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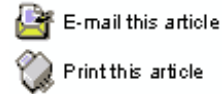
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Bureaucrat in ad furor stonewalls

By DANIEL LEBLANC Wednesday, July 10, 2002 - Print Edition, Page A1



OTTAWA -- The former civil servant who ran Ottawa's scandal-plagued advertising program invoked professional confidentiality yesterday to stonewall opposition MPs looking into the role of his political bosses in the dishing out of contracts.

Described by MPs as unrepentant at the closed hearing, J. Charles (Chuck) Guité described his role in Ottawa's advertising program, but he refused to reveal the directions he received in his regular contacts with former Public Works minister Alfonso Gagliano or, less frequently, with the office of Prime Minister Jean Chrétien.

"He was quite specific that he wouldn't answer questions that had anything to do with dealings with ministers," New Democrat MP Pat Martin said after the meeting. "He said it was part of his loyalty to his former employers."

Opposition MPs were left angry, noting that political directions are the key to understanding why the RCMP is scrutinizing ad contracts awarded to Liberal-friendly firms.

Mr. Gagliano always has denied publicly any involvement in the handling of specific advertising contracts. However, sources have said that advertising firms sometimes pitched proposals directly to Mr. Gagliano and Mr. Guité.

According to MPs' accounts of yesterday's meeting, Mr. Guité told the committee hearing that he bent government rules to award massive contracts to Montreal-based advertising firms. But he said that advertising was a key battlefield in the "war" against Quebec separatists and that his bending -- not breaking -- of the rules was necessary as a member of the Chrétien government's army.

"Mr. Guité did feel that he was trying to save the country," Canadian Alliance MP John Williams said.

Mr. Guité -- who is a military man turned advertiser -- was appearing before a parliamentary committee to explain why he approved \$1.6-million in federal contracts to Groupaction Marketing Inc. to produce three reports that are missing or incomplete.

After looking at the three contracts, Auditor-General Sheila Fraser concluded this year that Mr. Guité broke "just about every rule in the book" as a manager of public funds.

Opposition MPs dismissed Mr. Guité's theory that the contracts were part of a war against separatism, pointing to a revelation at yesterday's meeting that he sold his Ford Mustang for \$35,000 to a top official at Groupaction.

"It shows a very cozy, I would suggest inappropriate, relationship between Mr. Guité and

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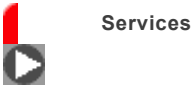
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a person in Groupaction doing business directly with the government, being rewarded very well for that business," Conservative MP Peter MacKay said.

"I find that highly, highly questionable, and it raises all kinds of other questions about the degree of objectivity that Mr. Guité exercised in awarding these contracts."

In the contracts, the federal government provided sponsorships to cultural and sporting events in exchange for displaying federal advertising at the events. Mr. Chrétien has said this was an important way to underline the benefits of federalism just after the sovereigntists in Quebec narrowly lost a referendum on separation.

The opposition dismissed the notion that Mr. Guité and the Chrétien government entered into poorly documented deals with advertising firms only to save Canada. All opposition parties suspect that the Chrétien government used advertising contracts to reward generous donours to the Liberal Party.

But while Mr. Guité is scorned by the opposition, he is receiving nothing but support from the government.

In an interview last December, Mr. Gagliano said of his former employee: "He was a good civil servant. He served the country."

Mr. Chrétien has defended the sometimes careless spending in advertising programs, saying it was all for a good cause.

"Perhaps there were a few million dollars that might have been stolen in the process, but how many millions of millions of dollars have we saved because we have re-established the stability of Canada by keeping it a united country?" he said during a speech last May.

Mr. Guité was the head of Ottawa's advertising and polling programs from the start of the Chrétien government until 1999. At that time, he was replaced by Pierre Tremblay -- until then the chief of staff to Mr. Gagliano.

Mr. Tremblay testified earlier in the day before the committee, denying that any political pressure was exerted on him.

"He said he would have conversations with Gagliano to give him an appraisal of how the program was running but that he didn't take any specific direction from [Mr. Gagliano] regarding awarding certain contracts," a committee member said.

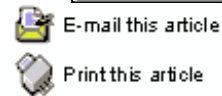
Liberal MPs on the committee voted yesterday to end the work of the public-accounts committee into the Groupaction contracts. There is still an RCMP investigation into the matter, and the Auditor-General is looking at all of Ottawa's advertising spending as part of a separate probe.

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