good representation. I'm not working on the helicopter. The base that I worked at was never one of the bases that had issues with staffing, so I don't know if I could answer that and really give you any sort of real sense of what's actually happening out there.

**M<sup>me</sup> France Gélinas:** No, that's okay.

**Mr. Jonathan Lee:** You need to get one of the guys from the Toronto helicopter down here. Talk to them.

**M<sup>me</sup> France Gélinas:** Will do. My next question has to do with the training that is available. If we take your example, was the training accessible and done in a timely fashion? Was it sufficient to feel that you are well prepared to do what you have to do? How did it work?

**Mr. Jonathan Lee:** My pediatric training?

**M<sup>me</sup> France Gélinas:** You can start wherever you want.

**Mr. Jonathan Lee:** I have not done any real Ornge initial training. All of my training was done well before Ornge arrived. I trained under the ministry so—

**M<sup>me</sup> France Gélinas:** So who holds your certificate for critical care? Is it Ornge?

**Mr. Jonathan Lee:** Ornge right now, yes.

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

**Mr. Jonathan Lee:** It's hard for me to comment on that. I know that it seems to be a bit of a lengthy process under Ornge to go through a lot of the paramedic process, the paramedic training program.

My training specifically was, again, not a good representation. It's very focused. We have a specialized team that needs to start here. Here are the resources. Bang, it's done. We started. We did Monday to Friday. We went through, and we got the training done. My training was excellent. It was very focused.

**M<sup>me</sup> France Gélinas:** You were satisfied with the people who came and gave it to you? You felt that you were ready once you completed the program?

**Mr. Jonathan Lee:** It's really hard to argue with the staff physicians in the intensive care unit at SickKids. They're the ones who came down and taught us. Our own medical director—I think she runs the neonatal intensive care unit there now. She's an emergency doc. We have pediatric physicians from McMaster, from Kingston, from London. They all came down to be part of the training, as well as our own pediatric educator, who has a substantial background in education herself. We're very lucky. The pediatric team is very lucky. We get excellent education.

**M<sup>me</sup> France Gélinas:** Okay. And do you say this because you feel there are other teams that are not as lucky as you?

**Mr. Jonathan Lee:** I haven't seen other pediatric teams.

**M<sup>me</sup> France Gélinas:** Not necessarily other pediatric teams, but the other training. Is there anything that leads you to believe that the other training that's offered within Ornge is not of the same quality as what you got?

**Mr. Jonathan Lee:** They're offered on a larger scale, so it becomes that much more difficult. They have economies of scale and geography to overcome so it's very

difficult to compare those programs. The critical care programs right now—and again, I’m making this up because I am not in it, and I don’t teach them. It’s hard to get people in in a timely manner when you have to get people from Thunder Bay and from Peterborough. It’s a process, and I know it takes a little longer than they’d like it to take.

**M<sup>me</sup> France Gélinas:** Are you the only pediatric team in Ontario?

**Mr. Jonathan Lee:** In Ornge.

**M<sup>me</sup> France Gélinas:** In Ornge.

**Mr. Jonathan Lee:** Yes. There’s a pediatric team based out of SickKids and a pediatric team based out of London, as well. They’re hospital-based teams. London will move patients up to the age of 18, and SickKids will move patients up to the age of three.

**M<sup>me</sup> France Gélinas:** Through Ornge Air Ambulance or through land?

**Mr. Jonathan Lee:** Both.

**M<sup>me</sup> France Gélinas:** Through both, okay. So they will send their paramedics?

**Mr. Jonathan Lee:** Most of the hospital-based teams are all nurse-based teams.

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

**Mr. Jonathan Lee:** Nurses, RTs, that sort of stuff.

**M<sup>me</sup> France Gélinas:** If I’m putting a lens of equity of access, I’m really proud that Ontario has this team of dedicated pediatric paramedics. I think this is great. If you look at the geography of Ontario—and you probably know that I’m from northern Ontario—

**Mr. Jonathan Lee:** I went to school in Walden, so you don’t have to tell me about that.

**M<sup>me</sup> France Gélinas:** Oh, there you go. I live in Walden also.

If you look at the geography of Ontario, what you offer to southern Ontario: Is it equally accessible to the people of northern Ontario?

**Mr. Jonathan Lee:** What I offer?

**M<sup>me</sup> France Gélinas:** What your team offers.

**Mr. Jonathan Lee:** Am I available to the people of northern Ontario? Certainly. Is it going to be as fast? No. It’s far. But I will get up there. They sent the guys to Fort Frances the other day—Fort Frances to Winnipeg, that’s far.

**M<sup>me</sup> France Gélinas:** Yes, that’s far.

**Mr. Jonathan Lee:** I think the team right now—when I left the base, they were on their way to Sault Ste. Marie. I was in Sault Ste. Marie on Monday. We were on Manitoulin Island the other day. Do I get up there? Certainly. I’ve gone up to North Bay a couple of times. So we get up there.

Now you need to discuss, is it worth me getting up there? Is it worth waiting for me to get up there or is it easier to find some other way to do it? It’s a by-product of—

**M<sup>me</sup> France Gélinas:** Of the distance. I’m fully aware.

**Mr. Jonathan Lee:** —the distance.

**M<sup>me</sup> France Gélinas:** Who makes those decisions?

**Mr. Jonathan Lee:** Who?

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

**Mr. Jonathan Lee:** That is a Medcom decision. That’s a dispatch decision.

The way the process works is, if you are in Sudbury and you have a patient who you want to move, you’ll pick up the phone and you will call CritiCall, which is a separate organization which helps to manage beds for the province. They’ll find you a bed. Whatever your problem is, they find it for you. Once that’s done they will contact our dispatch, and our dispatch will determine if they meet the criteria to fly and, for lack of a better term, how sick you are and what level of care you need for the trip. Based on that, they have a big map that says, “Your patient in Sudbury: There are one, two, three, four different options to move them down. This one will be half an hour, this one will be two hours, this one will be six hours,” and then they’ll pick, based on time, how time-sensitive it is, and based on how sick you are and what level of care you need.

**M<sup>me</sup> France Gélinas:** I take it that you listened to some of the testimonies that were done yesterday. We’ve heard that at this time last year, some of the paramedics were feeling that some of the decisions that had been made to delay launch, to change things, were really having an effect and basically demoralizing them and some of their co-workers because they didn’t feel that they were giving out top-quality care. Was the same thing felt within the unit that you work in?

**Mr. Jonathan Lee:** Again, I’m a bad example, because I don’t do scene calls. That launch criteria just doesn’t affect me.

I can appreciate the fact that if you are a helicopter paramedic and what you are bringing to the table is speed of transport—that’s what you’re offering—and you start delaying and making me slower, that’s not going to be good for my morale and that’s not going to be good for my efficiency, right?

**M<sup>me</sup> France Gélinas:** Do you know that this was true? Do you know that this has happened?

**Mr. Jonathan Lee:** The launch policy?

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

**Mr. Jonathan Lee:** Yes, of course.

**M<sup>me</sup> France Gélinas:** You knew about it, then. You knew that some of your colleagues were not happy about it?

**Mr. Jonathan Lee:** Correct. I think that started before I left the helicopter, actually.

**M<sup>me</sup> France Gélinas:** Oh, did it?

**Mr. Jonathan Lee:** I think so.

**M<sup>me</sup> France Gélinas:** Okay. Do you know that it’s better now?

**Mr. Jonathan Lee:** It is better. Yes, they stopped it. It’s done. They’re not doing that anymore.

**M<sup>me</sup> France Gélinas:** So they don’t do that anymore?

**Mr. Jonathan Lee:** Yes. That was a huge thing for the guys on the front line.

**M<sup>me</sup> France Gélinas:** My colleague wants to ask a few questions.

**Mr. Jagmeet Singh:** Thank you very much for being here, and sorry that you've been on the hot seat for so long.

What I want to do with the time that I have remaining is basically hear from you, from a front-line worker, what recommendations you have to make Ornge better. What would you want to see happen to make it run better, work better, so that you can do your job to the best of your abilities?

**Mr. Jonathan Lee:** I'm very optimistic about Mr. McKerlie—and again, my dealings with him are limited, but even on face value, there's a huge difference between listening to the town hall meetings and the communications from Mr. McKerlie and the ones from Mazza et al. That makes me very happy.

If you're asking me what needs to be fixed, you know about the helicopter. That's a bit of a big deal. Mr. Klees has talked about our dispatch centre and the primary care paramedics within the system. I think you tackle those issues, and then you leave me alone and you let me take care of people, and I will go take care of people.

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**Mr. Jagmeet Singh:** Is there a policy or something that would help you be left alone to do your job more effectively? Is there something that we could—

*Interjection.*

**Mr. Jagmeet Singh:** Oh, you mean this process.

**Mr. Jonathan Lee:** I mean you leave me alone. I can deal with everything else. You are the problem, sir.

**Mr. Jagmeet Singh:** My apologies.

**Mr. Jonathan Lee:** Did you like that? It wasn't you.

**Mr. Jagmeet Singh:** I know.

What about if we break it down more specifically, with the helicopters? Besides the helicopters, is there anything else with being a primary care medic in a helicopter that can make the job easier or better?

**Mr. Jonathan Lee:** Like I said, the helicopter has got to be fixed. It's obviously—

**Mr. Jagmeet Singh:** So, the helicopter space. Besides that?

**Mr. Jonathan Lee:** How can it be fixed?

**Mr. Jagmeet Singh:** No, besides that. There are issues with the interiors—

**Mr. Jonathan Lee:** Yes, those are the four big things that are, for me—and again, half of it I deal with; half of it, I don't. You need to make that helicopter a functional helicopter. And I know that can't be done like that—or it could be done like that, but it's going to cost you another \$150 million. So that needs to be fixed.

The staffing is another issue. Again, it's not that I don't appreciate what's happening. You cannot snap your fingers and make another 30 critical care paramedics. That doesn't happen. It takes years. And I don't even care if you choose to hire primary care paramedics, but you need to at least train them. So you need to fix the staffing. You need to fix it so that it's appropriately staffed.

You need to sink some money and some time and some effort into the dispatch centre and make sure that it's being run appropriately and as efficiently as possible.

**Mr. Jagmeet Singh:** Okay. And just to target the dispatch centre, if you could isolate some of the key problems that you notice with the dispatching, what are some suggestions, as a front-line worker?

**Mr. Jonathan Lee:** I think Mr. Klees talked about it. It was difficult to try to talk medical talk with pilot people. I'm assuming it's also difficult to talk pilot talk with medical people. And then if you had neither a pilot nor a medical background, that was difficult.

I don't know. I'm not a dispatch expert at all. I don't know what happens in there. I know I feel bad for them, because they make decisions right now, with information coming from 12 different people that may or may not be accurate—and then Mr. Klees and his thing can sit back and judge in retrospect and say, "Well, you didn't do this. You had a 10-minute delay to get to that call in Sudbury." Well, you don't know if he's sitting for 10 minutes, saying, "Wow, there's a burnt baby in Sudbury, and there's a guy having a heart attack in Espanola, and there's an old lady having a stroke in Sault Ste. Marie." So I have got to decide which one of those four things has to happen before I send the helicopter to that scene call that got delayed for 10 minutes.

I'm not making excuses for them, but I'm just saying there's a lot that goes on within that system, and I don't know the best way to make it efficient.

**The Chair (Mr. Norm Miller):** It's time to move on to the government and Ms. Sandals.

**Mrs. Liz Sandals:** We go around again, but it will be shorter this time.

**Mr. Jonathan Lee:** I was hoping that you were going to say that.

**Mrs. Liz Sandals:** It's going to be shorter this time. We won't have as much time, so the end is near.

The issue around the advanced care and the critical care paramedics: You've talked about training. I take it that Ornge is the only trainer of critical care paramedics. It isn't that you can go to the local employment office and hire a critical care paramedic. The only way you can get a critical care paramedic is, hire an advanced care one and train them up.

**Mr. Jonathan Lee:** Correct.

**Mrs. Liz Sandals:** So in the situation that we've got, where they aren't standing around, waiting to be hired, in fact the approach we need to take is what I think I'm hearing you say is going on, which is that there are advanced care paramedics but they need to be trained up to the same level as you. So the approach that needs to be taken is being taken. It's just going to take some time to happen.

**Mr. Jonathan Lee:** Oh, it definitely is. Is it being taken? I don't know. I assume so. Like I said, I'm not really involved in that, but I recognize the fact that that takes time. Is it taking too long? Could it be done quicker? I don't know, but it needs to happen.

The other problem is that you can't just take randomly—I can't just take Mr. Klees and turn him into a paramedic, right? Well, I could, but he wouldn't be a very good one. He needs to get experience along the way. It's a process and it takes time.

**Mrs. Liz Sandals:** So everybody has to start at primary, get some experience at primary, train up to advanced, get some experience there—

**Mr. Jonathan Lee:** Exactly.

**Mrs. Liz Sandals:** And then train up to critical care and then, in your case, go a fourth step beyond that, which is to be a pediatric specialist.

**Mr. Jonathan Lee:** That's correct.

**Mrs. Liz Sandals:** The other front-line people that we've talked to have tended to be either pilots of one sort or another or paramedics who seem to be associated with particular aircraft.

**Mr. Jonathan Lee:** Correct.

**Mrs. Liz Sandals:** It seems to me that your model is a total flip. You're specializing in kids and you get sent wherever there's a sick kid who needs transfer to tertiary care.

**Mr. Jonathan Lee:** Correct.

**Mrs. Liz Sandals:** So even though you're based in Markham, you get the most critical kid who needs transfer to tertiary care and you get sent wherever the sick kid is, and then, by airplane, by helicopter or by land, get them to the nearest tertiary care facility. Am I understanding?

**Mr. Jonathan Lee:** Correct.

**Mrs. Liz Sandals:** Okay. Which one do you do the most, then—land?

**Mr. Jonathan Lee:** Land. By far, land. About 75%—and again, I'm making those numbers up, but about 75% of what we do is done by land. About 15% of it is done by airplane and about 10% is done by helicopter.

**Mrs. Liz Sandals:** With respect to the land ambulances, which are presumably standard land ambulances, whatever it is—

**Mr. Jonathan Lee:** Not standard; ours are very special. There are stickers, SpongeBob SquarePants—very pediatric-focused.

**Mrs. Liz Sandals:** Okay. So I'll get little warm, fuzzy, cuddly things to hug?

**Mr. Jonathan Lee:** You will. Yes. There's actually a little lion with little arms that you can wrap around, and he can give you a little hug.

**Mrs. Liz Sandals:** Okay. If my grandchildren need help, I'll remember you.

**Mr. Jonathan Lee:** You call me.

**Mrs. Liz Sandals:** What about airplanes, then? If you're doing a transfer on a plane, is that a specialized plane, or is that just whatever plane is—

**Mr. Jonathan Lee:** A bit of both.

**Mrs. Liz Sandals:** A bit of both?

**Mr. Jonathan Lee:** A bit of both. We have specialized planes. We have the Ornge dedicated aircraft, like the one in Thunder Bay, the one in Timmins, that kind of stuff. They're kitted out to do actual patient care. Then we have the standing offer agreement aircraft, which is something that I would get more commonly, which is a sort of—what's the best way to word it? It accommodates a stretcher patient. They're set up the best they can under the circumstances. They're charter aircraft.

**Mrs. Liz Sandals:** But they're not necessarily really good ambulance layouts like the Ornge aircraft?

**Mr. Jonathan Lee:** I'm not going to say they're good or bad. They're not my favourite.

**Mrs. Liz Sandals:** Okay. And then you get the helicopters, and it could be one of the old Canadian Helicopters or it could be one—

**Mr. Jonathan Lee:** Oh, I hope not, because those are only way up north, so that means I'm far. So normally right now it will be the new ones, the 139s.

**Mrs. Liz Sandals:** Okay. In terms of where the problems are, for those that are actually specialty vehicles, the only one where there's a problem with the specialty vehicle is the new helicopters, and they're working on that?

**Mr. Jonathan Lee:** As far as I understand, yes.

**Mrs. Liz Sandals:** The standard offer ones, as you say, they are what they are, so they're not going to magically change under anybody's screed.

You mentioned, when you were talking to Mr. Moridi, that you've been at this long enough that you actually first met Dr. Mazza when he was still the base hospital emergency specialist at Sunnybrook, and I think I heard you say that as an emerg doc, he was highly respected, you found. We never quite got to the "And then later..." Once you eventually found that Ornge was your employer, did you, in that context, with Dr. Mazza as CEO, encounter him there?

**Mr. Jonathan Lee:** Encounter him, yes; any sort of actual relationship, no. Obviously I had a relationship with him; I know him, so it's not that I would ignore him in the hallway. But as the CEO, he had very little interaction with the paramedics. As soon as he was replaced, for lack of a better term, by other physicians who concentrated on the medical stuff, then my dealings with him were virtually nil.

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**Mrs. Liz Sandals:** So your observations aren't one-on-one conversations more recently; they're the culture—

**Mr. Jonathan Lee:** Yes, I believe I said that.

**Mrs. Liz Sandals:** —which you've already talked about. The other thing you mentioned a couple of times was talking about paramedics taking abuse from people. Is this a recent phenomenon, or is that—you've been doing this for 18 years.

**Mr. Jonathan Lee:** Yes.

**Mrs. Liz Sandals:** Is this a new phenomenon—

**Mr. Jonathan Lee:** The Ornge abuse?

**Mrs. Liz Sandals:** Yes.

**Mr. Jonathan Lee:** Yes.

**Mrs. Liz Sandals:** Do you want to tell us a little bit about that?

**Mr. Jonathan Lee:** About getting picked on? It's just randomly being sworn at on the street; that's pleasant. Telling me I'm a waste of money, having my ambulance keyed, coming back to the ambulance and having little dollar signs written in the dirt: That kind of stuff is fun.

**Mrs. Liz Sandals:** Wow. So people are really—because they're reading so much negative stuff, they're actually taking it out on you as a front-line—

**Mr. Jonathan Lee:** Correct, yes.

**Mrs. Liz Sandals:** Because you actually do 75% of the work on the ground, they can get at you.

**Mr. Jonathan Lee:** Yes, exactly. The helicopter guys: They get a bit of abuse, I think, from the hospital staff, but they're not in the general public as much. Because our land guys and us are on the road, we're a bit more accessible. You can see me getting a coffee or getting—

**Mrs. Liz Sandals:** Yes, okay.

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

**Mrs. Liz Sandals:** No, thank you. I really do appreciate it, because I know that—we sit around committee rooms all the time and it's part of our life. This is obviously not your life, so we hope that we will get out of your way and let your life get back to normal—

**Mr. Jonathan Lee:** I don't want you to get out of my way. I want you to come out, spend the day with me, if you're going to make—come and see what I do when you go to make your decisions. I'm happy to have anybody here and I'm happy for you to sit and watch and for me to explain to you exactly what I'm doing and what works and what doesn't work.

**Mrs. Liz Sandals:** Wonderful. Thank you for interrupting the good work you usually do and coming and talking to us. That's been very helpful. Thanks.

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

**Mr. Frank Klees:** Thank you. I'd like to follow up on the training. Do you know how many critical care medics have been certified, say, in the last four years?

**Mr. Jonathan Lee:** No.

**Mr. Frank Klees:** Take a guess.

**Mr. Jonathan Lee:** Ten, twenty? I don't know. I know there's a class going on right now; that they've just started. I know that there is a class that's just wrapping up. Was there a class before that? Is there maybe—no; I'd be guessing.

**Mr. Frank Klees:** Okay. The word that we have is that there were very few. This, again, is one of the things, obviously, that has to be fixed.

Under the agreement that Mazza negotiated with the government, Ornge became the monopoly trainer/certifier of critical care paramedics. What that did was set up Ornge to ensure that all medics who qualified as critical care medics would have to come through the Ornge funnel. It essentially allowed Mr. Mazza and his group to totally control the critical care medic population in this province. It's one thing that I think, as a committee, we're going to have to look at, because there are other institutions that are very capable of providing that training, from what I'm told.

To have more opportunity for more advanced-care paramedics to get into a training program so that we can in fact create the mass that we need to deliver the front-line service—I think it would serve everyone's best inter-

ests. It also gets us away from this monopoly that never serves anyone well.

**Mr. Jonathan Lee:** I can't really comment on that. I can't really argue with the number of paramedics that are trained, because obviously there are holes. We need more; we don't have enough. But I will tell you—and I'm not even going to argue with how they do their training, but I will tell you about the end result of their training, Mr. Klees. You have some of the—actually, you have the majority of the best-trained critical care paramedics in the country in this province.

**Mr. Frank Klees:** We have no doubt about that.

**Mr. Jonathan Lee:** That comes from their training and their medical direction.

**Mr. Frank Klees:** Just to your point, we need more of them.

**Mr. Jonathan Lee:** Yes. And I'm not arguing that with you, but I'm just saying, the quality of the paramedics that they produce is very high.

**Mr. Frank Klees:** I understand congratulations are in order for your performance at a North American competition—this goes back a couple of years—apparently, you and Wayne Diamond. Could you tell us about that experience of yours?

**Mr. Jonathan Lee:** Wayne and I, when I was working on a helicopter, went to Tampa to AMTC, which is a conference that is put on every year by the same association that certifies all of the air ambulance providers, basically, in the world. They had a competition that pit all of the different air medical crews against each other in simulated patient care. So we went down to do that competition.

**Mr. Frank Klees:** I understand you qualified for what they called the Airmed World Congress.

**Mr. Jonathan Lee:** Yes, we did.

**Mr. Frank Klees:** How did you fare at that?

**Mr. Jonathan Lee:** We fared fairly well.

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

**Mr. Jonathan Lee:** We placed first.

**Mr. Frank Klees:** There you go. Congratulations.

**Mr. Jonathan Lee:** Thank you. Those are your Ornge paramedics, right?

**Mr. Frank Klees:** Yes. That's great. Who paid for that?

**Mr. Jonathan Lee:** I don't know who paid for the first trip. I assume it was Ornge. For the second trip to Prague, my understanding—and again, I'm not a money guy—is that we were paid for by the Air Medical Congress. They paid for us to go over. It was their first attempt at putting on one of these competitions, and they wanted some more seasoned competitors and a bit more international flavour, so they footed the bill for us to go to Prague—I think. Don't hold me to that.

**Mr. Frank Klees:** Congratulations. Thanks for being here today.

**The Chair (Mr. Norm Miller):** We'll move on to the NDP. Ms. Gélinas.

**M<sup>me</sup> France Gélinas:** Right now, when pediatric care is required in northern Ontario, it could very well be that the team that is based in northern Ontario ends up doing

this care because a decision has been done that the time saver is better than the specialized unit?

**Mr. Jonathan Lee:** That's correct, yes.

**M<sup>me</sup> France Gélinas:** This is not something that—we would never ask your opinion as to, should your team be deployed or should the local team? Or do—

**Mr. Jonathan Lee:** They will; they'll ask. And I'm happy to do whatever. To be quite frank, if they're sick, I'll do whatever you want. If you're sick and you need me, we'll go and do whatever you like. It's going to take me eight hours to get up there? We'll go. But I'm also fairly realistic with my own abilities and the abilities of the system. So if you are sick and you want me to go get you, I'll go get you. But if you are sick and you are time-sensitive and you need to be moved down, then I may or may not be the quickest option if you're in Kapuskasing or some place in northern Ontario.

**M<sup>me</sup> France Gélinas:** If you would have found yourself in a situation with your employer where things were becoming really, really bad—you don't feel that you have the equipment needed to do your job properly, you don't feel that you've been matched with people who you trust have the knowledge and skills to do what you need to do—just kind of imagine a worst-case scenario. Where would you go with that complaint? How would you go about fixing this?

**Mr. Jonathan Lee:** It would really depend on what the issue was. That would dictate where I went with it. Gail, my manager, is probably the first stop for most of the stuff. If it is dispatch silliness, I usually have a specific dispatcher who is responsible for us, so I'll go through him to the operations manager within dispatch. If it's a medical problem, we have an overall medical director who's easy to talk to, as well as our own specific pediatric medical director. So it really would depend on what the problem was.

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**M<sup>me</sup> France Gélinas:** Would you say that most of the other paramedics you work with would have the same way of handling things as you?

**Mr. Jonathan Lee:** For the most part, I think, yes. You talk to your manager, fill in a care report. We're unionized staff as well, so it leaves the option of going through the CAW if it's a policy kind of issue. We have a health and safety committee that's a good avenue for—I know that a lot of the helicopter stuff went through the health and safety committee.

**M<sup>me</sup> France Gélinas:** And you would say that you basically worked in an environment where people knew that you go through your supervisors, you fill out the form, you can go to your union. People know that there are resources out there for them when things go bad.

**Mr. Jonathan Lee:** You're asking me that now?

**M<sup>me</sup> France Gélinas:** I'm asking you that now.

**Mr. Jonathan Lee:** Yes.

**M<sup>me</sup> France Gélinas:** As opposed to before, maybe it was not the same?

**Mr. Jonathan Lee:** It was always there. The end outcome was a little bit more questionable.

**M<sup>me</sup> France Gélinas:** Because what I'm trying to get at is that for the last two years, we've had whistle-blowers coming from your organization—people you know, people you work with. Maybe they shared that with you; maybe they have not. We're talking about people with education, skills, knowledge—people who usually get the job done. As you say, not everybody could do it. You face a lot of challenges on a daily basis, and you rise to them and you figure things out to make it work.

