



ISSN 1180-4327

**Legislative Assembly
of Ontario**

First Session, 40th Parliament

**Assemblée législative
de l'Ontario**

Première session, 40^e législature

**Official Report
of Debates
(Hansard)**

Thursday 2 August 2012

**Journal
des débats
(Hansard)**

Jeudi 2 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
Greffier : William Short

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



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

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

COMITÉ PERMANENT DES COMPTES PUBLICS

Thursday 2 August 2012

Jeudi 2 août 2012

The committee met at 0901 in room 151, following a closed session.

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

ORNGE

The Chair (Mr. Norm Miller): I'd like to call this committee to order and invite our first presenter this morning, Julius Ueckermann, vice-president, logistics, from Ornge, to please come forward. Welcome to the committee.

Mr. Ueckermann, just to confirm that you've received the letter to do with a witness coming before the committee?

Mr. Julius Ueckermann: I have, sir.

The Chair (Mr. Norm Miller): Very well. I think our clerk is looking for—

The Clerk of the Committee (Mr. William Short): I got it.

The Chair (Mr. Norm Miller): —either the oath or affirmation.

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

Mr. Ueckermann, 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. Julius Ueckermann: I do.

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

The Chair (Mr. Norm Miller): Very well. You have time for an opening statement if you'd like to make one.

Mr. Julius Ueckermann: Thank you very much, Mr. Chairman. Committee members, good morning.

My name is Julius Ueckermann. I am currently the vice-president of logistics at Ornge, and I am responsible for the operations control centre, or OCC, formerly known as the Ornge communications centre.

The OCC is the nerve centre of Ontario's air ambulance and critical care land transport system. We determine the level of care required during transport events and then coordinate and launch the appropriate resources, whether it be an airplane, a helicopter or a land ambulance.

We also run the provincial transportation authorization centre, also known as PTAC, which authorizes every patient transport between any two medical facilities in the province, regardless of who is doing the transport. There is also a dedicated flight-following function, known as the aviation control centre, that performs dedicated flight following for all our dedicated air ambulances. The staff consists of communication officers, operation managers and transport medicine physicians, who triage for service and provide medical direction to Ornge paramedics in the field.

I would like to take this opportunity also to introduce myself and give you a bit of my background. I completed my B.Sc. honours degree in biochemistry in South Africa in 1986, after which I had to report for two years of compulsory military service. I was allocated to the medical corps, was trained as a combat medic, completed my officer's training and also qualified as a pilot in the South African Air Force flying club.

After the completion of my military service, I was offered a position at a medical pathology company, where I worked as a medical biochemist for a number of years. I eventually joined the pharmaceutical industry before I got involved with the medical insurance industry.

I joined a company called Medscheme, which was the largest medical administration company at the time, and I managed a variety of areas, including high-volume national call centres. I managed a number of Six Sigma projects and trained as a Six Sigma black belt and held the position of general manager.

In October 2005, I was approached by an international headhunting firm and was recruited to work for International SOS, one of the world's largest medical assistance and air ambulance companies, in the capacity of head of assistance, Southeast Asia. I was based in Jakarta, Indonesia, and managed a very busy alarm centre. The centre consisted of around 120 staff members, and this included a managed care component. This was a very challenging environment to provide emergency services in, based on the fact that the region consisted of 18,000 islands. We were heavily reliant on both fixed- and rotor-wing aircraft, and also did the occasional landing on the deck of large shipping vessels to evacuate sick or injured members.

In February 2009, an opportunity presented itself to move to London, UK, to manage the operations of two key accounts. These were the US military contract also

known as Tricare and the British Foreign and Commonwealth Office contract. I was transferred from Jakarta to London, and worked in the capacity of director of operations, health care management services, for northern Europe, the Middle East and Africa. In this capacity, I was responsible for the day-to-day operation of both alarm centres, and staff consisted of operation managers, nurses and air ambulance dispatchers, supported by a group of medical directors.

Our mission for Tricare was to provide air ambulance services to all US military personnel situated outside of the US, excluding active war zones. The alarm centre was audited every six months by a US military audit team, and protocols were strictly adhered to.

I also completed a full MBA program during this time. It was awarded cum laude, which is the highest honour, to me in 2011.

In the summer of 2010, I was approached by a head-hunting firm about an opportunity to work in Canada. I accepted the position with Ornge and arrived in Canada on December 22, 2010, and I started working with Ornge on January 3, 2011, in my capacity as vice-president, logistics.

Very soon after I started, I was asked to get involved with Ornge Global by setting up an international operations centre that could dispatch air ambulances anywhere in the world. I completed this request and managed to establish a functional operational centre, but never got the opportunity to launch it due to the closure of Ornge Global. Shortly after, I was offered the opportunity to assume full control of the operations control centre in January 2012, and I was delighted to take on this challenge.

I consider it a privilege to have the opportunity to be involved in the OCC, to share my knowledge and experience, and to improve service to the residents of Ontario. I am full of confidence in Ornge and its management team, and I believe that we are on the right track. My directive from Ron McKerlie is to build a truly world-class operations centre, and that is what I will do. Since January 2012, we have been making steady progress in addressing the issues identified in the Auditor General's report as well as working towards full compliance with the amended performance agreement.

Over the past few months, with the heightened public interest and scrutiny of Ornge, the dedicated staff in the OCC carry out their day-to-day work with professionalism, through exceptionally challenging circumstances.

I want to mention at this stage that the staff in the OCC should most definitely be considered front-line staff. They have a very, very difficult job to do and carry huge responsibilities on their shoulders. I want to acknowledge that group of people today that nobody ever sees, but without whom the Ornge air ambulance system cannot function.

To give you an indication of the volume of work being performed by our staff, I would like to highlight a few numbers from the past few months. The OCC authorized more than 90,000 medical transportation numbers and

handled more than 174,000 phone calls over the past three months. To clarify, the medical transportation numbers are transfer approvals between any two medical facilities in the province, regardless of who is doing the transportation and when. In the past three months only, the operations control centre coordinated and transported 4,709 patients. This is an indication of the workload being handled by the centre.

At this time, I would like to share with you some of the many initiatives and improvements under way in the OCC. In January 2012, we implemented the new launch policy, where aircraft are being launched immediately without delay. We have done an entire review of the OCC dispatch system and telephone system and have drawn up specifications for a replacement system in line with the Auditor General's recommendations. The RFP will go out in August. We have reviewed the staffing model and staffing numbers, and we're in the process of upstaffing the OCC. We are in the process of moving forward towards a complete specialized staffing model, but this will only be completed once the collective bargaining agreement negotiations are completed by the end of this year.

We are also in the process of reviewing and redesigning the entire training curriculum, and we'll be introducing certifications for every position in the OCC. We have introduced a quality program in the OCC, and we are busy expanding this to be much more comprehensive moving forward. We have also rearranged the OCC management team to ensure that people's strengths are being utilized in the right areas.

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We have incorporated the aviation control centre, or ACC, in the OCC and by doing so we have improved the flight awareness for the staff in the OCC.

We are in the process, also, of rolling out two decision optimization tools that will assist the OCC staff to make better decisions. One of these programs was developed for Ornge by the University of Toronto engineering department, and the other one was developed for Ornge by Cornell University and in line with recommendations from the Auditor General.

A visual call management system has been purchased and will be implemented in the next couple of weeks. We have changed the shift handover process to allow a better one-to-one transformation of knowledge during shift changes.

There are other changes and initiatives that I haven't mentioned, but I have to acknowledge that we still have room for improvement. However, the staff in the OCC are very keen to complete this journey and I'm looking forward to taking this road. Thank you very much.

The Chair (Mr. Norm Miller): Thank you for your opening statement. We'll move first to the opposition for questioning. Mr. Klees.

Mr. Frank Klees: Thank you, Chair. Good morning, Mr. Ueckermann.

Mr. Julius Ueckermann: Good morning, Mr. Klees.

Mr. Frank Klees: You have been, according to your CV, the vice-president, logistics, for Ornge since January 2011; is that correct?

Mr. Julius Ueckermann: Correct.

Mr. Frank Klees: When you were hired on, you were hired on to Ornge Global; is that right?

Mr. Julius Ueckermann: No, sir. I was actually hired on to Ornge Ontario.

Mr. Frank Klees: Ornge Ontario?

Mr. Julius Ueckermann: Yes.

Mr. Frank Klees: But your CV indicates that you were responsible for setting up all logistical and operational functions for Ornge Global International.

Mr. Julius Ueckermann: Correct.

Mr. Frank Klees: What was that all about?

Mr. Julius Ueckermann: I was originally hired and appointed into Ornge Ontario with the understanding that I will have oversight over the operations control centre, but also that I would, once Ornge Global is functional, build an international dispatch centre that will basically service the clients that they were going to line up for Ornge Global.

Mr. Frank Klees: I just want to clarify, because I need to get straight in my mind how this all works. So you were hired by Ornge Ontario.

Mr. Julius Ueckermann: Correct.

Mr. Frank Klees: And you were put in charge—overall responsibility for the Ornge operational control centre?

Mr. Julius Ueckermann: No, I was hired in that position but I never functioned in that position. When I started with the company, just after I managed to basically find my feet a couple of weeks later, Dr. Mazza approached me to spend all my time on Ornge Global and to start looking at setting up an international dispatch centre.

Mr. Frank Klees: So you were hired by Ornge Ontario to take over total control of the operation of the control centre of Ornge Ontario—

Mr. Julius Ueckermann: Yes.

Mr. Frank Klees: —but when you showed up, you were told that that's not what you were going to do.

Mr. Julius Ueckermann: Correct. Well, I was told I was going to get involved with Ornge Global, but not that that was going to be my only focus.

Mr. Frank Klees: Okay. I just want to get a sense of what you did do.

Mr. Julius Ueckermann: Sure.

Mr. Frank Klees: So you've got your desk. Your assignment from that point on was to do precisely what?

Mr. Julius Ueckermann: To basically set up an operations centre for Ornge Global.

Mr. Frank Klees: And what did you do?

Mr. Julius Ueckermann: I started by doing an evaluation of the current Ornge Ontario system to see if there's any of that that we could basically use in Ornge Global—

Mr. Frank Klees: And could you? Could you use any of that?

Mr. Julius Ueckermann: No, sir. I looked at the current dispatch system that was operating in Ornge Ontario, and it was most definitely very old and not advanced enough to use on an international level.

Mr. Frank Klees: That's the dispatch network that was being used by Ornge Ontario for the last number of years. Your conclusion, within a matter of—how long did it take you to make the assessment that this was an out-of-date, dysfunctional system?

Mr. Julius Ueckermann: A couple of weeks.

Mr. Frank Klees: A couple of weeks?

Mr. Julius Ueckermann: Yes, sir.

Mr. Frank Klees: What did you do then?

Mr. Julius Ueckermann: I started looking at what would be needed to set up something like this. I was actually quite shocked in terms of the lack of knowledge and understanding of the people who actually wanted to get this international business process going, because nobody had an idea in terms of what it involved.

Mr. Frank Klees: And who were these people? You very quickly drew the conclusion that these people were not very knowledgeable—unqualified, would you say?

Mr. Julius Ueckermann: Not experienced in international business, for sure.

Mr. Frank Klees: And who specifically were those people?

Mr. Julius Ueckermann: I guess that's everybody that was involved in Ornge Global at that point in time. Dr. Mazza had some idea in terms of how to operate because he was on board some international air ambulances. But in terms of the administration, nobody that was involved with Ornge Global knew anything—nobody. There was no expertise internationally.

Mr. Frank Klees: Are any of those people currently employed at Ornge Ontario?

Mr. Julius Ueckermann: No, sir. No.

Mr. Frank Klees: So no one who was working at Ornge Global is currently employed anymore with Ornge?

Mr. Julius Ueckermann: People who were full-time employed with Ornge Global?

Mr. Frank Klees: Full-time or part-time.

Mr. Julius Ueckermann: There were some of the Ornge Ontario people who were involved in it, so they would attend some meetings, but—

Mr. Frank Klees: Okay, fair enough. So then you drew that conclusion, you had in mind—you knew now what organization you were working with and how knowledgeable and experienced these people were. What was your next step?

Mr. Julius Ueckermann: I raised my concerns on numerous occasions that I think this whole thing is being approached backwards.

Mr. Frank Klees: Who did you do that with?

Mr. Julius Ueckermann: We had weekly operations meetings, and I particularly raised my concerns with the people who were doing the product development.

Mr. Frank Klees: Who was that?

Mr. Julius Ueckermann: At that point in time, when I started, there was a marketing manager. His name was Paul. I can't recall his surname. He was working with Kelly Long and they had a marketing team that was actually doing a product design.

I had a lot of international experience with this type of environment and I was convinced that that product was not sellable at all. I raised, on a weekly basis, the concern that, first of all, we don't have a product and we cannot proceed before a lot of other systems come in place.

Mr. Frank Klees: And that product—I'm sorry, I don't want to interrupt you, but I just want to focus in on some of the details.

Mr. Julius Ueckermann: Sure, sir. No problem.

Mr. Frank Klees: The product that they were working on, what was that product?

Mr. Julius Ueckermann: The product was a travel insurance product. It was supposed to be sold on the same principle or basis that you would sell a golf membership to very wealthy people. It was going to be priced exorbitantly expensive and it was going to give you unlimited access to private air ambulance jets anywhere in the world.

I looked at this product. First of all, I knew what the coverage was going to be to run something like that and I tried to do calculations of how much of this product you would need to sell just to break even, and I thought to myself, it's impossible.

Mr. Frank Klees: Interesting. And obviously this was one aspect of the vision that everyone bought into; right?

Mr. Julius Ueckermann: Correct.

Mr. Frank Klees: It turned out to be a bit of a nightmare.

Mr. Julius Ueckermann: Absolutely.

Mr. Frank Klees: So you did that for a period of months; you were there. During this time when you were doing this work for Ornge Global, who was writing the cheque? Your cheque was coming from where?

Mr. Julius Ueckermann: Well, that's a good question, and that puzzled me. I was employed into Ornge Ontario. I remember the reason why I took that position, because I left a very stable, large international company and moved my family across the world to come and work in Canada for this company. It was sold to me that I would be working for Ornge Ontario. The only client is the government of Ontario, so it's a very secure company.

I remember at the interview I asked, "How do you capitalize all of these aircraft?" and they told me, "We raised a bond and it was sold within minutes with a massive credit rating." Based on that information, I said to my wife, "This is a very secure company to work for," and based on that, I moved.

However, at some point in time I got transferred into Ornge Global and I cannot recall that I ever received a notification of that. What I do recall is that at some point in time I was approached by HR and told, "We're going to transfer you into another division and you do not qualify for HOOPP anymore, which was the—

M^{me} France Gélinas: The pension fund.

Mr. Julius Ueckermann: Yes, the pension fund, because only people employed by Ornge Ontario can go on HOOPP.

I then went back a week ago, just to go and check, because that question was haunting me as well. I followed my pay stubs, and my pay stub indicated I was paid out of Ornge Ontario until the end of May of last year, then my pay stub started showing I'm being paid out of Ornge Global. However, when I received my—what's the tax form called? Something four—

M^{me} France Gélinas: T4.

Mr. Julius Ueckermann: That's it. When I received that at the end of the year, my whole salary was indicated as being paid out of Ornge Global, so I assume there must have been some adjustment on the books to allocate my whole salary into Ornge Global.

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Mr. Frank Klees: How much were you being paid?

Mr. Julius Ueckermann: My base salary was \$175,000; then I have pension benefits as well.

Mr. Frank Klees: And bonuses in addition?

Mr. Julius Ueckermann: I officially qualified for a bonus, which I never received.

Mr. Frank Klees: Which you never received?

Mr. Julius Ueckermann: Never.

Mr. Frank Klees: I'd like to just talk about your background a little bit. I see your CV. Would you say that you have direct experience in air ambulance services?

Mr. Julius Ueckermann: Yes, sir. Absolutely.

Mr. Frank Klees: I can see the repatriation part of your business, your past experience. Can you tell me in what context the experience that you have would be identical to the current air ambulance and immediate-response requirement? Typically, when you talk about the business that—I think you mentioned Tricare—

Mr. Julius Ueckermann: Correct.

Mr. Frank Klees: —which would be similar, for example, to our Blue Cross. That involves repatriation. The dispatch and the urgency is very different from that than getting a call to a trauma case, an auto accident or something. Just help me to understand and put into context your past employment experience to how that would focus here. What are the similarities with Ornge?

Mr. Julius Ueckermann: I think we can break it down into two components. The typical on-scene requests that we do in Ornge Ontario run at about 6% of our volumes. The large percentage of it would be the typical inter-facility transfer, which is very similar to your repatriation type of environment.

In Indonesia, when I managed the Southeast Asia region for air ambulance and repatriation services, a very large component of that was actually air ambulance services. We provided services to a lot of offshore well components. We had a lot of explorations in Borneo, in places like that. We serviced a lot of mining companies. That was the typical air ambulance service. We made use of contracted helicopters to respond in case of accidents

or injuries. We also had the odd call from ships coming through that dangerous and very difficult laneway. We had to dispatch quickly and get people off ships. So that's very similar to the on-scene call environment.

Obviously, my exposure in Tricare was of a tremendous amount of value. The protocols being used in the military environment and the audits that they apply are extremely strict, and I really use that as a benchmark that I want to get Ornge Ontario to, because they were really solid and really well-developed systems.

Mr. Frank Klees: Okay. The reason I'm asking these questions is because I have made the statement on a number of occasions that I am concerned about the unqualified people who are in some very responsible positions. I never referred, in that context, to our paramedics or the front-line pilots. I did, however, make very specific reference to the operations centre, the communications centre, the dispatch, which I think you'll probably agree is really the heart of the air ambulance system, from the standpoint that if you don't have it right there—you have pilots and paramedics depending on getting appropriate information and correct information so that they can be where they need to be at the appropriate time. Would you agree with that?

Mr. Julius Ueckermann: I absolutely agree with that, sir.

Mr. Frank Klees: I have a document here. I'm going to ask the clerk if he wouldn't mind passing you a copy. Members of the committee have this. You may have seen it; I don't know. It's a document that I tabled a couple of months ago, and it originally came to my attention—it was a confidential document prepared for cabinet that deals with investigations concerning the air ambulance program. I want to take just a few minutes and go through some of these incidents, because it highlights the importance of what you're doing and one of the reasons that we're here today.

Mr. Julius Ueckermann: Sure.

Mr. Frank Klees: I'd like to refer you to what is noted as page 11. We're going to go through a few of these incidents. On page 11, you'll see on the left-hand side an incident date. This was January 10, 2011. Under the description it indicates that, "It was reported the Ornge communications centre ... had assigned an air ambulance to rendezvous with a land ambulance for a code 4 patient..." Could you confirm for us what a code 4 patient is, please?

Mr. Julius Ueckermann: Code 4 is the highest-priority dispatch level.

Mr. Frank Klees: Subsequently, the communications centre "attempted to cancel air ambulance response for various reasons after the air ambulance had arrived on scene." The comments from the investigators are as follows:

First, "The lack of complete, concise and accurate documentation by" the communications officer "during this call for service was incomplete."

Two, the communications officer did not follow communications centre "policy to contact TP regarding the crew overtime situation before launching helicopter."

Three, the communications officer "did not provide accurate information to the TP regarding crew overtime circumstances."

Four, the communications staff "provided confusing and conflicting response information to the staff at Sudbury and North Bay CACCs."

The second item on this page: The incident is February 13, 2011, in Temagami. The description: "The Ornge communications centre ... did not notify North Bay CACC to arrange for land ambulance to transport a code 4 patient from the hospital in Kirkland Lake to a rendezvous location to meet with the Ornge critical care land ambulance ... which would be transporting the patient to Sudbury."

The next page: incident number three, February 25, 2011, Onaping Falls township. The description of the incident: "Sudbury CACC claimed that the Ornge communications centre ... delayed notification of an air ambulance for an on-scene response for a patient having difficulty breathing and a possible CVA." Under the comments from the investigator, it was "found that OCC staff did not address the concerns expressed by Sudbury CACC staff in a professional manner."

The next item on that page: an incident on February 20 in Capreol. The description of the incident: "Sudbury CACC claimed that there was a lengthy delay for" the communications centre "staff to answer the phone when the CACC was trying to request emergency air ambulance response."

The investigator's comments:

"(1) OCC staff did not answer the phone in a timely manner.

"(2) OCC staff did not address the concerns expressed by the caller in a professional manner.

"(3) OCC staff did not create a record of the call request."

On page 11, incident on March 31 in Arnprior—

Mr. Julius Ueckermann: Excuse me, sir, which page?

Mr. Frank Klees: Page 11. Oh, sorry; page 14. Incident number six.

Mr. Julius Ueckermann: Yes.

Mr. Frank Klees: The description: "Claim of a delay by Ornge communication centre ... staff to process a request for a modified on-scene air ambulance response."

The comments from the investigator:

"(1) It was found that an OCC staff member did not immediately enter the request for the modified on-scene to the computer-aided dispatch ... system, causing a delay in response.

"(2) It was also found that the OCC staff members on duty were not familiar with the location of the helipad locations in Arnprior."

Next item: March 31, county of Renfrew. The description of the incident: "Renfrew CACC claimed that the

OCC delayed processing a request for a modified on-scene air ambulance request.”

Next incident: June 12. On the next page, the description is as follows: “Communications centre assigned two rotary-wing air ambulances to an on-scene code 4 request when only one air ambulance was required.”

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The bottom of that page, incident number 10: June 20, Norfolk county. The incident: “Ornge advised the ministry a critical care paramedic (CCP) had refused to service a request for an on-scene rotary-wing response to a”—motor vehicle incident—“in Norfolk. The CCP advised staff at the OCC he did not have a partner and felt he was unable to perform appropriate patient care to his skill levels in a safe manner and by doing an on-scene call without a partner placed him in contravention of the Occupational Health and Safety Act...”

Page 17: July 23, Sturgeon Falls. The incident: “It was claimed that there was a more than seven-hour delay in the provision of emergency ambulance inter-facility transportation from the West Nipissing hospital to the hospital in Collingwood.”

Item number 3: “It was found that when resources became available, the OCC”—that’s the communications centre—“did not ask the sending facility to consider using a fixed-wing aircraft that was at the North Bay airport or the rotary-wing air ambulance that became available in Sudbury.”

The next page, item number 4, under that same incident: “It was also found that the”—communications centre—“staff did not keep CriteCall updated with flight planning.”

The next item under that same incident: “It was also found there were errors in communication between the OCC and North Bay CACC leading to both communication centres trying to control this request for emergency ambulance transport.”

Sir, I’ll stop there, but we know that there are at least another 20 incidents in this report alone that are of a very similar nature. We know what happens when information is passed on that is inaccurate, that is delayed.

We had testimony yesterday from a paramedic who spoke to the issue of the confusion at the communications centre, having people on the flight side and having people on the medical side trying to do each other’s jobs and neither knowing the language of the other. So when I’ve spoken in the past about unqualified people causing delays and putting patients at risk, that’s what we’ve been talking about.

Would you agree, sir, based on the evidence here that we’ve just discussed and based on your personal observations, that that is in fact an issue and certainly has been an issue at Ornge, that we have had unqualified people in key positions in our communications centre at Ornge?

Mr. Julius Ueckermann: Mr. Klees, I think I can answer you in this way: Yes, I think there was a problem in the way that the OCC was managed. I think the policies that were implemented and the workflows very much contributed to some of the issues that you’ve raised. Un-

fortunately, we know that we work in human systems, so you’re always going to get people making mistakes. Nobody can prevent that from happening. I think it’s our responsibility—and most definitely what I’m focusing on—to make sure that we put in systems and processes to minimize that.

Mr. Frank Klees: Sir, I—

Mr. Julius Ueckermann: I just want to go back to your question. Coming back to your point where there were unqualified people answering phones, that is based on a cross-training staffing model that was implemented in the OCC which was the very first thing that I changed and am in the process of changing.

If you want to talk about qualified staff, we have 34 medical-qualified people in the OCC, 27 flight-qualified people in the OCC, two of them who are double-qualified. But unfortunately, with the cross-training model, there were instances where flight people were answering medical calls and vice versa, which is completely unacceptable.

The Chair (Mr. Norm Miller): And Mr. Klees, you are out of time.

Mr. Frank Klees: Can I borrow just another five minutes?

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

Mr. Frank Klees: In total?

The Chair (Mr. Norm Miller): That’s it.

Mr. Frank Klees: Well, sir, let me just say this, then: Clearly, our air ambulance service has had its challenges, to say the least.

Mr. Julius Ueckermann: I agree.

Mr. Frank Klees: And one of the reasons is the fact that the incident report that I’ve just shared with you touches people’s lives. There are families, there are individuals, who, today, are not the same. There are people who died, who may be alive today, if in fact this system would have been more efficient and in a position to respond more effectively.

You have a challenge, sir. I would just ask you this: The issue of qualified people, experienced people, people who are trained to do the job—this is not a telemarketing centre. This is not about selling widgets and you can say, “Well, we’ve sold a million widgets and we’ve only had a 5% failure rate.” I don’t think we can afford to fail one patient in the province of Ontario.

The only way that we can assure that is to ensure that people like yourself are ensuring that we have qualified people, properly trained, on the front lines doing the work that they’re being paid to do. People in this province have, I believe, the right to expect that when the phone rings at the communications centre at Ornge, there will be a response.

The Chair (Mr. Norm Miller): Mr. Ueckermann can respond, and then it will go to the NDP.

Mr. Julius Ueckermann: Mr. Klees, thank you for your comment. I thank you for that comment. I appreciate it and I agree with you. There is still a challenge

ahead for us. We have made huge progress to address these issues.

The individual cases that you mentioned in the report—I went through every single one of them and looked at what caused them, and every single one of them is being addressed. We will not stop before we have cut down issues, problems, complaints to the bare minimum. As I said, we would like to eliminate it 100%. It might not be possible, but it's my responsibility to put in systems, processes, procedures, training and qualified people to make sure that it's reduced to the bare minimum.

Mr. Frank Klees: Thank you.

Mr. Julius Ueckermann: Thank you.

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

M^{me} France Gélinas: Thank you. It has been a bit of a ride for you. It's not exactly the welcome mat we usually put out to people who decide to join us in Ontario, but I'm happy you chose to join us.

Mr. Julius Ueckermann: Thank you.

M^{me} France Gélinas: I would like to take you back to January 2011, when you started to work for Ornge. It was clear from what was presented to you that you were joining an agency of the government of Ontario. We call them transfer payment agencies. The government of Ontario was the sole client, was the payer. You were afforded things like HOOPP, which is the pension plan for the people who work for the health care system in Ontario etc.

Mr. Julius Ueckermann: Right.

M^{me} France Gélinas: During that time at Ornge—we'll call it before December—did you have any contact whatsoever with anybody from the government of Ontario, the Ministry of Health, the emergency health services branch, and how did those go and who did you talk to?

Mr. Julius Ueckermann: Before I joined Ornge?

M^{me} France Gélinas: No, from the time you joined Ornge in January 2011 till December 2011.

Mr. Julius Ueckermann: No, ma'am. I've never even heard their names mentioned in meetings. I had no contact with them whatsoever.

M^{me} France Gélinas: Have you had contacts with people from the Ministry of Health since?

Mr. Julius Ueckermann: Yes, I have.

M^{me} France Gélinas: Who was that and in what circumstances did that come?

Mr. Julius Ueckermann: I was part of the team that negotiated the new amended performance agreement. We also have now monthly meetings with the Ministry of Health and Long-Term Care to discuss progress. We're implementing a quality plan. I now have close ties with the emergency branch, where I would phone them when there are any issues that are of concern or issues that I want their assistance with. I'm working very closely with them at this point in time to make sure that we get this train back on track.

M^{me} France Gélinas: And could you share with us the names of the people who you are now in contact with at the ministry?

Mr. Julius Ueckermann: Dr. Tony Campeau is my main contact, and then Rob Nishman, some of the ministry investigators—I don't know all their names, unfortunately.

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M^{me} France Gélinas: That's okay.

Mr. Julius Ueckermann: Obviously, Patricia Li, and various other people who attended the meeting. There has just been a new appointment as well. I think it's Richard—I can't remember his surname. I apologize for that. I'm not good with surnames.

M^{me} France Gélinas: That's okay. I'm lousy with names also. I know exactly how it goes.

Do you find that this closer relationship to the ministry adds value to your work, helps improve quality?

Mr. Julius Ueckermann: Absolutely. I think when Ornge operated in isolation, we lost a lot of assistance that we could have had from the ministry. I most certainly get a lot of value out of it. Going back to the Auditor General's report, there were really good recommendations in terms of working with the ministry to assist us with linking into the national systems that have been used by the ambulance dispatchers. We can approach them to assist us with building better radio links to talk to our aircraft etc. At this point in time, we're getting really good assistance on that side.

M^{me} France Gélinas: Is it reasonable to think that, had this assistance from the ministry been available from the start, it would have been helpful back then too?

Mr. Julius Ueckermann: It's difficult to say. I wasn't operating in that environment at that point in time, so for me, it's very difficult to say, whether it was available or not available.

M^{me} France Gélinas: So you're hired and you come to Ontario to look after the OCC. No sooner are you here when you realize the OCC is not really performing as good as it could. I think you said that it was old and—I forgot the exact word that you used. But then you transferred over to set up the international part of Ornge. Who then looked after the OCC?

Mr. Julius Ueckermann: Well, I never took control of the OCC. The OCC had its own reporting structure. I came in and was never officially put in charge of the OCC.

M^{me} France Gélinas: But when you shared with us that you had an opportunity to look at what was going on and quickly made up your mind that it needed some modernizing, to say the least, who were the people in charge at the time?

Mr. Julius Ueckermann: The ultimate responsible person was the chief operating officer, who was Tom Lepine. Then there was the VP of operations that was overseeing the OCC as well as field operations. Then there was a director of operations as well.

M^{me} France Gélinas: Who were those people? Do you remember their names?

Mr. Julius Ueckermann: The director of operations was Les Cleverly, and the VP of operations was Steve Farquhar.

M^{me} France Gélinas: Did you share with them what you've shared with us?

Mr. Julius Ueckermann: I did. Again, this is second-hand knowledge or second-hand information that I got, but I raised the issues of cross-training as a concern. I raised the issue that the systems, although they were functional—I think with the third-generation computer-aided dispatch systems available these days, there can be a lot of improvements made to the system.

