

# **STANDARDS COMMITTEE**

Friday 8 October 1999  
*(Morning)*

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# CONTENTS

Friday 8 October 1999

	Col.
EVIDENCE.....	97
DOCUMENTS .....	168

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## STANDARDS COMMITTEE

### 7<sup>th</sup> Meeting

#### CONVENER :

\*Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD)

#### COMMITTEE MEMBERS :

\*Karen Gillon (Clydesdale) (Lab)  
\*Lord James Douglas-Hamilton (Lothians) (Con)  
\*Mr Adam Ingram (South of Scotland) (SNP)  
\*Des McNulty (Clydebank and Milngavie) (Lab)  
\*Dr Richard Simpson (Ochil) (Lab)  
\*Tricia Marwick (Mid Scotland and Fife) (SNP)

\*attended

#### WITNESSES :

Alex Barr (Beattie Media)  
Gordon Beattie (Beattie Media)  
Ben Laurance (The Observer)  
Dean Nelson (The Observer)  
Kevin Reid (Beattie Media)  
Rod McKenzie (Harper MacLeod, Solicitors)

#### COMMITTEE CLERKS:

Bill Thomson  
Vanessa Glynn

#### ASSISTANT CLERK:

Alastair Goudie



## Scottish Parliament

### Standards Committee

*Friday 8 October 1999*

*(Morning)*

[THE CONVENER *opened the meeting at 09:33*]

**The Convener (Mr Mike Rumbles):** Good morning. I welcome you all to this committee meeting and I would particularly like to welcome Richard Simpson to the committee. Members may be aware that Patricia Ferguson has decided to stand aside from the committee for the time being, to avoid any possible conflict of interest in connection with our current business.

I now invite Dr Richard Simpson to make a declaration of interests.

**Dr Richard Simpson (Ochil) (Lab):** I have no interests to declare.

### Evidence

**The Convener:** Our first agenda item is the taking of evidence in relation to our inquiry into allegations reported in *The Observer* newspaper. We have invited the following persons to attend and give evidence to the committee: Dean Nelson of *The Observer*, Ben Laurance of *The Observer*, Alex Barr of Beattie Media, Kevin Reid of Beattie Media and Gordon Beattie of Beattie Media.

To clarify our procedure, I want to hear members' views on whether we should invite witnesses to give evidence one by one or in some other way, and whether the order of appearance of witnesses should be as I have suggested.

**Lord James Douglas-Hamilton (Lothians) (Con):** It makes sense to call the witnesses one by one. One member should lead the eliciting of information from witnesses and other members can ask questions afterwards.

**The Convener:** Are we all agreed?

**Members:** Yes.

**The Convener:** Are we agreed on the order of appearance?

**Members:** Yes.

**The Convener:** One person will take the lead in asking questions of particular witnesses, as Lord James has suggested. I propose that members lead questions to individual witnesses as follows: Des McNulty will lead questioning of Mr Nelson; Tricia Marwick will lead questioning of Mr Laurance; Karen Gillon will lead with Mr Barr; Lord

James with Mr Reid; and Adam Ingram with Mr Beattie.

I believe that some members have particular lines of questioning that they want to pursue with witnesses. I will ask them to let me know them. I would also like members' comments on whether we should allow witnesses to make a statement before we start to ask them questions.

**Des McNulty (Clydebank and Milngavie) (Lab):** It would be appropriate to ask witnesses whether they want to make a brief presentation. I emphasise, however, that statements should be brief—certainly no more than five minutes.

**The Convener:** Are we all agreed?

**Members:** Yes.

**The Convener:** We have agreed, therefore, that witnesses will be invited to give evidence one by one. We reserve the right to ask any witness to make additional comments, particularly in the light of evidence given by other witnesses. The order of appearance of witnesses will be: Mr Nelson, Mr Laurance, Mr Barr, Mr Reid and Mr Beattie.

**Dr Simpson:** We may want witnesses to consider giving us further written evidence once we have finished questioning them.

**The Convener:** That would be most appropriate. Are there any other comments? If not, I will move on. I should point out that when I suggested that certain members take the lead on questioning of witnesses, I did not mean that only those members would be able to ask questions. I propose to allow a particular line of questioning to be chosen and to be pursued, but that does not prevent other members from coming in afterwards. Please feel free to ask questions.

The lines of questioning will reflect the points that members made in our earlier brief discussion. Members are free to seek information from witnesses on any matter that arises from today's proceedings. I confirm that witnesses will be allowed to make an opening statement, but that it should not, as Des suggested, be longer than five minutes.

Before we call the witnesses, I would like members to outline the line of questioning that they want to pursue, so that we are clear. Des, would you like to indicate the line of questioning that you want to pursue?

**Des McNulty:** Broadly speaking, I want to ask Dean Nelson about when he got the information about the meeting between Ben Laurance and Beattie Media and about the decisions that were made by *The Observer* about publishing the story. I want to know what assessments were made of the information that the paper had. I want to ask what contact Mr Nelson has had with people from

Beattie Media and about the information that has been presented to us in terms of completion.

**The Convener:** Tricia, what line would you like to take with Mr Laurance?

**Tricia Marwick (Mid Scotland and Fife) (SNP):** It is broadly similar to the questions to Dean Nelson. What were the reasons for the meeting with the staff of Beattie Media? What were the details of the meeting, and how did it come about? Did *The Observer* target Beattie Media, as opposed to any other public relations company operating in Scotland, for a particular reason?

**The Convener:** Karen, what is your line of questioning to Mr Barr?

**Karen Gillon (Clydesdale) (Lab):** What were the arrangements? Why did he attend? I would like details and substantiation of the claims that were made in the transcript regarding named politicians and staff. I would also like an explanation of the business methods that were used and of the contacts programme that is mentioned in the transcript. What is his attitude towards regulation of lobbying activities, because that is mentioned in the transcript as well?

**The Convener:** Lord James, what is your line of questioning?

**Dr Simpson:** I am sorry, but is Karen Gillon's last question within our remit?

**Karen Gillon:** It relates particularly to the part of the transcript in which Mr Barr makes reference to a code of conduct that is currently in place and to his belief that it is not adequate.

**The Convener:** I think that that question would be appropriate.

**Lord James Douglas-Hamilton:** I want to ask questions arising out of what is recorded in the transcript and to follow those through.

**Mr Adam Ingram (South of Scotland) (SNP):** There are two or three matters that I want to discuss with Gordon Beattie: first, the activity of Beattie Media, including the business methods involving contacts with politicians; secondly, the recruitment of staff from political parties; thirdly, the role of particular members of staff, including former members named in the transcripts.

**The Convener:** I would like to remind everyone present at today's meeting that the witnesses have come before the committee by invitation. Although I expect that they will wish to co-operate as fully as possible with our inquiry, they cannot be compelled to answer any question. In accordance with the committee's wishes, I will require all witnesses to take the oath or to make an affirmation. Only witnesses will be able to respond to questions put by committee members. However, witnesses' advisers will be able to

confer with and advise them. Advisers cannot address the committee directly, unless invited to do so by me. Witnesses should, therefore, indicate to me if their adviser wishes to address the committee—for example, on a matter of procedure.

I invite Mr Nelson to come forward. Good morning, Mr Nelson.

**Dean Nelson (The Observer):** Good morning.

**The Convener:** Thank you for coming. I appreciate your responding to our invitation. I would like to remind you that you are required to give evidence under oath. We will administer the oath first. I understand that you wish to take the oath, rather than to make an affirmation.

**Dean Nelson:** Absolutely.

**Dean Nelson took the oath.**

**The Convener:** Mr Nelson, I believe that you would like to make an opening statement. Is that correct?

**Dean Nelson:** It is.

First, I would like to say thank you to all the members of the committee for inviting us here today and giving us an opportunity to present our evidence to you. I will now read out the statement.

*The Observer's* investigation into lobbyists began after we were contacted by concerned politicians. They had been offended by approaches from lobbying companies, which had offered them employment that would involve using their contacts on behalf of lobbyists' clients. The politicians to whom we spoke were concerned that the lobbying industry posed a threat to the new Parliament.

At that time, there were rumours that Beattie Media, the firm that claimed to have the industry's highest standards, had hired Kevin Reid, a Labour party employee and the son of the Secretary of State for Scotland, John Reid. That story subsequently proved to be true. It had been suggested to us that Reid had no relevant experience and had been hired only because of his family connections. We decided to investigate the firm, to test whether it really had such high standards, and whether Kevin Reid would use his father's name to win contracts.

09:45

We could see only two possible ways to proceed. We could talk to former members of staff, or we could use subterfuge, inviting Beattie Media to pitch for a contract and witnessing their methods at first hand. The former was not possible, as the company was new to lobbying.

The use of subterfuge is not undertaken lightly.

The Press Complaints Commission's code of practice states that it can only be used

"in the public interest and only when material cannot be obtained by any other means."

The suggestion made to us that Beattie Media was using Kevin Reid's family connections to win business clearly deserved investigation. At that stage, we were not particularly concerned about Jack McConnell's previous association with the firm.

We invited Beattie Media to meet a businessman whose identity we created. Letters were exchanged, and a meeting was arranged at the Balmoral Hotel in Edinburgh, on 31 August 1999. The meeting was filmed with a hidden camera.

The results of our investigations were published in *The Observer* on 26 September and 3 October, and we assume that members of this committee have read that material. Our findings included the following: that Beattie Media had claimed that it had been able to place an appointment in the Minister for Finance's diary; that Beattie Media's comments, taken in conjunction with information from within the Executive, had suggested that the firm had information about the forthcoming finance statement which was not public knowledge; that Beattie Media had claimed that it remained in regular contact with Jack McConnell, a former employee—which is denied by Mr McConnell, although Beattie Media has declined to confirm that Mr McConnell's assertion is true; and that, in pitching for business, Kevin Reid had volunteered that he was the son of the secretary of state and emphasised his close personal contacts with a number of special advisers in the Scottish Executive.

Clearly, it is for the Standards Committee and it alone to decide avenues of investigation. However, we respectfully suggest that there are several unanswered questions, which fall under five headings.

The first is the Minister for Finance's diaries. How many are there, and what do they contain? In which diary did Christina Marshall pencil in the appointment? On which note-pad, according to Jack McConnell, is the invitation recorded?

The second is the degree to which Kevin Reid has maintained and been able to use his contacts with former Labour party colleagues who are now working in the Government.

The third is the significance of Kevin Reid's knowing, on 31 August, that Mr McConnell was planning a two-year budget.

The fourth is the wisdom or otherwise of having individuals moving from lobbying into Government, either in an elected post or as an employee of an

elected politician.

The last is the degree to which Alex Barr and Kevin Reid were simply lying during the Balmoral meeting. Mr Barr has admitted to nothing more than exaggeration.

The committee has already received a copy of the tape of the Balmoral meeting and a transcript of that meeting. With this statement today, we are submitting collated material concerning Mr McConnell's diaries. The statements made by different parties at different times appear to be inconsistent with each other. We are submitting a brief summary of material that I gathered between 24 September and 4 October regarding a possible leak of information from the financial statement, and a list of four questions that were put to Gordon Beattie of Beattie Media on 30 September, which he declined to answer.

We have conducted our investigation and we have handed over the material that we have collated to you. We are delighted to do so—we pass it on to you to take it further. We wish you all the best with that, and offer you every support in that task. Thank you very much.

**The Convener:** Thank you, Mr Nelson. I would like to move straight to questions now. Des, would you like to start?

**Des McNulty:** My first question, Dean, is: did you have advance knowledge of the meeting between Ben Laurance and the staff of Beattie Media?

**Dean Nelson:** Yes, I arranged it.

**Des McNulty:** You arranged it. My next question is: at what stage did you get information back from the meeting, at which you were not present?

**Dean Nelson:** As soon as the meeting was concluded I met Ben, we had a discussion, and I had another look at the tape on a small digital machine. It was immediately after the meeting.

**Des McNulty:** My third question is this. In your view, did the information that you had provide the basis for making any allegation of wrongful conduct against any MSP named in the transcript?

**Dean Nelson:** There were a number of particular claims that were corroborated. As far as we are concerned, they remain claims for this committee to investigate. However, we believe that they are very serious claims, because a number of points that representatives of the company made were in fact corroborated. For example, they claimed to be able to place an appointment in the finance minister's diary and that Christina Marshall, the minister's secretary, had pencilled it into his diary. When I phoned Christina Marshall on the Friday before 26 September, she confirmed that she had indeed

pencilled it into his diary.

Likewise, the company claimed to have arranged a meeting with Sam Galbraith for its client, the Scottish Premier League. That was confirmed by Mr Galbraith's former secretary. It was confirmed that he was lobbied and the company claimed that that resulted in the policy that its client was after appearing in Labour's manifesto. It is clear that it was in Labour's manifesto. There are many instances of corroboration that showed us that the claims were very serious, not just throwaway claims.

**Des McNulty:** I understand what you are saying about the claims made by Beattie Media. I am just asking you for a yes/no answer. In your judgment, did the information in your possession after the interview provide a basis for making any allegation of wrongful conduct against any MSPs or ministers?

**Dean Nelson:** We have not made any allegation of wrongful conduct by a minister.

**Des McNulty:** That is fine. Why, given that you got the information quickly after the meeting on 31 August, did you not publish the story until Sunday, 26 September?

**Dean Nelson:** The intention was to go ahead and arrange a meeting. We left the meeting—or rather my colleague Ben Laurance left the meeting—with an understanding that the company would attempt to arrange a meeting with a minister from the Executive. So, at the end of the meeting, there was unfinished business.

**Des McNulty:** So it was because you were following up the story between 31 August and 26 September that you decided to delay publication?

**Dean Nelson:** Yes. They had told us that it would not be a problem, in their words, to fix up a meeting. The next stage of the investigation was to establish whether or not they could in fact fix up that meeting. That was the next stage and we were moving on to that. We believe that the company became suspicious and cancelled, so we never got to that stage. Once it became clear that the process was not going to carry on, we examined our material and looked into the issue of publishing.

**Dr Simpson:** Can I be quite clear about this? In the transcript it says clearly that they said that they thought that they would be able to deliver a meeting with Jack McConnell within a month. Did you delay publication in the hope of having a confirmed date for a meeting with that minister in order to strengthen your story?

**Dean Nelson:** Absolutely. They claimed that they were able to fix a meeting with the minister and we had to establish whether or not they could do that.

**Dr Simpson:** That was a most responsible action. You were trying to find out whether that was something that they could deliver.

**Dean Nelson:** Absolutely.

**Dr Simpson:** And did they deliver?

**Dean Nelson:** No. As I said, we received a letter—I cannot remember the date of the letter, but I can provide you with a copy—saying that they were too busy to act for us, so contact was cancelled. That followed an incident that I shall explain to members. We used a company—it was not a fake company, it was a real company—and the people there had a script so that, if there was a call for our businessmen, they could take a message and our businessmen would get back to them. One day, a number of people were away or sick and there was some confusion at that end, so Beattie Media became suspicious.

Another important thing to bear in mind is that, around that time, there had been stories in *Private Eye* and in the *Sunday Herald*. We believe that the company was therefore very sensitive. It was in the news and the company was very much on its guard.

**Dr Simpson:** Can I pursue that a little further? At what point do you think that the company became suspicious and at what point did it indicate that it would no longer act for you?

**Dean Nelson:** I believe that it was a few weeks after the meeting.

**Dr Simpson:** It would be useful for us to have that confirmed.

**Dean Nelson:** I can provide the letter.

**Dr Simpson:** That would be helpful. The original claim was that the company could deliver that in a month, no problem. If the company backed out after a week, we do not know whether or not that claim can be substantiated, but if it was after three weeks, that would be close to the point by which the company had said that it would deliver. That would demonstrate its incapability of delivering what it had claimed.

**Dean Nelson:** My colleague might remember the date. The letter was sent to him.

**Tricia Marwick:** In your opening statement, you said that your investigation into lobbyists began after you were contacted by concerned politicians. Would you like to elaborate on who those concerned politicians were?

**Dean Nelson:** The conversations that I had with those people were off the record. I have since been back to the people concerned and I have asked if they would free me of any obligation to them in that respect, but they asked to remain anonymous. I have to respect that.



However, that is how the situation came about. People had been contacted by lobbyists and were offended because they felt that they were being asked to trade for contacts and favours that they had built up through long periods of political activity.