I'm sitting here thinking that there were systems in place to get things better. How bad could it have gone that we got so many whistle-blowers who said, "I'm used to solving problems. I know how to work it inside. I've done my best. I can't take it anymore. I think it's pretty bad—bad enough that I'm going to go to people I don't know from a hole in the ground"? They don't know me; they don't know my leader; they don't know any of us. Yet they were so desperate that they came to us, they came to the ministry, they came to the government. I'm trying to get a sense as to, on a scale of anything, how bad was it that they decided to do that?

**Mr. Jonathan Lee:** It was pretty bad. I worked on that Toronto helicopter. I wanted for a long time to end up on that Toronto helicopter. It's very visible. It does a lot of sick people. I've done some crazy stuff on that helicopter. That's me on the front page of the Toronto Sun or CNN or whatever, all that kind of stuff. The helicopter is there, right? It was not a very comfortable environment to work in at all. It was one of the reasons I decided to switch gears, because it was a very toxic environment. You were working very hard.

Appreciate that if I come into work and there are two helicopters and only one critical care paramedic and there are a couple of other ACPs—there are sick people in that Toronto helicopter. That one critical care paramedic: He's doing all the calls. He does a sick person; comes back; another sick person. Well, I can't send the other crew if they're not critical care, so that same medic gets back in that helicopter and keeps going. You can only go on for so long before you're tired and stressed.

It's not the same. Could you and I go and take care of a sick person? Sure. You and I can go and take care of a sick person. Is it going to be the same as two certified people? No, because I'm going to have the bulk of the workload. It's extra workload; it's extra stress. Does it affect the patient? It's not going to go as fast. I'd like to think it doesn't affect the patient. I'd like to think the care is the same, but it's not a healthy environment for the paramedics down there.

**M<sup>me</sup> France Gélinas:** Thank you. He has a few more questions.

**Mr. Jagmeet Singh:** Just a couple of questions. I promise I'll be short with you—not in a bad way, but I'll be brief with you, I meant to say.

Training-wise, just out of curiosity, the way training works, people who are training to become a paramedic: Do they come and do they rotate in and get to see what it's like to be a medic with either aircraft or a helicopter or fixed-wing?

**Mr. Jonathan Lee:** Like regular—

**Mr. Jonathan Lee:** Oh. Again, for the pediatric team, the answer is no. The problem with other paramedics coming to the helicopter is—people like to come on to the helicopter, and there are probably about 300 paramedic students within a two-hour drive of Toronto right now, so if they all came out for a day, there would be one there every day. So, as a rule, no.

The training paramedics—I know one of our part-timers works in Peterborough, so they do a little draw and she brings one of her paramedic students out to do a day—

**Mr. Jagmeet Singh:** I see. Is there an intern process if you want to just try it out and see if it's something that you're interested in?

**Mr. Jonathan Lee:** Not really. Certainly, you could work part-time. That's an option.

The fact that I can only fit so much weight and so much space on the aircraft, it's very limiting for me—the number of extra people I can bring.

**Mr. Jagmeet Singh:** Fair enough. Do you know how many graduates from initial paramedic general training end up wanting to get into this specialized type of—

**Mr. Jonathan Lee:** Who knows? I imagine there are a few who want to work on that helicopter. It's pretty sexy.

**Mr. Jagmeet Singh:** Those are all my questions. Thank you very much. We'll leave it at that.

**The Chair (Mr. Norm Miller):** Thank you very much for coming before the committee. We appreciate your insight.

**Mr. Jonathan Lee:** Thank you, sir.

**M<sup>me</sup> France Gélinas:** And you're the only one who worked the word “sexy” into this hearing so far.

**Mr. Jonathan Lee:** I'm telling you, every single one of you, come and spend the day with me. You want to decide about the helicopter stuff? Come and spend the day with me. I'm happy to have every one of you.

**Mr. David Zimmer:** In the helicopter?

**Mr. Jonathan Lee:** Well, you'd have to call the helicopter guys and ask them. But you can come and help me take care of little babies.

**The Chair (Mr. Norm Miller):** That's a good invitation for the committee. We'll have to consider that.

**Mr. David Zimmer:** Mr. Chair, would you look after that?

**The Chair (Mr. Norm Miller):** We can talk about it.

#### MEYERS NORRIS PENNY

**The Chair (Mr. Norm Miller):** Our next presenter is Margriet Kiel from Meyers Norris Penny. Please come forward.

**Ms. Margriet Kiel:** Good afternoon.

**The Chair (Mr. Norm Miller):** Good afternoon. Just to confirm that you received the letter for a person coming before the committee?

**Ms. Margriet Kiel:** Yes, I did.

**The Chair (Mr. Norm Miller):** Good. I understand you're doing an affirmation.

**Ms. Margriet Kiel:** Yes.

**The Chair (Mr. Norm Miller):** The clerk will do so.

**The Clerk of the Committee (Mr. William Short):** Ms. Kiel, 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?

**Ms. Margriet Kiel:** I do.

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

**The Chair (Mr. Norm Miller):** Very well. If you want to make an opening statement, go ahead and do so.

**Ms. Margriet Kiel:** Sure. I'd like to.

Good afternoon, Mr. Chairman, ladies and gentlemen of the committee. My name is Maggie Kiel. I am a partner with MNP LLP and am MNP's national services leader for internal audit and enterprise risk management. I am pleased to attend before you today, provide a brief opening statement and then answer any questions that you may have.

By way of brief background, MNP is one of the largest chartered accountancy and business consulting firms in Canada, with over 2,800 team members in over 70 offices across the country, making it Canada's fastest-growing accounting firm.

With respect to myself and my qualifications, I obtained my master of business administration degree in 1995, a master of professional accounting degree in 1998, a chartered accounting designation in 1999, a certified internal auditor designation in 2002, an associate business continuity planner designation in 2009 and a certified risk management assurance designation in 2011. I have approximately 17 years of experience in the areas of corporate governance, enterprise risk management and internal audit services. Prior to joining MNP, I was the lead for Deloitte and Touche's risk management and internal audit practices in northern Australia, Papua New Guinea and Russia.

In July 2008, the Ontario internal audit division, on behalf of the Ministry of Health and Long-Term Care, sent out a request for services with respect to a review of air ambulance and related services provided to the province of Ontario as governed by the performance agreement between the Ministry of Health and Long-Term Care and Ornge, which would specifically cover the period from 2005 to 2008. I was part of the MNP team tasked to create a response to the request and was the individual who, from start to finish, spent the greatest number of hours on this engagement.

MNP provided its proposal for services on August 13, 2008, and was awarded the engagement later that month. It is important that the committee understand the nature of MNP's engagement, in that MNP was not engaged to provide an audit opinion of Ornge; rather, MNP was retained to provide a review engagement.

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In layman's terms, a review engagement is more limited in scope, is not intended to, and will not, result in the same types of conclusions that would be found in an audit opinion. A review engagement generally consists of inquiry, discussion and analytical procedures. Essen-

tially, a review is simply a process of asking questions and analyzing limited documentation provided by management to see if the information—financial or otherwise—is plausible or worthy of belief.

An audit, on the other hand, involves much more analysis of documentation, testing of information, corroboration of information and management assertions, with the end goal being to be able to state, with reasonable certainty, that the information is true and fair.

There were seven objectives that MNP was to report on in its review, the first one being to assess Ornge's financial management, forecasting and reporting processes and controls for the delivery of air ambulance and related services.

The second one was to assess the appropriateness of Ornge's procurement processes, specifically Ornge's ability to acquire required goods and services at the right time and in the most economical manner.

The third one was to assess the integrity of the financial and service data reports provided by Ornge to the ministry.

The fourth one was to assess whether Ornge was in compliance with the performance agreement signed with the ministry.

The fifth one was to assess whether Ornge is using provincial funds economically and efficiently in providing air ambulance and related services.

The sixth one was to assess the effectiveness of Ornge's enterprise risk management framework.

The seventh and final one was to assess the governance and accountability framework and the mechanisms in place within the ministry and Ornge over the management of transfer payments for air ambulance and related services, and ministry compliance with the requirements of the transfer payment accountability directive.

I think it's also important to note what MNP was not engaged to do, and that certain things were excluded from our review, most notably a review of any salaries of the employees at Ornge, which was not surprising, given that at the time of the engagement, the salaries of Dr. Mazza and the other executives at Ornge were still publicly disclosed.

The engagement commenced with MNP providing a list of key documents required from Ornge on September 4, 2008, followed by a kickoff meeting between MNP, the ministry and Ornge on September 9, 2008.

In response to MNP's request for documents, Ornge demanded that a confidentiality agreement be prepared and executed, and one was put in place as between Ornge, the Ministry of Finance—as that was the ministry that ultimately engaged MNP—and MNP. MNP has notified the Ministry of Finance and Ornge of our required appearance before this committee and the anticipated discussion of confidential information, as required by the terms of the confidentiality agreement.

MNP's fieldwork commenced on September 29, 2008. During that work, I personally interviewed the following individuals at Ornge: the CEO of Ornge, Dr. Chris Mazza; the chairman of the board of Ornge, Mr. Rainer Beltzner; the chair of the governance committee, Mr.

Luis Navas; the chief operating officer, Mr. Tom Lepine; the VP of finance, Ms. Maria Renzella; and two other staff members at Ornge. I also interviewed individuals at the Ministry of Health, including the director of emergency health services, Mr. Malcolm Bates. Utilizing what we believe to have been a very efficient and thorough approach, MNP was able to conclude its fieldwork by November 30, 2008, and thereafter began writing its report.

On April 7, 2009, Ontario internal audit was provided with a draft of our report for review and comment, following which the report was delivered to the emergency health services branch for their review and comment. The report was provided to Ornge on September 9, 2009.

The significant delay in being able to render a final report was due to the actions of many parties, and the six to nine months this engagement should have taken from start to finish ended up being two years. While Ontario internal audit and the Ministry of Health were reasonably prompt in providing their questions, comments and additional documentation, Ornge's review process caused a delay of over nine months in the issuance of the report. During this period, both MNP and Ontario internal audit made repeated requests for meetings with Ornge, and a meeting was held with Ornge counsel in February 2010.

On June 4, 2010, MNP issued its final report to both the ministry and Ornge and requested responses to the recommendations it had made. After some further delay in receiving these responses, MNP was able to render its final report, including these responses, on September 10, 2010.

Our report made 26 recommendations, a number of which had significant findings for the ministry to follow up on, notably that, first of all, the Ministry of Health and Ornge must discuss and document the concerns identified by MNP with respect to Ornge's corporate structure and how the performance agreement did not appear to apply to any entity other than Ornge.

The second recommendation was regarding—Ornge must provide increased, more timely and more detailed reporting to the Ministry of Health, including more formalized and documented meetings.

The third one was relating to the parties to review the performance agreement to ensure that the ministry had better tools to provide adequate oversight of Ornge and to ensure that the performance agreement was complied with.

As indicated, our report resulted in a total of 26 recommendations, which outlined deficiencies and opportunities for improvement in various areas across the organization. You will note that one of our conclusions was that "our review indicated that Ornge is using provincial grant funding economically, efficiently and for the purposes intended." While that statement is an accurate one, it must be noted that it was a specific response to only one of the seven objectives identified by Ontario internal audit in its request for service. One should not lose sight of the fact that in total there were 26 recommendations made, and to state that this was MNP's conclusion with respect to the other six objectives would be incorrect.

Finally, given what is said about Ornge in the Auditor General's report, I would be remiss if I did not note for the committee that at the time MNP conducted its review, the salaries of Dr. Mazza and the other executives at Ornge were still publicly disclosed on the sunshine list. As earlier noted, a review of salaries was not a part of our engagement. I should also note that the much-discussed purchases of helicopters and airplanes and the issues surrounding same were transactions that occurred after the conclusion of our review.

I hope that you have found my brief opening statement helpful, and I look forward to aiding this committee with its work. Mr. Chair, members of the committee, I am now pleased to answer any questions you that may have.

**The Chair (Mr. Norm Miller):** Thank you very much for that. We'll go to the opposition. Mr. Klees.

**Mr. Frank Klees:** I'd like to start by asking if you were able to secure a release from that confidentiality agreement that you had with the Ministry of Finance and Ornge.

**Ms. Margriet Kiel:** Both confidentiality agreements that we signed had a clause in there that we had to provide them with notice if we had to appear before a committee like this. As such, we contacted both the Ministry of Finance as well as Ornge, and we notified them of such.

**Mr. Frank Klees:** So there are no questions that we will ask you that you feel you cannot answer in a forthright way?

**Ms. Margriet Kiel:** No, I should be able to answer every question that you'll ask of me today.

**Mr. Frank Klees:** Thank you. How much did this report cost?

**Ms. Margriet Kiel:** The report in total was approved by the ministry for a total of \$287,692.

**Mr. Frank Klees:** Was that the initial fee or was that the end fee? Was that all-in?

**Ms. Margriet Kiel:** It was not the initial fee as outlined in our proposal for services in response to the request for services. Our proposed fees were \$199,475.

**Mr. Frank Klees:** And what accounted for the additional uptake on that fee?

**Ms. Margriet Kiel:** The bill was higher—approximately by \$90,000—really due to the complexity that was involved in the engagement as well as the delays in information and information requests that we sent out and subsequently, the way in which we received that information; as well as, as I outlined in my opening statement, from the time we issued our report to the time it was finalized was probably over a year and a half. You can imagine that in that time you have to speak to the various stakeholders; you're trying to set up meetings; you need to try to get people in the same room; additional documentation is provided that we need to review and consider in light of our findings and recommendations. All of that had resulted in significant additional costs. The ministry agreed that a lot of that was not anticipated, and hence we were able to recover some of that.

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**Mr. Frank Klees:** So your contract was directly with which ministry?

**Ms. Margriet Kiel:** It was with the Ministry of Finance and their internal audit division. And their group was, obviously, the Ministry of Health audit group.

**Mr. Frank Klees:** Was Mr. David Schell your contact there?

**Ms. Margriet Kiel:** Correct.

**Mr. Frank Klees:** Had you done business with Mr. Schell previously?

**Ms. Margriet Kiel:** No, I had not.

**Mr. Frank Klees:** Because it took you about a year and a half, two years, to complete this, and knowing the organization, there's an awful lot that happened from the time you started your work—it could have been a very different organization by the time you concluded. How comfortable were you in signing off on this report, knowing that it took so long? Did you have any question that there might be information in this report that was considerably outdated, or that the recommendations you made might be out of date?

**Ms. Margriet Kiel:** It's important to know that our review period covered the period from 2005 to 2008, and the financial information was looked at up until March 31, 2008. That was the specific scope of our engagement. Any information that was relevant up to November 30, 2008, was included in our review, and anything that occurred after that date was specifically excluded from our review. So, at that point in time, our report was obviously factual, it was accurate and it was complete.

**Mr. Frank Klees:** When you went into this organization and you started your questioning, who was your primary contact at Ornge?

**Ms. Margriet Kiel:** The primary contact who was assigned to us was Maria Renzella, the VP of finance. But most of the requests that we had—initially, we had a documentation request. All the types of information that we would like to look at, we provided to Ornge, and then we were waiting for the information so that we could review that, prior to us having interviews with key personnel. So we provided that list to Maria.

It was clear, from an early point on, that Dr. Mazza was actually driving the review, so any requests for documentation actually had to be approved by Dr. Mazza, and we would have to provide a business case for any piece of information that we wanted to look at.

**Mr. David Zimmer:** Sorry, did you saying "driving" or "dragging"?

**Ms. Margriet Kiel:** He was driving—

**Mr. David Zimmer:** Driving. Thank you. Sorry.

**Ms. Margriet Kiel:** —on Ornge's behalf.

**Mr. David Zimmer:** Thank you.

**Mr. Frank Klees:** When you say you had to make a business case for information, can you elaborate on that? What would that look like?

**Ms. Margriet Kiel:** We had submitted probably a two-page document that outlined all the documentation that we would want to look at, such as organization structure; financial statements; risk management framework;

governance framework; committee structure; terms of reference for committees; all their internal controls; all the financial reporting documentation; procurement policies and procedures—really, in support of all of our objectives. If Dr. Mazza did not think that that piece of information was relevant to us, he would require us to tell him specifically why we would need that piece of information, and he would assess that and make his decision accordingly.

**Mr. Frank Klees:** Did you have direct contact with Chris Mazza?

**Ms. Margriet Kiel:** Yes, I did.

**Mr. Frank Klees:** How often, over the course of this two-year period, would you have had a meeting with him or contact with him directly?

**Ms. Margriet Kiel:** We started our review on September 29, 2009, after we had that initial kickoff meeting on September 9, 2009, at which Dr. Mazza was present. From the time we started our actual fieldwork—we were on the premises of Ornge at that time—we had several interviews with Dr. Mazza because, obviously, a lot of the information that we wanted to review and wanted his comment on—obviously we wanted his input and to find out what his thoughts were on, for instance, the communication with the ministry on whether the organization was risk-based, and on a lot of the other types of questions we had. So in the first couple of weeks, when we completed our fieldwork, we had, probably, an interview with him at least twice a week. If we had to provide additional support for our information requests, then we would have contact on a more regular basis, so at the end of the day, we would have another five- or 10-minute discussion with him. Our fieldwork was completed by November 30, 2008, so from that point on, our contact was a lot less. From the time that we had issued our report to them, Ornge actually referred the report immediately to their legal counsel. So from that time onwards, we had no contact with Dr. Mazza again.

**Mr. Frank Klees:** I'm sorry; I missed some dates here. Your initial kickoff was September 29—

**Ms. Margriet Kiel:** In 2008.

**Mr. Frank Klees:** And you completed on November 30, 2009?

**Ms. Margriet Kiel:** In 2008. We did our fieldwork in a little bit over two months.

**Mr. Frank Klees:** Okay. Did you ever have any contact with the chairman of the board?

**Ms. Margriet Kiel:** Yes, I did.

**Mr. Frank Klees:** What was the nature of that contact? Tell us about where the chairman of the board would have been involved in this process.

**Ms. Margriet Kiel:** For most of our contact with the chairman of the board, it mainly consisted with respect to the last two objectives of our review. That was a review of the risk management framework as well as the review of the governance and accountability framework then in place, because obviously those touch very closely on what the board is in place for, and it all relates to governance. So we had several discussions with him on those particular topics.

Once we had finished our review of the governance framework, one of the key findings we had was that at that point in time, Ornge did not have a whistle-blower policy in place, and we thought it would be best practice and that it would be prudent that Ornge implement that whistle-blower policy. So we went to the chairman of the board again with our recommendation, and he said that Ornge had considered it but thought it was not required for Ornge at that point in time.

**Mr. Frank Klees:** Although in their response to the ministry, I note that they did say they would consider it.

**Ms. Margriet Kiel:** I was going to say: They didn't say they would implement one; they said they would consider looking at implementing a whistle-blower policy. That's correct.

**Mr. Frank Klees:** But the chairman of the board, in his communication with you, expressed the fact that—could you just repeat? I don't want to put words in your mouth. I'd like to know what the chairman of the board said to you directly about that.

**Ms. Margriet Kiel:** The chairman of the board said specifically that he did not consider that to be necessary for the organization, as he felt that the culture of the organization was such that if people would find anything that they would feel was not in accordance with policies, procedures or anything else, people would be comfortable enough to bring that to the attention of their supervisor or the immediate supervisor above that particular person.

In addition to that, the chairman of the board presented us with a note to file presented by Rhoda Beecher, who was the vice-president of organizational development and human resources. In that note, it says that, "After discussion with the executive, it was decided a 'whistle-blower' procedure was not required as part of the code. CAW and OPSEU members"—the union members—"are protected under the agreements; non-union employees are protected from reprisals in the harassment, discrimination and code policies." So that was their note to file on why they didn't think it was necessary to implement that whistle-blower policy.

**Mr. Frank Klees:** Could we ask for a copy of that for the clerk?

**Ms. Margriet Kiel:** Most definitely.

**Mr. Frank Klees:** Thank you. Any other discussions with the chairman of the board concerning specifically the accountability framework? Was there any additional deliberation on that?

**Ms. Margriet Kiel:** No; we had our interviews with him. We obviously spoke to the ministry on that objective as well. We collected supporting documents and looked at all the sources of funds and the payments that were made. At that point in time, we found nothing unusual. After our initial discussions, and perhaps we had two interviews with the chairman, we didn't find it necessary to speak to him about that again.

**Mr. Frank Klees:** I found it interesting in reading the report that it almost seemed as though there was a sanitization of the major headings, if I can put it that way,

because your report would make statements such as, “We find”—

**The Chair (Mr. Norm Miller):** I hate to interrupt, but the clerk wants to get that note just so he can copy it. Sorry.

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**Mr. Frank Klees:** There would be statements similar to the one that you told us about, that they’re in compliance. But then the report goes on and lists 10, 20 or 30 areas of non-compliance.

**Ms. Margriet Kiel:** Yes.

**Mr. Frank Klees:** You know, a lot of people just read headlines.

**Ms. Margriet Kiel:** Of course they do.

**Mr. Frank Klees:** When I was reading this, I thought what a tremendous opportunity this was, because, really, apart from the Auditor General’s work, it’s the first formal document where someone has actually been inside the front door of this organization and has made some pretty astute observations. And yet the astute observations are buried in the details, to the point where Dr. Mazza wrote a letter to David Schell on August 27, his covering letter—I’m sure you’re familiar with that.

**Ms. Margriet Kiel:** Yes, I have read that.

**Mr. Frank Klees:**—where he makes the point, “The review concluded that overall Ornge is using provincial grant funding economically, efficiently and for the purposes intended....” Everything is just wonderful, and on they go.

My question to you is, why was the report written that way? This could have been a much more helpful report to the Ministry of Health and the Ministry of Finance if it wasn’t so nice. You make bad things sound good. Why did you do that?

**Ms. Margriet Kiel:** Well, I don’t think I agree with that, because of the fact that we have 26 recommendations, some of them really highlighting some areas that the ministry had to look at, which subsequently in the Auditor General’s report were also confirmed. Just the mere fact that we had so many recommendations, I think, should indicate that it was certainly not a nice report and certainly not a report saying that everything is great, Ornge is doing everything perfectly and there is no opportunity for improvement. I don’t think that was the case at all.

It’s a little bit unfortunate that the readers have taken that one statement to say that that was the overall conclusion for the entire report, whereas that was absolutely not the intent. That specific recommendation purely related to objective 5, which was to look at the use and source of funds and whether the funds had been used economically and efficiently. When we did our procedures with respect to objective 5, we found nothing at that point in time—and remember that this was really in regard to the transactions that had occurred up until November 2008. That conclusion merely related to objective 5, and therefore it’s unfortunate that people seem to apply it to the entire report; whereas I think, as I mentioned earlier, we had 26 very strong recommendations, some of them being very key.

**Mr. Frank Klees:** One of those is on page 5 of your report, the top paragraph, where it says, “During our review of the procurement policies and processes, we noted that effective July 2008, Ornge’s board of directors revised their signing authority for approval of individual items from a \$750,000 limit to \$2 million for items that have already been approved in the annual budget. Additionally, board approval had been revised to a \$1-million limit for those items that are not already approved in the annual budget.” Then you say, “This is not in compliance with the” performance agreement.

**Ms. Margriet Kiel:** Correct.

**Mr. Frank Klees:** Unless you’re highlighting it in yellow, this could very easily be lost, unfortunately. It didn’t take long for this organization, from the time that they were handed the keys, to give themselves all kinds of spending authority.

When you submitted this report to Mr. Schell, I’m assuming that you would have had a debriefing with Mr. Schell and his people?

**Ms. Margriet Kiel:** Correct.

**Mr. Frank Klees:** Tell me of the nature of that meeting. How did the debriefing happen?

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

**Mr. Frank Klees:** Can I just carry on into my next session, please?

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

**Mr. Frank Klees:** I’d just like to wrap this up.

**Ms. Margriet Kiel:** The normal process—Ontario internal audit was the group that engaged us to undertake this engagement. By the time we issued our preliminary findings, we would have had discussions from November onwards, because we were in contact with them on a weekly basis. By that time, and until the first draft of our report was issued, we would have several discussions to say, “These are our findings. These are our recommendations. This is probably a very preliminary draft.” Then Ontario internal audit would ask us questions such as, “If you found this, what type of evidence do you have to support that finding?” They would ask with specific objectives: “What about this particular issue? Did you look at that? What about this conclusion? Is there any information that perhaps the ministry has that you haven’t reviewed?”

It is more like an internal Q&A process that we would follow in that first couple of months to ensure that from internal audit’s point of view, we have addressed all the objectives as outlined in the request for services; we’ve addressed the full scope; and that all our findings and recommendations are relevant and we have appropriate evidence to support those recommendations as well.

**Mr. Frank Klees:** How many of these audits would you do—when I say “you,” obviously, your organization—of this type of organization, a not-for-profit?

**Ms. Margriet Kiel:** Numerous. Would I have specific numbers, based on, say, a per-year basis? I would not, but it would certainly be probably in excess of 10 reviews.

**Mr. Frank Klees:** You included an organizational chart which has—

**Ms. Margriet Kiel:** We did.

**Mr. Frank Klees:** Actually, this is about a quarter of what it ended up being, and that's on page—I guess it's an attachment, isn't it? "Current Corporate Structure of Ornge." How many organizations that you've done this kind of report on would have had an organizational chart that looks remotely like this one?