The feedback that I got from them was very much that they had made a lot of those recommendations themselves, but they were not allowed to implement any one of those suggestions that they had made.

M^{me} France Gélinas: So Mr. Farquhar kind of knew that the cross-training was not a good idea, knew that it needed new computers to be able to function better, but was not allowed to implement them?

Mr. Julius Ueckermann: Well, as I say, again, I can't speak for what they knew and what they decided to do. All I'm saying is in discussions that I had, they made it clear that there were a lot of issues that they actually wanted to change, but were not allowed to.

M^{me} France Gélinas: Do you have an idea as to why they were not allowed to?

Mr. Julius Ueckermann: I cannot speculate on that.

M^{me} France Gélinas: No?

Mr. Julius Ueckermann: No.

M^{me} France Gélinas: They never raised the issue of money or anything like this?

Mr. Julius Ueckermann: No.

M^{me} France Gélinas: No. And you wouldn't venture a guess?

Mr. Julius Ueckermann: If I have to venture a guess, I would say I think there was more focus on the Global side development.

Mr. Jagmeet Singh: Good morning. Thank you for being here.

Mr. Julius Ueckermann: Good morning. Thank you, sir.

Mr. Jagmeet Singh: It seems to be that there was a focus on the Global side, as opposed to working on providing the service here in Ontario. I know it's just a guess, but why do you have that feeling?

Mr. Julius Ueckermann: Well, I think there was a lot of hype in the company in terms of Global. The senior management team most definitely was excited and energized. I know Dr. Mazza was driving this very, very hard. From where I sat and looked at it, it was most definitely the part of the business that received all the attention at that point in time.

Mr. Jagmeet Singh: And because of that attention, the services in Ontario may have suffered.

Mr. Julius Ueckermann: Again, I can't say that.

Mr. Jagmeet Singh: Okay. There are a number of things that need to be changed, and you've addressed that. If you could just isolate with some greater speci-

ficity, what are the areas that you really want to see some improvement in, moving forward, that would be able to help you do your job better or help Ornge do its job better?

Mr. Julius Ueckermann: Are you talking about internally or externally?

Mr. Jagmeet Singh: Both. Start with internally, if you like.

Mr. Julius Ueckermann: Internally, I've been receiving a huge amount of support for everything that I've recommended thus far. One of the first things that I did was—obviously, that we want to move to a specialized staffing model. It's very important that we have people working in specialized positions.

Mr. Jagmeet Singh: Can you explain what you mean by "specialized positions" and "specialized staffing"?

Mr. Julius Ueckermann: In a call centre environment, you have two options in terms of how you strategize your staffing. You can do the cross-training model, which means you train everybody to be able to do everything. It's a very cost-efficient model because you can put anybody in any position. The problem with that is you will never get the quality. Or you can go to a specialized staffing model, which means you highly specialize and train certain people into specific positions. The downside to that is it's more expensive, so you require more staff. Those are the two models. I'm opting for the second model. I think, dealing in an emergency environment, you need the highest quality you can have.

Mr. Jagmeet Singh: What's the advantage of having that specialized? You said that it's more quality, but what gives it the greater quality?

Mr. Julius Ueckermann: As an example, you will only have a well-qualified medical person taking a phone call and talking to a physician or a hospital or a paramedic. They would understand the common language and obviously would be able to interpret the information correctly.

Likewise, if I have a qualified commercial pilot, a flight dispatcher or an air traffic controller on the flight dispatch side, these people understand aviation law, the challenges of weather, technical issues with aircraft and everything else associated, so they can talk to the pilots and make informed decisions.

So I've put forward my proposals to do that. It has been really well accepted, and I get full support for that.

I did a full evaluation of the current system that we're using at Ornge. It is my personal view that the system needs to be replaced and that the phone system can be enhanced. It has been approved by the board. The project executive committee signed off on it, and the RFP will be going out. We are looking at implementing a truly world-class dispatch system which can also assist the flight dispatchers and the medical call-takers in optimizing that decision. So we get a lot of electronic brains to help us in that instance.

One of the big things that I'm driving, obviously, is training. We are redesigning every single training manual, and we are implementing certification courses

for every position in the OCC, so nobody would be allowed to work in a specific position unless they have been certified into that position.

There are a lot of initiatives, and we are really putting a lot of effort and time into addressing every single issue that was raised in the Auditor General's report, as well as making sure that we comply with the performance agreement.

Mr. Jagmeet Singh: You mentioned some external issues as well. What were those?

Mr. Julius Ueckermann: Well, externally, it's really good co-operation from the government, which at this point in time they've been very forthcoming with. This is from the IT cluster, in terms of tapping into the government capabilities on the IT infrastructure, as well as assistance when we have issues that we need to sort out with the local dispatch centres or other areas that we need better co-operation with.

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Mr. Jagmeet Singh: Now I want to turn your mind to when you first began at Ornge, if you could talk about some of the key problems on the dispatch side. I know that you weren't on the dispatch side for very long because you were transferred to Ornge Global, but while you were in Ornge and you were working with the command centre and the dispatch services—can you talk about some of the problems that you noticed on that end?

Mr. Julius Ueckermann: I think my first big concern was the cross-training model, because I know at that point in time there was a lot of talk from the field that they were talking to people who were not understanding what they were saying in terms of the medical or flight side. That was a big concern of mine.

There was no quality system in place, so the quality of the phone calls and the information that was captured in the system wasn't monitored and quality-controlled. We've got a really well-functioning quality system now in place.

The system that we have in place is very functional, but it's limited in terms of getting information and statistics to really monitor how well people are performing and what our response times are. That is why I've put through a proposal to replace that system, as well.

We've incorporated the aviation control centre into the OCC, which is something that I was driving for, simply to improve the situational awareness in the OCC of our dedicated aircraft and where their movements were. That has really increased the situational awareness of the staff in the OCC to know where our aircraft are, at what time they're actually taking off and what time they're landing.

Some of the issues that Mr. Klees brought up—you know, people were late in getting ambulances to an aircraft—were simply because there was miscommunication in terms of when an aircraft would arrive at a specific destination. With the dedicated flight filing that we have now in place—we have an arrivals and departures board on the wall and everybody knows when an aircraft is departing and when it is arriving.

Mr. Jagmeet Singh: Thank you for that.

I want to turn your attention now to your experience when you worked in your UK contract, working with the US military.

Mr. Julius Ueckermann: Yes.

Mr. Jagmeet Singh: You indicated that there were very strict protocols in terms of audits by the military.

Mr. Julius Ueckermann: Yes, correct.

Mr. Jagmeet Singh: How would you compare the audit process that occurred under the US military and their strict protocol to the Ontario government in terms of their oversight or their auditing of the work that was done by Ornge?

Mr. Julius Ueckermann: I've not been through a full ministry audit. We're scheduled to have a service review audit on, I think, October 23 and 24.

I've received the audit documentation. It's very comprehensive. I think it's well designed. I think it's going to touch every single point that is important. It most definitely touches the issues raised in the Auditor General's report, as well as some amendments that were made on that audit—which are different from your central land ambulance dispatch centres, which specifically drive towards the performance agreement's KPIs as well. I think it's going to be very comprehensive.

Mr. Jagmeet Singh: Thank you. My colleague has some questions.

Mr. Julius Ueckermann: Sure.

M^{me} France Gélinas: I'm taking you a little bit in a different direction. On the aviation side of the dispatch, do they keep records of the flight that took place under their dispatch?

Mr. Julius Ueckermann: Absolutely. We've recently launched, and I can't tell you exactly when it came into place, but we've launched software called—it will come back to me; I apologize. We've launched a dedicated software system that does flight following. We have a dedicated flight follower that speaks to the pilot before he takes off. It records very specific information: number of hours of fuel on board, when it's going to take off, how long its flight is going to be, what its alternative airports will be if weather moves in, arrival times etc.

This information then gets into a software system, and we have on all our dedicated aircraft what we call weight-on-wheels devices. The moment that the aircraft takes off and the weight reduces on the wheels, it triggers a sensor which sends a satellite signal to the OCC so we can immediately see when the aircraft takes off and when it lands. Every record of that aircraft, obviously, is kept in a database.

M^{me} France Gélinas: So we have this now. Did we have this when you came?

Mr. Julius Ueckermann: No.

M^{me} France Gélinas: Okay.

Mr. Julius Ueckermann: But it wasn't my initiative. The aviation guys implemented that software system, which was superb, before I took over the OCC.

M^{me} France Gélinas: Okay. But if we were to look back through the years, would we be able to find which aircraft was launched through the dispatch centre?

Mr. Julius Ueckermann: We would. The current Optimas system is not very friendly in terms of its reporting capabilities but staff have been recording every flight that gets dispatched. Our aircraft have got designated identifiers which are linked to the base that they've been launched from, and where we've got more than one aircraft at one base, we use the base number plus primary or secondary aircraft. That is recorded on every dispatch in the system.

M^{me} France Gélinas: And this is a document that Ornge has kept over the years?

Mr. Julius Ueckermann: I believe that information is within the case files. I think it's going to be very difficult pushing a button and running a report on it probably, but it might be possible. I'm not the IT expert, so I cannot really say. But those documents are most definitely kept.

M^{me} France Gélinas: Mr. Clerk, I would like to get the flight logs for the flights from Ornge for the month of August 2007. If it is feasible through the system he's described, then, if Ornge could share that with the committee.

Mr. Julius Ueckermann: I'm not sure when the Optimas system was actually implemented. I think it was implemented about five years ago so it might be—I don't know. We'll have to see.

M^{me} France Gélinas: Just on the cost.

So December 2011 rolls around. You see your employers on the front page of all of the local newspapers and a whole bunch of people at Ornge Global lose their jobs. You are at Ornge Global but you're one of the ones who survived. How did the transfer get done? How did that transition back to your original employer get done and by whom?

Mr. Julius Ueckermann: It was very, very tough. It was a really traumatic time in my life and I think for the people around me as well. I think at the point in time when it was clear that Ornge Global was not going to survive—they were going to close—I was approached by the COO, Tom Lepine, at that point in time. He asked me whether I would be willing to move back to my old position, really, and take full control of the OCC.

I was delighted. That is an environment that I was hoping I would work in and that I'm very comfortable with; that is my area of expertise. I think it took me half a second to make that decision.

M^{me} France Gélinas: What happened to the director of operations and the VP of operations who were already operating the OCC?

Mr. Julius Ueckermann: The VP of operations' role split. He had a split role, looking after the OCC on the one side, but also the field operations, which included all the medics and all the base management. Basically the one section split out and the director of operations was made redundant.

M^{me} France Gélinas: So that person was let go?

Mr. Julius Ueckermann: Yes.

M^{me} France Gélinas: And the job of Mr. Farquhar got separated in two and you got the part that dealt with the OCC.

Mr. Julius Ueckermann: Correct.

M^{me} France Gélinas: I will save my time.

The Chair (Mr. Norm Miller): Very well, we'll move on to the government then. Mr. Moridi?

Mr. Reza Moridi: Thank you, Mr. Chair. Thank you, Mr. Ueckermann, for appearing before this committee. Would you please tell us a bit about your background and how long you have been working for Ornge?

Mr. Julius Ueckermann: I started with Ornge on January 3, 2011. I worked for Ornge for probably exactly 12 months, getting involved in the Global side mainly, and then transitioned over to the current Ornge Ontario system where I'm now managing the operations control centre as vice-president.

Mr. Reza Moridi: Could you tell us a bit about your professional background?

Mr. Julius Ueckermann: Yes. I originally studied as a biochemist. I worked in a pathology lab in the pharmaceutical industry. I'm a trained pilot myself. I did a full, comprehensive MBA while I was employed by my previous employer, as well.

I also did training as a Six Sigma black belt, which is an advanced business improvement qualification using advanced statistics. I've managed a number of business improvement projects during my lifetime as well. I had five or six years of air ambulance experience situated in Asia and in Europe dealing with various types of clients before I got approached to come and work at Ornge.

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Mr. Reza Moridi: What attracted you to Ornge?

Mr. Julius Ueckermann: If you take out all the noise around Ornge, it is a phenomenal company to work with. If you didn't have all these things happening around it, it would have been the most incredible company in the world to work for. It still is. I really believe we've made the turn, and I enjoy every second I'm working for this company. It has everything in there that excites me, everything that I feel comfortable with. It is high-pressure. It is a tremendous service to the residents of Ontario. It has a lot of energy, a lot of activity. It is most definitely not a job that you come in the morning into the office and move your papers around, thinking about what you're going to do today to keep yourself busy. It is a high-energy environment, and I really enjoy working in it.

Mr. Reza Moridi: Could you explain to us your position at Ornge now, currently?

Mr. Julius Ueckermann: Yes. I'm vice-president, logistics. I oversee the operations control centre in full, which incorporates the aviation control centre. I'm responsible for everything around the logistical movement of aircraft and land ambulances to move patients from point A to point B.

Mr. Reza Moridi: How many people are you responsible for?

Mr. Julius Ueckermann: Currently in the OCC, I think my total staff complement is around about 73 or 75.

Mr. Reza Moridi: Do you report directly to the CEO and president?

Mr. Julius Ueckermann: Yes, I do. I report directly to Mr. Ron McKerlie.

Mr. Reza Moridi: What's a typical day like for you at Ornge?

Mr. Julius Ueckermann: There is no such thing as a typical day at Ornge, unfortunately. What I usually do is, the first thing when I come in in the morning, I go into the operations control centre and spend 10 or 15 minutes with the operations manager, who has taken over a shift at 2 o'clock in the morning. They then give me an update of what has been happening over the last 12 hours during night shift. At that point in time, we'll address any issues that are of any concern for me.

I then go back to the office, look at some of my emails and then attend a number of meetings, usually during the day. Every single minute that I have spare I try to spend in the operations control centre; I want to make sure that I know what's happening on the floor. I think it's my business to be very hands-on.

Mr. Reza Moridi: Could you tell us a bit about, and give us an overview of, the communications centre at Ornge?

Mr. Julius Ueckermann: The centre is really basically functioning in two components at this point in time, and I'm hoping that I can move towards dividing it into four specialized sections going forward.

Currently, one section is what we call flight dispatch, with a flight-following component attached to it. The other component is what we call medical call-taking.

The medical call-taking is really split into two functions. The medical call-taking would be the people answering the phones coming in from the central ambulance systems or from the hospitals requesting patient transfers. They spend time with the people on the phone to determine the level of care required during the transport.

We have an algorithm in the Optimas system which is really working well. As you enter the clinical information of the patient, the system works out what the level-of-care requirement would be.

The level-of-care requirement then drives the level of care and the type of aircraft that will be used. That information is then passed across to the flight planners, who then look at the requirement and the location of the patient and then choose an aircraft. They would then phone the pilot and do a weather check, and once the pilot accepts because the weather is acceptable, the flight will dispatch. The flight planner will make sure that all other logistical processes around this ambulance are being put in place, like getting ambulances to wait for the aircraft when it arrives.

At the same time, the flight follower has a conversation with the pilot as well, enters the information in the flight-following software and then follows the flight while it's in progress.

The medical call-taking also has what we call the PTAC component. Every single transfer between any two health facilities in Ontario, whether it's been done by Ornge or by any other—even if you're going to push this

patient across the street on a stretcher, you have to get this authorization through Ornge, and we're responsible for that as well. This came in place when SARS broke out, to make sure that you don't transport infectious disease patients into facilities. We have a system called PTAC, the Provincial Transfer Authorization Centre, that also issues these medical transportation authorizations.

Mr. Reza Moridi: Thank you. In your opinion, how vital is the function of a communication centre for an organization like an air ambulance?

Mr. Julius Ueckermann: Sorry, I missed the first—

Mr. Reza Moridi: How vital is the role of a communication centre for an organization such as an air ambulance?

Mr. Julius Ueckermann: I'm sorry. I keep on missing the first part. What is that?

Mr. Reza Moridi: How vital is the role—

Mr. David Zimmer: Vital.

Mr. Reza Moridi: Vital.

Mr. Julius Ueckermann: Oh, vital.

Mr. Reza Moridi: How important is this, or how key is—

Mr. Julius Ueckermann: My accent and your accent don't—

Mr. Reza Moridi: Sorry, my accent.

Mr. Julius Ueckermann: No problem.

Mr. David Zimmer: Iranian accent.

Mr. Reza Moridi: Yes, an Iranian accent and a South African accent. They match very well.

Mr. Julius Ueckermann: They match very, very well.

Mr. Reza Moridi: Anyway, how important is the role of a communication centre for an organization such as an air ambulance service?

Mr. Julius Ueckermann: It is the most critical component as far as I'm concerned. This is the central point where everything that happens comes together: maintenance, aviation, weather, medical, physicians, paramedics, land ambulance systems. Everything gets together in the OCC, and that's why it's absolutely vital for me to make sure that I turn that place into a world-class centre. The opportunity is most definitely there.

Mr. Reza Moridi: I wonder: How do you manage the operation of these multiple bases in this province?

Mr. Julius Ueckermann: I think the operational processes and procedures are well defined. It's really around following the right protocols, and that's why training is so crucial for us. That's why specialization is absolutely key as well. It really helps if you have somebody in the operations control centre who absolutely knows the environment, the bases, the locations, hospitals, towns, cities and runways at the drop of a pin. I am still amazed how well those people do it. It's absolutely incredible the knowledge that they have.

Mr. Reza Moridi: Thank you. I understand that Ornge acts as a Provincial Transfer Authorization Centre.

Mr. Julius Ueckermann: PTAC, yes.

Mr. Reza Moridi: Could you tell us a bit about what this is?

Mr. Julius Ueckermann: The PTAC system has basically two ways that you can get this authorization number. If I want to move a patient from a frail-care home, or from one hospital to another hospital, from a nursing station to a hospital, I have to get authorization through the system. What the system really does is it records and logs any outbreak, in any facility around the province, of a potential infectious disease. The system was really developed in the days when SARS broke out. Every day, we will get the notifications from the province in terms of any reports of outbreaks that happened in certain facilities. That information is fed into the PTAC system, and when we get a patient with a clinical profile that matches an infectious disease, the system will flag it. Or if you give a request to move a patient into a facility or outside of a facility where there's a potential outbreak of an infectious disease, the system will flag it as well. So that's what the system does: It actually prevents people from sending infected patients in and out of facilities, so it stops the spread of disease, really.

About 70% of those authorizations are being done online. The hospital can log into a website and fill in all the clinical information. The system will do an electronic check. In about 30% of the cases, and in every transfer that Ornge does, especially the critical care ones, we actually speak to the people directly. We don't allow them to do that online.

Mr. Reza Moridi: In your professional view, Mr. Ueckermann, do you think that this is a right decision for Ornge to have this kind of authorization, or that this centre be a part of Ornge's mission? Does it fit within Ornge's mission to have responsibility for this centre?

Mr. Julius Ueckermann: I guess it's debatable. It is functioning really well within Ornge at this point in time, and I'm someone who believes that you don't go and break something that works.

We most certainly are very much involved in the more critical cases, and because of the speed of transfer that Ornge is involved in, I think it's most applicable to Ornge. We can very rapidly move people from one facility to another facility over long distances, so if you have an infectious disease outbreak that you put in an aircraft and fly across the province, you're going to be very rapidly spreading a disease. I think that's why we play a critical role to make sure we get that information first-hand.

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Mr. Reza Moridi: Thank you. We have heard from the front-line staff at Ornge that there was a policy called a delayed-launch policy.

Mr. Julius Ueckermann: Correct.

Mr. Reza Moridi: We have also learned, due to concerns mainly raised by the Auditor General, about the cost of failed launches. Ornge put in place a policy that aircraft were not to launch until responders at the scene had confirmed that there is a need for an air ambulance.

Mr. Julius Ueckermann: Correct.

Mr. Reza Moridi: Are you aware of this policy?

Mr. Julius Ueckermann: Yes, I am.

Mr. Reza Moridi: You are. Do you have any more details about why this policy was in place initially?

Mr. Julius Ueckermann: I wasn't involved when the policy was implemented but I most certainly, when I started with the communications centre in January, was very aware of the effects that it had and the noise around it.

I think the principle of the policy made sense. It's true: The Auditor General pointed out that we had and we still do have a large number of requests to launch an air ambulance, where the people actually get in the aircraft and get airborne and in some instances even fly to the location just to be told, "Okay, you're not needed any more," and you're cancelled, which means you have to turn that aircraft around and fly back to base. That's an extremely costly exercise and I think the intention of the policy was to stop that. The reality is, we probably only service one or two out of every 10 on-scene requests because most of the time we're cancelled before we get there. Sometimes we even cancel before we get off the ground, which is the way that we would prefer it.

I think the intention of that policy was to make sure that we get an absolutely definitive indication whether we're going to be needed or not before we actually launch the aircraft. I think the intention behind it makes perfect sense. I think the execution of it was a problem. The execution of it was heavily relying on the first responders on the scene notifying Ornge whether they should continue coming to the scene or not. Now, if they get busy attending to a patient and they forget to say to Ornge, "Yes, we still need you. You've got to continue," we would not launch, so the aircraft would just sit there waiting and that caused unacceptable delays. The real issue, I think, was the execution of this. It is still a problem and it's still something we need to solve.

Mr. Reza Moridi: The policy has changed, right?

Mr. Julius Ueckermann: The policy has changed. We've got an immediate-launch policy for on-scene calls.

Mr. Reza Moridi: Now this new policy in place, is there any issue in terms of putting that into operation?

Mr. Julius Ueckermann: No, I don't think there were any issues putting it into operation. It was basically changing the way that the OCC operated. It's very simple. You get a request in for an on-scene call. Immediately when you get the request in, you put the caller on hold and you immediately contact the flight planner to launch. They can then continue doing the discussion with the call-taker while the flight planner speaks to the pilot to get that aircraft in the air. It's really a rapid process at this point in time. There are no delays involved.

Mr. Reza Moridi: Would you think that the new policy has any impact in terms of operational issues?

Mr. Julius Ueckermann: I think we're just back to what the Auditor General reported in his report, and that is that we do get a lot of instances where we launch but are not being utilized. It is costly. Every time that a helicopter takes off and lands, it creates what you call a cycle on the engine. The more cycles you create, the more ex-

pensive the maintenance on those machines becomes. Obviously, these are just expensive machines to operate regardless. You typically want to also reserve that machine for really true emergencies. You just don't want to fly these around because it's a convenience to.

Mr. Reza Moridi: Thank you. Have you read, Mr. Ueckermann, the Auditor General's report?

Mr. Julius Ueckermann: I have.

Mr. Reza Moridi: What was your reaction to this report when you read it?

Mr. Julius Ueckermann: I think the issues were relevant and I very much used that as a guideline when I took control of the OCC to make sure that we addressed valid concerns in terms of the OCC. The Auditor General pointed out that the system capabilities are lacking, and I agree with that. He pointed out that there are issues with the launch policies; I agree with that. He pointed out the late-launch policy was a concern; we agreed with that. The Auditor General pointed out that the current system inaccurately monitors the launch times in the system and we've corrected that, although it's going to be a manual system. We don't have a system that can do that yet, but that's in the RFP going forward. We've taken a lot of notice from the Auditor General, and we're really working hard to make sure we fix those issues.

Mr. Reza Moridi: Were you a part of Ornge's response to the Auditor General's report?

Mr. Julius Ueckermann: Unfortunately not. That happened before I started with the OCC.

Mr. Reza Moridi: Since the minister has put in new measures at Ornge, have you seen any changes in the organization?

Mr. Julius Ueckermann: I think if I sat on the other side of the fence, on the Ornge Ontario side, I probably would have been in a position to really give a more accurate assessment. I can tell you what I've seen and what I've heard—comments from paramedics and staff in the OCC, and yesterday it was testified as well.

There's a huge change in the culture in the company. It's much more open; it's much more transparent. The senior managers are engaging the staff to find solutions. There's a strong drive and willingness to actually put the focus back on the patient and to improve the systems to the best that we can. We are going out of our way to re-establish relationships with the central ambulance systems, with hospitals, which unfortunately broke down over time.

Yes, absolutely. I've seen, in the six months that I've worked in that environment, a really strong drive and push forward.

Mr. Reza Moridi: Would you think that some of the points that the Auditor General has mentioned in his report have been addressed by Ornge?

Mr. Julius Ueckermann: I don't fully understand what you mean by that.

Mr. Reza Moridi: The Auditor General has mentioned a number of points.

Mr. Julius Ueckermann: Yes.

Mr. Reza Moridi: In your opinion, have some of those points been addressed by Ornge?

Mr. Julius Ueckermann: Can you explain what you mean by "adverse"?

Mr. David Zimmer: Addressed.

Mr. Julius Ueckermann: Addressed?

Mr. Reza Moridi: Addressed, yes.

Mr. Julius Ueckermann: Absolutely. I mean, I think every single point in the Auditor General's report that Ornge has the ability to address either has been addressed or is in the process of being addressed.

Mr. Reza Moridi: How about the work culture at Ornge? Have there been any improvements in the work culture at Ornge?

Mr. Julius Ueckermann: It is improving. It is not an overnight process. People in general are skeptical, and you cannot blame them for that. But people are willing to engage and share their information and views. A number of those people also agreed to testify in this committee.

I can tell you, certainly from the OCC perspective, that we've managed to establish an outstanding relationship with our local union and are really working very well together with our local union on the floor. Staff in general made the comment, "You know what? We're relaxed. We don't feel we are under threat every day," and that is a massive step forward in terms of the culture of the company.

Mr. Reza Moridi: Have you heard that we have signed a new performance agreement with Ornge?

Mr. Julius Ueckermann: Yes.

Mr. Reza Moridi: Also, there's proposed legislation. Are you aware of these two initiatives?

Mr. Julius Ueckermann: I was part of the team when we negotiated the amended performance agreement, yes, and I'm very aware of it.

Mr. Reza Moridi: Would you think that the new performance agreement with Ornge will improve the operation of Ornge and its performance?

Mr. Julius Ueckermann: I think the amended performance agreement will have two really positive outcomes. The one is that it defines the expectations from the ministry and of, obviously, the patients out there, which is really important. It has some very measurable, key performance indicators in place, which Ornge will make available publicly, which I think speaks to the transparency of where Ornge is moving into. Just everybody can benefit from that. I cannot see that having any negative impacts whatsoever.

Mr. Reza Moridi: Thank you. Mr. Ueckermann, the Auditor General noted in his report that the staff at Ornge's communications centre were not qualified to do their jobs properly, and many times information was not inputted properly. In your role, what steps have you taken to improve the communications centre?

Mr. Julius Ueckermann: I agree. That was most definitely a perception that I had, but I think it was more than people were working in positions that made them unqualified. We most certainly had the qualifications on

the floor; they were just being utilized in the wrong environment.

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Going back to earlier figures, we have 34 formally trained medical people in the OCC and 27 formally trained aviation experts in that centre, of which two are basically both medical- and aviation-trained. We still have a small component of staff who came across from the ministry's PTAC days who are neither medical- or flight-trained. We are taking the steps to make sure that those people don't work in key positions that are beyond their capabilities. So that's the first step that I've taken, to try to make sure that we don't put people in situations where they basically can't function.

The second thing that we've done is we have gone on a massive drive to retrain and re-skill everybody, regardless of their background and qualifications. We are re-writing all the training materials, and we're putting in place a certification course, where every position will have to be certified to work in that position. To back that up, we've implemented a really robust quality system, which has staff that will monitor phone calls from every staff member on a quality assessment and also control whether they're actually complying to policies, procedures and diligently entering the information into the system, as was pointed out by the Auditor General as well.

Mr. Reza Moridi: Will you be taking any further steps to improve the function of the communications centre?

Mr. Julius Ueckermann: Yes. I think going forward, we want to make sure we have the highest quality of staff in the OCC. We're currently expanding the number of staff available in the OCC. Unfortunately, we lost a number of people due to illness. We will only be appointing the best of the best that we can find, so the quality of staff who will come in there will be really well-qualified staff, and our training system has got to be really robust.

Mr. Reza Moridi: Mr. Ueckermann, as you know, in the past several months there have been lots of discussions and comments, answers, questions, in the Legislature, in this committee, and also very wide media coverage, which many times was negative. Understandably, that would have affected the morale of the staff at Ornge. So what would you think needs to be done, or have there been any steps taken by Ornge, to improve the morale of staff, particularly the front-line staff, at Ornge?

Mr. Julius Ueckermann: I agree. It was a really, really hard time for Ornge to deal with, and it was very demoralizing, and you can understand that.

Certainly, I've been going around visiting the front-line medics at some bases, and I have a lot of discussions with my own staff as well. I think the most important thing is, people want to be valued. They want to be acknowledged for what they're doing. They want to make sure that management hears them and addresses their concerns—which I believe was an issue in the past—and they want to be up-skilled. They want to be trained. They want to be empowered to do their job

properly, and I think we really are on our way to actually getting that established.

Again, it's not something that you can do overnight; it's a process—but that process is most definitely under way.

The Chair (Mr. Norm Miller): You're on your last minute.

Mr. Reza Moridi: I just want to thank you and also the front-line staff at Ornge. Thank you very much.

Mr. Julius Ueckermann: Thank you very much. I appreciate that.

The Chair (Mr. Norm Miller): There's just five minutes left for the NDP, so we'll move to the NDP.

M^{me} France Gélinas: I'm really impressed with the changes that you're bringing about, and I think they will improve quality, will improve morale. I see nothing but good things coming of it.

When you had conversations before with the VP of operations, with the director of operations and even with the COO, they had identified some of those problems. Had the ministry at the time started asking questions and started asking about some of those performance indicators, do you figure they would have been able to start those changes earlier?

Mr. Julius Ueckermann: I think I need to clarify. The concerns that I raised and the opinions that I had were my own, and they were based on my background and experience. It didn't mean that the chief operating officer was sharing my view. I think in his mind, he thought the model was the right one and that was the one that should stay. I never was in charge or had any management roles or capabilities or any muscle power to actually enforce anything like that, so whether they agreed with my assessments, that's a different story.

M^{me} France Gélinas: All right. Do you figure that Mr. Farquhar and the director of operations, had they wanted to update the training and to basically empower the staff to go back to—were they capable of doing this?