**Tricia Marwick:** When you say politicians, do you mean MSPs or MPs or councillors?

**Dean Nelson:** I am not talking about anyone in those categories. I really do not want to compromise their anonymity. I have to keep my promise to them.

**Tricia Marwick:** You were not contacted by MSPs?

**Dean Nelson:** No.

**Tricia Marwick:** If the politicians who approached you were concerned about lobbying generally, why did you decide to deal with Beattie Media?

**Dean Nelson:** There were two factors in that decision. First, Beattie Media had made high-profile claims about having higher standards than everybody else. Secondly, there was the allegation that it had hired the Secretary of State for Scotland's son to trade on his contact with his father to win business. People said, "Kevin Reid is a young man, not long out of university, he has no real experience of the world, yet he is stepping into Jack McConnell's shoes and doing a very high-powered job for which he can have no qualification other than his family connection."

That pointed us towards Beattie Media in the first instance.

**Des McNulty:** To clarify, Dean, am I right in thinking that after you got the initial evidence, you pursued a line of inquiry to determine whether you could take that story one stage further and try to discover evidence of wrongful conduct?

**Dean Nelson:** Absolutely. There were two urgent things to do. One was to pursue a meeting with a member of the Executive, and the other was to do the transcript, which was a laborious task.

**Des McNulty:** But today you are saying that you were not successful in establishing that there had been wrongful conduct?

**Dean Nelson:** We have not claimed to establish wrongful conduct. We have brought our evidence to you in the hope that the committee can establish the truth of the claims.

**Des McNulty:** That is fine, but I am trying to establish the fact that you attempted to demonstrate wrongful conduct but were not successful.

**Dean Nelson:** You have misunderstood me. We

attempted to establish whether the company could deliver on its claim to be able to fix up a meeting with a minister.

**Des McNulty:** How did you, as a professional journalist, attempt to check on the truth of the claims of Beattie Media?

**Dean Nelson:** Once we had a transcript, we had to whittle down the main allegations in terms of contact with ministers and senior advisers, and contact people. On the Friday morning, I think 24 September, I contacted Sam Galbraith's former secretary—from when he was sports minister. She confirmed to me that he attended a football match with the chief executive of the Scottish Premier League.

I contacted Christina Marshall and put to her that Alex Barr had made this claim about her putting an appointment in the diary, and she confirmed that he had called her. She confirmed that she had pencilled it into the minister's diary. In fact, she repeats that around three times: that she had pencilled it into the minister's diary for him to consider. She said that the minister was not aware of it yet, which, incidentally, is contradicted by Jack McConnell, who says that he had been aware of it, and that it had not been in a diary, but in a notebook.

10:00

I asked Christina Marshall whether she remained in contact with staff from Beattie Media. She said that she did, but not always on business issues. She said that it was sometimes on business issues. When I asked her what kind of business issues they were, she said that she did not want to talk about it and did not want to discuss it with me until she had had a chance to talk to the Minister for Finance about it.

Those, I suppose, were the two main claims made by the company. We pursued them and found some corroboration for its claims.

We contacted the Government, obviously. I read a full transcript—the most up-to-date transcript that we had at that time—to the Government on Friday. The Government's spokesman came back to me with a statement regarding the company's claims against Jack McConnell, Henry McLeish, Sam Galbraith, Jackie Baillie and the special advisers.

We went to every person of significance who had been mentioned—who would feature in the article. We put the allegations to them, either directly or through the Government spokesman.

**Des McNulty:** Can I be clear: when did you do this? You mentioned 24 September.

**Dean Nelson:** Yes—on Friday.

**Des McNulty:** So you had the information from 31 August—

**Dean Nelson:** No, you have misunderstood me.

**Des McNulty:** I am sorry. I just want to be clear.

**Dean Nelson:** There was a long process of doing the transcript. I do not know whether you have ever transcribed a tape. It is very difficult. On this particular tape, which members have now seen, there was a lot of background noise. There was an air conditioner. It was painstaking. There was also the process of getting the tapes filtered. We used a cameraman, Alistair Miller, who is based in Stirling. A lot of time was spent at his studio there, going through the tapes, filtering, filtering and filtering until we had a copy that we could do a decent transcript of.

Then, we got another version done: we had the whole thing digitally filtered. That was crucial, to make sure that it was of the highest quality it could be, to get the best, most accurate transcript. That process went on.

First, there was the meeting on 31 August. There was a gap—I cannot tell what that gap was; you will have to ask my colleague about that—for trying to fix a meeting with the minister. Then there was the moment when it became clear that the company had become suspicious, and called off our arrangement.

From that moment, we began to look at publication. Then, work began in earnest on the transcripts: cleaning up the tapes. It was perhaps the Wednesday or the Thursday in the week prior to publication on Sunday 26 September when we got to the stage where we could discuss among ourselves how we would approach all the people who had been mentioned. There were some people within the Government who were aware of it on Thursday night; then we spoke directly and formally on the Friday.

**Des McNulty:** Just so that I am clear: you had the information on the tapes shortly after the meeting. You did not seek to clean up the tapes or provide the transcript until you had pursued your inquiries further.

**Dean Nelson:** The investigation was incomplete at that stage.

**Des McNulty:** At what stage did you start to work on the transcripts?

**Dean Nelson:** I had listened to the tape and we had the gist of what it said. A full transcript was not produced until the week before publication.

**Des McNulty:** Who made the decision to publish the story?

**Dean Nelson:** I did. I discussed it with the news desk in London and we agreed to go ahead on

Sunday 26 September. There had been a possibility of speeding things up the week before, but it came at a very late stage and there was still a lot of work to do on the transcript. I wanted to ensure that the tapes were better filtered before we went ahead.

It was crucial to get things right. We were making serious claims and we could not afford to get important words wrong. The tape had to be of the highest quality we could get and there was a lot more work to do. I decided not to go ahead that week, but to wait another week and get the tapes cleaned up better.

**Des McNulty:** You had thought that you might defer the story for a further week?

**Dean Nelson:** No. I think on the Thursday—what date would the Thursday before Sunday 19<sup>th</sup> be? It was the 16<sup>th</sup>. We knew then that our business with Beattie Media was at an end and we had to decide whether we could do everything that we needed for that Sunday's newspaper. We decided that we could not because there was too much to do. We deferred for a week and set about work in earnest.

**The Convener:** Are you finished, Des?

**Des McNulty:** No, I have two more questions. Is the transcript that was delivered to us on 29 September a complete record of the meeting on 31 August?

**Dean Nelson:** No. We had the tape digitally filtered on the Thursday after you first met to discuss this issue. It was returned to us later that week, and that is the best quality tape so far. We provided that to the committee—as an audio tape—on Monday of this week. That is the best record of the meeting. We have not yet updated our transcript to take that tape into account. It does not change the meaning of what is on the tape—there are words here and there, but nothing significant.

**Des McNulty:** Is there any other material relevant to this inquiry in your possession?

**Dean Nelson:** Yes. There are some transcripts of shorthand notes attached to the material that we e-mailed to you all at 8 o'clock last night, and in the hard copy that you received this morning. I can provide fuller transcripts of the interviews at a later stage.

**The Convener:** Tricia, you have been trying to get in.

**Tricia Marwick:** On that very point, Mr Nelson, you said that you telephoned Christina Marshall, Jack McConnell's secretary, on Friday 25 September. You claim that she said that she had told Beattie Media that she would pencil the engagement into the minister's diary for

consideration. Your report of that goes on for three or four paragraphs. Did you tape that conversation?

**Dean Nelson:** No, I took a contemporaneous shorthand note.

**Tricia Marwick:** You had a telephone conversation with Jack McConnell on Saturday 26<sup>th</sup> in which he said—agreed—that Ms Marshall would discuss the invitation with him, that she was waiting for a formal invitation and that it was pencilled into her notebook. Do you have a tape of that?

**Dean Nelson:** No. Again, I took a shorthand note. I can provide the committee with a full transcript of that interview. What we have done is provide the sections of interviews that we believe are relevant to the issues. I can get a full transcript to you early next week.

**Tricia Marwick:** When you spoke to Christina Marshall, presumably you mentioned the fact that your previous conversation with representatives of Beattie Media had been taped?

**Dean Nelson:** I do not think that I did. I said that I had spoken to Beattie Media, or rather that *The Observer* had spoken to Alex Barr, who had said that he had fixed up an appointment for Jack McConnell to speak at the finance director of the year award in February next year. Christina Marshall confirmed that she had had that conversation, that Alex Barr had called her and that she had pencilled it into the diary for Jack McConnell's consideration.

**Tricia Marwick:** Can you explain how she reacted to the questions? Was she surprised?

**Dean Nelson:** She did not seem alarmed. She seemed honest. She did not become overly concerned until I pressed her on what particular issues she discussed with Beattie Media. At that point she became nervous and said that she did not want to discuss that with me until she had had a chance to talk to Jack McConnell about it.

**Tricia Marwick:** How would you interpret the demeanour of Jack McConnell in the telephone conversation that you had with him on 26 September? Was he surprised at your call?

**Dean Nelson:** No. He had known about it from the day before. From the moment, I believe, on Friday when we began talking to people such as Christina Marshall and ministers' secretaries and so on, the alarm bells started ringing and everybody knew what kind of story we were pursuing.

I had spoken to the Government and read the full transcript to the Government the night before, so by Saturday morning Jack McConnell knew exactly what we were looking at. He was worried

and anxious, as anybody would be when they are aware that serious allegations concerning them are about to be published.

**Dr Simpson:** This is just for clarification—not being a journalist, I do not know how long it usually takes to crosscheck a story of this sort. You began crosschecking on the evening of 24 September, and you published on 26 September?

**Dean Nelson:** Yes.

**Dr Simpson:** That would be a normal time span?

**Dean Nelson:** No. From Thursday night and Friday morning.

**Dr Simpson:** So from the evening of 23 September to 26 September you were crosschecking with all the ministers who were named—with their diaries and their personal assistants. That would be a normal time span for checking something like this.

**Dean Nelson:** Yes.

**Dr Simpson:** Were there any people to whom you could not get through?

**Dean Nelson:** I did not get through to Beattie Media. I believe that my colleague may have had correspondence or a discussion with the company.

**Dr Simpson:** Ben Laurance?

**Dean Nelson:** Yes, but you would have to check that with Ben.

Beattie Media became aware of our investigation at a very early stage and put out a statement early on Saturday, before publication.

**Dr Simpson:** Right. I will want to come back and look at that. The crosschecking is important.

**The Convener:** Are there any other questions?

**Des McNulty:** Did you have any contact with Beattie Media before this inquiry started?

**Dean Nelson:** Had I personally?

**Des McNulty:** Yes.

**Dean Nelson:** No.

**Mr Ingram:** Have you had any contact with other lobbying companies?

**Dean Nelson:** Not in this investigation. The investigation began with Beattie Media and we published as soon as we were in a position to do so.

**Mr Ingram:** So you had no contact with Beattie Media's competitors who might have suggested that Beattie Media had an advantage over them?

**Dean Nelson:** No. Lobbying is a very tight world. There are contacts and friendships between

lobbyists. Given the nature of our exercise, we could not do anything that would compromise it. We did not want them to find out that we were from *The Observer* until our inquiry had run its course; that is, until we had found out whether a meeting was going to be fixed up.

**Mr Ingram:** Was there not some kind of backlash in the lobbying industry to the notion that Beattie Media had higher standards than other lobbying companies and to the fact that Beattie Media was taking a particular line on its standards in the media and with politicians?

**Dean Nelson:** Do I think that Beattie Media's claims to have higher standards has caused the backlash within the industry?

**Mr Ingram:** A backlash against Beattie Media.

**Dean Nelson:** There have been articles that suggested that there has possibly been a bit of needle between Beattie Media and other companies, but we did not have contact with other lobbyists. Until our investigation had run its course with Beattie Media—to the point of establishing whether Beattie Media would fix up a meeting—we did not talk to anybody. Otherwise, Beattie Media could have known what we were up to. We had to be very disciplined about that part of the investigation. Once that had been included, we had to approach everybody openly, read the transcript to them and ask for their response. That was how it was conducted.

**Mr Ingram:** What was your view with regard to the difference in standards between Beattie Media and other lobbying companies?

**Dean Nelson:** I think that the transcripts speak for themselves. It is clearly making claims of access to ministers, and of being able to put things in diaries, which the ministers deny. It has since wound up its lobbying arm and apologised for making certain claims. I do not think, on the face of it, that its standards are any higher. It is a matter for this committee to establish whether it falls somewhat below everybody else's standards.

**The Convener:** Are there any more questions from members?

**Lord James Douglas-Hamilton:** I have only one question. Mr Nelson has raised a lot of issues. Did I hear you correctly when you said that you are making no allegation of wrongful conduct by an MSP?

**Dean Nelson:** We have not made any allegation of wrongful conduct. We have brought our investigation to this committee, as the proper authority, to take it further. We have investigated up to this point; we now bring it to you and hope that you will establish the truth of the claims that were made by Beattie Media. As I said, we wish you every success and all the support that we can

give you with that.

**Lord James Douglas-Hamilton:** Thank you.

10:15

**The Convener:** Thank you very much, Mr Nelson. You are welcome to join the audience.

I now move on to ask Mr Ben Laurance to come forward. Thank you very much for coming, Mr Laurance, and for accepting our invitation to attend and give evidence. I remind you that you are required to give evidence under oath. I understand that you want to take the oath.

**Ben Laurance (The Observer)** took the oath.

**The Convener:** What I would like to do is start off the line of questioning with Tricia Marwick.

**Tricia Marwick:** Good morning, Mr Laurance.

**Ben Laurance:** Good morning.

**Tricia Marwick:** We have heard from Dean Nelson about the reasons behind the sting, if it can be called that. When were you first involved in the planning process?

**Ben Laurance:** I would guess that it was probably about 10 days before the 31 August meeting—there or thereabouts—when Dean rang me and gave me an outline of the potential story as he saw it. I am a business journalist by background and he asked me whether I would be prepared to help.

**Tricia Marwick:** Is this the kind of work that you had done before?

**Ben Laurance:** I have never done it before.

**Tricia Marwick:** An interesting experience?

**Ben Laurance:** It is a terrifying experience. It is quite unpleasant, actually.

**Tricia Marwick:** Specifically, were Alex Barr and Kevin Reid the staff of Beattie Media that you had hoped would come to your meeting? Did you specifically ask for Kevin Reid and Alex Barr?

**Ben Laurance:** No. What happened was—this may help with Mr McNulty's concerns about the timing—should I do that, Mr Rumbles?

**The Convener:** Yes, please.

**Ben Laurance:** Dean had written a letter to them, and a couple of phone calls had been exchanged between Kevin Reid and his assistant, Alex, on one hand, and the company that we were using, on the other. It was agreed that a meeting would be held between Anthony James and Mr Reid in Edinburgh, on 31 August. That was fixed up by Dean.

The meeting took place. Shortly afterwards, I saw Dean and told him what had transpired. He

was very surprised—and alarmed—to find that Jack McConnell's name had come up so frequently and had been used as part of the marketing pitch.

The end of the transcript—which you are probably bored with reading—says that they were going to write to me, which they duly did. They wrote to me on 31 August, but, for some reason, the letter did not arrive. We asked them to fax us a copy of the letter, which they did. The letter gave a brief summary of the meeting. Under the name of Anthony James, I wrote back to them asking them to pursue matters and to arrange, as they had indicated at the end of the Balmoral meeting, a meeting for one of my clients from the States.

I suspect—I do not have any firm evidence—that the handling of a phone call during that exchange of letters gave Beattie Media some concern. After that, I rang them on several occasions and they did not return my calls. Eventually, Kevin Reid rang back—on Thursday 16 September, I believe—and said that he would not be able to handle the job because they were snowed under with work. Over the next week, Dean and I began to get everything in order to publish the story.

I am sorry to be so long-winded in answering your question. The original meeting was arranged to be between Kevin Reid and me; I was a bit surprised when two people arrived, rather than one.

**The Convener:** Does anyone else have a question?

**Dr Simpson:** When Mr Nelson discussed the operation with you, did you discuss alternative approaches to obtaining the information about lobbying in Scotland that you sought?

**Ben Laurance:** I did not know anything at all about lobbying in Scotland.

**Dr Simpson:** As a journalist, did you discuss what attempts had already been made? The decision was made—I quote from the statement made by *The Observer*—that, as

“subterfuge is not undertaken lightly”

it had to be in the public interest; that is,

“only when material cannot be obtained by any other means.”