**Ms. Margriet Kiel:** For a not-for-profit organization?

**Mr. Frank Klees:** Yes.

**Ms. Margriet Kiel:** Probably not a lot.

**Mr. Frank Klees:** Any?

**Ms. Margriet Kiel:** Not that I can recall, but I also don't think that most of the not-for-profit entities I would have looked at would be charged with such an enormous responsibility as providing air ambulance and related services. The scope of the organization is obviously tremendous.

**Mr. Frank Klees:** Except that not very much on this chart here—not too many of these boxes have anything to do with providing air ambulance service. Most of these boxes have to do with a whole lot of other stuff.

**Ms. Margriet Kiel:** At that point in time, in 2008, obviously we looked at the organization structure, but the only thing we could review at that time was really management's intentions. We could look at the objects, to see whether they were in line with the objects of Ornge. At that point in time, they did align. Management's intentions, as they outlined them to us, did not appear to be unusual. For us, as you say, the organization structure was unusual, and that's why we did highlight it in our report. But certainly, based on the detailed review that we did, there was no specific transaction that would cause us to say, "This corporate structure is used for purposes not intended by the performance agreement."

**Mr. Frank Klees:** I understand that, but it was obviously sufficiently interesting to you that you would raise that as a recommendation for the ministry to look into.

**Ms. Margriet Kiel:** Absolutely, and it was recommendation number 1.

**Mr. Frank Klees:** Chair, I'm going to defer at this point. Thank you very much.

**The Chair (Mr. Norm Miller):** Okay; very well. We'll move on to the NDP, then. Ms. Gélinas.

**M<sup>me</sup> France Gélinas:** Now that you've had an opportunity to look back and see the good work that our Auditor General has done, we'll start with—what was the reason for the huge delay? Is this common? It looks like it cost us \$90,000 to have this delay. Did we get our money's worth out of this delay? If you could comment on that.

**Ms. Margriet Kiel:** The delay was, I think, certainly unusual. I don't think I have ever worked on an engagement where it took two years, or more than a year and a half, from the time you issue a draft report for it to be finalized. So that was certainly very unusual.

**1500**

The delays were caused by numerous reasons, one of them being—the first delay occurred when the whistleblower letter was received in mid-November 2008. At that point in time, we ceased all activities on that engagement because obviously the very nature of the forensic investigation that internal audit had started at that point in time really had to do with the integrity of management. Seeing that a review engagement is very much focused on obtaining management responses on interpreting the information provided, we really had to make sure that the forensic investigation would not show up anything, because obviously at that point in time our report would have to be considered, to say the least. That was our first delay, of probably about two months, because I think—

**M<sup>me</sup> France Gélinas:** Sorry; because you received a letter that talked to you about they did not want a whistleblower procedure—you'll have to say that again. I don't see the connection.

**Ms. Margriet Kiel:** No, no. Okay, it has got nothing to do with that note that was just passed to the committee. What I'm referring to is the whistle-blower letter that was provided to the ministry, of an employee of Ornge.

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

**Ms. Margriet Kiel:** And then the ministry obviously sent in their forensic team to investigate whether the issues brought up in that letter—whether there was any substance to those.

**M<sup>me</sup> France Gélinas:** Oh, so it's that whistle—

**Ms. Margriet Kiel:** It's the whistle-blower letter, yes. Does it make sense?

**M<sup>me</sup> France Gélinas:** As you've completed your fieldwork, you started to do a little bit of debriefing with the Ministry of Finance. Smack in the middle of this, the whistle-blower starts to raise the alarm bell with the Ministry of Health. The Ministry of Health sent their own audit team into Ornge, so that's the first delay of two months.

**Ms. Margriet Kiel:** Correct.

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

**Ms. Margriet Kiel:** Once we had the clearance on that and they found nothing really to substantiate the allegations, we continued our debrief with the Ministry of Health internal audit team.

I think two things really caused a delay, the first one being that the internal audit department of the ministry really wanted to have a staged process in the review of the report. What that meant was, rather than sending the report out to each party at the same time, when we had our first draft, they really wanted to stagger it to say, "First, the ministry is going to look at it and provide any comments to see whether there are any factual inaccuracies and, if so, give them the opportunity to provide additional documentation and support so that we can review that and see whether it would have any impact on our recommendations." The next party that looked at it was the emergency health services branch. Once the ministry was okay with it, it was sent to the emergency health services branch.

They did find one of the recommendations that we initially had made was with respect to—a risk assessment had to be done on the transfer payment accountability directive. Based on representations from other members of the emergency health services branch, they had told us that that hadn't occurred. As a result, we found that obviously to be not in accordance with that directive. The emergency health services branch therefore was provided with an opportunity to look for some backup documentation that they could provide to us to say, "Have you or have you not undertaken that risk assessment?"

They provided us with that documentation; it took about two months for them to collect that. It was provided to us. We would take two weeks to review it and to see whether it would have an impact on our finding and recommendation. In this case, it did, because we found sufficient evidence that they, in fact, had done a risk assessment. That took another three months, probably, to conduct and for them to say, "We're okay with the report in its current format."

The report was not provided to Ornge until September 2009.

**M<sup>me</sup> France Gélinas:** There are months missing here. We're in November 2008. Two months for the whistleblower, and we're now in January.

**Ms. Margriet Kiel:** Yes.

**M<sup>me</sup> France Gélinas:** Two months for the ministry to—you didn't say how long for the ministry to review.

**Ms. Margriet Kiel:** From the end of January until the end of March, so two months for the Q&A process of the internal audit department. We had a first draft version of the report by April 7, 2009, that was provided to the ministry.

**M<sup>me</sup> France Gélinas:** So first draft. We're now in April.

**Ms. Margriet Kiel:** Yes, correct. On April 28, we received the okay from the ministry. At that date, the report was provided to the emergency health services branch.

**M<sup>me</sup> France Gélinas:** Okay. Then it took them two months to give you the information—

**Ms. Margriet Kiel:** Yes. Initially, there was already a delay to get some meetings happening, because it took them some time to get all the key players in the room who needed to review this report. So we did not have a meeting until June 26, 2009.

**M<sup>me</sup> France Gélinas:** Is it just me who thinks that from April 28 to June 26—this is two months to arrange a meeting. How busy are those people, anyway?

**Ms. Margriet Kiel:** Unfortunately, I can't tell you that, but it certainly took a little bit of time to get that initial meeting.

So then we're in late June. The emergency health services branch disagreed with the finding around the accountability directive, and it took approximately two months, seven weeks, for them to provide additional evidence that would support their point of view that they had indeed conducted that risk assessment. We then took two weeks to review that information, and we actually subsequently took out that finding and recommendation.

Accordingly, a revised version was issued to Ornge on September 9, 2009.

**M<sup>me</sup> France Gélinas:** All right. We're now on September 9, 2009.

**Ms. Margriet Kiel:** Yes.

**M<sup>me</sup> France Gélinas:** You still have another 12 months to account for, because—

**Ms. Margriet Kiel:** Absolutely. We're not there yet.

**M<sup>me</sup> France Gélinas:** All right; keep on.

**Ms. Margriet Kiel:** We were advised at that point in time that the report, from Ornge's point of view, was handed over to their legal department. Legal, at that point in time, was sort of our main contact, from their point of view, of reviewing the report. Ornge wanted to go through it line by line, to find out whether they were in agreement or not in agreement with the findings outlined.

**M<sup>me</sup> France Gélinas:** Who were the people that you dealt with who legally represented Ornge?

**Ms. Margriet Kiel:** The in-house legal counsel.

**M<sup>me</sup> France Gélinas:** Maria Renzella?

**Ms. Margriet Kiel:** No, she was a VP of finance. It was Catherine Rosebrugh. She was their legal counsel.

**M<sup>me</sup> France Gélinas:** Only Catherine?

**Ms. Margriet Kiel:** Yes, she was our main contact at that point in time.

According to Catherine, they had their internal review process. She said that, obviously, Dr. Mazza looked at it and the board looked at it, and they provided some initial comments. Based on their comments and additional information that they provided, a revised version was sent to them on October 23, 2009.

**M<sup>me</sup> France Gélinas:** Okay, so a revised version was October 23, 2009.

**Ms. Margriet Kiel:** Correct. I think it was within a week of that revised report that we were told that legal counsel had fallen ill, quite seriously, and that she had to undergo numerous treatments. So, pretty much, as legal was our main contact—and as I mentioned earlier—from the time the draft report was issued to Ornge, from that time onwards, we had no contact anymore with Ornge people like Dr. Mazza or the chairman of the board.

She fell sick, so in the ensuing months, we constantly tried to say, "Okay, where are we at? We sent you a revised report. Can we have an exit meeting? We would like to conclude this report. We would like to issue it." Every two weeks, it was either MNP or it was the Ministry of Health internal audit team that would say, "Okay, where are we at? Can we get a meeting? Can we get the exit meeting scheduled?" And we did not have a meeting until February 1, 2009.

**M<sup>me</sup> France Gélinas:** February 1, 2010.

**Ms. Margriet Kiel:** In 2010, yes. At that time, legal counsel, Catherine, was still ill, so we kept swapping emails, kept swapping phone calls to say, "Okay, where is it at? Can Dr. Mazza and the board please sign off? We've gone through this report in a lot of detail. It's ready to go."

Nothing really happened until April 9, 2010, when a new lawyer started with Ornge. Her name was Lisa Kirbie, and she was then our main point of contact. We

had very regular email and phone conversations with her, probably every two weeks, to say, “Okay, why can’t we get sign-off? What’s going on?” She would say, “Well, I’m going to try to get Dr. Mazza’s approval by the end of today,” and then we would get another email saying, “He’s not available; he’s going away for a couple of days,” so it was another week. All up, it did not get signed off by Ornge until June 4, 2010.

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**M<sup>me</sup> France Gélinas:** Wow, that reads like a soap opera. Any more?

**Ms. Margriet Kiel:** Well, it continues on a little bit. We’re not quite there yet.

On June 4, since we had gone to all the stakeholders and everybody had reviewed the report and provided their comments and they were accepting all the findings and recommendations as they were, we were then asked by internal audit to send out the report on that date, June 4, 2010, to both the emergency health services branch as well as Ornge and to obtain the management responses, because obviously that’s something that we always try to get before we issue a final report.

We asked for responses back by July 12, 2010. Emergency health services branch gave their responses on July 16, 2010. However, we received a note from Dr. Mazza saying, “I won’t be able to meet that deadline. I need to submit this report to my board for their review and their approval. I already have a full board meeting for July, so it won’t be able to go to the board until August 2010.” Obviously, it went to the board there, I can assume, and they gave us their responses on August 27, 2010.

We then incorporated all the responses, had some contact again with internal audit, and then issued the final report on September 10, 2010.

**M<sup>me</sup> France Gélinas:** Is this one story that you tell often, as in the way not to conduct that kind of business, a case study into what should not be?

**Ms. Margriet Kiel:** Well, if there was actually something that we could have done about it, then perhaps you could use it as a case study, but we had no control over this process.

**M<sup>me</sup> France Gélinas:** The part that I found rather peculiar is when Ornge decided, “Okay, we’re not going to deal with this anymore. Legal is going to handle it.” Is this something you’ve seen in not-for-profit health organizations before?

**Ms. Margriet Kiel:** I must say, I have not seen that. I can’t speculate on the reasons that Ornge decided to take that approach: for legal to be the main contact for us and to really handle the finalizing of the report. It’s definitely unusual.

**M<sup>me</sup> France Gélinas:** The person who got sick, it seems it would have been a good time to say—well, maybe somebody else in legal—at the end of the day, it was Dr. Mazza who signed off on it, but he wouldn’t budge. He wanted legal to be your contact.

**Ms. Margriet Kiel:** Correct.

**M<sup>me</sup> France Gélinas:** And you tried to say, “Well, this thing has to move,” to no avail?

**Ms. Margriet Kiel:** Absolutely.

**M<sup>me</sup> France Gélinas:** Now that you can look back, did you make any connection between this experience—because really, it was an experience—and what we’ve now discovered with the working of our Auditor General?

**Ms. Margriet Kiel:** Obviously, I’ve read the Auditor General’s report, and I think he mentions in there that it was difficult to get information from Ornge and that it oftentimes took a long time to get that information. We encountered the same problems.

**M<sup>me</sup> France Gélinas:** The exact same.

The one line that everybody is quoting from your report, that you’ve made it clear that this is a line that is being used out of context because it refers specifically to objective 5, and people are using it to describe—have you ever mentioned that to anybody, that those comments that were first made by Dr. Mazza that all was well should be used appropriately, as in, this is for objective 5, not for the whole report? Did you ever share that with anybody except us?

**Ms. Margriet Kiel:** As in—

**M<sup>me</sup> France Gélinas:** As in when you did your debriefing with the Ministry of Finance, when you talked to the people at the Ministry of Health, emergency health services, anybody else.

**Ms. Margriet Kiel:** Obviously, the responses would have been sent to the Ministry of Health internal audit team—because at that point in time it was about management response, so they would not have been provided to us because we were engaged by the internal audit group. So the management responses went straight to the ministry’s audit team. Normally, it’s best practice that management responses—they can reply in whatever way they see fit. So internal audit would have seen how we would have replied. Whether they necessarily agreed with it or not, I can’t comment on that. Organizations are certainly allowed to respond however they see fit and agree or not agree.

**M<sup>me</sup> France Gélinas:** If we look at the size of your report—you have the seven objectives. If we look at all of the recommendations that you’ve made, to me, as somebody who takes the time to read it all through, you had already flagged a number of areas that needed significant improvement. This gets shared with the ministry—at the same time as a whistle-blower blows a whistle. Months go by. In your experience, would it be normal for some action to be taken during those months of waiting? Sure, you hadn’t finished your work, but you had given them a first final draft. Then a year and a half went by. It seems to me that during that year and a half, time was not used wisely to act upon your recommendations.

**Ms. Margriet Kiel:** I think from the time we issued our report and our recommendations, in the year and a half afterwards, we would not have known whether the ministry had taken actions based on our recommendations. We would not have that information.

My first observations or what I heard about it was really when the Auditor General issued his report and at the time that he performed his audit work, as well as his

conclusions, findings and recommendations. He was saying that he agreed with what we had found and, at that point in time, it was still the same. Obviously, the Auditor General was questioning, as well, why was no action taken?

I think, from some earlier comments I heard, one of the few things that were implemented was more formalization of the quarterly meetings and that they would be minuted and signed off.

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

**M<sup>me</sup> France Gélinas:** Just to focus on that, we're now in July 2010. You were about to release your September 10 final report with the responses that you had. Did you debrief anybody on this, on and after September 10, once you finally got the sign-off from everybody and delivered what we now have? Who did you debrief?

**Ms. Margriet Kiel:** There was no debrief. At that point in time, the report was finalized. We had received management responses, and the report was issued to the Ontario internal audit team. After that, we had no interaction with any of the parties.

**M<sup>me</sup> France Gélinas:** They had this for a year and a half. When they responded to you on July 16, you could see by their answers that no work had been done on the recommendations that they had for 16 months—more than this. Would it be appropriate for you to comment on that?

**Ms. Margriet Kiel:** I don't think it would be appropriate for us to comment on that. I think that would really have to come from the internal audit team, as we were engaged by them to undertake this review. We would report to them. I think at that point in time, if they saw that that was necessary, then they would have to take those required steps.

**M<sup>me</sup> France Gélinas:** Did you expect them to work on your recommendations?

**Ms. Margriet Kiel:** Of course. That's why we make recommendations. That's why we do this important work—to bring to light certain areas that are perhaps of concern. And they should be of concern to the ministry, especially the main recommendations that we had made.

**M<sup>me</sup> France Gélinas:** Would you say that in other similar reviews that you've done, you have seen more of a pickup on your recommendations than what we've seen with this particular one?

**Ms. Margriet Kiel:** Most definitely. In most of the similar engagements that I've undertaken, I've certainly seen that recommendations, especially if they're significant to the operations, are implemented quite promptly.

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

**The Chair (Mr. Norm Miller):** We'll move on to the government. Mr. McNeely.

**Mr. Phil McNeely:** Thank you Chair, and thank you, Ms. Kiel.

We know that Meyers Norris Penny was retained to conduct a review of Ornge. Prior to this retainer, had Meyers Norris Penny been retained by the government of Ontario or one of the ministries to conduct reviews or audits, or was this the first?

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**Ms. Margriet Kiel:** No, I believe we had done some smaller engagements on behalf of the Ontario government.

**Mr. Phil McNeely:** Is it safe to assume that MNP was also experienced in providing of audits and consultant services in the health care sector?

**Ms. Margriet Kiel:** Yes, we were.

**Mr. Phil McNeely:** So Meyers Norris Penny, or MNP, was experienced at performing this type of review and would be well positioned to produce a report on which the government could rely. Is that correct? Was that the reason?

**Ms. Margriet Kiel:** Absolutely.

**Mr. Phil McNeely:** What was your role specifically in this retainer by the Ministry of Health and Long-Term Care relating to the Ontario air ambulance and related services? What was your role?

**Ms. Margriet Kiel:** As per our response to the request for services, I was the knowledge leader. That meant I was the co-engagement leader for the engagement. John Caggianiello of our office, as he resides here in Toronto, was the day-to-day contact between the Ontario internal audit as well as with Ornge. When we commenced our fieldwork, I was the fieldwork partner, as you may say. I was there to conduct all the fieldwork and supervise any other staff that we have on that engagement.

**Mr. Phil McNeely:** You issued your final report on September 10, 2010.

**Ms. Margriet Kiel:** Correct.

**Mr. Phil McNeely:** Was that really a report up to about the same period in 2008? Was there any new information after 2008?

**Ms. Margriet Kiel:** No. Normal engagements of these types, when the objectives are very specific and the time period is very specific, even though other types of information may become available after that point in time, you would not incorporate that within such a report.

**Mr. Phil McNeely:** Did you review and sign off on the final report before it was provided to the ministry?

**Ms. Margriet Kiel:** Yes, I did.

**Mr. Phil McNeely:** You would agree that MNP was comfortable with the report and confident in its findings? Otherwise, the final report would not have been provided to the ministry. Is that correct?

**Ms. Margriet Kiel:** Absolutely. We were very thorough in our review.

**Mr. Phil McNeely:** The final report says that MNP was engaged to review specific areas relating to organizational effectiveness in connection with the delivery of air ambulance and related services provided by Ornge to the province of Ontario. It also states that MNP looked specifically at seven objectives, which you went over earlier: the assessment of financial management processes; assessment of the appropriateness of Ornge's procurement processes; assessment of the integrity of the financial and service data reports provided by Ornge to the ministry; an assessment of whether Ornge was in compliance with its performance agreement; an assessment of whether Ornge was using provincial funds eco-

nomically and efficiently; an assessment of the enterprise risk management framework; and an assessment of the governance and accountability framework and mechanisms in place within the ministry and Ornge.

**Ms. Margriet Kiel:** Correct.

**Mr. Phil McNeely:** This was an accurate overview of your responsibilities. That's what you said earlier.

**Ms. Margriet Kiel:** Correct.

**Mr. Phil McNeely:** MNP's final report was quite lengthy and detailed about the overall conclusions of the final report. I will quote from page 2 of the final report: "Overall, our review indicated that Ornge is using provincial grant funding economically, efficiently and for the purposes intended in providing air ambulance and related services for the province." Is this accurate?

**Ms. Margriet Kiel:** Whether that was our overall conclusion or whether that was a statement within the executive summary?

**Mr. Phil McNeely:** I'll just read it again. "Overall, our review indicated that Ornge is using provincial grant funding economically"—these are the words of the report—"efficiently and for the purposes intended in providing air ambulance and related services for the province."

**Ms. Margriet Kiel:** I think, as I outlined in my opening statement as well, that was certainly not the conclusion for the entire report. It was a conclusion that specifically addressed objective 5. If our readers interpreted it like that, it was certainly not the intent of the report to convey that message, because we had 26 very specific recommendations in regard to the other six objectives.

**Mr. Phil McNeely:** The 26 recommendations: We have them here, of course. This is a pretty definitive statement that you've made. This is, I would think, comforting to the owner, which happened to be the government of Ontario. Do you have any other comments on it? How can you be so definitive? The information is a year and a half late. You're signing it in 2010. Any comments?

**Ms. Margriet Kiel:** We're not making that comment up until September 10, 2010. I think it's really important to understand that our review period covered 2005 to 2008. The comment in our conclusion that funds were used economically and efficiently really only related to objective 5, which required us to look at the source and use of funds. We did appropriate types of audit objectives to look at how best to review the documentation. We obviously looked at all the sources, how they were received, also how they were used. Based on that, as at November 30, 2008, we could conclude that at that point in time, they were used economically and efficiently.

**Mr. Phil McNeely:** The difficulty you had with Ornge coming to meetings, to receiving the report—you said that they were the reason it took a year, a year and a half—

**Ms. Margriet Kiel:** Partly.

**Mr. Phil McNeely:** —to get that. This didn't concern you, that there seemed to be a reluctance to have this report arrive?

**Ms. Margriet Kiel:** I don't think it concerned us that it took so long. As I said, there were a couple of specific reasons for it. First of all, there was how the report was staged and issued and sent to the various stakeholders for their review and input. That certainly took more time than you would normally anticipate or than you would normally expect if you disseminate the report to all parties at the same time.

Certainly, it did take a lot of time for Ornge, once they had the report, to review it, to comment on it and to get back to us. There were a couple of specific reasons. One of them, as I alluded to earlier, was that legal counsel had fallen sick, quite seriously. Why it would have taken them a couple of more months to finally provide us with their comments, I can't comment on that. But it was certainly both MNP as well as Ontario internal audit that were constantly following up with Ornge and saying, "We would like to finalize this review. We would like to get an exit meeting. Can you please respond?"

**Mr. Phil McNeely:** The final report found a number of other positive conclusions, which I will briefly review for you. With respect to the procurement process—this is at page 35—the final report concluded that the procurement processes were appropriate, documented and in accordance with the performance agreement, best practices and in the spirit of government directives, ensuring openness, transparency, fairness, competitiveness and value for money.

Regarding compliance with the performance agreement, the final report noted that Ornge was not in compliance with some administrative sections. "However, none of these issues affects the delivery of services, and we have concluded that Ornge is using grant funding efficiently, effectively and in accordance with the provisions of the PA."

With the 26 recommendations, is that statement a fair statement to make?

**Ms. Margriet Kiel:** Yes, because that very statement and that last comment, as I mentioned earlier, was a specific conclusion with respect to objective 5 and objective 2, the procurement process, and objective 5 being the use and source of funds. They're obviously very connected because they both deal with how money is received and how money is spent.

With respect to objective 2, where we looked at the procurement process, we looked at the process. We looked at whether the procurement process, as implemented by Ornge, was in accordance with government procurement policies and procedures, whether they were in accordance with best practices. What that means is, you look at things like, is there a delegation of authority in place, and is that in accordance with the performance agreement? It looks at, for purchases less than \$100,000, do you have an adequate process in place to ensure that you get a fair price for services requested? So you would get three written quotes. For anything over \$100,000, there's a requirement to go for public tender. Did Ornge do all of those things? Yes, they did.

**Mr. Phil McNeely:** Lastly, in respect to risk management, the final report found that, "Overall, our review in-

licated that the risk management approach and capability within Ornge is effective.” Down the road, obviously, this was not something that we’re very pleased with.

**Ms. Margriet Kiel:** Well, we—

**Mr. Phil McNeely:** So the conclusions I have read out are quite positive, that you made. Would you agree?

**The Chair (Mr. Norm Miller):** Mr. McNeely, let her answer the question.

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**Ms. Margriet Kiel:** Our objective was to look at Ornge’s enterprise risk management process.

There was an external consultant engaged in 2006 to develop that enterprise risk management framework. At that point in time, an organization-wide risk assessment was done to see where the key risks within the organization were from the point of view of, “What are your objectives?” They were to provide air ambulance services. “What are your key risks?” Some of the key risks that were highlighted in that risk assessment process were that a communication centre disaster recovery plan was an issue, that their information technology platform was all old; that some of their planes were old; that the contractual agreements that they inherited once they took on the provision of air ambulance services needed to be reviewed.

At that point in time, the enterprise risk management framework was adequate, and the policies and procedures set up to support that were in line with best practice.

**Mr. Phil McNeely:** You’re saying that today. I think you’ve answered the question. I just asked you another one: Do you agree that, following receipt of this report and taking into account many of the conclusions drawn in the final report and particularly the finding that the provincial grant money was being used—the grant money it received—effectively, efficiently and for the purposes intended, the Minister of Health would have felt confident that Ornge was an effective organization and was using provincial funds appropriately? Wouldn’t you agree that this would be a nice report to receive with those statements you’ve made in your summary?

**Ms. Margriet Kiel:** No. Once again, I think that you’re pulling it out of context because, as I mentioned earlier, that specific conclusion relates to objective 5, where we looked at the source and use of funds. There were six other objectives that we looked at, and as a result we had 26 recommendations—some of them, I think, very serious. Once again, they were confirmed in the Auditor General’s report that was issued earlier this year.

**Mr. Phil McNeely:** Then might I suggest that the conclusions in your report did not match the recommendations that were made?

