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**Official Report
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Wednesday 18 September 2013

**Journal
des débats
(Hansard)**

Mercredi 18 septembre 2013

**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

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 18 September 2013

Mercredi 18 septembre 2013

The committee met at 0903 in room 151.

COMMITTEE BUSINESS

The Chair (Mr. Norm Miller): I'd like to call the meeting to order.

The first order of business from the last meeting was that there was a motion put forward by Ms. Jaczek with regard to the LCBO/OPSEU May/June 2013 agreement. Since that time, we have received information from the LCBO. I believe everyone received an email. The email states, "An answer to the standing committee's question about the costs of the recent LCBO agreement with its unionized staff is available on the LCBO website in the FAQ section of the media centre," and the link to that. It looks like the questions have been—

The Clerk of the Committee (Mr. William Short): If you flip the page, the question is actually there.

The Chair (Mr. Norm Miller): Okay. Sorry, yes. I believe you all have this, so you can see the response to the question there.

I think the auditor would like to make a comment on this as well. Go ahead, please, Auditor.

Ms. Bonnie Lysyk: Thank you, Mr. Chair. With respect to this, we are the attest auditors of the LCBO. During the normal attest audit, we would be looking anyway at the costs associated with the agreement because we have to know that for setting up liabilities and that. I guess we could suggest that we do this during our normal attest process just because we have to, and if there was anything, I could bring it to the attention of this committee, but that's at your choice. Like I say, we're going to do the attest audit anyway, so it is something we look at.

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

M^{me} France Gélinas: To the auditor: When does that process of doing attest take place?

Ms. Bonnie Lysyk: It would be after their year-end.

M^{me} France Gélinas: Okay.

Ms. Bonnie Lysyk: So it would likely be next year.

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

Ms. Helena Jaczek: I would simply say I'm very pleased the LCBO has done this, and I would suggest that it satisfies the requirement of the official opposition to know the total cost. So, obviously, I'd be prepared to withdraw my motion if that is the procedural way we do this.

The Chair (Mr. Norm Miller): Sure.

Ms. Helena Jaczek: But we need to hear from the opposition.

The Chair (Mr. Norm Miller): Very well. Mr. Klees?

Mr. Frank Klees: Well, I'm not so sure that this answers the question. This gives us no detail in terms of what these costs are. It speaks to the current year's cost, but there's no indication here what the total cost over the term of the contract is. I just think this is a very simplistic response that doesn't at all answer the question that we were hoping to get answered. That's my first point.

Second, and this is to the auditor, my understanding is that the LCBO is required to file an annual report with the minister, and then that annual report is to be tabled with the assembly. Unless there's information that I don't have, that we have not been able to find, my understanding is that the LCBO is two years behind in filing that annual report. We can find no trace of an annual report having been filed. Certainly, it's not publicly available. It should be posted; it's not. The last annual report that we see is for the fiscal year 2010-11. That puts them now two years behind filing an annual report.

I find it difficult to understand how, first of all, the auditor can do the appropriate audit without the annual report being filed. I find it highly, highly questionable why the LCBO would be so delinquent in filing those annual reports. I would like to see this committee contact the LCBO and ask those questions. Where are those annual reports? Why have they not been filed? And perhaps another question is, why has the government, why has the Minister of Finance, been satisfied to simply allow that kind of what I consider to be, quite frankly, recklessness on the part of one of these government agencies? Perhaps the auditor could comment.

Ms. Bonnie Lysyk: With respect to your point on the attest, you can conduct the attest audit without the annual report because you're actually auditing the financial statements. An auditor gets the annual report and looks to see whether the wording in the annual report is reasonable in light of the audit of the financial statements. So that's the extent of involvement with the annual report, per se.

I will follow up on the status of the annual reports. I'm not familiar right now—day 12, so bear with me here—but I'll follow up and find out what the delay is in the annual report filing. But I do know that the attest audits

are completed separately than the preparation and tabling of the annual report.

Mr. Frank Klees: Thank you.

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

Mr. Toby Barrett: Yes, thanks, Chair. Frank and I are playing catch-up as well. I don't think you were here last Wednesday, either.

I appreciate the motion to determine the total costs of this agreement. I'm also interested in finding out if there are any savings in this agreement. I'm interested in something more than just a bottom-line statement of the costs.

0910

Even looking at this missive from the LCBO—I just have one page here; it's a Q&A. The last question says, "I sampled a wonderful bottle of Burgundy wine while I was in France. The LCBO doesn't carry it, so how can I get it?" I don't know whether they hand this out in the stores; it's obviously public knowledge, but I would think we need, perhaps, something in more detail. I'm surprised that that last question is there.

With respect to savings—again, from the media, I understand that there was a 0% wage increase in the first year and a 0% wage increase in the second year, but our finance minister indicated that they are providing the province with a dividend of \$1.6 billion. Now, was that part of the OPSEU company negotiations, or is that referring to taxes, which has got nothing to do with wages, pensions, perks and things like that?

I have some other questions. I find that there's always confusion with respect to the general public—with respect to how much their government agency is costing them. Oftentimes the union message is, "Well, we made a billion dollars for the government." Well, that's taxes. That 86% tax on a bottle is going to be there regardless of what the full-time employees are making or the part-time employees are making, so I would just hope that we could get a bit more detail on this.

We know this government is committed to balancing the books, and if this agreement was an increase in costs without any savings, I would have some concerns there. It does get confusing when you talk about taxes on the product versus other administrative savings or efficiencies that were made in their operation.

The Chair (Mr. Norm Miller): Yes, thank you for that. Ms. Jaczek?

Ms. Helena Jaczek: Clearly, our motion that we put forward last week was in direct response to the official opposition's motion, and I would like to confirm with the Clerk that the original motion that you put forward was the exact same wording.

What you asked for were the costs of the agreement, and what we have provided—in response to Mr. Klees, clearly the LCBO has given the total net costs of the new agreement over the four-year term at \$20.16 million. That has been responded to. We were simply reacting to your request, and we have satisfied the request that you made last week in your original motion.

Mr. Toby Barrett: We've received this from the LCBO. It might be useful to maybe get information from the union to see how they have worded this. Maybe they were able to find some savings for their employer.

It's a one-pager; I haven't had time to read it, but I would think—for the public and for us—it would be worth having a bit more detail. I know that in the budget there was talk of comparing public sector wages, salaries and pensions to the private sector; this could be a no-brainer. We could take a look at the Brewers Warehousing corporation and see what they pay their employees and how their pension set-up is, or how much it costs the LCBO to market their product through the package stores—the convenience stores. Some of those comparables, I think, would be valuable just to determine whether we're getting value for money from government workers putting the bottles in bags.

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

M^{me} France Gélinas: The comments get wider and wider reach as they go. My initial comment when I raised my hand was that I would support it, but then the AG answered why there is a delay in filing their annual statements, and then the AG said that they would.

The second one as to, were there savings in the collective agreements, collective agreements are public documents. Any of us can go get a copy of a collective agreement, compare it to the last one that they signed, and you will see the wage scales and you will see the benefits. Anybody can read those documents. So this information has always been there and will continue to be there. Collective agreements in Ontario are public documents.

Then came the trying ourselves to do a value-for-money audit and comparing. I would say we either direct our AG to do an audit of the value for money of the LCBO—I wouldn't want to pick and choose areas of if we direct our AG to do a—if we decide to do this, then we decide to do this, but so far, that's not what the conversation had been about. I'll leave it at that.

The Chair (Mr. Norm Miller): Very good points there, France. Yes, I think the discussion is getting way beyond what the actual specifics of the motion are, so it may be that that is the correct way to go.

Yes, Mr. Klees?

Mr. Frank Klees: Chair, I'm satisfied with that. What I would like to do, though, is just to narrow this down to the issue that I raised about the annual report. I'd like to just put on the record the section of the Liquor Control Act, which is subsection 7(1), which reads as follows:

"The board shall make a report annually to the minister upon the affairs of the board, and the minister shall submit the report to the Lieutenant Governor in Council and shall then lay the report before the assembly if it is in session or, if not, at the next session."

I simply would like to know why the LCBO is not in compliance with what is very clearly a legislated directive. The auditor has taken it upon herself to follow up on that. I look forward to getting a report on that.

The Chair (Mr. Norm Miller): Very well. Ms. Jaczek?

Ms. Helena Jaczek: I would certainly welcome that as well. I think we can rely on the Auditor General to give us the follow-up that's required.

The Chair (Mr. Norm Miller): So are we satisfied that this motion—are you going to withdraw this motion?

Ms. Helena Jaczek: I will withdraw it.

The Chair (Mr. Norm Miller): Okay, the motion is withdrawn.

We are going to go into closed session to talk about Ornge.

The committee continued in closed session from 0918 to 1230.

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

The Chair (Mr. Norm Miller): I'd like to call the committee to order. We're resuming our public hearings on Ornge Air Ambulance. Our first witness this afternoon is from Air Bravo Corp.: Rick Horwath, president. His legal counsel, Major-General Richard Rohmer, is here with him as well. Welcome, both of you.

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

Mr. Rick Horwath: Yes, I have.

The Chair (Mr. Norm Miller): Very well. There's an oath of witness which our Clerk will have you swear.

The Clerk of the Committee (Mr. William Short): Good afternoon, Mr. Horwath. If you could just put your right hand on the Bible in front of you, please. Thank you. Do you solemnly swear that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. Rick Horwath: I do.

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

The Chair (Mr. Norm Miller): Thank you. You can take up to 10 minutes for an opening statement, and then we'll have about 20 minutes each for the three parties to ask questions.

Mr. Rick Horwath: Ladies and gentlemen, good afternoon. I am Rick Horwath, founder, president and CEO of Air Bravo Corp., the largest air ambulance service provider to Ornge and the citizens and taxpayers of Ontario.

I have been directly involved in the air ambulance industry for over 17 years, with over 15,000 flight hours to my credit as a pilot. Air Bravo began its operation in 2001 out of a base at Elliot Lake with one twin-engine piston aircraft. At that time, I was the pilot, chief pilot and director of ops and held many other positions with Air Bravo in order to ensure that Air Bravo was a safe, efficient, productive and growing company. With perseverance, practicality and excellent staff, Air Bravo grew into the enterprise it is today, in that Air Bravo has

operated as many as 10 advanced turbine aircraft from five strategically located bases in Ontario and employed in excess of 90 highly trained staff at our peak.

Our primary focus has been and still continues to be on air medical patient transfers, a specialty which I can categorically and confidently state that Air Bravo and my excellent staff perform with unparalleled expertise and productivity. Air Bravo has supplied over 30,000 injury-free flight hours in direct service to the air ambulance industry of Ontario. By way of example, Air Bravo has achieved a platinum rating for three years in a row as determined by Ornge's own safety auditor, Argus International, while Ornge themselves have never risen above a gold rating. Air Bravo has also enjoyed a good relationship with Transport Canada, with many successful audits and no enforcement actions needed to remain compliant.

Initially, as with all standing agreement carriers, Air Bravo was administered and dispatched directly by the Ministry of Health. This arrangement was an efficient and mutually beneficial one in which the patients were safely transported by an aircraft and a flight crew, including qualified flight paramedics, all provided by the private sector, which was specifically in direct response to the need and care level deemed appropriate by the Ministry of Health. In my opinion, the checks and balances inherent in that system always ensured quality medical care which was governed and regulated by the MoH, at a fair and reasonable cost due to the nature of the competition of the free enterprise system.

In or about 2006, with the advent of Ornge, this arrangement ceased to function. It was instead replaced by a bloated bureaucracy more concerned with politics and the building of an empire with spinoff for-profit companies, while operating under the hypocritical guise of nobly providing an essential medical service to the citizens of Ontario. In my view, this has proven to be a marked disservice to the citizens of Ontario and all standing agreement carriers that had been delivering valuable and efficient services, both publicly and privately, for many years, all of which was to the benefit of the Ministry of Health and the taxpayers of Ontario.

One of our first glimpses into things to come shortly after Ornge's establishment was their issuance of a request for information. This request, or RFI, was for the provision of all information related to the operation of an air ambulance operation, including but not limited to the specific operating costs of the various types of aircraft in service; our employee wages; our Transport Canada-approved operation manuals; our aircraft standard operating procedures etc.

The reason given by Ornge for this request was for transparency in the government contracts. In any business, this is all considered privileged and confidential proprietary information, which was garnered from years of experience and a large investment in time, effort and money by the management of their respective carriers. Clearly, in any free and democratic society, this is confidential, which is the exclusive business property of the owner, in my case, Air Bravo.

Alternatively, equivalent generic and extremely non-specific information could have been obtained by Ornge through or by a contract from a private aviation consultant. However, this contract would have probably cost hundreds of thousands of dollars. All carriers were not so subtly encouraged to provide this information; rather, there was a thinly veiled threat of upcoming contract consequences should this not be provided.

Begrudgingly we all complied, with the assurance from the then vice-president of aviation of Ornge that they had no interest or plans to set up their own air service. Surprisingly, within six months of uttering these words, Ornge Air applied for their own operating certificate to Transport Canada for the provision of an air carrier licence.

Not surprising was what was to become their trademark arrogance: that they had not even attempted to disguise the plagiarism. Ornge, in bold fashion, used such items as standard aircraft operating procedures and checklists which were taken verbatim from the ones we had provided.