You have described that as something that you have never done and which makes you very uncomfortable. I assume that you asked what material there was already, what information they had and what attempts had been made to discover more, following the code of practice. I want some background about the view of lobbying in Scotland in relation to that process. Had any names come up at that point?

**Ben Laurance:** When Dean and I first discussed the matter, I asked him to send me all the material that had been published—some of which he has already mentioned. Dean said that he had discussed it with the editor—who has the final responsibility for our conduct—and had asked him whether he was happy that, in the circumstances, we should proceed in such a way. The editor had said that that was fine as long as there was no other way of doing it.

**Dr Simpson:** I am not really questioning your participation in the operation. I want to know what information pre-dated the decision to go undercover and whether you had it.

**Ben Laurance:** I am sorry if I am unclear about your question. The only information that I had was given to me by Dean: the tip-offs, which we mentioned in the statement, and previously published material. He has much greater experience of investigative work than I do and he had some thoughts about how we might approach the story. I did not have any independent information.

**Dr Simpson:** Were you briefed as to a particular line to take in the meeting, in terms of individuals who might be exposed by the operation?

**Ben Laurance:** We were examining Beattie Media and its claims to have contacts at the highest levels of Scottish political life—it says that on its website.

**Dr Simpson:** Of course.

**Ben Laurance:** We were trying to check out the extent of Beattie Media's claims. We were clearly trying to discover whether Kevin Reid, as the son of the Secretary of State for Scotland and as a result of his former role as a Labour party operator, was going to be used as part of the marketing pitch.

Dean told me that there had been a connection with Jack McConnell, but at the point when I went in and started the meeting we had no idea that his name was going to come up so much.

**Dr Simpson:** Right. Thank you.

**The Convener:** Are there any more questions?

Thank you for coming to give us your evidence, Mr Laurance. Perhaps you would like to rejoin the public gallery.

We will adjourn for a short break.

10:25

*Meeting suspended.*

10:31

*On resuming—*

**The Convener:** I would like to resume the meeting after that short break and welcome Alex Barr. Thank you for accepting our invitation to give evidence to the committee today. Would you like to introduce your adviser before we start?

**Alex Barr (Beattie Media):** This is Mr Rod McKenzie of Harper MacLeod, Solicitors in Glasgow.

**The Convener:** Mr Barr, I understand that you wish to make a solemn affirmation. Please stand.

**Alex Barr** made a solemn affirmation.

**The Convener:** I would like to call on Karen Gillon first.

**Karen Gillon:** Does Mr Barr have a statement to make?

**The Convener:** I beg your pardon. Mr Barr, will you give your opening statement?

**Alex Barr:** I am grateful to the committee for giving me the opportunity to give my version of this affair. I was keen that any substantive statement would be heard first by an inquiry into the matter. As my brief written statement has made clear, I deeply regret the impact that this matter has had on individuals, organisations, politicians and the Parliament itself.

I also reiterate my sincere apology to those concerned for overstating aspects of Beattie Media's activities during the meeting that the First Minister has accurately described as a sales pitch.

As the committee considers what was said during the course of this meeting, I would ask members to bear in mind that Kevin and I were set up through deception on the part of *The Observer*. It is now clear that that paper spent weeks planning ways in which they could encourage us to make extravagant claims about connections with politicians.

Kevin and I thought that we were engaged in a competitive business pitch against other agencies and we responded accordingly. I would ask the committee to view the conversations in the context of our being encouraged to sell ourselves and our capabilities so that *The Observer* could achieve its predetermined and concealed aims.

I would also point out that there have been a number of extremely significant and misleading omissions, both in *The Observer's* coverage and in the transcripts that were produced.

I was so concerned following the meeting that the supposed client might be labouring under the misapprehension that we could promise access to ministers that I wrote to him on the very same day—not weeks later, as we have heard today—to make our position clear. That was not covered in any article in *The Observer*.

In the letter, I clearly stated that

"we do not believe that it is in anyone's best interests to have lobbying firms briefing politicians 'behind closed doors'".

I also made it clear that

"It would be both unprofessional and immoral for any public affairs consultancy to promise access to ministers".

However, those and other statements were completely and deliberately ignored by *The Observer*, for obvious reasons, as was, importantly, the fact that we refused to work for the supposed client.

Given some of the comments that were made earlier this morning, I want now to move away from my prepared statement to read a further excerpt from the letter. I said:

"We undertake at all times to operate to the highest ethical standards on behalf of our clients, as shown by our recent public pronouncements on the need for the public affairs and lobbying sector in Scotland to be regulated by Parliament. To this end, we undertake always to identify to MSPs, officials, etc, the name of the client for which we operate. We will therefore need this, and further, information prior to commencing work on your behalf."

That letter was sent to reinforce categorical statements made during the meeting by both Kevin and myself that we could not promise access to ministers, that things should be done transparently, that meetings should not be held behind closed doors, and that it would be the business merits of any project that would ultimately determine its success, not the relationships that anyone might have with politicians.

We received a letter back from Anthony James, which basically ignored what I had said in my letter and asked us to go ahead and try to set up meetings with politicians. It became clear from that letter that he was interested in access to politicians and not, as I had suggested in my letter, a wide-ranging public affairs strategy. We did not send a letter back to him as was said this morning. I believe that Kevin contacted him. I want to stress that we never contacted any politicians on his behalf.

I can also point out that what is alleged to be, in *The Observer's* words, a "full, unedited transcript" of the meeting is anything but that. Indeed, there has been selective, prejudicial editing out of information that was obviously regarded as incompatible with *The Observer's* strategy.

Importantly, during the meeting, I referred to the strategy whereby companies and organisations should operate transparently, making direct and open contact with politicians,

"rather than having a team of lobbyists working behind closed doors".

Even those comments would not have been seen by anyone reading *The Observer*, because they were not included in the reports.

It is also the case that the supposedly full, unedited transcript put together by *The Observer* and passed to the committee does not include the full, unedited version of my comment. What I actually said—and this can be verified by listening to the tape without the use of sound engineers, headphones or recording studios—was:

"It's the most transparent way to operate, rather than having a team of lobbyists working behind closed doors and it's all done on a nod and a wink—it can't be done like that."

I am happy to answer any questions.

**The Convener:** Thank you. Karen, would you like to lead the questions?

**Karen Gillon:** Thank you for your statement, Mr Barr. You will be aware that the reason that the committee has decided to investigate further the matters raised with us by *The Observer* is that we have viewed the video of you, Mr Reid and Mr Laurance and have read the transcript. Can you tell us, initially, how the meeting with Ben Laurance was arranged?

**Alex Barr:** Yes. I believe that Kevin received a telephone call asking for information on the public affairs service that we could provide with regard to someone who was interested in investing in private finance initiative projects in Scotland. The first I knew about the meeting was a couple of days beforehand. Gordon Beattie, our managing director, had said that he intended to accompany Kevin to the meeting to pitch for public relations work alongside any public affairs work that the fictitious client might be interested in. A couple of days beforehand, Gordon informed me that he had a conflict of diaries and asked me if I could attend. I also had a conflict of diaries but cancelled two meetings and attended the meeting with Kevin that morning.

**Karen Gillon:** So your reason for going was to bid for what you perceived to be a PR contract?

**Alex Barr:** I was sure—confident—that I would be able to convince the businessman that he should also consider PR as part of his strategy.

**Karen Gillon:** You said in your statement that you assumed that that is what you were doing. Therefore, can I ask you to confirm that you were delivering a standard sales pitch, as can be evidenced from part of the video?

**Alex Barr:** It certainly started off as a standard sales pitch, as you will see from the transcript. However, it became obvious during the meeting that every time that I mentioned public relations, Mr James was not particularly interested and that was how he responded.

**Karen Gillon:** So the manner in which you conducted yourself in this meeting is not the manner in which you would normally conduct yourself when representing Beattie Media?

**Alex Barr:** No, it was not. Usually, it is a straightforward PR pitch.

**Karen Gillon:** Can you elaborate on why that was the case?

**Alex Barr:** In a normal meeting, I would concentrate on public relations, which is my area of expertise. I would not have strayed into public affairs. However, it was obvious that the client was almost exclusively interested in public affairs.

**Karen Gillon:** Unless anyone has other questions on this introductory stage, I will move on to specific points.

First, in relation to Jack McConnell, on the video that we watched, you say that you are in regular contact with Jack McConnell. Exactly what do you mean by that? Perhaps you could give us some recent, concrete examples of such contact—that is, examples since the elections on 1 May.

**Alex Barr:** Sure. As I said in my opening statement, it was a sales pitch, and I was trying to impress the potential client. However, in the normal way, when someone has worked with you and got on well with members of staff and left on good terms, I expected that there would be some contact. I have since been informed that that was not the case. In fact, the last time that I spoke to Mr McConnell was, I think, just prior to the election, when I bumped into him—

**Karen Gillon:** Can I confirm that in the transcript, you say that you yourself had regular contact with Jack McConnell—

**Alex Barr:** I think I say, "we're in regular contact"—

**Karen Gillon:** So you are not in regular contact with Jack McConnell?

**Alex Barr:** Not me, personally.

**Karen Gillon:** When and how did you obtain Jack McConnell's pager and home phone numbers?

**Alex Barr:** I am sorry. Could you—

**Karen Gillon:** When and how did you obtain Jack McConnell's pager and home phone numbers?

**Alex Barr:** Within Beattie Media, any new employee's details go on to a telephone list, so that we can contact them 24 hours a day. I have a pager. My home phone number and my mobile number are all on that list. It was under those circumstances that I was given those details.

**Karen Gillon:** When was the last time that that list was revised?

**Alex Barr:** We recruit very regularly, because of the growth of the company. The last time that that list was revised will have been last week some time.

**Karen Gillon:** But, specifically, in relation to Mr McConnell's details on your database, when was it revised?

**Alex Barr:** It would have been revised when he left the company.

**Karen Gillon:** So the list has not been revised since Mr McConnell left the company.

**Alex Barr:** No—sorry. It has been revised since Mr McConnell left the company several times. In relation to Mr McConnell, his name is no longer on the list. However, I have a contacts book that I use regularly and his details are in that contacts book. I have not used those numbers since he left.

**Karen Gillon:** Can I ask you to supply to this committee the contacts that you have for Jack McConnell, please?

**Alex Barr:** I certainly can.

**Karen Gillon:** Thank you.

**Tricia Marwick:** On that issue, you say that you speak to Jack regularly, that you can pick up the phone. You go on to say,

“as Kevin can, as Gordon can”

and

“I've got a contacts list. I'm lost today without it.”

Do you have your contacts list with you today?

**Alex Barr:** Indeed.

**Tricia Marwick:** Will the whole contacts list be made available to the committee?

**Alex Barr:** You may look through it as you wish.

**Tricia Marwick:** You talked about a contacts strategy. Can you give the committee some indication of what a contacts strategy is?

**Alex Barr:** I do not know whether I referred specifically to a contacts strategy at the meeting.

**Tricia Marwick:** A contacts programme.

**Alex Barr:** It was in the letter. It would be normal—again, I am straying into the public affairs aspects of this matter—for a client to want to meet specific people. That would be organised through normal channels, either by contacting a member's constituency office or via the Parliament.

10:45

**Tricia Marwick:** But every PR company has a

contacts programme. Is it not the case, for example, that every time you speak to somebody you record that and what the discussion was about?

**Alex Barr:** No.

**Tricia Marwick:** You do not?

**Alex Barr:** No, I am sorry. I can easily speak to 40 or 50 people in a day.

**Tricia Marwick:** Do you not register that?

**Alex Barr:** I do not keep a record of that as a matter of routine.

**Tricia Marwick:** Beattie Media does not do that?

**Alex Barr:** If it is relevant and I need to take notes to back up the conversation I will do that, but it is not a matter of routine.

**Tricia Marwick:** I want to go back to your original statement. You said that *The Observer* transcript was not a “full, unedited version”, that

“this can be verified by listening to the tape without the use of sound engineers, headphones or recording studios”

and that there was a paragraph on the tape that had not been recorded. Can you tell me exactly where that paragraph comes in?

**Alex Barr:** Yes, I can. If you have the transcript before you and it is the same as mine, the paragraph appears on the page whose first word is “worried”. I think that it is the third last page. It comes immediately after “consider it done”. AB on that page says

“It's the most transparent way to operate . . . rather than having a team of lobbyists working behind closed doors”.

That sentence should continue

“and it's all done on a nod and a wink—It can't be done like that.”

There is another omission further on.

**Dr Simpson:** Sorry to interrupt, but can we clarify where you are quoting from? You must be using a different transcript.

**Tricia Marwick:** I think that Richard will find that we are on the page that starts

“with someone doesn't mean to say they're going to throw you a £200 million PFI project”.

The passage comes in the second paragraph, under the first AB there.

Mr Barr, you said that you managed to pick this up

“without the use of sound engineers, headphones or recording studios”.

After the meeting at which we showed the tape and went through the transcript, I asked our clerks



if they would also go through it and fill in the blanks. I must say that, without sound engineers, headphones or recording studios, they have not picked up the passage to which Mr Barr refers. They have not recorded it for me in the way in which they have done for practically every other page.

**Alex Barr:** I was sitting in front of my television in my living room with my two-year-old boy making noise in the background and still managed to hear it.

**The Convener:** I think that it is perfectly possible that not everything on the tape has been picked up, even though it has been gone through again. However, the clerks' transcript reads:

"It's the most transparent way to operate. We stress . . . that's the way we want to go . . . Can't be done like that."

That is what it says in the clerks' transcript.

**Alex Barr:** Knowing what I said, if you listen to the tape again you will hear it.

**Mr Ingram:** I understand the point that you are making, Mr Barr, but should that comment not be viewed in the context of the other statements that you made during the course of the meeting? You said that your company operates by putting clients in front of the politicians, and that your job, as a lobbyist, is to set up meetings for the clients, rather than to speak directly to the politicians. Essentially, you said that you were uniquely placed to do that because of your contacts with politicians. Are you not trying to put a red herring before the committee this morning?

**Alex Barr:** No, I certainly would not say that we are uniquely placed to do it. What I would say is that it is far more open and transparent if meetings are arranged and conducted by the clients themselves, having been given advice and guidance by us, rather than have lobbyists do it. That is by far the most open way.

**Mr Ingram:** In that context, was your statement just part of the pitch that you were making?

**Alex Barr:** That would be the case.

**Mr Ingram:** Another point that I wanted to pick up on was that you indicated that, halfway through the meeting, you got the impression that the clients were not looking for PR and you changed your pitch, as it were, or your approach.

**Alex Barr:** There were certainly some comments and questions that we responded to that did not refer to PR, but you will see that, throughout the transcript, I attempted to steer the conversation back to that.

**Mr Ingram:** I put it to you that right up front, at the very start of the meeting, you stated:

"Prior to the election, we appointed Jack McConnell, who

was previously General Secretary of the Labour party in Scotland to head up our public affairs consultancy, in the certain knowledge that Jack would get a safe seat from the Labour Party, and in the hope and expectation that he would also get a cabinet position within the new administration."

Can you tell me how that relates to your concentration on PR?

**Alex Barr:** Of course. What I was doing was leading into an introduction to Kevin, having given the PR pitch. As I have pointed out already, in the context of a sales pitch, I overstated aspects of our activities, and that is one example of how I tried to show that we were perhaps cleverer than we were.

**Mr Ingram:** The point that you were making in your statement was that that sales pitch to that particular company was unusual. That was almost your first statement.

**Alex Barr:** It was unusual in that we were ostensibly pitching for public affairs work, and that is unusual.

**The Convener:** Before asking other members to ask questions, I would like a point of clarification. I refer members to the final page of the transcript. I pointed out that the clerks had gone through the transcript again, at the request of Tricia Marwick, to see whether we could get any more detail from it. At the top of that page, you were asked:

"What sort of contacts do you have with Jack?"

You replied:

"We speak to Jack regularly. I can pick up the phone to Jack, as Kevin can, as Gordon can".

On the clerks' transcript, you go on to say:

"Our MD can, I've got a contacts list. I'm lost today without it."

I am a little confused about that. When you say, "We speak to Jack regularly", do you include yourself?

