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—
Chair

Mr. Paul Szabo

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• (1005)

[English]

The Chair (Mr. Paul Szabo (Mississauga South, Lib.)): Order.

This is the 48th meeting of the Standing Committee on Access to Information, Privacy and Ethics.

The order of the day is the motion, adopted by the committee, that the Standing Committee on Access to Information, Privacy and Ethics investigate the actions of the Conservative Party of Canada during the 2006 election in relation to which Elections Canada has refused to reimburse Conservative candidates for certain election campaign expenses, in order to determine if these actions meet the ethical standards of public office-holders.

Mr. Goodyear, on a point of order.

Mr. Gary Goodyear (Cambridge, CPC): Thank you, Mr. Chair. My point of order is procedural and deals with points of order.

A number of times through these proceedings, Mr. Chair, you have recognized the opposition immediately on their points of order and have not required them to define the object of their points of order, yet you continue to delay recognizing points of order on our side. Now, I know you think it's customary to play favourites; I also know that you are a Liberal, but I'm telling you that we need you to change this rule for our side, because recognizing points of order immediately is absolutely necessary to protect against prejudicing what is here before a true and real court of law.

Mr. Chair, my point of order is that you immediately respond to points of order by all members of this committee, not just the jury.

The Chair: Thank you, Mr. Goodyear.

I believe I've ruled on this already. The chair has the discretion under Marleau and Montpetit, and I'll refer you again to page 539 of Marleau and Montpetit on the rules.

As you could appreciate, if the chair had no discretion whether or not to interrupt someone in the middle of an answer or in the middle of a question.... And if a member were concerned about what was going on, or wanted somehow to disrupt it, they could simply on a point of order. As you know, the vast majority of points of order that members have raised have in fact been ruled not to be points of order.

So thank you for raising that, sir, but under the rules, the chair has the discretion to recognize and to stop the proceedings immediately. If it's not clear to the chair why someone has been stopped in mid-sentence, then the chair has some discretion. I don't believe there have been any negative consequences resulting from the—

Mr. Gary Goodyear: There absolutely have been, so that's your opinion, Mr. Chair. I'm telling you that you are favouring the opposite side, and I challenge your ruling.

Some hon. members: Oh, oh!

Mr. Gary Goodyear: I challenge the ruling.

The Chair: Order. Order, please.

Colleagues, as you know, when a committee is having some difficulty with order or decorum, the chair has two options—only two. One is simply to sit there and wait until the situation calms itself. The second is to bang the gavel and suspend the meeting to the call of the chair. I have resisted suspending the meeting to get order in this meeting, simply because it delays the time that we have to get to the work of the committee, which is hearing from witnesses.

Mr. Goodyear, this is not bafflegab, sir.

Colleagues, for the second time in these hearings, I have provided Mr. Goodyear with the reference in Marleau and Montpetit that provides the chair the discretion to take a decision based on whether or not it is clearly an immediate matter, and I've given that ruling. Mr. Goodyear has challenged my reading of Marleau and Montpetit and my statements. As a consequence, as you know, that is not debatable, and I must put it to a vote immediately.

So, Madam Clerk, the question is, shall the decision of the chair be sustained, and I would ask you to call the roll, please.

(Ruling of the chair sustained: yeas 6; nays 5)

The Chair: Thank you. We will now proceed.

Order, please.

Mr. Lemieux has called a point of order. Sir, perhaps you could state the basis before you—

Mr. Pierre Lemieux (Glengarry—Prescott—Russell, CPC): Yes. It's on procedure. I would like to know how it is....

First of all, I'd like to make the comment that if a witness is stopped in the middle of his statement, he is not prevented from finishing his statement—

The Chair: I'm sorry, excuse me, Mr. Lemieux. Excuse me, sir.

Mr. Pierre Lemieux: —after the point of order.

The Chair: Excuse me, sir. We just dealt with that matter with Mr. Goodyear regarding.... You want to debate whether what we've already decided on—

Mr. Pierre Lemieux: No, I want to ask you a question.

The Chair: Sir, you cannot ask—

Mr. Pierre Lemieux: I want to ask a question—

The Chair: Sorry. Order, please.

Mr. Pierre Lemieux: I'd like to ask you a question, Mr. Chair.

The Chair: Mr. Lemieux, I called for order.

Mr. Pierre Lemieux: I'd like to ask you a question.

The Chair: Order, please. You cannot ask questions of the chair on a point of order. Thank you.

We're going to move on to.... I'm sorry?

● (1010)

Mr. Pierre Lemieux: Let me make my point of order. You cut me off. You didn't even let me finish it. Now, let me finish my point of order.

My point of order, sir, is that you cannot know, without hearing the member's point of order, whether or not it is relevant to the testimony being given. You cannot know that. If you refuse to hear the point of order, how can you know whether or not it is directly relevant to the testimony being given?

My other point is that the witness can continue with his testimony after you've heard the point of order. Everything is recorded. It's all transcribed. It's all here. It's not as if he was prevented from giving his answer.

You have no excuse for deferring a point of order. If it's relevant at that point in time, you wouldn't know that unless you accepted the point of order. So you should not be deferring it. You should be listening to the point of order. If you rule it out of order, fine. But you must hear the point of order to be able to render your judgment, unless you can read minds.

The Chair: Order, please.

Mr. Del Mastro, please, I've called for order.

Mr. Lemieux, you clearly stated you wanted to ask me a question. The issue is the same one, about whether I can deal with a point of order immediately or not. This is the second time in these hearings that I've gone through it with the committee, with references to Marleau and Montpetit, chapter 13, under rules of order and decorum. It's the issue of rising on a point of order. I would encourage you to please have a look at that.

We have had a vote on that—sustaining the chair's handling of these matters. I encourage all members, if they're not sure, to please at least check with someone else before disrupting and interfering with this meeting any further. It's not in the public interest.

If it's okay with members, I'd like to proceed with the witnesses.

This morning on the agenda, four witnesses are listed. I will deal with the last one first. Mr. Jean Lecours was the official agent for Mr. Jacques Gourde, who is currently the member of Parliament for Lotbinière—Chutes-de-la-Chaudière. He contacted us on July 25 to say this—and I quote from the clerk's notes: "On July 25, M. Lecours called to say that, after consulting with Jacques Gourde, both of them will NOT testify before the Committee." So Mr. Lecours is not here, and he advised us on July 25 that he would not be here.

Our other witnesses are related to the media buy. I want to welcome Mr. David Campbell, who is president and CEO of Group M Canada. It serves as the parent company for RMI, which is Retail Media. I also want to recognize Ms. Marilyn Dixon, who is the chief operating officer of RMI; and Mr. Andrew Kumpf, vice-president, broadcast operations, RMI.

I also want to introduce Mr. Malcolm Ruby. Mr. Ruby is legal counsel to our witnesses. I spoke with Mr. Ruby prior to the start of the meeting. He understands that he is welcome to be at the table and advise his clients but is not permitted to directly address the committee.

The witnesses have now been sworn in.

I can advise the committee that yesterday I dealt with a request from Retail Media to be permitted to make an opening statement not to exceed five minutes. Yesterday Mr. Goodyear raised the point that I haven't been treating all witnesses the same, so this is a slight departure. Therefore, I am going to ask for the permission of the committee to allow Retail Media to make an opening statement. Is that agreed?

Some hon. members: Agreed.

The Chair: Thank you. The committee has agreed and we will do that.

Order, please.

● (1015)

The issue has also arisen about the *sub judice* convention. All members were provided with the opinion of the law clerk of the House of Commons yesterday, in both official languages. I have been authorized by Mr. Walsh, the law clerk, to provide that to any parties who are interested. I provided it to our witnesses, so they are aware.

I'm not going to read it into the record. The members have the information to understand that when it comes to an issue, because there is a judicial proceeding ongoing that involves RMI, should that touch on a matter currently before that proceeding, they may be making argument why they cannot answer a question you may have asked. It relates primarily to the potential for prejudicing or comprising your position with regard to that proceeding. We'll deal with that if, as, and when it should arise. The chair will make a decision.

I would like to now invite Retail Media to make their opening statement.

Mr. David Campbell (As an Individual): Thank you very much, Mr. Chair.

As you've indicated, my name is David Campbell, and thank you for the introduction. I'd add that during the time of the 2006 federal election I was the president and chief executive officer of Retail Media. As you've indicated, Marilyn Dixon is the chief operating officer of Retail Media; Andrew Kumpf is the vice-president of broadcast operations for Retail Media; and Malcolm Ruby is our counsel.

We have a brief opening statement.

We look forward to the opportunity today to outline our role in placing media advertising during the 2006 federal campaign. Retail Media is in the business of planning and placing advertising across Canada in all media, including television, radio, and newspaper. Our client, the Conservative Party of Canada, engaged us to place their advertising for the 2006 federal election.

Our relationship with the Conservative Party is purely a business relationship. Our role was to recommend in which medium ads should appear, negotiate with the media for the most effective placement, book the ads, pay the media, and invoice the client. We do not write or produce the ads; others provide those services.

During the campaign, the party approached us to provide media services for the official agents of some party candidates. We insisted on coordinating candidate billings through the party. It was then up to the party to collect money from the candidates.

There were two reasons for our insistence in operating this way. First, the media outlets require cash up front for political party advertising, and there was a short timeframe for cash collections. Second, billing dozens of candidates across the country would have been an administrative nightmare for us. Therefore, the party acted as the contact between Retail Media and the candidates.

This is our preferred operating procedure. It's the same as in the private sector, where we would prefer to bill a single franchisor and not individual franchisees. While we insisted on payment in instructions through the party, we treated the party and the candidates as separate and distinct clients for our purposes of booking media, paying the media outlets, and our own invoicing.

Media budgets were determined by our clients and not by us. The party itself and the party on behalf of the candidates specified the budgets. We then recommended what media to buy in particular markets, booked the media, paid for the time, and invoiced according to the client's instructions. Retail Media bought time at competitive commercial rates. We also provided advice on what media outlets covered what ridings. How the clients chose to divide the cost of a buy was up to them. This is not relevant to us. Our focus was on having the total amount of money available to meet the media outlets' requirement for upfront payment. This is the normal practice in the private sector where, say, franchisors and a group of franchisees determine amongst themselves how much each will contribute to a media buy.

In our role as media buyers, we are not, nor do we claim to be, expert in the federal Elections Act. Our clients provide the budgets; our job is to stay within them. That said, we requested and received

confirmation from our client that the candidates' spending was within the allowable budget. We had no reason to doubt our client's interpretation of the Canada Elections Act.

Almost two years after the election, two officials from Elections Canada interviewed us. They showed us an invoice and asked whether we had created it. The format of the invoice shown to us was not the same as the original. However, the media dollar amount for the individual riding was identical to our original invoice, with the GST calculation added.

• (1020)

We've provided the committee with two examples of different invoice formats. Have they been distributed?

An hon. member: Probably not.

The Chair: They will—

An hon. member: We don't get anything.

Mr. David Campbell: I'll describe them, then, if I can.

The Chair: Order. Order, please.

The witnesses have provided us with copies of documents to be circulated. I have just received the—

An hon. member: I have a point of order, Mr. Chair

The Chair: Excuse me. The documents are here at the table, and they are being circulated. We waited until the proceedings started.

An hon. member: Why?

The Chair: One is English only, and as you know our rules, I can't circulate things without.... I wanted to get the okay from Madame Lavallée first.

An hon. member: On a point of Order, Mr. Chair—

The Chair: No. Order.

Madame Lavallée, please.

[*Translation*]

Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ): As an exception, and I do mean "an exception", for the present purposes and given the urgency of the situation, the Bloc Québécois is prepared to agree to the document being distributed even though it is not in French.

[*English*]

The Chair: Thank you.

Would you please distribute the documents?

Mr. Gary Goodyear: I have a point of order, Mr. Chair.

The Chair: Yes, Mr. Goodyear, on a point of order.

Mr. Gary Goodyear: Mr. Chair, I would like to ask why you don't have Madame Lavallée's phone number? When did you receive these documents, and why weren't they handed out right away? Why did you not seek this type of accommodation prior to this? Why do you continue to withhold documents from these proceedings? When do you expect us to prepare for these witnesses when you're handing out the documents now—a whole box of which we still have not received? What is going on in this completely illegitimate forum?

The Chair: Thank you, Mr. Goodyear.

An hon. member: Don't even bother answering.

The Chair: Order, please. Mr. Goodyear has asked a valid question about when I got the documents.

Mr. Campbell, could you advise the committee when I received the documents?

Mr. David Campbell: We brought the documents this morning, and it was just a moment ago when we brought them for distribution.

If I might add to that, the invoice is essentially numbers and markets. The letter is actually in both official languages.

• (1025)

The Chair: Thank you.

I hope that's acceptable, Mr. Goodyear. The chair and the clerk just received these documents when the witnesses arrived this morning. Therefore, your conclusion about withholding documents, I think, was maybe premature.

I would like to now—

Mr. Marcel Proulx (Hull—Aylmer, Lib.): On a point of clarification, Mr. Chair—

The Chair: No.

Order. Order, please.

Mr. Marcel Proulx: The Liberal Party also accepts that these documents are distributed, even though they're not bilingual.

Thank you.

The Chair: Thank you.

An hon. member: We're okay with that, too, Mr. Chair.

The Chair: Thank you.

Order, please. Colleagues, please, the witnesses are in the middle of an important statement to the committee. I think it is a good example of why points of order probably should not be entertained in the middle of an important statement. The chair, as under Marleau and Montpetit, has the discretion....

I want to give the floor back to Mr. Campbell so that he can finish his statement. I encourage members, please, to give him the opportunity to be heard by all honourable members.

Please, Mr. Campbell, would you proceed.

Mr. David Campbell: Thank you, Mr. Chair.

We have provided to the committee two examples of different invoice formats. The first, on the left side, was rendered by Retail Media to the official agents. The second, on the right, is a sample of what was shown to us by Elections Canada. As you can see, we provided a group invoice that had a number of ridings on the same invoice. It appears that our invoice was photocopied for each riding, showing only the information relevant to that riding.

When information regarding candidate invoices was made public in April, our lawyer wrote to Elections Canada to explain what we

saw as confusion in the media. We've brought copies of that letter, in both official languages, which we have left with the committee.

As we previously indicated, the letter says, in part, "While the format of the invoice attached...was not the same as the original "group" invoice issued by RMI...the dollar amount...was the same as it appeared on the original invoice (plus an appropriate GST calculation...". From the information provided to us, there appeared to be nothing inconsistent about these two invoices.

We hope these opening remarks have assisted the committee in understanding the details of the 2006 election media buys. That concludes our opening remarks. We'd be pleased to answer any questions you may have.

The Chair: Thank you very much.

I'm now going to proceed with questioning, and we'll start with Mr. Proulx, *s'il vous plaît*.

Is Madam Redman going to start? My apologies, Madam Redman. You have seven minutes.

Hon. Karen Redman (Kitchener Centre, Lib.): Thank you, Chair, and thank you all for coming. You hold a very important part of this complex issue, and obviously it's a very serious issue for all of us.

Mr. Kumpf, on October 17, 2007, you were interviewed by Ron Lamothe, I believe, from Elections Canada. I'd like to confirm some of the statements that were made at that point in time.

Can you confirm that Retail Media typically dealt with Patrick Muttart, Susan Kehoe, and Mike Donison when it came to making the media buy arrangements with the Conservative Party for the 2006 election?

Mr. David Tilson (Dufferin—Caledon, CPC): I have a point of order.

The Chair: I apologize. The member has called a point of order. I'll recognize Mr. Tilson.

Mr. David Tilson: I thank you. I waited until the question was asked before I spoke on a point of order.

My concern is that this question is going down the path of interfering with current litigation before the courts, and that's the first time this has really become so obvious. It's the type of question that's going to be asked in the courts; there's no question. I think we all agree with that. You don't have to be a lawyer to realize that. My concern, Mr. Chairman, is that this question will prejudice the litigation that is now going on in the different proceedings and that the witness should be excused from answering that question.

• (1030)

The Chair: Order, please. Order.

Mr. Tilson, that's not a point of order. It's a point of debate. The opinion of the legal counsel, of the law clerk of the House of Commons, was provided to all honourable members and to the witnesses. The witnesses are also well aware by the communications between the clerk, myself, and them that should any matter arise in which there is a potential... Mr. Ruby and I had some discussion on this. It is quite unusual for a member of a committee to plead the case of a witness and why the witness shouldn't do something. I think it's up to the witness to make the intervention and to explain.

So thank you—

Mr. David Tilson: I challenge the ruling.

The Chair: First of all, the ruling is that it's not a point of order.

Mr. David Tilson: I challenge that ruling.

Some hon. members: [*Inaudible—Editor*]

The Chair: Order, order.

The chair has made a decision with an explanation. The chair's decision has been challenged, which is the member's right. It's not debatable, and this question must be put immediately. So I'd like the clerk to please call the roll.

The question is, shall the decision of the chair be sustained.

(Ruling of the chair sustained: yeas 6; nays 5)

The Chair: The chair's decision has been sustained.

I must encourage members to please be very judicious in using points of order. I'm not sure whether everybody even remembers the question that was asked, so to interfere between a question and an answer... Chairs tend to want to address a point of order at a logical or convenient or most appropriate....

Mr. Goodyear, no. You said “convenient for you”. You know, sir, a number of members have raised with me the question why....

Excuse me, Mr. Goodyear. Please, sir. Respectfully, I want to move on with the witnesses.

A number of times I have been approached by members who ask why I do not do something about members who continually disrupt or interfere or say things to the chair that clearly are not parliamentary. I have to tell those members what I will tell the witnesses as well, which is that under the rules of Parliament a chair of a committee does not have the authority to sanction any member of Parliament. If I wanted to do that, I would have to bring the quotations from the member or the description of the activity to the House of Commons and raise my case with the Speaker. It is only the Speaker of the House who can sanction a member for unparliamentary behaviour.

So my choice has been to take the abuse and to hopefully allow the committee to get back to its work. I want to get back to the work and I'm going to ask members to please be respectful of the process of the witnesses and of other colleagues.

Madam Redman, could you repeat the ultimate question that you asked of the witnesses? Then I will ask the witnesses if they would please respond.

• (1035)

Hon. Karen Redman: Thank you, Chair.

Just for everyone's comfort level, everything I'm asking is based on information that's already in the public domain.

I believe you did answer at the tail end, but could you confirm, Mr. Kumpf, that it was Patrick Muttart, Susan Kehoe, and Mike Donison whom you dealt with typically when making the media buy arrangements with the Conservative Party of Canada, specifically for the 2006 election campaign?

Mr. Andrew Kumpf (As an Individual): I dealt with the three of them for the 2006 election campaign.

Hon. Karen Redman: Can you also confirm that there were no contracts between Retail Media and any of the candidates who filed expenses associated with the media buy program?

An hon. member: On a point of order—

Mr. Andrew Kumpf: There were no contracts.

Hon. Karen Redman: Okay. Was it the Conservative Party?

The Chair: Order.

Mr. Del Mastro has called for a point of order. Again, it's after a question, but before an answer.

I'm going to advise Mr. Del Mastro that after we have a question and an answer, if he would like to raise that point of order, I will recognize it. But I'm not going to recognize further points of order that disrupt a unit of activity—that being a question and an answer—if that's acceptable to members.

Mr. David Tilson: It's not acceptable, Mr. Chairman, and I'd like you to cite the authority you're using in making that ruling.

A member may raise a point of order any time he or she wishes. I quite concur with your ruling that the point of order could be requested after a question has been asked, but the point of order may deal with anticipating an answer that may or may not be appropriate to give; therefore, a member is quite in order to raise a point of order after the question is asked, before the answer is given.

I'd like to hear what your authority is for making that ruling.

The Chair: For the third time before the committee, it's Marleau and Montpetit, on page 539.

I would also refer you to—

Mr. David Tilson: What does that say? Do you want me to look it up?

The Chair: Excuse me. I also pointed out to the members that Retail Media has legal counsel here. I'm not sure whether it's appropriate or in order for a member of the committee to plead the case of a witness about why a witness should not answer a question. That's why they've brought legal counsel, in the event that a matter should arise that they may have some concern about. And that....

Excuse me.

Mr. David Tilson: I want to read to you from page 857:

A point of order calling attention to a departure from the Standing Orders or from the customary manner in which a committee has conducted its proceedings may be raised at any time, by a member of the committee.

At any time, Mr. Chairman. That has been raised by a member of this committee, and you're cutting him off. You're not following this rule, as you had cited.

An hon. member: Rule 26.

An hon. member: I have a point of order.

The Chair: Order, please. I'm simply calling order. When the committee decides to settle down, we'll resume.

Mr. Tilson, thank you for reading page 857 to me, but my reference was page 539.

Mr. David Tilson: My section is on page 857. Read it.

The Chair: Mr. Tilson, I have been a member of Parliament for 15 years and I am quite familiar with the rules. I want to be careful and I also want to be fair. Overriding all of this is the chair's responsibility to conduct an orderly process. I am concerned. It troubles me that we can't even get a question in without having a point of order.

Put your hand down. I understand. I heard you. I heard you. I'm in the middle of a point of order.

An hon. member: But I have a point of order.

The Chair: I'm sure you do.

Order. Would you please give it to the clerk. Give it to the clerk.

Order.

• (1040)

Mr. David Tilson: While you're reading, Mr. Chairman, I'll say that the section that you referred to refers to the House of Commons. The section that I read refers to committees, and they're quite different quotations.

An hon. member: He's reading.

An hon. member: Oh, come on!

The Chair: Order, please. Order, please.

The first time this same point of order came up I made a ruling, and the substantive point of the ruling was that it's not appropriate for a member to plead the case of a witness with regard to whether or not the witness wants to answer a question.

In fact, Mr. Tilson, I will refer you, specifically under committees, to page 863, where it says:

Tampering with a witness or in any way attempting to deter a witness from giving evidence at a committee meeting may constitute a breach of privilege.

Those are parliamentary practice and procedure. The point of order, it's interfering or—

Order, order.

I've made a ruling that the point of order is not a point of order. We're moving on.

Mr. David Tilson: I challenge the ruling.

The Chair: Order.

Mr. Goodyear, my microphone is on and this is being picked up. But as for this idea about allegations of tampering with witnesses,

sir, I quoted from Marleau and Montpetit. They are not mine. Please don't attribute motive or whatever to me.

An hon. member: This has nothing to do with the witnesses, Chair; it has to do with requesting.... You knew full well—

The Chair: Order, sir.

The chair has been challenged. I'm waiting for members to behave themselves.

Colleagues, the chair again has been challenged on my reading of Marleau and Montpetit, my ruling based on that. It is not debatable. I must put the vote immediately.

We've had two questions in 45 minutes. Great.

I would like to ask the clerk to please call the roll on the question: should the decision of the chair be sustained?

(Ruling of the chair sustained: yeas 6; nays 5)

The Chair: Thank you.

I want to indicate that I think the committee should think carefully about whether or not it wants to hear these witnesses and that to disrupt the cadence of the questions and answers tends to take away from the importance of their appearance. I believe it's disrespectful for witnesses to have to sit there with this going on.

I'm going to ask members, please, not to raise points of order in the middle of a question and an answer and to respect the two rulings now that it is not appropriate for any member to plead the case of a witness. They have legal counsel here. As Mr. Walsh, the law clerk of the House of Commons, has laid out in his letter, they have an opportunity to make their case as to why a question may or may not be appropriate to answer, in their view, and the committee will decide.

So we're at the same point again, and I would ask Madame Redman to repeat the question so that the witness will have an opportunity to answer.

• (1045)

Hon. Karen Redman: Thank you.