Indeed, it is a not-so-subtle coincidence that the aircraft Ornge chose as being most suited for their operation and which they overspent to acquire was the Pilatus PC-12, the same type of aircraft that Air Bravo pioneered as an ideal air ambulance aircraft and the same type that we currently operate ourselves. Yes, the very same aircraft for which we provided all the necessary manuals, cost and operating requirements as demanded by the RFI. Ironically, Ornge now has 10 fixed-wing aircraft, the same amount that Air Bravo had at its peak. The only exception is that Air Bravo staffed and utilized all 10 aircraft; Ornge only staffs and utilizes four and keeps six as backup.

Upon the formation of Ornge Air, a for-profit company, a contract to provide Ornge with air ambulance was awarded to them without regard to any traditional tendering, which in my view is contrary to the legislated requirements. As a result, Ornge Air instantly became the largest air ambulance carrier to the detriment and, in some cases, demise of the established SA operators.

At one point, out of frustration at what I considered to be ongoing questionable business practices, I made a confidential inquiry to the standing agreement carriers' executive liaison representative at Ornge, specifically to ask if the board was fully aware of their conduct. Similarly, I received a notice that I was to present myself for a meeting with Dr. Chris Mazza at their offices in Toronto at a specified time and date. Please bear in mind that at this time that I lived in Elliot Lake, a six-hour drive away.

I had high hopes at the time that a meeting of this nature would prove beneficial and iron out some of the differences we had been encountering. Unfortunately, the meeting was short-lived, lasting literally less than five minutes. During that brief meeting, Dr. Mazza advised me, "I do not report to the board; the board reports to me. Do you understand?" Clearly, I was surprised and shocked at such a statement. That was the end of the meeting.

It should be noted that throughout this period, several of our submitted invoices were disputed by Ornge for a variety of what we had deemed to be unsubstantiated and/or frivolous reasons. The Air Bravo invoices were frequently either short-paid or dismissed in their entirety, with little or no valid reason given. Our ongoing efforts to collect these proved to be in vain and eventually totalled, with interest, in excess of \$600,000.

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As renewal of the three-year RFP neared, Ornge offered a settlement in the amount of less than 10 cents on the dollar, indicating quite brazenly that a contract renewal would not be forthcoming if the matter was not signed off as payment in full. As the deadline awarding the new RFPs loomed and the perception that the future of my company would be in peril—and the 90 employees that I was employing—if I did not comply with the terms of their settlement, I received an email from the standing agreement contract administrator, a gentleman who ended his employment with Ornge last week. There were two words in that email—"Tick tock"—which to me means, "Time has finished; either sign off on a settlement or no contract." Along with that came a threatening phone call from the CEO, Dr. Chris Mazza. I was left with the ultimatum and had no choice but to accept this pittance in settlement. Under duress, I accepted this. Rightly or wrongly, I call this extortion.

It's also worth noting that during this time of the RFP submissions, myself and the other carriers submitted sealed tenders in good faith and in accordance with the standard tendering process. Contrary to this process, each carrier was then individually called in for a private meeting with Ornge after the RFP deadline. Their respective tendered price per hour was questioned, and each was advised that the awarding of the contractual guaranteed hours would be in accordance with the lowest-cost carrier. As I understand it, each SA carrier, including Air Bravo, was instructed to re-examine their cost structure to see if they could offer a price suggested by the Ornge negotiating panel. It was suggested that without meeting this price, a carrier could not expect to be awarded desired guaranteed hours.

Ladies and gentlemen, these are a few of the examples of questionable business practices that I have heard have been implemented at Orange and which permeate their corporate culture to this day. Having met some of the executive managers and board members who have succeeded Dr. Mazza, I hold them in high regard and have no evidence to the contrary of anything but integrity in their leadership. Regrettably, once burned, twice shy. The questionable and unethical business practices still exist at Ornge and with its staff.

Air Bravo, along with the other air ambulance service providers, served the citizens of this province safely, efficiently and cost-effectively prior to the advent of Ornge. In essence, the system, under the prior administration of the Ministry of Health, was not broken. In my view, this previous system or operation was designed by the medical and aviation professionals with the experi-

ence and know-how to get the job done in a safe and timely manner. The same cannot be said of Ornge, even to this day, and after hundreds of millions of taxpayer dollars have been spent to set up a cumbersome, ineffective and political white elephant.

Respectfully, I urge you to consider the dissolution of the current operations and return to allowing government agencies such as the Ministry of Health or the Ministry of Transportation to administer, regulate and dispatch, and allow us, the aviation professionals, to do what we do best: flying airplanes and providing the vital emergency medical care needed by the taxpayers. Ask yourself, how does the private sector compete when our main customer is our regulator and our competitor at the same time?

In closing, I thank you for the privilege of giving me the opportunity to address this committee. Thank you for your invitation and consideration.

The Chair (Mr. Norm Miller): Thank you very much for the opening statement.

We'll move to the opposition first. You have 20 minutes, Mr. Klees.

Mr. Frank Klees: Thank you, Mr. Chair. Mr. Horwath, thank you for coming today. The reason that we wanted to hear from you and the other standing agreement providers is that I think it's important, as we draw our hearings to a close, that we have the perspective of the private sector and how service is delivered.

I want to pick up on a comment that you made, which was disturbing to me, and that is—I think I'm quoting you—when you said, “Unfortunately, questionable and unethical business practices still exist at Ornge.” Could you expand on that? Could you give us an example of what it is that you're referring to?

Mr. Rick Horwath: Yes. There are a couple of examples. One would be that I have asked for clarification on a conflict-of-interest issue which stems from another carrier being allowed to use a full-time Ornge employee to help author their RFP submission without declaring that as a possible conflict of interest. They have addressed it by saying they're investigating it, but nothing comes of it.

There are other examples. Even in a recent renewal of our latest contract, there was still some, shall we say, negotiating of the tender after the deadline. I just think that's unethical in a sealed-tender process.

Mr. Frank Klees: Could you elaborate on that? What exactly happened?

Mr. Rick Horwath: Being called and asked, “Are you sure that's the final price you want to submit?”

Mr. Frank Klees: And who was it who called?

Mr. Rick Horwath: An Ornge representative.

Mr. Frank Klees: Do you recall who that was?

Mr. Rick Horwath: The gentleman's name is Ted Rabicki.

Mr. Frank Klees: So Mr. Rabicki called you after tenders were closed. Specifically, what did he say?

Mr. Rick Horwath: He just said, “Are you sure those are the numbers you want to go with? They may not be

the numbers that will get you the guaranteed outcome that you'd like.”

Mr. Frank Klees: So the implication was that he would allow you to change the numbers.

Mr. Rick Horwath: Potentially, yes.

Mr. Frank Klees: And did you?

Mr. Rick Horwath: No.

Mr. Frank Klees: Okay. Are there any other examples of concerns that you have about business practices there?

Mr. Rick Horwath: The fact that they're still being allowed to continue their air service without having to ever tender it against us and become our competitor; and using their guys, as being a government agency, to coach employees of ours to go to work for them, knowing their strengths in the air ambulance industry.

Mr. Frank Klees: Have you reported any of your specific concerns, such as this issue around the tendering, to anyone senior at Ornge?

Mr. Rick Horwath: I knew they were all familiar with it.

Mr. Frank Klees: So it's your opinion that Mr. McCallum would have been aware that that call was made to you.

Mr. Rick Horwath: Yes.

Mr. Frank Klees: Why do you say that?

Mr. Rick Horwath: I was told that they were aware of it.

Mr. Frank Klees: Who told you that the senior executives were aware of that call?

Mr. Rick Horwath: Well, Ted Rabicki himself—and also just through the email chains and seeing who was cc'd on things would make me believe that they were aware.

Mr. Frank Klees: I'd like to change the focus somewhat. You were quoted in a press release as saying, and I think you just said it in your opening statement as well, that Air Bravo is the largest standing agreement carrier. How many aircraft do you have in service directly dedicated to Ornge at this time?

Mr. Rick Horwath: We have six aircraft that can be dispatched for Ornge at any given time.

Mr. Frank Klees: Are you involved in any other aviation business: private services that you provide, charters?

Mr. Rick Horwath: Yes, we do provide private charters, and we provide private air ambulance for repatriation.

Mr. Frank Klees: What percentage of your business would be Ornge-focused?

Mr. Rick Horwath: Today, it would be in the 65% to 70% range. When we originally started and up to 2007-08, it was around 90%. When we first started, it was 100%.

Mr. Frank Klees: And why that reduction in business?

Mr. Rick Horwath: To stay in business, we had to diversify. And as Ornge created their Ornge Air, it made

it even more clear that we had to diversify to stay the size we are and to succeed.

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Mr. Frank Klees: You operate under a standing agreement. That standing agreement is standard for all of the standing agreement providers, I'm assuming? There isn't a difference between yourselves and other aviation companies?

Mr. Rick Horwath: No, it's all the same.

Mr. Frank Klees: Okay. When you make your bid, are you required to provide financial assurance and give evidence of the financial stability of the company?

Mr. Rick Horwath: Yes.

Mr. Frank Klees: In the handout that you have in front of you, under schedule A—

Mr. Rick Horwath: Yes.

Mr. Frank Klees: Now, this is actually schedule A from an RFI, from previous RFIs. The last two requests for proposals did not contain this particular section. There is no requirement in the request for proposals for the last two rounds of proposals that requires a proponent to provide any financial information regarding their corporation. You're aware of that?

Mr. Rick Horwath: Yes.

Mr. Frank Klees: The last time that you put your proposal, your submission, forward, did you provide financial information, tax returns? Did you provide any information about the financial stability of your company?

Mr. Rick Horwath: In the last one we just did?

Mr. Frank Klees: Yes.

Mr. Rick Horwath: Not that I recall, no.

Mr. Frank Klees: Did it surprise you that you weren't asked for any of that financial information?

Mr. Rick Horwath: In some regards, yes, in others, no, because we had raised that issue several times. Especially with Ornge we raised the issue, why would we give our financial information to our competitor?

Mr. Frank Klees: How many bases of operation do you have?

Mr. Rick Horwath: Presently we have three.

Mr. Frank Klees: In your opening statement, I thought you said five.

Mr. Rick Horwath: At our peak we had five.

Mr. Frank Klees: And on your website it says five.

Mr. Rick Horwath: Yes, the website hasn't—we just recently consolidated it down to three bases within the last month and a half.

Mr. Frank Klees: So if you have three, why would you tell us in your opening statement that you have five?

Mr. Rick Horwath: That was a statement based on our peak; at Air Bravo's peak, we were at five bases. It was to show that we had 10 airplanes and five bases, which is very similar to the model that Ornge uses, which was given to them during our RFI back in 2007, I believe that was.

Mr. Frank Klees: Which two bases do you no longer operate out of?

Mr. Rick Horwath: Sioux Lookout and Timmins.

Mr. Frank Klees: And when did you stop operating out of Timmins?

Mr. Rick Horwath: Approximately two months ago we pulled our airplane out of there.

Mr. Frank Klees: When did you last have access to a hangar in Timmins?

Mr. Rick Horwath: I would have had access to a hangar up until we pulled out, basically.

Mr. Frank Klees: So the information that we have is that there were a number of months that you were actually operating from the tarmac in Timmins that you did not have access to the hangars. Is that incorrect information?

Mr. Rick Horwath: That is, in the fact that we did have access to a hangar, we just opted not to—

Mr. Frank Klees: Pardon?

Mr. Rick Horwath: We did have access to a hanger. It was like Richard's hangar; it wasn't the hangar that we had been in presently—

Mr. Frank Klees: And why did you no longer have access to the hangar that you were leasing?

Mr. Rick Horwath: Because when our lease contract came up for renewal, the landlord for the hangar increased the rent higher than what we could afford to operate it from at our current rates that we were being paid by Ornge.

Mr. Frank Klees: Is it a fact that there were substantial property taxes that were owing on that hangar that were your responsibility and that the landlord wanted you to pay?

Mr. Rick Horwath: There are some disputed land taxes, yes.

Mr. Frank Klees: And is that the reason the landlord refused to renew the lease?

Mr. Rick Horwath: No. He refused to renew the lease because I refused to sign the increase in rent.

Mr. Frank Klees: Which included the outstanding taxes?

Mr. Rick Horwath: No, just the actual monthly rent itself is what I disagreed with.

Mr. Frank Klees: Is there a legal dispute about those ongoing now?

Mr. Rick Horwath: Yes.

Mr. Frank Klees: Okay. So that has not been resolved. What is the reason for the Sioux Lookout issue? Why are you no longer operating out of there?

Mr. Rick Horwath: Basically, it was economics. That base wasn't paying for itself to continue operating out of there.

Mr. Frank Klees: Are there funds owing to the owner of that—

Mr. Rick Horwath: No.

Mr. Frank Klees: So there are no disputes regarding any outstanding debts there?

Mr. Rick Horwath: No, everything is current with that landlord.

Mr. Frank Klees: Okay. I'd like to ask you about Ornge's oversight of your operations. You contract to Ornge for your services. One of the issues that this committee has been dealing with is the lack of oversight of

Ornge on the part of the Ministry of Health. In your particular case, Ornge contracts with you to provide specific service. Your agreements are extensive in terms of the requirements that have to be there. What is the mechanism that Ornge uses to ensure that you're in compliance with your agreement?