**Ms. Margriet Kiel:** No, I don’t agree. I think it’s taken out of context. It was certainly not our intent to say, in general, that the entire organization is running in accordance with best practice; that’s not what we said. We said we had 26 recommendations whereby there should be a specific focus on the corporate structure of the organization, the performance agreement, communication between the Ministry of Health and Ornge, the fact that

various reports were not provided on time, and that the variance analysis that was provided by Ornge was not sufficient for the ministry to provide their conclusions. So, I think our report did certainly not say that Ornge was operating—

**Mr. Phil McNeely:** I would suggest, with these 26 recommendations, that the recommendations showed that Ornge had pulled up their socks and got a lot of things straightened out. I think that having the conclusions you’ve made has devalued the important recommendations—you say they’re important.

We’ll get on to the Auditor General’s report. You’re aware the Auditor General of Ontario recently completed a review—it’s not recent now—and released a report regarding Ontario air ambulance and its related services? Are you aware of that?

**Ms. Margriet Kiel:** Yes.

**Mr. Phil McNeely:** Are you familiar with the report?

**Ms. Margriet Kiel:** Yes, I have read it.

**Mr. Phil McNeely:** Needless to say, the Auditor General found a number of issues at Ornge, ranging from secrecy to financial irregularities. He went so far as to say that he was stonewalled—you said it was difficult getting information—and noted, at page 2 of his report, that he was only able to access records relating to entities controlled by Ornge or of which Ornge was the beneficiary; he was denied access to records of any of the other entities. MNP’s final report certainly outlines about 26 recommendations but makes no similar allegations of secrecy or financial irregularities. Is it safe to assume that, had MNP been stonewalled or prevented by management from completing its review, MNP would have included these concerns in the final report?

**Ms. Margriet Kiel:** If we had encountered those issues, they would have been included within our report.

**Mr. Phil McNeely:** But you said you had difficulty getting information.

**Ms. Margriet Kiel:** We had delays in getting information. In the end, we were not denied access to any information that we had requested. As I said earlier in response to a question, if Dr. Mazza did not agree with a certain type of information that we had requested, we had to provide him with the reasons why we wanted to request that information. Our request for information would always specifically address these specific objectives. Therefore, even though, perhaps, there was some delay, he could not deny us access to that.

**Mr. Phil McNeely:** What was the general attitude of Ornge executives towards the review you were doing?

**Ms. Margriet Kiel:** The general attitude was that everything with respect to the review had to be approved by Dr. Mazza. Our main contact was Maria Renzella, the VP of finance. She was our day-to-day contact. Any requests that we had for information or additional interviews, we had to go through her, but she could not make the final decision on any of our requests. That had to come from Dr. Mazza.

**Mr. Phil McNeely:** My final question is: Do you stand by your final report?

**Ms. Margriet Kiel:** Yes, I do.

**Mr. Phil McNeely:** Thank you.

**Mr. David Zimmer:** Time?

**The Chair (Mr. Norm Miller):** You have four minutes left, if you want to do anything.

**Mr. David Zimmer:** In hindsight, looking back, would you agree that the government receiving your report—and the recommendations and the comments that my colleague Mr. McNeely just made in his questions to you—that it perhaps gave the government of the day, the minister of the day, the deputy minister of the day, perhaps a sense of well-being that was not in fact deserved—that is, the well-being of Ornge?

**Ms. Margriet Kiel:** No. At that point in time we had, I think, sufficient recommendations that they should seriously have a look at the various aspects of Ornge and whether that was in line with and in the spirit of the initial performance agreement that they did have.

**Mr. David Zimmer:** But in some of the comments that Mr. McNeely read out to you in the summary—if I was receiving the report, it paints a much rosier picture of things at Ornge that in fact were extant.

**Ms. Margriet Kiel:** I do not agree. I think the executive summary contains both that one statement that everybody seems to be focused on, but the executive summary also outlines all the areas that we found that the ministry should be concerned about and look into.

**Mr. David Zimmer:** But it seems to me, reading the report over, and as Mr. McNeely has pointed out, when push came to shove, and despite all of the difficulties that you had getting information, and the concerns that you raised in the report, at the end of the day you softened the report around the edges and it gave an unwarranted sense of confidence to the recipient of the report.

**Ms. Margriet Kiel:** I do not agree with that statement. I don't think we softened the report. If I look at the first version we had issued to the Ministry of Health and I compare that to the latest version, no findings or recommendations had been changed other than what I alluded to earlier, which was with respect to the risk assessment done for the transfer payment directive.

**Mr. David Zimmer:** Let me read the conclusion again, the final report. The "procurement process is appropriate, documented and is in accordance with the" performance agreement, "best practices and in the spirit of government directives, ensuring openness, transparency, fairness, competitiveness and value for money.

Further, "Ornge is using grant funding efficiently, effectively and in accordance with the provisions of the PA."

In fact, that wasn't the case, and if that doesn't give someone—the recipient of the report—a level of comfort and confidence, then what would?

**Ms. Margriet Kiel:** Once again, that just addressed one of our objectives. Yes, we looked at the source of funds. Yes, we looked at how they were used. We looked at the organization structure, at the various entities. At that point in time, none of the unusual transactions that the Auditor General is, for instance, referring to in his report—none of those had occurred in 2008.

**Mr. David Zimmer:** At any time—

**The Chair (Mr. Norm Miller):** Please, let her finish.

**Mr. David Zimmer:** Sorry.

**Ms. Margriet Kiel:** None of those had occurred in 2008. So, based on the work that we did in 2008—there were no transactions with any of the entities that were set up, other than Ornge. For the type of transactions that we did look at, they were in line with procurement processes and they were based on normal best practices, such as, any expense over \$100,000 was going for public tender.

**Mr. David Zimmer:** Okay. All right. Here's my last question.

**Ms. Margriet Kiel:** Sure.

**Mr. David Zimmer:** We've heard from Mr. Klees, and we've heard for days and days now at this hearing about—as Mr. Klees refers to it, and Ms. Gélinas—all of the red flags that popped up all over the years on this. You, from your resumé and your company, are highly experienced consultants. Did you or MNP ever recognize any red flags, or was that just everybody else?

**Ms. Margriet Kiel:** We identified red flags. They were outlined in our recommendations.

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**Mr. David Zimmer:** What was the most serious red flag?

**Ms. Margriet Kiel:** The fact that they should look at the corporate structure. They had to look at whether the entities that were set up outside of Ornge were in line with the performance agreement and whether the ministry was comfortable with that corporate structure. That was the most important finding, which we outlined in recommendation number 1.

**Mr. David Zimmer:** You go on to say, "None of these issues affects the delivery of services, and we've concluded Ornge is okay."

**Ms. Margriet Kiel:** Yes, because at that point in time, the entities were set up but there were no transactions in them as yet. At that—

**Mr. David Zimmer:** Did you ever pick up the phone and call somebody at the ministry and say, "Look, off the record, here are some red flags. You should have a really"—

**Ms. Margriet Kiel:** Our red flag was recommendation number 1, which we discussed with the Ministry of Health internal audit department in early November, and onwards from that.

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

**Mr. David Zimmer:** Thank you, Chair.

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

**Mr. Frank Klees:** I just want to thank Mr. Zimmer for asking that question, which gave Ms. Kiel an opportunity to talk about all the red flags that are in all the 26 recommendations that anybody who read beyond the headlines—which is the point I made earlier. If someone stops at the headlines, this a very sanitized report. But one would expect that people within the Ministry of Finance who commissioned the report and individuals in the Ministry of Health who have oversight responsibilities would have read beyond the headlines and looked

very carefully at those recommendations that raise significant concerns, and they failed to do that.

I don't want you to feel badly about this, because there are numerous reports—I tabled one yesterday with the minister, which her own Ministry of Health commissioned and was presented as a confidential advice to the minister. The minister hadn't seen it. Six senior bureaucrats who were copied on it obviously hadn't made any effort to advise the minister. Many of the same issues that you raised red flags about here were in that report as well.

I just want to say this: I believe that what you have helped us do is to at least help the government understand that there are three guilty parties in this situation. Clearly, the minister has recognized Mr. Mazza as having made bad decisions, and she fired him. She recognized that the board of directors did not meet their fiduciary responsibilities, and she fired them. There's one last piece of the puzzle, and that is that there were people within the Ministry of Health who failed in their oversight responsibilities, which the Auditor General also pointed out. You, with your report, were helping the people within the Ministry of Health to do their job. They failed to do their job. So we have to see just how much help the government is willing to take in terms of dealing with the third guilty party, which is the Ministry of Health.

The Auditor General, when he presented his audit report, made an interesting comment. He said, "What I saw here didn't pass the smell test." When you closed the books on your report, did it pass the smell test to you, in the sense that the Auditor General made that comment?

**Ms. Margriet Kiel:** At that point in time, as I said, our recommendations were such that we said, "You need to look at these things. I think there are certain things starting up, entities being set up, and the ministry needs to be comfortable that the intentions of those entities are in line with Ornge and that there is a specific tie to that in case, say, assets were going to be transferred to any of those other entities"—and the same with the communication between the ministry and Ornge.

We clearly outlined that the information provided by Ornge was in all instances perhaps not complete, like the fourth-quarter in-year reports, like the variance analysis that they provided. So therefore we said, "The ministry needs to ask more questions, they need to have more formalized meetings and they need to make sure that they get the explanations that they desire in order for them to provide adequate oversight." The last one was the performance agreement. Certain provisions were not complied with, so that was something that the ministry should address to review what they were.

**Mr. Frank Klees:** I would have thought that, specifically relating to the performance agreement—your notes on page 8, at the bottom, which I'll just read into the record:

"Ornge has changed its organizational structure to deliver air ambulance and related services, which structure was not contemplated in the" performance agreement. "In addition, there are administrative compliance-related issues, communication matters and typical gov-

ernment provisions for funding that should be addressed."

Anyone reading this report, whether it's in the Ministry of Finance or whether it's in the Ministry of Health, should have seen this as 10 red flags waving at them. For some reason, they chose to ignore it. I think that's one of the reasons that we're here today. So I thank you for your presentation.

**Ms. Margriet Kiel:** Thank you.

**The Chair (Mr. Norm Miller):** We'll move on to the NDP. Who would like to go? Ms. Gélinas.

**M<sup>me</sup> France Gélinas:** Thank you again for coming. When Mr. Zimmer asked you what was the most significant red flag, you didn't hesitate. You said, "The corporate structure." You went on to say, "We discussed this with the Ministry of Health in early November and onward." I'm going to do a little memory test on you right now to see what you remember of those conversations. I'm looking for times, place, people, was anybody taking minutes, that kind of stuff. Where was it?

**Ms. Margriet Kiel:** Initially we would have discussions—talking about November, that would have been with the internal audit group, because they were the ones commissioning us, and they would be the ones that we had preliminary discussions with, with respect to our findings, our recommendations and any comments they may have had: "Did you look into this? Did you look at that?" We would have had that dialogue with them from that point onwards.

From the time that our draft report was issued, it was obviously issued first to the ministry, so we had discussions with the emergency health services branch, Mr. Malcolm Bates specifically. But from the ministry we also had discussions with the assistant deputy minister at that point in time.

**M<sup>me</sup> France Gélinas:** Do you remember who the assistant deputy minister was?

**Ms. Margriet Kiel:** Ruth Hawkins.

**M<sup>me</sup> France Gélinas:** It was Ruth?

**Ms. Margriet Kiel:** Correct.

**M<sup>me</sup> France Gélinas:** All right. So you have your draft report, you have your recommendation number 1—you speak with your words, but you speak with your actions. You put it as recommendation number 1. When you say that you presented it to the minister or the ministry before you presented it to the emergency health services branch, who do you mean by the minister or the ministry?

**Ms. Margriet Kiel:** That would have been the assistant deputy minister.

**M<sup>me</sup> France Gélinas:** To Ruth?

**Ms. Margriet Kiel:** Yes.

**M<sup>me</sup> France Gélinas:** Do you remember specifically: Did you go see her in her office? Would you meet someone place specific? Would anybody else be with her—note takers or anything like this?

**Ms. Margriet Kiel:** Yes, she would have had—I do not recall the name of that person. I could certainly find out for you, if that's of interest. But we met in her office

and we would have gone through our recommendations, one of them being the corporate structure.

**M<sup>me</sup> France Gélinas:** Do you remember if there was any reaction on her part? When you raised that red flag, your recommendation number 1—which, to me, is significant—did she find it significant as well?

**Ms. Margriet Kiel:** I cannot comment on what she was thinking, but—

**M<sup>me</sup> France Gélinas:** Did she ask questions?

**Ms. Margriet Kiel:** Sure, she asked questions. Another thing that occurred is that, to my knowledge, the Ministry of Finance legal department then started its own review into the corporate structure of Ornge and related entities.

**M<sup>me</sup> France Gélinas:** Say that again. The Ministry of Finance legal department—aren't they the people who had hired you to start out with?

**Ms. Margriet Kiel:** No, that was the internal audit department. I'm talking about the legal services branch.

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**M<sup>me</sup> France Gélinas:** Okay, of the Ministry of Finance, who would have started their own investigation of the—

**Ms. Margriet Kiel:** They were going to do an audit on the corporate structure of Ornge and its related entities.

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

**Ms. Margriet Kiel:** I have some documentation and some email correspondence from the legal services branch where they're asking for specific documentation from us with respect to the various entities, like the objects, like the incorporation dates, discussions that we had with management as to the intention of those entities.

**M<sup>me</sup> France Gélinas:** So it was the Ministry of Finance legal department, not the Ministry of Health legal services branch, that did an investigation of the corporate structure.

**Ms. Margriet Kiel:** I will just have to confirm that for you.

It was the legal services branch of the Ministry of Health and Long-Term Care and Ministry of Health Promotion. It's on the letterhead.

**M<sup>me</sup> France Gélinas:** So it was the legal services branch of the Ministry of Health.

**Ms. Margriet Kiel:** Correct.

**M<sup>me</sup> France Gélinas:** Because of the exchange, you know that after you flagged it for them as your number one recommendation, they went in and they looked at the corporate structure. Do you have any idea if it was in depth, if it lasted longer than the delays that you had, if it was maybe some of the reason for the delays?

**Ms. Margriet Kiel:** I can't comment on that. I have not seen the outcome of that audit, so I'm not sure when a final report would have been issued and what time frame that included. I'm not sure.

**Mr. Jagmeet Singh:** Was there anyone specific who said that they were going to follow up with that—a specific lawyer or a specific individual from the legal services branch?

**Ms. Margriet Kiel:** Yes, it was Bill Georgas, counsel for the Ministry of Health and Long-Term Care.

**M<sup>me</sup> France Gélinas:** So there were some reactions, then.

**Ms. Margriet Kiel:** Yes.

**M<sup>me</sup> France Gélinas:** Okay. So you presented your number one recommendation. There's an exchange; there are questions. Then you see that it's actually actioned off to the legal services branch. And then it goes into a black hole that nobody knows where it ended. But it started, anyway; we know that much.

Then, when you presented the—

**The Chair (Mr. Norm Miller):** You're just about out of time, by the way.

**M<sup>me</sup> France Gélinas:** No kidding.

I thank you for coming. Thank you for sharing with us what you know.

**Ms. Margriet Kiel:** No problem. My pleasure.

**The Chair (Mr. Norm Miller):** We'll move to the government. Mr. McNeely.

**Mr. Phil McNeely:** I'd just like to ask the Auditor General for his comments on this Review of Air Ambulance and Related Services, Meyers Norris Penny, September 10. That was something you obviously read before you went in to do your audit. Could you comment on that?

**Mr. Jim McCarter:** I see the two points of view as to the overall conclusion. I have to say, when we read it, there were some areas of the report where we reduced some of our work. For instance, we didn't do a lot of work in the procurement area because of the work done by Meyers Norris Penny. Again, it was pretty hard to miss the first recommendation about the inter-corporate structure.

I could understand your reading of the report—the front of the executive summary, where it does say that, overall, things were pretty good. But when you look at some of the language in the detail of the report—one of the issues was communication, and some of the language used is “frustration,” “confusion” and “conflict.” Again, when you get into the detail, that's pretty strong wording, and I would certainly interpret that.

So there were some red flags in the report, and based on their work, we did reduce some of our work.

The other thing that I would say—Mr. Klees's question about, did it pass the smell test? Again, being the auditor, we can look at whatever we want, whenever we want, so we could look at compensation and some of these issues, and that did impact my overall comment about that; whereas Meyers Norris had six specific objectives, so they weren't really getting into the depth of what we could get into.

I guess that would be my overall perspective, Mr. McNeely.

**Mr. Phil McNeely:** Thank you. How much time do we have left?

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

**Mr. Phil McNeely:** David Zimmer will handle that.

**Mr. David Zimmer:** Just following up on that, Mr. Auditor General, you said, to use your language, you read the MNP report and it had a rosy opening statement, if you will.

**Mr. Jim McCarter:** At the end of the introduction—overall, it talked about that they spent the funds with due regard for economy and efficiency. Now, again, as Ms. Kiel said, that was meant as one of the conclusions of the overall objective, but again, when you get into the detail, there were a number of recommendations. Some of the language, to me, was—when you're using words like "frustration," "confusion" and "conflict," we get into that sense that—the client always likes you to tone down that sort of language, but I suspect that maybe there was a bit arm-twisting to tone down that sort of language. Again, that part of it certainly wasn't sanitized.

**Mr. David Zimmer:** You're an auditor also. You've read lots of these reports. Do you think it would have been the better practice to take some of that detail which really raised the red flags further down in the report and stick it right up at the front of the report so it sort of jumped off the page, given we're dealing with public monies?

**Mr. Jim McCarter:** It's hard for me to say that without having the perspective of going through the whole report and doing all the detail and getting the depth of it. It's really up to the people doing the work to make the decision as to what they decide to put up front or what they decide to emphasize.

**Mr. David Zimmer:** Mr. Auditor, what thought was in your mind when you speculated, just a minute or so ago to the MNP representative, that perhaps there was, to use your expression, arm-twisting that went on by Ornge to massage the report a little bit?

**Mr. Jim McCarter:** I was very interested in the answer to that question because, to be honest, the level of arm-twisting—this is sort of inside baseball because it stays sort of within the government. All of our reports, it's outside baseball; everything in our reports can hit the front page of the paper. So, I was a bit curious to see what level of encouragement there was to sanitize the report. What I gather is basically that whether there was or not, the draft report stayed largely the same with respect to a number of the recommendations. So, whether there was some arm-twisting or encouragement or whatever, I gather there wasn't a lot of change from the initial draft version to the outside version. But I'm always interested because, as you can imagine, we go through that process in our audits as well.

**Mr. David Zimmer:** Perhaps, in fairness, to give you a chance to comment on the arm-twisting observation.

**Ms. Margriet Kiel:** Sure. Obviously there's always dialogue that you have with the people whom you give your report to and who were the subject of a specific review. I must comment that at any time when we had meetings with any of the stakeholders involved, we had Dave Schell, the internal auditor that we reported to on behalf of the ministry, with us at any meeting. So, any type of wordsmithing or a little word here and there that would have been taken out—he would have had to ap-

prove all of that prior to us making any changes to the report because he was the person who issued that request for services and he was the one who engaged us.

**Mr. David Zimmer:** With the benefit of hindsight, if you had to write the report again knowing what has gone on since, would you have written a stronger report?

**Ms. Margriet Kiel:** I think our report would stay as it is. In hindsight, it's obviously always easy, perhaps, to make particular statements. Seeing that a lot of people have really taken the three sentences—I think it's three—in the executive summary and have taken that as being the overall conclusion and then have not read any further—would I have either changed that statement or would I have taken it elsewhere or would I have had other recommendations put forward? I may have considered that. But as I said, it was three sentences in the entire executive summary as well as 26 recommendations. So in my mind, I think it clearly outlined the specific objectives that we were asked to address, the findings that we had for each of those findings and 26, I think, very valid recommendations.

**Mr. David Zimmer:** Any thought that you might have gotten caught up in the Mazza charisma?

**Ms. Margriet Kiel:** No, because by the time the draft report was issued we were not dealing with Dr. Mazza again.

**Mr. David Zimmer:** Thank you.

**The Chair (Mr. Norm Miller):** Thank you, and thank you very much for coming before the committee today. It's very much appreciated.

**Ms. Margriet Kiel:** It was my pleasure. Thank you.

**The Chair (Mr. Norm Miller):** We are recessed until 4:30.

*The committee recessed from 1600 to 1630.*

#### MR. RAINER BELTZNER

**The Chair (Mr. Norm Miller):** I'd like to call this committee back to order and welcome Mr. Rainer Beltzner back to the committee. He has been here once before, so—

*Interjection.*

**The Chair (Mr. Norm Miller):** Just to remind you that you're still under oath from your previous time.

**Mr. Rainer Beltzner:** Yes.

**The Chair (Mr. Norm Miller):** Welcome back. Did you wish to make any statement to begin with?

**Mr. Rainer Beltzner:** No, I made my statement the last time I came. I'd prefer to have the committee use my time to ask additional questions. I'm here to help as best I can.

**The Chair (Mr. Norm Miller):** Very well. It's the NDP's time to go first.

**Mr. Frank Klees:** Could we just ask him who is attending with him?

**Mr. Lincoln Caylor:** Lincoln Caylor, from Bennett Jones, counsel to the former board members.

**Mr. David Zimmer:** Sorry, I missed that.

**Mr. Lincoln Caylor:** Lincoln Caylor, from Bennett Jones.

**The Chair (Mr. Norm Miller):** Okay. And you said counsel to—

**Mr. Lincoln Caylor:** Mr. Beltzner and the rest of the former board members.

**The Chair (Mr. Norm Miller):** Very well. It's time for the NDP to go first. Ms. Gélinas.

**M<sup>me</sup> France Gélinas:** I just wanted to check: Are we going to go in 20-minute rotations?

**The Chair (Mr. Norm Miller):** Yes, roughly 20-minute rotations. If you find you're in the middle of a discussion, if you want to adjust it either shorter or slightly longer, that's fine. I will do my best to adjust it so that everyone gets the same time.

**M<sup>me</sup> France Gélinas:** Welcome to Queen's Park once again.

**Mr. Rainer Beltzner:** Thank you.

**M<sup>me</sup> France Gélinas:** The last time we talked, you went into some details as to how you had come to Queen's Park in 2011 to brief a number of people on the corporate structure and the strategic direction that Ornge was going in.

Tonight, we're going to do a little memory-testing exercise. I'd like you to go back from that period—including it, if you want—and tell me: Were there other occasions where you as a board, or you as a chair, or you as a representative of Ornge, took the initiative to inform the minister or the Ministry of Health or other ministries of this government of the work of Ornge?

**Mr. Rainer Beltzner:** There are no other specific situations where that occurred. There were certainly some meetings that I initiated—for example, meeting with the ADM at the time, Patricia Li, with respect to, first of all, the progress on the Provincial Auditor's draft report; and secondly, proactively from my side, meeting with Patricia Li again—and this would have been in the fall of 2011, I believe—to talk about the funding increase percentage that the government had allocated to Ornge for that year, and some of the challenges with respect to Ornge having to deal with increasing fuel costs and HST. I just wanted to make sure that Patricia was fully aware of all of the financial challenges that the organization was facing as a result of the labour agreements, the fuel changes, as well as the taxation changes, none of which had been included as a provision for adjustment under the performance agreement, so it was something that Ornge would have to absorb.

Our expectation at the time—the reason I went—was that we would receive about 3.5% annually, and that's what our budget was based on. I believe that year, if my memory serves me correctly, we received 2%. Of course, as we were well into the year, as with most organizations—you budget on 3.5%; you get 2%—then it's a matter of, "We've got to do something to adjust."

I just wanted to make sure in my own mind that Patricia was well aware of those additional financial challenges.

**M<sup>me</sup> France Gélinas:** When would that have taken place?

**Mr. Rainer Beltzner:** I think that was in early fall 2011.

**M<sup>me</sup> France Gélinas:** Early fall of 2011. So it will be a year, soon, that you had asked to talk to her. Did both communications take place at the same time, as in wanting some updates as to the auditor's—

**Mr. Rainer Beltzner:** No, there were separate meetings a couple of weeks apart. I could probably dig up the exact dates, but my memory says—it was clearly after we got a copy of Jim McCarter's draft report, I think in September, if I recall correctly.

**Mr. Jim McCarter:** It was in mid-September, I think, Mr. Beltzner.

**Mr. Rainer Beltzner:** Yes, mid-September, about there. I had a meeting with Patricia on that basis.

The other meeting—I'm just reflecting back. My memory will, you know—

**M<sup>me</sup> France Gélinas:** It works that way.

**Mr. Rainer Beltzner:** I'm not sure if it was the same meeting or a prior meeting—I can verify that for you, if you wish—but I had another meeting with Patricia Li where we were talking about the Provincial Auditor's audit. I had expressed some concern about how the audit was validating data, in particular a meeting that we had with the audit team where they came and said, "We want to sit down with you"—the representatives from Ornge—"and we want to validate that we have the facts correct." The process of that validation was that the members of the audit team would rapidly read out data, which, from my experience as an auditor—and I've done lots of audits—if you want to cause confusion and get people confused very quickly, that's one way to do it. So I asked the audit team to slow down, to present the data in bits so that if they wanted confirmation, we could obviously absorb it and say, "Yes, that's right," or, "No, that's wrong" and so on.

Whether it was by phone or a meeting, I can't remember. I had a chat with Patricia Li basically to say, "Is this normal, based on your experience and having dealt with provincial audit teams?"