**Alex Barr:** I meant a corporate we—Beattie Media.

**The Convener:** Does that include yourself?

**Alex Barr:** No. I have not done so since the election.

**The Convener:** Do you think that that was misleading?

**Alex Barr:** As I have explained, at the time that I said it I believed that there was more contact between Jack as a former employee and other Beattie Media staff than there actually is. I was happy to have that clarified for me.

**Karen Gillon:** I will go back to where we were, Mr Barr. Can you tell me, from your contacts book, which you have in front of you, what your pager

number is for Jack McConnell?

**Alex Barr:** The numbers that I have for Jack may be ex-directory numbers. I have four here.

**Karen Gillon:** His pager number, please?

**Alex Barr:** The number looks like it is 0976 760 533.

**Karen Gillon:** That is the only number that you have in your book as a pager number for Jack McConnell?

**Alex Barr:** Sorry?

**Karen Gillon:** That is the only pager number within your contacts list that you have as a pager number for Jack McConnell?

**The Convener:** Can I point out that he has offered to make all of this available to us?

**Karen Gillon:** It is an important point, convener.

**Alex Barr:** I am glad to let you see the numbers. Those are all the numbers that I have for him. I will be glad to let you see the book.

**Karen Gillon:** That is a point that I will perhaps raise with your colleague, because that is not the pager number referred to by either of you in the transcript.

Can I ask you when you last spoke to Christina Marshall?

**Alex Barr:** The last conversation that I had with Christina Marshall was the telephone conversation that is referred to within the transcript.

**Karen Gillon:** Can you tell us initially, what was the purpose of that call?

**Alex Barr:** The purpose of that call was, as the transcript shows, that we handle PR for the financial director of the year awards. We were asked as part of that PR contract to suggest a speaker, in fact two speakers, one of whom is not a political figure. I suggested that it would be appropriate that, as Mr McConnell is the Minister for Finance, he might wish to speak at it. The client liked that idea. I called Christina and gave her an outline of what the event would entail. I suggested to her that it would be a good opportunity for Jack to meet with people in the financial sector, get some good coverage and make a speech.

**Karen Gillon:** What, specifically, did you ask Christina Marshall to do?

**Alex Barr:** I asked Christina to check Jack's diary and inquire as to whether Jack would be willing to do that. She said to me, words to the effect of, "I will pencil it in. If you have not heard back from me in a couple of days, then you can consider it confirmed."

**Karen Gillon:** Those are slightly different words from those that you use in the transcript, Mr Barr. Can you explain the difference?

**Alex Barr:** I do not know what the difference that you refer to is. I am sorry.

**Karen Gillon:** The words that you used, Mr Barr, were "consider it done."

**Alex Barr:** I think that if you read on in the transcript, I said:

"She said, if you don't hear from me tomorrow it's in the diary; he'll do it."

It was words to that effect, confirming that if I did not hear back from her, then I should assume that the appointment had been confirmed.

**Karen Gillon:** Can I ask you roughly when this telephone conversation took place?

**Alex Barr:** It would be a couple of months ago, perhaps 10 weeks, something like that.

**Karen Gillon:** So did you hear back from Christina Marshall within two days?

**Alex Barr:** No. On the back of that, having inquired as to another speaker, my assumption was that it was confirmed.

**Karen Gillon:** So you are assuming that Mr McConnell is speaking at the finance director of the year award?

**Alex Barr:** That was certainly my assumption before this started.

**Karen Gillon:** Okay, you have not had any confirmation in writing to that effect but you are assuming from your telephone conversation with Christina Marshall that, if you did not hear back from her in two days, that was going to happen?

**Alex Barr:** Yes, I said also that I would send her some information nearer the time.

**Karen Gillon:** Is that normal practice for Beattie Media?

**Alex Barr:** Yes, there is certainly nothing out of the ordinary with that, but the fact that I knew Christina and she was able to be assured, knowing that she had worked with me helped the process because I did not have to explain it in the same way as I had to explain it the previous year when we asked Alex Salmond. I contacted Alex Salmond's constituency office in Banff and spoke to one of his workers, a chap, and explained on the phone to him in the exact same way, but I had to go through the rigmarole of who I was and who Beattie Media was, and what not. I sent some details a few weeks later and got the confirmation back that Mr Salmond would do it. He turned up and gave a speech.

11:00

**Karen Gillon:** Are your clients under the assumption that Jack McConnell will speak at the finance director of the year awards?

**Alex Barr:** Given the media coverage, they may have a seed of doubt in their minds.

**Karen Gillon:** Prior to 26 September?

**Alex Barr:** Absolutely. Prior to this, I attended a meeting with them and explained the conversation I had had with him and that it was expected that he would give a speech.

**Karen Gillon:** On the strength of a telephone conversation with an employee of a minister, you have confirmed with—I assume—a pretty high-profile client that the minister will be attending. Would it be embarrassing for your company if that was not the case?

**Alex Barr:** It is something that I will have to deal with. Having said that, in the conversation I had with Christina she told me that I should consider it confirmed unless I heard back from her, which I did not. I know her to be reliable and meticulous, and I am sure that she would have called me back had there been any dubiety.

**Dr Simpson:** I want to be clear about patterns here. We have clarified the situation with regard to Jack McConnell and Christina Marshall, and you have mentioned Alex Salmond. In terms of other MSPs, do you regularly do business by phoning them up and asking them to confirm? If you happen to know their diary secretary, you effectively short-circuit that process.

**Alex Barr:** Christina is the only diary—or constituency—secretary I know. On some occasions, I have to explain who I am and what the company does. On other occasions, the client wishes to make that contact themselves.

**Dr Simpson:** I understand that, but is it the pattern that you would phone up the diary secretary or try to contact one of the staff of the MSP and ask them to pencil it in their diary? If they agree to that, that is fine.

**Alex Barr:** I would have to stress that that is purely on public relations work; it is not public affairs work.

**Dr Simpson:** I understand that.

**Alex Barr:** We would contact their office, either by telephone or by letter, extend an invitation and get confirmation back from them.

**Dr Simpson:** So the only unusual thing was that because you knew Christina Marshall you were able to expedite this more quickly and with more confidence than you would normally?

**Alex Barr:** That is right.

**Tricia Marwick:** I return to the statement that you gave us this morning. You said that when you went to the meeting, *The Observer* deceived you. You and Kevin had thought that you were in a competitive business pitch against other agencies and responded accordingly. We are asked to view the conversation in the context of people who were encouraged to sell themselves and their capabilities to achieve *The Observer's* predetermined and concealed aims. I believe that Mr Reid—and no doubt he will speak for himself later—is relatively inexperienced, but you are a professional media and public affairs officer who has been around for about 10 years and is a director of Beattie Media. Do you honestly mean to tell us that that was a one-off occasion on which your tongue ran away with you?

**Alex Barr:** My experience is in public relations; not public affairs. It happened that I was in the meeting to sell on public relations. The supposed businessman was driving the conversation towards the subject of access all the time. It is not something that I have been involved with before.

**The Convener:** Tricia—

**Tricia Marwick:** Can I be allowed to explore this?

**The Convener:** I know that the relationship is important, but bear it in mind that this committee of inquiry is about MSPs' conduct.

**Tricia Marwick:** I will bear that in mind.

I would like to explore this a little further. You were responsible, I think, for handling the E coli investigation, which was the biggest investigation on the Beattie site. That was one of the achievements that Beattie highlighted: that it could handle the media from all over the world. Are you still suggesting that, when you went into that meeting with *The Observer*, your tongue ran away with you?

**Alex Barr:** The E coli incident was public relations. I went in to sell public relations and not public affairs. That is not something that I have done before or since.

**Tricia Marwick:** Is it not the case that, rather than this being a one-off, you saw yourself as being in a competitive business and you were selling what people would believe were your contacts in the Parliament to make them give you the contract?

**Alex Barr:** As I said, I went to sell public relations, not public affairs. If there has been any dubiety caused as a result of that, that is the explanation for it.

**Tricia Marwick:** Is it not the case that that would be your normal pitch, rather than an unusual one?

**Alex Barr:** Absolutely not.

**Mr Ingram:** I would like to go back to your contact with Christina Marshall. You know her and seem to be able to cut to the chase when trying to set up Mr McConnell for a number of engagements. Do you contact Christina more regularly than you do other people?

**Alex Barr:** No. It was only for one engagement, and that—to my knowledge—is the only time that I have spoken to Christina since she left Beattie Media.

**Mr Ingram:** You indicated that you had not spoken to Mr McConnell since the election. What contact has Beattie Media had with Mr McConnell since the election?

**Alex Barr:** You would have to ask Gordon Beattie about that. Having discussed the matter with him, I believe that he has been in touch with Jack a couple of times. I am not aware of anyone else in the company having done so.

**Mr Ingram:** So, essentially, what you said in the meeting with Mr Laurance was entirely untrue?

**Alex Barr:** That has proved to be the case, but I have explained a couple of times before about the relationship with a former employee.

**Mr Ingram:** By putting your relationship with Mr McConnell up front, the implication is that Beattie Media had some sort of on-going relationship with McConnell. The fact that McConnell was hired with the certain knowledge that he would be a member of the Scottish Parliament and probably a minister suggests that there might have been some sort of post-election strategy. Has there been such a strategy?

**Alex Barr:** Absolutely not. There has been no impropriety, to my knowledge, concerning politicians—MPs or MSPs or members of their staff—and anyone from Beattie Media.

**Des McNulty:** I presume that Jack McConnell would have received any invitation to the finance director of the year award ceremony in his capacity as a minister.

**Alex Barr:** It would be in his capacity as the finance minister. That is what would make it appropriate.

**Des McNulty:** Would it not be normal to put a request for the finance minister to attend such a conference through his ministerial private office?

**Alex Barr:** Surely. With hindsight, I can say that that would be the case. I have explained the case for contacting Christina in terms of not requiring to establish credibility.

**Des McNulty:** Presumably, if he was to attend the meeting as a minister, the contact would have had to go through the private office in any case?

**Alex Barr:** That may well be the case. I would have to say that I contacted Christina because I knew her. I am not particularly familiar with the machinations of private office or ministerial office. I am sorry.

**Karen Gillon:** Given the fact that Beattie Media is a major PR firm within Scottish public life, I suggest that the machinations of how to contact a minister or invite a minister to be involved in anything should be very much part of your information base and how you would conduct yourself. There is a clear code of conduct on how to invite ministers to meetings—are you saying that you are not aware of that?

**Alex Barr:** In specific circumstances, if we have a contact number or it is easier to do it via the constituency office, we would do that.

**Karen Gillon:** Is it not normal practice, Mr Barr, to follow that up in writing, so that that can be passed on to the appropriate ministerial office?

**Alex Barr:** It is, and I undertook to provide further details to Christina in writing nearer the time.

**Karen Gillon:** Why was that not done between the period of the telephone conversation and 26 September when *The Observer* published its article?

**Alex Barr:** First, I was unaware that *The Observer* was going to write an article on us. Equally, the event itself does not take place until February. There were still some logistical arrangements to be made.

**Karen Gillon:** I remain unconvinced, Mr Barr, that you would tell a major client that you had confirmed a speaker without first confirming that through the appropriate channels. Is that normal practice?

**Alex Barr:** It was not a normal circumstance, in that if Christina told me that she would come back to me and I should take it as confirmed if she did not come back to me—I know her to be meticulous. I would have expected a phone call.

**The Convener:** Mr Barr, bear it in mind that we are not examining your conduct particularly; we are focusing on the conduct of MSPs.

**Karen Gillon:** I just want to be clear, because this is an important point that the committee may wish to come back to.

**The Convener:** Did you want to ask further questions, Karen?

**Karen Gillon:** Not on Mr McConnell. I will have other questions later.

**Dr Simpson:** I want to come back in later on the letter that has been produced today, but if Karen

has other questions, she should ask them now.

**Karen Gillon:** Convener, it is important that we go through the various ministers involved and clarify the assumptions or otherwise that are made in the transcript. The next minister to be mentioned is Sam Galbraith, the minister for sport. On this part of the transcript, I am not completely clear which game you are referring to. Perhaps you could clarify that.

**Alex Barr:** My recollection is that it was Rangers v Beitar Jerusalem in a champions league pre-qualifying match at Ibrox stadium.

**Karen Gillon:** What was the date of that match, roughly?

**Alex Barr:** I think it was at the beginning of October last year.

**Karen Gillon:** Therefore, the matter would not be competent for this Parliament, because it predates—

**The Convener:** We are looking at the conduct of MSPs, who were elected in May.

**Karen Gillon:** However, I would like to clarify a couple of points, because that would be in the interests of the Parliament and the MSPs.

**Alex Barr:** Of course. I am happy to do that.

**Karen Gillon:** What role did your company play in securing Mr Galbraith's attendance, and how was that attendance achieved?

**Alex Barr:** The chief executive of the Scottish Premier League was appointed in the first week of August prior to that. Although he is a Scot, he had been working for several years in Italy. He came back, was appointed and had to hit the ground running as the football season was about to start. He had very little administrative support and he had said that as part of his on-going work he wanted to meet people of influence—politicians, journalists, people from the sports community.

One suggestion that I made was the sports minister—football is the biggest sport in the country, so I thought that that would be appropriate. One of the main aims of the SPL is to increase youth development, and as part of the process, the SPL wanted to start the debate on that subject. I suggested that Sam Galbraith, the sports minister, would be an appropriate person to take to a football match. A letter of invitation was sent from the chief executive of the SPL to the minister; the minister replied and attended the game along with 30,000 other people.

11:15

**Karen Gillon:** I will not comment on that.

Let me just be clear on this: the letter was sent

from the chief executive of the Scottish Premier League to the minister, through the appropriate channels, to invite him to attend a match at Ibrox in the qualifying stages of the champions league.

**Alex Barr:** That is right.

**Karen Gillon:** Why then did you take credit for the minister accepting that engagement?

**Alex Barr:** In the transcript, I say that “we” invited Sam Galbraith in the same way that the editor of *The Observer* spoke about “we”. It meant the corporate we. I often refer to clients in that way.

**Karen Gillon:** As I understand it from what you have said under oath at this meeting, you—Beattie Media—had no direct contact with the minister in relation to this invitation.

**Alex Barr:** It was my suggestion to my client.

**Karen Gillon:** I understand that. It is very important to us that Beattie Media did not contact Mr Sam Galbraith, the sports minister, on any occasion, in relation to this invitation. Therefore, the claims that you made in the transcript were inaccurate.

**Alex Barr:** Yes, I would admit that to be the case.

**The Convener:** The claim that you made in the transcript is wrong; is that right?

**Alex Barr:** Yes, you could take it like that.

**Tricia Marwick:** I want to move on to the Loch Lomond project and to the two MSPs who are mentioned. One is Henry McLeish. In the transcript you say that

“we asked Henry McLeish if he'd come along and make the official presentation.”

Who asked Henry McLeish?

**Alex Barr:** I would have to explain that.

**Tricia Marwick:** Please do.

**Alex Barr:** I will. Two weeks prior to that event, which was on a Monday, I was on annual leave. Our event management team was asked to organise that event and our PR team was involved in the public relations aspects of the contract. When we are asked to organise an event, I handle the PR. It is not unusual for us to invite the VIP guests, whoever they may be. I was under the impression that that had happened in this case. Having checked the matter, I have found that the client sent the invitation to the office of Donald Dewar, who passed it to Mr McLeish, and that we did not handle the invitation.

**Tricia Marwick:** Let me get this quite clear: Beattie Media did not write the letter requesting a ministerial appearance with the golden eagle.

**Alex Barr:** That is correct.

**Tricia Marwick:** Was Beattie Media responsible for the press release about it?

**Alex Barr:** That would be right. I imagine that there would also be a press release from the minister's office, but the main press release on the day would have been sent by us.

**Tricia Marwick:** So your clients, who need all the expertise that you can bring to them, had to write their own letter because you did not realise that one has to go through ministerial offices?

**Alex Barr:** No, I have to say—

**Tricia Marwick:** So you do know that one has to go through ministerial offices?

**Alex Barr:** I will just finish. I was aware that we were organising the event. As I said before, it is not unusual when we organise events that we also handle the invitations to the VIPs. However, if the client wishes to do that, that is entirely appropriate.

**Tricia Marwick:** So your client, who is paying all that money for your expertise, knows the processes for getting a minister to an event better than you do?