I was just asking Mr. Kumpf if he would confirm that there were no contracts between Retail Media and any of the candidates who filed expenses associated with the media buy program.

Mr. David Campbell: If I may, perhaps I should respond to that question. We're fully prepared to respond to that question and answer it.

Indeed, we did not have any contracts with any of the candidates. As I've indicated in the opening statement, it was not our intention to have direct contracts with any of the candidates.

Hon. Karen Redman: You also mentioned in your opening statement, Mr. Campbell, that it was common practice in that you asked for the requirement of payment in full up front, purchasing the media buy, and that's consistent with corporate practice.

When did you receive payment for the media buys in question?

Mr. David Campbell: I should clarify that it's actually the media that demands payment. The stations demand payment from us; therefore, we have to have money in advance. So we did indeed have money in advance of the air-time airing.

Hon. Karen Redman: The master invoice that you submitted to the Conservative Party of Canada says January 1, 2006. Was payment made on or before that date, or exactly when was payment received from the Conservative Party of Canada?

Mr. David Campbell: Perhaps Marilyn would be best equipped to answer that.

Mrs. Marilyn Dixon (As an Individual): We received one payment in December and one in January.

Hon. Karen Redman: Do you remember the date in January?

Mrs. Marilyn Dixon: I have it here.

Hon. Karen Redman: And December?

Mrs. Marilyn Dixon: Yes.

Hon. Karen Redman: And what the amounts were?

Mr. David Campbell: If I may, you may recall that the campaign was in two parts and there was a hiatus over the Christmas period.

Hon. Karen Redman: For some people; some of us just kept knocking on doors.

Mrs. Marilyn Dixon: I'm sorry, I don't have the wire transfer information with me right now. It's with Elections Canada.

Hon. Karen Redman: Could you submit it, or does Elections...?

Mrs. Marilyn Dixon: I must have copies of it, right?

Mr. David Campbell: It's with Elections Canada.

Hon. Karen Redman: And you did receive the payment from the Conservative fund, from the central party, right?

Mrs. Marilyn Dixon: Yes, upon our request.

Hon. Karen Redman: I guess I'll open this up to whoever chooses to answer it. Who selected the individual ridings?

Mr. Andrew Kumpf: The ridings were selected by Mike Donison once his dealings with those individual or official agents—

Hon. Karen Redman: Okay, and when were they selected? Do you remember the timeframe?

Mr. Andrew Kumpf: Early December, the 7th, 8th, 9th, or somewhere....

Mr. David Campbell: Perhaps I can add to that. From checking the records, I believe the writ was issued on November 29. We had to have all our buys completed for the broadcast arbiter...I believe the date was December 9. So it would have been sometime between November 29 and December 9.

Hon. Karen Redman: Again, this is all in the public record, but there are some exchanges between the Conservative Party officials, an e-mail from Mr. Donison. I quote:

Obviously, the initial media buy decisions made right at the beginning of the campaign have determined which candidates are on your..

—and this is Retail Media's list of participants—

However, it is those very candidates, given that they are more targeted that expect to spend their limits.

The e-mail goes on to state that a decision was made to delay the broadcast until the following Monday, which was three days after the December 15 e-mail from Mr. Donison, to come up with an alternate list of participants.

Can you confirm the final list of candidates who participated in the two relevant media buys, when that was finalized?

• (1050)

Mr. Andrew Kumpf: My apologies, when...?

Hon. Karen Redman: When the final list of participants was finalized.

Mr. Andrew Kumpf: It would have been probably mid-December. As well, our radio campaign was in January and there were candidates participating in that. So I think it was still being determined.

Hon. Karen Redman: Again, I'm going to ask Mr. Kumpf, but any of you who are comfortable please respond to this. Did it raise any flags with you? Did you ever say to the Conservative Party, "You should check this out with Elections Canada" or "We have some concerns about this"?

Mr. David Campbell: Perhaps I should handle this one.

Indeed, we did. There were two conference calls in early December. We asked for confirmation, clearly, that the budgets provided to us by the party were within the election limits. As I said, we're not experts in that regard, so we did ask for confirmation.

Now, participating in those conference calls, which I did and Andrew did, were members of the party, but their legal counsel as well. So this may come up with the information that the chairman had indicated, because the legal counsel participated in those calls. But we did indeed ask. We sought and received confirmation that the budgets were within the allowable limit.

Hon. Karen Redman: But this was the Conservative Party of Canada and its legal counsel, not Elections Canada. At any point did the Conservative Party say, "We have checked with Elections Canada"?

Mr. David Campbell: This is two and a half years ago. My recollection of that is extremely hazy. I don't recall if they did or did not. I would have no knowledge of that.

Hon. Karen Redman: Thank you very much.

The Chair: Madame Lavallée, *s'il vous plaît*.

[Translation]

Mrs. Carole Lavallée: Thank you.

Welcome. We are very pleased to hear your testimony this morning. My first question is for Mr. Campbell.

After the election campaign, does the Conservative Party continue to be your client?

[English]

Mr. David Campbell: Yes, they do.

[Translation]

Mrs. Carole Lavallée: At present, you are working with the Conservative Party on the next election campaign.

[English]

Mr. David Campbell: Yes, we are.

[Translation]

Mrs. Carole Lavallée: Who is your contact person? I am talking about Retail Media, because a year ago, you were with Group M, is that correct?

[English]

Mr. David Campbell: Oh, if I may explain that, yes, as I indicated before, during the time of the 2006 federal election, I was president and chief executive officer of RMI, Retail Media. Group M is the parent company of RMI, Retail Media. So the dealings with the Conservative Party are with Retail Media.

[Translation]

Mrs. Carole Lavallée: But now you are part of Group M.

[English]

Mr. David Campbell: Yes, I was promoted subsequently to chief executive officer of that company.

[Translation]

Mrs. Carole Lavallée: Is Retail Media or Group M the Conservative Party's supplier?

[English]

Mr. David Campbell: No, Retail Media—exclusively Retail Media.

[Translation]

Mrs. Carole Lavallée: Right, thank you.

Who is your contact person in the Conservative Party at present?

[English]

Mr. David Campbell: I'll refer that to Andrew.

Mr. Andrew Kumpf: The contact persons for the Conservative Party are Patrick Muttart and the advertising manager as well, Dennis Matthews.

[Translation]

Mrs. Carole Lavallée: Is this the same person who was your contact person during the election campaign?

[English]

Mr. Andrew Kumpf: I dealt with Patrick Muttart then—and now.

• (1055)

[Translation]

Mrs. Carole Lavallée: You continued and he is still your contact person.

Mr. Kumpf, there was an interesting email exchange in which you expressed doubt as to the legality of the process. You asked that the Broadcast Arbitrator be consulted. Under the Elections Act, that arbitrator is an agent of Elections Canada and is responsible for administering the sections of the Act relating to broadcasting. The email was dated December 6, and you were addressing Perry Miele.

He replied that the Broadcast Arbitrator should perhaps be consulted. You received a reply the same day saying that they preferred not to know the answer.

Do you recall that email?

[English]

Mr. Andrew Kumpf: Yes, the adjudicator being.... I believe it says there, "contact the Broadcast Arbitrator". Is it that one?

That's it. Yes, I did send that.

My concern with respect to that was that it had everything to do with the broadcasting guidelines issued by the arbitrator on behalf of Elections Canada. I was not sure, as the media buying firm for the Conservative Party of Canada, whether we could also be the same for the candidate.

As well as that, because we were going to be transferring some time that was booked with broadcasters for the party, over to the candidate level, I was not sure if we could indeed do that, because it's ambiguous in the broadcasting guidelines whether or not that can be done. In essence we were transferring from one client to another. I wasn't sure. I was not sure whether that could be undertaken.

[Translation]

Mrs. Carole Lavallée: If you had doubts, why did you not consult the arbitrator?

[English]

Mr. Andrew Kumpf: Well, I put my doubts in the e-mail, and the idea was that it's totalled off and we would see what the party and legal counsel and what not would state about that.

As David mentioned, subsequently we received assurances that it was fine.

[Translation]

Mrs. Carole Lavallée: When you say "we decided", who was this? I imagine it was Mr. Muttart.

[English]

Mr. Andrew Kumpf: When we decided.

[Translation]

Mrs. Carole Lavallée: Who decided to wait?

[English]

Mr. Andrew Kumpf: No, no, what I meant when I said "we decided" is that it was an internal—

[Translation]

Mrs. Carole Lavallée: Who is "we"?

[English]

Mr. Andrew Kumpf: No, that was internal; that's what I think. We would take a look at it and see how best to do it. As it says in the e-mail, it was to wait and see what the party officials would—

[Translation]

Mrs. Carole Lavallée: How did the people in the party decide?

[English]

Mr. Andrew Kumpf: Party officials decided that it was fine, that it was perfectly legal.

[Translation]

Mrs. Carole Lavallée: Did you request a legal opinion, on your side?

[English]

Mr. Andrew Kumpf: No.

[Translation]

Mrs. Carole Lavallée: Even though you had doubts.

[English]

Mr. Andrew Kumpf: No.

[Translation]

Mrs. Carole Lavallée: Do you think that this is an ethical way to manage a client's account?

[English]

Mr. David Campbell: Let me respond to that, if I may.

Absolutely. Everything in terms of our dealings.... I mentioned it was a business relationship with the client, and we relied on the client, in this particular place, to understand the nuances of all the regulations. I think it's perfectly normal for us to do that.

We also, if I might continue—

[Translation]

Mrs. Carole Lavallée: If you had a professional relationship with your clients...

The Chair: You may ask one last question.

Mrs. Carole Lavallée: If you had a professional relationship with your clients and the candidates became your clients, how could you have suggested to Sylvie Boucher, a candidate in Quebec City, that she pay \$39,000 for advertising in which she did not appear, when you billed \$9,000 to another candidate, Josée Verner, for advertising she appeared in? How could you have given your clients that kind of advice?

• (1100)

[English]

Mr. David Campbell: Well, let me reiterate. Our concern was the total amount of spending in a riding. The ridings were provided to us; what we were trying to do was determine and make sure that there was the total amount of cash available to make the transaction. How it was divided up by candidate was not relevant to us, was not directly part of our business focus at all.

As I indicated too, this was a very short timeframe. We were just trying to get it on air, to make the media buy with the total amount. How it was divided up was given as instruction to us; it was not our province, if you will.

The Chair: Thank you kindly.

Mr. Martin, please.

Mr. Pat Martin (Winnipeg Centre, NDP): Thank you, Mr. Chair.

Thank you, witnesses, for being here and for your cooperation with the committee so far. We appreciate it very much.

The real nub of the matter here is, if the federal Conservative Party, which was your client essentially, wanted to buy more national advertising, why do you think they'd filter this money through the riding associations? Did you have any idea what the rationale was when this aspect of your business relationship took off?

Mr. David Campbell: Well, it was our understanding that they were trying to maximize the legal amount of advertising they could do for the campaign.

Mr. Pat Martin: Yes, and “legal” is the operative word.

Mr. David Campbell: “Legal” is the operative word.

Mr. Pat Martin: Did anybody advise you, or did anybody say that off-loading national expenses in a campaign and claiming them as local expenses is in fact highly illegal; that it's not legal at all?

Mr. David Campbell: I guess that's what these hearings are attempting to determine. As I said, we're not experts.

You may recall that I indicated that at the time there were a couple of conference calls that included counsel for the Conservative Party, who obviously would be the experts in that area. We accepted their advice.

Mr. Pat Martin: Judging from some e-mails, though, you had a good sense that they had reached or were reaching their maximum legal limit for the national campaign.

Ms. Dixon, one of your e-mails says, I believe, that they are also thinking of switching some of the time over to the ridings. You say it sounded as though the reason was to legally maximize advertising expenditures. But that kind of Enron-style, off-balance-sheet financing is not legal at all.

A voice: [Inaudible—Editor]

Mr. Pat Martin: Off-balance-sheet? They're trying to get these expenses off of their books and put them over onto the books of the local campaign.

That would be wrong in itself, but then to further file a rebate claim for that money that's been transferred or the expenses that have been transferred over is highly wrong at a whole other level and has nothing to do with Retail Media. But even in the business world, that kind of manipulation, whether it was for tax purposes or to mislead the shareholders or whatever else, would be a highly unethical practice, if not an illegal practice.

Mr. David Campbell: If I may, I was the author of that e-mail and not Marilyn. I believe the e-mail you're referring to was from December 8.

Mr. Pat Martin: It was from David Campbell to Andrew Kumpf, copy to Marilyn Dixon. You're right.

Mr. David Campbell: In that e-mail I twice state that it is our understanding that the party is trying to legally maximize their advertising expenditures. That phrase is in there twice. As I indicated in our opening statement, we don't pretend to be experts; we rely on our client for that. I believe this e-mail actually documents that we sought confirmation from our clients that the budgets were within allowable limits.

In this exact same e-mail—since you brought it up—I also reiterated that “we need payment from the party only”. So I think that documents our insistence that we receive money from the party and not the candidates.

Mr. Pat Martin: I should make it perfectly clear that I don't think anybody around this table thinks that Retail Media did anything wrong in all of this. I hope none of my questions sound like that.

I'm interested in the invoices again, though. I have your invoices from Retail Media, numbers 4 through 32, in my briefing book. None of them correspond to the list you've given us, so I presume this is a whole other set of ridings that were involved in the same affair. Some people felt it was odd that somebody else would take liberties with your letterhead and business name to issue invoices that clearly weren't generated by your company.

Is that the case here? Do you claim ownership of these invoices that were part of the affidavit, numbers 4 through 32, which clearly don't resemble the way you invoiced your clients?

• (1105)

Mrs. Marilyn Dixon: Those are our invoices. We had two sets of candidate invoice types. One was a group type for all of non-Quebec, which is the one you have in front of you. Then we had individual candidate invoices for the Quebec ridings. That was requested by our contact, Susan Kehoe.

Mr. Pat Martin: So you did break these down and sent them out

Mrs. Marilyn Dixon: They were for the Quebec riding only. Those invoices 4 to 32 were our invoices for Quebec candidates.

Mr. Pat Martin: Did they give you any reason why they should be treated separately?

Mrs. Marilyn Dixon: No. We had candidate names on those; we did not have candidate names on them for the rest of Canada.

Mr. Pat Martin: You also broke down in many of them whether it was radio or television. Did you have anything to do with the production of the advertising, or was it simply the purchase of the advertising?

Mrs. Marilyn Dixon: It was just the purchase.

Mr. Pat Martin: So you had no knowledge about whether their tags were put on the ads you were buying for specific ridings.

Mrs. Marilyn Dixon: That was the creative agency's area.

Mr. Pat Martin: Would you have given the client any indication of the degree of penetration or rating points that this ad buy would give them?

Mr. David Campbell: Andrew, why don't you respond to that?

Mr. Andrew Kumpf: Yes.

Mr. Pat Martin: Would you break that down riding by riding? For instance, if they were going to spend \$46,700 in the riding of Trinity—Spadina, what kind of saturation and rating points would that give you in a riding of that size?

Mr. Andrew Kumpf: Offhand I couldn't state it right now, but it was part of the Toronto purchase. I was looking at it as full Toronto. I couldn't tell you offhand how many rating points that would give. I do have the information as part of an overall grid.

Mr. Pat Martin: So you'd be able to say that this amount of dollar purchase would give this amount of ratings.

Mr. Andrew Kumpf: I couldn't do that offhand, sir.

Mr. Pat Martin: No, but you told your client. Surely they said, “We have \$600,000 to spend. What's that going to buy us in terms of penetration into the market and ratings?”

Mr. Andrew Kumpf: We had a blocking chart that showed regions and what GRPs and ratings were projected over the course of the campaign.

Mr. David Campbell: If I might add to that, as you can appreciate, the coverage area of a television signal or radio signal doesn't neatly conform with where ridings are.

Mr. Pat Martin: That's right. That's why Elections Canada views it as a national expense and not a local expense.

Mr. David Campbell: But even with a very local radio station, for example, it's quite complicated. I think you're getting at the advice we were.... We were trying to make sure that the ridings were in the appropriate coverage areas of the stations. All we wanted to do was identify that and make sure we had the total amount of money necessary to make what our client considered to be an effective media purchase.

The Chair: Thank you.

Mr. Wallace, please.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chair.

Thank you for coming this morning. I have only seven minutes, so I'll go to specific questions.

I have a copy of an affidavit that was signed on October 31, 2007, and Andrew Kumpf's name is on the bottom. I'm assuming you're familiar with it.

It says here in your affidavit, and I want to give you an opportunity to confirm it in front of us:

I further confirm that:

Advertising buys for the national party were segregated from advertising buys for participating candidates. Retail Media was advised of which Conservative Candidates were interested in participating in additional regional media buys.

Is that still an accurate statement?

Mr. Andrew Kumpf: That's correct.

Mr. Mike Wallace: You said: Appropriate regional markets were identified for all participating candidates and specific media buys purchased in those markets.

Is that still correct?

Mr. Andrew Kumpf: That's correct.

Mr. Mike Wallace: And this one is of particular interest as a clarification to a question that was just asked by Mr. Martin:

Appropriate tag lines were used in all advertisements identifying on whose behalf the advertisement was authorized.

Is that correct?

Mr. Andrew Kumpf: That's correct.

• (1110)

Mr. Mike Wallace: So even though your company may not have produced the actual ad, you're saying in your affidavit that tag lines for all advertising identified on whose behalf that advertisement was authorized.

Mr. Andrew Kumpf: After the ridings that were participating were determined, we issued to the creative agency, for which stations were going to be part of the buy, exactly which candidates should be included for those specific stations.

Mr. Mike Wallace: And you provided that to the creative agency. I guess that's what you're calling your business.

Mr. Andrew Kumpf: Yes, that's correct.

Mr. Mike Wallace: Okay. Then finally in your affidavit—

Mr. Andrew Kumpf: Sir, it's not an affidavit. I think it was just a letter.

Mr. Mike Wallace: Well, it says "refer to affidavit sworn before".

Okay, but this is your signature on this letter.

Mr. Andrew Kumpf: That's correct.

Mr. Mike Wallace: Yes. It's a schedule.

I'm sorry, I may be referring to it as an affidavit. I shouldn't be referring to an affidavit.

The fourth point was this:

Appropriate invoices reflecting goods and services rendered were separately issued to participating Conservative Candidates and to the registered party based on the four segments identified.

Is that still correct?

Mr. Andrew Kumpf: That's correct.

Mr. Mike Wallace: So is what you gave us this morning an actual invoice that was provided? Is that a sample?

Mrs. Marilyn Dixon: The one on the left is our invoice.

Mr. Mike Wallace: Right, and then this is...

Mrs. Marilyn Dixon: I don't know where it came from.

Mr. Mike Wallace: Elections Canada has this. Is that correct?

Mrs. Marilyn Dixon: That was shown to us by Elections Canada.

Mr. Mike Wallace: Okay, that's very good.

We're not your only customers. Is that correct?

Mr. David Campbell: That's correct.

Mr. Mike Wallace: Can you give us a view of Retail Media, what's the scope of the business, without giving us the numbers, of course? I don't know if you're private or public.

Your letterhead has three offices. Can you give us a little bit of background on the company so that we understand the scope and the length of time you've been in the media buy business?

Mr. David Campbell: Retail Media has been operating since the mid-1990s. As the name indicates, it's a specialized company dealing

with the very detailed transactions that retail normally encounters, market by market, that sort of thing. So we deal with a lot of different private sector advertisers, in quick-service restaurants and in office supplies. There's a whole group of clients. We really attract our clientele for people who are interested in very complex types of operations and a lot of franchisee-type operations. So it was appropriate, I think, in terms of our—

Mr. Mike Wallace: Do you operate across the country?

Mr. David Campbell: Yes, we do. I should say, of course, as you can appreciate, right across the country in English and French.

Mr. Mike Wallace: Okay, thank you.

There was an earlier question about when payments were made and by whom and cashflow aspects, which was interesting to me. Based on your answer, could you explain to me, is it standard operating practice in your business when you're buying time from media outlets that they expect to be paid for that in advance, or is it normally billed afterwards in the private sector? Do they treat us differently because we're political organizations?

Mrs. Marilyn Dixon: It's standard for political advertising; it is different for other clients.

Mr. Mike Wallace: Under your view—I don't know if you do business for anybody else—it's the media buy that would happen in our party. The Liberal Party, the Bloc, and the NDP would be exactly the same.

Mrs. Marilyn Dixon: Correct.

Mr. Mike Wallace: The media outlets would expect payment in advance of those ads running. Is that correct?

Mrs. Marilyn Dixon: That is my understanding.

Mr. Mike Wallace: Okay.

Do I have more time, Mr. Chair?

An hon. member: You've got lots of time.

Mr. Mike Wallace: How much time do I have left?

The Chair: A little over a minute.

Mr. Mike Wallace: I'm going to share my time with Mr. Del Mastro.

Mr. Dean Del Mastro (Peterborough, CPC): Thank you, and thanks to the witnesses.

I came from business before I was in politics. I used to buy an awful lot of media in a local market. It wasn't uncommon to have media call and ask whether I would transfer or trade a specific block that I had blocked off for a different block. Or, for example, if someone had blocked the back page of a newspaper, I would ask if they would allow me to supersede that and buy it from the newspaper.

I'm sure you transfer blocks all the time. It's very common, especially in the context of an election. I assume the opposition parties' representatives rush to try to block advantageous time. The transferring of blocks that you're talking about isn't uncommon, is it? This happens all the time.

•(1115)

Mr. David Campbell: Perhaps the best analogy in the private sector is a company that has a couple of different brands. That would be routine for a company that has a number of different brands. It wouldn't be that common for different advertisers. The reason is that they're usually trying to reach different sorts of people. Within one company, for different brands, it would happen very frequently.

Mr. Dean Del Mastro: Thank you.

The Chair: Thank you.

We'll now move to round two, five-minute rounds.

Mr. Proulx, *s'il vous plaît*.

Mr. Marcel Proulx: Thank you. Did you say 25 minutes?

An hon. member: Mine felt like it.

Voices: Oh, oh!

Mr. Marcel Proulx: Welcome, again, to the witnesses.

Before I go too far, you've certainly read about this, or you've heard about this. There's been a question of some witnesses having been talked to by the Conservative Party prior to their deciding to come and participate with this committee.

Has any one of you discussed your appearance here this morning, or the contents of your statements, with the Conservative Party? I'm curious.

Mr. David Campbell: I've had no conversations with anyone in the Conservative Party about the appearance today.

Mr. Marcel Proulx: Is it the same with your colleagues?

Mr. Andrew Kumpf: As we have an ongoing business relationship, I speak occasionally with people at the Conservative Party.

Mr. Marcel Proulx: I can understand that, but was that about your appearing here today or what you're going to testify to?

Mr. Andrew Kumpf: When your first round of deliberations was over about a month ago, in the course of business conversation, Patrick Mutart mentioned we were likely to be called as witnesses. There was nothing stated that was either giving or seeking advice.

Mr. Marcel Proulx: Thank you.

Mrs. Dixon, I want to have something clear in my head. My understanding from your testimony is that there were two types of invoicing: one for all of Canada, excluding Quebec; and for the Quebec candidates, there were individual invoices with the name of the riding and their individual names on the invoices. Right?

Mrs. Marilyn Dixon: There were actually four types. We had two clients, two types of Conservative Party; one was Quebec, and one was non-Quebec. We had official agents; one was Quebec, and one was non-Quebec. So there were four types.

Mr. Marcel Proulx: You say that the only ones that were detailed were for Quebec, right?

Mrs. Marilyn Dixon: On the official agent client, correct.

Mr. Marcel Proulx: Official agent?