Mr. Rick Horwath: The mechanisms that Ornge uses to ensure that we're in compliance with the contract or with the agreement? They do have auditors come in and audit us. They've used an outside auditor, the firm of Argus, to see if we meet our safety requirements. With those audits by Argus, which we've had several of, we've always maintained what they have as their highest rating, which is a platinum rating.

They also have performance reviews that they state in their contract, but I've never really seen them come around and enforce those performance reviews.

Mr. Frank Klees: Ornge has not been on site at any time to inspect—

Mr. Rick Horwath: They come on site when you originally apply to open a base or to add an aircraft. They'll come on site and inspect that aircraft, inspect that base.

Mr. Frank Klees: But subsequently, there have been no follow-ups.

Mr. Rick Horwath: No.

Mr. Frank Klees: I understand that one of the requirements is that your airplanes contain the TAWS technology.

Mr. Rick Horwath: Yes.

Mr. Frank Klees: Do all of your planes comply with that requirement?

Mr. Rick Horwath: Yes.

Mr. Frank Klees: TAWS, for the record, is "terrain avoidance warning system," right?

Mr. Rick Horwath: Correct.

Mr. Frank Klees: When did you come into compliance with that requirement?

Mr. Rick Horwath: Within the time frame that was given when they first set up that requirement.

Mr. Frank Klees: Okay. Can I just ask about the financial position of Air Bravo? There have been some reports that there are a number of outstanding debts that Air Bravo has, whether it's with hangars or whether it's suppliers. Is that competitor noise, or is there some substance to that issue?

Mr. Rick Horwath: There may be some of that being competitor noise, in not knowing, obviously, the true story, and rumour mills. As with any company with either growing pains or the present economy, there may be times when cash flow makes it tough to make all bills on time.

Mr. Frank Klees: You understand why that is an issue? The reason it's an issue is that, particularly given the fact that Air Bravo is providing a good percentage of the services to our air ambulance service, when there is a suggestion that there may be a financial issue with that company, the possibility of the banks moving in or the

doors closing has serious implications to a very essential service in our province.

So I would ask you this question: Is Ornge aware of some of the financial challenges that you're facing? And if so, what have the discussions been like between yourself and Ornge?

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Mr. Rick Horwath: Yes, there have been a couple of examples or a couple of incidents where Ornge has been aware that there were some bills that were late being paid.

Mr. Frank Klees: And can I put it this way: What is the fallback position? Or do you have a plan in place to assure Ornge and to assure the province, the government of Ontario, that your service is solid, that your company is solid, that you will in fact be able to provide that service? Because this is not just about a business surviving; this is about an essential health care service. How practical are those discussions between yourself and Ornge to provide assurance of a continuation of that air ambulance service?

Mr. Rick Horwath: Well, one thing is, you look at history. We have proven that we were one of the carriers that has been there through thick and thin, through the economic times, and we still persevere and still maintain a safe record and keep a platinum rating with Argus, which also looks at your safety record and your ability to carry on business. We've proven it over time, that we will be in business. We will provide the service, and safely.

Mr. Frank Klees: Was there a credit report done with your last round of applications for service?

Mr. Rick Horwath: Was there a credit report done? No.

Mr. Frank Klees: Assuming there was a credit report ordered on your operation today, what would that look like?

Mr. Rick Horwath: I'm not sure—

Mr. Frank Klees: So you're unsure as to whether that credit rating would support the government awarding or Ornge awarding a contract to you?

Mr. Rick Horwath: It would depend on what their requirements of that credit report be, I would imagine.

Mr. Frank Klees: Okay. Who at Ornge do you report to directly? Do you have a direct liaison at Ornge?

Mr. Rick Horwath: Between the SA carriers and Ornge, usually our liaison was Ted Rabicki. He is no longer with Ornge as of last Friday. I believe he resigned. Above that would be Rob Giguere, who I've been reporting to directly myself.

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

Mr. Frank Klees: Thank you. Let me just ask you about the relationship, then, between yourself and Mr. Giguere. Do you feel that that is an open communication, that you can talk to him professional to professional and with full disclosure and ensure that you're both on the same wavelength in terms of what your responsibilities are to deliver your service? Is that an open communication? Do you feel—I'm hoping, I guess, that he doesn't

fall into that category of business practices that you've referred to in your opening statement.

Mr. Rick Horwath: Yes, I believe my discussions with him can be very open and candid, although in speaking about the conflict-of-interest issue that I brought up as a business practice—in that investigation, I was made aware that the legal team at Ornge, specifically Mr. Patterson, was actually sending confidential emails between myself and Mr. Giguere on to my direct competitors.

The Chair (Mr. Norm Miller): We are pretty much out of time now, Mr. Klees. We'll move to the NDP: Ms. Gélinas.

M^{me} France Gélinas: I don't know if it's because I didn't hear good, but I just want to check: When Mr. Klees asked you about the TAWS and asked when did you bring that onto your aircraft, I did not hear the date.

Mr. Rick Horwath: I don't know the specific date. I just know that we were compliant with when they needed to be. The date that they had given us to have them in compliance, we were—

M^{me} France Gélinas: Could you put it in time? Was it last week, last month, last year?

Mr. Rick Horwath: It was several years ago.

M^{me} France Gélinas: Several years. Okay. Thank you.

I was very interested by your opening comments, especially when you talked about, you know, there were thinly veiled threats of compliance—if you did not give them the information on the request for information, you basically felt that your livelihood was going to be threatened, that those people had the final yea or nay as to whether you were going to exist or not. It doesn't take much of a threat to be scared in those situations. Am I reading this well?

Mr. Rick Horwath: Yes.

M^{me} France Gélinas: Okay. Given what you've told us, and what you label as trademarks of arrogance—you're not the first one to say this, by the way—what kind of protection did you have? Were you ever able to go to the ministry and say, "Listen, I don't think I'm being treated fairly by the team at Ornge"? Did you feel that that was available to you, and did you make use of it?

Mr. Rick Horwath: I felt it was available, and I believe myself and other carriers expressed those concerns at different times to the Ministry of Health. But basically, and I can't recall the exact times or persons, some of them were during—we have a three-year Ministry of Health audit where they come in and audit us for our air ambulance licence. During those times, you would bring up those discussions of your mistrust in the system, and basically the people during those audits would say, "Yeah, we all understand, but they're pretty much untouchable"—Ornge was untouchable.

M^{me} France Gélinas: So those are people who work for the Ministry of Health. They go through all of the bases; they do the audit for your ambulance licence. You would have open conversations with them and talk to

them about the trademarks of arrogance and basically what was happening to you, and none of them offered to help you?

Mr. Rick Horwath: They didn't know what they could do—no.

M^{me} France Gélinas: Okay. Now that you look back, do you have any idea—can you speculate as to why those people were not willing to help you?

Mr. Rick Horwath: They were either in support of it, which they openly had said they were not, or maybe they just didn't have the authority or the ability to step on toes.

M^{me} France Gélinas: Do you figure it should have been different if it had been—how would you have liked it to work? You could see that things at Ornge were wrong. What would have been for you—how should the system have worked so that those wrongdoings were caught earlier, and when you reported something, action would follow?

Mr. Rick Horwath: I think if we would have been assured of confidentiality in reporting what we thought was wrong and not have it go directly to Ornge—I think most of the carriers would assume that once Ornge found out you were, call it, a whistle-blower on them, your flying would come basically come to a screeching halt and you would be blackballed. In my situation—and most of the other SA carriers—where your largest customer is Ornge at the time, that's a tough gamble to take. Are you going to remain confidential, and while you're waiting for something to take place to fix a problem, are you going to continue to be able to operate?

M^{me} France Gélinas: A huge gamble.

Mr. Rick Horwath: You're between a rock and a hard place.

M^{me} France Gélinas: Yeah, a huge gamble. So what you're telling me is that you would like to have had the opportunity to have a confidential way to bring those issues to the ministry so they could be investigated and action taken. Do you now feel, after all the weeks, the months, the years that have gone by since we've tried to change Ornge, that things have changed for the better? Do you feel that if you were to see something drastically wrong at Ornge, where would you go, and do you have confidence that it would be different than what it was before?

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Mr. Rick Horwath: Can you repeat the last half of that?

M^{me} France Gélinas: Yes. You described what it was like at Ornge before. You saw that things were wrong, but you felt that if you were to go to the ministry and complain, it would go back to Ornge and Ornge would basically take it against you.

Now, in 2013, if you had a complaint against Ornge that you wanted to bring to the ministry's attention, do you figure that things are better, that there is somebody out there at the ministry who would listen to you and that things would be looked after?

Mr. Rick Horwath: I'm not so sure that the ministry has gained my confidence in that yet.

M^{me} France Gélinas: No, eh? What would it take? What should the ministry do so that it is perceived in a way that you feel that, "Yes, now they have a process in place that I know that if I complain, those will be in confidence, and the people that I complain to have enough status that they can actually do an investigation and change things around"? What would bring you that confidence?

Mr. Rick Horwath: By seeing action taken from the special report from the Auditor General. The report was finished in 2012. We're now a year and a half later, and I haven't seen much action on the ministry's part to fix a lot of the problems that were brought up in the report. I think a little more action, and quicker action, would help build my confidence in the ministry.

M^{me} France Gélinas: So from where you're sitting, things have not changed in the sense that if you see wrongdoing, you're still stuck between the rock and a tough place and have no place to report those so that action can be taken?

Mr. Rick Horwath: Correct.

M^{me} France Gélinas: Okay. You were going to say something.

Mr. Rick Horwath: No. That's correct. I still feel that way.

Mr. Jagmeet Singh: You were there when Ornge made that shift, to your surprise, where they went from just providing the ambulance services to actually providing the air services. What did you notice, as somebody who is an expert in this field or has significant expertise in the field? What were some of the problems with the way Ornge conducted their business, the way they operated when they took over the air side of it all? What did you observe as problems?

Mr. Rick Horwath: As problems in that area?

Mr. Jagmeet Singh: Yes.

Mr. Rick Horwath: I observed that they went from having no air service to all of a sudden having one of the larger air services, without the direct expertise on how to run it. Sure, they can hire some personnel, but they plagiarized all their manuals and everything. If somebody plagiarizes something, do they really understand what's in that manual and what it took to get to that place?

Mr. Jagmeet Singh: That was your concern, that you thought they may not have expertise. But what actually happened that either showed they didn't have expertise or showed that they made mistakes? When was your concern that perhaps they plagiarized, perhaps they didn't have the expertise? They went from no air service to all of a sudden having the largest. What were the actual objective things that you noticed that seemed to be not efficient or not proper or not up to the standard that they should be?

Mr. Rick Horwath: One thing for "not efficient" is, I don't know any other airline that owns 10 airplanes and only operates four of them on any given day. That's an inefficiency right there. You absolutely are proving that

you don't understand the economics of an airline. You can't own that many aircraft and only utilize 40% of them.

Mr. Jagmeet Singh: Okay. Besides that, anything else that Ornge did that wasn't to the standard that you would expect them to do, whether it's efficiency, whether it's the standard of care, whether it's the way they operated the airline? What were other things that you noticed? One was the efficiency: operating four out of 10. What else did you notice, if anything? If you want to come back to that, I can go on to another—

Mr. Rick Horwath: Yes, let me think about that.

M^{me} France Gélinas: You were there since 2001. Can you place it in time as to at what point you realized that your suspicions were right? At what point did you realize that there was something drastically wrong at Ornge? If you were to put a time frame on this, was it after it hit the front page of the paper or before?

Mr. Rick Horwath: It was well before it hit the front page of the paper. It was 2006 or 2007 when we started realizing that they were actually looking to start up their own airline, the way they started doing business practices and specifically when they finally started their own airline. First of all, it was, "No, we're not going to start an airline." Six months later, it was "Yes, we decided we're going to and we've used all your information to do so." The next thing was, "Yes, we're going to start our own airline but we will not take any of your employees or any employees of other SA carriers to build our airline." All of a sudden, they're poaching half of your employees.

I made an inquiry to Ornge as to why they were taking so many of my medics at one time, and it was at the time that Dr. Mazza and Rick Potter were in Switzerland negotiating their deal with Pilatus for their airplanes. They were actually on a bus, and I have a witness to verify that; it's Mr. Arnone, who owns Pilatus Centre Canada, who was with them. After they got my question that it is unethical to take eight of my medics all at one time to help build their airline, Dr. Mazza actually had Potter call me, took the phone from him and said to Mr. Arnone—I'm recapping from Mr. Arnone's statement—"I want you to listen to this phone call. This is what happens when you try to go against me." In that phone call I was told, "Do not ever question our ethics, do not ever question why we are employing some of your employees again. If you do so, there will be no more work for you."

M^{me} France Gélinas: So an open threat over the phone. How did you react to that?

Mr. Rick Horwath: I basically said okay, I'll have to find another way and just persevere in my company and hire new employees. How do you respond to that, unless you take them to court? And then you take them to court, and now what happens to my business?

M^{me} France Gélinas: You have a lose-lose situation in front of you.

Mr. Rick Horwath: Right.

M^{me} France Gélinas: By then, had you tried to go to the ministry to tell them, "You've created a monster"?

Mr. Rick Horwath: At that point, no, I didn't go directly to them.

M^{me} France G  linas: So the first indication—the thing was not even off the ground and you already had a solid indication that a monster was being created.

Mr. Rick Horwath: Oh, yes.

M^{me} France G  linas: At what point did you try to reach out to the ministry and tell them what they had done?