Anyway, we got that resolved, Jim. Not to belabour the point, but we got it resolved fine. It was just the process that was a little awkward.

**M<sup>me</sup> France Gélinas:** All right. Remind me of when you started on the board at Ornge.

**Mr. Rainer Beltzner:** I started on an advisory board before the company was created. To the best of my recollection, it would be late 2005, somewhere in there.

**M<sup>me</sup> France Gélinas:** So from 2005 on, had you or the board ever initiated other communications with anyone in the government?

**Mr. Rainer Beltzner:** Not that I'm aware of, no.

**M<sup>me</sup> France Gélinas:** So really, the first time was when you were presenting your new corporate structure. You came with Mr. Apps and you came with Mr. Lepine and you presented it.

**Mr. Rainer Beltzner:** That is correct. Just to clarify, the reason for that was that we had created an independent committee of the Ornge board to review the proposed transaction to create Ornge Global and the relationship and the various licensing agreements and so on. When we in the independent committee reported back to

the board to say, “Okay, we’re comfortable with the way that the money would flow from the profit side to the Ornge side. We’re comfortable with those arrangements,” and so on, then it was put to the board to say, “Should we proceed? Have all the i’s been dotted and the t’s crossed?”

There were two items that we felt needed particular attention, more from a good due diligence standpoint. One item was related to the credit rating that Ornge had, because obviously Ornge had a bond. The rate was dependent on the credit rating. We wanted to make certain, first of all, that Ornge’s credit rating would not be impacted and, secondly, that because of any imputed relationship between Ornge and the government, that the government’s credit rating would not be impacted. So there was a condition, if you like, put on the board approval to move ahead that said there has to be some confirmation of that credit rating issue, which was done.

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The second condition was a condition that said we have to be comfortable that the government is aware of this. This is one of these situations we talk about on the board and, from my own point of view, I said, “I’m not going to be comfortable until I sit in front of the people and tell the story and see the colour of their eyes, so to speak. If I hear any objection, if I get any objection”—I wanted to make sure that there was a clear communication of things to the government and an opportunity for me to hear any rebuttal or concern or questions. None of that, by the way, came about. There were some interesting questions for clarification, but there was no indication in any of the three formal presentations of any negative reaction whatsoever.

From my perspective, it appeared from the lack of questions and the lack of response that people around the table were not surprised. After all, I had sent the letter, back on January 11, 13, I can’t recall—one of those dates. So all of this was set out in the letter that had been widely distributed some time before. The meetings with the other government ministries occurred in February, March, thereabouts. So there would have been plenty of time, in my view, to have some form of negative reaction from government, and there wasn’t any. On that basis, we, as a board, said, “The government has been informed. We haven’t heard anything. Therefore, it must be fine.”

Obviously, we offered clarification on questions as they came up about why this structure and why this and so on. But other than that, there was nothing that came forward that suggested we should not proceed with full steam.

Hopefully that answers that.

**M<sup>me</sup> France Gélinas:** Yes, it does. Those are initiatives that you had taken to reach out to government to basically share the direction that Ornge was going.

**Mr. Rainer Beltzner:** Correct.

**M<sup>me</sup> France Gélinas:** Can you remember the opposite way around, where the government reached out to you to get information from you? And when I say “government,” take it broadly.

**Mr. Rainer Beltzner:** Most certainly. Let me go back. I think the first time that I received a call or a communication from government was from Ruth Hawkins. That would have been in 2008. It might have been a couple of calls. I’m trying to remember the sequence. Again, I can look it up and provide you with specifics. Certainly, there was one call related to a consolidation question, and there was one call related to a letter that Ruth had received internally, within the ministry, from an individual outside who had raised a number of concerns about Ornge. Ruth called me. We had set up a meeting—myself, Luis Navas, Ruth Hawkins and—I hope I’m right; I think I am—Ken Flynn from the ministry’s internal audit. We met at Julia’s restaurant in Oakville around about December 6 or December 8, 2008. She shared with me the content of this letter, which was accusatory of Ornge having—if I remember correctly; I don’t have a copy of the letter—two sets of books, doing a bunch of things, including having exorbitant bonuses, or something of that nature.

I believe Ken Flynn looked at the issue of the two sets of books. We certainly looked at it internally. That was nonsense, simply put. I did communicate back to Ruth Hawkins, I believe in a formal letter—which would be on file with Ruth, no doubt—which detailed the process of compensation and the bonus process. I basically conclude that from the board’s point of view, there wasn’t anything inappropriate going on at the time.

Around about that time, we were also dealing with—I don’t know whether it was a result of that or before that, but in any event, then came the ministry’s internal audit and the process there, and MNP and that process.

That was a communication from the ministry to me. Other than that, I’m trying to recall—I know that there might have been a call from Patricia Li at some point about something or other, but that would have been in 2011, possibly as a question as to the status of our response to the AG’s draft or something. Perhaps Patricia would have a better memory of that, but very, very few communications back and forth.

**M<sup>me</sup> France Gélinas:** Except for kind of a busy period in 2008, where you got a call from Ruth Hawkins regarding the consolidation at the time, then you got another call, followed by a meeting regarding a letter with concerns, specifically the two sets of books and the bonus, which you responded to in writing, and communications from Ms. Li late in 2011, after the AG’s draft report, those are the only times you can remember that the government—

**Mr. Rainer Beltzner:** No. I just remembered some additional ones.

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

**Mr. Rainer Beltzner:** I did receive, either addressed to me directly or copied to me, letters from—again, I have to go back and try and find these—the assistant deputy minister, the deputy minister or the minister informing me of changes to the budget allocation. “You’ve done a wonderful job; you get 3.5%,” or whatever the case may be. There were a series—

**M<sup>me</sup> France Gélinas:** Would you call this the standard letter you got every year with you—

**Mr. Rainer Beltzner:** Yes. There were a number of letters which we also received, and they might have been addressed to me or copied to me, dealing with the changes in the procurement policies from government as a result of the various things that have occurred, including consultant muffins and things of that nature.

**M<sup>me</sup> France Gélinas:** Yes, Choco Bites, they were.

**Mr. Rainer Beltzner:** In each case, I believe the letters always said, basically, “We know you’re not required to follow these rules but we would like you to follow these rules.” In our response—we always give a formal response—we said, “Of course we’ll follow these rules. No question.” So that’s where those other communications came.

Just bear with me. I don’t think there were any more, but if something jumps to mind, I’ll certainly jump in and tell you.

**M<sup>me</sup> France Gélinas:** You’re quite allowed. The memory test will keep on going for a while—

**Mr. Rainer Beltzner:** Sure.

**M<sup>me</sup> France Gélinas:** —and sometimes they get tougher.

There’s one issue that I would like you to try to remember if you ever got—there was a report that was done by Meyers Norris Penny, do you remember, in—

**Mr. Rainer Beltzner:** Yes, absolutely.

**M<sup>me</sup> France Gélinas:** Okay. The first recommendation had to do with the corporate structure of Ornge. Basically, the ministry said that their legal services branch would follow up. Basically, the report from Meyers Norris Penny said, “Minister, you should look into this”—

**Mr. Rainer Beltzner:** Right; I recall that.

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**M<sup>me</sup> France Gélinas:** —and the minister says, “Yes, we will,” or, “The legal services branch of the Ministry of Health will do an investigation of that.” Did the legal services branch ever come to you?

**Mr. Rainer Beltzner:** They certainly didn’t come to me or any member of my board, as I recall.

**M<sup>me</sup> France Gélinas:** Didn’t write, email, tweet?

**Mr. Rainer Beltzner:** I don’t recall any communication, any writing. I don’t recall any emails. I don’t recall any phone calls. In fact, I don’t recall any discussions about a changing corporate structure resulting from that—just nothing came forward that I recall.

**The Chair (Mr. Norm Miller):** Your last minute and a half.

**M<sup>me</sup> France Gélinas:** This is my last minute and a half. The first thing I wanted to establish was really communication. The two and a half hours that we’ll spend together: If other things come to mind, please let me know. You were really clear as to the times that you’ve reached out, and you seem pretty certain of them. If there are other times where the ministry asked you, except for the standard letter you get once a year as chair of the board—“Here’s your allocation for the next year. Please sign and send it back”; we expect you to get those—things that

had more to do with inquiring what was going on at Ornge. Basically, any other effort from the ministry or the government to reach out to Ornge that comes back to you, please share it.

**Mr. Rainer Beltzner:** Let me be clear: There’s nothing that I recall at the present time of any ministry communication with me or members of the board other than what I’ve mentioned.

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

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

**Mrs. Liz Sandals:** Good afternoon. Thank you for coming back, Mr. Beltzner.

When Dr. Mazza appeared before this committee, he said he regretted that his \$1.4-million compensation had become “a lightning rod for controversy”—his words. However, he really refused to acknowledge that this compensation package was in any way excessive, and he repeatedly told the committee that he was not involved in setting his compensation and that his compensation was “always the purview of my board of directors. I had no input into my compensation ... my opinion was never requested about my compensation.”

He seemed to be having trouble remembering what his compensation actually was. Presuming that the sunshine list as published in 2007 accurately reflects his 2006 compensation, it was \$284,206. Another witness has said that in 2009, it was approximately \$550,000, and of course what we know is that by 2011, we’re talking about \$1.4 million. That means that between 2006 and 2011, the figures we think we know for sure, his compensation increased by \$1.1 million, which seems like a rather large increase in compensation.

Do you believe his compensation in hindsight was excessive, perhaps even outrageous?

**Mr. Rainer Beltzner:** In answering that question, I’d like to go back to Dr. Mazza’s assertion about his involvement with compensation, if I may.

**Mrs. Liz Sandals:** I would be delighted if you do that, because that was two or three down the way in my questioning—

**Mr. Rainer Beltzner:** Yes, thank you. I’m trying to presuppose what your questions—

**Mrs. Liz Sandals:** I have chaired boards and board compensation committees and I have never just walked up the CEO and said, “Gee, we’d like to give you \$1 million more.” So I thought this was odd.

**Mr. Rainer Beltzner:** Ms. Sandals, I can only say to you that, based on my experience in having dealt with probably well over 100 CEOs in my professional career, I don’t know of any CEO who is totally absent from discussion on compensation.

**Mrs. Liz Sandals:** That was my reaction. Would you please explain the process from your point of view?

**Mr. Rainer Beltzner:** I’ve made some notes for myself just to try and put this in good order.

First of all, members of the committee, the compensation process, as you can well understand, was adopted by the board after discussions and advice from compensa-

tion consultants. So we don't do this in the black; we get good advice.

We adopted a pay-for-performance model, which guarantees a base salary and has at risk the bonus or the amount up to a potential total compensation. The way that we structured the pay-for-performance model was that the base salary would typically be 50% or less than 50% of the total attainable compensation. So the total potential compensation is then made up of the base salary, the benefits plus any bonus.

The benefit amount, by the way, for executives, is there to cover health plans, pension contributions and so on, that are typically covered for lower-end employees under HOOPP or whatever other arrangements there are.

So the performance bonus component is determined as follows: The CEO presents, on an annual basis, the short- and long-term business plan to the board. One of the responsibilities of the board is to do strategic planning and to reaffirm the business plan. The business plan comes initially from a presentation from the CEO and is then discussed by the board, and amendments are made as necessary. So the board debates the proposed plan and, after any necessary agreed amendments, approves the plan. That sets the framework for going ahead.

The CEO then prepares, under the pay-for-performance model, a draft of his balanced scorecard. The balanced scorecard, for those that are not familiar with a balanced scorecard, basically sets out a set of key objectives that are directly tied to the approved business plan and the deliverable and related specific metrics to be achieved within the next business year. So you've got an overriding objective, you've got a bunch of deliverables, and then you've got a bunch of metrics to be achieved in the next year.

Usually there are no more than three to five business deliverables, each having a particular weighting adding up to 100%. The metrics are categorized under three achievement targets: "threshold," "target" and "exceeds." In plain English, it means, basically, you're doing okay; you're doing a little bit better than okay; or you're doing really well, you've exceeded your targets. Each of these is tied to a bonus percent. That bonus percent is on the base salary.

So, clearly, the CEO develops the balanced scorecard, initially by himself, based on the approved business plan, and then presents it to the board. But to clarify, the percent of base salary that becomes the bonus for each achievement level is something that comes from advice from compensation consultants. They tell us that if you achieve threshold, it's typically a 15% bonus; if you achieve target, it's 30%, or whatever the case may be. So the weighting of deliverables—in other words, out of three to five to seven deliverables, what has more weight in total—is something that is discussed among the board and agreed with the CEO. That drives the CEO's direction.

Then that draft balanced scorecard is presented to the board by the CEO. The board then discusses it in depth, challenges the CEO, and makes changes as necessary—and we've made changes—and that gets final approval.

The CEO then uses the scorecard objective and deliverables to develop the balanced scorecard for each of his senior management team so that there's accountability going down for the same objectives, all the way down to the lower levels of the organization.

**Mrs. Liz Sandals:** But the balanced scorecard for the CEO is approved by the board?

**Mr. Rainer Beltzner:** Absolutely. And the balanced scorecard for the senior management team that reports to the CEO is approved by the CEO, and it's his objective to make sure it matches, because it ties into his. His reports do the right job, and then his own job does well.

During the course of the year, the CEO then comes back and presents an interim report to the board on the progress toward achieving the deliverables.

Shortly after the end of the business year, the CEO prepares a formal presentation to the board concerning his achievements against the agreed balanced scorecard. The CEO self-evaluates his performance and presents his achievement level to the board, as well as his recommendation for the bonus.

1700

**Mrs. Liz Sandals:** So for 2011, what was Dr. Mazza's base salary?

**Mr. Rainer Beltzner:** I honestly can't recall. It might have been somewhere around \$500,000.

**Mrs. Liz Sandals:** And would the compensation committee then have—if I'm understanding you properly, you've got the percentage that would be achievable if you exceeded the target.

**Mr. Rainer Beltzner:** Correct.

**Mrs. Liz Sandals:** Did you set any maximums?

**Mr. Rainer Beltzner:** Yes.

**Mrs. Liz Sandals:** So you would have been able to do the calculation, as a compensation committee, that says, "Given these weightings, let's assume that he exceeds the target on every threshold and that he reaches the maximum per cent of exceeding, and this is the per cent." You would have been able, as a committee, to do the math and figure out what was the maximum possible salary.

**Mr. Rainer Beltzner:** Absolutely. Absolutely.

**Mrs. Liz Sandals:** So is \$1.4 million an appropriate maximum possible salary?

**Mr. Rainer Beltzner:** Well, as I indicated in my opening comment the last time I came to the committee, there was a bit of a discrepancy between what we recalled his compensation maximum to be and what the numbers added up to when the compensation numbers came forward at the end of 2011.

That discrepancy had to do with this additional contract that Dr. Mazza had with regard to I think what he referred to as a stipend, which was a contract between Dr. Mazza's professional corporation and Ornge.

**Mrs. Liz Sandals:** So in addition to the compensation which the board approved, he also had a contract as a private company.

**Mr. Rainer Beltzner:** Correct.

**Mrs. Liz Sandals:** So are you telling me that when he was on the sunshine list—his 2006 sunshine list number

of \$284,000, in fact, failed to reflect his total compensation?

**Mr. Rainer Beltzner:** Well, I was going to get to that. My comment would be that I don't believe the amounts that Dr. Mazza had been receiving as a stipend, either before he joined Ornge—in other words, while he was working for Sunnybrook and Women's—or after he joined Ornge, were reported under the sunshine list. I'm not sure of this. I'm speculating at this point.

**Mrs. Liz Sandals:** So, in fact, there's actually—

**Mr. Rainer Beltzner:** In other words, his—

**Mrs. Liz Sandals:** The \$1.4 million might be an accurate total.

**Mr. Rainer Beltzner:** Correct. It's obviously an accurate total.

**Mrs. Liz Sandals:** But the sunshine list information is probably what's inaccurate. He was actually making more money all along, is I think what you just told us.

**Mr. Rainer Beltzner:** Yes, and perhaps if I could just elaborate on that point, if I might: In 2008, at the request of Dr. Mazza, the chair of the compensation committee at the time came to me and asked me to co-sign a services contract between Dr. Mazza's professional corporation and Ornge. I was informed that this contract was, in fact, a carry-over from his prior employment with Sunnybrook—

**Mrs. Liz Sandals:** So, given that he's—why? Why?

**Mr. Rainer Beltzner:** —and that his professional services as a medical director, which is what the contract said, were, in fact, required.

I recall reading the contract and that it did, in fact, set out a series of professional services and deliverables, as a medical director, which is above and beyond his job as a CEO and so on.

I was subsequently informed that a prior contract existed, signed and authorized by Jacob Blum, and this would have been—I believe it was 2006. I didn't know that at the time, by the way. I was informed by the chair of my compensation committee at the time that, yes, this was a rolling contract. It existed for upwards of eight years, and the services were required; this was normal. I read through the contract, and there were clear deliverables, responsibilities and so on. I saw nothing wrong with it, quite frankly, and, as well, signed it.

What became apparent in 2011, though—what became apparent to me in 2011—was that Dr. Mazza was not, in fact, providing any of the services, nor were they required. This was apparently, according to information provided me by Mr. Lepine in late 2011 as all of this started to unravel—this was well known to the former chair of the medical advisory committee, Dr. Bruce Sawadsky, who, as chair of the medical advisory committee, reported directly to the board and never reported anything of that nature, including that Dr. Mazza was challenged by Dr. Sawadsky and, I think, Mr. Lepine about this at various points and Dr. Mazza basically rebuffed them and told them to go away.

When I heard this, I did follow up with Maria Renzella to ask the simple question of, "Where is the support for the payments?" If we're paying for services, surely to

God there is an invoice, or something that says the services are required, such as an invoice from a professional corporation detailing hours, deliverables and so on, all of which one would expect, at a minimum, to support such payments. I was informed that no such invoices were ever provided, yet payments were demanded by Dr. Mazza and made.

I subsequently asked about any other situations where payments under contracts were made without supporting invoices. Two additional situations were brought to my attention at that time, the first by Mr. Lepine, who told me that there were payments made to a Dr. Tom Stewart for which services were apparently not required. I don't know whether this is true or not—

**Mrs. Liz Sandals:** Who's Dr. Stewart? That's a totally new name in this.

**Mr. Rainer Beltzner:** Dr. Tom Stewart, I believe, is a senior physician administrator at Mount Sinai. You would have to check.

Both of these—so Dr. Stewart's situation—when somebody tells me that we're paying something for which services are not getting provided, as well as Dr. Mazza's stipend situation—I then put together an email to Ken Flynn, of the ministry's internal audit, which detailed what had been identified and occurred. I asked Ken to follow up. I said, "This is strange, unusual."

**Mrs. Liz Sandals:** "Strange" would be an understatement.

**Mr. Rainer Beltzner:** Exactly. And basically, "I want you to follow up." That was it.

**Mrs. Liz Sandals:** I wonder, Chair, if we could take a few minutes at the end of the meeting, because I don't want to take the time away from questioning the witness, to craft a sensible motion to see if we can get this information from Ornge.

I understand you no longer have access to the records.

**Mr. Rainer Beltzner:** Correct.

**Mrs. Liz Sandals:** But I think the committee does need to get the information about every payment to Dr. Mazza.

When you look back at this in hindsight and look at all the various different payments—the alarm bells that are going off in my head, quite apart from the outflow of money that not even you, as chair of the board, knew about—my God, Jacob Blum is signing off on contracts?

**Mr. Rainer Beltzner:** That came as a big surprise.

**Mrs. Liz Sandals:** Where did that come from? What does that say about the governance model that all these contracts are floating around and the board, the board chair, the chair of the compensation committee—nobody seems to have the whole picture?

**Mr. Rainer Beltzner:** I think you could appreciate that the board is somewhat at the mercy of the management team to come forward and disclose, report, things that they feel are inappropriate. The board is not in a position to get fingers into the day-to-day operation. That's not the role of the board. The board has a right to rely on appropriate reporting from management. This is something which certainly over the course—Jim, I see you're nodding—of the years, one of the things that the

board has done, and I just wish to reiterate—perhaps I'm a little exercised over this issue, but I have a right to be—as a board chair and as an experienced professional, I am relying on the trust from senior management to come forward and report things that they feel the board should be aware of.

**1710**

We have written reports of the board and committees from all of senior management on a quarterly basis that cover operations, HR, finances. In none of those had any of the more significant issues that have come up before this committee come forward to the board.

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

**Mrs. Liz Sandals:** Just quickly, let me go to the disclosure issue, because on the salary disclosure issue, Dr. Mazza again was quite clear that this was a decision that was made by the board in terms of not disclosing the salary once he was moved over to the for-profits. But we also heard from Lynne Golding, who said, “Yes, we said that was technically possible. We also advised the board that they had a moral, ethical obligation to report to the ministry.” Why did the board end up, it would appear, supporting Dr. Mazza’s viewpoint that the salary not be disclosed, as opposed to the legal advice, which was, “Yes, technically possible, but you really should tell the Ministry of Health what’s going on”?

**Mr. Rainer Beltzner:** Thank you for that question. First of all, I was surprised to hear Lynne Golding’s testimony. I was listening to it and I was surprised to hear that comment about the advice being that, “Nevertheless, you should,” because I don’t recall that advice ever coming forward to the board. She may have provided that advice to management. I did consult with a couple of my board members on that issue. I said, “Do you recall this?” “No, not at all.” The question of salary disclosure was more around the question of, “Are we on board legally with everything we should be doing?” That’s the concern of the board. The legal opinion was, “We don’t have to disclose salary.” That’s what was presented by Dr. Mazza, and—

**Mrs. Liz Sandals:** If we were to check the legal advice, the documents received by the board, we would just get an opinion that says, “You do not have to disclose.”

**Mr. Rainer Beltzner:** I believe that all that came to the board at the time in whatever form it came was the indication that legally we don’t have to disclose, because our concern was to stay, in all circumstances, compliant with the performance agreement, compliant with all laws and legislation, and that was it.

**Mrs. Liz Sandals:** Whose idea was it that Dr. Mazza and the others should have their employment status changed to one of the for-profit entities as opposed to Ornge, the non-profit?

**Mr. Rainer Beltzner:** You were asking me that question the last time I was here and I was trying to evade the question. It wasn’t the board’s idea. I just want to make that clear. We were embarking on an approved business plan. I just want to make that absolutely clear. We had long discussed this business plan about creating a struc-

ture that would allow for the generation of for-profit revenues to go back actually to Ornge and so on. This was the evolution of that structure.

As part of that evolution, what was presented to the board was that all personnel, other than those directly required under the Ambulance Act, would move from Ornge to Ornge Peel.

**Mrs. Liz Sandals:** I’m cognizant that we’re running out of time.

**Mr. Rainer Beltzner:** The board approved it.

**Mrs. Liz Sandals:** The board made a decision that the employees would move based on their direct service to air ambulance.

**Mr. Rainer Beltzner:** Based on recommendations from management; yes, absolutely, and consistent with legal opinion as to what was permitted, allowed.

**Mrs. Liz Sandals:** So that was a board decision.

**Mr. Rainer Beltzner:** Yes.

**The Chair (Mr. Norm Miller):** Thank you very much. We’ll move to the opposition. Mr. Klees.

**Mr. Frank Klees:** Mr. Beltzner, interesting story. We have yet one more situation where previous witnesses have laid blame on someone else. We heard from Chris Mazza, and he actually put you into an incredibly good light, because he attributed his very generous compensation package to you, sir. I hear you saying that you’re refusing to take on that label of generosity.

I’d like not to belabour this, but can we agree on the \$1.4-million compensation number that we have been dealing with here as the compensation that Chris Mazza received in the last fiscal year as a starting point?

**Mr. Rainer Beltzner:** Based on the information that was put together by, I believe, Maria Renzella and Rhoda Beecher in the fall of 2011, very specifically after much back and forth with government, the number of \$1.4 million was in fact reported as the total, and that would have included that stipend issue.

**Mr. Frank Klees:** Of that \$1.4 million, how much of that would have been the personal loan to—

**Mr. Rainer Beltzner:** Oh, nothing. The \$1.4-million compensation would have consisted of his base salary, the benefits percentage to account for pension and those things, the bonus amounts, as well as those payments under stipend under that contract that I cancelled.

**Mr. Frank Klees:** In addition to that, there was a personal loan—

**Mr. Rainer Beltzner:** There was. In addition to that, in 2010 there was a loan to Dr. Mazza, which was a housing loan, which was approved by the board and was, contrary to constant reports in the media, interest-bearing.

**Mr. Frank Klees:** What was the interest rate on that?

**Mr. Rainer Beltzner:** It would have been the prevailing CRA interest rate. One of the things that we did, and very carefully, was to do some research, through Maria Renzella and Rhoda Beecher at the time, about two things. One was, would a housing loan in any fashion violate any of our abilities under the performance agreement or whatever the case may be? The second question was, we wanted to make sure that it was structured to be

fully compliant with CRA. Dr. Mazza's not a tax expert, so the logical thing to do was make sure that things were done in accordance with CRA rules so that he didn't get himself into trouble on that side.

I'm aware that both on this loan, the advance on a bonus that was made by GP, which I can elaborate on, as well as the additional housing loan that the media constantly reports as no-interest—I just want to assure the board that the board minutes of all of those entities are very clear and very clearly specify interest. Whether he paid interest, whether Maria Renzella ever charged him interest, I'm a little bit in the dark about that.

