



**Running a public service like a business: Ontario's Orngce fiasco**



# ABOUT AIR AMBULANCE

- **Operating aircraft**
- **Dispatching aircraft**
- **Providing medical care**

## Before

- In Ontario, the traditional model involved privately aircraft with public paramedics and dispatchers
- In 2000, the Ministry of Health and Long-Term Care privatized the paramedics, putting two aviation companies in charge
- Dispatch remained part of the public service at that time

## 2005 provincial auditor's report

- “...contractual reaction times were met only between 38% and 67% of the time”
- “the Ministry certified air ambulance operators even though either the operator had clearly not met the criteria or it was not certain whether the operator had met the certification criteria.”
- “insufficient staff, no documentation of employee qualifications or completion of mandatory training....”



## 2003 accreditation review

- “The program’s effective operation was inhibited by the absence of a clear line of authority among the dispatch centre, the base hospital, and the air ambulance operators responsible for the service.”

# Ontario Air Ambulance Services Corporation

- Health Minister George Smitherman sold all the assets of the provincial air ambulance service to the not-for-profit company that became “Ornge” for \$2
- Arm’s-length arrangement was meant to improve performance and “clarify lines of authority.”
- Contracting-in was part of this approach



‘Dr. Mazza was given *carte blanche* to draft the initial Performance Agreement with the Ministry of Health and Long-Term Care.’



**“A passionate,  
tyrannical,  
inspiring  
control freak.”**

- “He always considers himself the smartest guy in the room.”





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- **Ornge**
  - Ornge Peel
  - Ornge Issuer Trust
  - Ornge Global Air Inc.
  - Ornge Corporate Services Inc.
  - Ornge Foundation
  - J Smarts
  - Ornge Global Real Estate Inc.
  - Ornge Real Estate Inc.
  - Ornge Global GP Inc.
  - Ornge Global Holdings LP

## The money

- The ministry boosted air ambulance funding from \$115 million (2005) to \$150 million (2009)
- Ornge borrowed \$275 million from bond investors
- The borrowed money built the “Crystal Palace” and a dozen helicopters from Italian firm AgustaWestland
- Unexplained millions flowed from AgustaWestland into Ornge charities

## Good times

- Chris Mazza was controlling shareholder of the for-profit companies; executives and board members also held shares
- Mazza was paid \$9.3 million over six years but avoided the “Sunshine List”
- Fasken Martineau billed Ornge for 22,000 hours and \$9 million, enriching Alf Apps
- The Ornge board chair received \$200,000 a year
- Chris Mazza’s girlfriend, a water-ski instructor, became an associate vice-president
- Ornge bought a water-ski boat!

## The service

- Ornge diverted money to non-Ontario ventures and cut back on Ontario services
- The number of flights Ornge flew went down
- A lack of trained paramedics kept aircraft on the ground
- For a time, Ornge insisted that land ambulances appear on scene first to determine if air ambulance was needed – as a cost-saving measure
- It was impossible to perform CPR or intubate a patient in the new helicopters



## Lessons

- “Arm’s length” entities can too easily avoid democratic oversight and accountability – even when they are “not-for-profit”
- Privatization disasters only occur if politicians cooperate
- Greed is a powerful motivator
- There must be a clear line between public and private interests; otherwise, there will be inevitable conflicts of interest
- The easiest way to ensure this is with an all-public model

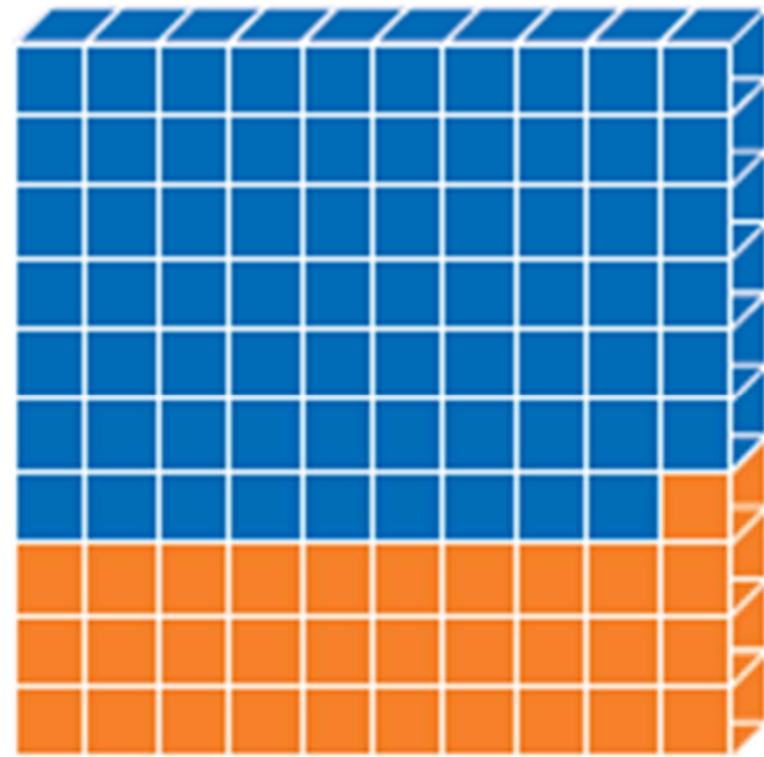
# Ornge, cancelled gas plants prove what?

**Govts can't  
be trusted  
to manage  
taxpayers'  
money wisely**

**69%**

**Cheaper to  
carry out  
public services  
with govt  
employees  
instead of  
private companies**

**31%**



**Total pop.**



**Problems persist....**