Mr. Rick Horwath: At different times we had discussions with, as I mentioned to you, auditors from the ministry. We also met as air carriers and had brought this up. We had brought these to the attention of the board members of Ornge at a meeting in Thunder Bay. I don't recall the date but I can get that date for you. They had offered to have open meetings with us, with the air carriers, to address our concerns that we were bringing forward. We had one meeting and then they never—because that meeting was so confrontational, they never had another meeting with the air carriers over this.

M^{me} France G  linas: The board of Ornge had, I take it, one of their regular meetings in Thunder Bay, made it an open meeting for you to attend—

Mr. Rick Horwath: They made it a meeting in Thunder Bay because it was central for most of the operators to get to.

M^{me} France G  linas: And you attended, you told them your side of the story and—

Mr. Rick Horwath: That we were totally against them setting up an air service, yes.

M^{me} France G  linas: Okay.

Mr. Rick Horwath: And coming into direct competition with us.

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M^{me} France G  linas: That was before they set up the airline?

Mr. Rick Horwath: It was while they were trying to set it up.

M^{me} France G  linas: Okay. And that was the only consultation that ever took place? They never—

Mr. Rick Horwath: Between Ornge and the air operators, yes.

M^{me} France G  linas: Okay.

Were you ready? Sorry.

Mr. Jagmeet Singh: Yes. No problem.

I understand certain areas of your concern: your concern that your model was plagiarized, that a competitor was set up immediately to compete with you, that there were some practices that weren't ethical in the way they set up their airline. That's just running a business, becoming a competitor and challenging your business directly. If the public of Ontario are looking at this, they'll just look at you as a disgruntled company that lost business, right?

But beyond that, to the actual substance, what can you speak to in terms of the substance of what Ornge provided—their actual service that was flawed or, as we see, a big mess? What was it in the actual way they delivered their services that was problematic to you, beyond the

competition? I understand where you're coming from, and I think it's obviously not appropriate. But getting to the root of the matter, what did you notice was wrong with the actual service provided by Ornge in terms of them taking over an airline or creating an airline all of a sudden?

Mr. Rick Horwath: Well, one thing I can see is that it became apparent that they allowed the unionized medics to more or less dictate whether an airplane was to go flying or not, based on how they felt about the weather, instead of leaving that to the pilot's choice. Another thing would be the lack of—you already brought up the point that we were required to have TAWS on our airplanes, but it came to our knowledge that they didn't enforce that on their own helicopters. Why didn't they? Why were they above having the same requirements we had, especially the helicopters? We've had more experience in aviation and have been in the business longer, but we're having higher requirements on us than they are with less experience.

Mr. Jagmeet Singh: That's fair. And when it came to the ministry, Ornge air ambulance was taking a new direction where, instead of just providing medical services, they were also taking over and running their own airline—fixed-wing and rotor-wing as well. When they did that, did the ministry ask the service providers or the other air carriers their opinion on whether or not Ornge could do this or whether this was feasible or whether it made sense? Did they ask your opinion on this?

Mr. Rick Horwath: No.

Mr. Jagmeet Singh: Okay.

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

M^{me} France G  linas: My last question, then, will be: Those were taxpayers' dollars that went to create Ornge and run it, etc. Do you think the ministry did their job of monitoring this agency called Ornge?

Mr. Rick Horwath: No.

M^{me} France G  linas: And what makes you say that?

Mr. Rick Horwath: I think it's become very apparent why I would say that, in the fact that just reading through the auditor's report brings up a lot of questions as to where all the money was being funnelled to. Who was the actual beneficiary of the budget that was being utilized? It definitely wasn't the taxpayer or the patients of Ontario who were benefitting the most from this.

M^{me} France G  linas: I agree. Thank you.

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

Ms. Helena Jaczek: Thank you, Mr. Horwath, for your opening statement. I'll start off by picking up a little bit on Ms. G  linas's question in relation to when Ornge decided to operate its own aircraft and, in essence, be in competition with you. At some point during that pre-2012 era, you did have some concerns that you raised to the Ministry of Health and Long-Term Care. Do you have any emails or any concrete evidence of your forwarding these concerns?

Mr. Rick Horwath: Not with me at present.

Ms. Helena Jaczek: Would you be able to make those available?

Mr. Rick Horwath: Yes, I will look for them.

Ms. Helena Jaczek: Can we have a request to the Clerk that that occur? We would be most interested in seeing that.

The Chair (Mr. Norm Miller): I see the Clerk writing. I assume he's—yes, he's noting that.

Ms. Helena Jaczek: Okay. Thank you.

We understand, obviously, that this was a threat to your business, and you had to reduce your operations in relation to air ambulance. Currently—so since the new management has been in place—can you describe your fleet, the capacity that you have? I think you said at one point that about 60% of your aircraft time or however you allocate that unit—I'm not sure how you do it—is dedicated to air ambulance through Ornge. Can you just describe a little bit how many aircraft are employed for Ornge services and how many are not?

Mr. Rick Horwath: All of our aircraft are capable of flying for Ornge on any given day.

Ms. Helena Jaczek: Yes, but do they?

Mr. Rick Horwath: Most of them do.

Ms. Helena Jaczek: So is your fleet being used? Is your capacity being used to its full extent?

Mr. Rick Horwath: Our fleet is being used. We're not being used to our fullest capacity, though.

Ms. Helena Jaczek: What would be the gap? What sort of size of gap?

Mr. Rick Horwath: From our peak years, we're down probably 50%.

Ms. Helena Jaczek: I'm not so interested in your peak years; I'm interested in—

Mr. Rick Horwath: The peak years were prior to Ornge.

Ms. Helena Jaczek: Right. I'm talking about now, of your capacity—

Mr. Rick Horwath: It was prior to Ornge Air, I should say.

Ms. Helena Jaczek: Your current capacity: How much is being used for Ornge, and do you have excess capacity that could be used for your private chartering business? I kind of want to know about your efficiency.

Mr. Rick Horwath: Okay. With Ornge, we are being utilized probably 65% or 70% of what they should be utilizing us for, or could be. Where we had to diversify—and I think the question was raised earlier, what's their percentage of business? We're slowly marketing our private charters and our private air ambulance to make up the difference in the lack of utilization on Ornge's side.

Ms. Helena Jaczek: Okay. Now, turning to your contract—I'm quoting from the material we were given by the research officer: "Air Bravo's contract with Ornge was up for renewal March 15, 2013." You did describe some sort of conversations that occurred with officials at Ornge. Was this prior to March 15, prior to the renewal? I'm just trying to understand the timeline here.

Mr. Rick Horwath: I don't have the timeline in front of me of the deadline for the tender. But yes, prior to us signing the new contract, there was—

Ms. Helena Jaczek: How was the tender performed? Did you have a sealed envelope wherein you put your proposal forward, and it was going to be opened on a certain date along with other competitors? Help me understand how the standard offer works.

Mr. Rick Horwath: Yes, they have an RFP, which is a request for proposals. They have a deadline then for questions that you can submit prior to the deadline of the submission that will be answered. Once that deadline is over, then you have a deadline to have the submission submitted to them in a sealed envelope—so many copies, either electronic or paper; I forget the exact number at this time—with a separate envelope with your sealed pricing in it. You have a proposal that spells out all the requirements, such as schedule A here; some of that wasn't in this latest one.

Ms. Helena Jaczek: Did you pose questions to Ornge prior, as you said you were allowed to?

Mr. Rick Horwath: On this last one, I did not.

Ms. Helena Jaczek: You did not.

Mr. Rick Horwath: No.

Ms. Helena Jaczek: The conversations—I think it was Mr. Rabicki at Ornge—when did they occur? Were they prior to the opening of the envelope?

Mr. Rick Horwath: Well, you have to understand that Mr. Rabicki was the liaison between SA carriers and Ornge, so we have, at the minimum, weekly conversations with him on all issues to do with the SA carrier daily operations. To specify a date of when I had a specific conversation, I can't answer that.

Ms. Helena Jaczek: Could you perhaps go over again exactly what Mr. Rabicki said to you?

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Mr. Rick Horwath: There have been so many conversations with him, I can't recall what you're asking, like what—

Ms. Helena Jaczek: But you made a pretty serious allegation in your opening statement, that you felt that there was some impropriety in the current process at Ornge.

Mr. Rick Horwath: Well, my opening statement addressed the tender process that happened three or four—actually, five years ago—where, after we submitted our tenders, every carrier was brought down to Ornge. And at that time, it was Conrad Caia, Fred Rusk and Ted Rabicki who met with us on individual—each carrier brought in and discussed their tender and was asked to lower it.

Ms. Helena Jaczek: I'd like you to talk about since the new management is in place at Ornge. Could you explain what impropriety you think has occurred?

Mr. Rick Horwath: There are still the conflict-of-interest issues. There's the sharing of confidential emails between myself and the COO of Ornge, Rob Giguere, that were passed on to employees—actual emails passed on to employees at another service provider.

Ms. Helena Jaczek: Can we see these emails?

Again, Mr. Clerk, I would request that we get copies of these emails.

Mr. Rick Horwath: Sure; yes.

Ms. Helena Jaczek: And with—the date, obviously, will be clear.

Mr. Rick Horwath: Yes.

Ms. Helena Jaczek: The sealed envelopes were opened. What happened? Were you awarded a contract?

Mr. Rick Horwath: Eventually, yes.

Ms. Helena Jaczek: What do you mean, “eventually”?

Mr. Rick Horwath: It took quite some time for them to eventually have the contracts signed, from the deadline of the opening of the tenders until they actually submitted contracts for signature, and I’m of the assumption that was the same for all carriers. They actually did ask us for a further extension of our current contract while they were still trying to iron out the new contracts that they wanted.

Ms. Helena Jaczek: So you continued to provide service to Ornge throughout that time?

Mr. Rick Horwath: Throughout the amendment period, yes.

Ms. Helena Jaczek: And you’ve obviously accepted the contract, and you’re currently providing a service to Ornge, as you’ve told us?

Mr. Rick Horwath: Yes.

Ms. Helena Jaczek: What do you know about some of the measures that the government, the ministry, has proposed in terms of amendments to the Ambulance Act? Have you followed the proposals in the new regime?

Mr. Rick Horwath: I’ve been aware of some of the proposals, yes. I haven’t followed them directly.

Ms. Helena Jaczek: Just so you know, there will be, hopefully—when we finally pass this bill—some whistleblower protection. It’s certainly our government’s intention that what happened previously would not happen in the future so that concerns can be raised and they will be responded to.

Again, looking at what the researcher provided for us, I understand that Air Bravo was involved in the six-month trial program between Sault Ste. Marie and Sudbury to provide airplane service for patients with scheduled hospital treatment. You were involved with that trial.

Mr. Rick Horwath: Yes—

Ms. Helena Jaczek: Could you explain to us how that worked? Was it a separate contract that you had to do this trial program with Ornge?

Mr. Rick Horwath: Yes, it was a separate contract; I believe it was put out for tender, for an amendment to the existing contract at that time. We tendered on it and were awarded the trial period.

Ms. Helena Jaczek: Okay. So you were able to use some of your capacity—

Mr. Rick Horwath: Right.

Ms. Helena Jaczek: —to take part in this particular service. Do we have any results? Would you have deemed it a success, or do we—

Mr. Rick Horwath: I believe it was successful, yes. They have discontinued that.

Ms. Helena Jaczek: Were you transporting patients on a daily basis, or how did it work?

Mr. Rick Horwath: Yes.

Ms. Helena Jaczek: Again, I guess I’m a little confused about some of your allegations about what’s happening currently at Ornge, because we were given in this document a direct quote from yourself. I guess the source was IPMI Magazine. What you say here is, “We value our partnership with Ornge and welcome the opportunity for us to build on our existing relationships to help deliver an efficient and cost-effective air ambulance service for the benefit of the citizens of Ontario.” So I’m wondering if, at that point—this is actually dated June 18, 2012—whether you had any reservations about what was happening at Ornge subsequent to the change. There was a new board of directors, an interim CEO. What exactly does that mean?

Mr. Rick Horwath: Air Bravo and myself were hopeful that the change of the executives was going to make a big difference. I truly believe that the new executives that were hired are being used, are trying to make a difference. I think the problem is that the monster was so big and the culture of Ornge was so integrated amongst its staff that it’s gone beyond fixing internally.

Ms. Helena Jaczek: Elaborate for me. I don’t quite understand what you see is going wrong now. I need clarification.

Mr. Rick Horwath: What’s going wrong now is we’re still being regulated and monitored and being competed against by our biggest customer. I mean—

Ms. Helena Jaczek: So are you saying the only solution is for Ornge not to operate their own fleet?

Mr. Rick Horwath: In my opinion, that’s correct.

Ms. Helena Jaczek: And, of course, you would hope that your business would grow as a result of that.

Mr. Rick Horwath: I would hope that every SA carrier’s business would grow, not just mine. I’m not just here for myself. I’ve had a lot of competitors of mine that are also good friends of mine that have—some of them have ceased and desisted in the operating of Ornge because there’s not enough business for them. So it’s not just a—I’m not making a comment—

Ms. Helena Jaczek: Okay. I think we’ll probably leave it at that, but I want to ensure that we get all those emails that you’ve referred to. We need to know who you corresponded with and when.

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

Mr. Frank Klees: Chair, is there any time left?

The Chair (Mr. Norm Miller): There are eight minutes left of this round—

Ms. Helena Jaczek: Divided by three?