**Mr. Frank Klees:** Well, that's certainly something that we would be interested in.

**Mr. Rainer Beltzner:** I'm sure the forensic auditors or the other investigations will get into that.

**Mr. Frank Klees:** With regard to these loans, what I'd like to do is get some details. There was more than one loan, as I understand it.

**Mr. Rainer Beltzner:** Yes.

**Mr. Frank Klees:** There was the housing loan. How much was that loan for?

**Mr. Rainer Beltzner:** To the best of my recollection, the housing loan was either \$400,000 or \$500,000, somewhere in that range. I'm sorry; I just—

*Interjection.*

**Mr. Rainer Beltzner:** Five hundred thousand?

**Mr. Frank Klees:** Five hundred thousand. Was that secured against his residential property?

**Mr. Rainer Beltzner:** No, it wasn't secured against his residential property, because I don't believe he had a property at the time that he took the loan out. What we did was we secured it against his future bonus payments. Payments out of his long-term incentive plan were, if you like, required to go against the loan, rather than him.

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**Mr. Frank Klees:** So he created his own golden handcuffs. It's pretty hard for you to fire him and not give him a bonus if he owes you a repayment on half a million dollars, right?

**Mr. Rainer Beltzner:** Well, certainly, our incentive on the long-term incentive plan, which is another subject that we can get into—I think it has come up before, under some testimony. Dr. Mazza, at some point in 2010, in discussions with the compensation consultant—the compensation consultant tells me that Dr. Mazza is looking to greener pastures and other places. This was of some concern to me and the rest of the board, as some of the critical business objectives and deliverables were very, very clearly tied to Dr. Mazza's continuance within Ornge.

**Mr. Frank Klees:** So there was a threat that he was leaving or considering another offer.

**Mr. Rainer Beltzner:** Correct.

**Mr. Frank Klees:** Did the board ever have a discussion with Chris Mazza about that, and did the board ever ask for proof of that offer?

**Mr. Rainer Beltzner:** No.

**Mr. Frank Klees:** Would that not have been a reasonable thing to do?

**Mr. Rainer Beltzner:** Well, I know I had some difficulties with—when I had the discussion with the compensation consultant, I had some difficulties with Dr. Mazza's assertion that he could get a job at a better value and so on, so we had a bit of a back-and-forth on that.

I was, however, aware that Dr. Mazza had been in long discussions and interactions with a Charles Fabrikant, who is the CEO and chairman of SEACOR in the US—a rather large company—who also has a subsidiary that's in the air ambulance business, or providing services in the air ambulance business. So I didn't think it completely out in left field that others would be interested in Dr. Mazza. Charles Fabrikant, from the couple of times that I met him, certainly demonstrated a strong liking to Dr. Mazza. And as I said, they had a business in this area. He was a potential investor.

Yes, there was a risk. We evaluated the risk, and we said, "Well, fine. If we can lock him down with a long-term cash incentive plan, that wasn't such a bad idea."

**Mr. Frank Klees:** And what about the other loans? If you could itemize those for us, please.

**Mr. Rainer Beltzner:** Sure. So now we roll into 2011. In the beginning of 2011, Dr. Mazza approached me and possibly some others on the GP board—we're now talking GP—saying, "Look, I've worked hard. I've gone to lots of presentations. I've been presenting to everybody from OMERS to people in the US to people in Brazil, to invest in all this. We're going to get a \$20-million to \$30-million investment. I've been promised that from this particular investor. I think I should get a bonus as a result of all my hard work."

**Mr. Frank Klees:** Of course, in advance of getting the money from the investor.

**Mr. Rainer Beltzner:** Well—and he wanted the bonus to be early, right? There was a percentage that he had put forward, which would have resulted in a higher amount than we actually advanced on.

The bottom line on that is he was very up on this, positive on this, and said, "How about an advance, in advance of closing the deal?" So we discussed it and agreed on an amount of \$250,000 as an advance against the bonus—again, interest-bearing, in this particular case, at our actual cost of money, so it would have been higher than the CRA rate. Basically, that would have been a direct loan at our current cost of money.

**Mr. Frank Klees:** And how was that drawn up, in terms of paper?

**Mr. Rainer Beltzner:** Maria Renzella would have drawn up a formal agreement.

**Mr. Frank Klees:** Did you sign off? Did you sign those documents?

**Mr. Rainer Beltzner:** I can't recall. I presume I did, but I honestly can't recall. That would be in the records.

**Mr. Frank Klees:** Assuming that you did sign off, do you recall seeing the documents? If so, was there a repayment schedule as part of those documents?

**Mr. Rainer Beltzner:** There was no repayment schedule as part of those documents. As I've said, the understanding was, as minuted in the board minutes, he was to receive \$250,000 at whatever the current cost of money

was, interest payable without particular repayment terms. It was against a future bonus.

**Mr. Frank Klees:** If that was a bonus characterized as a loan, what were the tax consequences to Chris Mazza on that?

**Mr. Rainer Beltzner:** That kind of a situation—I'm a little fuzzy on my tax rules. Forgive me. It's been a while since I've practised tax. But in that situation, I presume it's similar to you going to the bank to borrow money. The rate of interest you pay is what it is. I presume that if that loan had been outstanding for more than a year, there might have been—

**Mr. Frank Klees:** Deemed.

**Mr. Rainer Beltzner:** —a deemed income component for tax purposes.

**Mr. Frank Klees:** Okay. The other bonuses or loans.

**Mr. Rainer Beltzner:** The last of the loans was again in 2011. Dr. Mazza approached certainly me and perhaps other members of the Global GP board with a request for additional funds. The committee and the board, after discussion, agreed to an additional interest-bearing secured-housing loan of about \$400,000.

**Mr. Frank Klees:** Another \$400,000. But this one was secured against his property?

**Mr. Rainer Beltzner:** This one was secured against shares that he owned and insurance policies.

**Mr. Frank Klees:** And the shares were in what?

**Mr. Rainer Beltzner:** I believe OGMI.

**Mr. Frank Klees:** OGMI. That would be Ornge Global something international?

**Mr. Rainer Beltzner:** Basically the management company that Chris was majority shareholder of.

**Mr. Frank Klees:** So this was his personal management company?

**Mr. Rainer Beltzner:** No, this was—

**Mr. Frank Klees:** This was an Ornge Global.

**Mr. Rainer Beltzner:** This was the management company that was set up to initially hold 99.99% of the shares of the limited partnership, which would then be diluted as investors came in.

**Mr. Frank Klees:** What percentage of shares did he own at that time?

**Mr. Rainer Beltzner:** I was told that he owned a majority portion of the shares. I don't know how many shares he owned.

**Mr. Frank Klees:** So what was the value of those shares?

**Mr. Rainer Beltzner:** The valuation of the company, assuming it could be monetized, was—I think about \$100 million was the valuation.

**Mr. Frank Klees:** And what would that be based on? What would the asset be?

**Mr. Rainer Beltzner:** I don't know.

**Mr. Frank Klees:** What source of income did that company have?

**Mr. Rainer Beltzner:** The company had no source of income.

**Mr. Frank Klees:** No source of income?

**Mr. Rainer Beltzner:** No. The company had—

**Mr. Frank Klees:** It had no assets, but it was worth \$100 million.

**Mr. Rainer Beltzner:** The company had no source of income at that point in time, no.

**Mr. Frank Klees:** So we have a company with no source of income, that owns no assets—

**Mr. Rainer Beltzner:** But has a licence agreement to utilize the know-how and the intellectual property of Ornge, which then has value.

**Mr. Frank Klees:** And it has value to whom?

**Mr. Rainer Beltzner:** It has value to anyone who wanted to start an air ambulance operation, for example, in another jurisdiction. Obviously, when you start an air ambulance operation, it's clearly helpful to have an experienced management team. It's helpful to have access to know-how methods, processes, so that you're not starting from square one. That was part of the product set that the for-profit side was moving forward with, presenting to jurisdictions like Brazil and others the opportunity to launch air ambulance operations with the know-how of Ornge.

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**Mr. Frank Klees:** I'd like to pursue this. It's getting very interesting.

The knowledge base was developed within the walls of Ornge, which is a government-funded, not-for-profit company designed to deliver air ambulance service within Ontario.

**Mr. Rainer Beltzner:** Correct.

**Mr. Frank Klees:** The individuals who gained that intellectual property were being paid by the government of Ontario to carry out their work and build their intellectual property within the context of that not-for-profit Ornge company that was government-funded. Correct?

**Mr. Rainer Beltzner:** So far, you're correct.

**Mr. Frank Klees:** Now we take these people and their intellectual property that was seeded by taxpayers' dollars and we move them over into Ornge Global Management, and voila, we create for these people, who are now shareholders of that company, a \$100-million value. Right?

**Mr. Rainer Beltzner:** Well, you're partially correct.

**Mr. Frank Klees:** Tell me where I'm wrong.

**Mr. Rainer Beltzner:** I think it's fair to say that four or five people alone can't do that. They need to have access to processes, methodologies, procedures, software—

**Mr. Frank Klees:** And all of those methodologies and all of that process, they brought with them from Ornge.

**Mr. Rainer Beltzner:** No. In fact, if they had used it, it would have been a violation of intellectual property rights. Understand that in order for all that good know-how to be used in its totality and have any value, it really has to be under a master licensing agreement from Ornge to that party.

**Mr. Frank Klees:** And of course, that licensing agreement was in place, because, as you say, that's what gave value.

**Mr. Rainer Beltzner:** Correct. Without the licensing agreement, two things could not happen. The first and foremost is that there would be limited ways by which

Ornge could benefit monetarily from those operations, because the licence agreement, from a tax position, and to protect the charitable status of Ornge, was a mechanism by which we could extract from outside of Ontario some value for the methodologies and good works that had been developed within Ontario in the air ambulance system.

As you're well aware, we looked at a number of different structures, hired PriceWaterhouse, who did some research and different arrangements in terms of what kind of fees are reasonable and so on, and we came to two basic conclusions from all of that. One was that to establish a percentage based on the net revenue of organizations using the licensing agreement would be a very difficult way to get comfortable that the amounts flowing over were in fact proper, because, as I think we can all appreciate, net revenue, bottom-line revenue, is after all sorts of expenses and goodness knows what else comes in.

We didn't want to get into a situation, from the Ornge side, of having to decipher financial statements of companies on the other end.

One of the conclusions we reached was that the simplest way to identify fairly the amounts that should flow over was to base it on gross fee revenue. So whatever dollar came in to the right-hand side, the profit side, a percentage of that, before anything else happened, would flow over to Ornge.

**Mr. Frank Klees:** That's where the 3% came in; right?

**Mr. Rainer Beltzner:** Yes. You've made a lot of comment about the 3%, but again—

**Mr. Frank Klees:** But 3% of \$100 million is not bad; right?

**Mr. Rainer Beltzner:** Three per cent of gross is not a—

**Mr. Frank Klees:** I understand. I think we've pretty well nailed that one down.

**The Chair (Mr. Norm Miller):** You're at 21 minutes, but you can continue.

**Mr. Frank Klees:** Yes, I'd like to continue with this because I think it's rather interesting and it's pretty fundamental, I think, to a number of issues.

Our friend Chris Mazza got himself another \$400,000 on the strength of his shares in OGMI, which was valued at \$100 million because of the—and all that. Were there any other loans?

**Mr. Rainer Beltzner:** No.

**Mr. Frank Klees:** No other source of income?

**Mr. Rainer Beltzner:** Not at that time, no.

**Mr. Frank Klees:** Did Chris Mazza carry an OHIP billing ability with him as—

**Mr. Rainer Beltzner:** I honestly don't know. I know that one of the things—right from the early days, Dr. Mazza and I had a number of discussions around the question of—I think he was doing some stints in Toronto General Hospital as an emergency physician. I know he was doing some stints as a patch physician within Ornge. He and I discussed this question of whether he should continue to do this.

My view, as well as the view of the others on the board, was that it was pretty important for the individual who's running the air ambulance system to have hands into a couple of the key medical areas. He was the expert in critical care transport.

**Mr. Frank Klees:** Plus a lot of other things, from what we can see here.

**Mr. Rainer Beltzner:** That could be, but on the subject of critical care transport, we certainly supported him doing stints for whatever rate of pay everybody else got doing those stints.

**Mr. Frank Klees:** So in addition to all this, he would have an OHIP billing and—

**Mr. Rainer Beltzner:** Yes.

**Mr. Frank Klees:** —who knows what he's collected through that. He has done very well, and obviously he had an incredibly co-operative board.

I'd like to go back to this OGMI, where he had, I think you said, the majority of the shares—60%—or did you say—

**Mr. Rainer Beltzner:** My understanding is that he had majority ownership of that—

**Mr. Frank Klees:** Who were the other shareholders of that corporation?

**Mr. Rainer Beltzner:** I don't know all the shareholders. I know that after the company was formed, he let a number of—I can't recall whether it was three or four or five of us on the former board. He advised us that we were offered 0.5 of a share or 0.75 of a share. In my case, I think it was 2.5 shares or something, some miniscule amount.

**Mr. Frank Klees:** So 2.5 shares would have been valued at what?

**Mr. Rainer Beltzner:** From my point of view, zero, and a long time of zero.

**Mr. Frank Klees:** No, but if you, as the chair of the board, were willing to give him a \$400,000 loan against his shares, you must have—and you've said there's a value there, like \$100 million. Let me ask you this: How many shares were issued on that—

**Mr. Rainer Beltzner:** I have no idea. I have no idea.

**Mr. Frank Klees:** Okay. I won't get into that. I have to believe, sir, that you had a pretty good idea of how many shares were in that corporation or what your shares were worth.

**Mr. Rainer Beltzner:** I can assure you, I have no idea how many shares; no idea of how the shares were distributed. I certainly didn't at that time. I have learned since that certain members of the management team had gotten shares. I couldn't tell you how many shares they got.

**Mr. Frank Klees:** You don't know. Okay. So there's that share—that OGMI.

**Mr. Rainer Beltzner:** Yes.

**Mr. Frank Klees:** The other for-profit companies—we have this. I don't have to give it to you because we—

**Mr. Rainer Beltzner:** I probably know it by heart.

**Mr. Frank Klees:** We know what that looks like; right?

**Mr. Rainer Beltzner:** Yes.

**Mr. Frank Klees:** So there are a bunch of others. Are there any other companies in which you personally own shares?

**Mr. Rainer Beltzner:** No.

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**Mr. Frank Klees:** So you own shares in none of these other companies?

**Mr. Rainer Beltzner:** I had nothing to do with anything other than being on the board of a number of those companies.

**Mr. Frank Klees:** Okay. I'm assuming Chris Mazza owned shares in all of them. Would that be correct?

**Mr. Rainer Beltzner:** The other companies were subsidiaries of the limited partnership, I believe.

**Mr. Frank Klees:** Okay.

**Mr. Rainer Beltzner:** And so it would have been the limited partnership that owned those, yes.

**Mr. Frank Klees:** Where did the seed money come from to establish these companies? To establish a company costs money. You have to pay lawyers; right? So there's an expense to even putting the scheme together. Where did that seed money come from?

**Mr. Rainer Beltzner:** To the best of my recollection, the funds that Ornge GP had access to were under that agreement with Agusta, the marketing services agreement. That was a revenue-generating item for GP. Then there was—

**Mr. Frank Klees:** So how much of that Agusta money would have gone—let me ask you this, because it will be helpful: When the Agusta money came in, where was it deposited—into which of these companies—ask kind of an entry into this scheme here?

**Mr. Rainer Beltzner:** I honestly can't tell you. I assume it went into GP, the general partnership.

**Mr. Frank Klees:** Okay.

**Mr. Rainer Beltzner:** I'm assuming—

**Mr. Frank Klees:** And what was the name? Is it Ornge—

**Mr. Rainer Beltzner:** Ornge Global GP.

**Mr. Frank Klees:** Ornge Global GP.

**Mr. Rainer Beltzner:** Yes. Under limited partnerships, you create a general partner that handles all the business activities.

**Mr. Frank Klees:** I understand.

**Mr. Rainer Beltzner:** The limited partners are silent.

**Mr. Frank Klees:** Right. So it came in there and—

**Mr. Rainer Beltzner:** I presume.

**Mr. Frank Klees:** How much money would have flowed into that? The full amount? There were two contracts, as we know, amounting to \$6.7 million.

**Mr. Rainer Beltzner:** I'm sorry; I don't know.

**Mr. Frank Klees:** But you're saying—

**Mr. Rainer Beltzner:** I'm assuming it was the 4.8.

**Mr. Frank Klees:** Was there any other source of outside money coming into any of these companies, other than that?

**Mr. Rainer Beltzner:** There would have been, certainly—as you're aware, Ornge Peel and Ornge Air moved over to the for-profit side.

**Mr. Frank Klees:** Yes.

**Mr. Rainer Beltzner:** The payments of the employees engaged on Ornge operations and the air operations for Ornge—those costs would have been charged back to Ornge under a management services agreement.

**Mr. Frank Klees:** Right. I think this is important for us to get a handle on. When you set up these for-profit companies and the employees were moved over there, their salaries were paid out of that for-profit company. The for-profit company charged back to Ornge, the not-for-profit, those salaries.

**Mr. Rainer Beltzner:** The salaries of those individuals that were involved in Ornge operations; correct—and other costs that were paid for: fuel and whatever else.

**Mr. Frank Klees:** Okay. The overhead.

**Mr. Rainer Beltzner:** Correct.

**Mr. Frank Klees:** Was there any kind of a profit margin that was added to that as a buffer?

**Mr. Rainer Beltzner:** Not that I recall, no. In fact, the management services agreement, I think, said very specifically “at cost.”

**Mr. Frank Klees:** Okay.

**Mr. Rainer Beltzner:** Because the intent, Mr. Klees—understand that the intent of moving Ornge Air and Ornge Peel over, which had \$1 values—they had no assets. They had a bunch of people doing work on behalf of Ornge, and licensed to fly planes and things of that nature in Ontario. The intent was to be able to leverage some of that infrastructure and share the cost with the for-profit side. That was clearly delineated in the management services agreement, in the agreements between the right- and left-hand sides, in terms of cost sharing.

For example, when we get into Dr. Mazza's compensation, the intent in the agreements for Dr. Mazza and Maria Renzella and the others were that they were supposed to keep track of the time that they spent on Ornge versus the time that they spent on Global. They were to charge only time that they spent on Ornge to Ornge under that management service agreement.

**Mr. Frank Klees:** Did you assure yourself that that, in fact, was taking place?

**Mr. Rainer Beltzner:** During the discussions in the fall of 2011—and understand this was all set up in March or April 2011 or thereabouts; it was new and getting set up. Based on discussions with Maria Renzella in late fall—in fact, I think it might have been January 2012 when we were meeting and going through some of the stuff—it became apparent that Dr. Mazza had instructed an allocation of time that was not reasonable. In fact, Barry Pickford, who was chair of the finance committee, and I then asked Maria to redo the allocation so that it would be proper, because we obviously didn't agree with Dr. Mazza's generalized allocation, if I can put it that way.

But there was a very clear legal agreement between the right side and the left side that said that the left-hand side was paying for the time of certain management that was based on actual hours, actual work done for Ornge.

**The Chair (Mr. Norm Miller):** Mr. Klees, two more minutes.

**Mr. Frank Klees:** Okay, two more minutes and I'll wrap up here. This has been very helpful. I think we have a much better understanding of how this came together and what the outcome was and potentially could have been.

I would like to go back—and I don't want this to be taken on a personal level. The last time you were here, I asked you about your compensation as a director—\$200,000—and you chose not to comment on my question.

I think all of us understand the role of not-for-profits. Many of us are on boards. We know what the compensation levels are. We've heard from many people who have come forward and asked them their opinion of the various compensation levels.

I'd like to ask you again, Mr. Beltzner, how could you justify drawing down \$200,000 as a director of a not-for-profit organization? You're probably going to tell me that you relied on an external compensation review. I do know this: As a chairman and experienced board member of many boards, you also know that you don't have to accept that, and what you could have done is say, "You know something? This is a not-for-profit organization. It's delivering an essential service. I can't even justify accepting that." You had the opportunity to do that.

Your comments, sir.

**Mr. Rainer Beltzner:** I'll do my best to comment on that. Mr. Klees, I'm not going to try to do anything to justify any dollar amounts. I can just give you some comments.

My comment is, I have spent probably 30 years serving on volunteer boards at no compensation. I have a long history of providing support to the community, as many of us do. I think that's normal for all of us to do. I also hold a 10-year award from the government of Ontario for community service. I spent years on many, many boards on a free basis. These are boards where the level of involvement and the risk inherent in being a board director were relatively minor.

When the Ornge organization was formed initially as a not-for-profit, we established a very small board remuneration. I believe in 2006-07, it might have been \$15,000, \$20,000.

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We had one board director flying in from Dryden, spending three days to come in for a one-day board meeting. I think we offered him an additional \$1,000—he's a retired professional—to cover some of his costs. They were relatively modest, I would say, at that time.

Keep in mind, in those early days we were given the opportunity to restructure an organization, or to create an organization that did not exist. There was not an infrastructure. There was not a business. There were many, many hours of meetings. We didn't charge on a per-meeting basis. We just said, "Listen, \$10,000, \$15,000 a year"—whatever it was—"was fine." The risks were relatively low.

We then, of course, created the foundation, the charities, and none of those had remunerated boards, and nor they should. But then we created the for-profit Peel and

the for-profit Air. For those two subsidiary companies, notwithstanding directors' liability insurance and everything else, certainly from my own personal point of view, being a director of an airline company raises your risk profile somewhat, so the remuneration was directly related to the for-profit companies balanced between the amount of time that things took and the risk increase that directors undertook.

The board remuneration over the five- or six-year period increased modestly over time. The \$200,000 remuneration that you referred to in that particular 2010 year, in addition to the for-profit subsidiary entities and all of the operations and so on and so forth, we had of course the issue of the independent committee work, which I presume Alfred Apps has commented on, the amount of time that the independent committee has taken. That's all documented in detailed billings and so on.

If you ask me whether the \$200,000 was fair or not, it was certainly fair in relation to the number of hours spent on the for-profit entities and the number of hours spent on the work of the independent committee, which, on an hourly rate basis, by the way, would have been about a third of what I normally would have charged as a professional.

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

**The Chair (Mr. Norm Miller):** Thank you. We'll move on to the NDP. Who would like to go? Mr. Singh?

**Mr. Jagmeet Singh:** Yes.

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

**Mr. Jagmeet Singh:** Thank you very much, Mr. Beltzner, for being here. I just wanted to ask you, just changing up the questioning, to comment on, if you can, some of the issues that—there's somewhat of a contradiction going on between the evidence or the testimony of Minister Matthews and Dr. Mazza.

**Mr. Rainer Beltzner:** I'll do my best.

**Mr. Jagmeet Singh:** Yes, thank you. That's all we can ask of you.

Dr. Mazza testified that he had requested a number of times to have a meeting with Minister Matthews. From his testimony, and it's fairly well corroborated, he had met with every other minister and spoken to every other minister. Are you aware of Dr. Mazza making or attempting to have a meeting with Minister Matthews? Are you able to comment with respect to that?

**Mr. Rainer Beltzner:** I am not aware, personally, of any specific request that Dr. Mazza had made with respect to a meeting with Minister Matthews. There's nothing in my recollection that suggests that.

**Mr. Jagmeet Singh:** Okay. Were you going to add something else?

**Mr. Rainer Beltzner:** That, I'm not aware of. Whether he made requests to other ministers previous to Ms. Matthews, again, I'm not sure.

**Mr. Jagmeet Singh:** Okay.

**Mr. Rainer Beltzner:** I would not have been involved.

**Mr. Jagmeet Singh:** Sure. As Ornge developed, there were changes that occurred—

**Mr. David Zimmer:** Chair, just—

**Interjection:** You're in the wrong direction. You're too far—

**Mr. David Zimmer:** Speak into the mike, so we can hear you.

**Mr. Rainer Beltzner:** Oh, I'm sorry.

**Mrs. Liz Sandals:** Or just turn on the other mike.

**Mr. Rainer Beltzner:** I apologize. I'll speak into the mike. Thank you.

**Mr. Jagmeet Singh:** There were changes that occurred in terms of the corporate structure of Ornge. Throughout, there have been a number of deputants who have come forward and said that as these changes occurred, the ministry was advised of changes that occurred. Is this something that you can speak to? Are you aware of this in general? I can go into more detail in a moment, but is this an area that you have knowledge of?

**Mr. Rainer Beltzner:** I think, to be fair, what the board had knowledge of is what the board was informed of. The board was informed that there were regular meetings with the ministry, as required under the performance agreement, that the ministry was fully informed of our actions at all times. Certainly there was the opportunity back in 2008-09 with the MNP interaction to have had lots of discussions concerning the activities of Ornge. I don't think there was anything at all that was hidden or otherwise from MNP.

**Mr. Jagmeet Singh:** Just to ground the comments you're making now, what are they based on in terms of your knowledge of this? It's based on direct knowledge? Who told you or what's your basis for this knowledge?

**Mr. Rainer Beltzner:** The people who would have said that to me and other members of the board would have been Dr. Mazza, Mr. Lepine—in particular, those two. I don't recall whether Maria Renzella ever said anything of the nature. I presume that she, in fact, did have meetings with the ministry to go over financial statements and budgets and things of that nature.

