

# NATIONALNEWS

■ **COURTS:** Former Harper chief of staff under fire over money given to Mike Duffy to cover 'inappropriate' expenses

## ‘OK’ to pay from war chest: Wright

CHRIS COBB  
Ottawa Citizen

OTTAWA — Stephen Harper’s former chief of staff testified Friday that he thought it was “OK” to take money from a taxpayer-supported Conservative party war chest to repay Sen. Mike Duffy’s “wrong and inappropriate” expenses — then deceive Canadians about the deal.

“I didn’t think it was wrong,” Nigel Wright testified. “It was meant to achieve an objective — to get the money repaid.”

During an intense cross-examination in which he sometimes appeared shaken, Wright told Duffy’s lawyer, Donald Bayne, that there was pressure from Harper to “shut this down, quickly” — referring to the continued media stories about the Senate spending scandal.

“That was also an objective,” he admitted.

With Wright, 52, on the witness stand for the third day, it was clear the Duffy affair was anything but “shut down.” On the federal campaign trail, Harper has had to field questions several times this week about who in his office — a widening cast, it turns out — knew about the scheme to secretly repay Duffy’s questionable expenses, after his claims first came to light in late 2012 and early 2013.

Wright was pressuring Duffy to repay the claims and publicly admit to “mistakenly” claiming living expenses, the court heard Friday. In exchange, the Prime Minister’s Office offered to create a constitutional formula to allow Duffy to continue sitting as a Prince Edward Island senator, and to withdraw his name from a potentially damaging audit.

But Duffy, who consistently denied any wrongdoing, said he didn’t have the money even if he was obliged to pay it back.

Wright testified that he decided to arrange with Conservative Fund chairman Sen. Irving Gerstein to pay Duffy \$32,000, which Duffy would, in turn, publicly say he had



CHRIS WATTIE/REUTERS

Nigel Wright, former chief of staff to Conservative Leader Stephen Harper, arrives at the courthouse in Ottawa on Friday.

paid himself. The Conservative fund is subsidized by individual Conservative supporters and Canadian taxpayers.

During one testy exchange with Bayne, Wright said he considered Duffy’s expenses to have been “wrong or inappropriate” and thought they should be returned to taxpayers. But Wright, a former director of the fund, also admitted that he was partly motivated by a need to stop the negative media coverage “that the PM did not want.”

“The Conservative Fund is funded by Canadian taxpayer money and those donors who have

trusted the Conservative party to give their money — presumably not for wrong or inappropriate uses,” Bayne said.

“And yet you go off and make a secret backroom deal with Sen. Gerstein to make a political problem go away — to use Canadian taxpayer funds to make your political problem go away.”

“I disagree with that,” answered Wright. “These were Conservative funds.”

“So when your trusted donors and Canadian taxpayers through subsidy programs give in good faith, the Conservative party can use them to pay inappropriate

expenses secretly?”

“I thought it was a valid thing to do to have the Conservative fund reimburse Parliament for these expenses,” said Wright.

Bayne was unconvinced. “If it was valid, why did you want to keep it secret? As chief of staff to Prime Minister Harper, was this moral, principled and ethical?”

“I didn’t think it was wrong,” Wright said. “I thought it was OK.”

“Don’t you think this was a fraud on the donors, a fraud on the taxpayers? Don’t you think they have a right to know how that money would be

### ■ POLITICS

## Harper’s circle lands in spotlight

JENNIFER DITCHBURN  
Canadian Press

OTTAWA — Conservative Leader Stephen Harper now says the “vast majority” of his staff didn’t know about a plan to fake Mike Duffy’s personal repayment of Senate expenses, changing his position that only a single person was aware.

The focus on Harper’s office and who was involved in negotiating the repayment scheme, is expected to intensify as more witnesses testify in Duffy’s fraud, breach of trust and bribery trial.

In early June 2013, weeks after it was revealed that Harper’s then-chief of staff Nigel Wright repaid the \$90,000, Harper emphasized to the House of Commons that it was Wright’s doing.

“Those were his decisions,” Harper said. “They were not communicated to me or to members of my office.”

Then-cabinet minister James Moore told the Commons that Wright “acted alone.”

But Justice Charles Vaillancourt has heard testimony from Wright and seen hundreds of emails, that place a half dozen staff and party brass in the know.

One of those told about Wright’s plan to repay was Ray Novak, Harper’s current chief of staff and a senior campaign director. Novak is arguably the closest person in the party or the government to Harper. He’s not just a staff member, but also a friend and confidante.

On Thursday, Harper backed Novak’s claim that he did not read the direct email from Wright — then his boss — and didn’t know about Wright’s payment.

“We were all told, we were all told that Mr. Duffy had repaid his expenses ... that’s not only what the entire caucus thought and I thought, that is what the vast majority of our staff also believed was the case,” Harper told reporters in Hay River, NWT.

The trial is likely to become even more sticky for the Conservative campaign, as two key lawyers are expected to testify on the negotiations inside Harper’s office around repayment of the senator’s expenses. Janice Payne, Duffy’s



POSTMEDIA NETWORK FILES

Ray Novak, Conservative Leader Stephen Harper’s current chief of staff and a senior campaign director, is arguably the closest person in the party or the government to Harper. He’s not just a staff member, but also a friend and confidante.

lawyer in 2013, and Benjamin Perrin, then a PMO lawyer, are expected to be defence and Crown witnesses respectively.