**Alex Barr:** They may wish to exercise their right to send a letter on their behalf, or they may ask us to do it for them.

**Tricia Marwick:** Okay.

I move on to the press release. You and Beattie Media put out a press release:

"Minister unveils name of world-class visitor destination on banks of Loch Lomond: Henry McLeish, MSP, officially launches start of construction of *Lomond Shores*".

Is there a protocol that you, as a PR company, follow when dealing with ministers and ministerial engagements?

**Alex Barr:** My solicitor wishes to make a representation.

**The Convener:** Is it a procedural point that he wishes to make? He may address the committee.

**Rod McKenzie (Harper MacLeod, Solicitors):** I fail to see how the way in which Beattie Media handles its PR business is relevant to the conduct of MSPs.

**The Convener:** That is a relevant point. Tricia, we should focus on the behavioural aspects of the MSPs. That is what is important; that is the remit of this investigation.

**Tricia Marwick:** I was trying to establish whether Beattie Media had been in liaison with the Scottish Executive's press office before the press release was put out. I think that that is germane to the Parliament itself.

**The Convener:** We should focus a little bit more specifically on the behaviour of MSPs.

**Tricia Marwick:** Did you liaise with the Scottish Office press office?

**Alex Barr:** I would have to check that for you. I did not handle that work. As I said, I was on a fortnight's holiday immediately prior to that.

**The Convener:** What was the date of this event that we are talking about—the date?

**Tricia Marwick:** It was Monday 19 July.

**Alex Barr:** That sounds right.

**The Convener:** Is that correct?

**Alex Barr:** Yes.

**The Convener:** Thank you.

**Karen Gillon:** You indicate in your discussion with Mr Laurance—and this is really following on from Tricia's comments—that it was as a direct result of your company's involvement that you were able to secure Mr McLeish at this event. It now transpires, from what you have said, that, again, the claim that you made to the person concerned was false.

**Alex Barr:** I am happy to admit that. Having said that, at the time I believed it to be the case.

**Dr Simpson:** On that point, I amplify the fact that, in the previous part of the transcript it is Kevin who says that, but he turns to you and says:

"He's done a couple of things for us in the last couple of months, hasn't he?"

**Alex Barr:** I am unaware of any other.

**Dr Simpson:** Fine. I shall come back to that.

**Tricia Marwick:** I shall move on to Jackie Baillie. You hinted that there was a problem with the Loch Lomond project, and that it had to be sold in a particular way, so you

briefed Jackie Baillie on that as well.

**Alex Barr:** I have to say that I had no involvement in that. I think that those are Kevin's comments, not mine.

**Tricia Marwick:** Sorry, my mistake.

**The Convener:** Do members have any more questions?

**Karen Gillon:** Not in relation to Mr McLeish.

**The Convener:** We shall move on from Mr McLeish.

**Karen Gillon:** I have a few other questions, Mr Barr.

**Alex Barr:** Carry on.

**Karen Gillon:** Can you perhaps—just to tie

some things up for us—explain your offer to facilitate face-to-face meetings between clients and the Executive to the businessman whom you met on behalf of *The Observer*?

**Alex Barr:** Sorry, could you repeat that?

**Karen Gillon:** Can you explain your offer to facilitate face-to-face meetings between clients and the Executive, which is something that is in the transcript?

**Alex Barr:** Could you point that out to me?

**Karen Gillon:** It is all through it.

**Alex Barr:** I take your point. Yes.

**Karen Gillon:** The transcript says:

"The other thing I was wondering . . . I mean, there's absolutely no chance you could arrange a meeting with any of the, anybody within the executive, say?"

**Alex Barr:** Yes.

**Karen Gillon:** Then you say:

"What time scale are we talking about?

BL: Sorry?

AB: What time scale are we talking about?

BL: In the next month?

AB: That should be achievable."

**Alex Barr:** Yes, indeed.

**Karen Gillon:** It carries on:

"What particular sector in terms of PFI because obviously it covers everything from education to health to transport".

The gentleman then continues. Kevin says:

"Probably Jack?"

You say:

"I would say so"

and it carries on into a discussion.

Can you explain why you thought that you could offer a meeting between your clients and the Executive within a month?

**Alex Barr:** As can be seen from the transcript, the way that the question is phrased, within a sales context, is very clever:

"I was wondering . . . I mean, there's absolutely no chance you could . . . say?"

If you are in a position like that and you are trying to win business, the last thing that you are going to say is, "No, you are absolutely right—there is no way I could do that." If you say that, you might as well just walk out the door.

**Karen Gillon:** Let me just clarify something, because all through the transcript—and you made particular reference to it in your statement—you said that you could not guarantee access to any

minister.

**Alex Barr:** That is right.

**Karen Gillon:** Yet, at this point, when the man specifically asked you whether you believed that you would be able to facilitate a face-to-face meeting between his client and the Executive, you said that it would probably be possible within a month—despite having said that you could not guarantee that.

**Alex Barr:** Yes, I said that it should be achievable; I did not say, "Yes, I can promise that. Yes, I can guarantee it."

**Karen Gillon:** So why did you say that it should be achievable?

**Alex Barr:** Because, at that time, I believed that it might be possible for someone who was seeking to invest major amounts of money in the Scottish economy to have a discussion with the relevant politician.

**Karen Gillon:** Is that how you would normally go about things?

**Alex Barr:** I do not see anything particularly wrong with it.

**Karen Gillon:** So you think that that would be achievable—that you could facilitate a face-to-face meeting between a client whom you do not yet know and a member of the Executive?

**Alex Barr:** As I say, in the context of a sales meeting, that was the answer that I gave to him.

**The Convener:** Is that a yes?

**Alex Barr:** It was something that I would try to achieve.

**Dr Simpson:** I have a couple of points to make about that, referring to the letter that you then wrote. Although you were indicating at that point that you thought that that was achievable, you then wrote in a letter, dated 31 August, that

"It would be both unprofessional and immoral for any public affairs consultancy to promise access to ministers, but what we can say is that due to the likely increase in the PFI market in Scotland, and hence the increasing public interest in the topic, it would be feasible to expect that politicians from all parties will welcome the opportunity to increase their knowledge of the sector and its ramifications".

I will not go on, but that gives the gist of it. I know that the firm has not been going all that long, but is that the normal pattern that you would adopt?

**Alex Barr:** This is the first time that I have been involved in public affairs to this degree.

**Dr Simpson:** This restating of the position—which I know that you state a couple of times in the transcript—is really very strong indeed. Was that discussed with other members of—

**Alex Barr:** I am sorry—which restating?

**Dr Simpson:** The restating that it would be “unprofessional and immoral for any public affairs consultancy to promise access to ministers”.

That is what your letter of 31 August stated.

**Alex Barr:** Indeed, and that is the position.

**Dr Simpson:** Is that something that you discussed in relation to this particular meeting, or is it something—

**Alex Barr:** Just in general.

**Dr Simpson:** In general. Do you have a code of conduct within the company in relation to the lobbying of ministers?

**Alex Barr:** You would have to refer that to Kevin. As I say, it is not my area of expertise.

**Dr Simpson:** But you are a director of the company.

**Alex Barr:** Yes, but I work primarily and almost exclusively on the public relations side.

**Karen Gillon:** To follow on, can I ask—

**Alex Barr:** On the advice of my solicitor, I should say that the letter that was written on 31 August was written in consultation with Kevin, who gave a public affairs input.

**Dr Simpson:** That is helpful.

**Karen Gillon:** I want to clarify a couple of things that came out from the evidence of the people who spoke to us previously. In your view, why did Beattie Media pull out of the contract with those clients? Was it because you became suspicious, or was it because you could not deliver the meeting with the Executive within the time scale that you had said that you might be able to achieve?

**Alex Barr:** We did not progress with the business because, having sent the letter restating that we could not promise access to ministers, I received a letter back—a copy of which I do not have, but which my solicitor will be able to produce—which said that it took on board all that we said, but could we forget all about that, and could you still set up meetings with ministers? The letter that I sent to him was pitching for the ability to deliver a wide-ranging PR strategy, including information gathering and other aspects. It became clear on receipt of that letter that the businessman was interested only in access, which was not business that we wanted to pursue. As a result, I understand that Kevin made contact with him and told him that we did not wish to proceed.

11:30

**Des McNulty:** At what point did you raise the

matter of this approach with Mr Beattie?

**Alex Barr:** The matter of the approach? I raised it when I received the letter back from Anthony James, saying, “Let’s see if you can get us access to politicians.” I put a copy of the letter on Gordon’s desk. Although the letter was dated 8 September, I think, it was nearer 15 or 16 September when it arrived with us. It was sent to our Edinburgh office, as opposed to our Glasgow office.

**Des McNulty:** Having passed a copy on to his desk, what response did you receive? Was there a discussion within the company about it?

**Alex Barr:** The next I heard was that Gordon had discussed the matter with Kevin and that a decision had been taken not to proceed with the work. That was the last involvement that I had until—

**Karen Gillon:** This should be my final question. I will see how it goes. An assertion appears a couple of times in the transcript, but I would like you to elaborate on it, given the discussion that we have had about Mr McLeish and Mr Galbraith. Can you elaborate on your assertion in the video that you were

“constantly involving politicians in launches, exhibitions, speeches, presentations”?

Was that done by telling companies that it might be useful to write to a minister through the ministerial office, or was it done through direct contact from Beattie Media and, if so, can you give us examples now or provide examples to the committee?

**Alex Barr:** Surely. In the main, I believe, contact was made via clients. I will be able to give you examples of when Beattie Media has been directly involved. I will be glad to give you that information.

**Lord James Douglas-Hamilton:** I have only one question. Did you receive any information about the content of forthcoming announcements on the part of the Administration, either from MSPs or from their advisers?

**Alex Barr:** I am sorry, but I am not clear what you mean.

**Lord James Douglas-Hamilton:** I will ask again. One of the suggestions made by *The Observer* is that advance information was given to Beattie Media in connection with the financial statement that was forthcoming.

**Alex Barr:** Absolutely not.

**Lord James Douglas-Hamilton:** Did you have any advance information about any Administration statements before they were made?

**Alex Barr:** None at all. Having read *The Observer* that day and having watched television



on the Sunday, it became clear that the information contained within that report was apparently broadcast on national television the day before.

**Dr Simpson:** My question has two parts. When did you become aware of the fact that this was a subterfuge?

**Alex Barr:** I think it was the Friday evening prior to the Sunday when the report was published.

**Dr Simpson:** Friday evening on 24 September. Did you have any suspicions that this might be something or were there any discussions within the office?

**Alex Barr:** I will be honest. I did not give it another thought once I had put the letter on Gordon's desk and had heard that we had decided not to proceed with the work. It came as something of a shock.

**Dr Simpson:** As far as you were concerned, therefore, the decision to withdraw, the date of which has been given as 16 September by previous witnesses, was made on the basis that the client was asking for specific access to politicians and was not interested in the package that you were offering and that it was, therefore, not business for which you wanted to pitch.

**Alex Barr:** Precisely.

**Dr Simpson:** Thank you.

**The Convener:** I noticed a turn of phrase that you used. You said, "I will be honest." All the evidence that you are giving us is on that basis.

**Alex Barr:** Of course. Thank you.

**Tricia Marwick:** I have a couple of final points. In the letter that you sent to Mr Anthony James, you said:

"As discussed, Kevin was previously head of the press and monitoring unit for the Labour Party . . . Alex Thompson joined us from the Labour Party . . . She has, since joining Beattie Media, demonstrated an impressive ability to generate accurate and meaningful data".

That comes after the bit about how you cannot promise access to individual ministers. If you cannot promise access to ministers, of what relevance is the fact that Kevin and Alex joined from the Labour party?

**Alex Barr:** It was merely credentials. It was giving background to the people who worked within the company, just as we would in a public relations pitch. That was written in conjunction with the public affairs section of the company.

**Tricia Marwick:** So, on the one hand, you are saying that there is no preferential or priority access to ministers; on the other hand, in the almost-final paragraph of your letter, you are saying that, of course, Alex and Kevin have those

Labour party contacts. Is not that saying two things? Is there not, yet again, a general hint in your letter, which is supposed to clear up the matter, that you can give such access to ministers?

**Alex Barr:** Absolutely not. I think that I was, if you read the beginning of the letter, which mentions in-depth monitoring, merely trying to demonstrate the expertise of the people within the department, in terms of monitoring and research.

**Karen Gillon:** I wish to make what is perhaps a helpful suggestion, Mr Barr, that, in future, you do not try to draw other people into something as part of a sales pitch, which you cannot justify further down the line.

**The Convener:** We have to remember, Karen, that we are talking about MSPs' conduct.

Are there any other questions?

**Alex Barr:** The letter that came back from Anthony James on 8 September has just been passed to me. He thanks me for my letter of 31 August and goes on to say:

"In your letter, you reject the suggestion that lobbyists should be briefing politicians 'behind closed doors.' Instead, your job would be help our clients secure direct access, allowing them to put their message across. We completely agree with this approach. This fits exactly with the thinking of my clients."

They were very interested to hear about Kevin and Alex's contacts within the Labour Party. And when I mentioned that he is the son of the Scottish Secretary, they got positively excited!"

He then asks:

"I think the best way to proceed is for you to see if you might be able to fix up a meeting—with Jack McConnell, or even better John Reid . . . If you could sort something out, I will do my level best to get my clients to fit in with whatever you arrange."

**Tricia Marwick:** What was the point of that? Why are you reading this? What point are you trying to make to us?

**Alex Barr:** The point that I was trying to make was that Anthony James acknowledges that we said that we would not be able to secure access; he acknowledges that we would not operate behind closed doors. However, the specific tenor of his letter was, "I'm looking for access." That was one of the reasons why we decided that we did not wish to pursue it.

**Tricia Marwick:** It highlights the fact that Kevin Reid is John Reid's son, an issue that Kevin himself brought up.

**Alex Barr:** I have to say that, having been in the meeting and having looked at the tape, far from Kevin boasting that the secretary of state was his father, he mentioned it in almost an embarrassed fashion. That would my interpretation of it. If you

look at the tape, you will see that.

**Tricia Marwick:** I will put the question to Kevin whether he is embarrassed about being his father's son, but it was Kevin himself who raised the fact that he was John Reid's son. You are—

**Alex Barr:** I am sure that Kevin will testify to that in his own terms.

**The Convener:** We can ask the witness later on, Tricia.

Are there any more questions?

Mr Barr, thank you very much for coming to give us your evidence. It is appreciated.

11:38

*Meeting suspended.*

11:47

*On resuming—*

**The Convener:** Welcome, Mr Reid. Thank you for accepting our invitation to give evidence today. Before we start, I remind you that you are required to give evidence under oath. I understand that you wish to take the oath.

**Kevin Reid (Beattie Media):** Yes.

**Kevin Reid** *took the oath.*

**The Convener:** You have an opening statement that you would like to make.

**Kevin Reid:** I welcome this opportunity to speak to the committee. For the past fortnight, I have been subject to sustained attacks on my integrity, often from those who have not read the full transcript of what took place on 31 August 1999.

You have had the opportunity to see my remarks in full and in context. You will be aware that I was brought to the meeting and questioned under false pretences. I was told by *The Observer* journalist, posing as a businessman, that his client wished advice on the private finance initiative. That is what I had prepared for and is the basis on which I agreed to attend.

You will also be aware from the transcript that, notwithstanding this, *The Observer* reporter constantly returned to the question of who I knew in Scottish politics and to the question of privileged access. I do not believe that there was impropriety in saying, in answer to a direct question, who I knew in politics as well as what I knew. What would have been wrong would have been to suggest that that knowledge would be used to obtain privileged access.

Not only did I not say that; I said exactly the opposite. I stated:

"I'm not going to come here and promise you access to people. I wouldn't do that. I can't promise you anything. I can tell you my background and who I know, and I can tell you about the Scottish political environment".

So that there could be no ambiguity, I repeated that again, later in the meeting, after describing who I knew. Newspapers quoted me as saying:

"I know the Secretary of State very, very well, because he's my father."

In fact—as you know from the transcript—what I actually said was:

"I know the Secretary of State very very well because he's my father, so I know him . . . but I'm not going to promise you access to people because of who I am and who I know."

During the interview, far from promising privileged access, I explicitly rejected the overtures aimed at obtaining such a promise. That was made clear in writing in a letter sent on the same day, a copy of which you will have. Following a further letter from the bogus businessman, again hinting at access, I phoned him to say that we could not and would not take his business.