**Mr. Jagmeet Singh:** Okay. I'd like to move to a different area. When Dr. Mazza's salary was initially disclosed on the sunshine list and then it transitioned to no longer being disclosed on the sunshine list, one of the reasons why that was possible was due to a restructuring of the way Ornge was organized, in terms of having different entities. Is that correct? Are you aware of that?

**Mr. Rainer Beltzner:** Yes, that's correct.

**Mr. Jagmeet Singh:** That change to the corporate structure of Ornge, which allowed for—in a completely legal sense; maybe not in the spirit of disclosure, but certainly in the legal sense—and insulated Dr. Mazza from having to disclose his salary, went through the board and was approved by the board?

**Mr. Rainer Beltzner:** Oh, absolutely. Absolutely.

**Mr. Jagmeet Singh:** Do you agree that that change allowed for that legal exemption from having to disclose salary?

**Mr. Rainer Beltzner:** It's not something that I need to agree with. Our concern, as I said before in testimony, was: When we do any restructuring, are we on board with the performance agreement? Are we in violation of the

performance agreement? Are we in violation of any other law? Is there any other regulation that we need to comply to? That's the objective of the board, to ask that question and to get positive answers from that. We received all the assurances and legal opinions and whatever else was required.

To go back to this point on compensation disclosure, I would say that the compensation disclosure issue probably was the last thing from the board's mind in this restructuring. I just want to reiterate that, right from the beginning—and I would take you back to a board retreat in February 2006, just after the formation of Ornge. We have our first board retreat in the lovely hamlet of Kenora in the middle of winter. I think it was about 38 below or something at that time. At that board retreat, Dr. Mazza, who was, for all intents and purposes, the person appointed by the government and selected by the government to create this organization—he had the knowledge; he had the vision—presents to the board this vision and this business direction that he is informed or agreed with government to do. In that presentation, there is a very clear and definitive set of statements that said we are to create this air ambulance system; we are to look for funding through donations, which had not been done previously; and we are to look for opportunities for for-profit operations to support the Ornge operation.

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So right from the beginning, and this is documented in the minutes of the board retreat—and we had a facilitator at the board retreat who documented everything, so it would be in the board minutes—in the board's mind, here was an individual, Dr. Mazza, who had been presented forward by and approved by the government—keep in mind where we're coming from—to now bring forward a business plan and a vision and a concept. This is what he put forward, this is what we understood to be the objective, and this is what we went forward with.

From my point of view, throughout the years, there has never been a time when we weren't, if you like, public with that objective. There are lots of things that we said and did that clearly indicated that that's the direction we were heading in. For example, back in 2010—it might have been even 2009—there were discussions with potential investors, OMERS and others, regarding investment in a for-profit operation outside of Ontario leveraging the good knowledge and know-how that has been built up, so this was no secret.

Now, whether in fact Dr. Mazza or others in the organization had properly kept the government apprised through the process, I honestly don't know. What I do know is that in January 2011 I did send, with the help of Alfred Apps, legal counsel and a whole bunch of other people, a very detailed, informative letter, which I thought was necessary to send to government, to everybody I could think of in government, to say, "Look, this is what we're doing. It's a novel thing. I recognize you may not have the legal right to stop or whatever"—I think Alfred Apps had some words like that in the letter—"but this is what we're doing." And if you have a

comment, a question or a concern, surely you would have raised it. So I'm confused.

**Mr. Jagmeet Singh:** Fair enough.

**Mr. Rainer Beltzner:** Quite honestly, I'm confused.

I just want to say, again, we set out, way back in 2005-06, with an honest objective. We may have debates as business people about whether this structure or that structure was the best appropriate structure, whether this decision was the right decision or whether tail rotors falling off AW139s is good or bad, but in all of these cases, comprehensive business cases came to the board; the board undertook all appropriate actions. We felt and believed and understood that this was the right thing to do and that government was fully informed and, just to go back to your comment, Ms. Gélinas, at no time did the government ever come back and say, "This is no good."

I asked myself the question right from day one, I was interested—if I might digress. This morning, I was listening to a few comments from Hugh MacLeod, who was here this morning. I very much respect Hugh MacLeod. I've known him for a number of years and I understand his work and so on. I was particularly interested in his comments about the early days of 2002, 2003, 2004, that Ornge was to be set up similar to the Alberta STARS program, but Ontario-fied, if I can put it that way, which made sense. Ornge, or air ambulance, was unknown to the public; there was no public funding. Surely to God the public should know about this fantastic entity or operation and help to fund it, whether public or corporate donations. Fine.

I understood from Mr. MacLeod's testimony that there were lots of presentations by Dr. Mazza about failures in the past, ways to go forward and so on. Throughout all that discussion, there wasn't anything raised about the question of for-profit. It was all modelled after STARS and so on.

I asked myself, how did this come forward that the government of the day divests to basically a fully independent, not-for-profit organization and operation, combined with a performance agreement that, I think it's fair to say, Jim, didn't have all the hooks that one would normally see?

**Mr. Jim McCarter:** Yes, especially on the for-profit side—

**Mr. Rainer Beltzner:** Right, and notwithstanding even the for-profit side, I think there might have been other hooks on the foundation side.

To me, as I came into the organization, here was a situation where a company had been created, or was going to be created; the government was clearly giving the organization full rein and full opportunity. Dr. Mazza was telling the board, "Our goal is to raise donation income, raise for-profit income, run the organization well. That's what we're doing." There wasn't an indication of anything else. So Hugh MacLeod's testimony this morning was a bit of an eye-opener to me, I have to say, because that identified for the first time, in my eyes, that somewhere along the line it went off the rails. But I have to say, I think it went off the rails as Ornge was created,

or the Ontario Air Ambulance services was created, at day one.

**Mr. Jagmeet Singh:** Mr. Beltzner, thank you very much for that. I just wanted to bring you back to another issue. Thank you for sharing those comments.

**Mr. Rainer Beltzner:** Sorry.

**Mr. Jagmeet Singh:** No, I appreciate that.

After the MNP audit occurred, were you aware of the recommendations that MNP had put forward?

**Mr. Rainer Beltzner:** Of course.

**Mr. Jagmeet Singh:** The first recommendation was to ensure that the government was comfortable with the corporate structure.

**Mr. Rainer Beltzner:** Yes.

**Mr. Jagmeet Singh:** What was the impact of that on the board, and what steps did you take when you saw that?

And just one additional thing: Did that inform your decision to be very extensive with your briefings in 2011, when there were further changes? Did the MNP recommendation to make the government more comfortable with the corporate structure inform your decision to make sure that there was this letter sent out to all interested parties in the government, and even the opposition, related to the corporate structure?

**Mr. Rainer Beltzner:** Thank you for that question. I'll do my best to answer it.

I think there was a set of recommendations in the MNP report that basically said the government should take the initiative to get a better understanding of the corporate structure, do some changes to the performance agreement, things of that nature.

From my point of view, I didn't have any objections to any of those things, of course. But I'm not government. We're kind of downstream from that. My expectation was that if government wanted to do something or accepted the recommendation, they would. But nothing happened. That's the first answer.

With respect to your second question about whether it informed the subsequent January 11 position: maybe subconsciously, but not consciously. The January 11 letter, quite simply, was a matter that any good board undertaking something of this nature would have paused and said, "Hey, let's just do a sanity check with government, who are our key stakeholders." That was the purpose of that letter. We weren't going to go ahead unless that sanity check had been done.

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I know Dr. Mazza had made comments about, "Had the minister said something, it would have been 'Yes, ma'am,'" and so on. Notwithstanding all of that, we have a board of professional people, of experienced business people, some of us with long relationships with government. Had there been a pushback from government on this, we certainly would have entered into a discussion and figured out, "Where is this going off the rails and why are you objecting?" Maybe that would have raised a flag. Maybe it would have stopped the situation at that point in time. But I can tell you that from my point of view and from my board's point of view, there was

nothing that came back that would suggest, in the least bit, anything but a supportive response. That's the best I can tell you.

*Interjection.*

**M<sup>me</sup> France Gélinas:** Chair, it's still ours?

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

**Mr. Frank Klees:** Take it away.

**M<sup>me</sup> France Gélinas:** I'm just going to clean up a few things that have already been worked on. When we had Mrs. Rhoda Beecher here and asked about Dr. Mazza's salary, she said kind of the same thing as you, but not exactly. I want to see: Do you see it as different, or are you both saying the same thing? She says that Dr. Mazza's salary came from the board or the compensation committee of the board and was made up of his base salary, his performance pay, his long-term incentive pay and his clinical director pay. That's what she told us yesterday. It's not exactly the words that you used, and you added a percentage for benefits, which she did not share with us.

**Mr. Rainer Beltzner:** Yes.

**M<sup>me</sup> France Gélinas:** Are you comfortable with what I just read? Do you want me to read it again?

**Mr. Rainer Beltzner:** Let me maybe speak to that. What came to the board for approval and what the board had specific responsibility to approve was his base compensation, any bonus—

**M<sup>me</sup> France Gélinas:** What she called performance pay.

**Mr. Rainer Beltzner:** —performance pay and any special bonus, and then any loans or things of that nature. What did not come to the board for approval was any specific payment that he received as a patch physician. We didn't know how many hours he spent in the box in the patch physician role or what he got paid for that. That didn't come to the board; the board didn't approve that. That may be the only discrepancy in that.

**M<sup>me</sup> France Gélinas:** Do you remember what the percentage in lieu of benefits was?

**Mr. Rainer Beltzner:** Now you're testing my memory.

**M<sup>me</sup> France Gélinas:** Yes. I'm good at that.

**Mr. Rainer Beltzner:** I think 30% of base pay.

**M<sup>me</sup> France Gélinas:** Very good. The other little item I wanted to clean up before we go on—or did you get—

**Mr. Rainer Beltzner:** Just a moment here. The stipend that Dr. Mazza received under that separate contract, the personal service corporation: As I indicated, the contract in 2008 was brought to me by Luis Navas, who was chair of the compensation committee, to renew the contract for that stipend. As I indicated, I spoke to Luis about it—"What is this?"—got an explanation in terms of the history of it, read through the contract from a business person looking at it and saying, "Does it have deliverables, responsibilities?", those kinds of things. It was reasonably structured. There were amounts set out for each of the medical director areas. On that basis, I had signed that contract.

I don't know whether we ever took that particular contract to the board. I don't believe we did, and, quite

frankly, I think it disappeared off the radar, if I can put it that way, until it reappeared in 2011. The contract had a clause in it which—and I'm sure you can get a copy of the contract—allowed for automatic renewal year to year. I see Mr. Klees smiling. You know, I suppose it's not really unusual. What's unusual in this situation is that Dr. Mazza would renew it, if you like, without performing services. I think, as a professional, that's a little—anyway, I'll let him deal with that issue, if I might.

**M<sup>me</sup> France Gélinas:** Okay. That was the cleanup I wanted to do with the compensation of Dr. Mazza. The other little cleanup I want to do is on questions about payments for the board.

In February 2006, things are just starting up. Right there, in 2006, the board approved \$10,000- to \$15,000-a-year payments for every board member?

**Mr. Rainer Beltzner:** I honestly can't remember the specifics for each board member at the time, but I can tell you that in late 2011, under my instruction, that information was put together in detail by board member, by company, for every year, and reported to the ministry.

**M<sup>me</sup> France Gélinas:** So there is a document that exists out there—

**Mr. Rainer Beltzner:** There is a document which exists, which I saw—I don't have it anymore but I saw. The instruction was to communicate it to the ministry. I think it probably went to Patricia Li, if I am to guess. It would have come from Maria Renzella and it would identify very specifically, by year, by company and by board member, exactly how much everyone was paid through the period.

**M<sup>me</sup> France Gélinas:** Before you put that together, did you know where the money was coming from?

**Mr. Rainer Beltzner:** Of course.

**M<sup>me</sup> France Gélinas:** Okay. So if we talk about yours, can you tell me—the year 2010 is the one that has been on the top of the Toronto Star for six months so everybody knows that the amount is \$200,000.

**Mr. Rainer Beltzner:** Yes, thank you, Toronto Star.

**M<sup>me</sup> France Gélinas:** Whether you want to or not, you have—

**Mr. Rainer Beltzner:** I'm worth more than that, by the way. Let me put that on record.

**M<sup>me</sup> France Gélinas:** Of the \$200,000 that came to you for the year 2010, any idea where the bits and pieces came from?

**Mr. Rainer Beltzner:** I can't remember the exact breakdown—

**M<sup>me</sup> France Gélinas:** That's okay.

**Mr. Rainer Beltzner:** —but it would have come as a board retainer for the board of Ornge Air and Ornge Peel, as well as an additional retainer as chair of an operations committee of Ornge Peel, and then an amount per meeting—sort of a meeting fee—for every committee meeting or board meeting.

**M<sup>me</sup> France Gélinas:** And would that include the committee meetings and board meetings of Ornge, the not-for-profit entity?

**Mr. Rainer Beltzner:** Ornge was a charity and there was no board remuneration for Ornge or Ornge Founda-

tion or J Smarts. The only board remuneration was the remuneration out of Ornge Air and Ornge Peel, which, of course, obviously charged that back as part of the management fee to Ornge.

**M<sup>me</sup> France Gélinas:** Yes, and on a day-to-day basis, I take it that the boards of those different entities, Ornge Air, Ornge Peel, met on the same night?

**Mr. Rainer Beltzner:** Not always. We tried to consolidate meetings as best as possible. As you can well appreciate, we had Lorne Crawford, before he passed away, who flew in from Dryden, and a number of us had other business interests that took us out of the province or out of the country. We tried as best as possible to combine board meetings, as well as committee meetings, around the same days so that we could be as efficient as possible.

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**M<sup>me</sup> France Gélinas:** Yes; makes sense. But you knew that the administrative fees that Ornge Air was accruing were going to be charged back to the not-for-profit.

**Mr. Rainer Beltzner:** It would be charged back to Ornge and paid for by the performance agreement, yes.

**M<sup>me</sup> France Gélinas:** So you all knew?

**Mr. Rainer Beltzner:** Yes.

**M<sup>me</sup> France Gélinas:** All right. That's good.

**The Chair (Mr. Norm Miller):** You have three and a half minutes left of your total time, if you want.

**M<sup>me</sup> France Gélinas:** Of my total time? I'll save my three and a half minutes.

**The Chair (Mr. Norm Miller):** Okay, very well.

**Mr. Jagmeet Singh:** Precisously.

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

**The Chair (Mr. Norm Miller):** We'll move on—

**Mr. Rainer Beltzner:** You can have some of my 10.

**The Chair (Mr. Norm Miller):** —with the government. Mr. Zimmer.

**Mr. David Zimmer:** You are a very distinguished accountant—38 years' experience, KPMG. I've got your resumé here. You describe yourself as an expert, 38 years' experience, public and private sector. You've made reference to having worked with, I think, 100 CEOs earlier in—

**Mr. Rainer Beltzner:** I would imagine at least 100.

**Mr. David Zimmer:** You know the corporate world.

**Mr. Rainer Beltzner:** Yes.

**Mr. David Zimmer:** You know how corporate boards work.

**Mr. Rainer Beltzner:** Yes.

**Mr. David Zimmer:** And you know that the way corporations work is that boards are there to do a couple of functions: (1) set the strategic policy of the corporation; (2) make sure that the management, the CEO, executes on those strategic goals and policies and so on; (3) on a more general level, to exercise the board's oversight function on everything that the CEO does, everything that management does and everything that the corporation does. That's the traditional corporate governance model. Do you agree?

**Mr. Rainer Beltzner:** Yes.

**Mr. David Zimmer:** Given that that's the traditional corporate governance model, and given your outstanding background and experience in board governance matters, I must say I was astonished to hear your statement earlier this afternoon that the board is at the mercy of the management team. The whole idea of corporate boards, be it private sector or public sector, but particularly public sector and publicly held companies, is that the board exercises its oversight function, sets the strategic goals, sets the policy, holds the CEO accountable and deals with governance matters. It strikes me as bizarre, particularly when you say, in your other evidence justifying the \$200,000 board salary, that Ornge was a particularly risky operation and a complex operation, and it warranted a whole lot more work; hence the \$200,000 salary.

**Mr. Rainer Beltzner:** In that year.

**Mr. David Zimmer:** In that year. How was it that the board did not rein management in?

**Mr. Rainer Beltzner:** Well, Mr. Zimmer, I will do my best to respond to that question. First of all, you outlined three responsibilities of the board, which I agree with. I think in my testimony I indicated that the board did, in fact, take its responsibility to set a strategic direction for the organization, establish the business plans as to ensure that the CEO was aligned to the business plans and ensure that the CEO reported back to the board with respect to those business plans through the board structure of committees. We had all of the appropriate committees. The board had input, both in writing and oral, in formal reports and oral, from all senior members of the management team on the critical issues of the day. The board exercised, in my experience, very good, in-depth oversight. What we—

**Mr. David Zimmer:** Yes, and—

**Mr. Rainer Beltzner:** If you would allow me to finish, sir. What we were not aware of was that there were items not being presented to the board. It's a bit of an issue of: How do you, on a board, identify issues that are not being presented to the board, that you had no knowledge existed?

For example, let me take a couple of issues at hand. I was particularly disturbed to hear a number of the paramedics and others speak about—

**Mr. David Zimmer:** I appreciate that, but how does—

**The Chair (Mr. Norm Miller):** No, let him finish, please. Go ahead.

**Mr. Rainer Beltzner:** May I finish?

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

**Mr. Rainer Beltzner:** Thank you, Mr. Chair. I was particularly disturbed by the comments of paramedics who testified here, and others, and other information that apparently was presented to management and not acted on. Those items, I can tell you—and we have very comprehensive board committee minutes—there was nothing over the years to indicate a difficulty in that area to the extent that these people testified.

You could say, "Well, what else could the board have done?" Let me offer this with respect to that case. I personally did a number of ride-outs over the years, in-

cluding Thunder Bay, which is one of the areas where there seemed to be some difficulty. I spent a day with paramedics and pilots. I did this a number of times. Quite a number of my board members did the same at different bases. Did we hear anything from them? We're friendly people. We're down-to-earth people. We open up conversations. We had nothing coming back from them that suggested any significant difficulty.

We had additional opportunity to interact with front-line staff in the annual Ornge—

**Mr. David Zimmer:** Okay, I appreciate all of that, but I want to get on with the rest of my questions. I'm not going to let you chew up the clock so I can't follow up on the rest of these questions.

**Mr. Rainer Beltzner:** I'm just trying to answer your question.

**Mr. David Zimmer:** I understand your point and what you did. But the statement that the board is at the mercy of the management team—I put it to you that your peers out there in the corporate governance world, other chairs of other boards, would be appalled at that statement.

Let me ask another question. We have heard the story of Chris Mazza's girlfriend, Kelly Long: how she made her way from a fitness instructor to a job at Pathway, which was offset by a payment from Ornge to Pathway to cover her salary of \$60,000, and after six months or close to a year there, she moved over to Ornge at \$120,000. That's the girlfriend of the CEO.

We've heard the story of the daughter of the chair of the board who got a contract to work with Ms. Long on a services agreement with Agusta. There was a payment of, I think, \$4.8 million or \$4.6 million to cover the work that Ms. Long did and your daughter did.

Then, yesterday we heard from the vice-president of human resources, Ms. Beecher, that her daughter joined the Ornge board and got a job running the operation in London, Ontario.

I put it to her, and I ask you. You were the board chair. You must have known about Kelly Long, and I presume you knew about the daughter of the vice-president—

**Mr. Rainer Beltzner:** I'd just interject if I might, Chair: I did not, and I did not.

**Mr. David Zimmer:** All right. Did you think it was a conflict of interest for the chair to allow his daughter to work on a project of that sensitivity and magnitude that generated some \$4.6 million in income?

**Mr. Rainer Beltzner:** As I testified previously, I don't know what my daughter was working on at the time. I did not discuss business with my daughter. I understand that my daughter was actually a fairly junior individual and was told, as I understand subsequently, to go and work for Ms. Long. I don't understand this reference to my daughter and the work on Agusta. I don't understand the relationship there at all.

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**Mr. David Zimmer:** Well, it was a \$4.6-million payment. That \$4.6-million payment must have—people must have been aware of that at the board, the CEO—

**Mr. Rainer Beltzner:** Of course.

**Mr. David Zimmer:** Did anybody say, "Who's doing the work on that?"

**Mr. Rainer Beltzner:** The board was not involved in determining who was doing work on contracts.

**Mr. David Zimmer:** Did you let the board know your daughter was working on the project?

**Mr. Rainer Beltzner:** No, I don't believe I did, and I don't believe I knew my daughter was working on the project.

**Mr. David Zimmer:** Here is a copy of an email that you sent on Saturday, December 24 to Ken Flynn, who was over here at the finance department. I think I gave—everybody's got a copy? I want to read this into the record, from you, Beltzner, to Flynn, Saturday, December 24:

"FYI re Ornge

"The total compensation of Dr. Mazza reported by Ornge to the ministry contains a sum of \$400,000 for medical services related to a services agreement of a number of years back. This item came as a bit of a surprise. On review of the original agreement of many years ago, which was with Dr. Mazza's professional firm, there are specific services detailed and I believe required at the time. The automatic renewal of the agreement year after year appears to have been done without any further review or approval. Furthermore, after my questions to Rhoda Beecher concerning this amount and payments related to it, it further appears that payments were made to his company without any supporting invoice or support for the work contemplated under the agreement. Further, on discussing the matter of 'medical director' roles with Tom Lepine, he reports that several people had approached Dr. Mazza concerning his continuing to draw this amount where he apparently was not even providing the services. Dr. Mazza apparently continued to insist that he be paid and was quite 'forceful' about that. Further, they now tell me that he has been trying to reframe/redraft/renew the agreement to some ex officio role in order to continue to receive these payments.

"On another matter brought to my attention yesterday ... it appears that the company, through Dr. Mazza's authorization and insistence, was paying a Dr. Tom Stewart at Mount Sinai Hospital for services that do not appear to have been needed or delivered. This relationship has been going on for some time apparently, and there is a need to examine the underlying motive and authorization for these payments and the acceptance of these monies by Dr. Stewart, as well as his apparent demand for this money (as reported to me by Tom Lepine yesterday).

"Finally, Dr. Mazza's compensation apparently included a vacation payout demanded by him, not authorized by the board and in the absence of an internal policy to support this. Maria Renzella confessed this to me some time ago and I demanded that the practice stop and necessary actions taken.

"Ken, there is beginning a trail of transactions which are most disturbing. The company has made payments without invoices to detail services provided under agreements. Payments have been made on the demand of Dr.

Mazza that are outside of established company policy. Dr. Mazza engaged services not needed and not delivered.

“Underneath all of this is the other question of why Rhoda Beecher, Maria and possibly others went along with this, and without reporting it.

“Clearly this may ... be the tip of the iceberg, so to speak. I have advised Barry Pickford, chair of the audit and finance committee, of these matters as well.

“This is most disturbing.

“Rainer.”

Going up the email, there was a response from Mr. Flynn: “Rainer, clearly these are items that warrant further scrutiny. Rest assured, we shall take these into account as the audit moves forward.”

Can you comment on—

**Mr. Rainer Beltzner:** I think this is totally consistent with what I testified a little earlier this evening.

**Mr. David Zimmer:** All right. And what actions were taken subsequent to this?

**Mr. Rainer Beltzner:** This memo, as you can see, was written December 24, Christmas Eve, halfway through that day. Obviously I am most disturbed—

**Mr. David Zimmer:** How did these matters come to your attention?

**Mr. Rainer Beltzner:** I think, as indicated clearly in the memo—

**Mr. David Zimmer:** You got the information and then were concerned about it and sent off the email to Flynn, but how did you get the information?

**Mr. Rainer Beltzner:** What had happened, as I testified a little earlier, through the process in December when everybody was trying to do this compensation disclosure—we were trying our best to satisfy the government on the request for compensation but could not, for reasons I can be happy to get into, and eventually did. When that \$1.4-million number came up, it raised the question—I mean, I went back to Rhoda, or Maria, and I said, “What’s this? What’s it comprised of?” It came to my attention that we were still paying for this stipend. My impression at the time was, “Why are we still paying for this?” Because we had kind of moved on. Dr. Mazza was not spending as much time on Ornge matters as he used to, and it raised the question in my mind of what’s this all about? Because the last time I saw it was in 2008, thereabouts.

Through discussions with Rhoda and Maria Renzella—I perhaps forgot to mention Maria in this—I kind of dig into this and I say, “Where are the invoices? How do we know work is done?” Then Lepine gets into the conversation to say, “The work has never been done. It’s not required. There are other people doing this work,” and the rest of it. I left it at that. I didn’t dig into it any further than to raise those questions.

I got home, put the memo together and said, “Look, this is something that needs to have a formal investigation. Ken, please take it on.”

**Mr. David Zimmer:** All right. And Ken Flynn also tacked on another email response. He said, “For our consideration. Also assoc. DM informed me we should go

back to 2007 when looking at exec. compensation.” That’s the full email.

Who is the last—in the last sentence in the letter: “Clearly this may ... be the tip of the iceberg so to speak. I have advised Barry Pickford, chair of the audit ... committee....” Is he a board member?

**Mr. Rainer Beltzner:** Yes, he is.

**Mr. David Zimmer:** When and in what manner did you inform Barry Pickford? By cc’ing this email?

**Mr. Rainer Beltzner:** I might have sent him a copy of this email, but I definitely did speak to him. I can’t recall whether I phoned him or spoke to him or sent him an email or what it was.