Mr. Julius Ueckermann: I can't say.

M^{me} France Gélinas: No?

Mr. Julius Ueckermann: I can't say. I can't venture a comment there, unfortunately.

M^{me} France Gélinas: We had a system before where the medical people answered medical questions and the aviation people dealt with the aviation world. Those people were in charge then. A decision was made to go to this cross-training model and then the change was made, which, I think, led to poorer quality rather than better. Would you agree?

Mr. Julius Ueckermann: That would be my assessment of the situation, yes. I am still of the opinion that in a critical environment you need the highest quality you can get. You can only get that through specialization. I understand the reasoning why the guys wanted to go for a cross-training model; it's most definitely a cost-efficient staffing model to operate and it gives you a lot of flexibility, especially if you want to schedule 24/7 shifts. So if you're short on the flight side, you could put someone from the medical side in there. That makes sense from a

financial perspective, but my understanding is, it's dangerous. Going back to the military model, we had a very strict code, and that was that medical people speak to medical people and operational people speak to operational people; you cannot get those mixed up.

Mr. Jagmeet Singh: Just to build on that, when you were initially a part of Ornge, did you have to provide monthly or weekly reports regarding your concerns or feedback from what was going on?

Mr. Julius Ueckermann: No, sir. I really had no right to do that because I had no oversight over any one of those. These were just casual conversations.

M^{me} France Gélinas: When you went to the Global side and started to develop what was going to be the international, you said that you were ready to launch but you never launched because it fell apart. What exactly was ready?

Mr. Julius Ueckermann: We had a full-blown operations centre ready. It was staffed; there were systems in place. We were ready to launch air ambulances. There were only three problems with it. The first one is, we had still no product, so nothing was sold. Number two is, we had no aircraft, so we had nothing that we could launch. Number three: We had no hospital network, so we had no agreements with any hospital to actually receive payment from us, even if it was going. That was in December. So, if you talk about bringing the cart in front of the horse, that was really it.

M^{me} France Gélinas: We had a dispatch centre that had nowhere to dispatch and nobody to dispatch to.

Mr. Julius Ueckermann: Yes, ma'am.

M^{me} France Gélinas: Thank you.

Mr. Jagmeet Singh: One of the comments that has come out a lot is that Ornge expanded too quickly; that the model expanded more quickly than it could keep up with. Is that something that you would agree with?

Mr. Julius Ueckermann: Yes, it was. Obviously, from my perspective it was absolutely rushed. It was not properly planned. The typical business process that you would follow—if you were business-trained or if you ever worked in business, you would know that the first thing you have to do is that you need to lock down your product. You go through a procedure, a business plan, a strategy. None of those documents was properly produced, and the ones that I saw were just—the quality was really poor. I think we were rushing into one environment just assuming that the other components were going to fall in place, and they never fell in place.

Mr. Jagmeet Singh: As an overall strategy, the concern is that Ornge wanted to expand its ability to fund itself, to have other sources of revenue, including charitable donations as well as being able to raise money privately to be able to assist the Ornge functioning. What we've seen is that, one, the expansion happened too quickly and it happened at the cost of the essential services, the primary services—the primary focus of Ornge—which was patient care. There seemed to be a shift towards expanding globally and expanding on the private side, and it took away some of the attention—the

much-needed attention—from the public side. Do you agree with that assessment?

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Mr. Julius Ueckermann: I think that would be the perception, yes.

Mr. Jagmeet Singh: And then when it came to the private side itself, that wasn't well thought out or fully thought out. It was a rushed plan, a rushed model, without any of the necessary steps being taken, as in a business plan, having a product developed and ready to be taken to the market. It was somewhat haphazard.

The Chair (Mr. Norm Miller): And you are—

Mr. Julius Ueckermann: That was my impression, yes.

The Chair (Mr. Norm Miller): You are out of time, but if you want to answer that question—

Mr. Julius Ueckermann: My answer was going to be, yes, that was my assessment of the situation.

The Chair (Mr. Norm Miller): Thank you very much for coming before the committee this morning. I think you've provided a lot of useful information, and it was very much appreciated.

Mr. Julius Ueckermann: Thank you, Mr. Chairman. Thank you, committee members.

The Chair (Mr. Norm Miller): I believe we have a motion. Ms. Sandals?

Mrs. Liz Sandals: Yes, this is a follow-up on the brief discussion we had earlier.

I move that the document requests made of the Ministry of Health and Long-Term Care and the Ministry of Finance on June 13, 2012, may be amended by the unanimous agreement of the subcommittee on committee business.

The Chair (Mr. Norm Miller): Any discussion?

M^{me} France Gélinas: May I be as bold as asking that we deal with this after the next witness?

The Chair (Mr. Norm Miller): It has been—

Interjection.

The Chair (Mr. Norm Miller): It has been moved. It's just the motion at this point, and it has been moved.

M^{me} France Gélinas: And it has been moved? Okay.

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

CANADIAN HELICOPTERS GROUP INC.

The Chair (Mr. Norm Miller): Our next witness is Mr. Robert Blakely, vice-president of EMS operations, Canadian Helicopters. Welcome, Mr. Blakely.

Just to confirm that you've received the letter for a witness coming before the committee.

Mr. Robert Blakely: I have.

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

Our clerk will have you either do an oath or affirmation.

Mr. Robert Blakely: Affirmation.

The Clerk of the Committee (Mr. William Short): Mr. Blakely, 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. Robert Blakely: I do.

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

The Chair (Mr. Norm Miller): Thank you. Feel free to make an opening statement and—

Mr. Robert Blakely: No, I have no opening statement.

The Chair (Mr. Norm Miller): Very well. Then it's time for the NDP again to start with their questions. Go ahead.

M^{me} France Gélinas: Good morning, Mr. Blakely, and thank you for coming to Queen's Park.

Mr. Robert Blakely: My pleasure.

M^{me} France Gélinas: I'll start with giving you a little bit of an opportunity to explain to us the role of Canadian Helicopters in medical transportation.

Mr. Robert Blakely: Well, I guess since 1977, we have provided the service to the province, up until 2009, through the Ministry of Health, and then from 2009 to 2012 with Ornge.

M^{me} France Gélinas: How did the level of service change? I'm most interested in the period that goes, let's say, from 2000 until now.

Mr. Robert Blakely: From 1999 until 2005, we not only provided the helicopters and the pilots and the aircraft maintenance engineers, but for that six-year period we provided the paramedics also. In 2006, Ornge took over the provision of the paramedics, and we went back to just providing the aviation services.

M^{me} France Gélinas: And now?

Mr. Robert Blakely: The contract ended with Ornge on April 1.

M^{me} France Gélinas: On April 1 this year?

Mr. Robert Blakely: That's correct.

M^{me} France Gélinas: What is your relationship with Ornge now?

Mr. Robert Blakely: We don't have a relationship with Ornge.

M^{me} France Gélinas: None whatsoever?

Mr. Robert Blakely: No.

M^{me} France Gélinas: What was the monetary value of the contract that you had with Ornge?

Mr. Robert Blakely: It was approximately \$34 million per year.

M^{me} France Gélinas: And that was for the helicopters, the pilots and the maintenance of the helicopters?

Mr. Robert Blakely: That's correct.

M^{me} France Gélinas: All right. How many bases were you operating before it got transferred?

Mr. Robert Blakely: We had seven bases and there were eight front-line helicopters.

M^{me} France Gélinas: In the steps that got to Ornge owning its own helicopters and hiring its own pilots, I understand that Ornge had issued an RFP where, although they would own the helicopter, they will ask for somebody else to provide all of the flying, the aviation

part of it—the pilots, the maintenance etc. Can you tell us a little bit about that?

Mr. Robert Blakely: Yes, that's correct. The model that was used for the contract that we won in a competitive bid process started in 2009. With the legacy aircraft, which are the older S-76s, and the new aircraft, the AW139s, Ornge owned the aircraft. We operated the helicopters on behalf of Ornge.

M^{me} France Gélinas: Did they ever offer for that to continue?

Mr. Robert Blakely: There is an extension clause in the existing contract with Ornge that would have enabled them to extend the contract for an additional two years, from April 1, 2012, until March 31, 2014, but they did not exercise that extension.

M^{me} France Gélinas: From 1999 to 2005, you owned the helicopters. The pilots, the paramedics and the maintenance people worked for Canadian Helicopters. Then in 2006, the paramedics go over to Ornge. Then in 2009, something else went over to Ornge, or it stayed the same from 2006 till 2012?

Mr. Robert Blakely: The contract that we were operating under ended in 2009, on March 31. In 2008, Ornge went through a competitive bid process, which we bid on, and we were successful, which commenced on April 1.

M^{me} France Gélinas: What was the difference between the contract that started on April 1, 2009, versus the contract that ended on March 31, 2009?

Mr. Robert Blakely: I don't follow. Say that again? Sorry.

M^{me} France Gélinas: I don't understand what happened on April 1, 2009. What was different on March 31 versus April 1?

Mr. Robert Blakely: On March 31, we owned the Sikorskys, the legacy aircraft. On April 1, Ornge owned the legacy aircraft. So they purchased the aircraft from us.

M^{me} France Gélinas: Okay. And then the rest of the contract?

Mr. Robert Blakely: We continued to operate them. We continued to operate the equipment that was owned by Ornge.

M^{me} France Gélinas: In the process, you agreed to sell the aircraft to Ornge. Ornge owned the aircraft. Everything else stayed the same. I take it the rate must have changed too.

Mr. Robert Blakely: That's correct, yes.

M^{me} France Gélinas: I understand there was another RFP going out after, since 2009, or no?

Mr. Robert Blakely: No, not that I'm familiar with.

M^{me} France Gélinas: Okay. So the RFP went out in 2008. You won the bid to continue to fly the aircraft you had been flying all along. It's just that you did not own them anymore.

Mr. Robert Blakely: Correct.

M^{me} France Gélinas: Now, I take it you still own helicopters?

Mr. Robert Blakely: Yes. Canadian Helicopters is the largest helicopter company in Canada. We're one of

the largest in the world, so we have, I think, in excess of 140 helicopters.

M^{me} France Gélinas: How many of them in Ontario?

Mr. Robert Blakely: None now.

M^{me} France Gélinas: None in Ontario?

Mr. Robert Blakely: No.

M^{me} France Gélinas: Aside from the contract for patient transport, Canadian Helicopters did not do any other work in Ontario?

Mr. Robert Blakely: We have over the years done work. We have had bases in Ontario. We've worked for other provincial agencies fighting forest fires, for instance. We ran a flight training school also. But today, we have no other bases in Ontario.

M^{me} France Gélinas: The flight training schools and everything else are also gone?

Mr. Robert Blakely: Yes, that's correct.

M^{me} France Gélinas: So you don't have a presence in Ontario anymore.

Mr. Robert Blakely: That's correct.

Mr. Jagmeet Singh: If you could just compare for me the difference, if there is a difference, between the service delivery, and then if you can comment, at least on the aviation side, pre-April 1, 2009, and after April 1, 2009—if there was a difference in Ornge purchasing the aircraft, if that created a different delivery mechanism in any way—or when the aircraft were owned, operated and maintained by Canadian Helicopters, or when Ornge took it over.

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Mr. Robert Blakely: That's a fairly complex question. Trying to put it simply, the biggest difference was part of the services agreement that we had with Ornge stated that when Ornge purchased the new helicopters, the AW139s, they would look after what we'll call logistical support. For the legacy aircraft, the older S-76s, Canadian Helicopters continued to provide the logistical support, which is the purchasing of parts, maintaining of inventory, that sort of thing. Ornge took over the logistics for the new aircraft. That would be about the only change.

Mr. Jagmeet Singh: So that's the contract shift, the logistics component. Besides that, there wasn't anything else that was substantially different.

You're familiar with the initial model of Ornge and the newer model of Ornge, in the sense that initially Ontario Air Ambulance was providing the medic side and they were outsourcing the aviation side?

Mr. Robert Blakely: Absolutely, yes.

Mr. Jagmeet Singh: So you're aware of that going on.

Mr. Robert Blakely: Yes.

Mr. Jagmeet Singh: Then the model shifted into integrating the aviation side into the newly formed Ornge. One of the differences between Ontario Air Ambulance and Ornge was Ornge wanted to then integrate the aircraft.

Mr. Robert Blakely: Yes. I think Ornge refers to that as internalization.

Mr. Jagmeet Singh: Internalization, exactly. Can you make any comments with respect to that overall difference—that first model of outsourcing the aviation side and having the medic side versus the internalization?

Mr. Robert Blakely: Well, I think my opinion is going to be viewed as biased, but we are absolute experts in operating helicopters. That's all we do. It's a very, very complex operation. Putting it simply, there's no learner's permit for this. It's very, very difficult to do. We're very good at it. The company I work for has been in business for 65 years, and we ran the ambulance helicopters in Ontario for 35 years. We knew what we were doing.

Mr. Jagmeet Singh: There have been a number of people who have actually said something similar to what you've said.

This will be difficult for you to do because it's going to be looking at it the other way, but could you think of any advantage to having the aviation side internalized?

Mr. Robert Blakely: No.

Mr. Jagmeet Singh: With respect to—one was the expertise. You had the experience and, like you said, there's no learner's permit. We're dealing with sophisticated machinery, and lives are at stake here, so of course there's no learner's permit.

What was the advantage, on a practical side? We understand that on a knowledge, experience and expertise side, there's obviously an advantage. What was the practical benefit, then, that translated from having the previous model, where it was outsourced? What was happening better or faster or more efficiently? What was practically better, if there was anything—or cost-wise?

Mr. Robert Blakely: I think you have to look at the dispatch reliability data, quite frankly. We've got very, very good records for the past 35 years, and I think we demonstrate an excellent, world-class dispatch reliability of over 98%. So I think it speaks for itself.

Mr. Jagmeet Singh: Do you have a question?

M^{me} France Gélinas: Yes. I'm sorry, I had to step out.

The dispatch was different before it was taken over by Ornge—is this what you meant?

Mr. Robert Blakely: No. I was asked, what is the advantage of outsourcing aviation? My answer was that I think that we have a proven track record of dispatch reliability.

M^{me} France Gélinas: Okay. I wanted to ask some of the same questions that I asked the previous witness.

Every time a Canadian Helicopter launched, for air ambulance at the time, for Ornge, I take it that you would keep information about this as to what time, who was the pilot, what kind of cargo was on board. Do you still have those records?

Mr. Robert Blakely: Absolutely.

M^{me} France Gélinas: You do? Would it be feasible for you to share with the committee the flights that you have done for Ornge during the month of August 2007? More particularly—

Mr. Robert Blakely: Do you have a date?

M^{me} France Gélinas: A specific date? No. I could probably narrow it down some, but I'm basically interested in finding out—I'm interested in flights to northern Ontario, so you can focus on this. Basically, do you know a little bit about the type of information that you would have?

Mr. Robert Blakely: Yes, we would—if you could tell me the date and the location, which would help us a lot—

M^{me} France Gélinas: I could help narrow it down.

Mr. Robert Blakely: Yes, I can tell you the aircraft registration. I don't believe I would have any patient information, but I can give you times and I can tell you who the crew were.

M^{me} France Gélinas: Okay. Did you ever move cargo as well as patients?

Mr. Robert Blakely: Cargo on behalf of the air ambulance program? Do you mean like organs?

M^{me} France Gélinas: Organs or oxygen.

Mr. Robert Blakely: No, I think the aircrafts are too valuable to be used to do something like that.

M^{me} France Gélinas: Okay, so this is not something that you did?

Mr. Robert Blakely: No.

M^{me} France Gélinas: All right. Did you want to keep—sorry.

Mr. Jagmeet Singh: Yes, no problem. When looking at Ornge right now, would you be able to provide an assessment of what needs to be fixed and what's going right?

Mr. Robert Blakely: Well, I think Mr. McKerlie and the new board at Ornge should be commended. It has been an enormous undertaking. It's a big ship; they've been trying to turn it around. I think they've been doing a great job. Again, I think that internalizing the helicopter operations specifically—I don't agree with that. I think that Ornge should look at contracting out the operation of the helicopters to the industry.

Mr. Jagmeet Singh: Okay. In terms of other areas of aviation, if we look at—if the model doesn't change and they remain with the internalized model, is there anything else that you can look at in terms of problems that existed or that continue to exist and potential remedies or fixes for them?

Mr. Robert Blakely: No. Everything I hear, it sounds positive. I mean, the paramedic understaffing has been an issue since 2006, so it's refreshing to see that there's now a focus on this—a public focus—and that it's getting fixed.

M^{me} France Gélinas: Continuing on what my colleague was saying, this idea of contracting out—you're not the first one who mentions it. We own those helicopters now—I mean we own them, as in the people of Ontario; Ornge owns them. When you talk about contracting out to the industry, one of the things that the auditor always looks at is getting value for money. The industry of helicopter flying in Ontario—aside from you guys, who is it?

Mr. Robert Blakely: Oh, you have to understand that we're a global industry. There is lots of competition. To put it in perspective, we bid on operating ambulance helicopters in British Columbia, and we currently operate ambulance helicopters in Nova Scotia. So you don't have to be an Ontario company to bid on this work. There's no advantage or disadvantage.

M^{me} France Gélinas: Okay, because in the 2008 competitive bid that went out, Ornge certainly did not get an uptake; they only got you, to tell you the truth. We're there to get value for money for the people of Ontario. History tells us that the market is very, very slim and narrow. You are the biggest one. I mean, you operated in Sudbury for a long time. I have nothing but good things to say about your company, the training, the service you delivered and everything else. But at the same time, to get value for money, when you are the only one—you are the biggest and you come here and say, "I think you should contract out." I hear, "I think you should contract out to me." I have no problem contracting out to you because you've done phenomenal work for us in the north. But at the same time, I have a responsibility to get value for money, so you'll have to be convincing to show me that we will get value for money if we go down this path.

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Mr. Robert Blakely: I don't want to say you've been lied to, but you may have been misled. We were told there were competitive bids in 2008. That was held over our heads with a big hammer in the negotiation for the contract: that there were alternatives.

We were told there was another bid, at least one other bid. In a competitive bid process, it only takes one other bid. And when you go into a competitive bid process, you never know if you're the only bid. I hope my competitors think like that, because you'll lose.

We always go at it aggressively. I believe there were other bids.

M^{me} France Gélinas: And you believe that if we were to go out right now, ask for people to come and fly our Agusta helicopters, there are people out there, there are—without sharing any secrets, who is there out there except for you guys who could come up with enough pilots and maintenance and everything else to do the work on those brand new helicopters?

Mr. Robert Blakely: There is a competitor that operates in British Columbia that is quite capable.

We have to remind ourselves that by the province owning the assets—if that's the correct terminology; "Ornge," "the province"—it fosters competition. It makes it easier to bid. You don't have to go out and purchase the assets. That was a clever idea, actually, taking on that model. But there are other competitors in Canada, absolutely.

M^{me} France Gélinas: And you can think of one in British Columbia?

Mr. Robert Blakely: Oh, there are probably at least three or four capable competitors in Canada. I'm sure they're watching right now, so I don't want to be an informant for them. There are other very capable competi-

tors, and we compete with each other on a regular basis. We were competing in the British Columbia ambulance service bid three years ago, and we went at that very aggressively, all of us. It's what we do.

M^{me} France Gélinas: So there is a market out there.

Mr. Robert Blakely: Yes.

M^{me} France Gélinas: The pilots, the maintenance—basically the contracts that were in place from 2009 to 2012, where Ornge owned the helicopters and somebody else flew and maintained them, would be what would go out on a competitive basis. You are doing testimony under oath that says that there are people out there, aside from you guys, who are able to do this and to put credible bids forward.

Mr. Robert Blakely: Absolutely.

The Chair (Mr. Norm Miller): Just to inform you, you're at 21 minutes.

M^{me} France Gélinas: I'll let it run.

The Chair (Mr. Norm Miller): Okay, so you want to move on?

M^{me} France Gélinas: Mm-hmm.

The Chair (Mr. Norm Miller): Very well. We'll move on to the government. Who would like to ask questions from the government? Mr. Zimmer.

Mr. David Zimmer: Thank you very much.

The Chair (Mr. Norm Miller): And if you don't mind moving the microphone a little bit.

Mr. David Zimmer: Yes. Okay, good.

So the new contractual arrangements, or the new models that ended up being adopted in 2009, where CHL provided all the services except the ownership of the helicopters, that was a sea change in the way the service was provided. I'm interested in your thoughts about that, moving from the old model to this newer model.

Mr. Robert Blakely: As I said, it's clever. What it does is it makes it easier for companies that may not have been able to afford the capital to buy the aircraft, to compete. It actually fosters competition.

Mr. David Zimmer: Competition can be a good thing; it can be a bad thing. But keeping in mind the testimony of the previous witness, where he said that, yes, there are various models and there are various efficiencies in the different models, but given the critical nature of the service that's being provided—that is, ambulance service, life-and-death sorts of stuff—that efficiencies really should be just down a notch from the real goal of delivering quality critical care service.

On those two models, the pre-2009 and the post-2009, which model do you say would provide the best service to the patient-user, leaving aside the business efficiencies and that sort of stuff?

Mr. Robert Blakely: You're asking me to take off my Canadian Helicopters hat and put on my "I live in Ontario" hat?

Mr. David Zimmer: Yes, your Ontario citizen hat. Think of yourself as a patient.

Mr. Robert Blakely: It's a better model.

Mr. David Zimmer: Which is the better model?

Mr. Robert Blakely: The province owning the assets is a better model.

Mr. David Zimmer: And how is that model better for the Ontario patient?

Mr. Robert Blakely: I'm assuming that we're talking about that model being delivered by the industry, not being internalized by Ornge. It fosters competition and that keeps us all honest and sharp and the patients benefit because we're driven—absolutely driven—all the time to maintain that high level of dispatch reliability. That's our mantra.

Mr. David Zimmer: But isn't there also a competing pressure—not to put it too crudely—to save money, to provide the service for less cost?

Mr. Robert Blakely: It's interesting that the model that we operated under with Ornge was a cost-flow-through model. We were paid a fee to do this and we were actually rewarded by operating the model at a reduced cost. We had an incentive to do that.

Mr. David Zimmer: What was the incentive? Explain what a cost-flow-through model is.

Mr. Robert Blakely: A cost flow-through is—for instance, we spend, let's say, \$5 million a year on pilot salaries. We pay the pilots, they're employed by us. We give Ornge a bill for \$5 million and they pay us. There's no markup allowed.

Mr. David Zimmer: I see.

Mr. Robert Blakely: We charge a fee to do that.

Mr. David Zimmer: At whose invitation are you here today? Who nominated you?

Mr. Robert Blakely: I think Mr. Klees.

Mr. David Zimmer: I gather that over the last months or maybe even a year or so, you've been in regular contact with Mr. Klees on these issues?

Mr. Robert Blakely: No, I haven't, actually. Before I appeared, I called your office, Liz, and France's office. I really didn't know what I was expected to bring. I struggled with—I have 35 years of data and information. I didn't want to back a truck up and I wasn't sure what you folks wanted from me. I've had minimal contact with Mr. Klees.

Mr. David Zimmer: Today, if you had your druthers, would you be happier with the pre-2009 model or the current model?

Mr. Robert Blakely: I think that I would be very happy if Ornge had exercised the extension clause in our contract and we were continuing to deliver the service until March 31, 2014, under the current model. I'll call it the current model.

Mr. David Zimmer: I couldn't help but notice that you were here earlier this morning and you sat through the testimony of Mr. Ueckermann, who's the VP of logistics at Ornge. I saw you paying close attention to his testimony. Just as an overview of the themes that he hit on and the approach that he took to the problems, the challenges and where they are now, would you agree or disagree or would you highlight or not highlight some of those things? Where would you place his evidence? What's your view of his evidence?

Mr. Robert Blakely: I think he's an amazingly bright guy and I think we should all be pleased that he has a role in the OCC. It sounds like he's making some really positive changes. I believe that Ornge should exist because they need to be dispatch, command and control. This is their role. Absolutely, the most important role is dispatch. **1100**

Mr. David Zimmer: Bob Mackie is the—you probably know him—director of the air transport association.

Mr. Robert Blakely: Yes, I've met Bob a couple of times.

Mr. David Zimmer: He has been before the committee, and he gave some testimony. Essentially, what we heard from Mr. Mackie is that he was quite critical of Ornge's decision to purchase its own helicopters and aircraft. In fact, he went on to effectively accuse Dr. Mazza of conspiring "to eliminate the contracted carriers." Mr. Mackie recommended that Ornge get out of the business of delivering aircraft and helicopter services and return to contracting these out to such corporations as Thunder Airlines and CHL.

I realize that asking you your reaction sort of puts you in a bit of a conflict of interest, but what do you just have to say about Mackie's position?

Mr. Robert Blakely: Like I said earlier, we do one thing and we do it well, and that is operate helicopters. We've done it for 35 years in Ontario. We do it in Nova Scotia. It's going to sound like a sales pitch, but we would welcome the opportunity to continue to deliver the service in Ontario.

Mr. David Zimmer: This is a question that my colleague from the NDP touched on just at the end of her question.

Let me just read out a thought to you here: "There are some who say that when it comes to for-profit involvement in health care, there is always a cost. You may get competitively priced services, but something has to give in order to make the profit." As I said earlier, my colleague opposite has raised this issue when it comes to air ambulance and indeed long-term health care and other issues. So with that thought in mind, I have two questions.

Are you advocating that we take the current model, in which there is no profit, and take that to a private model where companies are competing to deliver the service and make a profit?

Mr. Robert Blakely: I think that, again, Ornge should exist. Ornge should be in a position of dispatch, command and control, and they should be the contracting agency. For those services where they have no expertise, they should contract out.

Mr. David Zimmer: What do you say to the idea that contracting out in the competitive bidding process—and I'm not necessarily agreeing or disagreeing; I'm just exploring the issue with you—some people say it tends to drive down the quality of the service that's provided because there are cost pressures. If you can get a highly qualified employee who would cost X dollars, but you could get a less qualified but nevertheless qualified em-

ployee for X-minus dollars, then of course you'd be driven to hire the X-minus dollars. You've got, admittedly, a qualified person, but you could get a more qualified person without the pressures of competitive bidding. I tie that back into Mr. Ueckermann's evidence that he thought, when he came there, that the focus was not on providing the best critical care; that the focus was on management and managing cost issues and that sort of stuff. I'd just like to hear your thoughts on that.

Mr. Robert Blakely: Of course, as I said, I'm biased. I think we do a very good job at a very good price, so we deliver good value.

I think that perhaps the committee should look at the data—and the data is there. Ornge has been doing the work with the helicopters since January. So we have seven months of data from Ornge. We've got dispatch reliability data, and we have cost data. The data exists for when we did the work under the contract with Ornge; it's pretty easy to do the comparative.

Mr. David Zimmer: In your model, how do you solve the problem of the pilot training for the new helicopters—that's a big issue—in a cost-effective way?

Mr. Robert Blakely: It's a third party delivering a service, so there's not a lot you can do. For the new helicopters, it's about \$100,000 to initially train each pilot, so what you have to do is manage the turnover. You only spend that once to train the pilot, then it's a minimal recurrent training after that every year, so what you want to do is minimize pilot turnover. You want to give the pilots an environment to work in that they're happy and they don't leave.

Mr. David Zimmer: That's a nice segue into my next couple of questions, having to do with Dr. Mazza's CEO management style and the culture that he created at Ornge. This morning, you would have heard, through Mr. Ueckermann—in fact, yesterday, we heard this recurring theme from front-line workers that now, absent Mazza and absent the old board, the culture or the environment seems to have changed and everybody's a whole lot happier.

I gather this business of retaining the pilots and so on is a part of that idea of the CEO, whoever he or she is, and the management team creating a culture where people want to stay there.

Did you work with Dr. Mazza? You've met Dr. Mazza?

Mr. Robert Blakely: Oh, I've—

Mr. David Zimmer: You've had dealings with him?

Mr. Robert Blakely: Yes.

Mr. David Zimmer: I've asked this question of just about every witness. What is your view of Dr. Mazza's management style and personality traits that you would expect or not expect in an effective CEO?

Mr. Robert Blakely: Dr. Mazza offered me a job in 2006, and I didn't have to think about it for one second. I just struggled with telling him no without offending my best customer. I've known Dr. Mazza since the mid-1990s and I've seen his style—a very, very, very difficult man to work for.

Mr. David Zimmer: What are some of the elements of that difficulty?

Mr. Robert Blakely: I think we've heard here in testimony: a volatile temper, absolutely volatile. We've heard people talk about his visionary—he's high-energy.

He's a brilliant man; there's no doubt. I think he has absolutely missed his calling. He should have been in sales, absolutely. He has sold all of us—not us, but he sold the province—on the concept that the system was broken, and it wasn't broken before.

As you've seen, he testified about dispatch reliability rates: 60% to 70%. That's why Ornge had to take over aviation. I submitted information to the committee that ours averaged 98%. I checked with Voyageur, the company that provided the fixed-wing dedicated service, and they were even higher; they were at 98.6%. That was misleading, putting it mildly, but everyone believed.

Mr. David Zimmer: I expect you've been following the evidence and testimony yesterday and in days before, particularly with the chairman of the board, Mr. Beltzner. There were issues that all members of this committee delved into about the chair of the board and board members' oversight and their relationship with Dr. Mazza. As you know, a model of board governance is that the chair and the board set the broad, strategic goals and the metrics of management performance and so on, and then hold the CEO accountable—oversight and all of that stuff. Have you got any view of how that was all playing out in the course of your dealings with Ornge? Who was running the show, or not running the show?

Mr. Robert Blakely: Oh, Dr. Mazza was definitely in the driver's seat, no doubt. It's interesting you say that, because I did watch what went on with Mr. Beltzner. I'm a vice-president with my company. I work for a publicly traded corporation. We have a board of directors. I made a brief presentation to our board four years ago, I believe, about what was happening at Ornge. The reaction from our board was, "How can this be going on? Where's the board governance? Where's the board oversight?"

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Mr. David Zimmer: Do you still have a copy of that presentation?

Mr. Robert Blakely: No, sorry.

Mr. David Zimmer: You can't blame me for trying to get it.

Minister Matthews, the Minister of Health, has made a number of quite forceful and indeed dramatic moves around replacing the CEO, the chair of the board, the board and all of those things. Do you think she's on the right track cleaning house, as it were?