Mrs. Marilyn Dixon: We have two clients, the Conservative Party and the official agents.

Mr. Marcel Proulx: Okay, I understand what you mean. How come, then, there were invoices supplied to Elections Canada—individual invoices—for other ridings outside of Quebec? The example I have in front of me, by coincidence, is one that states “Trinity—Spadina, \$46,728.86, plus tax, for a total of \$49,999.88”.

Where does this come from? You're not lying to me, now?

Mrs. Marilyn Dixon: I'm not lying to you.

What had happened is that our clerk had prepared individual invoices for all the candidates outside of the Quebec area. We sent a sample of the summary invoice to Susan Kehoe, and she said that was fine for the non-Quebec candidates. When Elections Canada came to us and asked us to provide some information, I provided the backup that we had not given to Susan Kehoe in that information. We had prepared it, but we had never provided it to the—

Mr. Marcel Proulx: Am I to understand, then, Ms. Dixon, that this invoice that states “Trinity—Spadina” was actually prepared by your company?

Mrs. Marilyn Dixon: It was prepared, but never provided to the official agents.

Mr. David Campbell: Can we actually see that invoice? Would you mind?

Mr. Marcel Proulx: Sure, there are all kinds of them.

Mr. David Campbell: It's just to make sure that we have the proper documents.

•(1120)

Mr. Marcel Proulx: My time is stopped, I presume.

The Chair: Yes. You have a little less than a minute; we'll wait until they acknowledge that they've had an opportunity to review it to ensure that they understand what it is.

Mrs. Marilyn Dixon: If you look at the summary invoice, the amount for Trinity—Spadina is just repeated on there, the \$46,000.

Mr. Marcel Proulx: My question is, did the one that is strictly about Trinity—Spadina come from your company or not?

Mrs. Marilyn Dixon: It was produced at our company, but never provided to the official agents. We provided only the summary one.

Mr. Marcel Proulx: How did it get into Elections Canada's hands, then?

Mrs. Marilyn Dixon: I put all our documents together and provided this to Elections Canada, and it was in error, because the official agents never, ever received it.

Mr. Marcel Proulx: Was it produced as we see it?

Mrs. Marilyn Dixon: Yes.

Mr. David Campbell: Just so that there's a clear understanding, we provided all the documents—every document in our possession—to Elections Canada. That included some documents, clearly, that were not issued.

Mr. Marcel Proulx: But why is it that some have your full letterhead and some others don't?

The Chair: Mr. Proulx, *je m'excuse*, the time unfortunately....

We'll have more opportunities for questions, but we want to move now to Mr. Goodyear, please.

Mr. Gary Goodyear: Thank you very much, Mr. Chair.

Thank you, witnesses, for coming.

We've heard a number of comments this morning asking whether contracts were signed, whether invoices were given out—I guess this seems to be the angle the jury is going at—when in fact I asked yesterday for documentation of where in the act it says that an individual candidate has to have a contract signed. There is no such thing, so don't be misled by the questioning.

I want to read you an example, very quickly, of some evidence I have from Elections Canada's records. I'm going to read it very specifically. What I'm after is this. I want to know how this is different. I want you to pay attention to the fact that there were no invoices in this thing, that in fact in this example it was an organized national advertising campaign, but paid for and expensed at the local level.

Having said that, let me read from Election Canada's own records. This is actually an affidavit too. It's in an affidavit before a real court. It says: "There was a regional media buy for all New Brunswick Liberal candidates in the 2006 election. The local campaign of Dominic LeBlanc in the 2006 election, where Mr. LeBlanc was elected as a Member of Parliament, apparently"—and I'm stressing that "apparently"—"participated in this regional buy organized by the national party."

The documentation on record at Elections Canada in relation to one of the participating campaigns is attached as exhibit 30, if anybody wants to look that up. Exhibit 30 is a copy provided by Elections Canada of the cheque from the local official agent in payment of the ad. The cheque is made out to the Liberal Party.

Now, also on that list is Mr. Hubbard, across the way. I can tell you they've been very successful in voting against having any of this information released at this forum. The content of the ads, except for the tag lines.... Monsieur Jean-Pierre Kingsley has said—he is the past Chief Electoral Officer—the content of the ad is not relevant; the tag line is all that's relevant to make it local. So these guys at least did that; they at least put the tag line on. But the ads themselves are entirely national.

Now, here's the interesting thing. Despite the fact that the Liberal Party memo referred to above indicates that local campaigns were to pay for the national party cost of the ad—I want to point this out in defence of Monsieur LeBlanc—there is no apparent listing of any payment for these ads in Mr. LeBlanc's case. Now, I don't know whether that means he did pay it and there's no record of it; I don't know what it means. But what I can tell you is that the ads stated that his campaign paid for it.

Now, this is concerning me, because apart from the non-compliance of Mr. LeBlanc, the Liberal regional media buy was accepted by Elections Canada nonetheless, and it shares identical similarities to what we're talking about here today.

I'm just going to close with a quote from Elections Canada—

●(1125)

The Chair: Mr. Goodyear, you're at four minutes already in a five-minute round.

Mr. Gary Goodyear: Thank you very much for interrupting me when I was on a roll.

A letter from the director general of the Liberal Party of Canada in Alberta says this:

During the past election campaign, the Liberal Party of Canada in Alberta transferred funds and/or paid for services in kind directly to the candidate on whose behalf you were acting as official agent.

The letter goes on to refer to an expense incurred by the Liberal Party, the national Liberal Party, which should be claimed at the local level.

This goes to Mr. Martin's constant issue about claiming what should be a national expense at the local campaign. Clearly these ads are local; they're expensed locally. Mr. Martin's NDP party did it. The Bloc did it. The Liberals did it.

Do you have any reason why Elections Canada is not looking into those parties?

The Chair: Order, please.

Mr. Gary Goodyear: Oh, I'm sorry, I ran out of time. My apologies.

The Chair: I regret that the five-minute time slot has been used up.

Excuse me, Mr. Del Mastro, I'm in the middle of speaking to the witnesses. Thank you, sir.

Our time slots are for questions and answers. Unfortunately, the full five minutes was used for the question, but if you have anything you would care to say, I'll allow you an opportunity to make an appropriate answer.

Mr. David Campbell: Only to say that, as we'd indicated in our original statement, we're not experts in the particulars of the Canada Elections Act, nor were we involved in any of those transactions, so we don't have any opinion one way or the other.

The Chair: Before I move on to the next questioner, it's a good lead-in. You did say in your opening statement that you were not experts, and I don't expect you to be, but you probably are aware that for your tax return or for any business corporate tax returns or for any other official filings, original documentation is required.

An hon. member: On a point of order—

The Chair: Excuse me, I'm asking a question of the witness.

Mr. Gary Goodyear: The point is to relevance. You're talking about tax returns. We're talking about ethical standards of public office-holders.

The Chair: I'm sorry. If you hear me out, I think you'll understand.

Original documents.... Mr. Proulx had walked through the detailed invoice with GST on the bottom for all the other documents. I've only seen this for the first time and that's the reason I'm raising it, simply for clarification of what your representations were. The individually lined one, which is an invoice that I would have expected the riding of Trinity—Spadina to receive, would look like this. Here is your charge, plus GST as a total.

You indicated that you did not provide this. You produced it on your letterhead. It looked like a regular invoice of yours, but the—

An hon. member: I have a point of order.

An hon. member: Is this a Liberal time slot?

The Chair: The chair can ask questions. If you're going to challenge that—

Mr. Dean Del Mastro: No, I have a point of order with where you're going with your question, Mr. Chair.

The Chair: Thank you, but that's not a point of order.

So I would like to ask—

Mr. Dean Del Mastro: It's a point of order with respect to relevance.

The Chair: I'm following up on the conversation that Mr. Proulx had with the witnesses with regard to this invoice. I think it's important, because original documents—

Mr. Dean Del Mastro: Mr. Chair, I know very well what you're looking to try to do, but my point is with respect to relevance.

The Chair: Well, I rule it to be relevant. Thank you.

Now, you are aware—

• (1130)

Mr. Dean Del Mastro: You haven't heard what my point of order is, Mr. Chair.

The Chair: You're debating with me whether or not what I am saying is relevant, and I've explained to you it is, sir, so I'm going to proceed. Thank you.

Now, if a riding association or a candidate for an official agent, more specifically, did not receive an original invoice with their charge and their GST on it, even though you're not experts in the Canada Elections Act, did you have a problem that someone else was going to take your detailed invoice and then hand-write "plus GST" and then put the total on a photocopy?

Mr. Dean Del Mastro: I have a point of order, Mr. Chair.

The Chair: I have the discretion, as the chair, to deal with it at the chair's discretion. I'm going to deal with it after I finish with the point I'm currently making. So I'm going to ask—

Mr. Dean Del Mastro: No, I would like to raise my point of order.

The Chair: I'm sure you do, but the chair is going to deal with that as soon as I finish with this matter. I don't want to lose the train of thought here.

The problem I'm trying to understand is that the invoice that an official agent would have to file with their return would in fact not be an original invoice and would appear not to be a valid document for

purposes of filing a return. Were you aware of that? Did you think that maybe they would need an individual invoice like this to be able to properly file an election expenses return?

Mrs. Marilyn Dixon: We produced the invoice for the official agents and for the Conservative Party. We have no knowledge, or had no knowledge at the time, of what they were going to do with it or if candidates required it. That information was not provided to us.

The Chair: Okay, I accept that. The decision to handle it was the decision of your client.

Mrs. Marilyn Dixon: Correct.

The Chair: Thank you.

Now, Mr. Del Mastro, do you still have a point of order, sir?

Mr. Dean Del Mastro: Yes, my point of order is, as I said, with respect to relevance, Mr. Chair.

I believe that by raising what you just raised, you are trying to put something into the record—quite tactfully, mind you—or to establish something in the record as an independent party, which you hope to raise as an issue at a future point, or to have your friends raise as a future point, which, quite frankly, is entirely irrelevant. You have an original copy of an invoice that breaks this out and demonstrates that it is in fact identical.

I don't know about you, but sometimes I submit claims for expenses, and what I will use to back those up sometimes is a credit card statement. But I don't provide things like my credit card number with that claim when I submit it. I also will occasionally block out purchases that I've made, things like my mortgage or items like that, and sometimes my balance or what I'm expected to pay on my credit card and what my last payment was. I don't believe those are relevant to the person who's looking for a copy of an invoice to prove that I have paid for something or incurred an expense. I think any reasonable person who looks at this would look at it and say yes, there it is, it's identical.

I know what you're trying to establish, and I think it's a very underhanded way of doing what you are not entitled to do. I question you about the relevance of it because I think you know very well what you are looking to establish, and I'm offended by it. You're trying to say that someone.... Well, I'll leave it at that; but I know what you're trying to establish. It's an underhanded way of trying to act impartially, and you're doing anything but.

The Chair: First of all, it is not a point of order; it's a point of debate.

The issue that has been raised also raises another question. The member will well know that it is contrary to the rules of parliamentary practice and procedure to impute motives to any member for what they have done. It is totally unparliamentary, sir, and you should consider an apology for that.

• (1135)

Mr. Dean Del Mastro: I can assure you there'll be no apology.

The Chair: You can assure me there will be no apology. Okay, that's your choice, sir.

I've ruled that it is not a point of order; it's a point of debate. It's obviously of relevance that in filing an official document with the Government of Canada or any of its agencies, an original invoice is required. Based on the documents that I have received, it appears that the invoices used by candidates turned out to be altered invoices, I think, as Ms. Dixon had indicated, and she had no idea who had prepared them.

Is that the case?

Mrs. Marilyn Dixon: That's correct.

The Chair: Thank you.

Now we'll move on to the next person.

Madame Lavallée, please, for five minutes.

[Translation]

Mrs. Carole Lavallée: Thank you.

I would like to know exactly who Retail Media is. You talked about this a bit in your presentation. If I understand correctly, at the time of the last election, you were the president of Retail Media. Is that correct?

[English]

Mr. David Campbell: That's correct.

[Translation]

Mrs. Carole Lavallée: Who is the president of Retail Media now?

[English]

Mr. David Campbell: There actually is no current president of Retail Media.

[Translation]

Mrs. Carole Lavallée: Right. What is Mr. Kumpf's title at Retail Media?

[English]

Mr. Andrew Kumpf: The current title?

[Translation]

Mrs. Carole Lavallée: I would like to know what your position is.

[English]

Mr. Andrew Kumpf: Vice-president, broadcast operations.

[Translation]

Mrs. Carole Lavallée: Mr. Ruby, are you counsel for Retail Media?

[English]

The Chair: Madame, I introduced all of the witnesses with their complete titles. I also introduced Mr. Ruby as the legal counsel for Retail Media and stated that he cannot address the committee, but he may advise his clients.

Maybe we should move on to your next question.

[Translation]

Mrs. Carole Lavallée: Fine.

Mr. Kumpf, does Mr. Ruby work at Retail Media?

[English]

Mr. David Campbell: I should respond to that.

He indeed is our legal counsel.

[Translation]

Mrs. Carole Lavallée: He is legal counsel for Retail Media.

[English]

Mr. David Campbell: But he's not an in-house legal counsel; he works for a law firm.

[Translation]

Mrs. Carole Lavallée: Ah, right. So he is counsel.

[English]

Mr. David Campbell: Correct.

[Translation]

Mrs. Carole Lavallée: At the time of the last election campaign, was Mr. Ruby also counsel to Retail Media?

[English]

Mr. David Campbell: No.

[Translation]

Mrs. Carole Lavallée: At that time, did you have legal counsel?

[English]

Mr. David Campbell: No, we didn't.

[Translation]

Mrs. Carole Lavallée: How big is Retail Media? How many clients do you have across Canada?

[English]

Mr. David Campbell: Well, first of all, Retail Media is a division of the larger company that I mentioned to you, Group M Canada, which is actually the largest purchaser of media time and space in Canada. So it's one company under a larger company.

[Translation]

Mrs. Carole Lavallée: It is a large American firm that does media purchasing, among other things. Group M is an American company.

[English]

Mr. David Campbell: It's an international company, yes. It's publicly traded.

To be very clear, if I may clarify, the ultimate owner is a company called WPP, which is one of the largest advertising and communications firms in the world. It's publicly traded.

[Translation]

Mrs. Carole Lavallée: So if it is one of the largest communications firms in the world, legal counsel would certainly have been able to help you in the last election campaign, when you had doubts regarding the legality of the procedure.

[English]

Mr. David Campbell: No, we didn't. We sought the legal opinion of the experts in the matter, who were with the party, our client.

[Translation]

Mrs. Carole Lavallée: You have several types of clients, for example brewing companies, breweries. Their advertising is tightly regulated by law, including rules about using a particular kind of advertising in a particular place. You are familiar with those laws and you have legal counsel who can give you advice about that.

The Elections Act is also complex. Did you not consult our own legal counsel when you had doubts? You had doubts and you put them in writing.

[English]

Mr. David Campbell: Well, I guess I don't accept the premise of the question. Our business is the business of media planning and placement, and it's a very specialized business. We act on behalf of clients and we do it on a daily basis and have been in business for many years.

As I believe you're indicating as well, elections are very specialized. We have a lot of clients. This is one particular client, but it's in a very different arena where we don't have specific expertise. We had no reason to doubt the expertise of the advice we were given; we had none whatsoever.

[Translation]

Mrs. Carole Lavallée: You are still the Conservative Party's supplier, and as such you are becoming experts in the Elections Act.

Do you not think that the Conservative Party's philosophy during the last election campaign was really whatever it takes to win, whether it's legal or not, and most importantly not ask questions and tell yourself it will work itself out when you get to power?

• (1140)

[English]

Mr. David Campbell: No, because first of all we asked for confirmation that all the transactions from our client were within the legal allowable limit, and indeed we received that confirmation.

The Chair: *Merci.*

Mr. Tilson, please.

Mr. David Tilson: I want to be clear about this Group M. You're a subsidiary of Group M; is that what you are?

Mr. David Campbell: Group M serves as the parent company for RMI, so that's correct. RMI is part of Group M, which serves as the parent company.

Mr. David Tilson: Okay. So a number of companies are connected—indirectly, perhaps—to you?

Mr. David Campbell: Yes, there are a number of companies that are.

Mr. David Tilson: My question is with respect to those other companies. First of all, is the Conservative Party of Canada the only political party that you assist?

Mr. David Campbell: That's correct. And none of the other companies we're involved with had any dealings whatsoever in the 2006 federal election that I'm aware of.

Mr. David Tilson: Okay. At any time, did any of the other companies assist the Conservative Party of Canada?

Mr. David Campbell: I have no knowledge that they did.

Mr. David Tilson: Do you have any knowledge as to whether or not any of the other companies or you yourself assisted any of the other political parties—the Liberal Party, the Bloc Québécois, or the New Democratic Party?

Mr. David Campbell: I certainly didn't. I have no knowledge that any did, nor do I believe that any did, but I can't say that with 100% certainty. They operate relatively independently.

Mr. David Tilson: Do you have many competitors?

Mr. David Campbell: It's a very competitive marketplace. In the overall marketplace there are probably 20 fairly large competitors providing this service.

Mr. David Tilson: My question therefore is whether or not the other competitors...whether you have knowledge directly, indirectly, or otherwise, of whether or not any of the other political parties are involved in a similar process as far as financing advertising goes.

Mr. David Campbell: I have no knowledge of that whatsoever.

Mr. David Tilson: Do you have any knowledge as to the process of payment used by the other parties?

Mr. David Campbell: No, I don't.

Mr. David Tilson: Has this practice, which is under investigation by this committee and in the courts, been going on for some time?

Mr. David Campbell: I'm sorry, which practice are you referring to?

Mr. David Tilson: I mean the practice of a national party providing funding to local riding associations, and the moneys from the local riding associations going back to the national party, or to pay for advertising.

Mr. David Campbell: We don't have any knowledge of the transactions that occur between—

Mr. David Tilson: I understand you don't have direct knowledge, but do you have any indirect knowledge?

Mr. David Campbell: No.

Mr. David Tilson: Do you know which of your competitors assist the other political parties?

Mr. David Campbell: As you can see, I actually can't recall right now.

Mr. David Tilson: Can any of the other witnesses recall?

Mr. Andrew Kumpf: Do you mean for the 2006 election?

Mr. David Tilson: I mean for any election.

Mr. Andrew Kumpf: I believe the NDP's agency was in Vancouver and is still there. I apologize, I don't know the name.

Mr. David Campbell: The other members can probably tell you that. We're not sure.

Mr. David Tilson: They won't tell us anything.

Mr. Martin is giving some testimony. Could I hear that, please?

Mr. Pat Martin: Maybe later.

An hon. member: The point is that others are doing the same thing.

Mr. David Tilson: Mr. Campbell, I think you made the statement that some Elections Canada officials came to ask you some questions. I'd like you to elaborate on those particular discussions and any other discussions you had with Elections Canada.

• (1145)

Mr. David Campbell: That occurred around two years after the election. At that time we engaged the services of Mr. Ruby to assist us. The entire records of those meetings are in the Elections Canada report.

Mr. David Tilson: I understand that. My question is whether you recall what was said to you by any of the officials from Elections Canada at that time or any other time.

Mr. David Campbell: Pertaining to what?

Mr. David Tilson: About this whole issue that's before this committee.

Mr. David Campbell: They asked a series of questions that we responded to.

The Chair: Thank you kindly.

Mr. Martin, please.

Mr. Pat Martin: Thank you, Mr. Chair.

Mr. Campbell, some of us who watched the sponsorship scandal carefully learned a little bit about the advertising industry in terms of markups, fees, and charges. What was your company's share of the \$1.3 million that the Conservative Party spent beyond their legal limits in the last federal election campaign? What was your markup on \$1.3 million worth of placements?

Mr. David Campbell: I'm concerned about the association with other matters. I'm prepared to talk about our dealings, etc., and then respond to your question specifically.

Mr. Pat Martin: On a \$1.3 million buy, roughly what would have been your markup?

Mr. David Campbell: I will tell you a couple of things. First of all, we consider our fees with all of our clients to be commercially sensitive information.

Mr. Pat Martin: What's the industry standard? Is it 15%?

Mr. David Campbell: What happens is that traditionally 85% of advertising expenditures go to the media. There is a remainder of 15% that is for fees, which includes media production, a whole bunch of services. So the total fee that's traditional—and this is for private sector advertisers as well as political parties—is 15%. Our portion was a small portion of that. There were other fees involved, i. e. creative production.

Mr. Pat Martin: I'm not trying to say that you would advise your client to do something illegal so you would get 15% of the \$1.3 million. I'm not making that argument. What I would like to ask when it comes to penetration, though, is if you would advise your client—any kind of client, public or private sector—that if you want to get this message across, you need this number of rating points to say that you've really saturated that particular target area in a way that your message penetrated?

One of the things about the Canada Elections Act is that to claim a local expense it has to be at fair market commercial value; it can't be exaggerated or inflated. Yet you have three ridings here that you

worked on with your client—Trinity-Spadina, Toronto-Danforth and Vaughan—all clustered in the same general area, and radio ads don't recognize electoral boundaries. They don't stop at the edge of Trinity—Spadina and not creep into Toronto—Danforth. So your clients were billed, by your invoice, \$49,900 for Trinity—Spadina, \$19,000 for Vaughan, and \$29,000 for Danforth.

What is the real market value, then, of getting the Conservative Party message into those three ridings if you yourself say that you can't avoid the spillover from one riding to another? Why are they charged such hugely disproportionate amounts?

Mr. David Campbell: First of all, as we indicated before, we can only really speak to what the total amount of the media buy was.

Mr. Pat Martin: No, you've said you invoiced each individual riding for amounts as well. You can't have it both ways, sir.

The Chair: Excuse me, but the translators are having some problems when it's rapid-fire speaking. I think what we should do, once the question is posed, is allow the witness to answer and then we'll move on. But let's respect the translators here, as they're having some difficulty.

So perhaps you could repeat your question, Mr. Martin.

Mr. Pat Martin: Why the wildly disproportionate charges from one riding to the next, when you yourself and Madam Dixon did testify that these invoices did in fact come from Retail Media? One parent invoice went to the party and individual invoices went to each riding association. How is it fair market value to charge \$50,000 for this service in one riding and right next door charge \$19,000? How is that the commercial fair market value of that product?

• (1150)

Mr. David Campbell: Again, if I might respond, our advice to the party.... We were not responsible. It was the party that told us what ridings were to be involved.

Mr. Pat Martin: But you issued invoices. Were you an unwitting dupe? Were you sucked in by the party to something that was untoward or wrong?

Some hon. members: Oh, oh!

Mr. Pat Martin: I mean, you issued invoices.

The Chair: Order, please. Order, order!

Mr. Pat Martin: Was that the fair commercial value of the product that you invoiced for?

Some hon. members: Oh, oh!

The Chair: Order, order.

Mr. Pat Martin: That's a perfectly fair question, Mr. Chairman.

The Chair: I understand that.

Order, please. I've stopped the clock. Order, please.

I think these questions can be answered without getting very aggressive, and I think referring to people being duped or not, we're getting close to the badgering thing.

Mr. Pat Martin: I'm sympathetic that they may have been unwitting patsies to a scheme that was wrong.

The Chair: I think it's a very valid question, but I think maybe we should tone down the rhetoric, and let's make sure that people understand the question in plain terms and can answer in plain terms.

Mr. Martin, you have about a minute left, so I think I'll give the floor back to you, if you want to repeat that last part. But they heard the question, I'm sure.

Mr. David Campbell: I heard the question, if that's quite all right.

