



News Release

For Immediate Release

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OVERSIGHT OF ORNGE CLEARLY INADEQUATE: AUDITOR GENERAL

(TORONTO) The Ontario government has given Ornge more than \$700 million since 2006 to provide ambulance service in the province without sufficiently monitoring how well Ornge was doing its job or whether it was following appropriate public-sector business practices, Auditor General Jim McCarter said today on the release of a special report entitled Ornge Air Ambulance and Related Services.

“When it assigned the operation of Ontario’s air ambulance service to Ornge, the Ministry of Health and Long-Term Care said that it would set standards and monitor Ornge’s performance against those standards to ensure fiscal and patient-care accountability,” McCarter said.

“We found, however, that the Ministry did not get the information it needed to meet this oversight commitment.”

Ornge provided little information to the Ministry on the actual number of patients transported or the average cost of transporting patients. As well, reliable information was not made available to the Ministry on the timeliness and quality of ambulance services. Our audit found that government funding to Ornge for air ambulance service, which accounts for more than 90% of all funding to Ornge, rose 20% in its first four full years of operation even though the number of patients transported by air actually fell by 6% during that period.

McCarter added that Ornge informed the Ministry about several for-profit companies it created in early 2011. However, the Ministry did not look into the arrangements, despite the fact that it knew some of the new companies would be directly involved in delivering air ambulance services but would be outside of ministry oversight.

Other findings of the report include:

- One of Ornge’s subsidiary companies bought a building for \$15 million to be used as Ornge’s head office and then leased it back to Ornge at a rate that an independent appraiser retained by the Auditor General said was 40% higher than fair-market rent. This enabled the subsidiary company to obtain \$24 million in financing for the building. The \$9 million difference between \$24 million and \$15 million was intended to be flowed to a related for-profit company that, at the time of the audit, was controlled by Ornge management.
- In addition to the \$700 million provided by the Ministry, Ornge borrowed almost \$300 million primarily to finance the purchase of helicopters and airplanes and its new head office. Although Ornge’s own analysis indicated nine helicopters and six airplanes were needed, Ornge purchased 12 new helicopters and 10 new airplanes. Ornge is repaying this debt using provincial funding it gets to provide ambulance services.
- Ornge received government funding to create a land ambulance service to transport a projected 20,000 patients a year starting in 2008. Instead, the land service transported only about 15% of the projected number at an average per-patient cost that was nearly as high as the cost to transport a patient by air.

McCarter noted that the the Ministry and Ornge have recently taken action to address a number of the issues raised in his report.

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