Mr. Robert Blakely: I think it has been a difficult job. I think Dr. Mazza has sold a lot of people on things that weren't true. As someone who lives in Ontario, I'm pleased, yes. I'm happy with the changes, just not the internalization of the helicopter operation.

Mr. David Zimmer: All right. You've been very fair and objective in your views on that.

My last question that I just want to raise with you is that I'd be interested—and I think the committee would

be—in any suggestions that you might want to have this committee pass on to the minister about how to continue to improve or deal with these Ornge problems, where we are at today, and some ideas for making the system even better. What would be the three or four things at top of mind?

Mr. Robert Blakely: I think you know what I'm going to say.

Mr. David Zimmer: I know one of the things you're going to say.

Mr. Robert Blakely: The service agreement with Ornge, the extension clause: We're still within the time frame of the extension clause on the contract. We would honour that extension clause. If the board at Ornge, Mr. McKerlie, the minister or whoever said, "We gave it a good shot; please come back," we could do that in about three to four weeks. We could re-employ the staff, take over the aircraft and deliver a very, very high level of dispatch reliability. That would give the province—or Ornge—an opportunity to fix the other problems, to not have to worry about their helicopter operation and write an RFP and go back to market and go back to a competitive bid which validates everything.

Mr. David Zimmer: Any suggestions on management style? Any other suggestions apart from the helicopter piece?

Mr. Robert Blakely: No. I had the opportunity to meet Mr. McKerlie. It was fairly brief: about a 45-minute meeting. I can't think of anybody more opposite than Dr. Mazza.

Mr. David Zimmer: How do their personalities oppose each other and why is that good?

Mr. Robert Blakely: Ron McKerlie mostly listened in our meeting; that's not what happens in a meeting with Dr. Mazza.

Mr. David Zimmer: That leads me to two final questions. This general idea of improving the transparency of what's going on in the air ambulance service in Ontario—because one of the things that has led us to where we are is that there were all kinds of things going on that lots of people didn't know about and they should have been kept informed and stuff going on behind the scenes and off-the-grid decisions and no paper trails and strange salaries and payments and all of that. What else could we do to achieve this level of transparency so that Ontarians, broadly speaking—whatever they are, whether they're executives or end users—feel that we all know what's going on and that what's going on is fair and right?

Mr. Robert Blakely: It's a good question. I think we're headed in the right direction. It seems to me that there's a bit of a siege mentality at Ornge, understandably. They're afraid to allow information to get out to the public, and that should not be the case.

One of the issues is the aircraft-out-of-service report—we've heard a lot about that: AOSR. That's not public information. That is the dispatch reliability data. That should be out there; the public should be aware of that. There's no reason—

Mr. David Zimmer: Sort of like hospital wait times.

Mr. Robert Blakely: Yes, true, absolutely.

Mr. David Zimmer: I slipped; I missed something that I wanted to ask you. Under your model, when CHC came back and so on, who would be responsible for the maintenance of the helicopters?

Mr. Robert Blakely: Canadian Helicopters, absolutely.

Mr. David Zimmer: You would. Okay. All right, thank you very much. And my colleagues?

The Chair (Mr. Norm Miller): You're at 22 minutes. You can use all your time or you can—

Mrs. Liz Sandals: We can wait until the next round.

The Chair (Mr. Norm Miller): Okay, very good.

Mr. David Zimmer: How much do we have left? Twenty-two?

The Chair (Mr. Norm Miller): No, you have about seven minutes.

Mr. David Zimmer: About seven, okay. Thanks.

The Chair (Mr. Norm Miller): So we'll move to the opposition. Mr. Klees?

Mr. Frank Klees: Thank you, Mr. Blakely. I appreciate you bringing us some very constructive recommendations, and, yes, we have been in touch. The reason, Mr. Blakely, that I took the initiative to get in touch with you is because I thought it would be important for us as a committee to get some context in terms of what the circumstances were prior to Ornge and Chris Mazza's so-called vision and what it's like now. The bottom line is, how are patients being served? That really is the question.

The aircraft-out-of-service reports—you may be aware that I tabled and I spoke to that in the Legislature in one of my questions of the minister. At that time, based on the information that had come to my attention from that report, there were a significant number of hours that—in fact, I think it was, at that time, 1,819 hours of service interruption during a 150-day period. Are you aware of that incident, where I tabled that information?

Mr. Robert Blakely: Absolutely, and in preparation for appearing today, I went through our dispatch reliability to compare, to do a comparative.

Mr. Frank Klees: Would you please share with the committee what that comparison is? Because I think it's important for us to get a sense of that. A lot of the other issues that we're discussing are important, but at the end of the day, it's exactly that. When a call comes in from the dispatch centre and an aircraft is not available, that impacts everything that we're here to talk about. So if you wouldn't mind sharing that comparison, we would ask that you would table that information with the committee.

Mr. Robert Blakely: Again, back to your point, our motto has always been "You ring, we bring." All the patient cares about is showing up.

You said 150 days, 1,800 hours out of service. I'm going to assume that that was for the eight front-line helicopters, because that's the data that I have.

Mr. Frank Klees: Yes, it was.

Mr. Robert Blakely: I'm not sure whether it was just aviation reasons or it was no paramedics. If you annualize that—

Mr. Frank Klees: Just for clarification, if I might, it was both.

Mr. Robert Blakely: Okay.

Mr. Frank Klees: There was a combination of either pilots were not available or paramedics were not available.

Mr. Robert Blakely: We keep our data on an annualized basis. I took that 1,800 hours and 150 days, and that works out to 4,400 hours per year. It's actually 4,426 hours per year. Our average dispatch reliability rate would have given us an out-of-service time of a little over 1,900 hours per year. That's including paramedics, when we provided the paramedics. So it's more than double.

Mr. Frank Klees: Let me ask you this: Under that contractual arrangement that you had previously, what would be the consequences to Canadian Helicopters for being out of service for those 1,900 hours?

Mr. Robert Blakely: In the 150-day period? Well, I have to look at two different contract models. One was the contracts we used to have with the Ontario Ministry of Health, and the contract with Ornge. Which one do you want me to—

Mr. Frank Klees: Why don't you tell us about both?

Mr. Robert Blakely: Okay. In the contract with Ornge, we were eligible for a performance bonus. I explained earlier that we were paid a fee. It was a flow-through costing, but we were paid a fee. We were eligible, in that model, for a performance incentive fee of \$200,000 per quarter, so \$800,000 per year.

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Mr. Frank Klees: Which you would have been paid over and above your standard fee.

Mr. Robert Blakely: That's correct. It was to give us the incentive to maintain high service levels. What those hours would represent is, we would not get the fee. So there would be a significant financial impact to the company.

The other thing I have to say to that is that we never lose sight of the fact that it's more than just the dollars, because eventually, in a competitive bid environment, we're coming back, trying to get the work. And we're going to wear this record. So with that kind of service record, I can guarantee you we would not get another contract. That would weigh even more heavily with us as the operator.

The other thing we can't lose sight of is the patients. No offence meant, but I don't hear a lot of discussion about the actual patients. Any one hour of service interruption can result in a patient death, a negative patient outcome—even one hour of service interruption. So it's an incredible responsibility that we always carry with ourselves: that we have to do everything we can to make sure those aircraft are launch-capable.

Mr. Frank Klees: What was the model under the Ministry of Health scenario?

Mr. Robert Blakely: The Ministry of Health—there was no incentive, but there was a penalty, so there was still a financial impact. We would be very close to a default under a Ministry of Health contract. That would be a material default. I actually brought the last contract we had with the Ministry of Health. I can submit it to the committee to look at. There are certain default clauses in there, but I would see that the ministry could invoke the default clause, and then it's game over.

Mr. Frank Klees: So for every time that a helicopter was not available to launch, what was the specific penalty to Canadian Helicopters under that agreement?

Mr. Robert Blakely: The penalty, during the Ministry of Health contract, was approximately \$500 an hour. So on a 24-hour day, that's \$12,000.

Mr. Frank Klees: Of course, the number of hours or the number of times that a helicopter could not launch under the current model: There isn't a penalty to anyone other than the patient, at the end of the day, who didn't get a call, right?

Mr. Robert Blakely: Yes.

Mr. Frank Klees: I'd like to go back to your comment about your meeting with Mr. McKerlie. When did that meeting take place?

Mr. Robert Blakely: If you don't mind, can I just take a look at my notes here? I'm trying to remember a lot.

We met—when I say “we,” Don Wall is my boss; he's Canadian Helicopters' president and CEO—with Ron McKerlie on Monday, January 30, 2012.

Mr. Frank Klees: And who requested that meeting?

Mr. Robert Blakely: Ron McKerlie did.

Mr. Frank Klees: Can you tell us about the context and what was discussed in the course of that meeting?

Mr. Robert Blakely: Some background: In September 2010, Dr. Mazza informed us that Ornge would not be exercising the extension clause in our contract. We understood that; that's the client's prerogative. We weren't pleased, but so be it.

Then all of the media and the change happened at Ornge. The board left, Dr. Mazza left, Mr. McKerlie was appointed, and a new board. We thought perhaps there was hope that the contract would get extended, and we did read in the media that Ron McKerlie had expressed—I think he was quoted as saying that they were revisiting the internalization of the helicopter operation. So we were a bit hopeful, but the meeting was quite brief. It was less than an hour—about 45 minutes, so very difficult to pack 35 years of experience into a 45-minute meeting. That was the extent of it. He just listened—quite respectful; nice guy. That was on a Monday. On a Tuesday, my boss wrote Ron a letter explaining our position and on Wednesday a notice went up at the bases from Ron saying that they had decided to continue with the internalization process.

Mr. Frank Klees: The result of that was what? Obviously there was a transition that was taking place for the full internalization, which meant that staff that was previously employed by Canadian Helicopters—was

there an agreement that that staff would also come across when this transition took place? When they purchased the helicopters, was that all part and parcel of the arrangement?

Mr. Robert Blakely: No. When Ornge purchased the helicopters, it was upon the commencement of the contract: April 1, 2009. The announcement that Ornge would not extend our contract was September 2010. We immediately entered into discussions with Ornge regarding our workforce, our front-line workers. There are 120, approximately, front-line helicopter pilots and aircraft maintenance engineers. This workforce is unionized and we thought it would be best for all three parties—Canadian Helicopters, Ornge and the workforce—if Ornge recognized, I believe it's called, successor rights. So if you worked for Canadian Helicopters at the Sudbury base one day, the following day you still come to work; your paycheque comes from Ornge. You carry forward your seniority and everything. That's the agreement that was made.

Mr. Frank Klees: And that agreement was honoured? There were no issues there?

Mr. Robert Blakely: Correct. The front-line staff—that's correct.

Mr. Frank Klees: I'd like to deal with the practicality of what you're suggesting. The reason I want to pursue this is that we have had testimony here from a number of people. One of those was Tom Rothfels, who, in speaking to this issue of, “How do we go forward? How do we deal with this?”—his comment specifically was that in the time that he was at Ornge, he came to the conclusion that the core competency just simply is not there in the organization to manage the very complex industry of being the owner, the operator, having responsibility for maintenance, and that this is something that really should not be in-house. He made the suggestion that perhaps one of the models that should be looked at is—I think he said that FedEx works under that model, where FedEx owns the aircraft and then contracts out the operation, which I think is essentially what you're suggesting.

What would the logistics of that be? We've now internalized; we've got all of these employees who have made the transition. How disruptive would this be, or do you see this at a practical level as something that would be doable? You mentioned that Mazza was an excellent salesman. Could you give us a sales pitch here in terms of what the benefits would be and how logistically something like this could be accomplished?

Mr. Robert Blakely: I'm not the sales guy for my company. I'm the behind-the-scenes guy who just makes it all work.

I think the data speaks for itself. All you have to do is look at our service record, our ability to deliver the service at probably the highest level in the world. The workforce would transition back. Getting down to the nitty-gritty, we would accept successor rights for them to come back. I have been in touch with the union representing the workforce, and they would not be disappointed to

come back to work for Canadian Helicopters. I think we heard testimony from Bruce Wade.

Mr. Frank Klees: Yes.

Mr. Robert Blakely: We would re-lease the aircraft, the documents—everything is in place. All that's required is signatures to do. We could probably do it in two weeks, but I don't think that would be smart. I think it should take around four weeks to do from start to finish, where we would then be responsible for the delivery of the helicopter service.

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Mr. Frank Klees: A number of helicopter pilots have left, which obviously leaves Ornge in a predicament, because you don't train up a pilot for an AW139 overnight. Do you have any idea how many of those pilots that were previously employed by you have gone international or somewhere else but they're no longer here and available to us?

Mr. Robert Blakely: Yes. Actually, we've been in discussions with the union because the union also represents our Nova Scotia crew, who of course have a different contract, to remain with us. A couple of weeks ago, we were in negotiations regarding the other contract, and one of the union representatives there was one of the Ontario pilots. We had an off-the-record discussion: "What if?" We call it the Hail Mary pass: "What if the decision came back?" I asked how many of those pilots who have left Ornge would come back. The union's position is: About 80% of the pilots would return.

Mr. Frank Klees: How many pilots does that translate into?

Mr. Robert Blakely: I'm not really sure. I think we'd have to ask Ornge that. I did listen to Jim Feeley's testimony. I think they're short quite a few pilots. It takes 78 to run the system. I think they're probably short, I would guess, seven or eight or nine. But you have to remember that one pilot is pretty important. Each pilot is very, very important. All the front-line staff are very important. But there's no surplus of pilots, so to lose one pilot is an enormous burden on the system which dramatically increases the risk of a service interruption. Also, from a financial perspective, Ornge is paying over \$100,000 on the new aircraft to train each of these pilots. It would be nice to recapture that money and get the people to come back. You don't have to initially train them. They've already got the licence.

Mr. Frank Klees: I'm assuming that a lot of those pilots who have left—when I say "we," through Ornge, the province of Ontario through the Ministry of Health has already paid for that training for those pilots and now they're off in another jurisdiction. As you say, there would be an opportunity to recover that.

I'd like to go to a point that Mr. Zimmer referred to earlier and again to Ms. Gélinas's point. We have a responsibility to ensure that there is value for money in whatever next steps are taken. There is this constant debate about, if you're contracting out to a for-profit company, that profit margin that's there perhaps should be better used internally, and I think one of the arguments

that probably Mr. Mazza made was partially that. I know that in his argument, at one point he stated, when he referred to that broken system, that approximately 70% of flight legs had no patients carried. That was one of the little bricks that he put into his argument. I'd like you to comment on that, just maybe to clarify that argument.

In addition to that, there's always the question of experience and competency and efficiency. As we've seen over the last number of years, we now have paid multi-millions of dollars, and because of a lack of competence and some very bad decision-making at the management level, whether it's the communications centre, where we've got people who were in the wrong place at the wrong time, that's causing frustration to the front-line paramedics and the pilots. What is competency worth and what is experience worth? The issue of whether it's for-profit or not-for-profit isn't nearly as important, I would suggest, as ensuring that we have an efficient service and one that actually meets the needs of the patients. I think that's the other part of the value-for-money equation.

I'd like you to comment on, first of all—because it needs to be cleared up—this 70% of flight legs having no patients. Then I'd like your comment on this issue of the for-profit and not-for-profit companies bidding on this, because right now—and I'd like to suggest to my colleagues that even if there's only one other bid, if Canadian Helicopters were to bid against Ornge on a transparent basis, it would be interesting for us to see what those numbers look like.

Mr. Robert Blakely: Oh, I would love to bid against Ornge. But back to your comment on 70% of flight legs: Again, as I said before, Dr. Mazza is a brilliant, brilliant salesman. He stated that 70% of the flight legs had no patient on board, and everyone was horrified. Here we go: "The system's broken." You have to look at how we fly. The helicopter is based in Sudbury. It goes to get a patient—no patient on board, first leg. It picks the patient up and flies the patient down to Sudbury hospital, so there's a leg with a patient carried. It goes back to base. So there are three legs, of which only one has a patient carried. At the very minimum, 67% of the flight legs have no patient carried. It's like saying that for our fire department here in Toronto, 50% of the calls that the trucks go on aren't to an emergency. Yes; they're going back to the fire hall. So that's a way Dr. Mazza brilliantly has taken a data point and used it to show the system is broken.

It actually gets better, because if we do a team transport for a neonate, it's four legs. We actually go to get the team at the hospital—no patient; take the team out to the sending hospital—no patient; come back to the receiving hospital with the patient; then back to base. There are four legs, of which only one of those legs has a patient on board, so 75%, but that's how the system works. There's nothing to fix.

Mr. Frank Klees: I assume it's no different now under the Ornge—

Mr. Robert Blakely: It can't be. Unless we're staging patients along the route, you can't do that.

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

The Chair (Mr. Norm Miller): You're at 22 minutes and 29.

Mr. Frank Klees: I'd like to just talk about this issue of the competitive environment, because we had a couple of people try to justify the internalization. They actually referred to the pre-Ornge structure as a monopoly; that, I guess in that case, it was you—that is, Canadian Helicopters—that had a monopoly. I found that somewhat strange because what essentially has happened now is that we have created a monopoly. There is no competitive bidding for anything. We now have two for-profit companies that still exist under the Mazza scheme. The one for-profit company owns all the aircraft. The other for-profit company employs all of the pilots and other staff. Those are the for-profit companies. There's no bidding anywhere that goes on. There's no bidding process, no comparison of cost efficiency, from anyone outside.

At the very least, it would seem to me that it would make sense that Mr. McKerlie and the current board consider very seriously this issue of transparency that Mr. Zimmer referred to previously, and that is, let's have an open, competitive bidding process. Let's see where Ornge comes in on that, and let's see who else comes to the table, and compare the bottom line. Is that something that would make sense?

You mentioned that there are a number of other companies. I think it would be helpful for us—I don't want you to give a commercial to your competitors, but could you give us the names of some of these other companies that are within our jurisdiction and, in your opinion, may or may not want to come forward to bid?

Mr. Robert Blakely: Oh, absolutely. The operator in British Columbia, who, as I said, we bid against recently—two years ago—is HeliJet. Another very capable company would be Cougar Helicopters.

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Mrs. Liz Sandals: And where are they?

Mr. Robert Blakely: Well, again, as helicopter companies—we, as Canadian, operate in New Zealand, Australia, Afghanistan. So to say Cougar's base has a head office in Halifax, I don't think that's—we're nationwide, all of us.

Mr. Frank Klees: So the same thing would be true if it was one of these other companies who wins the bid. The pilots who are currently there would transition and simply work for the other company.

Mr. Robert Blakely: Those who choose to go—

Mr. Frank Klees: Those who choose to go?

Mr. Robert Blakely: —to work for the company. That's correct. And the aircraft maintenance engineers.

Mr. Frank Klees: Thank you. Chair.

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

M^{me} France Gélinas: I want to take you back to when Canadian Helicopters still had the contract and the new delayed-launch policy was implemented. I'm guessing that must have been a busy water cooler discussion at the

time, if not higher up. What are some of the processes you had in place to voice your opinion of that?

Mr. Robert Blakely: We—"we" meaning Canadian Helicopters—have been bound by a very, very strict confidentiality agreement with Ornge. As we've probably heard evidence from previous witnesses, Ornge was very quick to what I'll call "lawyer-up." We were put on notice that we were to speak to no one about any of the goings-on at Ornge. We abided by that restriction.

You've heard other witnesses say that complaints fell on deaf ears. No one in Ornge was listening and it was very, very, very disturbing for the front-line crews, this policy.

M^{me} France Gélinas: So in order to secure a \$34-million contract with Ornge, you had to sign a confidentiality agreement that meant: "It doesn't matter what you find out about us, you cannot talk to anyone"?

Mr. Robert Blakely: I'll give you an example of what happened. The AW139 stretcher configuration: We knew about it from day one, that it was a problem. In Sudbury, it was the first aircraft introduced. We couldn't say anything to anyone. I was contacted by the Ministry of Health investigations branch—I have some notes here I can produce later—and I actually contacted our corporate lawyer and said, "Can I speak to them? This is the Ministry of Health investigations branch." Her words to me were, after reading the confidentiality agreement, "Wait until you're compelled." In other words, make them force you to come. I felt terrible about that. So in spite of our lawyer's recommendation to wait until I was compelled, I went and met with the investigations branch. I was shocked to know at that time that they had no idea about this stretcher issue at all. But that's another issue.

It's a very, very strict confidentiality agreement. I know it's waived for speaking here, but actually, I believe it survives, so we're still bound by it.

M^{me} France Gélinas: Some of the pilots who blew the whistle on Ornge knew that they were putting their job and your contract in jeopardy when they came and talked to us?

Mr. Robert Blakely: Yes.

M^{me} France Gélinas: So everybody within Canadian Helicopters—I never had any maintenance come to me, but I've had pilots. Anybody within Canadian Helicopters knew that they were not to talk about anything at Ornge?

Mr. Robert Blakely: The policy within Canadian Helicopters is, if you have a complaint, come to me. And complaints did come to me.

M^{me} France Gélinas: And the complaints did come to you. What kind of complaints did you get, first of all, with the delayed-launch policy?

Mr. Robert Blakely: Well, if we could talk about that a little bit, one of the questions I was asked by the Ministry of Health investigators was—they had been provided with data by Ornge showing that approximately 4,000 flights per year were cancelled after takeoff, which is a serious problem because the aircraft—not only is it tied up, but there's a cost associated with that. They asked me

my thoughts on that, and I thought, “Wait a second; these are only scene calls that we’re talking about, not inter-hospital transfers. We only do 5,000 flights a year.”

M^{me} France Gélinas: Yes.

Mr. Robert Blakely: That number is impossible. So I went through our own database and it wasn’t even close. The number of calls that were scene calls that were cancelled after takeoff was 200 or 300, not 4,000. Again, it was this whole sales pitch to everyone that the system’s broken, and it wasn’t true.

M^{me} France Gélinas: How often did the ministry come to you to ask you information as to how things were doing?

Mr. Robert Blakely: Never. Other than when I was first approached by the ministry regarding their investigation into the inability to do CPR in the AW139, not at all.

M^{me} France Gélinas: And that would have been in the fall of 2011?

Mr. Robert Blakely: I’d have to check my notes but it—yes. Yes, it was.

M^{me} France Gélinas: The new helicopter came to Sudbury—I’m going by memory, but I remember. It was a big deal. We were getting a new helicopter. I think it came to us in 2009.

Mr. Robert Blakely: No, the helicopter showed up in December 2010.

M^{me} France Gélinas: It was 2010; you’re right.

Mr. Robert Blakely: Here it is. November 12, 2010—and I can submit these notes, if you’d like—is when it first showed up in Sudbury. Immediately, I got calls from our front-line crew saying, “There’s a problem with this. I don’t think the paramedics can do CPR.” No, I don’t “think”; the paramedics cannot perform CPR.

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

M^{me} France Gélinas: All right. So here you have that information since November 2010. Nobody ever came to ask you what you knew and you did not have an opportunity to share that without losing a \$34-million contract and dealing with the raft of lawyers that Ornge liked to deal with.

Mr. Robert Blakely: We viewed Ornge as a representative of the province. Yes, if you characterize it like that, it makes it sound like we were cowards. But we entered into our contract with Ornge in good faith and we respected the contract. We felt that they were informing the Ministry of Health—I thought they were. I was shocked when the Ministry of Health investigators called me and they had just learned of this problem. I thought Ornge had advised them right away. So I had no idea.

M^{me} France Gélinas: So it was an 11-month delay between when you first got a, “Heads up; we have a problem,” to the time when the ministry called you and said, “We think we have an issue.”

Mr. Robert Blakely: Yes. It was October 24, 2011. You’re right; it was 11 months later that the Ministry of Health contacted me.

M^{me} France Gélinas: It’s a bit of a delay. If we were to go back to having private providers do the flying of the

aircraft, how would you correct for that communication piece?

Mr. Robert Blakely: I don’t know. I don’t think that’s my realm of authority. I can say that when we were under contract directly with the Ministry of Health, there was an ongoing dialogue. The emergency health services branch had a manager in charge of all air ambulance operations in the province. I probably spoke to that manager daily. We had a very, very good relationship, and they were very proactive with monitoring us; absolutely.

The Chair (Mr. Norm Miller): Thank you. We’ll move on to the government. Mr. Zimmer.

Mr. David Zimmer: I was taken by your expression. When you described Ornge, you used the expression that they were “all lawyered up.” I practised law for a long time myself. I know exactly what the expression means, but it struck a chord because one of the themes in the chamber during question period and one of the themes at these hearings now that have gone on for quite a long time is that the ministry, the minister and the government all had great, great trouble getting information out of Ornge.

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My colleague opposite for the NDP has, on several occasions, mentioned the great number of freedom-of-information requests that their party had sent—I think it was in the order of 50; anyway, it was a substantial number—and couldn’t get information from the ministry and the ministry was trying to get information from Ornge. There was this underlying theme that Ornge’s lawyers were giving the instructions, “You don’t have to say this. You don’t have to disclose that. You don’t have to do this.” In fact, in an answer to the minister and the minister’s request for information about salary disclosures and information about salary disclosures from the subsidiaries of Ornge’s not-for-profit—the for-profit subsidiaries—the great response was that they don’t have to disclose any of that. Then we find out that Ornge’s lawyers, Fasken’s, ran up 22,000 hours of work, pushing close to \$9 million in fees.

What’s your reaction to why a company like Ornge would, as you say, want to get all lawyered up, and what impediments does that create in the company?

Mr. Robert Blakely: I didn’t mean it as an offensive comment to a lawyer—

Mr. David Zimmer: No, no, no; I understand.

Mr. Robert Blakely: I’ll give you an example—

Mr. David Zimmer: On transparency issues, when a company gets all lawyered up, it doesn’t want to be transparent.

Mr. Robert Blakely: It says it all, I think. I’ll give you an example: When we finalized the negotiations on the services agreement with Ornge, there was some fine-tuning to do in the language. This is normal; we go through that; it’s a fairly lengthy document. On our side, there was my boss, Don Wall, myself, and we use McCarthy’s. We have one lawyer. On the Ornge side, there was an in-house lawyer with Ornge and 11 outside counsel. We would just shake our heads—11.

Mr. David Zimmer: Anyway, with all that high-priced help, you can appreciate the difficulty that the government, the ministry, the minister and others had in getting responsive information from Ornge.

I understand that a number of former CHL staff are now at Ornge: Bob Raymond, Andrew Eaton, Barry Hesketh. They're CHL managers. I understand there are former pilot managers at each of the bases and about 70 former CHL pilots, and a number of aircraft maintenance staff have moved over from CHL to Ornge. Is that the fact?

Mr. Robert Blakely: I can't comment. I would say, yes, that's correct. The majority of the 120 front-line workers elected to continue with their successor rights and take work with Ornge; that's correct.

Mr. David Zimmer: How did that affect the ongoing operations at CHL?

Mr. Robert Blakely: These were people who did nothing but operate the EMS helicopters at the bases. When the bases transferred to Ornge—transitioned from CHL to Ornge—the people went with the bases. So there is no negative impact. It was a sad day, but there was no negative impact.

Mr. David Zimmer: They carried on what they were doing at CHL but now carried on doing the same thing at Ornge?

Mr. Robert Blakely: That's correct.

Mr. David Zimmer: Do you keep in touch with any of those folks?

Mr. Robert Blakely: Oh, I do, yes.

Mr. David Zimmer: What was their take on things at Ornge up to the board and the CEO being replaced? What was their reaction to things under the new regime, the new CEO, the new board and so on?

Mr. Robert Blakely: I think generally, from the people I speak to—and I'm not a spokesperson on behalf of these 120 people—they're pleased with the changes. They're pleased to see Mr. McKerlie there. The new board, however, they're not pleased with.

Mr. David Zimmer: I'm sorry?

Mr. Robert Blakely: I said that they're pleased with all of that, but the majority of them would prefer to work for CHL.

Mr. David Zimmer: All right.

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

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

Mrs. Liz Sandals: We have a minute. Just quickly, this whole business of out of service—I'm not a pilot. My understanding is that aircraft need to have routine maintenance frequently. The pilots in the room could have more intelligence. Is that correct?

Mr. Robert Blakely: That's correct.

Mrs. Liz Sandals: So the helicopters will be taken out of service for routine maintenance, whatever the required air transport schedule is. Does that count as out of service? Because I presume that if you take one out of service at Sudbury for routine maintenance, you dispatch from Timmins or something.

Mr. Robert Blakely: That's a very good question. In Ontario, we have eight front-line helicopters. In the Ministry of Health days—let me put it this way: Prior to the introduction of the new AW139s, we ran with a fleet. Up till 2010, we had eight front-line Sikorskys with three backup Sikorskys. If we had to ground the Sudbury base for maintenance, if Canadian Helicopters was unable to produce one of those three backup helicopters, we would be in penalty. It's not easy to do, because helicopters require a lot of maintenance. There's a lot of thought that has to go into the planning of the maintenance. Also, you face what we called "unscheduled maintenance." Something breaks and you didn't expect it to break.

Mrs. Liz Sandals: Exactly. Well, that was my next question.

Mr. Robert Blakely: Again, it's very, very difficult. It's not a sales pitch, but to maintain this dispatch reliability in excess of 98% is just unheard of in the industry.

Mrs. Liz Sandals: Thank you.

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

Mr. Frank Klees: Thank you. Just to follow up on that, the comparison of Canadian Helicopters' dispatch reliability—that rate was 98%. If we compare that to the experience of Ornge just over the last number of months, their rate would be, as I understand it, somewhere in the range of about 45%. I think that's where the concern is. It goes to the issue of experience and expertise in-house to be able to manage that.

Again, you were aware, for example, of that medical interior problem, which, in the incident reports that we've gone through, caused some significant problems. Is there anything else about the AW139 that we should know, that you have knowledge of, that perhaps Ornge doesn't have knowledge of?

Mr. Robert Blakely: There are two problems with the EMS conversion on that helicopter. One is the stretcher configuration, which everyone is aware of. The other is the weight. The EMS conversion—if we can look at the S-76s, the Sikorskys, it's about the same size in the back of the helicopter, give or take. Weight is absolutely critical, so you have to watch every pound you add to the aircraft to accommodate the EMS systems. In the Sikorsky—again, similar EMS size of aircraft—the EMS conversion is 500 pounds. In the new AW139s, it's over 1,000 pounds. In the world of helicopter pilots, that's profound. That means you can carry 500 pounds less fuel, which does impact the service.