Both took part in a March 22, 2013 conference call with Novak and Wright. Conservative spokesman Kory Teneycke said Novak was on the first part of the call, but didn’t hear discussion of Wright’s cheque.

Teneycke could not comment on what Novak did hear during the call — a blank that defence attorney Donald Bayne is likely to try to fill if and when Payne and Perrin testify.

A day after the conference call, Wright wrote to Novak and Perrin directly: “I think her approach works. I will send my cheque on Monday.”

Three days later, Wright sent the cheque to Payne’s office.

Novak and others weren’t just told about Wright’s decision to repay the \$90,000, they were also told about a plan a month earlier to have the party pay for both Payne’s legal bills and Duffy’s expenses.

In an email Wright sent to Novak on Feb. 22, Wright directs Novak to read a chain of emails on negotiations with Payne, calling it the “state of play.”

“We are ready to move when we hear back from his lawyer,” Wright

tells Novak.

One element of that “state of play,” copied to Novak, contains Wright’s comment that “the party is open to keeping Sen. Duffy whole since it is clear that any overpayments were innocently received. I have a call into the party to confirm this, as I think that the senator has a right to have it confirmed.”

Duffy’s lawyer pointedly raised Novak’s name during the proceedings on Friday. He has referred to Novak as a “conduit” to Harper.

“He’s not there for plausible deniability...he’s not there for that?” Bayne asked.

Wright responded: “Ray ... was the No. 2 person, senior member in the PMO and he’s entitled to know what’s going on.”

Stephen Lecce, another member of Harper’s current campaign team, was also copied on those points of negotiation. Later, Lecce helped draft the media lines that Duffy would use when telling the public it was he (not the party or Wright) who would repay his expenses.

Lecce did not respond to a request for comment. Another figure who appears in the email exchanges is party lawyer Arthur Hamilton, who Payne emails in March 2013 to inquire about “when we can expect to be in funds.

Thinking about quitting?



smokers'HELPLINE  
CANADIAN CANCER SOCIETY

1-877-513-5333

TOLL-FREE

### ONTARIO ENERGY BOARD NOTICE TO CUSTOMERS OF UNION GAS LIMITED

**Union Gas Limited has applied for approval to change its gas commodity, storage and transportation rates effective January 1, 2016.**

**Learn more. Have your say.**

Union Gas Limited has applied to change its rates to better reflect how it supplies natural gas to its customers. The proposed changes include the following:

- A change in the reference price used to set rates on a quarterly basis for a majority of its customers; and
- A change to how it allocates costs to the different types of customers that it serves.

**An average residential customer would see the following annual bill impact, but these impacts would only start in 2018:**

Residential Customer – Service Area	Approximate Bill Impact
Southern Ontario (Windsor to Hamilton)	Decrease of \$20
Northern Delivery Area (North Bay to Kapuskasing)	Increase of \$26
All Other Delivery Areas	Decrease of \$1.50 – \$51.50

**Other customers in Union Gas Limited’s service area, including businesses, will also be affected.**

#### THE ONTARIO ENERGY BOARD IS HOLDING A PUBLIC HEARING

The Ontario Energy Board (OEB) will hold a public hearing to consider the application filed by Union Gas.

We will question Union Gas on the case. We will also hear arguments from individuals and from groups that represent the customers of Union Gas. At the end of this hearing, the OEB will decide whether to approve the changes that Union Gas has requested in this application.

The OEB is an independent and impartial public agency. We make decisions that serve the public interest. Our goal is to promote a financially viable and efficient energy sector that provides you with reliable energy services at a reasonable cost.

#### BE INFORMED AND HAVE YOUR SAY

You have the right to information regarding this application and to be involved in the process.

- You can review the application filed by Union Gas on the OEB’s website now.
- You can file a letter with your comments, which will be considered during the hearing.
- You can become an active participant (called an intervenor). Apply by **August 25, 2015** or the hearing will go ahead without you and you will not receive any further notice of the proceeding.
- At the end of the process, you can review the OEB’s decision and its reasons on our website.

#### LEARN MORE

Our file number for this case is **EB-2015-0181**. To learn more about this hearing, find instructions on how to file letters or become an intervenor, or to access any document related to this case, please select the file number **EB-2015-0181** from the list on the OEB website: [www.ontarioenergyboard.ca/notice](http://www.ontarioenergyboard.ca/notice). You can also phone our Consumer Relations Centre at 1-877-632-2727 with any questions.

#### ORAL VS. WRITTEN HEARINGS

There are two types of OEB hearings – oral and written. The OEB will determine at a later date whether to proceed by way of a written or oral hearing. If you think an oral hearing is needed, you can write to the OEB to explain why by **August 25, 2015**.

#### PRIVACY

*If you write a letter of comment, your name and the content of your letter will be put on the public record and the OEB website. However, your personal telephone number, home address and e-mail address will be removed. If you are a business, all your information will remain public. If you apply to become an intervenor, all information will be public.*

*This hearing will be held under section 36 of the Ontario Energy Board Act, 1998, S.O. 1998 c.15 (Schedule B).*