Convener, members of the committee, I have always believed in the need for integrity in public affairs. I believe that a reading of the transcript shows that in the meeting I acted with propriety and at no stage promised or insinuated that I could gain privileged access to ministers or to MSPs.

For the record, since I started working for Beattie Media, I have had no contact with any Scottish Executive minister, nor have I discussed Beattie Media business with any MSP or any member of the UK Government. I will be happy to answer any follow-up questions that you might have.

**The Convener:** Thank you. I would like to reiterate, both to you and to committee members, that we are not investigating your behaviour. It is the conduct of MSPs that we are looking at, and to do that, we must look at how your actions have impacted upon that. Lord James, you would like to lead off with questions.

**Lord James Douglas-Hamilton:** Thank you for your statement, Mr Reid. I think that I am correct in saying that on page 6 of the transcript you are recorded as saying:

"I'm not going to come here and promise you access to people. I wouldn't do that."

Towards the bottom of the same page you said:

"I'm not going to promise you access to people because of who I am and who I know."

Would I be right in thinking that that represents your clear position?

**Kevin Reid:** Yes.

**Lord James Douglas-Hamilton:** Who did you think that Mr Laurance represented?

**Kevin Reid:** I understood that it was a company called Commercial and Legal Services (UK) Ltd. He said that he represented a group of American investors.

**Lord James Douglas-Hamilton:** Was the meeting arranged through a telephone call, or through more formal communications?

**Kevin Reid:** Contrary to what has been said earlier, telephone calls were made to my office during my honeymoon, asking for me specifically. When I returned, I was told about the calls and I asked Alex Thompson to get their details if they called back. There were one or two return calls. I am not sure of the details, because I was not in the office. They asked for me specifically, and I asked for details about the meeting in writing. A fax was sent from Commercial and Legal Services (UK) Ltd, saying that they would like to meet us.

**Lord James Douglas-Hamilton:** We have Beattie Media's letter of 31 August. Is there any other correspondence from Beattie Media?

**Kevin Reid:** No. I did not send a letter to say that we had turned their business down. I did that over the phone.

**Lord James Douglas-Hamilton:** Why did you and Alex Barr agree to the meeting?

**Kevin Reid:** I initially agreed to the meeting believing that it was to discuss PFI. That is what I researched and that is what I wanted to talk about. I mentioned to Gordon that I had been contacted and that the meeting was taking place. He said that he would come along, because he is the chief executive.

**Lord James Douglas-Hamilton:** Did you think that you would be delivering a normal sales pitch?

**Kevin Reid:** I did not even know if it was going to be a sales pitch, to be honest. I had an inquiry about PFI in Scotland from someone who said that he was based down south and did not understand the environment. I did not know if it was going to lead to a sales pitch.

**Lord James Douglas-Hamilton:** When you heard that you had been secretly filmed and recorded from under the table, did it come as something of a shock to you?

**Kevin Reid:** Yes, it was a shock.

**Lord James Douglas-Hamilton:** Would you have expressed yourself differently if you had been prepared for your remarks to be made public?

**Kevin Reid:** In some ways, if I was prepared for my remarks to be made public, I might have, but I

was trying to be honest in answering the questions. I have looked at the way the questions were put to me, and I do not think that there are many other ways in which I can answer, if someone keeps asking me who I know and what access I can provide. I can only say eventually, "Right, this is who I know, but I am not going to give you any access."

**Lord James Douglas-Hamilton:** I think that you may have answered this on the last page of your statement. You said:

"For the record . . . I have had no contact with any Scottish Executive minister, nor have I discussed Beattie Media business with any MSP or any member of the UK Government."

I want to be quite clear about this. Arising out of the transcript and the video, can you tell us whether, since the election to the Scottish Parliament, you have spoken to MSPs or ministers of the Scottish Executive on matters relating to your business?

**Kevin Reid:** No.

**Lord James Douglas-Hamilton:** Have you spoken to any special advisers on matters relating to your business?

**Kevin Reid:** No, not about business.

**Lord James Douglas-Hamilton:** So the answer to that question is an emphatic no?

**Kevin Reid:** Yes.

**Lord James Douglas-Hamilton:** Did you make contact with MSPs or ministers of the Executive on the telephone, by pager, or by letter in connection with the business of your company?

**Kevin Reid:** No.

**Lord James Douglas-Hamilton:** Did you, at any stage, try to arrange a meeting, or meetings, with MSPs or Scottish Executive ministers?

**Kevin Reid:** No, not in relation to any business. I met one MSP for lunch; he paid for the lunch.

**Lord James Douglas-Hamilton:** That is a social matter. Did you make any contact relating to the business of your clients?

**Kevin Reid:** No, none at all.

**Lord James Douglas-Hamilton:** In the transcript you make reference to several big clients that have been won since May. Which clients are they?

**Kevin Reid:** The Multiple Sclerosis Society in Scotland and the United Kingdom Atomic Energy Authority.

**Lord James Douglas-Hamilton:** Were MSPs involved?

**Kevin Reid:** No. The work with those clients was just in the primary stages.

**Lord James Douglas-Hamilton:** What is the significance of the tie-up with Apco UK? Does that have anything to do with MSPs?

**Kevin Reid:** No. Apco UK is a public affairs company based in London. It was the London arm of our operation and we were its Scottish arm.

**Lord James Douglas-Hamilton:** Did that have anything in particular to do with Scottish MSPs?

**Kevin Reid:** It did not.

**Lord James Douglas-Hamilton:** In the transcript, you are quoted as saying that

“there shouldn’t be a problem with meeting ministers, executive members”.

In your view, how easy is it to arrange meetings with ministers of the Scottish Executive?

**Kevin Reid:** My view was—and still is—that the Parliament was set up to be open, so that anyone could have access to the e-mail addresses and work phone numbers of MSPs. I was trying to illustrate the point that it was not about access—that was not an issue. I was trying to explain to the gentleman that it was political knowledge that I could provide—it was nothing to do with access.

**Lord James Douglas-Hamilton:** On page 6 of the transcript, you are quoted as saying that

“in the business of politics, you have a relationship, it makes things easier.”

Do you still believe that?

**Kevin Reid:** In the context of what I was saying, yes. I had been continually asked who I knew and what access I could provide. I explained who I knew and I tried to explain that the fact that I used to work for the Labour party does not work against me. Rather, it gives me an understanding of the politicians and of political issues. That does not mean that I provide access. It means that I can give a political opinion to my clients. That is the understanding.

**Lord James Douglas-Hamilton:** Which of the special advisers are close personal friends of yours?

**Kevin Reid:** Chris Winslow.

**Lord James Douglas-Hamilton:** You said that you have not discussed business matters with him since the election. Did you receive information about the content of forthcoming announcements by MSPs, before those announcements were made?

**Kevin Reid:** No. I used to work in media monitoring and I read the papers and watch television. That is where I got my information.

**Lord James Douglas-Hamilton:** *The Observer* has alleged that you had information about the financial statement on the two-year budget plan. Was that public knowledge when you mentioned it?

**Kevin Reid:** My information came from the television and the newspapers. I think that a television reporter has confirmed that. Furthermore, as the Westminster Government is following a three-year plan, it is obvious that after the first year of that, there would be two years left. That is where I got my information.

**Lord James Douglas-Hamilton:** Page 11 of the transcript states:

“He . . . budgets over the next two years”

and then you make a few more remarks.

Are you saying that that was not inside information?

**Kevin Reid:** I had no contact with anyone—elected or otherwise—working on the budget. No, it was not inside information.

**Lord James Douglas-Hamilton:** On page 9 of the transcript, Lord Macdonald’s name is mentioned. What was your involvement with Lord Macdonald of Tradeston over Federal Express? Did that involve any MSPs?

**Kevin Reid:** No. I was in London, at Apco UK’s headquarters, with the pitch for the United Kingdom Atomic Energy Authority. My opposite number at Apco UK told me that Federal Express was one of its clients and asked if I knew anything about the Scottish situation regarding fifth and sixth freedoms. I said that I remembered reading in the 1997 SNP manifesto that the party was calling for those freedoms to be opened up. I made a call to my colleague in Scotland and asked him to fax a copy of that to Apco UK.

I went on my honeymoon and came back and checked the SNP’s 1999 Scottish Parliament election manifesto, which again referred to the opening up of the freedoms. I sent that to Apco UK by e-mail. That was my total involvement. I gave a Scottish context; I did not have any dealings in the matter outwith that.

**Lord James Douglas-Hamilton:** On page 9 of the transcript, you referred to:

“The Federal Express announcement which came out last week . . . with Lord McDonald . . . that’s one of APCO’s clients and I was advising them in Scotland on that issue, so that was pushed through.”

What exactly did you mean by “that was pushed through”?

12:00

**Kevin Reid:** If I have regret for anything I said

during the meeting it is saying that that was pushed through. It was a consultation process, so it was not pushed through. I was just emphasising that it was the objective of one of Apco's clients; I did not mean to imply anything by it.

**Lord James Douglas-Hamilton:** When you said "that was pushed through", did you mean that your company had pushed it through?

**Kevin Reid:** No. I just meant that the decision was taken.

**Lord James Douglas-Hamilton:** You said of Henry McLeish:

"He's done a couple of things for us in the last couple of months, hasn't he?"

What were those two things?

**Kevin Reid:** That was actually a question to Alex Barr. I knew that he had not done anything in public affairs, but I knew that he was doing the Loch Lomond project. It was about a PR issue and you will see that there is a question mark after it. I was asking Alex Barr, "hasn't he?"

**Lord James Douglas-Hamilton:** On page 9, you are quoted as saying:

"He's done a couple of things for us in the last couple of months, hasn't he?"

It is a little more than a third of the way down the page. You said that, and I wonder what those two things were.

**Kevin Reid:** I was explaining that I was not sure whether he had done a couple of things. That is why I was asking Alex Barr, "hasn't he?"

**Lord James Douglas-Hamilton:** I see. Can you tell us what were the details, content and timing of the briefing given by Beattie Media to Jackie Baillie?

**Kevin Reid:** No briefing was given by Beattie Media to Jackie Baillie.

**Lord James Douglas-Hamilton:** On page 9, about two thirds of the way down, you say:

"so we briefed Jackie Baillie on that as well."

**Kevin Reid:** I referred to we meaning myself as part of the client's team.

**Lord James Douglas-Hamilton:** So, if they had interpreted that to mean that the company had briefed Jackie Baillie, that would have been incorrect.

**Kevin Reid:** Yes. That would have been incorrect.

**Lord James Douglas-Hamilton:** I see. On the next page, Kenny MacAskill's name is mentioned. Did you have any contact with Kenny MacAskill?

**Kevin Reid:** No. As I have explained, my office

was trying to find some information on coal. We did not ask specifically for Kenny MacAskill. I mentioned it because of the ease with which we got through. We asked for a spokesman from the SNP and were put straight through to Kenny. I was explaining that because I was surprised.

**Lord James Douglas-Hamilton:** On page 10, when asked about fixing a possible meeting with ministers, you said, "Probably Jack?" Why was that?

**Kevin Reid:** The question was about who it should be, based on the criteria that had been given to me. I wanted to know which minister would be appropriate. I was not saying that we could probably fix a meeting with Jack. I was saying that it would probably be Jack if we were talking about someone who deals with finance and PFI.

**Lord James Douglas-Hamilton:** I think that the phrase "regular contact" was used at some stage.

**Kevin Reid:** By me?

**Lord James Douglas-Hamilton:** Were you in regular contact with Jack?

**Kevin Reid:** No. I have not spoken to him since the election.

**Lord James Douglas-Hamilton:** When did you give a pager to Jack McConnell?

**Kevin Reid:** Prior to the election. Part of my job was to—

**Lord James Douglas-Hamilton:** Did you say during the election or just after the election?

**Kevin Reid:** No. It was before the election—around January.

**Lord James Douglas-Hamilton:** I think that you may already have answered this question, but have you paged him on any business matter since then?

**Kevin Reid:** No.

**Lord James Douglas-Hamilton:** When did you last page him on it?

**Kevin Reid:** It was part of my job to send out pager messages to all Labour MSPs—sorry, I mean all Labour candidates—before the election.

**Lord James Douglas-Hamilton:** One of the allegations is that Beattie Media had claimed that it had been able to place an appointment in the Minister for Finance's diary. Would you deny that?

**Kevin Reid:** I knew nothing about it. I still, to be honest, do not know the details of it, because it was not within public affairs and that is all that I dealt with.

**Lord James Douglas-Hamilton:** You are a

professional lobbyist, are you not?

**Kevin Reid:** Yes.

**Lord James Douglas-Hamilton:** Would I be right in saying that, in the main, your lobbying has concerned Scotland and events within Scotland?

**Kevin Reid:** Yes.

**Lord James Douglas-Hamilton:** What qualifications and abilities caused you to become a lobbyist in Scotland?

**Kevin Reid:** I have a degree in history with politics and a law degree, and I have worked for a political party.

**Lord James Douglas-Hamilton:** Thank you.

**Dr Simpson:** Turning to the last page of the transcript, you say:

“Jack was one of our candidates.”

What did you mean by one of “our” candidates?

**Kevin Reid:** I am sorry, I was slipping into the past tense and speaking as a member of the Labour party.

**Dr Simpson:** So it was in the context of your previous employment?

**Kevin Reid:** Yes.

**Dr Simpson:** He was a Labour party candidate.

**Kevin Reid:** When I worked for the Labour party, he was one of our candidates.

**Dr Simpson:** Thank you.

**Mr Ingram:** I find it a bit peculiar that a professional lobbyist does not have any contact with any MSP, minister in the Scottish Executive or UK minister. When did you start work with Beattie Media?

**Kevin Reid:** I was offered the contract on 23 March and I started on 17 May.

**Mr Ingram:** What does your work entail?

**Kevin Reid:** It entails supplying biographical details of MSPs to clients and monitoring the Scottish Parliament, and the far wider remit of looking at what our clients are doing and explaining to them that—for example, if they are in construction—it is not just about the building they are making but the effect that they have on the community, the jobs they create and the environment. It entails explaining to them the channels that that information should be disseminated through, explaining which local politicians and members of the Executive will be interested. It does not involve me talking to the politicians.

**Mr Ingram:** In the meeting, you described your role on the public affairs side of the operation and

Alex Thompson's role, which was mainly on the monitoring side. You were on the campaigning side. What were you campaigning on and to whom?

**Kevin Reid:** I was advising my clients on how best to send information about their company to politicians. That is not the monitoring side; that is the campaigning side.

**Mr Ingram:** So campaigning essentially involves advising your clients on how to contact ministers?

**Kevin Reid:** Yes.

**Mr Ingram:** How do you know how to contact ministers?

**Kevin Reid:** I am not talking about the process of contacting ministers, but how best to explain to them what the companies are doing and how to word that in such a way that it promotes what they are doing. I did not advise them, “There is a phone number or there is an address,” but told them, “You are doing good things here. You should send the message out that you will create this number of jobs.”

**Mr Ingram:** How do you know how to advise people on contacting ministers and MSPs if you do not do it yourself?

**Kevin Reid:** I did not advise people on how to contact ministers. I give them the address of the Scottish Parliament and I advise them on the text of what they do and what sort of information to send, not where that information is to go.

**Mr Ingram:** What value is that to your clients?

**Kevin Reid:** It is of value because my clients want to build up a positive relationship with the public and the elected members.

**Mr Ingram:** I turn to a comment that was made by one of your colleagues, Alex Barr, at the meeting in the Balmoral. The context is that you had been asked about your relationship with other people. Alex said:

“The way we have to approach it is . . . to say . . . Just because you've worked with someone doesn't mean to say they're going to throw you a £200 million PFI project”.

He goes on to develop that a bit, but then leaves the sting in the tail: that it is “certainly to your advantage” to have that relationship. I notice that you did not negate that particular statement. How would it be to your advantage to have those relationships?

**Kevin Reid:** I cannot speak for anyone else, or for their words. I can only come here and defend what I have said.

**Mr Ingram:** Okay.

**The Convener:** Do you have any more questions, Adam?

**Mr Ingram:** No.

**Karen Gillon:** I have a couple of points that I would like to raise for the purposes of clarification. On Jack's pager number, was Jack, to your knowledge, on the same pager system as all other Labour party candidates?