The other big issue with that aircraft is the single-generator-failure issue. In the AW139s, with the current EMS configuration, if a single generator fails in flight, all of the medical systems shut down, including the oxygen. What would normally be an inconvenience for the pilots becomes a life-threatening situation for the patient. It's a ticking time bomb.

Mr. Frank Klees: Are you aware that Ornge is aware of this? Because I haven't heard anything coming from Ornge that this is under review or that they're in the process of resolving that issue.

Mr. Robert Blakely: Absolutely. In the meeting that I spoke about earlier, that Don Wall and I attended with Ron McKerlie in January, I briefed Mr. McKerlie on that.

Mr. Frank Klees: Had he been aware of this?

Mr. Robert Blakely: No, he was not. He told me he was not.

Mr. Frank Klees: Again, I think it goes to the point of having someone manage this who knows something about the industry.

I want to thank you for your presentation. I think it's very helpful to the committee. At the end of the day, the current leadership team at Ornge, the board and Mr. McKerlie, will have to make some decisions on a go-forward basis. I think you've provided us with an alternative, and it's very helpful. I want to thank you.

Mr. Robert Blakely: Thank you.

The Chair (Mr. Norm Miller): Thank you very much for taking the time to come before the committee today. It's appreciated.

We are recessed until 1 o'clock.

The committee recessed from 1200 to 1301.

The Chair (Mr. Norm Miller): Let's call this meeting to order. I believe we have a motion from the NDP to begin with. Ms. Gélinas.

M^{me} France Gélinas: Yes. Basically, I have circulated a document to you, but I will make a few changes, so it would go: Pursuant to the response to the NDP FOI request dated June 2, 2010—and you should all have gotten a copy of the response—I move that, notwithstanding sections 13, 19 and 21 of the act, the 19 records in the legal services branch and the 13 responsive records in the emergency health services branch be distributed to the committee by the end of this month.

The Chair (Mr. Norm Miller): Any discussion?

M^{me} France Gélinas: The reason I think it would be good is that we have a little bit of "she said, I say." I think that those records showed how much Dr. Mazza was being compensated. If it didn't, then it would clear the air that nobody had had access to what Mr. Mazza's compensation was and did not have that information until later on. I think it would be an opportunity to clear the air.

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

OFFICE OF THE INTEGRITY
COMMISSIONER OF ONTARIO

The Chair (Mr. Norm Miller): Our first witness this afternoon is the Integrity Commissioner and Lobbyists Registrar, Lynn Morrison. I'd like to welcome Lynn, Ms. Morrison, to the committee. If your counsel could also state for the record her name?

Ms. Valerie Jepson: Yes, thank you. My name is Valerie Jepson. I'm counsel at the Office of the Integrity Commissioner.

The Chair (Mr. Norm Miller): Thank you, and for your counsel, I guess we have a witness oath or affirmation, whichever you prefer.

Ms. Valerie Jepson: Yes. I'm happy to swear on the Bible.

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

Ms. Valerie Jepson: I do.

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

The Chair (Mr. Norm Miller): Very well. Welcome, and you can take some time if you'd like to make a brief opening statement and then we'll move to the parties for questioning.

Ms. Lynn Morrison: Thank you, Mr. Chair. I'd like to thank the members of the committee for the opportunity to appear before you today. I have been following the work of this committee and, in particular, those issues that link closely to the work of my office.

My remarks today will cover four areas:

(1) I will speak about my role as Lobbyists Registrar.

(2) I will address an advisory opinion regarding Mr. Alfred Apps.

(3) I will touch on the ethical rules for ministers' staff, as well as the disclosure-of-wrongdoing framework, otherwise known as whistle-blowing, that exists for public servants in Ontario; and

(4) I will offer suggestions of how the Lobbyists Registration Act could be amended to improve compliance.

As you have seen, I have with me today Valerie Jepson, counsel at the Office of the Integrity Commissioner. She's here to assist me in responding to specific questions about the work of my office and the legislation that forms our mandates.

I anticipate that committee members may have questions about these pieces of legislation, as well as whether certain individuals involved with Ornge were following the rules. I am happy to provide explanations to clarify the legislation and the rules. As Integrity Commissioner and Lobbyists Registrar, I will provide an opinion only when I have had an opportunity to review all the facts and preferably after hearing what the parties involved have to say. As such, my comments will be limited to the one advisory opinion I have issued with regard to lobbying on behalf of Ornge.

I will begin with my role as Lobbyists Registrar. My office has maintained the lobbyists' registry since 1999 under the mandate provided in the Lobbyists Registration Act. The act is based on the principles that lobbying is a legitimate activity and the public has a right to know who is lobbying whom about what. I have provided the committee with a document that summarizes the main components of the legislation as well as the definition of lobbying, and that can be found under tab 1.

As I said, lobbying is a legitimate activity. Lobbyists play an important role in government policy-making, and elected officials and public servants benefit from the information provided by various types of organizations

and entities. Under the legislation, an individual is required to register when they receive payment for lobbying. Lobbying is defined as communicating with a public office-holder in an attempt to influence government activities.

In addition, a consultant lobbyist must register if he or she arranges a meeting with a public office-holder or communicates in an attempt to influence the awarding of a contract on behalf of a client. Having a registration on the lobbyists' registry is not punitive. It promotes transparency and accountability in the interactions between the public sector and private interests.

My job is to receive and review all registrations, and ensure my office maintains a transparent database of information that is readily available to the public. I work hard to ensure that registrations clearly articulate the lobbying activity, and if they do, I approve the registrations myself for posting to the public registry. I also provide advice to lobbyists on my interpretation of the legislation. As Lobbyists Registrar, I have no investigative or enforcement powers. There are offence provisions in the act, including a fine of up to \$25,000, which can only be enforced by the police. This has never happened.

I would now like to address the materials I provided to the committee in April and which can be found at tabs 2 to 8 of the booklets I have provided. My letter to the clerk is at tab 2.

On January 13, I was asked by Fasken Martineau to provide an advisory opinion about a number of emails that Alfred Apps sent on behalf of Ornge in December 2010. You will find these at tab 3. I reviewed the materials and concluded that Mr. Apps was engaged in lobbying as a consultant lobbyist as defined by the act. The emails clearly showed him arranging a meeting between his client, Ornge, and public office-holders. I remind the committee that the act requires consultant lobbyists to register if they undertake to arrange a meeting between a public office-holder and any other person.

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On February 3, I provided an opinion to Martin Denyes, managing partner at Fasken's, and also sent a copy to Mr. Apps. These can be found at tabs 4 and 5. In doing this, I had to consider the issue of compliance. As Lobbyists Registrar, my work has been focused on educating lobbyists and the public. In the case of Mr. Apps, the events in question took place more than a year before they were brought to my attention. There is no mechanism to file a registration retroactively.

In light of this and my efforts to educate lobbyists, I concluded that I would be satisfied to receive a letter from both Mr. Apps and Fasken Martineau confirming that they understood my opinion. I received this confirmation from Fasken Martineau in late February. Fasken's response is at tab 7.

I received a letter from Mr. Apps on February 10 in which he confirmed his understanding and acceptance of the opinion and also asked me to revisit my opinion in consideration of additional information he provided. This is at tab 6. I reviewed this additional information, and my

original opinion was unchanged. I informed Mr. Apps of this, and you'll find that letter at tab 8.

To me, the intent of the legislation is that registration is required when an individual undertakes any activity that is defined as lobbying and does so on behalf of a client who is paying them. There is no benefit to accountability or transparency if registration can be avoided because a time docket was not submitted for a specific email.

Mr. Apps appeared before this committee on April 18, 2012, and stated that he did not lobby. As an officer of the Legislative Assembly, I felt that the committee should be made aware of my advisory opinion and to see the discrepancies between my point of view and that of Mr. Apps. In a letter to my staff on April 23, Mr. Apps further stated his case. In that letter, he stated that he would be providing this information to the committee as well. My opinion remains unchanged.

I would like to now turn to the Public Service of Ontario Act, and I will refer to it as the PSOA. This legislation provides the basis of the ethical conduct, conflict of interest and political activity rules for many types of public servants, including the staff of cabinet ministers. When one leaves their position in a minister's office, he or she cannot lobby their former ministry for 12 months. Other rules exist to protect confidential information and prohibit the seeking of preferential treatment. These rules encourage appropriate ethical behaviour without unfairly restricting future employment prospects.

I have noted that the committee has heard from witnesses who had previously tried to raise the alarm about inappropriate activities taking place at Ornge. There is another component to the PSOA which provides a disclosure-of-wrongdoing framework, establishing mechanisms and protections for public servants for disclosing wrongdoing in the public service. This framework has an internal component where public servants can raise issues with the deputy minister or the head of their agency or public body.

It also has an external component. Public servants can submit a disclosure to my office when they do not believe it is appropriate to disclose internally. In the case of Ornge, my office does not have jurisdiction to receive complaints from employees.

Based on my experience receiving complaints from employees in the Ontario public service, I strongly believe there are benefits to formal processes for addressing whistle-blowing complaints by public servants. This, along with strong protections from reprisal, is a key component of accountability within the public service. This should be considered in relation to the facts surrounding the Ornge matter.

Finally, I would like to speak to my call for a review of the Lobbyists Registration Act, which has not undergone a significant review since it came into force. While the registration system has generally worked well, it is time to modernize the legislation and make it more effective. I have been calling for a thoughtful review of the act, and in May this year I released recommendations

on how I believe the legislation can be improved. I have included a copy of my recommendations at tab 9.

I welcome the government's proposals to amend Ontario's legislation, and I look forward to an opportunity to participate in the discussion with all stakeholders.

I would like to emphasize that Ontario has a strong framework of accountability and ethical-conduct legislation. It is time to build on that framework to ensure that Ontario regains its place as a leader in the area of lobbyist registration.

I trust that my remarks are of assistance to you, and I am happy to answer any questions you may have. Thank you.

The Chair (Mr. Norm Miller): Thank you for that. We will go to the government members first. Ms. Sandals.

Mrs. Liz Sandals: Good afternoon, Ms. Morrison, and thank you for appearing today, and thank you for your introductory remarks, because that helps very much set the context of your appearance here today.

All of us on the committee, as MPPs, of course—I find it odd to call you Ms. Morrison, because I usually say, “Hi, Lynn”—we all get to visit you annually and have a little chat, so this is a more formal venue in which to have a little chat.

Certainly, as you're aware, because you've obviously been following really closely, the committee has had—I think we're up to 70 hours of testimony now and about 600 pages of Hansard, tens of thousands of documents. I think just yesterday we got 33,000 documents from the Ministry of Finance.

At any rate, one of the issues that has come up, as you've clearly outlined in the material that you've provided for us, is this whole issue of lobbying and the registration of lobbying and appropriate activity of lobbying. Obviously, you've raised issues with Mr. Apps specifically, and there may be some other issues at Fasken's as well, as things unfold.

We've certainly also, in the course of the testimony, heard from a gentleman by the name of Kelly Mitchell, who was at a government relations firm, Pathway Group, had a past history with the Conservative Party, and had also acted, I think, for the members for Parry Sound–Muskoka and Whitby–Oshawa, but at any rate—so political as well as lobbying involvement. He was serving on the board of Ornge at the same time. In fact, he actually ended up having a contract as a government relations person at the same time as he was serving on the board, which is perhaps beyond your purview but was a bit of an odd situation.

You mentioned at the end of your remarks—and you've provided us a copy of your recommendations around the lobbying act. But I wonder if we could maybe look at some of the proposals that have just been announced in terms of the lobbying registration, the proposals to amend the Lobbyists Registration Act.

I think that most of the reforms that are in the act are reforms that derive from the recommendations that you've made. Is that a correct observation?

Ms. Lynn Morrison: Yes, it is.

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Mrs. Liz Sandals: It is? And actually, I agree with your introductory statement that being a lobbyist isn't a bad thing. As you know, at one point I was actually registered as a lobbyist because I was the president of the Ontario Public School Boards' Association. In that capacity—we didn't have a paid lobbyist—the president was the lobbyist-in-chief. During the period in which I was president, I had to register. So, as I say, I've got nothing against lobbyists because I once had to register as one.

Certainly, from my point of view it was clear that part of my job was to lobby. It was there for the record. That was very public, and there was nothing wrong with what I was doing because that was part of my function as president of an organization. I agree with your analysis that lobbying is fine but you need to be open and above board about it.

If we could go through some of the amendments that have been proposed, maybe, and get your reaction about: How does that help you do your work in ensuring that lobbying is open, above board and follows the rules? One of the ones—you've mentioned this in your remarks, I think—is increasing the maximum fine for an offence from \$25,000 to \$100,000. It would be up to \$25,000 for the first offence and up to \$100,000 for subsequent offences. If you could give us—and if counsel wants to chime in, that's fine too—a bit of a comment on how that would assist you in your work to have a higher fine.

Ms. Lynn Morrison: I think it's fair to say that because I have no investigative powers, I have no power to issue penalties. That's the first thing that is important to understand. I have asked for certain penalties; absolutely. The \$100,000 refers more to a conviction—not for me to impose but would be on conviction. The powers that I'm looking for, more specifically, are the ability to issue reports; compel testimony; issue, perhaps, administrative monetary penalties and things of that nature. But I think that increasing the penalty seems to be a trend in Canada and I think it also helps in the compliance—that people will take this more seriously.

Mrs. Liz Sandals: Because should something happen that would attract a penalty, then the penalty would be higher; it is high enough that it's not just a cost of doing business. Is that the idea?

Ms. Lynn Morrison: I suppose that's one way of putting it, but again, before anything would be referred to the authorities I'd have to balance that out as to the seriousness of the offence, because I want to do what makes sense.

Mrs. Liz Sandals: That probably feeds into one of the other changes that is proposed, which is providing the registrar with the ability to impose a penalty following an investigation and a finding of non-compliance, which would be a new power. Then, there would also, as you

mentioned, continue to be the availability of a fine upon conviction. The penalties would be a prohibition of lobbying for up to two years and publicly disclosing information about violations of the act.

Is that in line with what you were looking for, and again, a bit about the significance of you having the ability to do something on your own without the conviction.

Ms. Lynn Morrison: If you're going to have investigative powers you should have the power to issue reports and you should have the power to issue a penalty. Before you issue that penalty, you consider the seriousness of the offence. Is it an error made in good faith? Is it a repeat error or lack of registering, a repeating offence? You have to look at the facts of the case and then make a determination at that time.

I haven't seen, obviously, the legislation the government is proposing to bring forward, and I look forward to that. Even if I did get those, I think that we would be establishing certain criteria for each of those penalties to provide us with some guidance.

Mrs. Liz Sandals: So you would be either creating or looking for a template as to what sort of a finding elicits what sort of penalty. Is that what you're sort of envisioning?

Ms. Lynn Morrison: Sort of, but it's really hard to tell until such time as I've got something before me that I am considering.

Mrs. Liz Sandals: Thank you. And then, I take it that there is a proposal for some other additional powers. One would be to provide you with the power to investigate possible violations of the act, and you've mentioned that a couple of times. I actually didn't realize you didn't have the power to investigate. If you don't have the power to investigate right now, what is it you can do? And then, in contrast, what would this mean? I honestly assumed you could investigate.

Ms. Lynn Morrison: No, I cannot. You know, despite that ability not to be able to investigate, I have taken it upon myself to spend my energy on trying to educate our stakeholders and to encourage compliance. I think, to me, that has been the most important thing that I could do without anything else, without the ability to investigate. In fact, when I do hear of a potential breach—and there are not many of them—I take the opportunity to educate both parties and, believe it or not, even the complainant could use some education; they don't understand the act. I try to educate both parties, and the individual or organization accused of not registering—I provide them with all the education I can and ask them for a response after they've reviewed that legislation. Most times, it's a matter of the individual not understanding the provisions of the act or not even realizing it existed, and they will register.

Mrs. Liz Sandals: The correspondence that you actually presented us with here, where you've got the correspondence back and forth with Mr. Apps and with the law firm he was associated with at the time of the incident that prompted all of this—that to-ing and fro-ing

and the correspondence and the opinion and the request for further detail, that's sort of typical, then, if I hear you, of the power you have at the moment, which is this conversation about what are the rules.

Ms. Lynn Morrison: That's right. The only difference is that I don't normally give opinions about past activities. I'm very often giving opinions about future activities of lobbyists. But I felt that this was a good opportunity to educate both Fasken and Mr. Apps and that's why I followed that process. It made sense to me. When I got their assurance in writing that they understood and accepted my opinion, I felt there was no need to proceed any further.

Mrs. Liz Sandals: Because you now had the opportunity to influence future behaviour—

Ms. Lynn Morrison: Yes, and as you'll note from my correspondence, or correspondence, I believe, from Fasken, they indicated that they would be sure that they understood that for the future.

Mrs. Liz Sandals: And then the other power is to specifically include the ability to provide guidance and direction on lobbyists' conduct and also include the ability to develop a code of conduct for lobbyists. Again, is that consistent with your advice? Or how does that affect the work that you do?

Ms. Lynn Morrison: In terms of the code of conduct, I have not called for a code of conduct. However, I'm pleased to see that the government has given me the ability if I feel it's necessary.

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To be honest with you, I'm not convinced a code is the answer. It's really hard to deal with what's appropriate in professionalism. I appreciate the government's offer that I have that jurisdiction, and I'd like to have it and see what happens with any new responsibilities I get under this act.

Mrs. Liz Sandals: So it may be more the individual guidance, given the explicit circumstances, that is ultimately more powerful.

Ms. Lynn Morrison: Well, I can do that now. I have the ability to provide advisory opinions, and I often provide advisory opinions in writing, as we have done with Fasken and Mr. Apps.

Mrs. Liz Sandals: Okay. New rules for lobbyists: Provide a single set of rules to determine whether all in-house lobbyists are required to register and to require all in-house lobbyists to follow the rules currently in place for in-house lobbyists in not-for-profit entities. Again, I think that's consistent with some advice you gave.

Ms. Lynn Morrison: It is.

Mrs. Liz Sandals: And does that simplify the rules?

Ms. Lynn Morrison: Yes, I think it does. Perhaps I can just describe what an in-house lobbyist is. There's an in-house lobbyist for for-profit companies and an in-house lobbyist for not-for-profits. The in-house lobbyist for for-profit companies, perhaps your pharmaceutical companies—each employee who is paid must register if they spend 20% of their time, a significant part of their

duties, lobbying the provincial government. So for every individual lobbying, they must have a registration.

In-house not-for-profit: In your particular situation, the requirement is that the most senior paid officer of that organization must register and then they list those in the employ of that organization who are lobbying. So you've just got one registration. To me, it makes sense that they should all be on the same playing field, have one registration for each organization or company, and then list those within that organization who are lobbying. I think it provides more transparency, because right now if an employee of a for-profit company might make a couple of phone calls, they're not required to register.

Having said that, I have to say that it's my sense that a good many in-house organizations and we call them persons and partnerships, the for-profits, register, even though they don't meet that 20%. They do it out of an abundance of caution.

Mrs. Liz Sandals: That was certainly always the attitude that we took when I was registering. As the president, I was the person whose name was there, but for all the other listed people, it wasn't, "Were they going to meet some threshold?" It was simply, "Here's everybody who might be called on to lobby," and we probably listed the entire executive and the senior staff at the organization. They might, so why worry about thresholds? That makes sense.

Ms. Lynn Morrison: I encourage that approach to registration. If somebody asks me for an opinion, "Should I register?", and they say, "Well, I don't spend 20% of my time," I'd say, "That's fine. You're not required to, but I encourage you to give it consideration, just to be transparent." There's nothing wrong with being on the registry, and it's very easy to register.

Mrs. Liz Sandals: And then, require lobbyists to identify MPPs, including cabinet ministers, by office, when they are the subject of lobbying. So for example, you would talk about the office of the Minister of Government Services or the office of the MPP for a specific riding.

Ms. Lynn Morrison: Yes, that's right.

Mrs. Liz Sandals: And that would be to, again, identify—ease of identifying the activity?

Ms. Lynn Morrison: It just provides more transparency.

Mrs. Liz Sandals: Okay. Prohibit consultant lobbyists from accepting fees contingent on a particular lobbying outcome.

Ms. Lynn Morrison: That was a government initiative. It was a policy decision.

Mrs. Liz Sandals: Oh, okay. But it would preclude contingency.

Mrs. Liz Sandals: And then prohibit lobbyists from lobbying and providing paid advice at the same time to any ministry or any agency on the same subject matter, and lobbying and providing paid advice at the same time to the same ministry or agency on any subject matter.

Ms. Lynn Morrison: This isn't a new idea. This is something that I do when I am asked to provide an opin-

ion on a non-jurisdictional matter. I'm often asked to provide advice to people who don't really fall within a particular act or don't have anybody to come to, so I try to provide them with some guidance. It makes sense to me. I can see it coming into other provincial legislation. I felt it made sense, and it again clarifies and strengthens the legislation.

Mrs. Liz Sandals: Chair, how much time do I have left?

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

Mrs. Liz Sandals: Okay, in the first—

The Chair (Mr. Norm Miller): —in total.

Mrs. Liz Sandals: In total. Okay, I'll set aside some time then. Thank you.

The Chair (Mr. Norm Miller): Okay, very well. Then we shall move to the opposition. Mr. Klees?

Mr. Frank Klees: Thank you, Chair. I will call you "Commissioner," because that's what I call you. I want to thank you for the work you do generally, and I want to thank you for your initiative in dealing with this lobbying issue.

You can imagine, of course, those of us in this committee when we were sitting in that meeting on April 18 and this exchange was taking place that you've referenced here in your presentation between myself and Mr. Apps.

My question to you now is this: Given the legislation, as it sits today, what next step is available to me, as a member of provincial Parliament, confronted with the fact that we had a witness who gave contrary evidence, who gave evidence that he was not lobbying? Clearly, I think there isn't anyone in this committee who would have agreed with him based on what we saw. We then have a confirmation from you in extensive correspondence saying, "Yes, you did lobby." I'm assuming that Mr. Apps still contends that he did not.

So here we have this situation. I'm sure the public is probably wondering the same thing. We had an individual, in a very high-profile case before the public accounts committee, clearly in contravention of the lobbyist act, who has had this debate with the commissioner. What's to be done? I think there's a cynicism out there that says, "Well, everybody gets away with everything." What are the next steps?

Ms. Lynn Morrison: I think, first of all, that's for the committee to decide. I am not a gatekeeper of lobbyists' conduct if it's inappropriate. I think it's fair to say that if anybody wanted to bring something to the attention of the authorities, they're entitled to do so.

Mr. Frank Klees: You know, in the same way that Ms. Sandals earlier said she wasn't aware that you don't have investigative powers, I think the public would join with that sentiment to say, "Why do we have a commissioner or a registrar, why do we have an act, why are there rules, if all they mean is that you might get your finger slapped at some point? There might be a little bit of embarrassment for someone."

I somehow doubt that Mr. Apps is embarrassed about anything at this point because his boldness in terms of challenging you in such a public way was confounding to me. I would have thought that there would be some contrition, but there isn't.

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In the interest of giving some reassurance to the public that we actually have some rules in place by which we have to conduct ourselves, lawyers have to conduct themselves, consultants, lobbyists, that they mean something, my question to you is: What, in your opinion, would it take? We're looking at a review of the act, and I saw what the government has said they're willing to do. I don't see that any of the changes that are being proposed at this point by the government, of what I've seen, would address the issue that I'm attempting to get at here, and that is to put some teeth into legislation that individuals like Alf Apps could not simply take for granted that he could simply walk away from this and go on to the next file, and even pay a financial penalty. The issue of fines is, in many ways, just simply, for some people, a cost of doing business. If you're billing \$9 million in legal fees, you can easily pay \$100,000 in fines. At the end of the day, it will probably be a tax write-off.

My question is: If the government is serious about doing something about this, particularly against the back-drop of this scandal that we're dealing with in this committee, what recommendation do you have for us that would make this legislation actually work?

Ms. Lynn Morrison: Mr. Klees, I think that my recommendations will contribute to making it work. I think it's fair to say that my request, for example, to make reports public can be very damaging to a lobbyist. Let's face it: The only sure thing we have is our reputation, and that's pretty precious to all of us. If I were to issue a negative report against a lobbyist, how would you, as members of a government or opposition, feel about that individual? How would the public feel about that individual? I think that's something to give some thought to. In the worst-case scenario, if I have the powers to investigate and I decide, at the end of the day, that this is a serious matter, then I've got the right to refer it to the authorities.

I have an example in front of me, yes, but I did what I thought made sense. The committee was looking into matters regarding Ornge and this issue came up before the committee. I felt that both Fasken's and Mr. Apps understood and accepted my opinion and I felt that there was nothing more to do. A lesson had been learned. It had happened a year before. There was no evidence that it was continuing. I felt I did the right thing.

Absolutely, I got concerned when I heard Mr. Apps's testimony, and that's why I provided you with this material. You were looking into it; I felt it was best in your hands. But I do think that my recommendations would go a long way towards your concerns.

Mr. Frank Klees: Have you had an indication from the government that they will accept your recommendations?

Ms. Lynn Morrison: I've only seen the announcement of what came out recently, but I am looking forward to seeing the proposed legislation.

Mr. Frank Klees: Has anyone from the government met with you to discuss draft legislation?

Ms. Lynn Morrison: We have met just to talk about the overall recommendations to ensure that they understood what we were asking for, but I have not had that opportunity to discuss any legislation.

Mr. Frank Klees: Who did you meet with from the government?

Ms. Valerie Jepson: The minister, Mr. Takhar.

Ms. Lynn Morrison: And his staff—Minister Takhar and his chief of staff and the deputy minister.

Mr. Frank Klees: Okay, thank you.

Ms. Lynn Morrison: Catherine Brown.

Mr. Frank Klees: I'd like to just ask you your opinion on whistle-blower protection. The government has included a reference to whistle-blower protection in Bill 50. This is the legislation that's being proposed in response to the Ornge situation. Have you had a chance to see that legislation and look at that whistle-blower protection clause?

Ms. Lynn Morrison: No, I have not. I'm sorry.

Mr. Frank Klees: I would ask you to do that, if you could.

Ms. Lynn Morrison: I will.

Mr. Frank Klees: Our concern with that clause is that, like so many things, unfortunately, when it comes to legislation, it sounds good but has very little efficacy in terms of actually giving the kind of freedom to employees or staff or the public to come forward. It's very restrictive in terms of who individuals could go to. In fact, that particular clause relating to the whistle-blower protection in Bill 50 actually restricts people from going to the very individuals whom they've gone to in the past who shut down the information.

Our view is that that should be considerably broadened. We would appreciate your input and your advice as to what you think might be an appropriate amendment to improve that particular aspect of that legislation, if you're willing to do that.

Ms. Lynn Morrison: If that would be helpful to the committee, I'd be happy to.

I might just point out that the whistle-blowing regime that we have now for the Ontario public service certainly has that internal disclosure process to the deputy minister or the head of the agency, but it also has a provision that if the public office-holder is not comfortable or feels that they can't go to that individual, they then come to our office as an outside office.

Mr. Frank Klees: It's an important issue because quite often, whether it's the director of a department, whether it's the assistant deputy minister or the deputy minister—sometimes the deputy minister is the problem—not that it would ever happen. But I have certainly been told by civil servants, "Look, I can't go to the deputy; that's my issue." So we can profess to have this legislation, but if it doesn't free up the individual to make

their complaint or to get advice, then we're back at square one. We'd appreciate your view on that.

Ms. Lynn Morrison: I'd be happy to take a look at that and provide it to the committee.

Mr. Frank Klees: I'll defer my next questions.

The Chair (Mr. Norm Miller): Okay; very well. We'll move to the NDP. Ms. Gélinas.

M^{me} France Gélinas: It is a pleasure to see you here, Commissioner Morrison.

Ms. Lynn Morrison: Thank you.

M^{me} France Gélinas: We'll call you "Commissioner." You are responsible in front of this Legislature. It's a big job and a big responsibility, and I thank you for taking the time to come and talk to us today.

It's the first time that I see all of the documents that you have presented in front of us, so I have a couple of questions. The first one is: When you received this letter under tab 3 that you gave us, from Mr. Martin Denyes from Fasken Martineau, did they also call you, or you just received this out of the blue?

Ms. Lynn Morrison: No, we just received the letter.

M^{me} France Gélinas: You just received the letter. Have you talked to them since?

Ms. Lynn Morrison: I think there may have been occasion when Ms. Jepson spoke with them.

Ms. Valerie Jepson: I can elaborate. When we got the letter, we weren't sure what the purpose of the letter was. Was it a complaint? Was it a request for an opinion? I did speak to Mr. Denyes. At the end of that tab is a second letter from Mr. Denyes dated January 30, which refers to conversations he and I had confirming that they were seeking an advisory opinion. The purpose was just to procedurally figure out what it was that the request was.

M^{me} France Gélinas: Did he ever share with you as to what brought them to want to have an opinion from the commissioner?

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Ms. Valerie Jepson: No, there was no other information other than what was in this letter, that it had come to their attention and that they were providing it to us.

M^{me} France Gélinas: Okay. So you received this out of the blue. Do you receive things like this often?

Ms. Lynn Morrison: We receive letters requesting an opinion, but sometimes somebody will call first and we ask that they put it in writing, and then we provide the opinion.

M^{me} France Gélinas: But as you said, most of the time when you're asked for an opinion, it is for an activity that is yet to take place?

Ms. Lynn Morrison: That's correct.

M^{me} France Gélinas: Very few are looking back. Was this the first one where you were asked to look back?

Ms. Valerie Jepson: We get a different kind of request sometimes where, as the commissioner was saying before, people will notify us that they think someone is engaged in unregistered lobbying. So that's something that's already happened, and that's when the commissioner will do what she described as, "Go back to the

person; get their explanation; try to educate them." Sometimes it results in a registration.

But no, this was unusual. That was why I phoned to say, "Help us understand what is the purpose of this," and explain to Mr. Denyes that we didn't provide advisory opinions in the past, so it would be up to the commissioner whether or not she wanted to do that. And the letter that the commissioner did send addressed that.