The Chair (Mr. Norm Miller): You can use it all. It’s all your time, if you want to use it.

Ms. Helena Jaczek: I’m happy to hear—I’m always interested in the comments of my colleagues.

The Chair (Mr. Norm Miller): Okay. We'll have a couple of minutes for each.

Then, go ahead, Mr. Klees.

Mr. Frank Klees: I just want to, Mr. Horwath, get some clarification between my question to you and your response to Ms. Jaczek so that we have it correct. If I recall, in response to my question about the unethical business practices, you made specific reference to the fact that on this last round of tenders, after the close of tenders, you received a call from Ornge asking you to change the numbers or consider changing the numbers or improve the numbers. Is that correct?

Mr. Rick Horwath: Yes. There was conversation to that effect, yes.

Mr. Frank Klees: Okay. I just wanted to clarify that, because I don't think, in response to Ms. Jaczek, that that was clear. That's a very important issue. I also want to just again confirm that in your response to me, you confirmed that you were assured that Dr. McCallum was aware that that call was taking place. Is that correct?

Mr. Rick Horwath: That's correct.

Mr. Frank Klees: Thank you.

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

Mr. Jagmeet Singh: No questions.

The Chair (Mr. Norm Miller): Back to you, Ms. Jaczek.

Ms. Helena Jaczek: I would just, to pick up on Mr. Klees—what proof do you have of what you've just stated? I mean, did you make any notes at the time?

Mr. Rick Horwath: What proof do I have of—

Ms. Helena Jaczek: About who told you that Dr. McCallum was aware etc.

Mr. Rick Horwath: I think I stated earlier that through a potential string of who was cc'd on different emails, it would tell me to believe that he was included in that. I would believe that if his executive board knows that, he would be included in that.

Ms. Helena Jaczek: Sorry. If his executive—

Mr. Rick Horwath: I believe I've seen his name on different emails as either being cc'd or emails to him to that regard, and being told personally by different people that he was aware of it.

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Ms. Helena Jaczek: So you would be able to give us a list of the people who told you this?

Mr. Rick Horwath: I can look for that list, yes.

Ms. Helena Jaczek: I mean, this is a very serious allegation that you're making.

Mr. Rick Horwath: Yes.

Mr. Frank Klees: Can you think of any of those individuals who might have told you that right now? I mean, we'll give you some time to look at your files, but who, to your best recollection now, do you recall as telling you that McCallum would have known about this?

Mr. Rick Horwath: It would be Rob Giguere and Ted Rabicki.

Mr. Frank Klees: Rob Giguere and Ted—

Mr. Rick Horwath: And I do know that Patterson was involved.

Mr. Frank Klees: Okay. If you could get back to us if you have any further information on that, we'd appreciate that. Okay?

Mr. Rick Horwath: Okay.

Mr. Frank Klees: Thank you.

The Chair (Mr. Norm Miller): Are we finished? It looks like it. Thank you very much for coming before the committee today. We appreciate it.

SKYCARE

The Chair (Mr. Norm Miller): I believe our next witness is here, which is Mr. Frank Behrendt from SkyCare, the president of SkyCare. I'd like to welcome you. I just wanted to confirm that you have received the letter for a witness coming before the committee.

Mr. Frank Behrendt: Yes, I did.

The Chair (Mr. Norm Miller): Very well. Our Clerk will have you swear an oath or affirmation.

The Clerk of the Committee (Mr. William Short): Could you just pronounce your last name for the record?

Mr. Frank Behrendt: That's Behrendt.

The Clerk of the Committee (Mr. William Short): Mr. Behrendt, could you please put your right hand on the Bible? Thank you. Mr. Behrendt, 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. Frank Behrendt: Yes, I do.

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

The Chair (Mr. Norm Miller): Thank you. You can take up to 10 minutes for an opening statement, and then we'll go to questioning from the three parties.

Mr. Frank Behrendt: Good afternoon. As a brief introduction, my name is Frank Behrendt. I am the president of SkyCare Air Ambulance. SkyCare is a standing offer agreement carrier that provides both primary and advanced care service from our home base in Sioux Lookout. We have been an SOA carrier for just over seven years. Personally, though, I've been involved in both the delivery and development of air ambulance services for over 30 years and in three different jurisdictions in Canada.

We want to thank you for calling SkyCare to appear before you and for the fact that you're making such a determined effort to expose and understand all the issues. A good friend of mine made a comment to me the other day that sunlight is often the best disinfectant, and a good airing out is desperately needed. It's healthy and is a key step in getting Ontario's air ambulance system back on track. Before I answer questions, I'd like to quickly touch on just a few points.

A simple one is just this simple fact that I think a lot of people have forgotten, and that is, prior to the formation of Ornge, Ontario had one of the most highly regarded and reputable air ambulance delivery systems in North America. It needed some refinements and a

process to facilitate continuous improvement, but it sure did not need to be dismantled. I think we all know that Ornge's management of that system has caused serious harm on many fronts, and it has brought the system into disrepute. That's one point.

Two, I think at the core, there's a core foundational thing that has to underline what has to take place, and I believe that it's understanding that there are three core fundamental accountabilities or responsibilities that the government has when it's looking at what it's doing with regard to air ambulance in Ontario. Those three core issues, or core responsibilities or core accountabilities, that the government must answer for are: First of all, it has a responsibility to the patient. Patients have a right to expect prompt access to safe, high-quality care. That's number one. That's got to be the number one priority, and it is so often getting forgotten because people have all of these personal agendas, empire agendas, business agendas, bureaucratic agendas or political agendas, and that gets forgotten.

The second accountability or the second responsibility that the government very clearly has is to the taxpayer. I mean, that's obviously true. The taxpayer has a right to expect that they will get fair and full value for the taxes that they've paid to the government. Another point on that is simply that, at least in my life, I have not found money to grow on trees. There is a finite resource available to us. The fact is that integral to the accessibility of a service is its affordability. If you make a service unaffordable, how can you possibly hope to have access to it?

When you take a look at what's gone on, you've gone from a \$90-million budget to \$150 million, plus you've gone and borrowed \$300 million to hand this over to somebody. You've got half the bases and half the aircraft in Ontario, and you say, "What's wrong?" It's pretty obvious that there's something wrong with that. So there's a fiscal accountability—a fiscal obligation—and there's an obligation on all of our parts, including the business community's part, to ensure that the services that are available are affordable, because if they're not affordable, they will not be accessible.

Thirdly, I believe that the government clearly has an obligation to the economy. That may seem like an odd thing to be talking about at an air ambulance discussion, but the fact is that when the government is making decisions, at the very least it has to take the position that it's not going to harm the economy. Certainly, my expectation as a taxpayer is that the government is going to support the economy, it's going to stimulate the economy, and that it's not going to come along and undermine the economy.

With what transpired, I've certainly seen first-hand where small communities lost service and lost local businesses, and the economy in the local area was diminished because of some of the decisions that were made that resulted in some carriers having to shut their doors or substantially downsize.

Very clearly, I see these as three priorities when you're taking a look at what the future is: (1) You have to

consider the patient; (2) you have got to get best value for your money; and (3) there is an opportunity in this money that's being spent to stimulate and support the economy. You need to make sure that all three of those—I believe that those are three core fundamental issues that are underlined, that must be addressed. It's the patient, the taxpayer and the economy.

Another observation that we have—just another quick point, and I guess this speaks a little bit to some of the things that Rick was saying. It's our observation that people have been fired from Ornge, but has structural change been made to address the conflicts of interest that exist? We haven't seen that. The structural flaws, the very core conflicts of interest, continue. It's a bad business model.

The Canadian Business magazine put out an article on the state of the Canadian health care system, and the article was titled—I've got to make sure I get it right—"The Worst-Run Industry in Canada: Health Care." One of the things that they talk about in the worst-run business being health care, one of the things that they state and they refer to in here is the failure to follow even the most basic business management principles. What is the core principle of fairness that you're following? If you don't get the principles right, your foundation is going to fail.

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When we look at Ornge and as we continue to watch what's happening, we're pleased to see some changes and we're pleased to see that there are people who are making a lot of effort. It's not just about firing this bad guy or that bad guy. It's about addressing some of the core operating principles and philosophy that is the structure behind the organization. You need to take a look at that.

Another point that I would want to speak to—I'm jumping from subject to subject here; I hope you don't mind. I have this comment to make about the overall strategy that needs to be looked at in the future, and that is that many strands make for a strong cord. I think that you need to be, and the government needs to be, extremely cautious. They need to beware of anyone who wants it all. If you have somebody looking to be a sole supplier, I think that you need to take that with a big grain of salt. A sole supplier, in my view, is a disaster waiting to happen. The fact is that we see this in so many places in life: Two is better than one. A multiple cord makes for a much stronger cord. You want fail-safe. If you go with a single cord, you will not have fail-safe.

I have to put a plug in; I'm jumping to another point. Ontario's air carriers have provided, and they continue to provide, exceptional air ambulance services and financial value to the province of Ontario. I know that Rick had mentioned—there was some question about whether there was communication on the issues that were going on. Because I was a member of the Ontario Air Transport Association, I can tell you that the Ontario Air Transport Association lobbied aggressively, from 2007 forward, on multiple levels, to draw attention to what was going on. I

think you may be interested to read—I believe that Bob Mackie, in his presentation previously, had provided a copy of the letter that went to the minister, I think it was in May 2011, or whenever it was. That was a culmination of multiple efforts and multiple presentations that were made. I think you would find it an interesting read at this point, at this juncture in time, as a refresher of some of the information that was out there. Certainly, in light of what has been exposed, in this sunlight that is working as a good disinfectant right now, you might find that some of that would be an interesting read again.

The Chair (Mr. Norm Miller): We are out of time for your opening statement, but there may be time at the end, so just save the rest of the comments or work them into your answers, if you like.

Mr. Frank Behrendt: Okay.

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

M^{me} France Gélinas: I was interested, when you started to talk about the overall strategy, and you make this analogy to a stronger rope coming from many different strands being pulled together and you link that to fail-safe, which is a basic principle in aviation: What exactly did you have in mind specific to Ornge, not theoretically?

Mr. Frank Behrendt: Okay—

M^{me} France Gélinas: Specific to Ornge and your business, of course.

Mr. Frank Behrendt: Yes, okay. Specific to the air ambulance delivery system in Ontario rather than just specific to Ornge, I strongly believe that there is a need to make sure that you have capable and multiple suppliers. I think that the sole-sourcing idea is a very dangerous idea. Any time that you go with a singular solution, what happens if that solution fails? Tragedies do happen; we know that. Things can happen. Even if you put your trust all in—look what happened to the airlines that recently had to ground the entire Boeing 787 fleet over a battery. What if the Agusta helicopter, which has had some airworthiness directives come out of it and some problems where they've had to reduce their availability—if you're relying on that one single type, if you're relying on that one single supplier, that one single type of aircraft, any time you have any major problem occur with that one source, you have no options. So I think that there's a real need to be careful about that, and I think that a multiple supplier solution is an appropriate solution.

M^{me} France Gélinas: I have other questions, but just quickly, do you know within the industry how many use Pilatus versus other types of aircraft to do air transport?

Mr. Frank Behrendt: In Ontario?

M^{me} France Gélinas: Yes.

Mr. Frank Behrendt: There are three carriers in Ontario that are using the Pilatus, and there are three carriers that, for sure, are using other aircraft types.

M^{me} France Gélinas: So your analogy with the grounding of the Boeing would be that if something

happened anywhere in the world where the Pilatus needs to be grounded, we're doomed?

Mr. Frank Behrendt: Well, I'm just using that as a single source example. Let's say that, for instance—I mean, this is a difficult subject because there was recently a tragedy, and so that's a difficult thing to delve into. But if you have a company—and we know from first-hand experience that tragedies do occur—so you have something like that happen. What if that operator has to temporarily suspend operations? Then what are you going to do? There were questions with regard to the financial strength of companies. What are you going to do in the system if you have one company that runs into financial difficulties, for whatever reason? A lot of companies ran into financial difficulties through this very difficult transition with Ornge. There wasn't a carrier that wasn't scrambling to restructure their business in one way or the other. Everybody had to do it, and some carriers didn't make it.

So whether it's finances, whether it's an accident, whether it's an aircraft, whatever the case may be, if you're relying on a single source, you're in trouble. If you have multiple sources, you've got redundancy to your system. We like redundancies in aviation. We always want redundancy. There's always got to be a fall-back, there's always got to be a backup system. Where's your backup system?

Mr. Jagmeet Singh: Hi there. Good afternoon. Just some brief questions to follow up. How long has SkyCare been in business?

Mr. Frank Behrendt: SkyCare has been in business for seven years.

Mr. Jagmeet Singh: Seven years, okay. And when did you first start working with Ornge?

Mr. Frank Behrendt: Day one.

Mr. Jagmeet Singh: Day one, okay. When you were working with Ornge, was there any distinct moment or a discrete time where you noticed there was something not going well at Ornge? When was that, if you could put it into a year?

Mr. Frank Behrendt: I would say 2007.

Mr. Jagmeet Singh: In 2007. And what was your first indication? What was it that set you off that something wasn't going quite right at Ornge? What was that indication?

Mr. Frank Behrendt: There were odd relationship issues.

Mr. Jagmeet Singh: Okay.