**Kevin Reid:** Yes.

**Karen Gillon:** So that would be an 0181 345 6789 number, followed by a code?

**Kevin Reid:** The only difference was that the call sign was different.

**Karen Gillon:** So there would have been a different number available at Beattie?

**Kevin Reid:** Sorry?

**Karen Gillon:** Would Beattie have had that number?

**Kevin Reid:** I knew the numbers of all the candidates because I set the system up. However, I did not use any of them and I did not give the numbers to anyone in Beattie.

**Karen Gillon:** That was just a point for clarification as that is clearly not the number to which Mr Barr referred.

**Kevin Reid:** No, I did not go around giving out MSPs' numbers.

**Karen Gillon:** I want to clear up a couple of other points on the Federal Express contracts. At this point, Mike, can I declare an interest?

**The Convener:** Please do.

**Karen Gillon:** In the transcript that has been given to us by the clerks, there is a reference to Helen Liddell, MP. I must declare that I worked for Helen Liddell previously as her personal assistant in Airdrie.

Can I clarify what was said in relation to both Helen and Lord Macdonald? In relation to the comments about Federal Express, the clerks' transcript adds:

"Well . . . Helen moved across to energy side".

In relation to the Federal Express announcement, there is an implication, Kevin, in the transcript, that Beattie Media was able to influence Lord Macdonald's decision.

**Kevin Reid:** Yes. I was asked—

**Karen Gillon:** Can I clarify this point? You said:

"It's Lord MacDonald now at transport . . . that was very very useful because Fed Ex were going to pull out . . . that was the bottom line . . . they weren't going to get the deal".

The inference to be drawn from the transcript is that because of your involvement, Fed Ex got the deal. I want to know whether you had any direct

contact on this issue with either Helen Liddell or with Gus Macdonald.

**Kevin Reid:** No. I did not speak to either of them. Can I explain what I said? I was explaining that it was "very very useful" because Fed Ex was going to pull out. The decision was very, very useful to Scotland and also useful from a Beattie Media point of view in relation to Apco. I was interrupted and asked who the minister was. I said that the minister was Lord Macdonald and that was "very very useful". If you read on from my previous comment you will see that I did not mean that Lord Macdonald was very, very useful. I just meant that the decision was useful.

**Karen Gillon:** I just want to clarify that Beattie Media at no point spoke to either of the two ministers named in relation to the Fed Ex deal.

**Kevin Reid:** No.

**Des McNulty:** Kevin, at the conclusion of the meeting, what was your feeling about how the meeting had gone?

**Kevin Reid:** I was not very happy because I am relatively inexperienced in the commercial sense and it was unusual for me to be in a situation where I was constantly being asked who I know and what access I could provide. I wanted immediately to write a letter to clarify what we had said and that this was not what we were about. I was unhappy with the nature of the meeting, because I felt that the questioning was aggressive. I was trying to answer the questions as honestly as I could—I was answering the questions as honestly as I could—but I still felt that we needed to write to the guy to confirm that that was not what we were about.

**Dr Simpson:** Mr Barr indicated in his evidence that the letter of 31 August was written on the same day as the meeting. Is that correct?

**Kevin Reid:** Yes.

**Dr Simpson:** He had consulted you on it. The following phrase is in the letter:

"unprofessional and immoral for any public affairs consultancy to promise access to ministers".

Was that put in because you were uncomfortable? Why is that phrase included?

**Kevin Reid:** It was in there because we spoke about it after leaving the meeting. I was also telephoned by Alex Barr's personal assistant, who read the letter out to me.

I asked for other things to be added. I asked to be added that we would not commence any work until we had received further clarification and more transparency as to the identity of the company. That was in the code of conduct.

**Dr Simpson:** That is in the fourth paragraph on

the first page.

**Kevin Reid:** I asked for that to be added.

**Dr Simpson:** That is very helpful.

I want to return to a specific issue, about which I am not yet totally happy. You say something in the transcript—unfortunately my copy is not numbered, but the reference is on the third page from the back—about Jackie Baillie. Some of this is not totally clear—there is a question mark next to “developers/development”, but you go on to say:

“so we briefed Jackie Baillie on that as well”.

Mr Laurance says:

“Sorry, which minister?”

You reply:

“Jackie Baillie.”

Further down you say:

“we wanted to get another political message as well as money, as well as tourism, but also helping the environment, helping the area, so we briefed Jackie Baillie on that as well.”

You said twice that you briefed Jackie Baillie. Are you now saying that you did not specifically do that?

**Kevin Reid:** Again, I was speaking as part of the client team. I had an opposite number at Loch Lomond project. Prior to the launch, I discussed with him what issues, apart from tourism, were important, and what other messages should be given to those who need to know. I went away on my honeymoon, and when I came back he phoned me to say that he had managed to contact Jackie Baillie. I was only a consultant.

**Dr Simpson:** So your statement is correct in the sense that Beattie Media had briefed Jackie Media.

**Kevin Reid:** No, Loch Lomond project had contact. Beattie Media did not.

**Dr Simpson:** So “we” in this case is not Beattie Media, but the client.

**Kevin Reid:** Yes, it is the client.

**Dr Simpson:** And the client was Loch Lomond—

**Kevin Reid:** Loch Lomond project.

**Dr Simpson:** So as far as you are aware, nobody in Beattie Media had direct contact with this minister?

**Kevin Reid:** No.

**Dr Simpson:** That is fine. Thank you.

12:15

**Des McNulty:** Kevin, when you had an approach from a firm that, I presume, you did not recognise, did you carry out any preliminary or investigative checks to determine whether this was a real company?

**Kevin Reid:** Yes, I checked with Companies House, and it had been registered for 11 years and had submitted tax returns the year before. I phoned directory inquiries and the three phone numbers on the company's headed notepaper were the three numbers that I was given. I had never heard of the company, but I checked up on it and had no reason to disbelieve what I had been told.

**Des McNulty:** At what stage in the process did you or your colleagues feel that this might not be a real company, doing what it purported to do?

**Kevin Reid:** I did not realise that it was not a real company until it became a story in the newspaper. My misgivings related to the actions and ethics of the company. That is why I did not want to do the business. It was not because I thought that it was not a real company, but because I thought that what it was asking for was wrong.

**Des McNulty:** So your response to the misgivings that you had following the meeting at the Balmoral was to send a letter clarifying the situation and what you felt you could offer—a letter that we have—and, subsequently, to turn the business down. Is that what you are telling us?

**Kevin Reid:** Yes.

**The Convener:** I would like to ask a question, again for clarification, before we move on. Earlier, I asked Alex Barr what he meant when he said that “we” speak to Jack regularly. His reply was that he was not part of “we”. You have just told us that when you said that “we” had briefed Jackie Baillie you were not including yourself in that. Do I have that absolutely right?

**Kevin Reid:** No, I am not saying that. I did not speak to Jackie Baillie and I did not have any input into arranging meetings or talking to her. However, I did sit at a meeting at which we considered what we should do and decided to put in writing what we were doing on various fronts. We left it at that. I was not involved in arranging meetings with Jackie Baillie or in meeting her, but I was present at a meeting at which we discussed what the public affairs strategy should be.

**Tricia Marwick:** I would like to turn to page 6 of the transcript, where Alex Barr says:

“I'll let Kevin deal with the contacts programme”.

There is then a slight interruption, before Ben Laurance says:



"Sorry Kevin, you were going to say".

That is when you say that you cannot promise access to people. Tell me about the contacts programme.

**Kevin Reid:** It was Alex Barr's comment—I can only guess that he was saying that an element of public affairs is to point out to clients who the people are whose positions mean that they should know what the clients are doing. As I said before, if the work that you are doing has various aspects that involve different areas of Government, you should keep people informed. That is all that it is about.

**Tricia Marwick:** So that is your understanding of a contacts programme?

**Kevin Reid:** Alex Barr made the comment; I told you my understanding of what he meant by it.

**Tricia Marwick:** Okay. The statement that you made that you are not going to promise access to people is followed by a whole list of people who are your special friends. If you are not going to provide contact with people, why on earth do you start mentioning people such as Brian Fitzpatrick and Jack and Wendy and Henry and Donald?

**Kevin Reid:** Because—

**Tricia Marwick:** Are you not saying, on the one hand, "I can't promise you," but on the other, "Here are all the folk I know"?

**Kevin Reid:** No. If you read the start of the paragraph, I said that I could not promise him access to people but I could tell him who I knew. I said that because I had been asked, "Who do you know and what can you promise?" And I answered, "I'll tell you who I know, but that does not matter because I am not promising you any access." I say that at the beginning of the passage and I repeat it at the end, after I mention who my dad is.

**Tricia Marwick:** As you know, you also say:

"I'm not going to promise you access to people because of who I am and who I know."

**Kevin Reid:** Yes.

**Tricia Marwick:** The previous paragraph is about how friendly you are with Chris Winslow and how you are personal friends and how you have worked for Jack and for Wendy, Henry and Donald on a one-to-one basis. You finish that off by saying that in the business of politics, if you have a relationship, "it makes things easier."

**Kevin Reid:** Yes.

**Tricia Marwick:** So you are saying on the one hand, "We cannae promise you access," but on the other hand you then highlight all those people to a potential client and say, "Nod nod, wink wink, I

actually know these folk so we're all right."

**Kevin Reid:** I think that I explained that a second ago. What I said was that there is nothing wrong with my working for a political party and using my understanding of the political system and the personalities in that party to give advice to my clients. That is what I am saying—that I understand the system. I am not saying, "I can get you access." If I am asked what qualifications I have to do the job properly, all I can do is give my previous work experience and my qualifications. That is all that I was doing.

**Tricia Marwick:** Picking up on that point, your previous work experience was in the Labour party.

**Kevin Reid:** Yes.

**Tricia Marwick:** What special qualifications do you think you had—

**The Convener:** I think we have had that question.

**Tricia Marwick:** No. What special qualifications do you think you had that caused Beattie Media to employ you?

**Kevin Reid:** I was in charge of media monitoring for the Labour party, and what they—

**The Convener:** You do not have to answer the question, Mr Reid, if you do not wish to.

**Tricia Marwick:** Okay, fine. I want to move on to one of your other comments in the transcript. You were talking about how the civil service is basically in charge, and that there are a lot of inexperienced politicians in the Scottish Parliament. You referred to them as the No 2s instead of the No 1s. Would you like to explain that remark?

**Kevin Reid:** I do not know whether this is relevant to the inquiry, but my comment was specific to Labour. I was saying that I felt that, at the start of the new Parliament—when a large number of the MSPs are new to a Parliament, and a large number of the members of the Executive have not been in an Executive before—it would not be unfair to say that there was inexperience. We are all inexperienced with the Scottish Parliament; we are all learning. To say that they are No 2s is merely to say that a large number of people in the Labour party at Westminster decided not to stand in Scotland.

**The Convener:** Tricia, could you remind us in what way your line of questioning is relevant to the conduct of MSPs?

**Tricia Marwick:** I was making the point that Mr Reid obviously has a great deal of knowledge of MSPs, and I was curious as to why he referred to them as No 2s.

**The Convener:** Are there any other questions?

No?

Thank you very much, Mr Reid, for giving us your evidence.

Thank you for accepting our invitation, Mr Beattie. I remind you that you are required to give evidence under oath. I understand that you wish to take the oath.

**Gordon Beattie (Beattie Media)** took the oath.

**The Convener:** You wish to make an opening statement.

**Gordon Beattie:** Yes. You did not receive my opening statement in advance because I wanted to hear what *The Observer* said before concluding what I wanted to say.

I have stated from the outset of this affair that I would co-operate fully with the Scottish Parliament and the Standards Committee to establish whether there has been any impropriety between representatives of Beattie Media and Government ministers. The Standards Committee will form its own conclusions in due course, but based on my own investigation, I am certain that there has been no impropriety in dealings between representatives of Beattie Media and Government ministers, MSPs, MPs, or members of their staff. It is a matter of deep regret that embarrassment has been caused to the Scottish Parliament and to individual ministers. For that, I apologise publicly and without reserve.

As I have said, this was a deliberate case of entrapment by newspaper executives, who had a preset agenda and a determination to make selective use of evidence that was gathered. The newspaper executives have defended their actions as legitimate tactics deployed in the public interest, but is it in the public interest to withhold evidence from the Parliament and this committee on the pretext that sound engineers had found and cleaned up additional extracts from the tape? Is it in the public interest to make available to this committee what *The Observer* claimed was a "full, unedited transcript", when in fact what was delivered was not a full, unedited transcript?

*The Observer* is one of Britain's most authoritative newspapers, but I suggest that it has not enhanced its reputation in this affair. Surely it could have had the tape transcribed by an independent professional, who would have produced a clean and full transcript. Instead there have been at least two full transcripts—

**Tricia Marwick:** On a point of order, convener. I do not see the relevance of this statement to our inquiry, which is dealing with potential contacts between Beattie Media and MSPs. I do not think that we should allow a rant against *The Observer* from Mr Beattie.

**The Convener:** I will allow Mr Beattie to continue. He has accepted our invitation to come here and has been given five minutes in which to make a statement. Please continue, Mr Beattie.

**Gordon Beattie:** There have been at least two full transcripts from *The Observer*, but the transcript is still incomplete.

I have listened with interest to the explanations that *The Observer* journalists have given for setting up the sting. Quite frankly, I reject those explanations, which are nothing more than another fabrication. The journalists acted, ladies and gentlemen, for one reason only: they wanted to entrap the son of the Secretary of State for Scotland and thus embarrass him and Beattie Media.

**The Convener:** Mr Beattie, we have a lot of leeway here, but I would rather that you did not make allegations against others at the moment. We are here to examine MSPs and I would like to confine the discussion to the evidence that is in the public domain.

12:30

**Gordon Beattie:** It is important to remember that Alex Barr and Kevin Reid repeatedly declared—verbally and in writing—that they could not promise access to ministers. In addition, Kevin told the bogus businessman that Beattie Media would not do business with his company.

Beattie Media's recruitment policy has come under fire. My response to that is simple: people are employed by the company because of their abilities and skills, full stop. We have grown, during a 14-year period, from a one-man operation to become one of the biggest public relations companies in the UK. That has not happened because of political contacts or imagined influence; it has happened because we employ the best people in the industry and we will continue to do so. We will continue to serve our clients by focusing on our core skills of media relations, PR and event management.

**The Convener:** I call Adam Ingram to lead the questions.

**Mr Ingram:** Could you detail the contacts that you or your company have had with Jack McConnell or members of his staff since the election in May?

**Gordon Beattie:** I think Alex Barr has told you that he has not spoken to Jack McConnell. I have spoken to Jack McConnell on two occasions: the first time to congratulate him on his appointment, the second on a personal matter regarding someone who had an illness. There was one other occasion when we came into contact. We met at an Arts and Business event in Edinburgh. Jack

was at one table, I was at another. I simply went up to him, patted him on the back and said, "well done."

**Mr Ingram:** Neither you nor any member of your staff—I believe you have 80 members of staff—has been in contact with Jack McConnell since the election?

**Gordon Beattie:** No, I have not been. I have not spoken to Jack about any business regarding the Scottish Parliament since his election. From what I can gather from my staff—and I have spoken to many of them who might have been in a position to speak to him—they have not either.

**Mr Ingram:** I take it that you disagree with Alex Barr's statement at the Balmoral meeting that Jack McConnell was hired by your company

"in the certain knowledge that Jack would get a safe seat from the Labour Party, and in the hope and expectation that he would also get a cabinet position within the new administration".

**Gordon Beattie:** Jack McConnell was recruited because he had the skills to fulfil the role of chief executive of a company called Public Affairs Europe, which was a 50:50 joint venture between Beattie Media and a commercial law firm. Jack McConnell was never an employee of Beattie Media itself.

**Mr Ingram:** Could you repeat what you said about Public Affairs Europe?

**Gordon Beattie:** It was a 50:50 joint venture between Beattie Media and a commercial law firm.

**Mr Ingram:** Is it still trading?

**Gordon Beattie:** We pulled out of the venture when Mr McConnell—quite rightly—resigned when he was selected to be a Labour party candidate.

**Mr Ingram:** Could you give me some idea of the performance of the company in that period?

**Gordon Beattie:** I have to admit that people have said that I have the Midas touch, but I did not have it with Public Affairs Europe. We launched the company far too early. No businesses were showing an interest in getting public affairs advice for the Scottish Parliament. It was a bad business venture. We had no clients.