We very clearly said in our opening statement, Retail Media bought time at competitive commercial rates. We also provided advice on what media outlets covered what ridings. How the clients chose to divide the cost of a buy was up to them. It's not relevant to us and it's similar to what we do in the private sector.

Mr. Pat Martin: Sir, since it is my last minute here, I still have this question. If you assessed what the client needed to buy, etc., how is it that this riding needed \$50,000 and that riding needed \$30,000, when they're right next door to each other and there was no appreciable difference in the buy? You bought ads at a radio station that broadcast to the whole area. Is it that the party made you do it?

Mr. David Campbell: Well, our concern was receiving the total amount of money for the buy, which we needed to do in a couple of days. How that was divided up, as I said, in the private sector between franchisors and franchisees was up to them.

The Chair: Thank you, gentlemen.

Mr. LeBlanc, please.

Mrs. Marilyn Dixon: Can I make a clarification of something Mr. Martin said?

The Chair: Sure.

Mrs. Marilyn Dixon: You said that we provided a summary invoice to the official agents through.... We did not provide individual invoices to the candidates. We had prepared them, but they did not go anywhere.

Mr. Pat Martin: How did they get them?

Mrs. Marilyn Dixon: They didn't.

Mr. Pat Martin: Well, there are 34 of them here that they received.

Mrs. Marilyn Dixon: They did not receive them.

The Chair: Order.

Mrs. Marilyn Dixon: What had happened is that in preparation of the summary invoice, our clerk had put together individual invoices. We sent a summary invoice format to Susan Kehoe to say, "Is this how you want to see it?" She said that was fine, so we did not send the detailed invoices anywhere.

When Elections Canada came to me, we provided all the documentation. But those were never sent to the party or the official agents.

The Chair: Before I go to Mr. LeBlanc, let me say it's unfortunate that the existence of your individualized invoices ever came up. They're not official invoices; they should not have been booked by you in addition to any compound invoices, because you can only book revenue once, and they were never received by anybody else. I don't know why they were ever raised. But we do know, from other

testimony, that the candidates did receive an individualized invoice, which was prepared by someone else.

Mr. Gary Goodyear: I have a point of order, sir.

The Chair: Mr. Goodyear, you have a point of order.

Mr. Gary Goodyear: I think you have once again stepped way outside your area of expertise. I'm not sure what your past is, but I don't think you have the authority or the expertise to offer what defines a hard invoice or a soft invoice. I think you're conducting a debate here. You're clarifying what the witnesses didn't say.

You actually should be on the timer for the other Liberal members, so I object. I object to your debating and again putting forth allegations that you have absolutely no proof of. I wish you would stop doing that, Mr. Chair.

• (1155)

The Chair: Thank you. That's not a point of order; it's a matter of debate.

Thank you, Ms. Dixon, for helping to clarify it. It has come up several times during the examination, so thank you for helping to clarify it.

Mr. LeBlanc, please.

Hon. Dominic LeBlanc (Beauséjour, Lib.): Thank you, Mr. Chairman.

Thank you to the witnesses for coming this morning.

Mr. Kumpf, perhaps I could begin with you. I'm interested in what Mr. Martin asked questions about a few minutes ago, the whole business of allocating different amounts to different ridings. In the documents that were filed with the court in Toronto in application for the search warrant, there was an e-mail from Mike Donison to you, dated December 14, 2005, at 10:36 a.m. I gave a copy to your counsel. I want to make sure you have a copy of that document so that we know what document we're talking about.

I want to read you what Mr. Donison said to you in the e-mail. At the top of the page, it says:

Andrew: Just so I fully understand- I am still to work with the column marked "Contribution", and that is what we will be billing each of these candidates- the amount in this column, despite the fact that the actual media buy for that region will be less?

I will assume that is the case, and that this is the final list. Please let me know otherwise.

I'm wondering what you responded to Mr. Donison. I'm surprised that Mr. Donison is asking you for advice on how to allocate money to these ridings.

Mr. Andrew Kumpf: I'm glad you brought that up.

I have two points. One is that when I was reviewing or preparing for the appearance in this meeting, I saw that the excerpt from appendix 36—and paragraph 194 on page 47, I believe—was misattributed as being from me to Mike Donison. In actual fact, as I think we've pointed out here, it was from Mike Donison to me.

Now, in respect of that, his question from the chart that we supplied, which had the ridings and the medium and the dollars, was whether or not it should be the contribution. My response to that—which wasn't included in appendix 36—was that, no, he was looking at the wrong column. He needed to look at the column that was the media buy, the amount that we had transferred, and not the contribution. I was not suggesting that he utilize the contribution, which would have been more than the actual media buy.

We have copies of that in both languages, because it was confusing from the application, just showing my response, sir, if—

Hon. Dominic LeBlanc: Okay, we'd be happy to see that afterwards, Mr. Kumpf.

Again, I thank you for the answer, but my concern is with what appears to be the arbitrary way in which amounts were allocated, and I think Mr. Martin was getting to this before he ran out of time, in the sense that in one riding a large amount of money was allocated, and in another riding, a neighbouring riding or a riding very close, which I would argue is in the same media market—but I'm not the advertising experts you are—a much small amount was allocated. You have said you didn't come up with any of those allocations, that those were given to you by the Conservative Party. Is that correct?

Mr. Andrew Kumpf: What I did, sir, with Mike Donison, who supplied the potential contributing ridings, is that I looked at them and analyzed them to see if it was feasible for them to get signal or coverage from the TV stations that the transfer was for. So—

Hon. Dominic LeBlanc: I don't want to interrupt you, but you could argue that neighbouring ridings would have the same signal, presumably. Right?

Mr. Andrew Kumpf: Sir, I don't know what decision-making was in form between the party and the candidates, or what levels per candidate were going in, as there was correspondence between the party and the candidates, and then to us, on what ones could be involved. I believe they were acting on behalf of those candidates.

I can't comment on why the budget disparities—

• (1200)

Hon. Dominic LeBlanc: No, I appreciate that. Thank you.

I have a final question perhaps for Ms. Dixon.

In the document that you gave us this morning, that large list of ridings outside the province of Quebec and the example of an individual riding, there seems to be a lot of confusion. I think you, Ms. Dixon, explained the four different invoices, and so on, that your company had prepared; but I'm interested in comments that you apparently made to an investigator with the election commissioner's office, Mr. Ron Lamothe. In paragraph 75 of his affidavit, which again was used to obtain the search warrant, he said:

As an example of the invoices filed with Elections Canada, I showed the representatives of Retail Media an invoice in the amount of \$39,999.91 (Appendix 23) filed by the candidate for the electoral district of York South—Weston, who was one of the 14 candidates (paragraph 37) contacted by Elections Canada for additional information.... Upon viewing the document, which bears the letterhead of Retail Media, Ms. Dixon speculated that this invoice must have been altered or created by someone, because it did not conform to the appearance of the invoices sent by Retail Media to the Conservative Party of Canada with respect to the media buy.

I'm just wondering if Mr. Lamothe got it wrong or if your comments today are different from what you said to Mr. Lamothe, which he then swore in an affidavit before the court in Ontario.

Mrs. Marilyn Dixon: I think we addressed that in our opening statements, where we said that we had provided a group invoice with a number of ridings on the same invoice and that it appeared someone had taken that invoice and produced only that information for that riding. When they showed us that invoice only, we did not have this summary invoice in front of us. All we knew was that it looked different from how this looked, and that was the extent of our communication.

Mr. David Campbell: If I could just add something briefly, that was the time in April when the press reports came out that mischaracterized our position. We pointed out to Elections Canada that they had it right—which is in the letter we've provided for you today—in another part of their report. So there's a paragraph in there that basically reflects our belief.

The Chair: Thank you.

Mr. Lemieux, please.

Mr. Pierre Lemieux: Thank you very much, Chair.

Thank you for being here today.

Now that we're discussing advertising, there are a couple of issues I'd like to bring up. The first is just regarding advertising content.

I'm a candidate, I ran in the last election, and it's up to me to decide what advertising content I should run in my riding. It's not up to Elections Canada to determine what should be in my advertising. In my riding, if I decide to do an advertisement on farmers, it's not for Elections Canada to say, "Well, Mr. Lemieux, you can't include farmers in your advertisement." If I want to put a photo of my family in there, I can do so.

The reason this is important is that if I choose to run an advertisement in my riding with Stephen Harper and the national campaign issues because that's what I as the candidate determine to be the most effective advertising for me and my riding, Elections Canada has no business saying, "Well, Mr. Lemieux, you can't do that." They have no mandate to do that, they have no responsibility to do so, and they have no mechanism to do so. This has actually been backed up by Jean-Pierre Kingsley, and Jean-Pierre Kingsley was the Chief Electoral Officer during the 2006 election.

To echo what Mr. Goodyear had said, the content of the ad is not what's important; it's the tag line, whose name is at the end of that ad. That is why I'm glad you're here and I'm glad we have your statement in front of us, where you confirm in your letter of January 15 and state very specifically:

I further confirm that:

Appropriate tag lines were used in all advertisements, identifying on whose behalf the advertisement was authorized.

So the tag lines were there, and that is the most important aspect of these advertisements.

The fact that your primary client was the national party I don't think is of surprise to any of the other parties here, because they do the same thing. And I don't think it's of surprise to Canadians, because as you said, time is short and it makes sense to have one client buy as much media as they can buy quickly during a short campaign. Therefore, that you would be dealing with the national party and the national party would then deal with individual candidates, to me, makes perfect sense. Quite frankly, I would be astounded to know that my colleagues disagreed with that. Anyway, I wanted to bring up that point about tag lines.

On this business about the value and that the numbers are different, the opposition seems to be very uncomfortable with that. I'd like to ask a few questions on that, because you said you did provide advice, for example, on which TV stations covered which areas.

Is it possible that different TV stations have different areas of coverage?

•(1205)

Mr. Andrew Kumpf: Yes, that's possible.

Mr. Pierre Lemieux: Absolutely. Thank you. I happen to agree with you. CTV has a zone of coverage; CBC has a zone of coverage. They might overlap in one riding and not in another riding. It just depends on the riding. It depends on the TV station. That would account for a difference in the values, but there's more, of course.

Is it possible that, this being a competitive market, different TV stations have different prices for air time?

Mr. Andrew Kumpf: Yes, that would definitely be the case.

Mr. Pierre Lemieux: I agree. Thank you very much. Again, that's another reason we would have different pricing to different candidates.

Third, is it possible that different TV stations, or actually, if I can be even more specific, the same TV station, would have different pricing for different time slots? In other words, it's going to cost me more to run it just before the six o'clock news than to run it at two o'clock in the morning. Is it possible that the price of that slot is different, depending on what time I choose during the day?

Mr. Andrew Kumpf: That's correct.

Mr. Pierre Lemieux: Okay. So going back to the opposition's baseless claims about why the pricing is different, I've just come up with three excellent scenarios that actually exist in the industry as to why the pricing would be different.

I do want to touch on one last thing. You said you used similar invoicing practices as you do for the private sector. In fact, you made a couple of references to franchising. So I just want to ask, is the way you billed the Conservative Party the way you would have billed, for example, somebody in the private sector? You have a single invoice here, but within that invoice you have different franchises listed, etc.

Mr. David Campbell: Yes, that's our preferred method of billing.

Mr. Pierre Lemieux: Thank you very much. You've answered all my questions.

In using up the final seconds, what I want to really show here is that the advertising content, of course, belongs to me as the

candidate. I can choose whatever themes I decide are important for me. The tag line is important, and you've confirmed that the tag line was on all these different advertisements or advertising buys. You've also confirmed that there are many factors that would influence the differences in invoicing, and that this is all part of normal competitive private-sector-type business.

I thank you for your time.

The Chair: Thank you very much.

I wanted to get a clarification. On the detailed invoice, at the bottom we have federal GST. In some jurisdictions there actually is not a GST but a harmonized sales tax, which includes federal and provincial. Was there any of that? How would that have been handled?

Mrs. Marilyn Dixon: The harmonized tax is within the cost of media. For QST it's separate, but for HST it's in the cost of the media.

The Chair: The provincial component of it is in, but you've included—

Mrs. Marilyn Dixon: The GST is separate. That's how we do our invoices, correct.

The Chair: Because this was broken out for the candidates, how would they know, as opposed to just putting GST here? It caused me some concern because, as you know, in the GST system, if you are not the end user you get a tax credit, and you really need to know and have the details about what the actual GST paid is. It looks like we've got—

Mrs. Marilyn Dixon: The GST is the portion on the bottom, and the calculation that I saw on here was a correct calculation.

•(1210)

The Chair: I'm going to have someone look at this; I want to understand it. Thank you kindly.

Mr. Gary Goodyear: Excuse me, Mr. Chair, could I just ask if it's 7% GST or 5% GST?

Mrs. Marilyn Dixon: It's 7%.

The Chair: Next is Mr. Hubbard. Sir, you have five minutes.

Hon. Charles Hubbard (Miramichi, Lib.): Thank you, Mr. Chair. I have just a couple of brief questions.

You were the major provider of advertising to the Conservative Party for the 2005-06 election. Is that correct?

Mr. David Campbell: We planned and we bought the media. We were the media buyers.

Hon. Charles Hubbard: You had the entire contract, which probably was in the millions of dollars.

Mr. David Campbell: Yes, it was.

Hon. Charles Hubbard: And you began in late November or early December, and as an extended period of election, there were a lot of days involved. I would think your original contract would probably have been for a budget of maybe \$8 million. That would be on the public record. I don't think it's—

Mr. David Campbell: I actually don't remember the exact amounts.

Hon. Charles Hubbard: But it was somewhere in that vicinity.

Then in December, with the long election period, it became evident that somebody wanted to spend another \$1.3 million. It's my understanding, Mr. Kumpf, that you had a conference call on that amount. Who was involved in that conference call to determine a further contract between you and the Conservative Party of Canada for a further \$1.3 million, approximately?

Mr. Andrew Kumpf: The conference call regarding the candidate

Hon. Charles Hubbard: You call it what you want, but it's the matter that we're discussing here today. It was the Conservative Party somehow attempting to spend another \$1.3 million. Who was on that conference call with you?

Mr. Andrew Kumpf: There was me, there was David, there was Doug Finley, there was Mike Donison, Patrick Muttart, Perry Miele, and there was possibly a creative representative there on the conference call.

Mr. David Campbell: Excuse me. Also, the counsel for the Conservative Party was on that conference call.

Hon. Charles Hubbard: Would that be Mr. Hamilton, who was here yesterday?

Mr. David Campbell: No, it was Paul Lepsoe.

Hon. Charles Hubbard: Now, during that conference call, was there any question posed as to the legality of this type of an operation?

The Chair: Mr. Tilson, on a point of order.

Mr. David Tilson: Mr. Chairman, the question has been asked, and I know you don't like interrupting between questions and answers, but I think that's getting into solicitor-client privilege. Mr. Hubbard is essentially asking the witnesses as to what counsel might be telling them as to the legality of something. Anywhere else, that's not a proper question. It's solicitor-client privilege.

The Chair: Thank you.

That's not a point of order; it's a matter of debate. In fact, this is the same issue of a member trying to defend the position of a witness. If there's a solicitor-client relationship, legal counsel at the table will probably be aware of it.

Mr. Hubbard, you completed that question. Would you like to repeat it?

Hon. Charles Hubbard: On the additional \$1.3 million that the Conservative Party of Canada was prepared to spend during the last five weeks of the election campaign, was there any question among any in that group as to the legality of the situation under the Canada Elections Act?

Mr. David Campbell: I participated in that call, and we did indeed seek confirmation that the budget was within allowable limits. I indicated that in my opening statement. I've been advised by our counsel that there are some questions about what we are permitted to say now, for the reasons that have just been indicated.

Hon. Charles Hubbard: I appreciate that. But I'm really getting at whether, in terms of that discussion, the \$1.3 million, if assigned to the Conservative Party of Canada, would have caused its official agent, on behalf of the Conservative Party of Canada, to exceed her spending limits.

Mr. David Campbell: I can only reiterate that we asked to make sure it was within the maximum limit. We've been advised that we're not really permitted to discuss matters beyond that.

I will add a couple of things. There were only a couple of conversations at which counsel for the Conservative Party was present, and my recollection of them from two and a half years ago is a little bit hazy.

• (1215)

Hon. Charles Hubbard: Just to conclude, the contract for \$1.3 million was made with the Conservative Party of Canada, which eventually decided how much money would be allocated to each particular riding and candidate. It sent the list of names, with figures attached, to you. You in turn decided how much advertising would be allocated on the basis of the information you received from the Conservative Party of Canada. Is that true?

Mr. David Campbell: We indeed transferred advertising from the Conservative Party of Canada to the official agents of the candidates.

Hon. Charles Hubbard: To go back to what you just said, in information we received yesterday, the official agents told this committee they had no contact with you, you had not given them invoices, and the invoices came not from you but from the Conservative Party of Canada. Furthermore, when we look at these invoices today, many of them have been doctored with a photocopier.

Is this fraud? Do we need a special forensic done on this to determine who altered these? You must be disappointed as a company to see your invoices being doctored by the Conservative Party and its agents.

Thank you, Mr. Chair.

The Chair: Thank you.

Do you have an answer?

Mr. David Campbell: We provided our invoices to our client on the basis of what we had spent on its behalf. What happened to that subsequently we don't really know.

The Chair: Mr. Del Mastro, please.

Mr. Dean Del Mastro: Thank you, Mr. Chair.

Again, thank you to the witnesses.

I'd like to go back to where Mr. Hubbard was. I've never heard of a photocopier being termed a method of "doctoring" an invoice. I thought it made a copy of an invoice, one that, in my mind, is still.... In fact—on a point of order to the chair, because I knew that's where Mr. Hubbard just got cued to go—that's where the chair was intending to go.

I want to raise a couple of things with you.

The chair has indicated that he's going to review this and seek some advice as to whether \$37,383.09 plus GST equals \$39,999.91. I didn't use the education I got at university in finance and accounting or economics to determine this; I used probably about grade four math and was able to determine that 7% GST is about \$2,616.82.

I used my BlackBerry, actually; I'm slipping a little. I used to do this stuff in my head, but I cheated and used my BlackBerry on it.

I came to \$39,999.91.

I used an earlier example. I said that this week, for example, I'm incurring some expenses to be here. Everyone is. This is quite costly, actually, this little process. One of the things I'm going to incur is a hotel receipt. On my hotel receipt, when I submit my credit card statement, I may block a few things out: my whole credit card number—I don't see any reason they need that—and they don't need to know that I bought ceramic tiles at Home Depot and installed them myself, which I can assure you I won't be doing again in the near future. But that's it.

I will show them the part pertaining to my hotel, which I believe is materially consistent with the hotel receipt that I will receive. I haven't materially altered it one way or the other, not as far as the House is concerned. Visa might look at it and say, "Hey, that's different; that's not exactly the invoice we gave you." But for the purposes of the House of Commons, which is going to review my expenses, I haven't altered it one bit. It's perfectly acceptable. It's saying, here's the expense that I incurred, and here's where it is on my invoice. That's exactly what's happened.

And do you know what? When I compare this page to this, I look up York South—Weston and I come out with \$37,383.09. When I go to the page to the right, it's identical: it says York South—Weston, \$37,383.09.

Would you consider that to be materially changed? With respect to York South—Weston, did it change?

Mr. David Campbell: All we can really say is that the dollar amount, as we indicated in our opening statement, was identical.

Mr. Dean Del Mastro: Identical. Oh, my goodness, identical. And 7% GST—for the purposes of the chair—brings it to \$39,999.91. Wow!

Of course now, as Mr. Goodyear has pointed out, that GST amount would only be \$1,869, a little more than \$700 less. That means the candidates will be able to spend that additional amount, and I'll know that my colleagues across the way will look to do that as they seek to keep their election spending within their election limit as indicated by Elections Canada—as we have done, as you've indicated. No one has ever contended that we went beyond any election limit. Certainly all of the statements that we made for the ridings had these invoices in them, as you provided them to us, and we followed the guidelines put out by Jean-Pierre Kingsley.

In fact, in all honesty, I can't understand why you're here today. We know there's been some concern raised in the House about mandate creep for the committees. I would argue, quite frankly, that we've had no testimony whatsoever today with respect to public office-holders.

Did you get any questions today with respect to public office-holders? Do you remember if anybody asked you about the conduct of a public office-holder?

• (1220)

Mr. David Campbell: Not that I recall.

Mr. Dean Del Mastro: You didn't?

Okay, I have nothing further.

The Chair: Thank you.

Mr. Del Mastro has raised an interesting question about how 7% times the gross amount should give you the total invoice, but maybe he didn't understand. In a riding such as Beauséjour or Malpeque or Moncton—Riverview—Dieppe, the HST today actually is 13%. So not seeing the invoice that goes—

Mr. Dean Del Mastro: Mr. Chair, you're from Ontario. Do you understand how GST works in Ontario? You're a chartered accountant.

The Chair: Yes, but I haven't seen the invoices to the other provinces that are included in the full one. They should not be 7%. In fact, this official invoice of RMI says: here's the amount purchased, plus federal GST—with our GST number here—being 7%. That's not exactly right. It's not exactly right, and I will explain it to you after the meeting. Okay?

We're going to move on to Madame Lavallée.

[*Translation*]

Mrs. Carole Lavallée: Thank you, Mr. Chair.

You have already answered the question I was going to ask you, but I want to be sure of the answer.

Earlier, Mr. Proulx asked whether you were contacted by the Conservative Party before testifying about the subject this committee is examining. I would like you to tell me whether you were contacted, directly or through an intermediary.

Mrs. Dixon, could you answer first? Were you contacted by the Conservative Party?

[*English*]

Mrs. Marilyn Dixon: No. No, I was not.

[*Translation*]

Mrs. Carole Lavallée: You were not contacted at all, not even through an intermediary?

[*English*]

Mrs. Marilyn Dixon: No.

[*Translation*]

Mrs. Carole Lavallée: And you, Mr. Campbell?

[*English*]

Mr. David Campbell: Exactly the same. I have not been contacted by anybody from the party or any intermediary.

[*Translation*]

Mrs. Carole Lavallée: Even though you still do business regularly with the Conservative Party?

[English]

The Chair: Please, colleagues, Madame Lavallée has the floor. I know it's after 12 o'clock, but a number of members continue to put down their names to ask questions. We have two more people after Madame Lavallée, so please be patient. I want to complete this, but we need to hear the questions. The witnesses need to hear the questions clearly and the members need to hear the answers, so perhaps we could keep it down.

Mr. Gary Goodyear: I have a point of order.

[Translation]

Mrs. Carole Lavallée: Mr. Chair, I simply want to tell you that I am...

[English]

The Chair: Point of order, I'm sorry.

Mr. Goodyear, on a point of order.

Mr. Gary Goodyear: I would like the chair to recognize that there have been a number of meetings in the past with speakers on the list and you have shut down debate of your own accord. I don't know why you keep changing the rules, Mr. Chair. It's very hard for us to predict the next five minutes. I'm happy to hear the witnesses, I'm happy to have them here all day. In fact, I wish we had the witnesses the Conservative Party asked for, but we don't.

You are in charge. Could you at least indicate, are we on one more round, two more rounds, sixteen more rounds? What are we doing?

An hon. member: How about consulting the committee?

Mr. Gary Goodyear: No, we don't consult the committee here.

The Chair: No, sir, that's not a question. It is not a point of order. It again is a bunch of opinions, which you're entitled to, sir, but not under a point of order.

I would indicate to the committee that the clerk maintains the list of speakers requested by the members. As the members are aware, it's their choice who's going to speak.

We are in the third round, and as always it is our practice to complete a round so it is equitable to everybody. We are now with Madame Lavallée, and I have two other speakers on the list for the third round, and then the meeting will suspend until this afternoon. That has been our practice in all our meetings.