Mr. Frank Behrendt: A simple one: One of the things that we saw was that decisions were being made that you were really scratching your head about—

Mr. Jagmeet Singh: So what was a decision that was being made that—

Mr. Frank Behrendt: Well, one that we thought was just a shocking decision was that Ornge gave a decree that there was to be no advanced care provided by the SOAs for inter-facility transport. That created an immediate crisis, and they didn't communicate it. They didn't tell the hospitals in advance that they were doing

that. They didn't tell the carriers, and at that time we weren't providing any advanced care. But I know with other carriers, the phone stopped ringing. There was no communication that this was coming, and then there was no explanation for it for two years. It was two years after the fact before Ornge finally talked to the carriers about what their reason was, and the reason didn't wash.

Mr. Jagmeet Singh: Okay. And what about actual patient care? Anything that you noticed with respect to patient care or service provided to Ontarians? When did you notice, or did you notice, there was any sort of problem in that area?

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Mr. Frank Behrendt: Oh, 2007. That was a disaster, the inter-facility advanced. You talk to the hospitals about the stress that that put them under and the patient wait times bumped up, because there were only two options to transport a patient when that decision was made: They either had to wait for an Ornge aircraft, which wasn't, a lot of times, available because there was now too much traffic for them to handle; and the other was that the hospital had to take a nurse or a physician off the floor and send that nurse or that physician on a primary aircraft to transport that patient, and we've seen some terrible things in that.

Mr. Jagmeet Singh: So one discrete or distinct thing you noticed was increased patient wait times for inter-facility transportation?

Mr. Frank Behrendt: Oh, absolutely.

Mr. Jagmeet Singh: That's what you noticed? Okay. Was there anything else that you noticed, a distinct service issue or a patient care issue?

Mr. Frank Behrendt: Well, certainly our patient care didn't change. I'm not privy to what was going on within Ornge in terms of its patient care, but the one that we've talked about was very substantial.

M^{me} France G linas: Did you or anyone at your company ever try to reach out to the ministry so that they would know what was going on on the ground? I mean, two years—I live in the north, so I'm fully aware of those long delays—is a long time. Did any of you reach out? Who did you reach out to and what kind of answer did you get back?

Mr. Frank Behrendt: Well, the communication—I mean, you've heard Rick's comments. When you have an organization that is 100% in control of your revenue and your business and with the flick of a switch can put you out, and when that organization is being very aggressive in its actions with you and when you're making inquiries and you're not getting any help with that, you have an—I would give the analogy that it's an out-of-control bully in a schoolyard beating up on people and the teachers are watching, and then people are saying, "Why didn't you go do something? What did you do as carriers to solve this problem?" Well, some of the carriers stood in the corner and got a licking. What were they going to do? What recourse did they have? I don't know what recourse they had except to try and take it to court, but then if you're in a legal dispute, it was like, "Okay, well, now

what are we going to do?" So what were the recourses? I don't know what the recourse was and I don't know what the carriers could have done.

The carriers—there was an association that was formed out of that, the Ontario Air Transport Association. The carriers that were not even involved in air ambulance started lobbying the government because they were very upset by what they had seen happening, and they were very concerned at the trend. They were going, "What's the government doing getting into the airline business? They've got enough challenges." The perspective is that with the airlines, people think that—has anybody looked at the financial returns in the airline industry? The margins are extraordinarily tight. It's a brutal fiscal environment, with high risks associated with it, so it's an extremely challenging environment to manage. So the carriers' perspective was sort of one of shock, of, "Really? They're going to get involved in the airline business? How is this going to go?"

M^{me} France G linas: Well, the results speak for themselves.

Mr. Frank Behrendt: Yes. So the recourse was that there was an association formed that was actually led by some non-medevac companies that then made numerous attempts to lobby the government and bring things to the attention of the government.

M^{me} France G linas: When the people would come to your base and do their audits so that you could keep on doing the medical side, did you ever talk to them?

Mr. Frank Behrendt: Oh, yes.

M^{me} France G linas: Did they offer solutions or offer follow-ups or—

Mr. Frank Behrendt: Do you know how—I'm trying to think of how to explain that. You know, sometimes, something has to develop. It has to go through a cycle before—I believe that the government truly believed what they were being told by Ornge, that, "Hey, there's all these problems out there; we're going to fix them. You just watch what a great job we do. And yes, you're going to hear some complainers come to you, but they're just complainers, so don't listen to them." So there was a credibility issue in that, who are we? The Ontario air transport—I mean you're just these little business guys over in the corner here, and who's going to listen to them when you've got experts telling you that we're going to do it better?

So I think that, I guess in some fairness to the government, they were sold a bill of goods that was very well packaged and very well presented. They bought that. Until some of the mold and rot of it started to come out and some of the stinky things started to come out of it, it wasn't until then that it finally got exposed.

M^{me} France G linas: Do you think that because you're a small business owner in northern Ontario that you're easier to ignore?

Mr. Frank Behrendt: Oh, absolutely, yes.

M^{me} France G linas: You're further away from the big centre; they'll never hear you.

Mr. Frank Behrendt: Yes.

M^{me} France Gélinas: Sorry, go ahead Jagmeet.

Mr. Jagmeet Singh: Were you aware of what the ministry was doing in terms of regulating or providing oversight of Ornge? If you are not aware, then you're not aware.

Mr. Frank Behrendt: No, I'm not aware

Mr. Jagmeet Singh: In terms of what the ministry was doing with your agency, how regularly or how often was the ministry inspecting your premises or your services?

Mr. Frank Behrendt: The Ministry of Health audits us to renew our air ambulance licence once every three years, I believe it is. The MNR, when we bring an aircraft online, goes through an approval process and then we don't get audited with them, but they've stopped by for visits and checkups and things like that.

Mr. Jagmeet Singh: Given your personal knowledge with your air carrier service, in terms of the inspections, you indicated MNR doesn't do an audit but does pop by, and the Ministry of Health does a regular audit. What are your feelings in terms of the ministry, whether they succeeded or didn't succeed or how they discharged their duties to supervise Ornge? Do you have any comments with respect to that?

Mr. Frank Behrendt: Well, I think that there are two aspects to that: the rear-view mirror and looking forward. In the rear-view mirror, obviously there were failures. Looking forward, we see some sunshine, and I'm looking for a brighter day.

Mr. Jagmeet Singh: That's good. What's your current relationship with the Ministry of Health?

Mr. Frank Behrendt: Good.

Mr. Jagmeet Singh: And with Ornge, what are you currently contracted to do, if anything?

Mr. Frank Behrendt: We're based in Sioux Lookout. We have three aircraft—two right now, a third one coming online. We provide primary and advanced care service. The one aircraft is just a backup aircraft that's coming online.

Mr. Jagmeet Singh: And how regularly do you provide services for Ornge?

Mr. Frank Behrendt: Regularly. Almost daily.

Mr. Jagmeet Singh: In terms of the future, what do you see for the future of air ambulance in Ontario?

Mr. Frank Behrendt: Well, I hope that you're going to give excellent direction and that out of this are going to come some very good ideas. I hope that there is a team effort that's brought about. If I looked at it ideally, I'd say, well I sure hope that there's a multi-carrier strategy. I hope that the conflicts of interest that exist are ended. I hope that there's a fairness in the bidding process. I hope there's an independence that's given to the Ornge dispatch centre—so that's what I hope.

I want to make one comment, because we're talking about Ornge so much in a negative tone, and I have to say that Ornge has the front-line staff—I'm very fortunate to have some extraordinary people who are very passionate and very committed and very dedicated to the work that we do. Ornge has the same. They have a lot of

very dedicated people. One of the gems that Ornge has is its dispatch centre. That dispatch centre is trying every day to do the right thing, and they ought not to be interfered with because of conflicts of interest. They need to be given the freedom to do their job.

Mr. Jagmeet Singh: I have one last question before perhaps my colleague has some more questions.

What would you recommend, just off the cuff, in terms of a model where we have public and private working together to deliver air ambulance services? Just in your mind, what would be an effective model to do that? Right now, we have Ornge, which does have rotary and fixed-wing aircraft and does have the medical personnel. How do you think that would work in tandem in an effective way, in an efficient way, in a way that would help Ontarians with providing public and private—kind of a mix, I guess? I'm assuming that's what you're advocating. How do you think that would work?

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Mr. Frank Behrendt: Well, I think that Rick made a good point. I made a point right at the beginning to say that something that we all have to back up and take a look at is that Ontario, in the past, has had a highly reputable and regarded air ambulance delivery system. No system is perfect. You're not going to find the perfect system, but there are cores that you need.

I think that the biggest challenge right now to Ornge, that you've got to find some way—and I don't know what the solution is. I don't have a solution to this. You have to have some way to end the conflict of interest that exists, because I can tell you that it's only a matter of time—there's lots of egos in the business, right? In politics and in business and even in bureaucracies, there are lots of egos. You've seen the repercussions of that. Sooner or later, somebody's going to be very ambitious, and they're going to want to do something with—“Oh, hey, I've got control of this.” I think that you have to be very careful to put checks and balances in to not ever allow that to happen again in the future.

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

M^{me} France Gélinas: I was interested in your comments about the dispatch. In line with what my colleague is saying, do you see an advantage or disadvantage of having the dispatch within an aviation business?

Mr. Frank Behrendt: Oh, it can't be within. It has to be removed from the aviation business. It cannot be part of the aviation business. It has to be independent, because its primary focus has to be “I'm getting that patient looked after.”

M^{me} France Gélinas: And it is not now. So can you give me a clear example as to why this is bad?

Mr. Frank Behrendt: Not to say that the dispatch centre currently is being run by the aviation. From what we can see, there have been improvements that have been made. They are trying to do their job, and they are doing a good job. But you still have that fundamental underlying relationship that's tied together there where you have them tied very closely to this air operator. I just see

that as, you need to break that tie. Until you break that tie, you're always going to run that risk, a very high risk, of contamination taking place.

M^{me} France G elinas: Thank you for coming. It's appreciated.

The Chair (Mr. Norm Miller): We'll move to the government. Ms. Jaczek.

Ms. Helena Jaczek: Mr. Behrendt, you came to Ontario to establish SkyCare seven years ago, meaning 2006. Is that correct?

Mr. Frank Behrendt: That's correct.

Ms. Helena Jaczek: Who was your first contract with, as it relates to transportation of patients?

Mr. Frank Behrendt: It was actually before—it was Ontario air ambulance services—

Ms. Helena Jaczek: Which was directly operated by the Ministry of Health and Long-Term Care.

Mr. Frank Behrendt: Yes. I think that we came on just before the formation of Ornge. I was familiar, and I had worked with a company that was doing work in Ontario before that. I had worked previously under the MOH with a different company. But then when I independently started my own company, that was just in that transition when it was switching over to what would now be Ornge.

Ms. Helena Jaczek: Previously, the researcher—thank you very much—has determined that you were in Manitoba with Skyward.

Mr. Frank Behrendt: I was in Manitoba, and I was also in the Northwest Territories.

Ms. Helena Jaczek: What was your position at Skyward Aviation?

Mr. Frank Behrendt: I was the president of the company.

Ms. Helena Jaczek: We have some information that there were some problems with Skyward, that that company was dissolved. Can you give us a little bit more information?

Mr. Frank Behrendt: Yes. I'm not sure what—

Ms. Helena Jaczek: Why did Skyward—

Mr. Frank Behrendt: That's going to take about three hours.

Ms. Helena Jaczek: Why does Skyward no longer exist as a company?

Mr. Frank Behrendt: Skyward went into receivership, and by the time we got it through the receivership, the investors that were in the company simply did not have the wherewithal or the interest to keep the company going, and so the operation was terminated. Part of the receivership thing was a dispute with Transport Canada, and the company didn't survive that, is really what it boils down to.

Ms. Helena Jaczek: We were given a quote. It is the Canadian Press NewsWire, January 31, 2005: "A Manitoba airline that serves the north through passenger and medical flights has had its entire fleet of 25 planes grounded by Transport Canada due to safety concerns." Do you have any comment?

Mr. Frank Behrendt: Well, if you'd like to get into the whole story of that—

Ms. Helena Jaczek: No, I really don't want the whole story. I just want to know perhaps what those safety concerns were and what steps you took to redress them.

Mr. Frank Behrendt: I guess the company never had the opportunity to address those because, just as a for example, Transport Canada did not provide those to the company until substantially after—some 30 days or so after—it had initiated its action. The company just never had the opportunity to address them, in terms of being able to answer them. That's all I can say to that. I can tell you that if you want to go into a long discussion about it, we can go through it all—

Ms. Helena Jaczek: No, that's quite sufficient, thank you. So you—

Mr. Frank Behrendt: I can tell you this: Skyward had the best safety record of any company its size in Canada. In hundreds of thousands of hours, it never had a serious injury or fatality.

Ms. Helena Jaczek: Thank you.

You came to Ontario, and obviously SkyCare is providing exemplary service, and the record is there in terms of the fact that you are providing coverage now and have been fully accredited and certified etc. However, you came to Ontario in 2006, and you made an assertion in your opening statement in relation to the fact that, previously, air ambulance in Ontario had been provided through private companies and apparently was exemplary, or you felt it had been of very high quality. Is that correct?

Mr. Frank Behrendt: Yes.

Ms. Helena Jaczek: The Auditor General, I believe in 2007, did actually do a review of air ambulance service in Ontario at that time, as provided by private companies. Actually, there were a number of questions related to costs, escalating costs, and it was something that was, in fact, directed to the Ministry of Health and Long-Term Care, that they needed to examine very carefully those escalating costs. Were you aware of that?