M^{me} France Gélinas: It's on tab 4?

Ms. Valerie Jepson: Tab 4, yes. Thanks.

M^{me} France Gélinas: That's okay.

So we're now on tab 4. You responded to Mr. Denyes and in a three-page letter made it clear that in your opinion, lobbying activity had taken place. Attached to this, you share an interpretation bulletin on your activities that you do to educate. I take it this is something useful.

Ms. Lynn Morrison: I hope so.

M^{me} France Gélinas: Once you read this, it becomes pretty clear. You do the same thing with Mr. Apps. You share with him what has happened, and then the answer. Through all of this, was there any doubt left in your mind that he understood the advice that you had given and he understood that what he had done was lobbying?

Ms. Lynn Morrison: I had no doubt, no. But in terms of him accepting it, I certainly felt that way when I received the letter from him that he had accepted it, and even though he provided further submissions, it didn't change my mind.

M^{me} France Gélinas: Okay. So you do your analysis; you share your opinion that there has been lobbying activity. By the time the new information was shared with you and all this—we're still in February. Then he comes to see us in April. Was this a surprise when you heard him say, "I never lobbied"?

Ms. Lynn Morrison: It was, yes.

M^{me} France Gélinas: In the exchange of correspondence, plus exchange on the phone that your counsel had done for you, you felt that they understood. They also took in the educational piece to learn—we all learn from our mistakes. And then on April 18—can you resolve the disconnect, I guess, for us? How could somebody write to you that they understand and approve, and then come in front of us under oath and say that they never lobbied?

Ms. Lynn Morrison: I can't resolve it for you. I don't understand.

M^{me} France Gélinas: All right. I don't understand either. So then—

Ms. Valerie Jepson: The other piece of information was, when the commissioner provided the—it was six days after she heard the evidence that we provided this information to the committee, all of this material, and we notified Mr. Denyes and Mr. Apps that we were going to do that, just as a courtesy, and Mr. Apps did provide a letter to the committee. It was actually addressed to me, but copied to Mr. Short. It's not in this material, but it appears that he has a different point of view on the interpretation.

M^{me} France Gélinas: Okay. This letter has already been circulated to us. But this new point of view came as a surprise to you after his testimony on April 18?

Ms. Lynn Morrison: I think Mr. Apps was twisting my words in trying to make submissions. It still came down to the fact that Mr. Apps was working as a consultant lobbyist, as defined by the act, in trying to arrange an appointment. It doesn't matter if he was successful. It doesn't matter who looked at the calendar to see when everybody was available. Mr. Apps should have been registered for that activity. His arguments are just twisting my words.

Mr. Jagmeet Singh: Commissioner, I want to thank you for coming in as well. I want to just build on this point. We may discuss this and may make recommendations. We want to hear directly from you, as a commissioner: What is the impact of this? In layman's terms, why do we need to register lobbyists and what is the impact of having someone who is not registered as a lobbyist conduct an activity that is lobbying? What does that mean to the public? What should they take from this?

Ms. Lynn Morrison: Why do we have them register? I think it provides transparency in government. It's certainly the way of the world today. There's nothing wrong with being on the registry. Lobbying is a legitimate activity. Not registering—I don't understand why some people don't feel it's appropriate. If you're not doing anything inappropriate, there's nothing wrong with registering. That's, for me, the bottom line.

M^{me} France Gélinas: All right. So, when my colleague asked, "Shouldn't there be repercussions?"—I would say all of us share the comments that Ms. Sandals shared with you that we all thought you did follow up with this, that you had the powers that you don't have, which you wrote down here as "no authority to prosecute an offence under the act." When you tell us we have to go to the authorities, who are those authorities and who do we go to?

Ms. Lynn Morrison: I would suggest the OPP.

M^{me} France Gélinas: We go and tell the OPP?

Ms. Lynn Morrison: Yes.

M^{me} France Gélinas: I know that you said in your opening comments that this has never been done before.

Ms. Lynn Morrison: No.

M^{me} France Gélinas: Has it been done in other Canadian jurisdictions?

Ms. Lynn Morrison: Federally.

M^{me} France Gélinas: Federally it has been done? Do you have a case in mind that may ring a bell with us?

Ms. Valerie Jepson: At the federal level, the commissioner has much more extensive investigation powers. Federally, the Commissioner of Lobbying has issued a number of reports under their legislation. If the commissioner at the federal level believes that there has been an offence committed, she is required—it is a she federally, also—to refer it to the RCMP. She has made a number of referrals to the RCMP. I believe only one of several has resulted in a charge. I can't remember all the

particulars. I know that there are a lot who are upset about it, because in the one that did result in a charge, the penalty that the lobbyist got was to write an essay or something about why he should have registered. So there's a lot of skepticism around whether or not these penalties are—even the authorities are going to issue penalties. I don't know the circumstances why that—presumably, it was the person's first offence and all kinds of things like that that would normally go into consideration when you're sentencing someone.

There is the other jurisdiction. BC was the same as Ontario until a couple of years ago. The commissioner there had no investigation powers. The commissioner in BC became inundated with requests for enforcement, and the commissioner said, "Look, I don't know what you think is in my act. I don't have that ability." So they've amended the act to include investigation and enforcement powers, then.

In the commissioner's recommendations on the lobbying act, that's what we want. We want something like the BC model, where the commissioner could go and investigate matters, and three types of penalties:

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(1) a public report—I hear what you're saying, that there's skepticism around that, but, as the commissioner said, we think that matters to lobbyists, that a public report would be damaging;

(2) the ability to restrict a lobbyist who has contravened the act from lobbying in the future—we think that would be a helpful penalty;

(3) administrative monetary penalties, because we think that would bring a deterrent effect.

We do think there should be maintained both an offence-type, criminal-type penalty system and an administrative one that we would administer, because we care a lot about lobbying and we want lobbying to be enforced. Is this going to be on the top of the agenda for a police force? Maybe. But at least for us, it would be. So that's why we want the power in our office to carry out penalties. That's what they have in BC.

Mr. Jagmeet Singh: Just to clarify, though, similar to a municipal offence or similar to a highway traffic offence—highway traffic offences are prosecuted by or investigated by police, but they don't result in a criminal record of any sort. So similarly with this—this is a lobby—

Ms. Valerie Jepson: It's a provincial offence.

Mr. Jagmeet Singh: It's a provincial offence.

Ms. Valerie Jepson: Yes.

Mr. Jagmeet Singh: So it would make sense for the OPP to investigate it, and if there's an offence, if there seems to be an offence—sending that material along to the OPP for them to investigate and then lay a charge, if they see fit. It would still not fall underneath the criminal jurisdiction; it would be within the provincial offences.

Ms. Valerie Jepson: Right, and if we had enhanced investigation powers, we would, as any other similar body, be better positioned to assist in providing information to peace officers—in our case, we think the OPP

makes sense—so that they could have a start when we handed over a file, if it came to our attention.

Mr. Jagmeet Singh: So as it stands, without any further action, either by the committee or with the commissioner, there will be no charge laid for a potential, in this case, contravention of the act?

Ms. Valerie Jepson: No—

Ms. Lynn Morrison: Not unless somebody brings it forward to them, and there's no guarantee there either that they will investigate or prosecute.

Mr. Jagmeet Singh: Okay.

M^{me} France Gélinas: In the BC case, does it make any difference who the lobbyist is? We tend to hold lawyers and judges and even police officers to look at the laws with great respect. Do they deal with that in the BC law?

Ms. Valerie Jepson: I don't think that they do.

Ms. Lynn Morrison: I think the bottom line is that they should be treated the same. You look at the offence and then make your determination from there.

M^{me} France Gélinas: Okay. So what is becoming clearer as to how you would like the reform of the existing act to roll out—at the beginning, Ontario was kind of at the forefront. How far behind are we now?

Ms. Lynn Morrison: Way behind, absolutely. It's very public that Guy Giorno, who is an expert in lobbying legislation, particularly across Canada, has indicated we once were a leader and today we're not. We're at the bottom of the list. I identified this some time ago. I was watching other jurisdictions very closely as to what was going on. When I realized that we had to do something, we took a lot of time studying other jurisdictions, talking to my colleagues across Canada: "What works and what doesn't work for you?" That's why it took us some time to put together a package that I felt was well researched, well thought out and it made sense.

M^{me} France Gélinas: This is what you presented to the government to help frame the changes—

Ms. Lynn Morrison: That's right, exactly.

M^{me} France Gélinas: Some of them look like they will be in, some of them won't, but you say that this process is still unfolding and you feel that you're being listened to?

Ms. Lynn Morrison: Yes, I do.

M^{me} France Gélinas: Okay. Very good.

Mr. Jagmeet Singh: My concern is that I think it's important that we look at lobbying and make sure that lobbying is done properly and that it's monitored. I think it's important.

But for the public to care, we need to give them an explanation of why it matters. Instead of me advocating why it's important, I think it would be best coming from the commissioner, so I want to return to this point. What would be the impact of having unregistered lobbyists? What, if any, is the impact of that? What's the negative impact of that? Lobbying is legitimate and it's an activity that we support and we're not against, but why is it important to regulate it so it's done properly, and why is that so important?

That's a two-part question there. One is the unregistered lobbyists and why does that matter; what's the impact of that? The second is: In general, why do we care about lobbying and ensuring that it's done properly?

Ms. Lynn Morrison: First of all, I think it's important for me to put it on the record that I don't think this is a major problem in Ontario. Yes, this is an important case that we're speaking about today, but I don't get a lot of complaints in our office about lobbying activity. In fact, I have found lobbyists to be very co-operative with me.

Unregistered lobbying? It doesn't help the system. People are very skeptical today, anyway. But I think that with our recommendations, I can help to dissuade a lot of that.

The other problem, I suppose, is that the public doesn't understand a lot of my mandates. That's why I've made a concerted effort over the last couple of years to educate, get out into the public and talk to them.

Unregistered lobbying: Yes, I suppose it's going to happen. I just don't think it's a really big problem. But again, if people see that somebody is not registered and they should be and they've got the evidence, they can bring it to me, but I'm limited right now. I'm not the gatekeeper. They're entitled to go to the authorities if they want.

M^{me} France Gélinas: So you don't have a blacklist of people you're keeping an eye on as to—

Ms. Lynn Morrison: I wouldn't say that. I can say that we're doing a lot in terms of that education. We do media scans. We're watching various industries and groups to see—just watching. It may come to our attention that a particular group may need to receive some communication from us, maybe a little education, and we will send some information to them: "It has come to our attention—do you realize this act is in place? You might want to take a look at it."

M^{me} France Gélinas: And it's working well most of the time?

Ms. Lynn Morrison: We continue to get new registrations all the time, yes.

Ms. Valerie Jepson: If you're trying to, for the public, figure out the value in it, I think any member of the public could be able to see that quickly if they went on to the registry. I think people don't realize how much information is on that website. You can have a quick scan, look at the recent registrations.

The commissioner has worked really hard over the last few years to improve the quality of the information in each return. The goal that we have is that we want to make sure that anyone who goes on that registry, no matter who you are, you'll be able to understand what the lobbyist is doing when they're talking to the government: What's their goal?

Mr. Jagmeet Singh: Exactly. Maybe I can just present my opinion. I think it's crucially important, if you meet with someone as an elected official and I don't know that person is a lobbyist—I think that perhaps their concern is a concern of a constituent and they're just raising concerns that might be a concern that maybe

people in the region are concerned about. But if it's a lobbyist, it's important for me to know that, "This is a concern of a particular interest group." There's nothing wrong with that, but it's good for me to know that. This is why I think it's important for us to know who we're dealing with and who each elected official is dealing with.

Ms. Lynn Morrison: Some of you may recall that in our last meeting I encouraged all of you to—and when I meet with ministers' staff, I encourage them to check the registry, but even for you as opposition members, I encourage your staff to look at the registry when they get a call to meet with you. See what they're lobbying about. Then, if they're not on the registry, just raise with them, "You realize there is a lobbyist registration. You may have an obligation to register." You have no obligation to do that, but I think it just helps inform.

M^{me} France Gélinas: Absolutely. I'd like to speak a little bit—I only have a few—

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

M^{me} France Gélinas: —three minutes left—about whistle-blowers. I am starting to understand better what exists for the public service. We're dealing with the Ministry of Health and one of their transfer payments right now, where a review was done by an auditing firm that recommended that they put whistle-blower protection in place. They flatly refused.

I was wondering, does any other jurisdiction—or do you know of any government which, in their accountability agreement—they request all sorts of stuff. The Ministry of Health will—you know, like you have to have insurance for your board. They request you to do a whole bunch of stuff before they transfer money to you.

Would it be reasonable to say, "You should also have whistle-blower protection in place and develop whistle-blower protection that would go beyond the public service to transfer payment agencies"?

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Ms. Lynn Morrison: I think it's a benefit to organizations, but what is really key is that employees have to have trust in their superiors. They have to have confidence in making those disclosures. They have to know that what they're saying means something, that it's important to somebody. It may not result in anything, but they have to feel that somebody is listening. When these disclosures come in, they have to know that it's being treated confidentially but also in a professional manner. They're not going to do it otherwise. There's probably a lot of HR involved in training people, informing them about the process, but most importantly, they need to know that their concerns matter.

M^{me} France Gélinas: In the other provinces and jurisdictions in Canada, is it typical that you go to your supervisor but you also have an option B, that, if you don't have this relationship of trust, you can go to an officer of the Legislature, which is you in this—

Ms. Lynn Morrison: There is legislation in other provinces. Ours is unique. We're the only province where there's an internal process, with the external pro-

cess to our office. Val, you might be able to speak more specifically about the other jurisdictions.

Ms. Valerie Jepson: Yes. Ontario is unique for one reason, but the jurisdictions are common, that there is an internal mechanism and an external mechanism.

A few things about other jurisdictions: It's not in every province. They have it at the federal level, New Brunswick and in the Legislature only in Newfoundland. They have it in Manitoba—

M^{me} France Gélinas: That's okay; I only have three minutes. It's not a memory test.

Ms. Valerie Jepson: I'm just scanning through, but it is common that there is either a senior person like a deputy minister who receives the disclosure, or there's a senior officer designated within the ministry. All of the other provinces do have an officer who can receive the complaint.

M^{me} France Gélinas: And do any of them extend it—

The Chair (Mr. Norm Miller): Sorry, you're out of time.

M^{me} France Gélinas: —beyond the public service? You'll have to name them just—

Ms. Valerie Jepson: I don't know the answer cold on that. I have to check.

M^{me} France Gélinas: Okay. Thank you.

The Chair (Mr. Norm Miller): Thank you. We'll move to the government. You have four minutes left.

Mrs. Liz Sandals: Yes. Thank you very much. I wanted to raise another issue, Commissioner, that has come up, and this is going back quite a ways, because it's 2003 and it goes back to the early days of trying to set up Ornge.

At this point, Chris Mazza was lobbying, working on getting Ornge set up. Tony Clement was the Minister of Health. Chris Mazza had engaged Fasken's, and Tony Clement's wife, Lynne Golding, was lead counsel on the file at Fasken's to convince the ministry to set up Ornge, as it were. The goal, as I say, of this initial engagement was to get the policy approval to create Ornge. Ultimately, that work led to Fasken's, at the time of the auditor's report, making close to \$10 million on this file over the years.

Given that I'm not sure whether it's members' integrity or whether it's lobbyist registration, but if Lynne Golding, while she was acting for Chris Mazza, was to raise this with her husband, Tony Clement, the Minister of Health, is that appropriate?

Ms. Lynn Morrison: I can understand why you're asking this question, but I don't have all the facts and I'm very reluctant to provide an opinion when I don't have all the information.

Mrs. Liz Sandals: And of course we have no knowledge of what private conversation she might have had. The second one we do have more knowledge of, because it's reflected in the billings, which is that Guy Giorno, who was registered as a lobbyist, as you mentioned, and Kevin McCarthy, who were also with the firm—it is recorded that they were meeting with the minister or the minister's staff. Now, given the relationship, is this

appropriate given that the law firm was ultimately in the position to make considerable profit or at least considerable revenue from this file?

Ms. Lynn Morrison: Again, I have to tell you that I don't have all the facts before me and I'm just not prepared to give an opinion. I think you all know that I'm not prepared to provide any opinions on a hypothetical basis. Even though there is some information before this committee, it was asked in the context of your jurisdiction and what you're trying to do, not in terms of what I would be giving an opinion about.

Mrs. Liz Sandals: I appreciate that position, because you're behaving as you should as commissioner.

If we've got a little bit of time, over to Mr. Zimmer.

The Chair (Mr. Norm Miller): Very well. You have a minute, Mr. Zimmer.

Mr. David Zimmer: Okay. I'm just curious: What's your position on various—there are lots of health organizations out there. I don't want to name them, but there's the heart, cancer, Alzheimer's and so on. Often, organizations like that have lobby days and the local representatives from the association also might come around to your constituency office and make a pitch. It's typically for more funding for the organization, whether it's cancer, heart, stroke or anything. How do you deal with—are those people lobbyists or not? They're doing it with the best of intentions. They tend to be community-oriented, but they're making an ask: "Please do this. Have your government do this."

Ms. Lynn Morrison: I think it's important to understand what the different types of lobbyists are. Obviously, those organizations are not-for-profit and the criteria before registering is that the accumulation of activity of all paid employees must meet that 20% threshold, the significant part of duties. We have developed a formula and it equates to about four days a month. That's a lot of lobbying for some of these organizations. If they're recording their time and they get close to that 20%, they should be looking at registering, but they're not required. Having said that, you will find many of those organizations on the registry.

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

Mr. Frank Klees: Commissioner, I've asked to have a copy of Hansard for Wednesday, May 16, handed to you, which I think is being delivered right now. I'm not asking you to make a ruling on this; that's unfair. I would ask you, however, to take this back and, if you would, have a look. When you've had a chance to consider the context of this, I would appreciate you, to the degree that you feel comfortable, giving an opinion in terms of whether lobbying was taking place here.

The reason that I'm drawing your attention to this is because it is another set of—how can I put it?—individuals who were involved here. This particularly refers to Mr. Don Guy, who was a former principal secretary to the Premier. We were going through some of the history of who was lobbying whom at Ornge with Mr. Jacob Blum, who was a senior executive. Mr. Blum swore an

affidavit and delivered to this committee that sworn affidavit, which had his notes of meetings that took place. In this particular discourse, he was referring to a meeting that took place in the presence—and he didn't recall whether it was an in-person meeting or by teleconference, but it was attended by Alfred Apps as well as Don Guy. The outcome of this was that there were some takeaways from that discussion that they were having that Don Guy would undertake to have some discussions with the Ministry of Finance regarding the consolidation issue that was under discussion with Ornge.

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Mr. Guy, when he was here, insisted that he was not lobbying either. There are some technicalities here that I think he may be relying on as well. He insisted that he did not bill Ornge directly, that his billings went through Fasken's. One of the issues that comes out of this is, whether you're billing the client directly or whether you're billing through a third party but nevertheless providing services and benefit to the client, does that somehow circumvent the lobbyist registration or not? Maybe to that technical point, whether it's Mr. Guy or anyone else, I'd be interested in your opinion, if you're prepared to give it, as to whether how you bill, directly or indirectly, somehow allows you to circumvent registration.

Ms. Valerie Jepson: Just in case it helps, we have this, and then you provided a lot of other information that's not in here, but I think there's no issue with providing the answer to your question there. Would that be sufficient to just discharge this issue, maybe?

Mr. Frank Klees: Yes, and everything I've told you is actually in this document.

Ms. Valerie Jepson: Okay.

Mr. Frank Klees: I just didn't want to take the time to read it verbatim. I would ask you to take it back with you. But that particular question, if you wouldn't mind answering that, if you can.

Ms. Lynn Morrison: Certainly. I'd be happy to take a look at it.

Mrs. Liz Sandals: While they're discussing—point of order, Chair: Should they not have Mr. Guy's testimony if they're going to give an opinion? Because Mr. Guy's testimony was quite contradictory to Mr. Blum's.

The Chair (Mr. Norm Miller): We'll just continue with the question, and I'm sure that the Integrity Commissioner will decide if she wishes to give an opinion or look for more information, if she needs more information.

Ms. Valerie Jepson: I think we have to review the request. As the commissioner was saying, the evidence that all the witnesses were providing was evidence to you in carrying out the work that you're doing. I don't think you're asking the commissioner to do a fresh inquiry, so you're asking her to provide an opinion on evidence, her impression of the evidence. I think that's something that we'd have to think hard about, because I don't think that's something that is going to be possible for her to do.

Mr. Frank Klees: Well, I would think that it's no different than the opinion that was rendered with regard to Mr. Alfred Apps.

Ms. Valerie Jepson: That was on the basis of documentary records. There were emails. What you're asking the commissioner to do, I think, is to make a finding of fact, based on evidence that was gathered in the context of this committee.

Mr. Frank Klees: Which we would make available to you.

Ms. Valerie Jepson: If there were findings of fact, maybe that would be the better point. If you had made a finding of fact about these circumstances rather than—as you'll know, there's evidence and then someone is going to make a decision: "What were the facts?" That might be a point when the commissioner could—

Mr. Frank Klees: Sure, and that's fair. I think the findings of fact are that we were presented with testimony here. Mr. Blum presented a sworn affidavit with notes relating to discussions that took place. I think it would be appropriate, unless you suggest we should refer it to the OPP—

Mr. David Zimmer: Point of order, Chair: It's not a finding of fact. The committee hasn't written its report yet. We heard that testimony from various people in this case, Mr. Guy and others—

The Chair (Mr. Norm Miller): You don't have the floor, but I think you're making a valid point. Go ahead, Mr. Klees.

Mr. Frank Klees: I'll leave it with you. This committee still has a great deal of work to do. What I will undertake to do is provide you with information that is now public—documentation. I would appreciate you at least considering providing us with an opinion.

Apart from that—and this has nothing to do with Mr. Guy, other than the fact that he said he billed indirectly—I would ask: Can you tell me now, if someone bills directly or indirectly, does that make a difference as to whether he's considered to be lobbying or not?

Ms. Lynn Morrison: No, it doesn't make a difference. As a matter of fact, you will see some registrations on the registry now where individual A is acting for a particular organization, but there's a further question of: Is there a third party involved in this? That often happens where a consulting firm will hire an independent consultant to deal with that client, so it's a third party situation. It doesn't matter.

Mr. Frank Klees: Okay. In that particular case, coming back to Mr. Apps, if, in fact, Mr. Apps had retained someone else to help him on a particular file, Mr. Apps would have been required to disclose that.

Ms. Lynn Morrison: Yes.

Mr. Frank Klees: I suppose the third person should have registered as well, if, in fact, he was engaged in lobbying.

Ms. Lynn Morrison: Generally, yes.

Mr. Frank Klees: Thank you very much.

I think, in closing my remarks, the key here and the reason that we're having this discussion is exactly what

you said previously, and it's about the issue of transparency. At every turn on this file, the reason that one problem led to many others is because there was a lack of disclosure and a lack of transparency, certainly within Ornge. It seemed the right hand didn't know what the left hand was doing. In the Ministry of Health, there were departments that didn't know what was going on in the next department. The whole issue of transparency—at the end of the day, I don't think we'd be asking questions here about Mr. Apps or Mr. Guy or anyone else if everyone had, in fact, at the very outset, disclosed that they were lobbying.

I enjoy when someone comes to me and says, "We have a proposal. Here's a policy proposal we want to bring forward, and here are the reasons." It's the only way we get informed about what the right thing is to do, and then we make our own decision in terms of whether that is a good public policy or not.

The issue here is transparency and ensuring that all of us are playing on a level playing field.

Again, I want to thank you for your recommendations in terms of changes that you're proposing to this lobby act. We're looking forward to working with the government to ensure that we get it done.

Ms. Lynn Morrison: Thank you.

The Chair (Mr. Norm Miller): Thank you very much, Commissioner and counsel, for coming before the committee today.

MINISTRY OF FINANCE

The Chair (Mr. Norm Miller): Our next witness today is David Schell, manager, risk and assurance services, health audit service team, Ontario internal audit division, Ministry of Finance. Welcome, Mr. Schell.

Just to confirm that you've received the letter giving you information about a witness coming before the committee?

Mr. David Schell: Yes, I have.

The Chair (Mr. Norm Miller): Very well, and would you like to do an oath or affirmation?

Mr. David Schell: Affirmation.

The Chair (Mr. Norm Miller): Very well. Our clerk will do so.

The Clerk of the Committee (Mr. William Short): Mr. Schell, 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. David Schell: Yes, I do.

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

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The Chair (Mr. Norm Miller): Very well. If you'd like to make an opening statement, please feel free to do so.

Mr. David Schell: Good afternoon. My name is David Schell, manager, risk and assurance services, with

the health audit service team, Ontario internal audit division, Ministry of Finance.

For the past seven years, I've managed internal auditing engagements on behalf of the Ministry of Health and Long-Term Care. Thank you to the Chair and members for the opportunity to be here to address the Standing Committee on Public Accounts with respect to the Auditor General's special report, Ornge Air Ambulance and Related Services.

With respect to Ornge, I managed the internal audit engagement, the Review of Air Ambulance and Related Services, contracted out to the accounting firm of Meyers Norris Penny in 2008.

At this time, I would be pleased to answer any questions you may have.

The Chair (Mr. Norm Miller): Very well. The official opposition will go first in this case. Mr. Klees?

Mr. Frank Klees: Yes, thank you, Mr. Chair. Mr. Schell, thank you for being here. We had an opportunity to review the report from Meyers Norris Penny at committee. Did you have an opportunity to observe that or to read the transcripts from that?

Mr. David Schell: Yes, I did.

Mr. Frank Klees: You received a letter from Chris Mazza dated August 27, 2010, in which he referenced this report and gave his—if I can put it this way—sanitized assessment of the report. He said, in his second paragraph—and I'm assuming you've got it. Do you have a copy?

Mr. David Schell: Yes, I do.

Mr. Frank Klees: You've got a copy of the letter, okay. And we all do too, because we received this at committee.

He says, in the second paragraph: "The review concluded that overall Ornge is using provincial grant funding economically, efficiently and for the purposes intended in providing air ambulance and related services for the province. This finding is a reflection of our commitment and success as the operators of one of the largest and most sophisticated transport medicine programs in North America. Ornge is proud of our leadership and approach to the delivery of transport medicine." It's an interesting letter. I read this, and here is Chris Mazza pounding his chest about what a great job they're doing.

Now, we know the rest of the story, and we know that there were some 26 recommendations. There were some issues that were raised that were really quite serious in this report in terms of non-compliance. There was the issue—the flags were raised—about this very complex corporate structure that was being cobbled together. Mr. Schell, I'm assuming that you didn't fall for Chris Mazza's letter here.

Mr. David Schell: Well, his statement about "efficiently" and "economically" that was in the report related to one particular objective in the engagement. There were six other objectives. So perhaps he—I'm not sure of exactly the right words—focused on that one particular conclusion.

Mr. Frank Klees: Well, we've been told that he is a consummate salesman, and I think that marketing came very naturally to him. He's obviously an eternal optimist as well. But that's not your role. Your role in your position is to look below the surface, which is no doubt why this report was originally commissioned. Can you tell us the context in which you retained the services of Meyers Norris Penny to conduct this audit?

Mr. David Schell: Absolutely. It was requested, the engagement, by the ministry, for us to outsource this engagement. I actually drafted the objectives of the engagement for consideration of the ministry. So it was a request. I have a bunch of dates here and timelines that I have. I think they're all accurate; there may be something slightly off, but to the best of my knowledge, they're accurate. I have a date here of May 1, 2008. The health audit service team was requested by the chief administrative officer, who would be Dawn Ogram, to acquire the services of a consulting firm via the internal audit services vendor of record to perform a review of air ambulance-related services. HAST's resources were otherwise engaged. We only have about 15 auditors for a close-to-\$50-billion ministry with 50 classified agencies, approximately, and all the transfer payments we also go to.

Mr. Frank Klees: I'm not interrupting you. If you don't mind, I'll insert from time to time just to get clarification.

The reason that you went outside is that your other investigative teams were otherwise occupied, and so this must have been considered a priority, a pretty important audit for you to be directed to go outside and retain these services.

Mr. David Schell: It's normal for us to go outside. We go outside quite frequently because we don't have the resources. This is not abnormal.

I think there was also, if I'm recalling correctly—it was quite a while ago—the direction from the ministry to go outside, even if we had the resources available. But to my knowledge, back then I don't believe we had the resources available, but I think there was some direction, actually, to go outside as well.

Mr. Frank Klees: Okay, thank you. So you wouldn't mind continuing with your timeline, then?

Mr. David Schell: Yes. So a couple of things happened in between. We wanted to go in rather quickly, and Ornge's CEO, May 9, wanted the engagement deferred. Apparently, they had some staffing problems in the summer. Everybody wasn't available and whatnot.

May 20, 2008, we received information that Ornge intended to create additional corporate entities and we notified the legal services branch. June 4, there's an email from MOHLTC legal services, advice regarding potential creation of other Ornge entities and purchases of new aircraft.

July 11—this is all 2008—CEO and executive lead met with the OPCD to share the draft review plan and scope. We also went over to meet the provincial controller and got his opinion as to potential audit strategy,

potential audit objectives, during the spring, around that period.

I crafted the objectives. There were some 10 objectives at the time. We had normal meetings with the ministry. We had meetings with the board chair and the CEO of Ornge. It was decided by the executive that there would be a separate internal audit engagement and a separate legal review. That wasn't in May 2009; that was in July 2008.

Mr. Frank Klees: July 2008.

Mr. David Schell: Right. About that time.

Mr. Frank Klees: Okay.

Mr. David Schell: I have the draft of the actual finalized objectives, the audit objectives as well as the legal objectives, as of July 2008.

Mr. Frank Klees: Could you table that with the committee, please? I appreciate that.

Mr. David Schell: Yes.

Mr. Frank Klees: Thank you, Mr. Clerk.

I understand that this particular audit was triggered by a discussion that was beginning to take place or was in place relating to the proposed consolidation of Ornge's financials with the government's. Were you privy to those discussions by way of context, by way of background?