Mr. Wallace, on a point of order.

•(1225)

Mr. Mike Wallace: As a member of the committee, I think it is actually proper procedure that, based on the orders of the day, at 12 o'clock you ask the committee to extend the time, if that's the case. I don't mind extending time. That would not only be fair to the committee members who are here, but it would also be fair to the witnesses who expected to be done here and go back to work, I think, after 12 o'clock. So I think for future meetings—we're in this now and I'm happy to hear the next two—if you come to the time, I think it's appropriate to ask the committee, "Do you want to extend the time, as per the orders of the day?"

Thank you, Mr. Chair.

The Chair: That's not entirely correct. The projected times on the orders of the day were done on August 1. These were set up after we issued the summons.

With regard to how late a meeting goes, etc., I think the member makes a valid point, which the committee should understand. My only defence to the member about carrying on is that we are in round three, and all four parties submitted names to me to speak in round three. I took that as an indication that all four parties wanted to go to round three.

We have Mr. Hubbard, Mr. Del Mastro, Madame Lavallée, Mr. Martin, and Mr. Proulx.

All four parties indicated they wanted at least one speaker in the third round. I took that as an indication that the committee wanted to have a third round. If I'm incorrect, I apologize. But when all four parties agreed to have additional speakers, I'm sorry, I made an assumption that everybody wanted to move forward.

With that, I apologize, Madame Lavallée, for interrupting. You had only used just over a minute of your time.

[Translation]

Mrs. Carole Lavallée: Mr. Chair, I would prefer that the Conservative members apologize. If they had allowed us to start on time, we would have been able to keep to our schedule. We can see that they are behaving like clowns. In fact, they are the only ones behaving like clowns, because they are afraid of looking like thieves.

[English]

The Chair: Okay. Thank you.

The sooner we move on with the question, the sooner we'll complete our work for the morning.

Madame Lavallée, you still have about four minutes to go. *Procédez.*

[Translation]

Mrs. Carole Lavallée: Thank you.

I was asking you, one by one, whether you had been contacted by people in the Conservative Party regarding the hearings today or the question of the illegal invoicing by the Conservative Party.

Mr. Campbell, your answer was that you had had no conversations with anyone in the Conservative Party, and no information, whether directly or indirectly. That was your answer. Is that correct?

[English]

Mr. David Campbell: That is correct. I might add, if I may, that we also had advice from our legal counsel, Malcolm, that if we were contacted we would not have any direct conversation with them, and we have not.

•(1230)

[Translation]

Mrs. Carole Lavallée: So your legal counsel has had no conversations with people in the Conservative Party.

[English]

Mr. David Campbell: He tells us it's privileged.

[Translation]

Mrs. Carole Lavallée: I will take that to mean yes.

Mr. Kumpf, have you had any conversations with people in the Conservative Party regarding the hearings?

[English]

Mr. Andrew Kumpf: Yes. As I stated, they told me I would be appearing here.

[Translation]

Mrs. Carole Lavallée: Who was that?

[English]

Mr. Andrew Kumpf: That was Patrick Muttart.

[Translation]

Mrs. Carole Lavallée: Patrick Muttart told you that you would have to appear.

[English]

Mr. Andrew Kumpf: I believe he said that we were going to be called as witnesses. It was right after your last session a month ago. He said we were on the witness list.

[Translation]

Mrs. Carole Lavallée: Did he make any comments? Did he tell you that you would have to appear, or, rather, to find a good reason not to do it?

[English]

Mr. Andrew Kumpf: No, ma'am. He said nothing like that. He did not offer advice, and I wasn't looking for it.

[Translation]

Mrs. Carole Lavallée: Did your legal counsel make any suggestions in that regard?

[English]

Mr. Andrew Kumpf: It's privileged, but we're here, so I think we know what the answer is.

[Translation]

Mrs. Carole Lavallée: Here, Mr. Kumpf, we understand as much from actual answers as from no answers.

On two occasions, December 6 and December 8, you exchanged emails with Conservative Party officials. You had good reflexes in those emails, because you expressed doubt about the legality of something that Elections Canada has in fact ruled to be illegal.

You even raised the question of whether you shouldn't consult the Broadcast Arbitrator. The Conservative Party, which you trusted, said no. From what I understood earlier, even the lawyer, Arthur Hamilton, advised everyone in a conference call, including yourself, saying that it was legal and that you could go ahead.

Is that correct?

[English]

Mr. Andrew Kumpf: Arthur Eagleton?

[Translation]

Mrs. Carole Lavallée: Arthur Hamilton.

[English]

Mr. Andrew Kumpf: Arthur Hamilton. No.

[Translation]

Mrs. Carole Lavallée: You said he was the lawyer who participated in the conference call.

[English]

Mr. Andrew Kumpf: No. It was Paul Lepsoe.

Mr. David Campbell: Paul Lepsoe was the previous counsel for the Conservative Party, and he is the one we would have had conversations with.

[Translation]

Mrs. Carole Lavallée: At what point did you quote Arthur Hamilton?

[English]

The Chair: The time has expired; we're at five and half minutes already. I'll let the witness respond if they have an answer to that brief question.

Mr. Andrew Kumpf: Ma'am, I don't believe I ever did refer to Hamilton.

Mr. David Campbell: I might add, as well, that I just met him this morning before the hearings, and that was the first time I've talked with him.

[Translation]

Mrs. Carole Lavallée: Ah, right. I misunderstood, I apologize.

[English]

The Chair: *Merci, madame.*

Mr. Martin, please.

Mr. Pat Martin: I have no further questions.

The Chair: Thank you.

Finally, Mr. Proulx.

Mr. Marcel Proulx: Ten minutes again? Thank you.

Very quickly, Madame Lavallée brought up the question a little while ago about an e-mail of December 6 from Mr. Kumpf to Mr. Miele. It says: "Perry, I've had a chance to discuss the issue with David and Ray."

David who? Ray who?

Mr. Andrew Kumpf: That would be Ray Hersh.

Mr. Marcel Proulx: Fine, and then in response to this e-mail, where you had asked permission to contact the broadcast arbitrator, the answer came back and said: "Hold tight until I ask Mike in Ottawa, we may not want anyone talking to them."

Who is Mike?

Mr. Andrew Kumpf: I perceive that to be Mike Donison.

• (1235)

Mr. Marcel Proulx: Thank you.

We were talking about tag lines a little while ago. If you allow me, I will ask you these questions in French, because I'm a little bit more comfortable.

[Translation]

Initially, you said you had decided how the advertising would be placed. I will use an example that I relate to because I know the area well. It is an invoice for \$36,359 made out to the Hull—Aylmer riding association, where Gilles Poirier was the candidate. There is a registered provincial tax number or a federal tax number, 1020111221TQ0001. Whom does that number belong to? Is it your company's number with Revenu Québec, the Conservative Party's number, or the tax number of the candidate or his official agent?

[English]

Mr. David Campbell: Can we actually see the document you're referring to?

Mr. Marcel Proulx: Yes, it's an invoice from the riding of Hull—Aylmer. While she's showing you this...you're talking of tag lines and you're talking of areas where you've decided to show some ads. How did you arrive at choosing, for example, for a riding like Hull—Aylmer? I suppose you have connections and you looked at potential broadcasters.

Mr. Andrew Kumpf: How did we decide on that riding being included?

Mr. Marcel Proulx: Not on being included; how did you decide on where you were going to advertise for that riding with its tag line?

Mr. Andrew Kumpf: As I said, when the potential ridings were given to me, I went to BBM reach books, which is Bureau of Broadcast Measurement, and from there was able to look up—they're based on census districts and counties—and match those versus the electoral maps to see what the whole viewing was.

[Translation]

Mr. Marcel Proulx: I am going to stop you because I am going to run out of time. I would suggest that you correct your source of information, because you did the advertising for the riding of Hull—Aylmer using a tag line in Quebec City. Now, Hull—Aylmer doesn't receive Quebec City stations.

I have one final question.

[English]

Mr. David Campbell: May I add to that, please? Again, we want to be clear. We do not produce the creative. We didn't produce the tag lines.

Mr. Marcel Proulx: Who did?

Mr. David Campbell: There were advertising companies that were involved: Republik, I believe, in Quebec, which I believe you've called as a witness; and a company in the balance of Canada, called Yield.

Mr. Marcel Proulx: Okay, I have a very quick question, because I'm going to run out of time here.

Mr. Andrew Kumpf: I could actually answer that. You're right that there was probably a tag. We had utilized in Gatineau-Hull the TVA station and the TQS station, number one and number three. They were trafficked to be for only the Hull ridings. Additionally, the fourth-ranked station in that market is RDS, and we utilized RDS as part of the purchase. This is a regional network, as you're well aware.

That said, what we were looking at was a purchase. It was not an ROS purchase. By that I mean there weren't spots all over the place,

at two o'clock in the morning or anything. It was limited to Habs games and I think, as well, some NHL with Sidney Crosby, his debut year. And there were a few other things. It was high-profile programs.

Mr. Marcel Proulx: Okay, excuse me, I'm running out of time.

Your list of candidates and list of ridings were prepared, you told us, in mid-December. Mid-December meant that some of the candidates for the Conservative Party had not yet been chosen. How could you have identified candidates prior to their having been selected or appointed? That would be against elections laws.

Mr. David Campbell: I believe we said that we selected ridings, not candidates.

Mr. Marcel Proulx: Okay. This is my final question.

There was a letter addressed by you on January 15 to Mrs. Manon Hamel at Elections Canada. It says in there that you are representing the media buys made by the Conservative Party of Canada and the official agents for participating Conservative candidates in the federal election. And the Conservative Party sent a letter saying you had contractual obligations between it and the Conservative Party and the participating candidates for the media buys.

Who's telling the truth? Did you have a business relationship with candidates and official agents, or as you said when you first started, you didn't; and who asked you to draft this letter?

• (1240)

Mr. Andrew Kumpf: I did not have any relationship with the candidates.

As we've said, we looked at it as two clients, one contact point. As David said in the opening remarks, we couldn't undertake this with all the different candidates that were involved. It had to be with the party itself.

Mr. Marcel Proulx: That's not what your letter says.

Thank you, Mr. Chair.

The Chair: Thank you.

We have gone a little bit over time. I want to very quickly bring it to a close.

Thank you to the witnesses. As we have with our other witnesses, you have an opportunity to make a closing remark. I don't know if you have one spokesman or one person who would like to say something to the committee very briefly. We're not looking for a speech, but just to be absolutely sure that if you want to correct or amplify something, or simply generally, you have that opportunity now.

Mr. Campbell.

Mr. David Campbell: All I want to do is thank the committee for their time and their questions. We've answered to the best of our ability.

The Chair: Thank you kindly.

The committee will suspend until 2 p.m.

- _____ (Pause) _____
-
- (1400)

The Chair: Order.

We're resuming meeting 48 of the Standing Committee on Access to Information, Privacy and Ethics, pursuant to a motion adopted by the committee, which reads:

That the Standing Committee on Access to Information, Privacy and Ethics investigate the actions of the Conservative Party of Canada during the 2006 election, in relation to which Elections Canada has refused to reimburse Conservative candidates for certain election campaign expenses in order to determine if these actions meet the ethical standards expected of public office holders.

This afternoon we have two sections. During the first section, we have some candidates and official agents of candidates.

Ms. Cecil Cranston, Mr. Neil Jamieson, and Mr. Harvey Venier contacted us, and for a variety of reasons they weren't able to accommodate us, but they will consider a future date. So they are not here today.

We do have with us Ms. Cynthia Downey. It's Burin—St. George's, but there's a word in front.

- (1405)

Ms. Cynthia Downey (As an Individual):

It's Random—Burin—St. George's.

The Chair: Welcome.

With her is her official agent, Mr. Darren Roberts. And we have Mr. Steve Halicki, candidate in the 2006 election for York South—Weston.

Welcome to all of you.

Could we please swear in the witnesses?

While the clerk is doing that, colleagues, I'd like to report to you, as I reviewed with Mr. Goodyear earlier and privately, that I found the 1,000 pages of documents I referred to from Elections Canada on my conference table in my office on Sunday night when I arrived. The letter from Mr. Mayrand was on top of the box.

The letter you received yesterday—there was a copy of it in both official languages—indicated it was carbon copied to the clerk. Today it was confirmed to me by Elections Canada that they inadvertently did not provide the box with the 1,000 pages to the clerk. They have rectified that. In the meantime, having consulted with Mr. Goodyear, I have asked the clerks to immediately make copies of all those documents for each member of the committee. Those will be available tomorrow morning.

These documents substantively relate to the cross-examination or testimony of Ann O'Grady, the chief financial officer of the Conservative Party of Canada, or Madam Vézina, who is a principal at Elections Canada. There are also some other exhibits. Those were offered to Madam Jennings when she was questioning the Chief Electoral Officer. Those documents have nothing to do with any other requests the members subsequently made to us. So you will have those by tomorrow.

All other undertakings or requests by members for documents are still in process. There is nothing we have that we could give to the committee. Everything is in process.

Also, yesterday Mr. Goodyear requested a substantial amount of information. I raised some questions of privacy. We have decided to eliminate the home addresses and private phone numbers and e-mail addresses of all of the persons on there. That document is being translated. So tomorrow you will have the document about the telephone calls made with regard to the 79 proposed witnesses as well.

I just want to confirm to everybody that we have nothing to give you that's ready to be distributed to all members at this time.

Mr. Goodyear, please.

Mr. Gary Goodyear: Mr. Chair, thank you very much for that. That's excellent news.

Did I hear you correctly that you don't have some of the stuff, that it's in process? You don't have the affidavits of service for the summonses either? You don't have that?

The Chair: No. We have not received the final report from the bailiff.

Mr. Gary Goodyear: How could you then have gone out to the media yesterday and said that all these people were summonsed and therefore were in violation of some parliamentary rule—and Mr. Martin backed you up on all these slanderous allegations—when in fact, sir, you just admitted you have no idea which summonses have been served or whether they've been served at all?

The Chair: The question to me with regard to the summons was that....The report of the clerks on the response from prospective witnesses indicated to me which ones had not responded or had responded that they would not appear. As a consequence, I came to Ottawa on August 1 and signed 33 summonses for service, and they were provided to Kilrea and Associates on that date for personal service. The firm is very reputable; the committees directorate has used its service in the past.

- (1410)

Mr. Gary Goodyear: Clearly, that wasn't my question, Mr. Chair.

The Chair: I understand that. But I have not received.... You can appreciate that even if I issue a summons, if the bailiff tries several times to serve it and the person is not there or does not appear able to be served, the only way I would know he has not been served is by getting that report from the bailiff. And I don't have the final report.

Mr. Gary Goodyear: Mr. Chair, with due respect, that is exactly my point. Yesterday you banged the gavel, literally ran out of the room, and held a press conference. You made allegations. You implied that these people had received their summonses. I'm not inferring any problems with the people you used; I'm sure they did your job.

My point is to point out to you again, sir, that you are making statements in front of the media. You banged the gavel, adjourned the meeting, ran out of the room, and held a press conference. Mr. Martin backed you up, and you made all kinds of egregious allegations without any proof.

Now, we can't take that back. But I'm asking you to admit that error. It's not your clerk's fault, sir, that you ran out and made unprovable allegations. Right now, sir, you have been caught in a dirty deed, and I'm asking you not only to admit it, apologize for it, but also to somehow impart some confidence to this committee that you will not mislead this committee or the media again.

You're doing the same thing, Mr. Martin. Let me explain something else, Mr. Martin. Yesterday—

Some hon. members: Oh, oh!

The Chair: Order, please.

Mr. Gary Goodyear: I would like to take this up through the chair, then.

Mr. Martin, on the first day here you asked me to go eff myself. Three times that member called me an...[*Inaudible—Editor*]...seven human orifices. I don't appreciate it. You called me out yesterday, and frankly, Mr. Martin, you have shown nothing but poor conduct in this committee. You do it when your microphone is off, and so I'm pointing it out on the record.

Thank you, Mr. Chair. But please apologize and give us a commitment that you're not going to mislead and make statements you can't back up.

The Chair: Mr. Goodyear, first, yesterday I did not have a press conference at all. Secondly, if you check the transcript of the media reports on what I said, or the audio tape, my specific words were “I issued summonses to all those people.” I did not say I had confirmed that they had all been served by the bailiff. Therefore, sir, I think you've misled the people who are listening to this committee about what transpired. You've been using words that suit your purpose, not mine.

So thank you. I issued them and I have not received any report yet from the bailiff as to whether or not people went underground to avoid being served.

An hon. member: Some people were...[*Inaudible—Editor*]

The Chair: Order!

I'm with you 100%.

Now, thank you kindly, colleagues. I'm glad we've got that straightened away.

Now, as is our practice, I want to simply reaffirm this to our witnesses. You have been sworn in. You are appearing before a committee of Parliament. You are protected by parliamentary privilege, which means that nothing that's said here can be held against you in any other forum. We operate on the presumption of honesty, and I thank you all for voluntarily appearing before us today.

Our practice has been to move right to questions, which we will do, and then at the end of the process I will offer to you, if you wish,

an opportunity to make a brief closing statement. Do you have any questions? Is that understood? Thank you.

We'll move right to questions now.

Mrs. Redman, please.

•(1415)

Hon. Karen Redman: Thank you.

I want to thank all of you for coming. This is obviously a serious issue, and I know we have two former candidates and an official agent, so you recognize how very seriously any candidate has to take the rules of Elections Canada.

Mr. Halicki, I'd like to start with you, if I may. You weren't new to politics in 2006. Is it right that you were a Conservative candidate in the 2004 election?

Mr. Steve Halicki (As an Individual): That is correct.

Hon. Karen Redman: Were you ever asked to participate in this in-and-out scheme at that juncture? I know you were asked and did participate in it in 2006. So were you approached with any similar kind of arrangement in 2004?

Mr. Steve Halicki: No, there was no similar kind of arrangement or anything close to that in the 2004 campaign.

Hon. Karen Redman: My understanding is that in the 2004 campaign, your campaign spent somewhere under \$10,000.

Mr. Steve Halicki: I don't have that number at hand, but I'm sure it was something of that magnitude.

Hon. Karen Redman: Do you recall how much you spent in 2006?

Mr. Steve Halicki: Offhand, let me guess it to be around.... Including the disallowed deductions, it probably had to be around \$60,000, was it?

Hon. Karen Redman: My information is \$60,000 to \$63,000.

Was the amount of money you received from the Conservative Party as part of the in-and-out scheme about \$40,000?

Mr. Steve Halicki: First of all, I don't think it should be characterized as a scheme, because of the negative spin it puts on it. You might want to call it an arrangement that was.... A business transaction is really what it was. You might want to call it creative, or something like that.

Hon. Karen Redman: It was around \$40,000, and actually it was your official agent, I think, who called it creative. As a matter of fact, I think she said it was overly creative. She said, “As a bookkeeper I know that sometimes you have to use creative accounting between two small companies, but I found this move was being a little too creative.” Did she discuss these concerns with you as the candidate?

Mr. Steve Halicki: Yes. As a matter of fact, we did not agree to participate in the arrangement until she had been satisfied through her inquiries with the party—and I believe it was Susan Kehoe who was the CFO for the party at the time—that this was all on the up-and-up.

Hon. Karen Redman: Ms. Soderberg, who was your official agent for the campaign of 2006, told Elections Canada investigators that she had no knowledge whatsoever of Retail Media. Do you know if your campaign dealt directly with Retail Media in any capacity during that campaign?

Mr. Steve Halicki: To my knowledge, nobody in my campaign dealt with Retail Media directly.

Hon. Karen Redman: Were you ever invoiced? Was your campaign ever invoiced directly by Retail Media?

Mr. Steve Halicki: No, it was not. The only invoice that was ever discussed was one that would have been handled through party headquarters.

Hon. Karen Redman: Did you ever discuss the proposed transaction with Mr. Cimaroli or any other official at the Conservative Party when your official agent voiced these concerns about the creativity of this undertaking?

Mr. Steve Halicki: Rom Cimaroli, for those who may not know, was the campaign manager. It was through Rom that the proposal for this transaction actually came to us. Rom, I guess, got the information from the EDA president, Blake Shreve, who had been approached by the handler of the Toronto candidates. Her name was Georganne Burke.

Hon. Karen Redman: Do you have any information or insight, Mr. Halicki, as to why you were approached in this past campaign to participate in this to the tune of \$40,000?

Mr. Steve Halicki: Yes, I do. It's probably not for the reason you might think.

When we finally figured out what it was all about—and we did not agree to participate until we had a thorough understanding of what the mechanics would be—I thought they were doing this to help out the campaign. I thought it would help out the party but would also help us.

You see, we had a lot of what I would call unused expense “headroom”, if you will, and that our bellying up to the bar and helping the party, by their helping us out with the actual expense for the advertising, would allow us to further finance the campaign. York South—Weston is a very poor part of Toronto. That it's probably the second-poorest riding in Ontario is what I'm told. Fundraising is difficult. It was my understanding that this would be an opportunity for the party, then, to be able to help itself that much better, which we did.

• (1420)

Hon. Karen Redman: And it would help itself exactly how?

Mr. Steve Halicki: By having the additional expenses, we would be able to borrow additional moneys, which we did during the campaign, to buy other kinds of election-related items. You would buy promotional items; it might be buttons or lawn signs or brochures—that kind of thing.

Hon. Karen Redman: Did you at any point have control over the \$40,000 that came in and out of your campaign to buy the signs and the buttons and the other paraphernalia you're referring to?

Mr. Steve Halicki: At no time did I have control of one cent of the money in the campaign. In our campaign training, we were always strictly told that the actual candidate never, ever becomes

involved with the finances in the riding campaign; that was a no-no. That would be handled totally by the chief financial officer or official agent.

Hon. Karen Redman: Did your campaign team or did the official agent have control over that \$40,000 that came in and immediately went back out from the central Conservative Party?

Mr. Steve Halicki: I don't know how long it actually sat in the account—you probably have that information—but there was a period of time, and I don't know how many days it may have been, that it sat in our account. She was the only one who had authority to draw funds from that account. I guess she could have bought a plane ticket to Mexico if she had wanted to, but she didn't.

Hon. Karen Redman: My information, and it certainly confirms what you've told us, is that it was quite late in the campaign. The election date, I think, was January 23, and the wire transaction happened on January 16. Clearly, you've already underscored the real concerns that your official agent had about how appropriate, for lack of a better word, this system was. Were you aware of her conversations, or did you have any conversations with the Conservative Party of Canada voicing your concerns at whether or not this was within the rules of Elections Canada?

Mr. Steve Halicki: No, I personally did not talk to anybody in any senior position about the business arrangement, but Barbro did that through her channels back to HQ.

I certainly wouldn't have participated in any kind of transaction until I felt comfortable about its true nature and understood it thoroughly. I expressed this also to Rom Cimaroli, who was our campaign manager, and Rom ended up receiving an e-mail, which Elections Canada has a copy of, from Suzanne.... The name just slips from me; she sits as a director on national council. She explained the mechanics fully. Suzanne I knew very well from previous campaigns and I trusted her. She laid out in black and white how it actually worked. Therefore, we were satisfied that what was happening here was all on the up-and-up.

Hon. Karen Redman: Am I out of time, Chair?

The Chair: Your time is up.

Madame Lavallée, s'il vous plaît.

[Translation]

Mrs. Carole Lavallée: Good afternoon.

I would like to ask Darren Roberts a question. You were the official agent for Cynthia Downey in 2006. Is that correct?

[English]

Mr. Darren Roberts (As an Individual): That's correct.