Mr. Frank Behrendt: I'm aware of some of that. I'm not aware of all of the reports. I know that there's a Donner report. I haven't read that report, but I was aware of some of the Auditor General's information, yes.

Ms. Helena Jaczek: In terms of the fiscal challenges in the aviation business, you made a number of comments in that regard to my colleagues. Some would say that because those challenges could result in companies perhaps removing themselves from the marketplace, as Skyward did in Manitoba, it is necessary, in fact, for such an essential health service to have a public supplier of that service. How would you react to that?

Mr. Frank Behrendt: How's it going for you? I mean, with no disrespect, if you take a look—

Ms. Helena Jaczek: What do you mean?

Mr. Frank Behrendt: Well, you have gone to a public—you have Ornge. You have Ornge Air. How's that working out? It's a disaster is how it's working out.

Ms. Helena Jaczek: You think it's currently a disaster?

Mr. Frank Behrendt: If you take a look at the built-in cost structures that you now have, you've gone—if you take a look, you had a \$90-million budget. You have now a \$150-million budget, plus you have had hundreds of additional other millions of dollars spent. You have fewer aircraft and fewer bases. Ornge has said that there are more bases, but that's an Enron accounting procedure, because what they're doing is, they're talking about their bases, only their bases; they're not talking about all of the bases that were in existence in Ontario. Because if you're going to say that there's service available, you can't exclude and say, "Oh, we're not going to count the SOA carriers" and say that they don't have bases. Obviously, they do.

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Fort Frances is a perfect example. Fort Frances used to have a carrier base there, and then with all of this restructuring they just weren't able to survive, and so they moved out. They shut the doors and moved out, they actually moved out of the province. So that base is closed, and that's come at a cost, because now, instead of being able to just take a patient from Fort Frances to Winnipeg and back, they have to bring an aircraft either from Sioux Lookout or Thunder Bay.

The other thing that happens is, when you have, particularly in the fall time—there actually was an example of this, where there were multiple days—there's a mill and a river and there's the runway. So in the fall time, it's very common to get very low ceilings and fog there. If you have an aircraft on the ground there and you have a half-mile visibility, you can legally depart from there, but you can't land there, you can't get in, because the approach is too high and you're not going to be able to see to land. Because you've lost that service, you've increased costs, and then all of a sudden, in the fall time, when it's not uncommon to have poorer weather days, that service is not available. So it's not fair to—

Ms. Helena Jaczek: Okay, thank you, Mr. Behrendt. How much of your business is related to your contract with Ornge, and how much have you expanded the way Air Bravo has to other business opportunities?

Mr. Frank Behrendt: I think that every carrier in Ontario made alternate plans—

Ms. Helena Jaczek: Diversified.

Mr. Frank Behrendt: Yes.

Ms. Helena Jaczek: Which is a good business practice, I'm sure you'd agree—

Mr. Frank Behrendt: Yes, it is. We were initially focused 100% on the air ambulance, but then, when the future became so clouded and there was so much controversy that was going on, at that time we did diversify our business. We had an opportunity to diversify—

Ms. Helena Jaczek: So could you give us kind of a percentage? How much is air ambulance related to Ornge and how much is the rest?

Mr. Frank Behrendt: I would say that we're 60-40, 55-45, somewhere in there, the larger part being the medevac.

Ms. Helena Jaczek: If by some change in policy the Ornge directly operated air fleet were to disappear, would you bid on additional air ambulance opportunities in Ontario?

Mr. Frank Behrendt: Yes, I would.

Ms. Helena Jaczek: So you clearly have a private personal financial interest in seeing the end of Ornge operating its own fleet?

Mr. Frank Behrendt: You know what? I think that as part of my thing here, I had a closing comment that I had prepared or that I was going to just comment to, and I'm going to just refer to that.

There are many lessons to be learned from this, what's taken place, because I don't think that anybody can say that what we have is an ideal situation that transpired. You can't say that what's there has been healthy. You can't say that what's been there has been financially prudent. You can't say that it's been good for the patients. You can't say it's been good for the hospitals. You can't say it's been good for the nursing stations in the north. You can't. There have been problems. But you know, there's something that all of us have to pay attention to, because this isn't about me and it's not about your party's political ambitions, your party's political ambitions or your party's political ambitions. That's not what it's about.

I said before what the three priorities are: It's about patient care, it's about fiscal responsibility and it's about a government's responsibility to support an economy. That's what it's about.

My personal motivation has to be set aside. Sure, I have ambitions, but I don't have ambitions to take over the world. I want to provide a good service; that's what I want to do. I want to do my part. I live in the north; that's my home. The people who we serve are my neighbours. That's who I want to serve, and I want to do a good job at that. I think that you have to be wary of anybody that's ambitious and that is trying to score points, because you've got to go back to the core responsibilities that exist, and you've got to address those. That's what's got to happen. It's got to be fair, it's got to be responsible, and I think that it hasn't been fair or responsible at times. You've heard, I think, some atrocious stories of things that have taken place.

Ms. Helena Jaczek: Thank you for the lecture, Mr. Behrendt. A yes or no would have sufficed. We are here in the public interest, and I'm sure all of us around this table are very conscious of that. We're well aware of the problems that existed. We want to make sure that they are prevented in the future, and we are most interested in the current status of what's happening at Ornge, and from your comments, I have heard some allusion to improvements.

Mr. Frank Behrendt: Yes.

Ms. Helena Jaczek: But you've also talked about conflict of interest in the bidding process.

Mr. Frank Behrendt: Yes.

Ms. Helena Jaczek: Explain to me again, please, where you see the conflict of interest.

Mr. Frank Behrendt: I do not understand how—Ornge Global Air is nothing more than another commercial air service; that’s what it is. It’s another commercial—you go and check; it’s an incorporated company. You go and check on the Transport Canada website. You go and find out they’re another commercial operation. And yet, you’ve handed them, literally, at this stage of the game what we would have to estimate is literally hundreds of millions of dollars’ worth of contract, and there has been no fiscal accountability. There’s no tendering to that. I don’t see that that is fair or reasonable to the taxpayer or anybody.

Ms. Helena Jaczek: So you don’t see that the Auditor General conducting a value-for-money audit on the Ornge fleet operations would be sufficient to investigate any concerns the taxpayer might have?

Mr. Frank Behrendt: Well, I think that there are—you know, I’m going to just say that—what are the principles that you’re following? What are the business principles that you’re following? If you take a look at this article, it’s a very interesting read, on the crisis in the health care system and the fact that there is—you know, one of the things that they identify is this basic failure to follow good business principles.

It’s interesting if you take a look at the word “principle” and what “principle” means. Principle is a course of action that—it’s a rule of behaviour, it’s a course of action, and the outcome is for sure, and if we don’t follow good basic business principles, what do we think the financial outcome is going to be? The financial outcome is not going to be good.

Ms. Helena Jaczek: Well, my assertion would be simply that government is not business, and there are different principles at stake.

How much time do I have, Mr. Chair?

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

Ms. Helena Jaczek: I think I’ll reserve it.

The Chair (Mr. Norm Miller): Very good. We’ll move on to the opposition: Mr. Klees.

Mr. Frank Klees: Mr. Behrendt, I’d like to follow up on your comments about the structural flaws and the conflict of interest. I think we have a responsibility, clearly, to get this right, and as Ms. Jaczek has indicated, we’re more concerned about the present and the future than we are about the past. We’ve had lots of testimony. We know all of the things that have gone wrong. What we’d like to do now, as we conclude the work of our committee, is to ensure that in our recommendations we get that right, and it will be up to the government to decide whether they follow those recommendations or not.

The reason I was looking forward to hearing from you and your colleagues who are on the private sector side of the delivery equation here is that you have experienced this world pre-Ornge and now, currently. I want to pick up on your comment about the structural flaws that are in place, and if you could be very specific, that would be helpful to the committee. What structural flaws do you

see, and what would you do, or recommend be done, to fix those?

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Mr. Frank Behrendt: I think that there are two that I can picture, off the top of my head. One, your eggs are all in one basket. Don’t drop it. Again, we talked about a difficult subject earlier, and that is an accident. There recently was an accident. You’ve got all your eggs in that one basket. You have no other backup to it. You have to give special rules, special dispensation, to be able to ensure the integrity of the system, in that you may then have to compromise on certain areas where you may have to keep operating where you maybe shouldn’t operate. There’s going to be tremendous pressure to do that.

Obviously, there was tremendous pressure on Ornge recently, where they had to continue to operate to ensure the integrity of the service, because then what do you do? So, one, you’ve got your eggs all in one basket, and I think that’s a very risky thing.

Secondly—

Mr. Frank Klees: Before you go there, I’d like to just challenge that, for the sake of the argument. There will be those who say that we don’t have all of our eggs in the same basket, because you’re here. On the fixed-wing side, we have Ornge in the fixed-wing business—they’ve got their 10 Pilatus aircraft—and we have five standing agreement providers. There is a semblance of diversity there. We’ve got some competition built into the system. From that standpoint, where does that leave your argument about all the eggs being in the same basket?

Mr. Frank Behrendt: Well, that’s a fair point; that’s a good point. I guess, one, you don’t have any SOAs, though, that are in the helicopter operation side of things. Certainly, your helicopter operation is very clearly a one-basket affair.

It is true that the SOAs could step in if something happened on the fixed-wing side. It is true that that is a resource that could be utilized.

Mr. Frank Klees: I accept that argument on the helicopter side, because I think, to your point, should Transport Canada have stepped in and ordered all of those helicopters to be grounded because of their findings—which may still happen, right? We don’t know. Then we have a problem. So to have more than one supplier or provider makes good sense, and I buy that principle.

I’d like to go back, however, to your comment about Ornge Global Air and the fact that you, as a provider, are actually bidding into an organization that controls you, as we have had some evidence earlier. They set the standards, they set the terms of reference for the requests for proposal, but they’re also a competitor.

Mr. Frank Behrendt: Correct.

Mr. Frank Klees: Correct?

Mr. Frank Behrendt: Yes.

Mr. Frank Klees: So would I be correct in assuming that part of that structural flaw that you’re concerned with is that inherent conflict of interest, where you really don’t have a competitive environment; it’s an artificial environment. What if Ornge Global Air was spun out

into a separate organization and Ornge Global Air had to bid on a level playing field? Do you think they could?

Mr. Frank Behrendt: Under the current circumstances—as they’re currently operating right now, I don’t think they can.

Mr. Frank Klees: Why would you say that?

Mr. Frank Behrendt: I don’t want to say. Sorry. You see, I don’t want to fix their problems or strengthen their hand, in one regard, but at the same time, I’m a taxpayer, so I ought to, right?

As we watched Ornge, they spent money like drunken sailors. You just watched what they were doing and you were going like, “Oh, my goodness. Money is growing on a tree somewhere”—that’s certainly one of the things that we had as an observation.

The other is—and I guess Rick already raised the subject, one of the concerns that we have. Here’s my concern: I’m going to say something, they’re going to go fix that problem, and then that’s going to have a direct and substantial impact on our business. So I’m going to say it, but it could potentially have a big comeback on the standing offer agreement carriers. What Ornge has, and they knowingly did this, they’re sitting at an overcapacity situation with their aircraft, plain and simple. You cannot take the capital that they have and just park it on a ramp. As an operator, if I had the capital that they have sitting around, I would be broke in a month. Literally, I would be bankrupt in a month. There is no way that I could afford to do what they’re doing. I mean, they have this tremendous capacity. They have the capacity to nearly—they’re sitting on capacity that could be harnessed to do substantial harm in the marketplace still.

Mr. Frank Klees: Would you agree—and by the way, thank you for articulating that, because we see that. It’s impossible, it’s absolutely impossible to keep an organization alive without substantial subsidy from tax dollars for the kind of assets that they have, the overhead that they have, the fixed costs that they’ve committed to, let alone the bond offering that has to be looked after. We understand that, which is why we’re desperate to get to the point where we can actually get some factual information on the table so that we can make the appropriate recommendations to deal with this.

Our concern, some of us around this table, is that there’s much more intent about protecting the existing model, which I think we all agree has been flawed. The point has been made that you can fire the people, but if you’re still stuck with a flawed structure, we’re just going to repeat that, and we’ll varnish it as opposed to actually dealing with the issue.

I would like to go on to another point that you made and Mr. Horwath made as well and that’s around the dispatch. I think the term that you used was that it should not be interfered with, the dispatch. We’re not talking about the front-line people. You’ve complimented the work that’s being done there, and I think everybody around this table agrees that we have excellent front-line people. Our responsibility is that they have the privilege of working within a structure that allows them to be the

best that they can be. Could you address this issue of dispatch and what kind of conflict exists there?

Mr. Frank Behrendt: Well, I can speak historically and I can project that to the future. Historically, what we have seen happen is that there have been times where all of a sudden our business has dramatically dropped off, and then our crews are hearing a Timmins-based airplane coming in to Fort Hope to pick up a patient to go to Thunder Bay, which is a long ways out of the way for them, when our airplane is sitting right there.