Mr. David Schell: The provincial controller invited me and my director over for a meeting, but I believe that was after the decision was made that the consolidation would occur. But he did ask our opinion and we had some of the support that Ornge was putting forward to support their opinion as to why it shouldn't be consolidated. We discussed that with him. He wanted our opinion, even though I think it had happened already, but we had a conversation, and that's when we also had the conversation about potential objectives, potential strategy, what were the best things for the people of Ontario to include in that internal audit engagement.

Mr. Frank Klees: Were you privy to those discussions regarding consolidation leading up to the final decision about—

Mr. David Schell: No, I don't believe so. It was kind of after. I believe it was in the early spring and the decision had been made previously. But he did want to talk to us about it.

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Mr. Frank Klees: Do you recall the reasons given by Ornge as to why they should not be included in that consolidation?

Mr. David Schell: Yes. I reviewed the support that they had put forward in detail—some of it compelling, some of it not. It was a grey issue at the time. However, obviously, the provincial controller made a decision.

Mr. Frank Klees: Can you just highlight for us some of the key reasons that Ornge did not want to be included in the consolidation?

Mr. David Schell: I don't have that detail here.

Mr. Frank Klees: Can you provide that for us?

Mr. David Schell: We have a file about that whole topic, in my office, and I'm sure that would be there, so I could provide it.

Mr. Frank Klees: Okay, I would—

The Chair (Mr. Norm Miller): The auditor would like to comment.

Mr. Jim McCarter: It revolves around the issue of control. If they're considered controlled by the government, then they're basically included in the statements. I would agree that, basically, this was a grey one. But their argument would be along the lines of, "We're not controlled by the government; therefore, it should not be consolidated."

Mr. Frank Klees: All right. Thank you.

I would appreciate receiving a copy of that file, and I would want, Mr. Chair, to ensure that we have all of the documentation in that file. That would include correspondence between the ministry and any records relating to phone calls on this issue, so that we know who was involved in advocating on behalf of Ornge on that. If we could have that undertaking.

Mr. David Schell: Yes, I have some of that.

Mr. Frank Klees: Thank you. Mr. Schell, I'd like to know from you: When you received this audit, what did you do with it?

Mr. David Schell: At what stage?

Mr. Frank Klees: From day one. It was delivered to you. You now have the product.

Mr. David Schell: Are you talking about the draft report or just—

Mr. Frank Klees: Let's start with the draft, because I understand there were stages. The first time that you received a report, do you have the date available?

Mr. David Schell: Yes, I do.

Mr. Frank Klees: What was that?

Mr. David Schell: Just one second. It was in January 2009. I'm just looking for the date.

Mr. Frank Klees: It would have been January 2010?

Mr. David Schell: No, 2009.

Mr. Frank Klees: In 2011?

M^{me} France Gélinas: Nine.

Mr. Frank Klees: Oh, nine. Sorry. Yes, of course.

Mr. David Schell: January 21, 2009: preliminary MNP draft report received by HAST.

Mr. Frank Klees: What did you do with that draft report?

Mr. David Schell: The draft report—I obviously gave it to the ministry after we had a look at it. The ministry had big problems with the factual accuracy of the report.

Mr. Frank Klees: With the factual accuracy?

Mr. David Schell: That's right. One of our responsibilities, obviously, is to make sure the final report is factually accurate.

One of the key components that they thought was factually inaccurate was, the initial report concluded that the emergency health services branch, basically who oversaw the program, was non-compliant with the transfer payment accountability directive, which they took great exception to.

Mr. Frank Klees: So the draft report stated that the emergency health services branch was not in compliance.

Mr. David Schell: I don't know whether it said the branch or the ministry. They were obviously the branch that was responsible for the oversight and compliance with—I could go back to that draft; I don't have it here with me.

Mr. Frank Klees: Okay. Well, it's kind of important—

Mr. David Schell: Yes.

Mr. Frank Klees: —because part of the challenge that we have in this issue is that there's such a lack of transparency in terms of what the role of the ministry was, what the ministry knew and when the ministry knew it. Some of us—well, let me not speak for anyone else on this committee. I have concerns that the Ministry of Health failed far too often in its oversight responsibilities, as defined within the performance agreement. I'm convinced that we wouldn't be here today if, in fact, there had been stronger oversight on the part of the Ministry of Health.

This is very interesting for me that we had a draft report that implicated the emergency health services branch for a lack of compliance, and then the emergency health services branch had an opportunity to clean that report up.

Mr. David Schell: No. They didn't clean the report up, just to put that in proper context. That's not the process. It's quite frequent for audit reports to contain factual inaccuracies. That's quite common, and that's why we forward out draft reports, get their comments. They provided to MNP and ourselves quite a thick document—40, 50 pages; I forget what it was—to support their opinion that they were compliant.

Mr. Frank Klees: Okay. So after they provided their contrary opinion that they were compliant, what did the final report end up looking like?

Mr. David Schell: Actually, the report, as of March 30, 2009—there were quite a few versions of this report. I forget the exact number; it might be seven, eight, nine. At that point, it says that they were compliant.

Mr. Frank Klees: So it went from non-compliance to compliance?

Mr. David Schell: Within a little more than two months.

Mr. Frank Klees: Forgive me for my cynicism. I have to tell you, I already had some concerns about how this report was written because, as I said yesterday, if you just read the headlines, it actually is quite complimentary. When you start digging a little deeper, you have some serious concerns and there are a lot of red flags. Now we're hearing that there were eight versions of this report—

Mr. David Schell: Approximately.

Mr. Frank Klees: —and it went from the emergency health services department or branch being declared non-compliant on a number of issues to the final version, where, somehow miraculously, they were found to be compliant.

Mr. David Schell: It was non-compliant on the big issue of compliance with the directive.

Mr. Frank Klees: But you understand why one would question this?

Mr. David Schell: If I could—

Mr. Frank Klees: Please.

Mr. David Schell: The branch had said that MNP was there very briefly at the branch. They didn't perform an exit meeting, which would be normal. They didn't clear the factual accuracy when the field work exit meeting would have occurred. The branch, for instance, wasn't asked to provide that kind of support. Those are the kinds of things the branch was saying against MNP.

Mr. Frank Klees: Mr. Schell, did you have—and I'm going to move to the final report now. That's what was tabled. That was made public. Did you have a role in analyzing this report?

Mr. David Schell: Absolutely.

Mr. Frank Klees: And did you write a report to anyone? How did you then report to the Ministry of Finance or the Ministry of Health? Did you make any observations, formally, in writing, concerning this report?

Mr. David Schell: We debriefed the executive of the Ministry of Health and Long-Term Care—I have the date—April 3, 2009.

Mr. Frank Klees: April 3, 2009?

Mr. David Schell: Yes. That would be the chief administrative officer, Dawn Ogram; the executive lead, Ruth Hawkins; Malcolm Bates—I believe Malcolm Bates was there, either in person or in teleconference. We went through that report in detail answering their questions.

Mr. Frank Klees: I'm assuming that you would have created a written summary highlighting certain areas of concern.

Mr. David Schell: I'm not sure about that, Mr. Klees. It may have been some rough notes on the report. There were no formal minutes taken, so I'm not sure what detail of that meeting we had.

Mr. Frank Klees: If you wouldn't mind, when you're looking at that other file, checking to see if you have some notes and include that in the documentation you'll provide us.

Mr. David Schell: Yes.

Mr. Frank Klees: To your best recollection, then, in that meeting, what were your conclusions or what did you have to say to these folks at the Ministry of Health?

Mr. David Schell: My director, Ken Flynn, was doing most of the debriefing. I just thought I'd mention that. But I was involved, obviously, as well. We just went through the main concerns in the report, the key draft recommendations, answering their questions about some of those key—it was probably an hour meeting, and we went through quite a bit of detail.

Mr. Frank Klees: Was there any one of these 26 recommendations that stood out particularly, that you spent more time on than another?

Mr. David Schell: Nothing comes to mind off the top of my head, but we obviously took what we considered

the most serious and spent time on those to make sure that they were debriefed properly.

Mr. Frank Klees: Which would have been the most serious that you would have discussed?

Mr. David Schell: I'm just going back to that report that we used for the debriefing. We went through some of the items, for example, the issues at Ornge when they were not in compliance with the PA; there are quite a few things there. I'm starting to recall—they were certainly interested in the foreign currency, the hedging, or the lack of hedging. My director was an expert in that area.

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Mr. Frank Klees: That was related to the bond offering?

Mr. David Schell: Right.

Mr. Frank Klees: Okay. So there was concern expressed there?

Mr. David Schell: Yes, that was one of the big ones there.

Mr. Frank Klees: With regard to that, there was specific reference made to the capital payments that would begin in 2012, escalating to \$7 million a year. Was there any discussion around that?

Mr. David Schell: My director, like I said, was an expert in that area. He went into quite a bit of detail regarding that. I can't say off the top of my head; it was more than three years ago. But I know that topic was discussed in detail.

Mr. Frank Klees: And what else?

Mr. David Schell: Just bear with me one second. The communication—frustration, confusion, conflict, I believe that was mentioned. That was never obviously a good sign.

Mr. Frank Klees: When you say “conflict,” would that be conflict of interest?

Mr. David Schell: No, that was in relation to the communication between the ministry and Ornge.

Mr. Frank Klees: Between the ministry and Ornge.

Mr. David Schell: Right.

Mr. Frank Klees: Okay.

Mr. David Schell: I'm just kind of scanning that draft report at the time. Nothing sticks out in my mind particularly.

Mr. Frank Klees: So you're reading from a document that you used for that debriefing. Is that it?

Mr. David Schell: That's correct.

Mr. Frank Klees: Can you table that document with the committee as well?

Mr. David Schell: Sure.

Mr. Frank Klees: Thank you. Do you know what happened to this report after your debriefing?

Mr. David Schell: As in, for instance—I'm not sure.

Mr. Frank Klees: What action would have—

Mr. David Schell: By the ministry?

Mr. Frank Klees: By the minister.

Mr. David Schell: I don't know.

Mr. Frank Klees: Did you ever hear anything again about this report after your debriefing?

Mr. David Schell: About action taken at that time? Is that what you're—

Mr. Frank Klees: Yes. Was there any further discussion in your branch, in your ministry, with anybody? Did anyone contact you after the fact to clarify? Was there any further discussion?

Mr. David Schell: Well, nothing comes to my mind off the top of my head about further discussion. I mean, obviously, we were still trying to work through the report, and getting it out to Ornge happened months later. We were wanting the ministry to approve us to issue the report to Ornge, which happened a little later. So what they did with their report—I don't specifically remember what might have happened there with that draft report.

Mr. Frank Klees: So the report was with the ministry for how long before the ministry authorized it to be released to Ornge?

Mr. David Schell: I don't know exactly the date that we had their approval, but I know that the date that we sent it to Ornge was around September. I have that date here.

The Chair (Mr. Norm Miller): Mr. Klees, you have about six minutes of your total time left.

Mr. Frank Klees: Okay. Well, in any event—

Mr. David Schell: September 17, 2009.

Mr. Frank Klees: Mr. Schell, as someone involved in internal audits, familiar with these types of reports and knowing what was contained in the report, what would your expectation have been that the Ministry of Health would do with this?

Mr. David Schell: Some entities would take action quickly, to address draft recommendations even, to get ahead of the game, shall we say, before they became final. Others would wait until the final report was received because, especially in a case where there were factual inaccuracies in a report, they might say, “Let's wait until the whole report is cleared for factual accuracy before we take”—because there was quite a bit of disagreement about the factual accuracy. It might be either of those scenarios.

Mr. Frank Klees: Is it fairly chronic that reports—this report cost the government about \$300,000—

Mr. David Schell: Actually, it didn't. That was a mistake yesterday. Ms. Kiel—

Mr. Frank Klees: If you could clarify that for us, then.

Mr. David Schell: This is to my knowledge. I managed the contract. The contract was for \$199,475. The total amount paid out was \$198,495.96, consisting of \$195,475 of professional fees and \$3,020.96 of expenses. MNP had sent me a lot of invoices wanting extra dollars.

Mr. Frank Klees: And you didn't pay them?

Mr. David Schell: No. I wasn't, I suppose, in her good books.

Mr. Frank Klees: Because Ms. Kiel was very definite that there was an uptick of some \$95,000 because of delays.

Mr. David Schell: Yes, I was surprised when she said that yesterday. She wasn't involved in any of the billing.

It was all done with other people at MNP who I dealt with, John Caggianiello and others. I don't think I ever discussed billing with her.

Mr. Frank Klees: If they're watching this, they may come after you for the other \$95,000 when they realize that you didn't pay it.

Mr. David Schell: They're not going to get it.

Mr. Frank Klees: The concern that we have here is that there were so many, particularly in this report, red flags about things that were going on. Would you agree with that?

Mr. David Schell: Yes.

Mr. Frank Klees: And if you would have been at the Ministry of Health, what would you have done with this report?

Mr. David Schell: I'm an internal auditor. I don't want to go there. That's what the ministry's responsibilities are. My responsibilities are to prepare—

Mr. Frank Klees: Well, you did your part. You prepared the report. You pointed out that there were serious concerns. It was then up to the CAO and others in the emergency health services branch to do something about it. The first signal they had was on April 3rd, 2009, that there was a problem. Apparently, this didn't mean enough for them to bring it to the minister's attention, because it wasn't until December 2011 that the minister woke up to the fact that there might be a problem at Ornge. Talk about a communication problem: It wasn't just between Ornge and the Ministry of Health; it was within the Ministry of Health. I'm not sure what it's going to take, Mr. Schell, to convince the minister that she has a serious problem within her ministry. If I was the minister, I would be going to these folks who had this meeting with you on April 3rd, 2009, and say, "Why wasn't I told?" But we may never know the answer to that. I thank you.

The Chair (Mr. Norm Miller): We shall move to the NDP. Ms. Gélinas?

M^{me} France Gélinas: I'm pleased to meet you, Mr. Schell, and thank you for coming. The first question is very much along the same line as Mr. Klees's first question, but the point I don't understand is, how do those requests for the review come to be? I'm not that interested as to why we went outside or inside; I'm more interested as to, why?

Mr. David Schell: The normal audit process is we do audit planning annually. It usually starts around January and concludes—we prepare an audit plan for the ministry's consideration and it's usually tabled in our audit committee around April of every year. We'll go around and interview key directors and most of the executive. We get their thoughts and we also do our risk assessment about what areas—there's around 50 branches in the ministry. Based on risk criteria, we'll develop an audit plan for their consideration. We'll take their input and also engagements that they want for sure included in the audit plan. We'll have some thoughts and we'll get input from them, and they'll have some thoughts. We'll put together a draft plan and we'll

present it at the audit committee for their consideration for approval. And then, in addition to that, throughout the year there's always ad hoc requests. So, something could come up in August aside from the plan and they may want a certain topic looked at, and we'll take it on.

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M^{me} France Gélinas: Would you remember how this one came to be? Was it an ad hoc? Was it from your risk assessment criteria, or did it come from the branch that says, "We'd like you to look at this"?

Mr. David Schell: Yes, that's a good question. I think it was included on the original audit plan that year. I don't have that audit plan with me here today. I think it was. It was right at the start of that fiscal year when they would have requested it, and maybe also the audit committee might have been held in May that year. Therefore, if it was requested May 1, the date that I have—

M^{me} France Gélinas: Okay, so it was not an ad hoc. Can you tell—

Mr. David Schell: I don't think it was an ad hoc.

M^{me} France Gélinas: So can you tell if it came from your risk criteria assessment or if it came from the branch requesting it?

Mr. David Schell: I can't say for sure, but I believe it was a request by the branch, rather than something we had put forward. That's my feeling on that.

M^{me} France Gélinas: Okay. And when the branch requests an audit, do they have to tell you why they want such-and-such a thing audited?

Mr. David Schell: Well, usually, we always seek—the ADM approval has to happen. It's not at the branch level. We insist on the ADM sending us a formal letter saying, "We request this engagement to be performed," and then we'll action that letter.

M^{me} France Gélinas: So for Ornge, did you receive a letter from the ADM?

Mr. David Schell: If it was an ad hoc, we would have. If it was on the original plan, we wouldn't have, because that would have been approved in audit committee as the normal course of business.

M^{me} France Gélinas: Okay, so during the normal course of business, some idea or suspicion arises, and then, once you have your committee, they say, "I pick this one and this one, because something is going on."

Mr. David Schell: Yes. I mean, internal audit is there to help them to meet their business objectives.

M^{me} France Gélinas: How does an audit help one meet business objectives?

Mr. David Schell: Well, we'll draft objectives and scope for things that they would like looked at. We're all over the health care system. We're in long-term-care homes, hospitals, family health teams, right across—public health units; ministry, obviously; classified agencies; we're into eHealth Ontario right now. So—

M^{me} France Gélinas: So this little agency had raced close enough to the top to be included in your plan for that year?

Mr. David Schell: Well, yes. Again, if they want an ad hoc request, we're not usually one to say, "Well, that

doesn't meet the test." They may want it looked at, and we wouldn't push back and say, "No way. We're not doing it."

M^{me} France Gélinas: Okay, no. But you don't remember it being an ad hoc. You remember—

Mr. David Schell: I don't remember it being an ad hoc. The timing of the request, May 1, was right around the time of the audit committee. If this was September 1, it definitely would be an ad hoc. But I'm not sure of the timing of that audit committee.

M^{me} France Gélinas: Okay. Yesterday we had an opportunity to hear from Mrs. Kiel, and she put quite a bit of emphasis on saying recommendation number one had to do with the corporate structure. Did you agree that this was their number one recommendation because it was not through the luck of the draw, but because it was one of the red flags?

Mr. David Schell: I agree it was a significant issue.

M^{me} France Gélinas: It was a significant issue. So this is an issue that was never—through the beginning until the end, it was an issue that was factually accurate and not one of the ones that was debated, or was it—

Mr. David Schell: I can't say for certain on that. I'd have to look through the documents.

M^{me} France Gélinas: Okay. But it certainly is an issue that made it until the end, until the final report, because we have it in front of us and it's there.

Mr. David Schell: Again, there were seven, eight, nine versions of the report, so I'm not—you know, I have all those, obviously, so I could see if it was included in the first one or just in the ninth one, for example.

M^{me} France Gélinas: Okay. But you agree that it was a significant issue. So when you—

Mr. David Schell: Well, there was also a legal review looking at the corporate structure that was happening concurrently. That—

M^{me} France Gélinas: There was a what review?

Mr. David Schell: The legal review looking into that. So the ministry had concern about the corporate structure, because the legal review, whose objectives were set in July 2008—and actually, we were tasked by the executive to be a conduit for information flowing between Ornge and MOHLTC legal services related to that legal review. The legal review went on, and actually, to my knowledge, it wasn't completed. We asked for a copy of the report; they never gave it to us. It wasn't completed until after this report was issued, if it was completed. I assume it was completed.

M^{me} France Gélinas: Okay. So in July 2008, as you're getting ready to do your review of Ornge, there's also a legal review that is going on.

Mr. David Schell: It started at the same time.

M^{me} France Gélinas: That started at the same time. Yours was supposed to be completed in a couple of months. It ends up taking over two years before the final—it's 2010 by the time the final review is tabled. By 2010, the legal review has not been completed.

Mr. David Schell: That's correct.

M^{me} France Gélinas: In your—

Mr. David Schell: They also said, the lawyers, who were Mel Springman and Bill Georgas, that they wanted to see the final report before they would conclude their review.

M^{me} France Gélinas: Okay. But since then, you haven't seen—

Mr. David Schell: They wouldn't give it to us. I asked.

M^{me} France Gélinas: All right. So when we hear that recommendation number 1 from the review is to be looked at seriously, they were looking at it through their legal department. Were there issues that were specific to your area versus legal?

Mr. David Schell: The legal objectives, as you'll see, are for lawyers to perform. That piece was carved off for lawyers, and we had the piece related to accountants.

M^{me} France Gélinas: Okay. You saw it as a significant issue. Do you still believe that it was a significant issue in what ended up being what we have now?

Mr. David Schell: I mean, a significant issue to get some assurance about and comfort that they would be—I would imagine the ministry will have assurance and comfort about that.

M^{me} France Gélinas: The recommendations are to get the government to get reassurance and comfort about the corporate structure. They get this from you; they have a legal review doing the same thing, I guess, to try to get them this reassurance and comfort. But yet, the Auditor General goes in. The corporate structure has actually ballooned since you did your review, and the comfort is still missing.

Mr. David Schell: I don't know what comfort they had. I hadn't seen the final report on the legal review, so I don't know what comfort they had.

M^{me} France Gélinas: Okay, but for you, it was something that needed reassurance.

My colleague wants to ask a question.

Mr. Jagmeet Singh: I just want to summarize some of the findings and some of the things that we've all talked about. Tell me if I have it right.

First and foremost, you liaison directly with the ministry. As an auditor, you provide the results of audits directly to the ministry. Is that correct?

Mr. David Schell: Yes. We issue the final report, usually to the ADM of the responsible division—

Mr. Jagmeet Singh: Perfect.

Mr. David Schell: —and c.c. the audit committee.

Mr. Jagmeet Singh: So to put it bluntly, what you find—there's no way that the ministry doesn't know about it. If you know something, the ministry knows it as well.

Mr. David Schell: We issue all our final reports to the audit committee.

Mr. Jagmeet Singh: So there's no way they could say, "Well, we didn't know about that."

Mr. David Schell: Not the final reports, no.

Mr. Jagmeet Singh: Okay. And in the final reports—the number one MNP finding was there were some issues and concerns around the corporate structure and that the

ministry should take some steps to become more comfortable with that. That was very clear. Do you agree with that?

Mr. David Schell: Well, I am agreeing that it was a significant recommendation.

Mr. Jagmeet Singh: Okay. And parallel to this audit, there was a review going on from the legal team. They were looking into the corporate structure. The legal services—

Mr. David Schell: You probably have the objectives there from what I—

Mr. Jagmeet Singh: Exactly. So that was going on as well. Is that correct?

Mr. David Schell: Yes.

Mr. Jagmeet Singh: Do you agree that comparing the findings of this audit—if you compare it to the findings of the Auditor General, there are a lot of similarities. A lot of the concerns that were raised initially in that audit were some of the very same concerns that were raised by the Auditor General. Do you agree with that?

Mr. David Schell: In some cases, yes.

Mr. Jagmeet Singh: There were a number of years to act. Though there were delays, this final report was issued in 2010. The Auditor General's report was at least two years later.

Mr. David Schell: A little over one year later—oh, yes, actually, a year and a half.

M^{me} France Gélinas: A year and a half later.

Mr. Jagmeet Singh: Just under two years, let's say.

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M^{me} France Gélinas: I truly believe that what you do adds value. You put in black and white serious issues, but we only get value if they're acted upon. Would you say, in your experience, that usually, after you do the work of doing your review or doing an audit, that generates action?

Mr. David Schell: Absolutely. We follow up one year later, usually with all audit reports, as to the status of the implementation of recommendations.

Mr. Jagmeet Singh: And in this case, what was the status of the implementation?

Mr. David Schell: My director decided for this particular one—because the Auditor General was in there and about to release his report, we had thought to defer that follow-up for this particular one. This is a rare exception that that would happen.

Mr. Jagmeet Singh: Now, having seen the Auditor General's report, it looks like there was very little to no implementation of the recommendations. Would you agree with that statement?

Mr. David Schell: I'm not going to go there right off the bat as to what was done by the ministry. That's their responsibility. I don't have the implementation status of those recommendations to be able to agree with that.

Mr. Jagmeet Singh: Would you be able to infer from the fact that the corporate structure, which was already in question, ballooned into an even more complex corporate structure that resulted in significant issues, one of them being public funding being transferred into the private

side—you could infer from that very clearly that the concerns raised by the MNP audit and the recommendations in 2010 were not addressed if, by a year and a half later, the Auditor General found even more issues.

Mr. David Schell: I know that the corporate structure had ballooned to 21 or 22 entities because I was in Ornge in January and February of this year.

M^{me} France Gélinas: Twenty-one or 22. That's even worse than what we have in this picture—

Mr. David Schell: Approximately.

M^{me} France Gélinas: All right. Lucky you.

This starts in 2008—sorry, by April 2009, we have a draft report. Would it be a common occurrence that ministries start to work on draft reports? If a review is done, they flag something to be looked at—okay, some of it may be questionable but not the entire report—

Mr. David Schell: It's quite common to take action early on when a draft report is received.

M^{me} France Gélinas: So really, for some of it, it would be from 2009 to 2012 that there was an opportunity to take action, or am I dreaming this up?

Mr. David Schell: Like I said, perhaps the ministry had concerns about the factual accuracy of the report and wanted to wait till this was issued, which was November 2010.

M^{me} France Gélinas: September.

Mr. David Schell: It was November. They issued us the report in September. We had it forwarded to MOHLTC legal services, as all the reports go to them before we release them. I believe that took a few weeks—three or four weeks—before we got their take on it. And we issued—I believe it was November 4.

Mr. Jagmeet Singh: If we frame it in terms of red flags, in terms of the ministry being aware of concerns in Ornge—if we frame it in that sense. The ministry was aware, we can infer—not even infer. The fact that a draft report was given to the ministry and it had concerns raised in that draft report, that would be a red flag for the ministry. They would be able to say, “Okay, these are some concerns that an independent auditor, the MNP—auditors have gone in and found these concerns.” As soon as that draft report hits the ministry, they're aware of these concerns, right off the bat.

Mr. David Schell: They're aware of them.

Mr. Jagmeet Singh: They're aware of them.

Mr. David Schell: Yes, of the draft recommendations, the draft observations.

Mr. Jagmeet Singh: And like you said, many times when you see a draft report or draft recommendations, work begins right away to implement or to address those concerns.

Mr. David Schell: Yes, and sometimes they wait.

Mr. Jagmeet Singh: Sometimes they wait.

Mr. David Schell: There are some times they take immediate action and sometimes they wait. It's a combination.

M^{me} France Gélinas: So in 2008, we start to flag the corporate structure, an audit is done, legal opinion is sought, and we have recommendation number one that

says that you have to clarify this to get—“comfort” is the word that you use. I suppose the legal opinion gets wrapped up at some point and their recommendation goes as well. This corporate structure continues to grow. We have a Minister of Health who says the corporate structure was not the problem and that she doesn’t see a problem with the corporate structure. What does she know that the rest of us don’t know?

Mr. David Schell: I’m not going to comment on that.

M^{me} France Gélinas: Is there anything in there that I’m missing that would give us comfort that the corporate structure did not need looking at?

Mr. David Schell: In where?

M^{me} France Gélinas: In the report that you commissioned, the Review of Air Ambulance and Related Services.

Mr. David Schell: Right. The report had recommendations. If I can just look at it.

M^{me} France Gélinas: Recommendation number one, page 73.

Mr. David Schell: Yes, so, “must discuss and document” the ministry’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 “more comfort regarding Ornge’s corporate structure....” It’s very clear. I’m not sure what your question was.

M^{me} France Gélinas: My question is that this is recommendation number one. It is written there in black and white, and I understand it, I think, the same way you do. This is an issue that needs to be looked at.

Mr. David Schell: That was the recommendation.

M^{me} France Gélinas: That was the recommendation. We have, believe me, dug pretty hard to find any action. You had an opportunity to see if action was done, but it was decided that, given that the Auditor General was in there, you were not going to do a one-year review.

Mr. David Schell: It’s just asking the ministry what the status of the implementation is. We actually don’t do a review, but we forward them the recommendations and say, “What’s the implementation status? What is the time frame when they’ll be addressed, or have they been addressed?”

M^{me} France Gélinas: And you do this a year later? You don’t do this before?

Mr. David Schell: We do it a year later—that’s our process—and then every six months thereafter.

M^{me} France Gélinas: Okay, and have you done that since?

Mr. David Schell: No, we haven’t.

M^{me} France Gélinas: And the reason is?

Mr. David Schell: Those decisions are made at the director level. That’s not up to me.

M^{me} France Gélinas: Because somebody within your branch said, “We didn’t need to do the review.”

Mr. David Schell: No, no; I didn’t say that. I’m actually not sure why it hasn’t been done subsequently. The Auditor General’s report came out in March and so perhaps a decision on that will be made soon.

Mr. Jagmeet Singh: I’m just going to ask you about another area that was flagged, and that was communication. Was that something that was raised in the draft report as well, the fact that communication between Ornge and the ministry, some of the language used was—there was “confusion,” “frustration”—some strong language was used?

Mr. David Schell: Yes. In the March 30, 2009, report it states, “This has caused some frustration, confusion and conflict for both Ornge and” the ministry. “Some activity did not result in meaningful, collaborative dialogue between Ornge and” the ministry. Of course, the heading there is “Communication between Ornge and MOHLTC.” “Both parties should commit to a process of continuous improvement in an effort to develop an effective communication plan....”

Mr. Jagmeet Singh: So that recommendation in the draft form—the ministry was aware of that in 2009?

Mr. David Schell: What I just read?

Mr. Jagmeet Singh: What you just read, right. That was in 2009?

Mr. David Schell: Yes.

Mr. Jagmeet Singh: So, if today the ministry says, “We were having difficulty getting information. It was hard for us to find out what was going on,” and they say that that’s an issue that they were just aware of in 2012 or 2011, we have some clear evidence that this issue of communication was raised as early as 2009 and that it was flagged as a concern.

Mr. David Schell: What I just read you was the March 30, 2009, draft report.

Mr. Jagmeet Singh: Okay. Would you agree with me that the issue of a lack of communication or at least a problem with communication was raised as early as 2009 and was not something that was a surprise in 2011 or 2012? There’s at least a notice of that.

Mr. David Schell: It was raised in this report, March 30, 2009.

M^{me} France Gélinas: I want to come back to the delays. You followed the testimony from Ms. Kiel.

Mr. David Schell: Yes.

M^{me} France Gélinas: Yesterday, she went through great detail with me as to what happened when, from the September 4 request for documents; September 9, fieldwork etc. On April 7, she talks about the draft report to the Ministries of Health and Finance; on September 9, Ornge etc. She led me to believe that she expected the review to be wrapped up in a few months.

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Mr. David Schell: We were hoping.

M^{me} France Gélinas: In your mind, can you justify all of the delays as being legitimate, or were some of the delay tactics from Ornge to not get scrutinized?

Mr. David Schell: I’m not sure if “stonewalling” is too hard a word from Ornge, but there was an inordinate amount of delay on their part.