[Translation]

Mrs. Carole Lavallée: Was that the first time you had performed that function?

[English]

Mr. Darren Roberts: It was the first time at the federal level, yes.

[Translation]

Mrs. Carole Lavallée: Do you have training in administration or law? Do you have a certification in accounting?

[English]

Mr. Darren Roberts: I'm a chartered accountant by trade.

[Translation]

Mrs. Carole Lavallée: The official agent's job, as we have seen, is fairly complex and demanding. Did you receive training from the Conservative Party?

• (1425)

[English]

Mr. Darren Roberts: No, I did not.

[Translation]

Mrs. Carole Lavallée: Did the Conservative ever offer you an individual or group training session?

[English]

Mr. Darren Roberts: Not that I can recall.

[Translation]

Mrs. Carole Lavallée: Do you feel that you are familiar with the Elections Act?

[English]

Mr. Darren Roberts: I am somewhat, yes.

[Translation]

Mrs. Carole Lavallée: Right. Did you trust the party officials to help you apply the Act?

[English]

Mr. Darren Roberts: I did at that time.

[Translation]

Mrs. Carole Lavallée: How much money did the party transfer to you for the regional advertising program?

[English]

Mr. Darren Roberts: It was approximately \$7,700.

[Translation]

Mrs. Carole Lavallée: That's a lot of money. Did they explain to you the reasons why that \$7,700 was being given to you?

[English]

Mr. Darren Roberts: No, not really.

[Translation]

Mrs. Carole Lavallée: No one explained it to you. If we leave that money aside, how much money did you spend for your own campaign?

[English]

Mr. Darren Roberts: I spent approximately \$18,000.

[Translation]

Mrs. Carole Lavallée: Eighteen thousand dollars.

[English]

Mr. Darren Roberts: It was \$18,000, plus the \$7,700.

[Translation]

Mrs. Carole Lavallée: Did you get more than 10 percent of the vote? Were you entitled to a rebate?

[English]

Mr. Darren Roberts: Yes, we were.

[Translation]

Mrs. Carole Lavallée: Who kept the rebate from the Chief Electoral Officer?

[English]

Mr. Darren Roberts: I'm not sure what you're asking.

[Translation]

Mrs. Carole Lavallée: Did the Chief Electoral Officer reimburse you?

[English]

Mr. Darren Roberts: Yes, we were.

[Translation]

Mrs. Carole Lavallée: Did your riding association get that money, or did the national party keep it?

[English]

Mr. Darren Roberts: The surplus went to the regional association.

[Translation]

Mrs. Carole Lavallée: You received \$7,700. Who told you that you would be getting that money?

[English]

Mr. Darren Roberts: We just received a paper saying that we were going to receive \$7,700 in our account. There wasn't any specific person that I can recall.

[Translation]

Mrs. Carole Lavallée: Do you still have that document?

[English]

Mr. Darren Roberts: Yes, it would be with Elections Canada. I still have a copy. It's a transfer agreement.

[Translation]

Mrs. Carole Lavallée: Was it explained to you why you were being so generously sent \$7,700?

[English]

Mr. Darren Roberts: No.

[Translation]

Mrs. Carole Lavallée: Did you understand at any time that this money was intended for a regional advertising program?

[English]

Mr. Darren Roberts: No, I did not.

[Translation]

Mrs. Carole Lavallée: And no one explained to you that an official agent had to authorize those expenses.

[English]

Mr. Darren Roberts: Yes.

[Translation]

Mrs. Carole Lavallée: Someone explained it to you?

[English]

Mr. Darren Roberts: No. It was just in information material I received from Elections Canada.

[Translation]

Mrs. Carole Lavallée: In those documents, it says that the official agent has to authorize all expenses.

[English]

Mr. Darren Roberts: That's correct.

[Translation]

Mrs. Carole Lavallée: So you received \$7,700 from the national secretariat, which is reasonable because you are entitled to receive transfers. But how did you spend that money?

[English]

Mr. Darren Roberts: We never spent it. It got transferred back to the place it came from.

[Translation]

Mrs. Carole Lavallée: Was it you who transferred it back?

[English]

Mr. Darren Roberts: Yes, we had a signed transfer agreement. They transferred money into our account and the amount came back out of our account again two days later.

[Translation]

Mrs. Carole Lavallée: What was the date you received it on, and what was the date you returned it?

[English]

Mr. Darren Roberts: I'm not sure of the exact date, but it was sometime in late January.

[Translation]

Mrs. Carole Lavallée: In January?

[English]

Mr. Darren Roberts: Yes, late January.

• (1430)

[Translation]

Mrs. Carole Lavallée: You received the money at the end of January and you returned it at the end of January.

[English]

Mr. Darren Roberts: It was not at the end, but yes, that's correct. It was before the election.

[Translation]

Mrs. Carole Lavallée: Was it explained to you that this transfer would be considered to be an election expense?

[English]

Mr. Darren Roberts: Not at the time. We only got instructions on how to account for it when we did the report.

[Translation]

Mrs. Carole Lavallée: Did you not find it curious that your party sent you \$7,700 and asked you to return it? You are a chartered accountant. Did you find it curious that you were asked to carry out an accounting transaction free of charge?

[English]

Mr. Darren Roberts: I mistakenly assumed we would be receiving election materials—i.e., posters, buttons, whatever—and that was going to be our cost. I thought it would be a donation to us, and then they would send us the materials and then they would charge us for materials, and that's what it was for.

The Chair: Mr. Martin, please.

Mr. Pat Martin: Thank you, Chair.

Thank you to the witnesses. I note, Ms. Downey and also you, Mr. Roberts, that you are actually here by invitation. You did not need a summons in order to come here to this parliamentary committee. I want to thank you for coming willingly, of your own free will.

I note, Ms. Downey, you have a long history and experience of public service, both on volunteer boards, etc., and as a town councillor for Stephenville.

Ms. Cynthia Downey: Stephenville Crossing.

Mr. Pat Martin: Stephenville Crossing, thank you.

You had a 12-year term. I also note, in the media at least, there's a report that you had a falling out with the Conservative Party. Was it this fundraising problem that led to your dissatisfaction with the party?

Ms. Cynthia Downey: Certainly not, sir, although that did not go well with us. The problem came when our present Prime Minister elected not to honour his agreement with the Province of Newfoundland and Labrador.

Mr. Pat Martin: I see. Okay. Very good. Thank you very much.

Mr. Halicki, you mentioned that you saw this fundraising or funding arrangement as a creative way for the party to help itself, and that you represent a low-income area where fundraising is difficult. I just want to understand what you meant. Did you mean that because you could then submit this \$40,000 as a local campaign expense and enjoy the 60% rebate, you could borrow against that anticipated rebate and have more money to spend in the campaign? Is that what you meant about a creative way—

Mr. Steve Halicki: Yes. In other words—and this is what we did—we actually borrowed money.

Mr. Pat Martin: Against the anticipated rebate.

Mr. Steve Halicki: Yes, we anticipated the expense would be allowed, because we researched it and understood that under the Elections Act parties could move around funds between the component parts of the organization. There was not an embargo on that.

Mr. Pat Martin: That, of course, is where the rubber hits the road. Parties are allowed to move money around, but they're not allowed to move expenses from the national campaign to the local campaign.

You're not allowed to submit that \$40,000 as an expense unless you actually spent it on signs or leaflets or something in your local campaign.

Mr. Steve Halicki: Might I inject here “or an agent of ours”. The relationship between us and the headquarters was such that they were an agent for the EDA. When we entered into this arrangement, there was an implied contract that they would look after the advertising and we would pay for it.

Mr. Pat Martin: Was that advertising specific to your riding? Do you remember seeing the ads that said “Brought to you by Steve Halicki”?

Mr. Steve Halicki: You know, we were so poor we couldn't even have a television in our riding office.

Mr. Pat Martin: That's a sad story, sir.

Mr. Steve Halicki: Sad story, but true.

• (1435)

Mr. Pat Martin: I'm kind of surprised to hear a Conservative candidate saying that their best idea for fundraising was to bilk the taxpayer.

Mr. Steve Halicki: No, no. Let's be clear about this, Pat. Please, please, Mr. Martin.

Mr. Pat Martin: Well, you went to the taxpayer to get a \$30,000 rebate on money you never spent.

Mr. Steve Halicki: Mr. Martin, the 60% subsidy...it's called a subsidy, it's not called a bilk.

Mr. Pat Martin: No, it's a rebate. The subsidy is \$1.75 per vote that your party—

Mr. Steve Halicki: That's right, and the reason for that is to help defray election expenses.

Mr. Pat Martin: Actual election expenses of the campaign.

Mr. Steve Halicki: Actual election expenses, yes, of the campaign.

Mr. Pat Martin: Not the national party expenses.

Mr. Steve Halicki: You have to remember and keep in mind that local riding associations had been freeloading on the advertising that had been paid for by the national headquarters, right? How do you explain that one? Under good accounting principles, you match revenue and expenses. We were freeloading. Now we had an opportunity to help out the headquarters here in which, after we examined the proposition, we agreed to participate. By the way, we had no idea that any other riding associations were also part of the same transaction.

Mr. Pat Martin: If it is a local campaign expense and you purchased advertising for your local campaign, which is what you're arguing, how do you explain the difference in market value or commercial value of that advertising, when York South—Weston was charged \$39,999, whereas right next door or virtually right next door in Parkdale—High Park it's \$9,999? You border that riding. You're allowed to submit legitimate local campaign expenses at fair market commercial value. How do you say that this advertising was worth \$40,000 in your riding and \$9,000 in another riding?

Mr. Steve Halicki: Let me simply draw on this morning's testimony, when three good reasons were given. Mr. Lemieux brought these up. Shall I go through what those three good reasons were?

Mr. Pat Martin: That's your answer. Your answer is fair enough.

Did anybody from the party consult you on your appearance before this committee?

Mr. Steve Halicki: I was never approached by anybody in the Conservative Party about—

Mr. Pat Martin: Did you approach them?

Mr. Steve Halicki: I sent a courtesy e-mail to Gary Goodyear, my member of Parliament, letting him know that I would be appearing.

Mr. Pat Martin: Did he give you any advice or consultation about what questions you might be asked, or what the Conservative Party's views and opinion may be?

Mr. Steve Halicki: No. The only—

Mr. Pat Martin: Any guidance? Remember, you're under oath here, sir.

Mr. Steve Halicki: I am under oath. I understand. I agreed to tell the truth, and I swore on the Bible. I received an acknowledgement from Gary. He said strictly he can't communicate, because it would be conflict of interest. I received no advice.

Mr. Pat Martin: Did anybody else from the party give you any advice regarding your appearance?

Mr. Steve Halicki: There was no communication and no advice given.

Mr. Pat Martin: Why did it take a summons to get you to come here, sir?

Mr. Steve Halicki: No summons was ever issued. I received no summons. And if somebody told you that I received a summons, they were lying to you.

Mr. Pat Martin: Fair enough, fair enough. My information is that you were one of those who were summonsed. If that's not true, I apologize.

Mr. Chairman, those are all the questions I have.

The Chair: Thank you.

Mr. Lemieux, please.

Mr. Pierre Lemieux: Thank you very much.

I'd like to thank the witnesses for being here.

One of the things I'd like to clarify, because I don't think it has been made very clear, is that the processes we're talking about here in committee, and that you've been reading about in the media, are legal and done by all parties. This regional ad buy is done by all parties. We're just trapped in this kangaroo court here, and the opposition wants to make a big case about something that they themselves have done. So I don't want you to think you have done something wrong, because you haven't.

In order to put this into context, I'd like to give you some information that you may or may not be aware of. Mr. Roberts certainly is, because he was a financial agent.

First, it is perfectly legal for a national party to move money to an EDA. There's nothing wrong with that. It's also perfectly legal for the national party to sell goods or services to an EDA. There's nothing wrong with that.

What I have in front of me here is the testimony from July 15. Monsieur Mayrand, the Chief Electoral Officer of Elections Canada, was in front of us. He agreed that it is possible for a party to be a supplier of goods and services to the candidate.

I'm sure your campaigns were much like mine. You probably bought signs; they are advertising materials. You probably bought brochures; they are advertising materials. I bet you bought them from two different suppliers, because those who make signs don't necessarily make good brochures. I bought them from two different suppliers. A third supplier, in accordance with this testimony, could be the national party. So you choose to buy television advertising from the third supplier, the national party. That is above board and legal.

One of the questions that came earlier was, did you have the freedom to spend the amount of money that was moved into your account on other things? That question was asked of Monsieur Mayrand. Can the transfer of money be conditional? Can there be conditions on this money being transferred into the party? Monsieur Mayrand said there could be some conditions attached to the transfer.

So it's okay to have conditions. It's okay to say that I'm moving \$10,000 to you, but with that \$10,000 I'd like you to buy some television advertising. That's all above board.

I think you're starting to see here that nothing wrong has transpired. I think everybody can imagine that all parties have done this. We have actual evidence that's been read into the record—e-mails and letters from the NDP, from the Liberal Party—documenting that they actually did exactly the same thing. Why did they do that? Because it's legal and above board, and there's nothing wrong with it. I think it's very important to clarify that.

The second thing I'd like to clarify is about advertising, and it is a point I made this morning. You may not have been here, so I'm going to repeat the point that as a candidate I have the final say in what and how I should be advertising on my electoral campaign. Elections Canada should not be telling Pierre Lemieux that he can't put a picture of his family on the brochure, that he cannot have a picture of a farmer on his brochure—that's just out and out wrong. They cannot say that. If I choose to put Stephen Harper and the national campaign slogans front and centre on my television ads, on my brochures, I have a right to do that as the candidate. I decide.

You would know that, Ms. Downey, from when you ran in the election. You decided all sorts of things about your campaign. And it's not for Elections Canada to say otherwise. The important thing is the tag line. You can support Prime Minister Harper and his national advertising campaign as long as there's a tag line that says you're paying for it.

In fact, I just want to comment, for Mr. Roberts and Ms. Downey, that in the ad that was run in your area there was a tag line. In fact, our witnesses this morning from Retail Media said there were tag lines on every single ad bought by a local campaign. They confirmed that, because I questioned them on it. I had it in writing that they confirmed it.

There was a tag line, and I'm going to quote this for the record. On the tag line that was used in your riding, Ms. Downey, it said:

Authorized by the official agents for your Conservative candidates in Bonavista—Gander—Grand Falls—Windsor, Humber—St. Barbe—Baie Verte, and Random—Burin—St. George's.

The tag line was there.

So whether or not you saw the ad or the tag line, the ad was run and there was nothing wrong with that. You're allowed to buy advertising from the national party, the tag line should be there, and the tag line was there. That's important as well.

• (1440)

There are just a few other things I'd like to highlight.

With respect to concurrence, were you aware that you had a decision that you could make? For example, you were being asked. Were you part of the decision process?

Let me ask Mr. Halicki this. When the national party called you, did they say, "You absolutely must; you have no choice in this matter," or were you actually given an scenario and they were waiting for your confirmation? Could you elaborate on that for us?

Mr. Steve Halicki: Yes. I actually had no conversation about money or the fund, because it was not my place in the campaign. We were told strictly to stay away from the money aspect of it. All those conversations were done by Barbro Soderberg.

Mr. Pierre Lemieux: Okay. So let me just rephrase the question, then. Your financial agent....

Mr. Steve Halicki: Yes.

Mr. Pierre Lemieux: Was there any decision that you took in this matter?

Mr. Steve Halicki: Well, yes. We were told it was for advertising, and we accepted their decision.

Mr. Pierre Lemieux: Right. You agreed.

Mr. Steve Halicki: Yes, we agreed.

Mr. Pierre Lemieux: You could easily have said no.

Mr. Steve Halicki: We could have said no, but we analyzed the proposition and deemed it to be in our best interests.

Mr. Pierre Lemieux: Yes, and quite frankly, I agree with you. It's well known amongst all our colleagues, even on the other side, that the national campaign has a tremendous impact on the local campaign. There are very few candidates who win the election in their riding based on their own efforts. The national campaign plays a tremendous role.

What you are confirming to me is that your campaign team had a decision to make. This was not forced upon you. You had a decision to make and you made a decision.

All I was laying out beforehand was that your decision was the right one. It was legal. It was your decision. You could say yes; you could say no.

You've answered my question, so I thank you, and I hope my comments have helped clarify this matter and the kangaroo court that we're sitting in and how one-sided it is.

Thank you.

• (1445)

The Chair: Thank you, sir.

It doesn't appear that any of the witnesses were addressed to answer a question, so I guess we'd better move on, then, to Mr. Hubbard, please.

Hon. Charles Hubbard: Thank you, Mr. Chair.

I thank the witnesses, first, for coming, but I'm rather a bit concerned. Mr. Lemieux just made a long speech, and then he said everybody has agreed. I haven't heard any agreement.

I'd like to go to the first proposition. He talks about tag lines. The Canada Elections Act says that the advertisements must have a tag line saying "authorized by the official agent" of a certain candidate, and usually it also has either the candidate's name or, more specifically, the official agent's name.

Mr. Roberts, were you asked about putting your name or your authorization in any of these so-called tag lines that Mr. Lemieux has referred to?

Mr. Darren Roberts: No, sir.

Hon. Charles Hubbard: So, Mr. Roberts, as a chartered accountant, when the campaign was over, you had a bill, an invoice, which you must have included with your elections report, a bill from the Conservative Party of Canada. Is that correct?

Mr. Darren Roberts: That's correct.

Hon. Charles Hubbard: And it was a bill, really, that you did not authorize.

Mr. Darren Roberts: Technically, it would probably be where I signed the transfer agreement, I suppose.

Hon. Charles Hubbard: Ms. Downey, you became a candidate in January?

Ms. Cynthia Downey: In late December. I actually started my campaign on January 2.

Hon. Charles Hubbard: Mr. Roberts, you became the official agent in January?

Mr. Darren Roberts: Yes, just before.

Hon. Charles Hubbard: And the money arrived, you said, just before the end of the election. The election was on January 23.

Mr. Darren Roberts: Mid-January, I think.

Hon. Charles Hubbard: Mid-January, around January 15.

You seemed to imply that there was a contract you made with the Conservative Party of Canada that you would get the money and you would send it back. Was there a contract, a written contract or a verbal contract?

Mr. Darren Roberts: No, they sent me a transfer agreement that money would go into our account and then I'd sign a transfer for it to go back out again. It's a bank transfer form.

Hon. Charles Hubbard: Mr. Chair, does our committee have a copy of one of these agreements about money coming and money going?

The Chair: There are a number of documents on the web. None of that has been formally circulated by the chair or the clerks to the committee.

Hon. Charles Hubbard: Mr. Roberts, could you provide us with a copy of that contract and the transfer of moneys?

Mr. Darren Roberts: Yes, sir. I have it right outside.

Hon. Charles Hubbard: That would be very good to have, because you think that, within that transfer agreement, you were transferring to the Conservative Party of Canada your authorization to spend that money as they saw fit in terms of advertising.

Mr. Darren Roberts: The way I tried to explain it earlier, I thought we were going to receive election materials. They were giving us money so we could buy election materials that they were going to provide to us.

Hon. Charles Hubbard: Looking back then, as a chartered accountant, you seem to have been involved with an agreement that you weren't sure what it was.

Mr. Darren Roberts: That's correct.

Hon. Charles Hubbard: It's rather disappointing that that would have happened.

Ms. Downey, do you have any comments to make in terms of your attitude toward what happened?

Ms. Cynthia Downey: I started my campaign on January 2, and if anyone in this room knows the size of Random—Burin—St. George's, I spent the time on my campaign travelling the district. I put over 5,000 kilometres on my car in about 20 days.

I did not in conversation, because of course we talked daily, mention the fact that there was an amount of money that came to our campaign from the federal Conservatives and that we were rather happy because, being late starting, we did not have a lot of money for advertising or anything else that was going on. So of course we were rather excited and thought, now we can really get some things out there.

Then I got told, a couple of days later, that that money had to go back to the national campaign. To the best of my knowledge, my name was never used on any national campaign. As referred to by this gentleman, it might have been the tag line of Random—Burin—St. George's, but the name of Cynthia Downey was never mentioned. If you want to add to my campaign and give me some recognition, I think the name would have certainly helped, as would any help I received from the national campaign.

• (1450)

Hon. Charles Hubbard: Thank you.

Mr. Halicki, you seemed to get a different impression of the money that was sent to you. You viewed it as a collateral that you could use to borrow money to be used for your campaign.

Now, they sent you \$60,000—

The Chair: Mr. Hubbard, could you wind that up quickly, and I'll allow them to answer.

Hon. Charles Hubbard: You could have had the idea of a rebate of \$36,000. So did you go to a bank and say, I have collateral on a loan, and I'll use this money I'm going to get from Elections Canada as security for a loan that I will get from my bank?

The Chair: If there's a response...Mr. Halicki.

Mr. Steve Halicki: I'll answer that right away.

No. No, it was not used as collateral at all. The loan did not come from the bank. It was private money and it was based on the fact that we were anticipating a refund when the election was over.

The Chair: Thank you.

Mr. Del Mastro, please. You actually have six minutes because Mr. Hubbard went a little over. So take six minutes.

Mr. Dean Del Mastro: Okay. I guess we're making it up as we go here, so however it comes, we're getting used to it.

Mr. Halicki, I'm going to provide a scenario here. We've cited examples of the parties, and I'm going to cite an example of a specific party, one that is represented by the members of the jury across.

In the year 2000, the Bloc Québécois were legally forced to spend a minimum predetermined amount on advertising that they determined to be of national character. Court documents showed that the Bloc's national executive adopted the proposal to help fund their national campaign. The practice allowed the Bloc to seek larger local rebates—the Liberals established this system of a 60% rebate in 1997, and you've spoken a little bit about it—and help keep the central party below its spending limit.

In the 2000 federal election, 73 Bloc candidates—I think there are 77 ridings in Quebec, though there may have been only 73 then, so virtually every one of them—including 23 MPs who currently sit in the House, paid \$820,000 in advertising of national character to a company called Touché Media Marketing. This allowed the Bloc to claim a larger local rebate and ensured that almost \$1 million—this is just in the province of Quebec—in national advertising would not count against the party's spending limit.

This is how this whole scheme, if you want to call it a scheme... That's certainly their word, but we called it a transfer from the party, an in-and-out transfer. As a side note, the enhanced local rebate scheme generated funds that were automatically transferred back to the national headquarters. This is why Mr. Duceppe is known as the father of the in-and-out, because this is a method that they used.

In other words, the money went to them. I've seen the spreadsheet on it, and virtually every one was about \$10,000 in radio advertising, where the money went in, the money went out, and they received a rebate on it.

Is that substantively different? I'll tell you that I would consider that each candidate who participated in that radio buy of nearly \$1 million received a benefit from it.

Would you say the scenario I just outlined for you is substantively different?

• (1455)

Mr. Steve Halicki: On the surface, it sounds to be the same thing.

Mr. Dean Del Mastro: The same thing—wow!

Now, Ms. Redman brought up the riding of York South—Weston. Is that Judy Sgro's riding? Is she the representative in that one?

Mr. Steve Halicki: No, she is in York West.

Mr. Dean Del Mastro: Oh, who is in York South—Weston?

Mr. Steve Halicki: I was the candidate for York South—Weston.

Mr. Dean Del Mastro: No, who is the member of Parliament for that riding?

Mr. Steve Halicki: Alan Tonks is the current member.

Mr. Dean Del Mastro: Mr. Tonks, in the 2004 election... She mentioned 2004 and said you were only able to spend however much money in 2004; it wasn't a great deal of money. But if we go back, because we want to bring up history and use that as a point of reference, the Conservative Party was a pretty young party then, in 2004, wasn't it?