An airplane faring from Thunder Bay going up to Sandy Lake, which they overfly, is double the miles—or going to Pikangikum or wherever to bring a patient to Sioux Lookout. It’s twice as many miles they have to fly, but there’s a dispatch protocol then where—again, I can’t bring you concrete proof of that, but you look at it and you go, “Well, obviously, they’re dispatching; they’ve been under instructions to dispatch their own aircraft for this even though it may mean double the miles that they have to fly.” You look at it and you go, “Okay.” You’re deeply suspicious about what’s going on because of the track record—for instance, in the dispatch, when they gave the instruction on the no inter-facility advanced, when the dispatch was given that instruction. That was very clearly somebody manipulating dispatch for an end gain, somehow or other, for the larger organization. It wasn’t in the interest of patient safety or patient efficiency; it was an end gain for something.

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Having seen that take place, I’m a doubter and I have no confidence, because my confidence in the integrity of that has been shattered. And what was the basis for that? It was because of the relationship with the airline, because, “Hey, we’ve got to drive business into our own fleet.” So then, all of a sudden, you’re making policy decisions to drive the business into your own fleet. And where are you taking it from? You’re taking it from somebody else to drive it to your own fleet. You’ve made a decision to overbuy in terms of having 10 airplanes. You didn’t need 10 airplanes.

So looking forward, I just don’t have a strong confidence that that’s not going to happen again and again and again, whenever things get tight.

Mr. Frank Klees: A practical argument. Has this ever been raised with Ornge?

Mr. Frank Behrendt: It’s in the letter that OATA had presented. Absolutely, yes.

Mr. Frank Klees: That would have been to the previous executive, the previous board—

Mr. Frank Behrendt: Actually, that went to—sorry, no. That went to the Minister of Health.

Mr. Frank Klees: I would think that that should be something that the current executive should be confronted with. This is something that I would expect the current CEO would want to answer to.

Again, the question that one has to ask around this table is: How much self-preservation is taking place with these decisions that are being made? Some of that self-preservation may be down two or three management

levels as opposed to the board having knowledge of these things.

What would be very helpful is if you could articulate what you've just explained to us, and send it forward to us by way of a recommendation. We would like to move that forward to the CEO at Ornge and ask that there be a review. There must be a way to audit this, if in fact these things have been taking place. We have the historical data in terms of how the dispatch has been done, where those patient transfers have been made, and I would think that there would be a way to audit that and get a handle on it. Would you agree?

Mr. Frank Behrendt: I think so, yes, potentially.

Mr. Frank Klees: Well, if you could do that, we'd appreciate it.

Mr. Frank Behrendt: I could do that, yes.

Mr. Frank Klees: I'd like to just pass and come back on closing—

The Chair (Mr. Norm Miller): Okay. I believe the NDP used all their time, so we'll go to the government. Ms. Jaczek.

Ms. Helena Jaczek: Do you have any evidence—you said in the past that Ornge was spending like drunken sailors. Any evidence that the current administration is spending like drunken sailors?

Mr. Frank Behrendt: No.

Ms. Helena Jaczek: Thank you. In terms of the dispatch, I think you've raised some interesting points. Certainly, when we heard from Dr. McCallum, he was very clear that dispatch had a way to go, that they were converting to a new system. In your example that you gave of this long, roundabout trip to sort of drive the business, so to speak, to the Ornge aircraft, how long ago would that be? Are you seeing this on an ongoing basis now?

Mr. Frank Behrendt: I can't give you an example—no, that would have been—now, when was that? That would have been—I would say it was at least six months ago, maybe a little longer than that.

Ms. Helena Jaczek: Okay.

Mr. Frank Behrendt: And in terms of current examples, I don't have anything that I can give you as a current example, just that we knew of multiple examples and so there was that trend there. But I don't want to—because there's two things we're doing here, right? We're looking in a rear-view mirror, so we're looking behind us and we're also trying to look forward, and I appreciate that the new leadership is making efforts.

Ms. Helena Jaczek: So you appreciate that the new leadership is making efforts?

Mr. Frank Behrendt: Absolutely, they are. You know one thing—this was, again, another thing that I was going to say in my comments. One of the things that still is a red flag, at least for me—one of the big failings in the past was a failure to consult the key individuals, the real stakeholders. Because if you want to know the health of the air ambulance system, you've got to get at the hospitals, you've got to talk to the sending and receiving facilities. You've got to talk to the hospital, to the

nursing station. You've got to talk to the dispatch centre. I think they're an overlooked gem; they're a tonne of information. They're probably maybe a bit nervous to say anything, but if somebody there really had the freedom to just speak, they could tell you a lot because they control so much information and they're giving so much direction and they see every facet of the operation, from the land ambulance to the interaction with the doctors, all the problems that occur.

I'm convinced that one of the things that really needs to happen is that there needs to be an Ontario air ambulance advisory committee that's made up of real stakeholders that are the front-line people. It should have two mandates, and the two mandates are (1) to pursue continuous improvement of the system and (2) a guard on strategic direction. If you have the key stakeholders involved in that, you're going to see—because I think that one of the things that happened in the past was that Ornge deliberately tried to fail the system for their own gain. It's my observation. Fair or not, that's my observation.

One of the things that I think would have substantially helped and would have saved all this heartache is if the real stakeholders had gotten together and been part of forming a strategic direction and had a process or had a means to be part of a continuous improvement process. I truly believe that's one of the cores that you have to incorporate somehow or other, some sort of guard on the strategic direction and a process for continuous improvement that brings all the key players to the table. It has to be the key players, not somebody who wants to interfere, but key players that are really being affected by the service and see the front line of the service.

Ms. Helena Jaczek: Have you actually been invited to any such stakeholder meeting like that with the current administration?

Mr. Frank Behrendt: Not that I can think of. I know Ron McKerlie was doing base tours, and we'd actually asked for a meeting with him and he came by and it was very constructive, it was very interesting and, I thought, a good information exchange.

Ms. Helena Jaczek: Some of the responsibilities that you've alluded to, one would have thought, would be the responsibility of the board of directors. But you're implying the need for some expert advisory in terms of the day-to-day operations and ensuring at the end of the day patient safety, patient care is a primary concern. Is that sort of the proposal you're—

Mr. Frank Behrendt: Yes. Well, see, one of the observations I have in just simply reading through some of the testimony from some of the previous board—I was going, "Okay. Do you know anything about air ambulance?" with all due respect to them. Because it's a whole different thing when you're in Fort Severn understanding what's going on and what's going on in that nursing station, what are all the logistics of it, what does the service need. I think there's a real need not to just have people who are isolated from exposure to that. You need to have people who are exposed to it, who are key and who are part of the decision-making process, because

otherwise, you're going to have somebody who has a great idea but has really not that much practical knowledge about the delivery of air ambulance services in a remote area. I think you have to guard that.

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

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Mr. Frank Klees: How much time?

The Chair (Mr. Norm Miller): You have six minutes, then we'll leave a couple for the NDP to ask another question.

Mr. Frank Klees: Let's just talk about oversight. You have very extensive contractual obligations. You signed that contract with Ornge. Can you tell me what protocol is in place for oversight of your operations by Ornge? How do they hold you accountable for carrying through on those obligations?

Mr. Frank Behrendt: There are a number of tools that they use. On the flight operations side, we are subject to an annual audit, which is contracted out to ARGUS International. Additionally, they monitor the Transport Canada civil aviation daily occurrence reports, which are published daily, and they're published by aircraft registration. Their safety officer looks at the CADORS every day. If they see that there was some sort of occurrence, and it can be anything from encountering turbulence—it doesn't mean that something went wrong; it's just that there was something that was abnormal that occurred. So if there is a CADOR that is attached to one of the aircraft that's registered to do business with Ornge, then they'll contact us and ask us for a report. Then they do the audit stuff as well.

On the medical side, MOH audits us. Ornge does not audit us on that side; MOH does. They do an inspection when we do the initial setup, but what they do—we submit patient ACRs. I'm not even sure what the acronym is, but our medics fill out a patient report for every patient that they carry, then that's forwarded to Ornge, and somebody in their organization audits those for patient care standards. Then if there's any issue, they contact us.

Mr. Frank Klees: Do you ever get unannounced visits from Ornge for an inspection of your—

Mr. Frank Behrendt: No.

Mr. Frank Klees: Has any representative of Ornge ever been on board your aircraft?

Mr. Frank Behrendt: Not that I can recall, other than when somebody has been—and I've invited them for a tour in an official capacity. We have Ornge medics who work for us part time. They've been on our aircraft. But in terms of somebody coming in to do an inspection or doing a ride-along, no.

Mr. Frank Klees: So there have been no ride-alongs by Ornge management. Does that surprise you?

Mr. Frank Behrendt: Oh, I should say, I think actually we did have one ride-along in our history that I can recall.

Mr. Frank Klees: One in your history.

Mr. Frank Behrendt: Yes.

Mr. Frank Klees: Would you expect that there might be more oversight?

Mr. Frank Behrendt: Well, I think that there are avenues for that. We would like, occasionally, for it, because it's nice to interact. It's a very important relationship, so you want to keep that relationship strong, and you want the organization that you're serving to fully understand what the capabilities of your operation are and to see what you're all about. So from that perspective, we would prefer to see somebody from Ornge come by to have a visit every once in a while.

Mr. Frank Klees: When was the last time that a Ministry of Health representative visited your facilities?

Mr. Frank Behrendt: That was, boy—this past winter, we had a number of inspectors. I think it was this winter, yes, that we had an MOH audit.

Mr. Frank Klees: Would that have been scheduled, or would that have been unannounced?

Mr. Frank Behrendt: No, that would be scheduled, and then the follow-up visit—I'm trying to remember. I think that the follow-up visit was also announced, where they were just saying, "Are you going to be around? We're going to be there on whatever date."

Mr. Frank Klees: Who is your direct contact at Ornge?

Mr. Frank Behrendt: I'm not sure now, because Ted Rabicki's gone, so I don't know who the new contact is.

Mr. Frank Klees: Do you know why he left?

Mr. Frank Behrendt: No idea.

Mr. Frank Klees: Thank you very much.

The Chair (Mr. Norm Miller): Thank you. We'll move to the NDP, then. Who would like to go? Ms. Gélinas.

M^{me} France Gélinas: Thank you. Just quickly, who is your primary contact at the Ministry of Health?

Mr. Frank Behrendt: Oh, boy. Laurie Breton is our medical operations manager at SkyCare, and I'm not sure of the name of who our contact is there. Sorry.

M^{me} France Gélinas: That's okay. Do you contact them on a regular basis?

Mr. Frank Behrendt: There is some interaction with them on a couple of different matters, but it's not weekly. It's probably maybe every other month or something like that.

M^{me} France Gélinas: And how is this relationship?

Mr. Frank Behrendt: It's good.

M^{me} France Gélinas: It's good?

Mr. Frank Behrendt: Yes, they're very good to work with.

M^{me} France Gélinas: You've talked about creating an Ontario air ambulance advisory committee. Who would you see on that committee?

Mr. Frank Behrendt: There should be a representative from a sending and receiving facility. It must include nursing station representation, hospital representation. I would include absolutely the OCC, the central dispatch, somebody from central dispatch. I would include somebody from medical operations, somebody from flight operations. Ornge has a medical advisory committee; somebody from that. And certainly, I would include the service providers or representation from the service providers, however that's done, whether it's through an

association that somebody is there, but a service provider.

M^{me} France Gélinas: By service provider, you mean—

Mr. Frank Behrendt: Like an air carrier

M^{me} France Gélinas: Okay, the carrier. How would you address the fact that some of them are for-profit, and therefore, their primary motive is to make money?

Mr. Frank Behrendt: Oh, I'm glad you asked me that. Do you know what? How much time do I have?

The Chair (Mr. Norm Miller): A couple of minutes.

Mr. Frank Behrendt: I'll try to be quick.

M^{me} France Gélinas: Go ahead.

Mr. Frank Behrendt: It really bothers me when we get into this not-for-profit/for-profit discussion, because I'm involved in some not-for-profit organizations, and there's something that's common to every one that I have been personally involved in, and that is, it's very dedicated people working for next to nothing who are volunteering their time and are passionate about what they do, and they're making sacrifices to make a difference. Unfortunately, there are some corrupted versions of not-for-profit that hide behind the excellent reputation of not-for-profit organizations to shelter themselves from fiscal accountability and from competition, because they can't be commercially competitive. So they hide behind that curtain. That's one thing.

The other is this notion that for-profit—I run a company that's not for profit. I don't like that. I work for my

customers. I run my business by profit, because if I don't develop a profit, the taxpayer is not on the hook; I'm on the hook and I'm broke. I run my business, and the only way that I can sustain my business is to show a profit. So I am by-profit, but I'm for my customers; that's who I'm for. The fact that there has to be a profit in a business is no different than that there has to be, or ought to be, a surplus or a balanced budget within a not-for-profit organization. So to bring that whole for-profit thing into question and then—it would be like saying that it's only reasonable, then, that a not-for-profit must always be in a deficit position. That's not true.

I understand what you're saying, though, that there may be business interests. People just have to get reminded about the basics and what the priorities are. If somebody starts to try and influence for commercial gain instead of looking at the health of the system, then they need to be booted out. Because at the end of the day, if it's not right, it's wrong. That's a simple statement. And if it's not the right thing to do, in the end, it's going to fail. If somebody tries to gain an advantage and take advantage of that, it's not right, and it's going to ultimately lead to failure.

M^{me} France Gélinas: That's good.

The Chair (Mr. Norm Miller): Okay, we are now out of time. Thank you very much for coming before the committee today. It's very much appreciated.

The committee is adjourned.

The committee adjourned at 1500.

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