M^{me} France Gélinas: An inordinate amount of delay from the part of Ornge to get you answers.

Mr. David Schell: And they of course appointed a legal counsel to lead the clearing of the factual accuracy, which is highly abnormal in my 31 years of public sector—

Mr. Jagmeet Singh: That, in and of itself, is that a flag to you or a concern? This is the first time it has ever happened that an entity or institution has got a legal team there to clear up these—

Mr. David Schell: I don't know if it's the first time it has ever happened with me, but I can't remember the last time it has happened. It's almost always usually an accountant that would clear a financial-oriented report.

Mr. Jagmeet Singh: Right. And the fact that that happened, was that something that raised any concerns?

Mr. David Schell: Absolutely. I wanted the report cleared for factual accuracy and issued, so yes, it caused me concern.

Mr. Jagmeet Singh: Was that concern passed along to anyone, the fact that they were lawyering up?

Mr. David Schell: Of course, the ministry knew and who they had appointed. My director was involved. Yes, it was common knowledge that that's the person that Mazza wanted, Catherine Rosebrugh, I believe the name was. Of course, she fell ill then and they had someone else afterwards, causing further delay. It was challenging and frustrating. I was trying to push this out the door. There was constant—you heard MNP yesterday saying internal audit was trying to get weekly meetings, doing prompt QA on the file and giving them review notes, trying to push getting meetings. I had a long list of meetings that I had; I went back through my calendar.

Mr. Jagmeet Singh: Is there anything the ministry could have done? If a transfer agency like Ornge is delaying and not providing information right away, can the ministry say, "Listen, we're providing you with the funding. You're essentially solely funded through the ministry, through taxpayer dollars. You must comply immediately and get this done." Is there something the ministry could have done to step in to get them to speed up their process and not delay?

Mr. David Schell: That's an interesting question. Obviously it was in the ministry—obviously, yes, at the highest level, you could have had that branch prepare—clear the report for factual accuracy. I'm not exactly sure what they could have done with Ornge. They're an independent entity separate from government. Obviously, they're a transfer payment recipient. But this is challenging the whole process of trying to clear the report for factual accuracy.

M^{me} France Gélinas: In your experience, you've never seen a government agency tell a transfer payment agency, "You will receive whatever transfer you were receiving last year. We're not going to change your budget until you comply with what we want you to do"?

Mr. David Schell: Well, I'm an internal auditor, so that's what the ministry does.

M^{me} France Gélinas: But they didn't do any of this with Ornge. They just—

Mr. David Schell: I'm not sure what they did on that.

M^{me} France Gélinas: Whatever they did was not effective, because it dragged on for two years.

Mr. David Schell: It did drag on until November 2010.

M^{me} France Gélinas: We'll hold our last minutes for the next round.

The Chair (Mr. Norm Miller): Okay, very well. We'll move to the government. Mr. McNeely.

Mr. Phil McNeely: Thank you, Mr. Schell, for being in here. This committee has heard quite a bit about the MNP report. In fact, we heard Margriet Kiel, an internal audit practice leader at Meyers Norris Penny, yesterday. Can you go over your role again for this committee for the MNP review of Ornge, starting with drafting the—I think we have seven separate areas that the consultant was supposed to cover—

Mr. David Schell: Right.

Mr. Phil McNeely: —but you mentioned 10.

Mr. David Schell: Some of that was incorporated in the legal review. It was found better to put that in the legal review, some of those additional ones. It's normal to have a bunch of objectives that I would do up and the ministry to pick the most salient ones, that they thought were the most significant. That's a normal thing to occur.

Mr. Phil McNeely: You were satisfied with the seven that were presented?

Mr. David Schell: Yes.

Mr. Phil McNeely: Okay. Prior to the review of Ornge, had you worked at MNP?

Mr. David Schell: No. I have been in the public sector my whole life.

Mr. Phil McNeely: My understanding is that the Ontario internal audit division, under the Ministry of Finance, usually conducts audits internally. Is that correct? You normally do them yourselves?

Mr. David Schell: Pardon me?

Mr. Phil McNeely: You normally do the internal audits yourselves?

Mr. David Schell: We normally do them ourselves, yes.

Mr. Phil McNeely: And you mentioned in earlier evidence that this was a period when there was a lot of work to do—

Mr. David Schell: We're always extremely busy.

Mr. Phil McNeely: And that, you feel, is the only reason that you went out to a private consultant?

Mr. David Schell: I remember we were busy at the time. I'm not sure it was the only reason, but I know we were busy. We're always busy, so that's normal.

Mr. Phil McNeely: So you drafted the terms of engagement and MNP signed an agreement with whom? With the Ministry of Finance?

Mr. David Schell: Dawn Ogram signed the contract—

Mr. Phil McNeely: Is that the Ministry of Finance?

Mr. David Schell: No, that's the Ministry of Health and Long-Term Care, the assistant deputy minister, who had that level of delegation of authority. It was the director of the health audit service team, Ken Flynn, and

it was the partner—I believe it was John Caggianiello who signed the SLA from Meyers Norris Penny.

Mr. Phil McNeely: On page 2 of the MNP report, it summarizes the terms of engagement as follows: “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, at pages 11 and 12 of the report, that MNP looked specifically at seven objectives, so we’ll go through those:

- an assessment of financial management processes;
- an assessment of the appropriateness of Ornge’s procurement processes;
- an 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 the performance agreement;
- an assessment of whether Ornge was using provincial funds economically 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.

Is that an accurate overview of what the engagement for MNP was?

Mr. David Schell: Absolutely.

Mr. Phil McNeely: You say the Ministry of Health signed the contract with MNP. Who signed off on the payments?

Mr. David Schell: What happened there was, with the role that we play with internal audit, we would get the invoices from MNP and we would give the ministry assurance that the services were received from an audit technical viewpoint. So for every invoice, to my knowledge, that was received for this particular agreement, I put “services received, David Schell,” as the lead manager, and I gave that invoice to Malcolm Bates for payment.

Mr. Phil McNeely: To Malcolm Bates.

Mr. David Schell: Right.

Mr. Phil McNeely: There was some discussion of what the total dollars were. So \$195,000, plus—Ms. Kiel told us yesterday it was another \$95,000, I believe. It was almost up to \$300,000.

Mr. David Schell: I have no knowledge of that.

Mr. Phil McNeely: Pardon me?

Mr. David Schell: I have no knowledge of those—

Mr. Phil McNeely: You had no knowledge of that?

Mr. David Schell: No. I assume, in fact, I know, that the partner is—after the last payment was made and it was only \$198,000, they talked to me and said, “Okay, we’ll absorb this one. We had incurred this many more dollars on this contract”—a very high amount because of all the delays by Ornge. They told me afterwards, “This is something we’ll swallow this time.” I held a fast line on the contract total amount and, much to their chagrin, they accepted it. I said, “Perhaps on the next one, you’ll

have a better rate of return and you won’t have this kind of situation happen again.”

Mr. Phil McNeely: Would Ornge have paid them directly, the other \$95,000?

Mr. David Schell: No, definitely not.

Mr. Phil McNeely: I’m surprised that Ms. Kiel had that information for us yesterday.

Mr. David Schell: She wasn’t involved at all in the billing. It was always between me and John Caggianiello; there’s another partner, Geoff Rodrigues. I don’t think I ever talked to her about fees, and I received all the invoices. Maybe she was given that figure in her preparation and someone gave it to her, but to my knowledge, it’s totally erroneous.

1530

Mr. Phil McNeely: We’ll go to the MNP report now. There were 26, I think, recommendations. There was some discussion yesterday about what the report really said. Did you review the final report?

Mr. David Schell: Yes. I managed the engagement.

Mr. Phil McNeely: It was quite lengthy and detailed, but the overall conclusion 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.”

Do you agree that the overall conclusion of the MNP final report was quite positive?

Mr. David Schell: I agree that, in relation to objective 5, to what that statement relates, it was accurate, based on MNP’s review procedures relating to the source and use of funds.

Mr. Phil McNeely: The final report found a number of other positive conclusions, which I will briefly review for you.

With respect to procurement processes, at page 35, the final report concluded the procurement process was appropriate, documented and is in accordance with the performance agreement—the PA—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. “We have concluded that Ornge is using grant funding efficiently, effectively and in accordance with the provisions of the performance agreement.”

Lastly, in respect of risk management, the final report found that, “Overall, our review indicated that the risk management approach and capability within Ornge is effective.” I take it that you would agree with me that those are also positive conclusions drawn by MNP?

Mr. David Schell: I would agree that they are the conclusions made.

Mr. Phil McNeely: But they’re positive conclusions. I think they’re all positive conclusions.

Mr. David Schell: They’re the conclusions.

Mr. David Zimmer: Sorry, I didn't hear that.

Mr. David Schell: They're the conclusions that they made. I'm not going to—how positive they were—

Mr. Phil McNeely: If I read the report, I would think these were very positive paragraphs.

Based on the findings of the final report, did you feel confident that Ornge was an effective organization that was using provincial funds appropriately? Would you not agree?

Mr. David Schell: I agree with the factual accuracy of the report. The emergency health services branch, Ornge, the health audit services team and the ministry executive all agreed that the report was factually accurate when it was released, or else we would not have released it. So I agree with everything that's in the report.

Mr. Phil McNeely: I assume you are aware that the Auditor General of Ontario recently completed a review and released a report regarding Ontario's air ambulance and its related services. Are you familiar with the report?

Mr. David Schell: Yes, I am.

Mr. Phil McNeely: The Auditor General's report details a number of issues at Ornge ranging from secrecy to financial irregularities. MNP's report was overall quite a positive report.

Would you agree that the MNP report did not find the same issues as the Auditor General did, and would not have caused any grave concerns for the minister? More specifically, the Minister of Health would have felt confident following the receipt of the MNP report. To quote the MNP report, Ornge was "using provincial grant funding economically, efficiently and for the purposes intended in providing air ambulance and related services for the province." Would you agree that the MNP report differed a lot from the Auditor General's?

Mr. David Schell: No. There was a different scope, different objectives. It was a different time period we looked at. Ours was before the Auditor General. Again, you're focusing on the one objective, number 5, in relation to that statement. There were a number of very serious recommendations in this report.

Mr. Phil McNeely: Based on the findings of the final report, did you feel confident that Ornge was an effective organization that was using provincial funds appropriately? I think that's the question.

Mr. David Schell: If that's the exact wording that's in the report, I agree with that, in relation to the review procedures that were performed, the source and use of funds in relation to what MNP did in relation to that objective.

Mr. Phil McNeely: I'd like to turn it over to Ms. Sandals to continue the time we have.

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

Mrs. Liz Sandals: Yes. Once you get a report like this and it has been completed, what's your expectation about what happens to it next?

Mr. David Schell: A draft report, a final report or—

Mrs. Liz Sandals: We understand that the process, in the case of this particular report, has been very painful, so it took a long time to get from the first draft of find-

ings to the final report. We understand, from the testimony yesterday, that that was a long, painful process—

Mr. David Schell: Yes, it was.

Mrs. Liz Sandals:—fraught with lawyers instead of accountants. But when you finally get a report, just generically, because you talked about the audit committee in response to, I think, the NDP question, you talked about the—and that's an internal audit committee that you're referring to.

Mr. David Schell: That's correct.

Mrs. Liz Sandals: So you've got this internal audit committee amongst various ministries?

Mr. David Schell: Each ministry has their own audit committee that's chaired by, usually, the deputy. All the ADMs usually sit on that, as well as the director of legal services, communications—

Mrs. Liz Sandals: So you've got this internal committee of ADMs and auditors that sits around and says, "Okay, I think we should do an internal audit on X and Y because we've got some issues that we're concerned about or we haven't done it for a long time, so this one is due," whatever the reasoning. It gets sent over to finance and you arrange to have the audit done.

Mr. David Schell: Yes.

Mrs. Liz Sandals: You've now got the audit done; what's the expectation about where it goes next?

Mr. David Schell: The final report gets issued, as I said, to the assistant deputy minister.

Mrs. Liz Sandals: So the report goes back to the ADM—

Mr. David Schell: Right.

Mrs. Liz Sandals:—and from finance's point of view, you're essentially done with it at that point.

Mr. David Schell: It's their responsibility to take action: whether they want to or not, whether they want to disregard recommendations, implement recommendations, whatever corrective action—

Mrs. Liz Sandals: Do you ever have any knowledge of what happens to the report after internal audit is done with it?

Mr. David Schell: As I stated, we follow up our normal processes, which happens with almost all engagements, a follow-up one year later.

Mrs. Liz Sandals: Except, in the case of this particular one, you were bumping into the auditor, so you said—

Mr. David Schell: That didn't happen in this particular one—

Mrs. Liz Sandals:—that's not terribly productive.

Mr. David Schell:—but that almost always happens. We're updated as to their reporting to us without us doing any more audit work, as to where they with their recommendations. Obviously the senior executive wants assurance that actions have been taken by the division, for example, related to audit recommendations, if they're appropriate, that are necessary for them to take action.

Mrs. Liz Sandals: I think the frustration that I have a little bit, maybe as a long-standing member of public accounts, is that there doesn't seem to be much of a connect between internal audit and the external audit, the legis-

lative audit—let's put it that way—by the Auditor General and the actual political minister's office. It's like internal offices of audit are sort of a bureaucratic process, and the part that becomes public is the Auditor General's work, because that's issued publicly, and there's sort of a lack of connection.

Mr. David Schell: I worked at the Auditor General of another province for six years and I'm aware of the interaction between an internal audit and the Auditor General. I think there's usually a healthier relationship. We share our audit plans. If we've done work—

Mrs. Liz Sandals: No, sorry. This is from a politician's point of view, okay? I'm beginning to get the feeling that from an auditor's point of view, the auditors talk amongst themselves. We know what happens to the auditor's work because the auditor's work ends up in the public realm and very much a political realm, whereas the work that goes on at internal audit doesn't necessarily even seem to rise up to the minister's office, necessarily.

Mr. David Schell: Our reports can be FOied by the public, so they can go in the public domain.

Mrs. Liz Sandals: No, I get that, but it's not a visible process where—I'm not even suggesting it should—

Mr. David Schell: No, I'm just saying that we give it to the deputy, and that's where we stop as far as—

Mrs. Liz Sandals: Or the ADM—

Mr. David Schell: Every report goes to the deputy.

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Mrs. Liz Sandals: Okay. Because we're sort of looking at—you've had the benefit of reading the whole report. My sense is that if anything from internal audit ever gets to the minister's office at all, it's probably the two-page executive summary. This seems to be a classic example of the executive summary, the first few pages that somebody will pull off and put in a briefing note, being kind of disconnected from the impression you would get if you read the detail of the whole report.

Mr. David Schell: I'm not going to necessarily agree with that characterization, but I understand what you're saying.

Mrs. Liz Sandals: Yes, the executive summary of a report, if that's going to be what filters on up, which, realistically, if you consider something the size of the Ministry of Health—this isn't a Ministry of Health comment; this is just sort of a generic observation—what filters up to the political side of the organization is probably, at best, the executive summary.

Mr. David Schell: In many cases, the executive summary is the only part of the report that a deputy would read, even below that ministerial level.

Mrs. Liz Sandals: Yes, exactly. There's this group of accountants and people, maybe, in the branch, who are going to read through the details, and there's lots of valuable information in those details, but it's not at all clear that that valuable information gets reported up the chain. And you haven't been sitting around here for 70 days listening to us talk, but one of the themes that does seem to be coming out is not only a disconnect between ministry and agency in terms of sharing information, but some-

times the information doesn't get shared vertically within the ministry. Anyway, I don't know if you've got any comment on that.

Mr. David Schell: I would agree that at the highest levels, they wouldn't necessarily read an entire report, and that's the reason for an executive summary.

Mrs. Liz Sandals: Yes. Thank you.

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

Mr. Jim McCarter: Just to step in for 30 seconds, I think the question was, was there any difference between our report and the Meyers report? Probably one big difference is, our number one conclusion was clearly that the oversight was not adequate, which was certainly different from the Meyers report. When I went through the Meyers report, I have to say, probably five of the seven objectives, I think, concluded fairly positively, and I think for two of the seven they did have a number of concerns. I think they did raise a number of red flags, but our overall message was probably, as Mr. McNeely said, a bit different.

Mr. David Zimmer: Sorry, I missed that comment.

Mr. Jim McCarter: Our overall message was basically that our biggest concern was that oversight was not adequate. I think that was a bit different than the message we got yesterday.

Mr. David Zimmer: Just so I understand: different from the message yesterday in what sense?

Mr. Jim McCarter: I think the message was, yesterday, on page 2, they said the overall conclusion was that things are very economic and efficient, and because that was on page 2, would that convey that. We had a different overall message.

Mr. David Zimmer: Thank you.

Mrs. Liz Sandals: His page 2 is different than MNP's page 2, for those of us who never get past page 2.

Mr. David Zimmer: Do we have any time left?

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

Mr. David Zimmer: How much?

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

Mr. David Zimmer: Okay. I just want to follow up on the thing Mr. McNeely touched on. What's the size of the internal audit division at the Ministry of Finance?

Mr. David Schell: It's about 200 people, give or take.

Mr. David Zimmer: And how many audits a year do those 200 people do?

Mr. David Schell: Good question.

Mr. David Zimmer: Just ballpark it.

Mr. David Schell: This is right off the top of my head for ourselves. I'm not sure what the other teams are doing. We're quite independent, even though we're a division. We report to our individual audit committees. I'm thinking we might do around 20 per year. It depends on the complexity, obviously, whether there are very few objectives and limited scope and easy—

Mr. David Zimmer: Sure. So it's 200 in the entire Ministry of Finance, at the—

Mr. David Schell: The Ontario internal audit division—approximately.

Mr. David Zimmer: And you talked about how you do about 20 audits a year.

Mr. David Schell: Approximately.

Mr. David Zimmer: Would you do what I'll refer to as big, complicated audits and more simple, straightforward audits?

Mr. David Schell: Cancer Care Ontario, the LHINs; we're on eHealth Ontario. We're into hospitals, as I said before; family health teams, public health units. It goes on and on.

Mr. David Zimmer: You do 20 audits on your own. How many audits do you outsource?

Mr. David Schell: That varies from year to year. Sometimes we've had four or five happening at a time, and sometimes we have very few; right now we have very few.

Mr. David Zimmer: But it would be in the order of half a dozen or less or something like that?

Mr. David Schell: It varies from year to year.

Mr. David Zimmer: What factors go into deciding whether to outsource an audit?

Mr. David Schell: For example, we went into a public health unit approximately five or six years ago. Actually, with that one we engaged outside expertise and they became part of our team. But in some cases, we don't have the expertise, so that may be one reason, or we don't have—there are all kinds of different levels of expertise.

Mr. David Zimmer: Would there be internal documents at the audit division surrounding or related to the decision to outsource the Ornge audit to MNP?

Mr. David Schell: There may be.

Mr. David Zimmer: How would a decision like that be made? Would somebody just sort of say, "Let's outsource this one," or would a group of you sit together and discuss whether to outsource it or not?

Mr. David Schell: If we're busy, we may say to the ministry, "The only way we can do this one is if you pay for it and it gets outsourced." Or the ministry may say, "We want this one outsourced," for whatever reason they might have.

Mr. David Zimmer: Okay. Could you check your files and see if there's some paper surrounding the decision to outsource it?

Mr. David Schell: Absolutely.

Mr. David Zimmer: Whose idea it was; what the discussions were.

Mr. David Schell: Absolutely.

Mr. David Zimmer: When you outsource it, you do an RFP?

Mr. David Schell: RFS, yes.

Mr. David Zimmer: I'm sorry; RFS, yes. Were you privy to the discussions to outsource the Ornge audit?

Mr. David Schell: I was basically told that this was going to be outsourced at my level. I'm a manager. This was to be outsourced, and I'd actioned it.

Mr. David Zimmer: Who told you that?

Mr. David Schell: Either the ministry requested it or my director told me that it was going to be outsourced, with his conversations that I may not be privy to.

Mr. David Zimmer: Okay. But typically who would make that decision to outsource it?

Mr. David Schell: Like I said, the ministry requested, "We want this one outsourced."

Mr. David Zimmer: And when you say, "the ministry," who at the ministry would make that kind of a decision?

Mr. David Schell: The executive, obviously, would have to approve.

Mr. David Zimmer: Anyway, if you could search your files or look around and see if there's something on that to shed some light on why the thing got outsourced.

Just, again, to reiterate some of the points that my colleague Mr. McNeely read, and indeed that the auditor touched on: I think the auditor said that five of the seven audit areas were okay—five of the seven—and in two of the seven audit areas, there were some issues. I don't want to understate or overstate.

Mr. Jim McCarter: Yes. I think five of them were generally positive, with what I'd call some minor exceptions. There were two of them that would be what I'd call a mixed bag. And then there were some other what I'd call observations, which would be hard to categorize, but I would almost put them in the red flags. On page 61, I think the terminology used about the communication, the more general comment—I don't know if you could put that in one of the seven, but Meyers Norris felt it was important enough to add in there. But I would say that five of the seven, to my mind, looked fairly positive.

Mr. David Zimmer: All right. Based on what the Auditor General has just told us about five of the seven and two of the seven and how he has characterized the five and characterized the two: As an experienced auditor yourself, when you got back that report, the MNP audit, would you agree with me, keeping in mind what the Auditor General said, that there was nothing in that report that jumped off the page and said, "My God, I've got to red-flag this and take it into the deputy minister or take it to the minister"?

1550

Mr. David Schell: I totally agree, of course, with what the Auditor General has just said, but I think there were a number of observations that raised serious concerns.

Mr. David Zimmer: And which ones were they?

Mr. David Schell: These were varying degrees of seriousness.

Mr. David Zimmer: Varying degrees of seriousness. All right.

Mr. David Schell: Obviously, there was the communication issue, misunderstanding with respect to—I think we've been through this one—the process to achieve shared goals and objectives. This caused some frustration, confusion and conflict.

To a lesser degree, Ornge's non-compliance to the administrative clauses of the PA; "not all accounting records have been established for each entity." An accountant never likes to see that. "As Ornge continues to operate through new entities, management should ensure

that all transactions from inception are recorded directly in each entity's books...."

Contracts—

M^{me} France Gélinas: You're going too fast there. Could you reread what you just read, the very last sentence? But slower, as if you were talking to somebody who speaks French.

Mr. David Schell: Sorry. "As Ornge continues to operate through new entities, management should ensure that all transactions from inception are recorded directly in each entity's books...."

Mr. David Zimmer: Thank you.

Mr. David Schell: There's a lot more, but—

Mr. David Zimmer: But suffice it to say that those ones that raised an issue with you or raised issues of varying degrees were contained in the deeper body of the report, rather than up front in what sometimes are characterized as the front-page executive summary?

Mr. David Schell: Some were included in the executive summary and some were not.

Mr. David Zimmer: Okay. When you got the report, then, on these issues that concerned you, did you run your concerns up the flagpole, up the management chain, and say, "Look, I've got this report. I'm concerned about these issues"?

Mr. David Schell: We debriefed the executive thoroughly on that date, April 3, 2009.

Mr. David Zimmer: And what action did the executive take? Do you know?

Mr. David Schell: That's up to—I don't know.

Mr. David Zimmer: Okay. Thank you.

The Chair (Mr. Norm Miller): Very well. Mr. Klees, you have a minute and a half left, if you want to use it.

Mr. Frank Klees: Mr. Schell, I have two quick questions for you. The terms of reference—there's a reference made to the fact that the province will be conducting a legal review of Ornge and its related entities concurrent with this engagement, which was the Meyers engagement. What happened to that legal review? Have you seen that?

Mr. David Schell: It wasn't completed by the time Meyers Norris Penny—we issued that final report. I had asked the legal counsel for a copy of that report once it was finished. They said, "No, you can't have it." So we never received it.

Mr. Frank Klees: How would this committee be able to get access to that legal review?

Mr. David Schell: I don't have a definite answer on that.

Mr. Frank Klees: Could we ask the clerk to do some research on this?

M^{me} France Gélinas: Do you know anything about this?

Mr. Jim McCarter: I actually went back and asked Susan. I don't think we were aware of it. We know Mel Springman, the lawyer. Mr. Springman was waiting for this Meyers Norris report to finish his review, or had he already finished his review?

Mr. David Schell: No. My understanding is that he was conducting his review during different parts of when the Meyers Norris Penny engagement was under way. At some point, he said, "I'm not going to do any more, I'm not going to conclude, until I receive this final report."

Mr. Jim McCarter: But to answer your question, no, I don't think we've seen it.

Mr. Frank Klees: If we could, Mr. Clerk, let's get that tabled with the committee.

I have one last comment, Mr. Schell. I did my own audit, and I know that I lost about five minutes of time with you because you were looking for documentation and you weren't quite sure about certain things. That's very disappointing to me. The reason it's disappointing is, as someone who has significant auditing responsibilities within the government of Ontario, you've known that you were coming here since July 9. My expectations would have been that you came here prepared to answer our questions, and I think we could have done a better job.

Mr. David Schell: I tried my best.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): We'll move to the NDP for the last five minutes. Mr. Singh?

Mr. Jagmeet Singh: Yes, thank you very much. I just need to summarize a couple of other points that I didn't get to before, Mr. Schell. Just to get your opinion or just your response, a yes or no if possible—if not, that's okay—should the minister have been concerned after receiving this report? The Meyers Norris Penny report: Should the ministry have had concerns after reading this report?

Mr. David Schell: There were serious recommendations in the report, and it was delivered to the ministry.

Mr. Jagmeet Singh: So, should they have had concerns? The recommendations mean they should have done something; there's a problem. Should they have had concerns?

Mr. David Schell: Yes.

Mr. Jagmeet Singh: Should it have raised flags? Should this report have raised flags?

Mr. David Schell: Yes.

Mr. Jagmeet Singh: Should the ministry have immediately or expediently executed the recommendations that had been provided?

Mr. David Schell: That's their decision.

Mr. Jagmeet Singh: That's their decision, but should they have? If these are serious recommendations, should they have executed these recommendations?

Mr. David Schell: Any serious recommendation, obviously, it's up to them whether, you know—

Mr. Jagmeet Singh: So, to push that aside, it's up to them, but in your opinion, if you have a recommendation, should the recommendation be executed?

Mr. David Schell: That's up to them. I'm just going to leave it at that. That's up to them whether they want to do it.

Mr. Jagmeet Singh: Okay, that's fine. Then, just a final thing: Do you agree with me that there is no way

that the minister or the ministry could have read this report and have felt that there was absolutely nothing wrong at Ornge?

Mr. David Schell: I think there were a number of red flags and serious issues raised where action was certainly potentially warranted.

Mr. Jagmeet Singh: Thank you.

That's good for me.

M^{me} France Gélinas: Thank you. You still have a few minutes and then you're off. It's kind of a surprise for me to hear that the legal review of Ornge and related entities was going on at the same time as the review of air ambulance and related services that you commissioned, especially when you look at, review the charitable activities—the donations of Ornge include an \$8.7-million donation made by Ornge to Ornge Foundation. Why wouldn't that have been reviewed by the bookkeeping side, the auditor side, rather than by the legal side? Isn't this like an accounting transaction?

Mr. David Schell: That's the decision that was made to carve it off in that manner. So, we had our objectives that the ministry wanted us to focus on, and those objectives, the legal team was to look at.

M^{me} France Gélinas: If it hadn't been carved off to legal, would it be a reasonable expectation that you would have looked at those monetary transactions?

Mr. David Schell: To some extent, potentially.

M^{me} France Gélinas: To some extent, potentially? Okay, all right. The last question that I had was really that we've seen—well, you went back in there, so you've seen what the structure had evolved to. From what you had read of the report, did you expect the corporate structure to continue to evolve or did you expect it to sort of go the other way?

Mr. David Schell: I had neither expectation. I didn't know what was going to transpire.

M^{me} France Gélinas: You had no expectation? Okay, so we raise it as a number-one recommendation to look at, and when you see that it continues, is it reasonable then to expect that they've received the recommendations; they must feel comfortable with what's there because they've allowed it to expand to 21?

Mr. David Schell: I'm just not sure of your question.

M^{me} France Gélinas: The question is, you have a number-one recommendation that has to do with having comfort with the corporate structure that is evolving. The corporate structure continues to evolve from what it was when you did your report. You said, "Here's the corporate structure. I think you should look at it until you're comfortable with it." Then, we see that the corporate

structure continues to evolve. So, I'm looking at this and think that they must have felt pretty comfortable with the research that they did because this corporate structure continues to evolve.

Mr. David Schell: I don't know how much comfort they received from whatever. All I know is, we had this report. It had that corporate structure. As far as projecting what might have happened, whether it would have stayed the same, reduced or increased—

M^{me} France Gélinas: Okay. So, if they had followed your recommendation, the recommendation, and got the level of comfort, then, on one side, they agree with the recommendation, they get the comfort and they say, "Continue to evolve; we're happy with what's going on. We feel comfortable with what's going on."

Mr. David Schell: Well, that's up to them to decide. We make the recommendation, and they do what they do.

M^{me} France Gélinas: Sounds good. Thank you.

The Chair (Mr. Norm Miller): And thank you very much, Mr. Schell, for coming before the committee this afternoon. We appreciate that.

Interjection.

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

Mr. David Zimmer: I just think it's appropriate to say that, unlike Mr. Klees, who had trouble with your performance today, I've done a lot of commercial litigation and I've examined and cross-examined a lot of auditors and accountants—

The Chair (Mr. Norm Miller): Okay, that's—you can just thank him. You don't have to make a political comment, because I know we'll be getting rebuttals if that's the case.

Mr. David Zimmer: —and I think you were one of the best-prepared and thoughtful witnesses.

Mr. Frank Klees: If I might?

The Chair (Mr. Norm Miller): Quickly, 30 seconds.

Mr. Frank Klees: Thank you very much. I'm not sure what the significance of this is, but we've all observed that Mr. Zimmer has been reading, throughout the course of these hearings, *Death of a Salesman*, and I'm just wondering—

The Chair (Mr. Norm Miller): Okay, that's good. On this high note—

Mr. David Zimmer: Actually, in that regard—

The Chair (Mr. Norm Miller): Okay, on this high note, we're going to end the proceedings this afternoon. I thank all the committee members for their co-operation. This committee is adjourned.

The committee adjourned at 1601.

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