Mr. Steve Halicki: Yes, it was very young.

Mr. Dean Del Mastro: You didn't have a lot of time to raise money, did you?

Mr. Steve Halicki: That's correct.

Mr. Dean Del Mastro: You didn't have the past experience to have drawn on a 60% rebate for expenses in 2004, did you?

Mr. Steve Halicki: That is correct, yes.

Mr. Dean Del Mastro: That's correct.

So the candidate for the Liberal Party who held that riding in 2004 had a pretty substantial advantage over the Conservative candidate in that riding of York South—Weston, didn't he?

Mr. Steve Halicki: That is correct.

Mr. Dean Del Mastro: And he had that advantage again in 2006, didn't he, because the way the system worked, if they spent more money in 2004, they had more money to go to an election in 2006, didn't they?

Mr. Steve Halicki: Yes, that's correct.

Mr. Dean Del Mastro: That's correct.

So when the national party came to you and said, we would like to send you some assistance so that you can purchase advertising, which we will negotiate for you to promote your campaign, you got a value from that, didn't you?

Mr. Steve Halicki: Yes, I did.

Mr. Dean Del Mastro: Absolutely.

And you followed every rule as outlined by Elections Canada, didn't you?

Mr. Steve Halicki: We absolutely followed all the rules. We double-checked, triple-checked, and made sure that we crossed all the *ts* and dotted all the *is*.

Mr. Dean Del Mastro: I agree with you. I've reviewed it. I looked at the documentation brought forward by Retail Media this morning. In fact, I went over it with them, and they confirmed, as Mr. Lemieux said, that appropriate tag lines were used on all advertising. So we know that according to Jean-Pierre Kingsley, the Chief Electoral Officer at the time, they followed all the rules as established in 1997 and all the actions followed by the parties of every single member of the jury—their party. That's how they operate; we've outlined that. We've given examples of every single party and how they operated.

Now, with York South—Weston, it's interesting—that's the example they gave us today, and we looked at this receipt, and the folks from Retail Media said it's identical—that the substance of this is identical. That is the amount that York South—Weston authorized them to spend on their advertising. And you received that media, didn't you?

Mr. Steve Halicki: Yes.

Mr. Dean Del Mastro: Thank you.

The Chair: We will move then to Mr. Nadeau, *s'il vous plaît*. *Vous avez la parole*.

[Translation]

Mr. Richard Nadeau (Gatineau, BQ): Thank you, Mr. Chair.

Ms. Downey, Mr. Roberts, Mr. Halicki, good afternoon.

Ms. Downey and Mr. Roberts, you know that the Prime Minister is in Newfoundland for a visit. I hope it will not cause you too much distress not to see him, knowing you could have seen him there. Nevertheless, we will make life pleasant for you here.

That being said, you have just heard a long diatribe from our colleague across the way about one way of seeing things. Elections Canada has identified irregularities during the 2006 election campaign on the part of only one of the 15 recognized political parties in Canada, and that was the Conservative Party of Canada. They are trying to put all the neighbours and the entire Canadian political family in the same boat as the Conservatives. Don't let the Conservatives pull the wool over your eyes, because they are very good at twisting the truth.

You are not entitled to transfer invoices. You can transfer money, but you can't transfer invoices. Mr. Roberts, if I understood what you said correctly, as official agent for Ms. Downey's campaign, you at no time had the authorization or opportunity to use the \$7,700 for the campaign in your riding.

Is that correct?

• (1500)

[English]

Mr. Darren Roberts: That's correct. I had no individual say on where it went. That's correct.

[Translation]

Mr. Richard Nadeau: Right. So that money was deposited in your campaign account.

[English]

Mr. Darren Roberts: That's correct.

[Translation]

Mr. Richard Nadeau: How many hours or days or weeks later was it returned? Was the money returned to the national party during the campaign?

[English]

Mr. Darren Roberts: It was during the campaign. I'm not sure of the exact timeframe. It was a matter of days, I would think.

[Translation]

Mr. Richard Nadeau: Was it explained to you what the Conservative Party, the party for which Ms. Downey was the candidate, wanted to do with that \$7,700?

[English]

Mr. Darren Roberts: It was for a media buy program.

[Translation]

Mr. Richard Nadeau: Right. As official agent, is there documentation, be it press clippings or radio or television advertising, that bears your designation—Darren Roberts, official agent for Cynthia Downey—and that says that you authorized the advertising using the infamous \$7,700?

[English]

Mr. Darren Roberts: Are you asking if I authorized the type of advertising?

[Translation]

Mr. Richard Nadeau: Was advertising placed in a local newspaper, for example *Le Gaboteur*, in Cap-Saint-Georges? Did you give your authorization, as official agent, to place advertising showing Ms. Downey, using that \$7,700?

[English]

Mr. Darren Roberts: No, there wasn't.

[Translation]

Mr. Richard Nadeau: So the money simply came in and went out. You have no idea what was done with it.

Did you, or the people in Ms. Downey's campaign, do business with Retail Media?

[English]

Mr. Darren Roberts: No sir, I have not, and I don't think anyone else had either.

[Translation]

Mr. Richard Nadeau: During the election campaign, which started in November and ended on January 23, 2006, did you hear that Retail Media was doing business with the Conservative Party to show Ms. Downey?

[English]

Mr. Darren Roberts: No, I did not.

[Translation]

Mr. Richard Nadeau: Thank you, Mr. Chair.

[English]

The Chair: We have Mr. Martin, please, and then Madam Redman. Then I believe we'll be complete.

Mr. Pat Martin: Thank you, Mr. Chairman.

I think one thing we've seen in the last few years is that advertising is absolutely key and critical in an election campaign. If you're going to run a modern, contemporary election campaign, your advertising buy and the application of that buy is absolutely critical.

Canadians have watched two years of agonizing through the Gomery commission with the sponsorship scandal. Now they're watching us wrestle with this advertising scheme, and they must be shaking their heads and wondering exactly what is up with the potential for abuse of election financing associated with advertising.

Let me lay this out. Here's what we think happened. The Conservatives spent the maximum they were allowed to on their national campaign, so they wanted to get more expenses, they wanted to spend more money, but they had to get it off their own balance sheet. So they transferred it to their ridings that had room in their election spending limits.

Now, it may in and of itself not even be wrong to transfer money. Well, we know it's not wrong to transfer money. To transfer expenses is. You cannot claim something that was incurred as a national expense as a local expense. The transfer agreements that you signed...I don't think you can delegate that authority to somebody else and then claim it as a local expense.

By all means, you could give money to your national campaign and they could spend it on a national advertising buy, but you can't claim it as a local expense. They would have to claim it as a national expense. So that's what went wrong here and that's what is convoluted about the pretzel logic of my colleague Pierre. They're trying to spin it their way. But if there was a widespread conspiracy to defraud Elections Canada by the Conservative Party, we're going to get to the bottom of it and it's not going to be tolerated.

Now, some of you were convinced that it was legal. Elections Canada doesn't think it was. In fact, they looked very closely at every riding in the country, all 308, and they found fault with 67 ridings of the Conservative Party candidates. What's galling to me is that we're here today, and nice people like you who offered to be candidates in election campaigns, I think, have been drawn, wittingly or unwittingly, into what is a conspiracy to defraud the Canada Elections Act and to overspend the national spending limit.

Do you agree it would be an unfair competitive advantage for one party to be able to spend \$20 million on advertising when all the others are limited to \$18 million?

• (1505)

Ms. Cynthia Downey: That is certainly not a fair way of doing things, and if I had had that \$7,700 in my campaign during the election there would be a different member sitting in Ottawa right now. What happened in Random—Burin—St. George's—done on our \$18,000, I believe, which we spent in a month, and we came within 1,400 votes of the sitting member—shows me that had that \$7,700 been spent on my campaign, or had the Conservative Party of

Canada done anything in my campaign, there would be a different member there now.

Mr. Pat Martin: Clearly that was a winnable seat, if you came that close with half a campaign or a third of a campaign. I understand.

This is what we're wrestling with here today. Clearly the Conservative Party is of the view that they can transfer their expenses to the local campaigns and then exceed the spending limits in an unfair advantage. But then to have the gall to submit those expenses as if they were local campaign expenses and be reimbursed by 60% and think that's justifiable because you have a harder time fundraising or something, that is appalling.

As far as being accountable to the taxpayer goes, that is bilking the taxpayer by bending, if not breaking, the rules of the Canada Elections Act. I don't know how you could see it any other way.

Mr. Steve Halicki: Mr. Martin, let me tell you how I see it.

Our campaign organization did not have the expertise or the experience to deal in the sophisticated world of modern media and advertising. It's much better to leave it to the specialists and those who have the experience to do that, and they existed in the party hierarchy. We've always free-loaded in the past on their expenditures for national advertising, and by our giving up some of our expense headroom in return for that service, that's a fair trade, and it's reasonable for both parties and was advantageous to both parties.

Mr. Pat Martin: But, sir, you're not allowed to add your headroom to their maximum cap. When they've hit their cap, you can't take \$20,000 of your freeboard in your canoe and add it on there, or they will be spending higher than they're allowed to spend on advertising.

The Chair: Last question, please.

Mr. Pat Martin: Elections Canada disagrees with you, and the rest of the country disagrees.

Mr. Steve Halicki: Pat, just to wrap up on that point, you have to remember that at the local campaign level we had no idea how much the central party was spending on advertising.

Mr. Pat Martin: Of course you wouldn't.

Mr. Steve Halicki: No, we had absolutely no idea, and also you have to remember the money was not distributed randomly across all the ridings. Obviously it affected our riding. Mine was the only riding that I knew of at the time. After the fact, of course, I can see that other ridings were part of the same business arrangement, but these were poor ridings.

• (1510)

Mr. Pat Martin: That has nothing to do with it, sir. That doesn't justify theft. Being poor doesn't justify theft.

Mr. Steve Halicki: It is not theft.

The Chair: Order, please.

Mr. Martin, I had indicated to you that the time was up and that was the last question.

We are almost at the end of the second round. If members want to go to a third round, they can let me know, but right now I just have Madam Redman and Mr. Del Mastro. That would be the end of the questioning, unless the members want to continue on, and you'll let me know, I'm sure.

Madam Redman.

Hon. Karen Redman: Thank you very much.

Mr. Halicki, I want to go back to your last statement, that at the time you thought you were the only person participating. I just want to explore this very briefly, because I have limited time here.

With whom did you think this media buy was—just your riding and the national party? You didn't assume that it was with other people in your geographic area? Exactly how did you think the media buy was going to advantage you?

Mr. Steve Halicki: I had no information from any other ridings that they were participating in the business arrangement. I never sought that information either. We were focused on one thing, and that was the campaign. We were offered this proposition by the party. We examined it very closely.

You have to think back to what the atmosphere was like back in 2006. You have to remember that one of the major campaign issues at that time was the sponsorship scandal. So there was a heightened sensitivity to ethical, honest behaviour. That's why we took the time to assess this proposition and make sure it was something that was not going to taint us either at that time or in the future.

Hon. Karen Redman: And where did you get those assurances that this would not taint you then or in the future? From whom did you get that assurance?

Mr. Steve Halicki: I knew from the training I had that the party was able to transfer funds between the component parts of the organization.

Hon. Karen Redman: So the Conservative Party representatives assured you that it was above board?

Mr. Steve Halicki: To transfer the funds into the campaign account? Absolutely.

Hon. Karen Redman: Would you know the name of that person, or is that something—

Mr. Steve Halicki: No, no. The mechanics were explained in an e-mail to our campaign manager. That came from one of the directors of the national council, who is Susan McArthur.

Hon. Karen Redman: Do you have a copy of that?

Mr. Steve Halicki: Elections Canada does.

Hon. Karen Redman: When I hear the word “authorize”... You have to appreciate the fact that it's Elections Canada that flagged this

issue with the Conservative Party of Canada, not any of the other parties. So this scheme alone—whether you want to call it the in-and-out or the advertising scheme—was challenged by Elections Canada as not adhering to the rules of Elections Canada, and there were five things. In and of themselves they don't necessarily break Elections Canada rules, but as a cluster they do.

When I hear that one of the criteria is that these expenses have to be authorized by the local campaign, and I hear the word “authorize”, it leads me to believe that I have seen the script, I have seen the media buy, I understand it's fair market value, that this is good money being spent on behalf of me and my campaign. That's the kind of authorization I would expect most official agents would like to convince themselves of, and clearly, Mr. Halicki, your official agent had a lot of trouble with this. She thought it was creative.

Mr. Steve Halicki: Creative is not a negative word.

Hon. Karen Redman: So my question is this. Did any of you see the ad that supposedly went out, and if you did, did it have your tagline? Mr. Halicki, did you see any of the ads that you participated in for your riding?

Mr. Steve Halicki: No. As I explained to Pat, we couldn't even afford a television in our riding office. I was either on the street or in debates, and I had no time to watch television, period.

Hon. Karen Redman: Did anybody on your campaign team see them? Did they see the script? Do they know what the media buy entailed? Or was it just an in-and-out?

Mr. Steve Halicki: I don't know whether they saw them or not. That was not a material concern to me. I was not looking back; I was looking forward. I was building towards the election date. That money had been spent; the advertising had been done. So you move on to the next issue in the campaign.

Hon. Karen Redman: Ms. Downey, I will ask you and Mr. Roberts the same question. Did you see any of the advertisements that were supposedly part of this media buy for the in-and-out money to your campaign?

Ms. Cynthia Downey: I personally did not see or hear. Travelling around my district, my radio was on full-time, and I certainly did not hear anything on the radio that would indicate to me that I was being a part of the national campaign.

Hon. Karen Redman: Mr. Roberts?

Mr. Darren Roberts: No, I did not.

Hon. Karen Redman: So none of you saw any of these ads that were supposedly being run to help you get elected in your ridings?

• (1515)

Mr. Steve Halicki: Did you see yours?

Hon. Karen Redman: Absolutely.

Mr. Steve Halicki: You should have been out knocking on doors.

Hon. Karen Redman: I was. I approve all my ads; I make radio ads—yes.

The Chair: And finally, Mr. Del Mastro.

Mr. Dean Del Mastro: Thank you, Mr. Chair.

It seems the new point of interest is whether there were actually any ads and whether the Conservative Party got any value for the money it gave to Retail Media. I had no idea we were going to be wondering whether ads actually ran, but I guess we'll go with that one too.

Mr. Halicki, were the ads that you ran—allegedly, because we now don't know whether ads ran—and that you transferred money to the Conservative Party to purchase on your behalf, aimed at people like you? Were they hoping to get you to vote Conservative?

Mr. Steve Halicki: Yes, and those are very material ads.

Mr. Dean Del Mastro: Do you think you needed to see an ad that read “Vote Conservative” in order to get you to vote Conservative?

Mr. Steve Halicki: No, I personally did not need to see it.

Mr. Dean Del Mastro: I'm sorry; that's the question I was asking. And your campaign team probably didn't need to see those ads either.

Mr. Steve Halicki: No, we were voting Conservative.

Mr. Dean Del Mastro: You probably wanted them to help you knock on doors, get voter ID, all those sorts of things.

Mr. Steve Halicki: That's right.

Mr. Dean Del Mastro: So you really weren't hoping they were listening to the radio to see how many times your radio ad ran, or your television ad.

Mr. Steve Halicki: That's correct.

Mr. Dean Del Mastro: I didn't think so. Mine didn't either, but I had some dynamite TV commercials. I was really happy with them.

One of the things that are being brought forward by some of the members of the jury is that somehow this has been flagged by Elections Canada. Flagged! Oh my, it's been flagged!

Well, do you know what? Do you know how Elections Canada found out about this? We told them. You in fact told them, because you included that in your election return, didn't you, with an invoice? Didn't you?

Mr. Steve Halicki: Yes.

Mr. Dean Del Mastro: You did.

And when they didn't provide a refund to you—as they should have, because they provided one to the NDP on the same practice, they provided one to the Bloc on the same practice, they provided one to the Liberals on the same practice.... When they didn't do it, when they singled out the Conservative Party and said, “We're going to pay everybody else who did this, but not you”, we initiated; we went after them and asked, “Why are you singling out the Conservative Party? Why us?”

We cited examples yesterday: with Olivia Chow, who did the same thing, and Mr. Hubbard, the same thing, and got a rebate. Mr. Martin thinks that's immoral. It's suddenly immorality; it's bilking people. My goodness.

Did you know that the Conservative Party actually initiated this? You probably wondered why your riding association hadn't received its rebate, didn't you? Is that right?

Mr. Steve Halicki: Well, I knew they disallowed the deduction.

Mr. Dean Del Mastro: You wondered why, didn't you?

Mr. Steve Halicki: Yes.

Mr. Dean Del Mastro: Other campaigns had done the same thing, hadn't they? And you've seen the examples we've cited. You've heard the examples, in which they've actually paid other parties that have done the same thing, haven't you?

Mr. Steve Halicki: Yes.

Mr. Dean Del Mastro: It doesn't really seem fair, does it?

Mr. Steve Halicki: That's correct; it doesn't seem fair.

Mr. Dean Del Mastro: Well, we don't think so either.

Those are all my questions, Mr. Chair.

The Chair: Okay.

I indicated to the witnesses that once we had completed our questioning round they would, like other witnesses, be given an opportunity to make a brief closing statement or comments to the committee, either to correct something that was said or to amplify or to make another appropriate comment for the committee.

So I invite you now. We're not looking for a speech, but a brief comment would be welcome, if you wish.

Why don't I start with Mr. Halicki, and we'll work across the table?

Mr. Steve Halicki: Perhaps there is a loophole in the Canada Elections Act. I don't know. It's up to the officials to determine that. But whenever Revenue Canada discovers there's a loophole in the Income Tax Act, they have the finance department draft the appropriate legislation, which gets included in the budget. It goes before Parliament, and the people of Canada can vote on it through their elected representatives. This is the avenue and the approach I believe the committee should take, or the Parliament of Canada should take, or Elections Canada. If there's a problem here and they wish some changes, it should go through Parliament and be put to a vote, and the people, through their representatives, can then express their wishes.

In our campaign, we followed every letter of the law. We were all very conscious of ethical and legal behaviour. We stressed that in all aspects of our behaviour and of our bookkeeping and accounting. There was no funny business.

I really would like to see this wrap up to a logical end and, in fairness, be used in assessing the appropriate outcome.

Thank you.

• (1520)

The Chair: Thank you kindly.

Mr. Roberts, would you care to make a closing statement?

Mr. Darren Roberts: No, I have no comment.

The Chair: That's fine. Thank you.

And finally, Ms. Downey.

Ms. Cynthia Downey: I would just like to thank the committee for the opportunity to be here and to speak on this. I feel very strongly that there could have been benefits to the 67 campaigns had the money been allowed to be used on our campaigns. It certainly would have then benefited, through Elections Canada, from a rebate. It would have been a positive outcome to the whole thing. I'm sorry it wasn't done that way. It seems that there are questions here that need to be discussed, and I'm glad to see that there is somebody doing that.

Thank you.

The Chair: Thank you very kindly for that, to all of you.

That concludes our session with these witnesses. In a moment I'm going to suspend.

Mr. Gary Goodyear: I have a point of order first, Mr. Chair, before you suspend.

The Chair: Okay. Mr. Goodyear.

Mr. Gary Goodyear: I thought you were going to dismiss the witnesses. You can certainly do that, Mr. Chair, but I don't want you to just grab that gavel and nail it down. I have a concern that I'd like to raise with you on a point of order. But you can accept me when you wish.

The Chair: The witnesses are welcome to leave the table now, if they wish, or they can stay until I suspend. You're going to hear this in the room anyway, so there's no hurry to have any commotion there.

Mr. Goodyear, carry on. You had a point of order.

Mr. Gary Goodyear: Thank you, Mr. Chair.

I wish to ask you to clarify on your procedures and the procedures of your office. I was handed a document just a few minutes ago that confirms, I believe, that a number of the witnesses who are supposed to be here in the next round will not be coming. I'm going to tell you why, and I need an explanation of the efficiency or lack thereof in your office.

Mr. Irving Gerstein—

The Chair: Okay, please.

Mr. Gary Goodyear: No, I'm reading this—

The Chair: No, I'm sorry. Order, please.

Mr. Gary Goodyear: I'm sorry, but you have said that these people received summonses. Mr. Gerstein's housekeeper got the summons. He's not even in the country.

You also didn't respond to another witness.

The Chair: Please, respectfully, Mr. Goodyear.

Mr. Gary Goodyear: What is the problem, Mr. Chair, with allowing this—

The Chair: We can deal with this when we resume.

Those witnesses have not been called to come.... I don't know if they're here, and I don't know—

Mr. Gary Goodyear: I'm telling you right now.

The Chair: Well, I understand that, but I think we should just—

Mr. Gary Goodyear: And the reasons, Mr. Chair, are your fault.

The Chair: Okay. Would it be all right with you, sir, just to suspend for a few moments? We're going to recognize you for your point of order as soon as we reconvene, which we will do within about 10 or 15 minutes.

I understand that you want to have a discussion about the next panel of witnesses, and that's fine. I make that undertaking to you.

Mr. Gary Goodyear: I have a point of order right now, Mr. Chair. I will, on your promise that I can have the floor the minute we reconvene and that it will be in a few minutes, not some other time.

The Chair: Sure.

Order, please. I have one final thing before I suspend.

As the members will know, Mr. Goodyear started off this afternoon's session with a point of order that troubled me about what happened, and I think we're going to get into more of this, about who actually received a summons. I wanted to look at the facts with regard to yesterday morning when we had four witnesses who did not appear—

Mr. Gary Goodyear: On a point of order, Mr. Chair, you just asked me to delay so we could suspend for a few minutes, and now you're going into other business.

The Chair: No, you're raising a point on new witnesses. I'm raising on the point that you raised—

Mr. Gary Goodyear: It goes to the same point of your claim that people had summonses. It's clearly the same point, Mr. Chair. Suspend and we'll both have the conversation, or let's both have the conversation now.

• (1525)

The Chair: I sense that the committee needs to have a little break. I'm going to suspend.

- _____ (Pause) _____
-
- (1535)

The Chair: We're resuming the afternoon session, the final panel of witnesses. While we're waiting to see if some of those witnesses appear, Mr. Goodyear, on a point of order, wanted to make some points with regard to these witnesses and summonses.

Mr. Goodyear, you have the floor, sir.

Mr. Gary Goodyear: Thank you.

I will offer that I guess I know you're going to have to look into your records on this. I suppose I can't expect an answer, unless you have one immediately.

The Chair: I would request that when you deal with one, maybe check and look to me to see if I have an answer, one by one.

Mr. Gary Goodyear: Let me try to stay with the facts here.

We're not dealing with our witnesses. All of "our" witnesses were not allowed to be here by this committee. These are witnesses who were called by the opposition members on your advice, Mr. Chairman.

You have made assertions in the media and here in committee that summonses had been issued and so on and so forth. Certainly there have been comments that if the summonses aren't honoured, there will be consequences. I was there, not at the press conference—that was the wrong use of the words—but at the scrum yesterday. I heard exactly what you said. I was very concerned because at that moment I knew that some of these folks who were summoned had not received their summonses, but I had no proof.

I have received a letter just now that concerns me, and this is why. With regard to Mr. Brian Hudson, he was not consulted in advance by anyone in your office as to his availability. He was simply invited to attend today. Now, he got this notice late last week, in fact Friday night, and it makes sense that the offices would be closed.

Immediately on Monday he telephoned, he did all kinds of things. It was too short a notice to travel to Ottawa, and so on and so forth. The only response he received from the clerk's office was, "We got your message".

Mr. Irving Gerstein...frankly, it is hilarious. His housekeeper was given....