**Mr. David Zimmer:** Okay. So going back, then, in the years leading up to this email of December 24, 2011, why did the board approve those payments?

**Mr. Rainer Beltzner:** As I testified earlier, the payments under the stipend came about as a result of a long-standing contract between Dr. Mazza’s professional firm and originally, I guess, Sunnybrook and Women’s, and then Ornge Air Ambulance Inc. and then Ornge.

I first became aware of it when it was brought to my attention by the chair of the compensation committee in 2008, who presented to me this contract between Dr. Mazza’s professional services corporation and Ornge detailing a role as medical director for a number of different areas of the province with, I think, \$50,000 or \$60,000 amounts associated with each. I reviewed the letter. I had a discussion with Luis Navas at the time to kind of get clarity as to why we were doing this and so on. That’s when it was approved.

The contract had an automatic renewal component year to year, which, quite frankly—

**Mr. David Zimmer:** So here’s what I’m struggling with: Obviously, from your statement just now, this issue was in play at the board because you were talking about it with various people back in 2008. The issue was out there. It’s not—

**Mr. Rainer Beltzner:** Sorry, what issue?

**Mr. David Zimmer:** These extra payments or contracts with Dr. Mazza.

**Mr. Rainer Beltzner:** No, the contract between Dr. Mazza’s professional corporation and Ornge was presented to me for approval as a co-signer of a contract, along with Luis Navas, and I did go sign it. To the best of my recollection, it did not go to the full board.

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**Mr. David Zimmer:** So what happened on Saturday, December 24 at about 9 o’clock in the morning—10 o’clock, 9:54? People are getting ready for the holiday season, the Christmas season, all the usual holidays. What jumped out in your mind on Saturday, December 24, when everybody is shut down and they’re doing other things and getting ready for holidays, that gave you a start to sit down and crank out this lengthy and detailed email on this issue? Something must have hit—

**Mr. Rainer Beltzner:** Absolutely.

**Mr. David Zimmer:** What was it?

**Mr. Rainer Beltzner:** It was probably on the previous day, on the Friday, when we were wrapping things up in

the office that—it would have been perhaps over the previous days in that week that we had gotten into a conversation about, what’s going on that this stipend is being paid? What’s the support in evidence for the stipend? Through the conversations and dragging other people into the conversation, such as Mr. Lepine, then it got into, well, who else is getting paid for which there is no evidence? It just carries on. So I was going home late that night and I was saying, “Good Lord, what’s going on? It’s time to sit down and paper a memo to Ken Flynn,” because at that point in time, I was hearing from management that they knew of things that were potentially inappropriate—nothing proven at this point; potentially inappropriate, which is disturbing. This had to do with potentially unauthorized payments, so my objective was to flag it to Ken.

**Mr. David Zimmer:** When was the last board meeting before December 24, when you wrote this memo?

**Mr. Rainer Beltzner:** I can’t recall. It might have been early that month.

**Mr. David Zimmer:** Early that month.

**Mr. Rainer Beltzner:** Yes.

**Mr. David Zimmer:** You used the expression, “I’ve got to paper a memo,” and it happened on December 24, on a Saturday. It seems a great rush to get the memo out, a great need—

**Mr. Rainer Beltzner:** Well, it was a holiday period, and detail is my nature.

**Mr. David Zimmer:** One way of looking at it is that on Friday afternoon, on the 23rd, you became aware of this for the first time and diligently advised finance and the chair of your audit committee.

Another interpretation may well be that the issue was known about for some time and something happened on the day before that triggered this almost panic to get this email out, to paper something.

And another interpretation might be, if you’ll pardon my expression, that it was a “cover my butt” memo.

Can you see how those two interpretations would play out?

**Mr. Rainer Beltzner:** With all respect, I think your interpretations are incorrect.

**Mr. David Zimmer:** But can you see how the interpretation—

**Mr. Rainer Beltzner:** There are lots of interpretations that I could develop, but none of your interpretations, particularly the last two, are correct.

**Mr. David Zimmer:** All right. Thank you.

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

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

**Mrs. Liz Sandals:** In this round or—

**The Chair (Mr. Norm Miller):** In total.

**Mrs. Liz Sandals:** In total. Okay.

Incidentally, I did want to make one comment on your earlier description of your understanding in 2005-06 from Dr. Mazza of the intent to create for-profit. We had both Hugh MacLeod, who was the ADM in 2002-03, and Ron Sapsford, who was the deputy in 2005-06, and they were both crystal clear that, in their view, the intent was to set

up a non-profit corporation that would act solely in the public—you know, provide air ambulance service in Ontario, that there was no discussion at the time of setting up for-profit corporations, hence the lack of any reference to that in the performance agreement. There was a contemplation of setting up charitable foundations to receive donations, in the Alberta model, but not to create for-profits.

I just wanted that—

**Mr. Rainer Beltzner:** No, I appreciate that and—

**Mrs. Liz Sandals:** —to stand because that was the testimony we heard from the relevant senior bureaucrats at the Ministry of Health this morning.

**Mr. Rainer Beltzner:** Certainly, and just in listening to Hugh MacLeod’s testimony this morning, I understand that. I just want to make clear that was not something that was brought forward to the new board in any way, shape or form.

**Mrs. Liz Sandals:** Yes, and thank you for actually sharing that with us because that does give us some perspective.

I want to think a bit, in the little bit of time we’ve got left, about the issues of governance and accountability and acting in the public interest, because you’re both a professional CA, where you have a code of conduct—

**Mr. Rainer Beltzner:** Absolutely.

**Mrs. Liz Sandals:** —where you need to act in the public interest. In addition, you were sitting on the board of a publicly funded entity providing public air ambulance service.

**Mr. Rainer Beltzner:** Yes.

**Mrs. Liz Sandals:** Did the issue ever come up in your own mind, given that you had positions not just on Ornge but on various of these for-profits, as a board member, a shareholder, whatever, on some of these for-profits—did it ever come up, in your mind, that there was a conflict of interest here, from a governance point of view?

**The Chair (Mr. Norm Miller):** And you are on your last minute.

**Mrs. Liz Sandals:** Okay.

**Mr. Rainer Beltzner:** We looked at—yes. The answer to that question is yes. We looked at it carefully and we tried to balance that. Clearly, the position of being on the board of Ornge GP and on the board of Ornge could potentially be viewed as conflict. My view was simply this: that as we developed the master licence agreement between Ornge and the new to-be for-profit entities—as I testified with Mr. Klees’s question, as a simple accountant, I wanted to make sure that there was a straightforward way of calculating the monies moving over. That’s point one.

The other point was, I wanted to have some mechanism, as the chair of the board of Ornge, to have some insight into the operations of GP. After much debate and discussion, we embedded within the master licence agreement the requirement that there be two board members—a minority position—from Ornge on the board of GP.

**Mrs. Liz Sandals:** And if I may, the reason I’m asking the question is—and you’ve made reference to some

of the front-line workers. What we've actually heard from the front line is that they could tell the difference, once the for-profits were set up; that it seemed as though the senior people were "distracted"—that was the word that often came up—in looking at how to make a profit and that they lost sight of the core role, which was to provide public air ambulance service. So whether there was a legal conflict, there seems to have been an ethical and a practical conflict between the activities of focusing on the for-profit and the enterprise of delivering air ambulance service in the public interest.

**Mr. Rainer Beltzner:** Well, perhaps I could speak to that momentarily—

**The Chair (Mr. Norm Miller):** Just quickly, as short an answer as you can. That would be great.

**Mr. Rainer Beltzner:** As short an answer as I can. First of all, Tom Lepine, who was COO of the Ornge operation and responsible for the delivery of the air ambulance services within Ornge, was dedicated to that. Dr. Mazza provided and continued to provide the visionary oversight and so on. But the day-to-day ground-work—it was Mr. Lepine and his crew who were responsible for that, as well as the medical advisory committee.

I can assure you that certainly the board, for all of the changes and different operations, including, for example, the change in response time—I don't know if you're aware, but one of the first things that the board did after the change in response time was initiated was to say to the medical advisory committee, "You monitor that and you report back to us about whether there is any impact at all on patient." That was a direct requirement for the medical advisory committee, to come back to the board on that issue, and they did. I only point that out to say that at no time did the board of Ornge lose sight of its responsibilities to do the best for Ontarians.

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That wasn't a distraction for, particularly, the people involved in day-to-day operations. I can appreciate how people in the field may have viewed that as a distraction and perhaps to them it was, but it certainly didn't distract the board, and it certainly didn't distract the board from asking the right questions about what's happening out in the field, patient reports and so on.

**The Chair (Mr. Norm Miller):** And if we can move—

**Mrs. Liz Sandals:** And perhaps it comes back to your earlier observation that you didn't always get all the feedback from the front lines.

**Mr. Rainer Beltzner:** Correct. For example—if I might, Chair, just two minutes more.

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

**Mr. Rainer Beltzner:** I was equally surprised at Mr. Lepine's comment about having provided the ministry with incorrect patient transfer data. I can tell you that at the board that's a big surprise.

**The Chair (Mr. Norm Miller):** Okay. So we'll now move to Mr. Klees and the opposition. Mr. Klees.

**Mr. Frank Klees:** Mr. Beltzner, I just want to speak very briefly about your responsibility as a director and the other directors who had a fiduciary responsibility to

ensure that the organization of Ornge was acting within the scope of its authority. That's a fundamental mandate of any board of directors. My understanding is that the scope of the authority of Ornge was clearly defined within the performance agreement that was signed between Ornge and the government of Ontario. There was no other document. That was the mandate that Ornge was granted, and the conditions were clearly set out.

In my questioning of Mr. MacLeod this morning, and other witnesses, it all comes down to this: that there was a very clear mandate set out by the government. It was to consolidate air ambulance services. Nowhere in that performance agreement is any reference made to for-profit companies being established, to international business being developed. There may have been a seminar, but the document that gives the scope of authority is clearly the performance agreement.

My question to you is this: Given what has happened—as you said, the members of your board were experienced people. At what point did the board ask for documentation or for a policy decision of the government that gave you the latitude to go beyond the scope of your authority? At what point did that happen?

**Mr. Rainer Beltzner:** Well, Mr. Klees, the best way I can answer that question is, as I understand it from the legal advice that we received throughout the process, everything that we did was well within the legal authority of the entity to do and did not violate the performance agreement.

**Mr. Frank Klees:** Who provided that legal advice?

**Mr. Rainer Beltzner:** That would have come from Fasken's.

**Mr. Frank Klees:** And specifically at Fasken's, who provided that advice?

**Mr. Rainer Beltzner:** I can't specifically—it would have been either through Lynne Golding, Cynthia Heinz, Alfred Apps, or a combination thereof.

**Mr. Frank Klees:** And who specifically was it who designed this schematic of all of these for-profit companies?

**Mr. Rainer Beltzner:** That would have been, to the best of my knowledge, Alfred Apps.

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

This document, Meyers Norris Penny, you're familiar with it?

**Mr. Rainer Beltzner:** Yes.

**Mr. Frank Klees:** Did all of the directors see a copy of this report?

**Mr. Rainer Beltzner:** I expect so, yes.

**Mr. Frank Klees:** Some 26 recommendations in this report went to the board of directors, it went to the government, but I want to deal specifically with the board. Any board member reading this has got to say to themselves, "We've got a problem here." There are 26 very serious issues, and the first one that is at issue is a recommendation that the Ministry of Health have a discussion with Ornge about the structure of Ornge, because there was a concern that it was inconsistent with the performance agreement.

My question to you is this: Did at any time any director at any board meeting make reference to this and say, “Gentlemen, we have a problem that we need to look into?” Did anybody raise that concern even once?

**Mr. Rainer Beltzner:** With respect to the government’s understanding of the structure?

**Mr. Frank Klees:** No, with regard to this document, apart from the government. You get a document like this—

**Mr. Rainer Beltzner:** I think I need you to clarify your question.

**Mr. Frank Klees:** Okay; 26 recommendations, 26 red flags that say that Ornge is out of compliance with the performance agreement; the reporting documentation is not what it should be. There are numerous other issues. Did any director ever say, after reading this, “What are we doing about this, and coming into compliance?”

**Mr. Rainer Beltzner:** The answer to that question is, of course, that it was fully—that was discussed at the board. There are a number of items, in particular related to reporting requirements and timing of reporting. I know there were a number of issues in that MNP report where we were either not in full compliance with the performance agreement or there was some misunderstanding about that. Certainly, that was discussed at the board and certainly the direction to management was, “Get it fixed.” Reports back from management—I’m fairly certain we initiated that even before the MNP report—was a quarterly report back to management on performance agreement compliance, which was management’s assertion on all areas of the performance agreement. It was sort of, “Tick ‘comply,’ ‘comply,’ ‘comply’ or ‘non-comply,’ and here’s why.”

**Mr. Frank Klees:** So management reassured the board that they are in compliance with all of these issues. You were satisfied with that?

**Mr. Rainer Beltzner:** Yes.

**Mr. Frank Klees:** I’d like to focus on the \$6.7-million agreement that was signed after the purchase of the helicopters from AgustaWestland. I’ve referred to it as—

**Mr. Rainer Beltzner:** I apologize; I don’t know which \$6.7-million agreement—

**Mr. Frank Klees:** There were two contracts that—

**Mr. Rainer Beltzner:** So you’re referring to two agreements?

**Mr. Frank Klees:** Two agreements totalling \$6.7 million. Are we clear now which contracts those are?

**Mr. Rainer Beltzner:** Yes.

**Mr. Frank Klees:** I’ve referred to them as kickbacks. The reason I did that is because any reasonable person who looks at that transaction would see a sale. We heard testimony here from senior people at Ornge who said, “There was no substance to that \$6.7 million. We did not need to pay it. Chris Mazza insisted on paying it. A couple of months after we paid for our helicopters, lo and behold, we get a contract, a marketing services agreement, that has a schedule of payments that would amount to \$6.7 million being paid to one of our for-profit companies.”

As a director, someone who knows business, someone who knows what value is, did you or any other director ever question that transaction—question its integrity?

**Mr. Rainer Beltzner:** Which transaction?

**Mr. Frank Klees:** The marketing services agreement between AgustaWestland and, I guess it was, Ornge Global.

**Mr. Rainer Beltzner:** In context, let me respond to that question.

**The Chair (Mr. Norm Miller):** And you have three minutes left, Mr. Klees.

**Mr. Frank Klees:** Please only take two, because I have—

**Mr. Rainer Beltzner:** I will try to be as quick as possible and give you some of my 10 minutes if you like.

Let me be clear: The board was completely unaware of any additional payment amounting to six-odd million dollars made to Agusta. This became evident to the board in January—

**Mr. Frank Klees:** Of this year?

**Mr. Rainer Beltzner:** Of this year. Cynthia Heinz reported that to me and Barry Pickford at the Fasken’s office as we were meeting in early January of this year to try to help the government with the issue of board resignation and all the rest of those things. I’m hearing this from Cindy. I then ask, “Where’s the evidence? What’s going on?”

We then have Bruce Tavender, who was the chief financial officer of Ornge, come. He presents to us—by “us,” I mean certainly Barry Pickford and myself, and there may have been some other board members in the room; I can’t recall—certain documents, including a letter from Agusta to Ornge, to—I can’t recall; it might have been Rick Potter who it was addressed to. But in reading through the letter, it became evident that Ornge was not required to pay for a weight upgrade. That’s what the letter said, in effect.

#### 1900

Bruce Tavender tells us that Ornge did, in fact, pay for that weight upgrade. At this point I’m confused, because the authorization from the board with respect to the Agusta contract, the original helicopter contract, was black and white. It said, “The board approves this contract and approves amendments to the contract of a minor nature. Any major amendment must come forward for approval and must have the signature of the CEO and the chair of the board”—very specific.

**Mr. Frank Klees:** And did that happen?

**Mr. Rainer Beltzner:** Well, if you look at whatever documents are related to that transaction, you will see the signatures, I believe, of Chris Mazza and Maria Renzella. It did not come to the board. There are no board minutes. In fact, Maria’s presentation to the board, the last one for Agusta payments, dealt with about \$2 million, dealt with additional parts and additional implementation time changes, all completely fine. We looked at that and approved that. There was never a mention of a payment of \$6.7 million for a weight upgrade.

When that issue came to light, I walked out of the room. This is in a meeting with Bruce Tavender and

documents—it's becoming a little bit clearer what's going on. I walked out of the room, I walked down the hallway, picked up the phone—I had Barry Pickford with me—and I called Ken Flynn.

**Mr. Frank Klees:** You called who?

**Mr. Rainer Beltzner:** Ken Flynn, from internal audit.

**Mr. Frank Klees:** Okay.

**Mr. Rainer Beltzner:** I said, “Ken, we’ve got a problem here. It’s another one.” I told him the story. I said, “I don’t know what’s true, not true in this business, but this is getting crazy. I just want you to be aware. Please deal with it. Add it to your”—because at that point in time, the internal audit had been started. I said, “Would you please focus on this and add it to your agenda?” And that was the end of it.

Other than double-checking, going back, reaffirming board minutes and kind of saying, “How did this slip through the board?”—it didn’t slip through the board; it was never presented to the board. The board never approved it. So from the board’s perspective, there was no relationship of any payment to Augusta to any marketing services agreement. The first time that came to light was—I think there were some insinuations in the newspaper in early December. We had no—because we were the ones approving payments to Augusta.

**Mr. Frank Klees:** Well, that’s my next question.

**The Chair (Mr. Norm Miller):** And that would be your last question because we’re overdue—

**Mr. Frank Klees:** If we had unanimous consent—this is rather an important issue, I think.

**The Chair (Mr. Norm Miller):** Fine. Is it agreed that—go ahead.

**M<sup>me</sup> France Gélinas:** Finish your question.

**Mr. Frank Klees:** What you’re confirming is that you became aware that that payment was not necessary, that it was made nevertheless—

**Mr. Rainer Beltzner:** That it was apparently not necessary and apparently made nevertheless.

**Mr. Frank Klees:** And that you, as a board—it was never brought to your board.

**Mr. Rainer Beltzner:** Absolutely not.

**Mr. Frank Klees:** That’s a large sum of money. Can I ask you this? Do you have any sense of where that money that came back from AugustaWestland, first of all, was deposited? Into which corporate entity?

**Mr. Rainer Beltzner:** In response to, I think, Ms. Gélinas’s earlier question, my assumption is that it went into GP, but I don’t know.

**Mr. Frank Klees:** Okay. My other question is, that additional \$6.7 million that didn’t need to be paid, how does that amount get signed off on? Who signs the cheque? How does that come out of the Ornge bank account to begin with? That’s a huge sum.

**Mr. Rainer Beltzner:** Well, Mr. Klees, I appreciate your question and I have exactly the same question. Unfortunately, I no longer have any access to Ornge records to be able to even begin to answer that question. I would hope that the forensic audit or the OPP work will come to deal with that question, but, sorry, I can’t. I just don’t know.

**Mr. Frank Klees:** My final question is, can you tell us what the limit on the director’s liability insurance is that directors at Ornge had?

**Mr. Rainer Beltzner:** The answer is no. I don’t know offhand.

**Mr. Frank Klees:** But you do have director’s liability insurance?

**Mr. Rainer Beltzner:** Yes.

**The Chair (Mr. Norm Miller):** Very well. The NDP has three minutes left. Go ahead.

**M<sup>me</sup> France Gélinas:** While we’re talking about insurance, you probably know that AugustaWestland is looking to recoup \$1.8 million from Ornge because they say that the services were not delivered under the marketing services agreement. That is how the \$6.7 million came back, for a marketing services agreement. Is there a risk that you are personally responsible to pay back that \$1.8 million to Augusta?

**Mr. Rainer Beltzner:** I don’t believe so.

**M<sup>me</sup> France Gélinas:** And what makes you think so or not think so?

**Mr. Rainer Beltzner:** I don’t know that we have any particular relationship to that.

**Mr. David Zimmer:** Sir, I can’t hear you again.

**Mr. Rainer Beltzner:** I said I don’t know that we have any particular relationship to that transaction.

**M<sup>me</sup> France Gélinas:** Okay. A change of—I just wanted to finish this point.

**Mr. Rainer Beltzner:** Sure.

**M<sup>me</sup> France Gélinas:** The idea of whether from 2006 on you were encouraged—basically, you thought that you had been put in place to put all the air ambulance services together and to make sure that you put donation money, you try to—

**Mr. Rainer Beltzner:** Create some financial stability, yes.

**M<sup>me</sup> France Gélinas:** Yes, as well as try to develop the for-profit side of Ornge. From 2006 on, this is what you thought you were doing. You were putting the business plan together. You came to the ministry. Could you show us any sign that the government encouraged you to go that way?

**Mr. Rainer Beltzner:** No.

**M<sup>me</sup> France Gélinas:** Because there’s a great divide between the two.

**Mr. Rainer Beltzner:** No, I can’t. I’ve explained what interactions we’ve had. I think it’s fair to say we relied a great deal on Dr. Mazza in those early days. He was clearly the one who was anointed by government to establish this and he had the mandate division. There was a performance agreement which set out some parameters, but the performance agreement was pretty silent on the manner in which the thing should be delivered. So that was it; that’s the best I can tell you.

**M<sup>me</sup> France Gélinas:** So from the very beginning, you really thought you went into this with the three mandates that had been—

**Mr. Rainer Beltzner:** Absolutely. Absolutely.

**M<sup>me</sup> France Gélinas:** From the very beginning, and you worked on it diligently.

**Mr. Rainer Beltzner:** Absolutely.

**M<sup>me</sup> France Gélinas:** Once you had something solid, you came to the government, you presented it, nobody said anything, you continue, and all of a sudden we pull the plug.

**Mr. Rainer Beltzner:** Yes.

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

**Mr. Rainer Beltzner:** You're welcome.

**The Chair (Mr. Norm Miller):** Thank you, Mr. Beltzner, for coming before the committee.

**Mr. Rainer Beltzner:** You're most welcome.

**The Chair (Mr. Norm Miller):** Committee members, there are just a couple of motions which are going to be moved and which I don't anticipate will take very long at all.

Ms. Sandals.

**Mrs. Liz Sandals:** Yes, I think we have agreement on these.

I move that the Standing Committee on Public Accounts request from Ornge a chronologically ordered copy of all documents (including, but not limited to, agreements, invoices or receipts) relating to all payments from all Ornge entities going to Dr. Chris Mazza or his personal corporation—those words are not in the written motion you've got, so "or his personal corporation"—(including, but not limited to, compensation, medical stipends, research grants and loans) from 2003 to 2012.

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

Ms. Sandals.

**Mrs. Liz Sandals:** Secondly—this is really the line that Mr. Klees was pursuing. I move that the Standing Committee on Public Accounts request a copy of all documents relating to any interest and principal payments—and I think that should be "and/or"—provided by any Ornge entity from Dr. Chris Mazza or made by Dr. Chris Mazza to any Ornge entity from 2003 to 2012.

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

**Mr. Frank Klees:** Chair, if I might, please—

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

**Mr. Frank Klees:** Just a consideration: We heard testimony about a letter that I think is very, very important to—

*Interjection.*

**Mr. Frank Klees:** No, the letter that Mr. Beltzner said was handed him when he was in a meeting at Fasken's that related to this additional \$6.7 million. I think it's im-

portant that this committee request a copy of that letter. That letter contradicts what we've heard from a number of witnesses here, and I think it could be very significant.

**The Chair (Mr. Norm Miller):** Okay. Do we need anything else? Is there agreement from the committee?

**Mr. Jagmeet Singh:** Yes.

**The Chair (Mr. Norm Miller):** Agreement? Okay, fine.

**M<sup>me</sup> France Gélinas:** I'm not sure if I did that properly, but remember when Frank asked and I asked about the \$200,000 he was receiving? He said that there was a document put together that showed if it came from Ornge Air or Ornge Peel and how much, and the amounts were different from—I want that document. I'm not sure if I expressed this in a way that allows us to ask for that document. Does anybody remember?

**The Chair (Mr. Norm Miller):** I would think that would be covered by that motion, would it not?

**Mr. David Zimmer:** Yes, it would be covered by this—

**The Chair (Mr. Norm Miller):** Yes, by the motion—

**Mr. David Zimmer:** —included in this comprehensive motion, all stuff—

**M<sup>me</sup> France Gélinas:** But it was not to Dr. Mazza. It was to members of the board.

**Mrs. Liz Sandals:** It included him, but it was everybody's breakdown about how they were being charged.

**The Chair (Mr. Norm Miller):** Okay.

**Mrs. Liz Sandals:** I know what she's talking about.

**Interjection:** It was a document that went to the Minister of Health.

**Mr. David Zimmer:** Something has just come to my attention. I think, with respect to that letter, Beltzner said the OPP had also—

**M<sup>me</sup> France Gélinas:** No, he said that it was a document that was prepared—he had seen it and it was sent to the Ministry of Health and it detailed who at Ornge Air, Ornge Peel were being charged for the amount that made up the \$200,000 for the board members to attend—

*Interjection.*

**The Chair (Mr. Norm Miller):** Okay. Is it in agreement for the committee to try to track this down?

**Mrs. Liz Sandals:** If we can figure out what he said in Hansard, yes. We'll have to figure out what he said from Hansard.

**The Chair (Mr. Norm Miller):** Very good. The committee is adjourned until tomorrow morning at 8:30.

*The committee adjourned at 1912.*





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