Can I get them all out, because—

- (1540)

The Chair: We're going to forget the details. One by one.

Mr. Gary Goodyear: I can hand you the letter. Actually, Mr. Chair, you have these letters. They're addressed to you and your clerk.

The Chair: I understand that, but people who are observing here and some of the members are not aware. You know that I have been derided on a daily basis with the update of communications with proposed witnesses. A flurry of that activity took place after the summonses were sent out.

With regard to Mr. Hudson, on July 28 a letter was dropped off at the Conservative Party headquarters, and an e-mail was also sent on July 31. He was spoken to on the phone. He said he was going to check back with the chief of staff and call back. He works for the Honourable Loyola Hearn.

There was no response. He did not get back to us. On August 1, 2008, as I indicated, I signed the summons, and the summons was sent to Kilrea. On August 8, which would be Friday, we received a call from Mr. Hudson stating he received the summons and asking if the committee would reimburse his expenses.

Then on August 11 we called back to find out whether he would be here today. On August 13 the clerk received a letter from the lawyers, Cassels Brock. They indicated that there were some problems and he wouldn't be able to attend, because of lateness. I accept that.

Mr. Gary Goodyear: We can go through these all together, because you do have the letters. However, there's a lot more in this letter that the clerk's office, through the chair, did not advise.... He was not advised of the procedures in place. He has not received any confirmation, and this is the August 13 letter, of his travel expenses being reimbursed. This gentleman lives in Newfoundland. He requires a little more time to make travel plans.

Let's talk about Mr. Irving Gerstein, whose housekeeper received the summons. Mr. Gerstein is not in the country. I suspect that he'll be in the courtroom, the real one. He was not served with a summons, and this goes to the issue of your making claims that everybody was served.

Now, here's the big one. I'm really concerned.

You don't have the floor, Mr. Hubbard. I'm sure you will have it eventually, but you don't now.

Mr. Muttart has been in touch with your office.

No, no, I'm going through these in my order. It's my point of order. You're not the chair of the committee. I know you want to be. We'll just answer them all at once, right?

Mr. Muttart—

The Chair: Order. Order, please.

Respectfully, Mr. Goodyear, I really do think that if you're going to raise the name in with some facts, if I have anything that will help anybody understand, we could tick them off as we go through them.

Mr. Gary Goodyear: But that's not to suggest that I'm satisfied with your answers.

The Chair: No, no, that's fine.

Mr. Gary Goodyear: Well, then, what's the point? Write it down and give it to me.

The Chair: I just want you to know what I was aware of and when, based on our records.

An hon. member: [*Inaudible—Editor*].

The Chair: No, this is the report. I'm sorry. I only have a very brief—

Mr. Gary Goodyear: Are these the records you said you didn't have?

The Chair: I only have a very brief comment on Mr. Gerstein.

• (1545)

Mr. Gary Goodyear: I don't want brief. Just take the time and give me the full truth.

Mr. Chair, you said you don't have all these records. You're telling me you've got some brief notes. Please, I'm trying to get through the whole thing here. I will give you until tomorrow morning to get this information, but right now.... We're going to get half an answer here. I know you guys are happy with half an answer.

The Chair: I now have the answers to all of them, sir.

One at a time, it sounds like.... Let's tick them off one at a time. There are only 10 of them. Okay?

On Mr. Gerstein, the clerk's staff reports that they spoke to Gaye Raybould, at the number, and they indicated that they would convey the message to Mr. Gerstein. Subsequent to that, there were no communications received from Mr. Gerstein. On August 1, 2008, a summons was signed by me and delivered to Kilrea and Associates, and Kilrea and Associates reports that it was served on Mr. Gerstein's housekeeper when he was not present. So you're correct, sir, I don't know whether or not that's an appropriate service to a witness, but the facts are correct as you present them, sir.

The next one.

Mr. Gary Goodyear: Mr. Chair, if I recall, you said to me earlier today that we have all the information you have. You said that, and I'm going to repeat that the only documentation you had that we don't have is in fact a request from Madam Jennings for testimony. We have not received anything we have requested. Now you are admitting information that you told the committee earlier today you don't have. This is so seemingly.... I'm not going to use that word because it's way beyond that.

Mr. Muttart, who was not summoned, is in the court proceeding. He has, through his people, been talking to the clerk's office for a number of days requesting a simple thing. Were you going to offer him the same special backroom deal, the Mayrand accommodation, or was he not going to be afforded that? The clerk sent basically a non-response, "See attached", which was the letter from Robert Walsh. As a result—and I'm telling you I got this letter just recently—Mr. Muttart is not going to appear because it would jeopardize his testimony in a real court room.

Mr. Chair, I believe you knew this was coming before today. If you didn't, your clerks knew there was a problem. The simple answer was this. Were you going to make another deal with Mr. Muttart, yes or no?

The Chair: I can respond to that.

Mr. Patrick Muttart, former strategic planner, was contacted, or contact was tried by phone and a letter was dropped off at the Conservative headquarters. We subsequently heard from him that he agreed to appear before us, and no summons was issued for Mr. Muttart.

Yesterday I received an e-mail on my BlackBerry forwarded to me by the clerk, in which Mr. Muttart raised the issue that he would like to have the.... Oh, we also sent Mr. Muttart the response of the law clerk about the *sub judice* convention, and he came back and said that was not acceptable and he would not appear. So I'm aware as of yesterday...no, this morning I got the confirmation from the clerk that he had said my response to him was unacceptable and he would not appear.

Mr. Gary Goodyear: So your response was that you would not afford him the same deal you made with another witness. And as a result of that, he has now chosen that he can't appear before this committee. Is that what you're saying?

The Chair: I gave him the opinion of the law clerk of the House of Commons, that the *sub judice* convention could be invoked if a question was asked of him and he felt there was a reason he could make that argument. And the chair would have to determine whether or not he would be required to answer that question. That opinion of the law clerk—

Mr. Gary Goodyear: I just have one other question, then, Mr. Chair. When was it that you were going to tell the committee you had this information? We have one more day left of testimony.

The Chair: Yes, I found it out after we adjourned yesterday.

Mr. Gary Goodyear: But listen, we have one more day here and we don't have all the documentation. We've got one more day and we don't even have the research that we've requested. So do you not see the illegitimacy of this particular procedure?

• (1550)

The Chair: No.

Mr. Gary Goodyear: You don't? Okay, well, that says it all.

No, I'm good with that. You don't see any reason for us to have all the facts.

The Chair: Order, please. Order. I need to just tone this down.

An hon. member: You've been speaking with this guy for 45 minutes. How long will we be here while he's tying up the whole committee?

An hon. member: I have a point of order.

The Chair: I understand that.

Order, please. Order. Please, I'm asking other honourable colleagues to understand that Mr. Goodyear did raise a point of order. I acknowledged it. We have agreed to go through the list. There are only 10 people. Please bear with us. The member's opinions are his opinions and they speak for themselves. I'm not going to debate them with him, but I will try to help understand where I was.

And Mr. Goodyear, with regard to Mr. Muttart, all I can say is that all of this communication and the confirmation to me happened between last evening and right now, so that is not an unreasonable period of time. But nobody has received...other than the chair, because he was communicating through the clerk to me about having some special consideration. This morning it was just too late to do anything. But he had agreed; he was not summonsed. There are no consequences and I hope we'll be able to have him at a future date.

So that's my—

Mr. Gary Goodyear: Can we expect, before this thing ends tomorrow, to get any of this documentation—the affidavits of service? Can we expect any cooperation? I know you have got information for the Liberals. Can we get some—

The Chair: No, sir.... Order, please.

I want to affirm to all honourable members that anything I have circulated to any member has gone to all members, period, 100%. I affirm that.

Just this afternoon, because of the question that was raised, I asked the clerks if they would try to get the affidavits of service from the bailiff in time to deal with this session here. I have some, and they're all dated August 13 from Cassels Brock. Is that right? No, not from Cassels Brock, but the affidavits of service of those who in fact were served.

So I can respond on an individual basis, and I'd be happy to provide you with what I knew, and when, on the next person you have on your list, sir.

Mr. Gary Goodyear: Well, the only thing I would suggest to you is that you've mentioned now that this started between last night and this morning. I have e-mail records that it started yesterday afternoon. It's a fine point, Mr. Chair, but it goes to the sense that again—

An hon. member: Do I have to put up with this nonsense?

An hon. member: Do we have to put up with that?

The Chair: Order, order.

Mr. Del Mastro and Mr. Martin, please bear with us for a short while. We're going to be finished in a few minutes.

Mr. Gary Goodyear: Mr. Chair, I really don't know where to go from here except to say...and I respect your clerks. I know they work very, very hard. But I just can't believe we're going through these witnesses unprepared. We are prepared because we have our researchers, but there is obviously documentation we need to prove our case. I don't want to infer that there is obstruction going on here, but we have one day left and we don't have any documentation that the Conservative Party has asked for—simple stuff, simple things. You're not getting it to us. I don't know why.

Mr. Chair, I'm just asking...we've got one day left on this, and frankly I think your witnesses are doing a great job for the Conservative Party. You've actually asked the question of ethics three times and got the answer, "No ethical problem", three times. You've had one public office-holder here, so it's going well for us. But I'm just saying, for heaven's sake, Mr. Chair, it's just parliamentary tradition to have all the documents in place.

Yes, I spoke to the chair off the record at lunch, and he informed me that he doesn't have the list of the things I requested. I promised I would get you the minutes from yesterday, but I shouldn't have to do that. I shouldn't have to get you the list of the things I requested yesterday.

The Chair: No, I said that I would get the blues, and I received them this morning. I do have them.

Mr. Gary Goodyear: Perfect.

I don't know where else to go with this, Mr. Chair. I've said my piece. I think this is, frankly, unbelievable.

The Chair: I respect that, sir. I respect your opinion, sir. I do.

The final comment I would make in regard to the point that the honourable member has raised...

Order, please. Just listen to this carefully. This is very important.

At 3:33 p.m. today, less than half an hour ago, we received the report from the bailiff on the service of the summonses. It is in translation now, and I will make sure the members have that the first thing tomorrow.

•(1555)

Mr. Gary Goodyear: I appreciate that, Mr. Chair, and I thank you for that.

Mr. Pat Martin: Mr. Chair—

The Chair: No.

Mr. Gary Goodyear: I just want to thank the chair.

Pat—

Mr. Pat Martin: Mr. Chair, every time his microphone goes on, he takes over the committee again.

Mr. Gary Goodyear: Mr. Chair, thank you very much for that.

Mr. Pat Martin: If you have something to report to the committee, do it, but why do you keep accepting this hijacking of our work?

The Chair: Mr. Martin....

Mr. Goodyear, finish off, please.

Mr. Gary Goodyear: I just want to thank you for acknowledging that and to confirm once again that you went to the media yesterday. You just admitted that you had no records of service of documents, affidavits of documents, until three o'clock today. Yet you ran out of here immediately and had, not a press conference, but a scrum.

I can imagine why Mr. Martin is so upset about it, because he took your lead and ranted and raved about parliamentary problems. I would be upset too if I looked like a fool.

The Chair: Fine. Okay, Mr. Goodyear has completed.

I hope I've given him and all honourable members assurances that all the information people have asked for is in process. There is nothing I can circulate at this instant because it's either waiting for translation or printing. I'm going to spend some time tonight personally supervising the process to make sure the members get it as expeditiously as possible. I make that undertaking to all honourable members. There's a lot of information there.

Now, with respect to the last thing, at the beginning of the afternoon session Mr. Goodyear raised statements that I had made. I was very concerned about it because it drew conclusions that hurt me. I made some representations off the top of my head about the facts, because I didn't have my files with me and I tried to recall.

I want to confirm to all honourable members that I've looked at the papers now—I took a quick look during the break—and that my comments yesterday to the media, in the scrum outside after the meeting was adjourned, were with regard only to those four witnesses. My comments about summonses were only about those four witnesses. My statement specifically was that I had issued summonses.

I acknowledge—and Mr. Goodyear, you're absolutely right—I did not know with certainty that they in fact had been served. But we now have the report, and I can tell you. I want you to know, so I'm giving you the information I have.

Heidy Cornejo is the official agent for member of Parliament Sylvie Boucher. The document produced by the clerks for me on the status of communications with proposed witnesses indicates there were three calls to the official agent Heidy Cornejo. There was no response to any of them. A summons was signed by me on August 1, and it was delivered to Kilrea and associates for service. That's all I knew. But from the report we just received from the bailiff, the summons to Heidy Cornejo was served personally to her on August 6—more than a week ago.

With regard to Henri Gagnon, who is official agent for Daniel Petit, member of Parliament, contact was made. The clerk's report of the phone calls indicated they were going to get back to us to confirm their attendance. There was no phone call. On August 1 I signed the summons. It was sent to Kilrea on August 1, and the bailiff's report affirms it was served on Henri Gagnon on August 6—over a week ago. You're absolutely correct. I did not know it for certain, but I knew we had no responses and that a summons was signed by me and that I requested it to be served.

The third of the fourth is André Laurin, who is the official agent for the Honourable Josée Verner. André was contacted on July 24. He wanted to verify with his colleagues—I'm sure with the minister's office—about commitments, etc., for the week of August 11, which is this week. He indicated that he was willing to appear, but he wanted to check first.

We called back to advise that we had booked yesterday morning, August 12, at 10 a.m. as the time to appear. His return call to us was that he declined for all days, and he stated that no one was going to appear.

•(1600)

On August 1, I signed the summons, and it was sent to Kilrea and associates. He was served with the summons on August 6. That was over a week ago.

The final person who was to appear yesterday was Mr. Marc Duval, official agent for Mr. Luc Harvey, MP for Louis—Hébert, I believe. We left messages both at his home and his work. We called him again on July 24, and at work on July 28—four clerks' employees were making the calls—and they spoke to Mr. Duval. He informed the clerks that the party told them to decline all invitations

and therefore he declines to appear. On August 1, I signed the summons. It was delivered to Kilrea and associates. Kilrea reported that they attempted to serve the summons on.... I'm not sure, I'd have to see the report. But as it turns out, he has gone on vacation this week, and therefore it was not deliverable. That's in the report.

I want to acknowledge that Mr. Goodyear is quite right, I didn't know with certainty. But the members now are aware of the efforts that were made to determine this. We do have the information, and I undertake to get this information to all honourable members at the earliest possible time. Certainly tomorrow we'll have a lot more answers.

Now, it would appear that none of the witnesses are here. Accordingly, without any business, I'm going to—

Mr. Dean Del Mastro: No, I have a point of order.

The Chair: Okay. Mr. Del Mastro wants a point of order.

Mr. Dean Del Mastro: Thank you.

Mr. Chair, on Monday I brought up the point that I was specifically offended by the use of vulgar language here at the committee. That was not dealt with. I have put up with additional use of vulgar language by the NDP member at the table today. He has stepped it up a notch. I shouldn't have to put up with this, and neither should anyone else at the table. If he's frustrated because things aren't going his way, so be it, but he may not....

I'm not going to say what he said, because I don't say it, but I was raised Roman Catholic and go to church, and I don't use the language he used, which was to take the Lord's name in vain. That was on top of the various uses of profanity and vulgar language that he has exploded out on numerous occasions.

I should not have to listen to that. I hope the people at home never heard any of it, because it's offensive. CPAC is family rated, and they shouldn't have to listen to it either.

The Chair: Mr. Del Mastro, I apologize. I did on one occasion hear the words "Holy Christ".

•(1605)

Mr. Dean Del Mastro: He gave a worse one.

The Chair: I'm sorry that those kinds of things happen sometimes at committees. As you know, sir, I have no power to sanction any member of Parliament for their behaviour. I said during the Mulroney hearings, and I've said here, that I will not ever pass judgment or comment on the performance of any of my colleagues. We are all equal. I happen to be in the chair to try to run a process.

But, sir, I believe you have a very valid point. It is of concern to me, and I'm sure to others. Every member has the right to speak. If they behave in a fashion that is unbecoming or unparliamentary, members have options, and it's up to those members to take that action.

Mr. Martin, did you want to respond to this matter?

Mr. Pat Martin: Well, briefly, I think if the meeting was chaired in such a way that it wouldn't drive the other members of the committee crazy, there'd be fewer outbursts like that. Mr. Chairman, with all due respect—and for the large part I admire the patience you've shown in the administration of your duties as a chairman—you can't allow one member to interfere constantly, over and over again, to make speeches, to criticize you and the committee and the work of the committee and Parliament, etc., any time he feels like it. That's what drives me over the top, and that's what perhaps led to some outbursts.

An hon. member: Well, control yourself.

Mr. Pat Martin: I've been controlling myself. Restraint? I've been using a lot of restraint, believe me.

Mr. Chairman, if you wouldn't mind, stick to the order of the day, stick to the order of business, and don't fall for the goading and baiting these guys are using to try to avoid the subject matter of the study we're undertaking as a committee. I appeal to you. If you do that, I'll stop swearing.

Some hon. members: Oh, oh!

The Chair: It's always useful to allow a little bit of venting, and I think members have had an opportunity to express themselves. All honourable members are accountable for their actions, and whether there's any remediation to be done as a consequence of those, they'll have to make those decisions and be judged by and accountable to others.

We're going to adjourn shortly, but about tomorrow, so members can properly prepare, I want to confirm to you that we will have Madame Chantal Proulx and Mr. Beardall. Madame Proulx is the deputy public prosecutor, and Mr. Beardall is the senior legal counsel for the public prosecutor. They will be the first two witnesses. I've forgotten who proposed them. Once the members have discharged all the questions to the public prosecutor's personnel, they will be excused.

Mr. Marc Mayrand, the Chief Electoral Officer, will be appearing immediately afterwards. He assured me he will be here by 10:30, so if tomorrow's first session is short he will be available right away. So we're forgetting about the arbitrary timing of appearance.

He has advised me that he has no statements to make. He'll be here to answer any questions that may have arisen as a consequence of all the other witnesses or matters and that members would like to pursue with him. He'll be available for the balance of questioning.

Then we'll suspend. We'll reconvene at an appropriate time to have a discussion on the last matter of future meetings and witnesses. I encourage members to give some careful thought to that. We will wait to hear about circumstances where it was determined that a summons, for instance, was served in adequate time for them to appear but was ignored. The chair will need some direction on whether or not the committee would like to do anything further.

It is my personal opinion that there was a great rush. With 79 proposed witnesses, there was a flurry of activity going on, and I fully expected there would be some glitches. I apologize for that. I'm going to ask for a lot more time to prepare to make sure there's proper notice and contact, etc. We did have some problems. I learned

a lot from this and will undertake to make sure we have sufficient time so that proposed witnesses have the opportunity to appear when it is most convenient to them.

I don't think anyone here is interested in doing anything but bringing witnesses to help us with our work—certainly not intimidating or doing anything other than operating a healthy, informed committee on a serious matter.

There is a speakers list.

•(1610)

Hon. Charles Hubbard: On a point of order, I move we adjourn.

The Chair: Order.

A motion to adjourn is in order.

I'd ask you, Mr. Hubbard, to allow Mr. Martin and Mr. Tilson to make their brief comments. I think it's always helpful to have some input. The committee is probably amenable to adjourning after that. Is that right? It seems so.

Would that be okay, sir?

So we'll hear briefly from those honourable members, and then the chair will adjourn.

Mr. Martin.

Mr. Pat Martin: I was simply going to say, Mr. Chairman, that as you are going through future business I want to make sure there's adequate time blocked out not just to talk about future witnesses or to have a conversation about how we're going to accommodate those witnesses who are summoned so that it's at a convenient time for them; I want adequate time staked out at the next meeting to talk about the consequences associated with those who willingly and knowingly ignored the summons to appear before this committee.

Perhaps we will need some time from the senior law clerk for a lecture to the committee on the consequences and the steps taken to invoke sanctions against those people who would knowingly offend and insult Parliament by ignoring a summons to appear before this committee.

By my count, three out of 26 witnesses who were summonsed have actually appeared at the times they were scheduled on the summons to appear. To me that shows a widespread.... I don't think there was some Jungian thing whereby they all woke up with some collective unconscious and said, let's insult Parliament and not go to the scheduled appearance before the committee. I think somebody coordinated this mass boycott of our committee.

The last thing I'll say is that the reason it's so important to deal with this tomorrow is that it sets a terrible, terrible precedent for all future committees if people can thumb their noses at this committee and ignore a summons. What does that say to all future committees that try to have witnesses appear before them? It means that it's optional to appear before a parliamentary committee, even when a summons has been issued. That is not acceptable.

I want there to be adequate time tomorrow for us to vent this idea thoroughly and completely and to make it publicly known that we will not tolerate this kind of insult by the Conservative Party of Canada towards the Parliament of Canada.

The Chair: Okay. You've stated your opinion.

Go ahead, Mr. Tilson, sir.

Mr. David Tilson: I have a question for you, Mr. Chairman. Mr. Mayrand has appeared before this committee for two days. I have two questions.

First, why is he coming back again? Second, is he going to continue to have this special exemption you've given him, a special exemption that other witnesses don't seem to have?

• (1615)

The Chair: As you know, and as I explained to the committee right at the beginning of the hearings, when Mr. Mayrand first appeared, the committee had instructed me to have him come. He had indicated some concern, basically, about the *sub judice* convention in that there are ongoing proceedings and this may put him in a position in which he may prejudice or compromise an ongoing investigation or court proceeding.

The chair took a decision to provide him with the assurance that a condition of his appearing would be that he could invoke the *sub judice* convention, which he did on the second day when it became apparent that, as he put it, in my recollection, the questions he was being asked were in fact the identical questions asked in the court proceedings. His concern was that he would have to answer the questions identically, because they were made there under oath.

Such as it may be, the condition of Mr. Mayrand appearing is that the *sub judice* convention can be invoked. But he will have to advise us of that and give us the reason, as Mr. Walsh indicated in his letter.

As to the second part, Mr. Tilson, you asked why he is appearing again. I felt that since there were going to be substantial witnesses subsequent to his appearance who may have brought new information to the attention of members and so on, that may have led to further questions the members want to ask him.

He has indicated that he has nothing further to say to the committee. He will be here, and nothing will be said unless members have questions for him that they feel should be answered. It's just an accommodation, because we had him at the beginning and had a whole bunch of other people. If there's anything to be asked, you will have that.

Mr. David Tilson: Mr. Chairman, just give me one more moment.

I understand what you've said, and you've said it before. A whole bunch of witnesses haven't shown. Perhaps they're not available. The allegation is that they've been told not to show. We don't know that yet. We don't know anything at this point. We're not even so sure how many have been summonsed with affidavits of service, and in due course you will provide that information to us. But it may be that to cooperate with Canadian citizens who are available to come to these proceedings, we have an obligation to oblige them as best we can; and it may be that we should enable further time for them to come, in which case the appearance of Mr. Mayrand, I would submit to you, is premature.

If you're saying that we have heard all the testimony that we're going to hear for these hearings, maybe it's appropriate that Mr. Mayrand comes back. But if we haven't, I honestly believe Mr. Mayrand should wait until we have heard that testimony. Therefore, my assumption is that by your inviting Mr. Mayrand to come tomorrow, you have concluded that we've heard all the testimony that we need here with respect to this hearing.

The Chair: No. Actually, let me respond.

I think the committee has agreed to adjourn. Let me just indicate that I didn't make the assumption that we had heard all the witnesses we want to hear. That's a decision to be made by the committee, obviously. But he will be here. He has contacted me, and if the members have no questions for him at this point, it'll be a very short meeting tomorrow.

I understand that the committee is now prepared to adjourn. Is that right?

Some hon. members: Agreed.

The Chair: We are adjourned.

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