**Mr Ingram:** No turnover?

**Gordon Beattie:** No.

**Mr Ingram:** Regarding Mr McConnell's appointment, can you give details of what business opportunities you had identified which Mr McConnell could realise?

**Gordon Beattie:** I expected that there would be a great deal of interest in the Scottish Parliament and that existing clients of Beattie Media and a commercial law firm would be interested in making

use of information services relating to the Scottish Parliament. That turned out not to be the case.

**Mr Ingram:** How did you assess the skills and attributes that Mr McConnell was bringing to that task?

**Gordon Beattie:** Mr McConnell came from a political background, and I judged his abilities to be essential to the role of chief executive of Public Affairs Europe. I would like to take this opportunity to say that he was not recruited because of his potential, as has been suggested. I refer the committee to the fact that we had no idea whether Mr McConnell would be selected, never mind elected. History will show that he only got in by the skin of his teeth as the candidate for Motherwell and Wishaw.

**Mr Ingram:** What were the attributes of Mr McConnell that attracted you? Would those attributes include his contact list?

**Gordon Beattie:** I can tell you categorically that Jack McConnell would never abuse any contacts that he has, on behalf of Beattie Media or our clients, and I can tell you categorically that he always acted in the most highly professional manner—as one would expect.

**Mr Ingram:** What did you see as being the competitive advantage of hiring Jack?

**Gordon Beattie:** Let me put it this way—if you were going into court, you would be well advised to have a lawyer representing you, because a lawyer has skills, abilities and talents that I could not provide, were you to ask me to represent you. When one starts a public affairs company, that is not done with someone who knows nothing about politics.

I have no interest in politics. I never read the political pages of any newspaper. I therefore needed someone in charge of the public affairs division who knew the political scene in Scotland.

**Mr Ingram:** How was he recruited? Was an advertisement placed in the papers or was he headhunted?

**Gordon Beattie:** He was headhunted.

**Mr Ingram:** Right. Who advised you to go for Jack?

**Gordon Beattie:** I heard that Jack McConnell was about to resign as general secretary of the Labour party, and I made an approach. I do not know whether that information was correct—I do not know whether he had any intention of leaving his position as general secretary of the Labour party in Scotland. I made the approach to him and asked if he would be interested. He was interviewed by the senior partner of a commercial law firm and me.

**The Convener:** Members should remember in their questioning that we are examining the conduct of MSPs after their election.

**Mr Ingram:** Absolutely—I am just coming to a relevant question.

Mr Beattie, you must have known when you were recruiting Mr McConnell that he intended to stand for the Scottish Parliament.

**Gordon Beattie:** I knew that he intended to stand, but I felt that he would make a good chief executive.

**Mr Ingram:** He was, however, going to be there for only a very short period.

**Gordon Beattie:** That was a possibility. He might still have been with us had the recount gone the other way.

**Mr Ingram:** The point I am trying to make is, however, that it is not normal for a new business to have a chief executive in place for only a few months. What was the business plan?

**Gordon Beattie:** The business plan was to establish a very good public affairs company. That was the aim. As I say, there was nothing guaranteed, as far as Mr McConnell was concerned. He may have had ambitions. A lot of people in the political arena have ambitions to become elected representatives. Very few of them actually succeed.

**Mr Ingram:** So you did not discuss with Mr McConnell, at the time of his appointment or in the interim period between his appointment and the election, any of his activities post-election, as a minister?

**The Convener:** I must interject here, Adam. We must move away from the recruitment policy of Beattie Media—certainly as it applied before May.

**Mr Ingram:** What I am asking is whether Mr Beattie had some sort of understanding with Mr McConnell.

**Gordon Beattie:** There was no understanding with Mr McConnell—

**Mr Ingram:** Post-election?

**Gordon Beattie:** There was no understanding post-election, pre-election, or whatever. Mr McConnell was recruited by Public Affairs Europe because of his abilities. There was no understanding.

**Mr Ingram:** I ask again, because I believe it to be a relevant question, how you went about recruiting Kevin Reid and Christina Marshall.

**Gordon Beattie:** Who do you want me to deal with first?

**Mr Ingram:** Whichever one you want to deal

with.

**Gordon Beattie:** Okay. I will deal with Kevin Reid first, if I may. Kevin's father, John, has been a—

**The Convener:** I remind you, Mr Beattie, that you do not have to answer this line of questioning. I have made it clear that we are concentrating on MSPs' behaviour. However, if you wish to continue, please do.

**Gordon Beattie:** Kevin Reid was recruited because of his abilities; because he had a political background, like Jack McConnell. Sure, he was not nearly as experienced as Jack—that point has been made and I have noted it. People are saying, "Why did you recruit Kevin Reid?" I will tell you why I recruited Kevin Reid. I was extremely impressed by Kevin when he came along for an interview. I gave him the hardest interview that I have ever given anyone, because I was not going to recruit him just because his father was the Minister for Transport. It is important to point out that his father was the Minister for Transport when I recruited Kevin—he was not the Secretary of State for Scotland and, as Minister for Transport, he did not even have a Scottish brief.

**The Convener:** Do you have any more questions?

**Mr Ingram:** Yes, I have quite a few more. The question that I am driving at is this: do you have any other members of staff who are relatives either of politicians—Labour party or other party politicians—or of anyone else who is otherwise connected to the various political parties or politicians in Scotland?

**Gordon Beattie:** Not that I know of. I have to say that I do not ask people whom I recruit who their daddy is. That is not part of our recruitment policy. However, I can tell you that, in the past, I have employed, for instance, Terry Houston. Terry Houston went on to edit the SNP's newspaper, but I at no time knew what Terry Houston's background was—politically, I mean. The issue was never raised.

**Mr Ingram:** Let us move on to look at this whole transcript. One implication of it might be that what your two employees were trying to put across was that Beattie Media had a unique selling point for any clients, which was based on two factors. One factor was a widespread and wide-ranging network of contacts within organisations such as Scottish Enterprise and local enterprise companies, mainly in the central belt of Scotland, so that your company was well placed to have early intelligence on major business development and construction projects that were coming up. The uniqueness of the combination was that your company also had ready access to Labour politicians who were in positions of power and

influence in local authorities, the Scottish Executive and, indeed, the Scotland Office.

That is the implication that can be taken from the transcript. Can you flesh out both sides of it for me. Do you use your public relations contracts to gather early intelligence on construction?

12:45

**Gordon Beattie:** Of course we do not.

**Mr Ingram:** You do not have a database, for example, which contains that type of information?

**Gordon Beattie:** No, we do not. I am proud to say that Beattie Media has a number of local enterprise companies as clients. We have a number of other public sector clients, including health boards and other organisations.

When any client appoints Beattie Media, confidentiality is our watchword. We have been in business for 14 years, and there has never been a breach of confidentiality. We release information that we are given only when the client says that it can go into the public arena. We would never consider breaching that trust.

**Karen Gillon:** This is a follow-up from questions that I have asked your employees. On the ministers and the events named in the transcript, for example, Sam Galbraith and the SPL, to your knowledge, did Beattie Media directly contact any minister to gain access to them in relation to those events?

**Gordon Beattie:** I have a copy of the letter that went to Sam Galbraith from Roger Mitchell in my file. We did not contact him. We did not contact Henry McLeish. We did not contact Jackie Baillie and we did not contact Lord Macdonald.

**Karen Gillon:** Helen Liddell?

**Gordon Beattie:** Or Helen Liddell. I can say that categorically: we did not.

**Lord James Douglas-Hamilton:** I have only one question. Obviously, we are chiefly concerned with standards for MSPs at this stage. Did you receive advance information about any forthcoming statements to be made by the Scottish Administration?

**Gordon Beattie:** No. I must say that I was concerned when I heard, on the Saturday evening, the allegations made by *The Observer* that we had. I was extremely relieved to discover that the top-secret information that Kevin had passed on was in fact gleaned from the BBC.

**Tricia Marwick:** I will return to Jack McConnell and his appointment to Public Affairs Europe. You said that he was the best man for the job. You personally interviewed him and you were so pleased with his appointment that you put out a

press release welcoming that appointment.

**Gordon Beattie:** Yes, we organised a photo call to launch the company.

**Tricia Marwick:** Are you still proud of what Jack achieved at Public Affairs Europe?

**Gordon Beattie:** In a business sense, it was not the success that I had anticipated, but I must defend Jack McConnell, because he always acted professionally and he always acted in the best interests of Beattie Media or Public Affairs Europe, but he never compromised himself.

**The Convener:** Tricia, can I ensure that your question will relate to the conduct of MSPs?

**Tricia Marwick:** I have questions relating to MSPs and Mr McConnell.

I am curious, because I read your website yesterday. On the front page it referred to Jack McConnell joining Public Affairs Europe on 2 April 1998. When I went to read, out of curiosity, what you were saying about Jack at that time, I found that the press release had been deleted. I find that curious, because the press release before the one relating to Jack and the one after were still there. Can you explain why Jack McConnell's press release was removed from your website?

**Gordon Beattie:** I do not know anything about that; I am sorry.

**The Convener:** Are there any other questions?

**Dr Simpson:** I would like to turn to the events after the meeting, to the letter that was sent on 31 August to Anthony James and signed by Alex Barr. Were you consulted about that, or did Mr Barr and Mr Reid deal with it?

**Gordon Beattie:** I believe that a copy of the letter was put on my desk for my information.

**Dr Simpson:** So at that stage you were not aware of any particular concerns that were being expressed quite strongly in the letter?

**Gordon Beattie:** I read the letter, and from it I assumed that we had a client who was pressing us to do things that we were uneasy about, and what Alex Barr was doing was drawing a line in the sand and stating very clearly what Beattie Media's public affairs arm was prepared to do.

**Dr Simpson:** Further to that, were you party to the decision to withdraw, which I think we have now clearly established from all the parties this morning was made on 16 September?

**Gordon Beattie:** Yes, I was. I was party to that decision because I started to get very uneasy when we were getting letters from Commercial and Legal Services saying:

"I think the best way to proceed is for you to see if you might be able to fix up a meeting—with Jack McConnell, or

even better John Reid.”

I am sorry, you know—

**Dr Simpson:** At the point that you decided to withdraw because you felt that the relationship, or the potential relationship, with this businessman who was subsequently discovered to be mythical was not one that you wanted to follow, did you have any suspicions that you were the subject of a sting?

**Gordon Beattie:** No. May I tell you what really happened?

**Dr Simpson:** Please do.

**Gordon Beattie:** Two weeks ago today, I was at Glasgow airport to catch a flight for a three-week holiday in Florida. I arrived in Florida only to get a phone call to say, “You have to come back right away.” Had I, at all, been suspicious that we had been stung by a newspaper, I would not have gone to Florida.

**Dr Simpson:** Finally, you said—and I want to be quite clear about this—that to your knowledge neither your firm nor anyone in it had had any direct contact with ministers to get things into their diary, to brief them or to arrange meetings.

**Gordon Beattie:** With regard to Jack McConnell, Alex has already told you about his approach. There are times when we approach MSPs, MPs and ministers on behalf of clients for MSPs, ministers and MPs to participate in photo calls. There is absolutely nothing wrong with that because it is up to the minister, the MP or the MSP whether he or she accepts those invitations.

Most of the time, we prefer our clients to make the approach themselves. We will write the letter if they want—we will draft it—but we prefer our clients to do it. Sometimes, time does not allow for that and occasionally we will make a direct approach, but I believe that it is much better if the approach comes from our client.

At the end of the day, there is a big difference between asking you, Dr Simpson, as an MSP, to come to a photo call, and us having any influence over you.

**Tricia Marwick:** You said just a minute ago—correct me if I am wrong—that you have contact with MSPs, ministers and the like. Who in your organisation is responsible for the contacts with MSPs and ministers?

**George Beattie:** It varies. For instance, one of our teams was recently doing a nurse of the year award. It was that team which approached an MSP—I cannot recall her name, but she had a nursing background—to come and present the award, which she was happy to do. That approach was made by that particular team. Beattie Media has probably about 20 teams in total. Approaches

can be made by any of those teams.

It is important to stress that it is the public relations teams, not the public affairs teams, which are making those approaches. It is for photo calls. It is not a matter of us having any influence whatsoever over an MP, MSP or minister—we do not.

**Tricia Marwick:** How do you feel about your own employees, who are suggesting that you actually did have that kind of influence? You have talked about the standards of Beattie Media. You have talked about your professionalism, expertise and how you attract “the best people”. How do you personally feel today, having heard that—

**The Convener:** Tricia, can I stop you on that question? I would like to move on from that point.

**Des McNulty:** Can I just ask—[*Interruption.*]

**Gordon Beattie:** My solicitor would like to raise a point.

**The Convener:** On procedures?

**Rod McKenzie:** Yes. I have already asked the clerk: I ask *The Observer* not to snigger or make comments while my witness is giving evidence. That has happened repeatedly.

**The Convener:** I have not heard that, but I ask everybody in the public gallery to remain silent while all the evidence is being given.

**Des McNulty:** I would like to ask Mr Beattie about the routine procedures that operate within the company when a client approaches it.

Is it for people working at the level of Mr Reid and Mr Barr to take forward a business proposition to a significant extent before notifying yourself, Mr Beattie, or are there norms and procedures operating in the company on receiving an approach from a company, through which there might be a mechanism of reporting to you that an approach is taking place and reporting what that consists of?

**Gordon Beattie:** Normally, I personally try to get involved when there is a business pitch. The problem with the day in question—with *The Observer's* sting—was that I had three bookings in my diary. I could not fulfil them all, and I went to another one.

In hindsight, it was probably a mistake to pitch Alex into that situation, because he had never before been involved in speaking to a public affairs client—and there is a difference.

**The Convener:** If there are any more questions, I must insist that they are related to MSPs' behaviour.

**Mr Ingram:** I will make one quick point: it came up at the tail-end of your contribution.

Alex had indicated that he was under the impression that it was a public relations client he was going to see. You clearly state that you were well aware that it was a public affairs client.

**Gordon Beattie:** My understanding of what Alex was saying was that we had been invited to go along to a public affairs pitch. However, Alex was going along to sell the PR service as well, because he believed it would be in a potential client's interests to have publicity to back up what the public affairs team was doing.

13:00

**Mr Ingram:** But Alex was actually taking the lead in this, if you look at the—

**Gordon Beattie:** As I said to Des McNulty, I think, in hindsight, that it was a mistake for me not to have been there.

**Mr Ingram:** Okay, but the point I wanted to make before I picked up that last one was that I had not got an answer about Christina Marshall. She is relevant because she works for Mr McConnell and she worked for Beattie Media. Is that right?

**Gordon Beattie:** She was recruited by me as an assistant to my PA. She came on board and she was absolutely excellent, so much so that my events team pinched her from me. I have a very good events team—we do well over 100 events a year—and they asked if they could have her because her administrative skills were superb. She joined the events team and I have to say that I was terribly disappointed to lose her to Jack McConnell.

**The Convener:** The relevance, Adam, is the point after she left that employment.

**Mr Ingram:** Was she Jack McConnell's secretary during her time at Beattie Media?

**Gordon Beattie:** I believe she was with us for just over a year and she may have done the odd letter for him, but nothing more than that. She worked as an assistant to my PA. I can keep two people going full time.

**Mr Ingram:** I can believe it.

**Dr Simpson:** Can you clarify one thing? It is suggested in the transcript that you were happy for Christina Marshall to be almost "placed" with Jack McConnell, subsequent to—

**Gordon Beattie:** That is not how it happened.

**Dr Simpson:** Thank you. The introduction to the evidence that was laid before us this morning by *The Observer* states that

"we were contacted by concerned politicians. They had been offended by approaches from lobbying companies. These companies had offered them employment, which

would involve using their contacts on behalf of lobbyists' clients."

Which politicians did you attempt to employ in this context?

**Gordon Beattie:** Kevin Reid. I was also approached by an individual who was at one time an SNP defence spokesman.

**Dr Simpson:** You were approached by—

**Gordon Beattie:** By a former SNP defence spokesman.

**Dr Simpson:** Not a current MSP?

**Gordon Beattie:** Not a current MSP.

**Dr Simpson:** Have you had any contact, or have you made any contact, with any current MSP with an offer to employ them using their contacts on behalf of lobbyists and clients?

**Gordon Beattie:** No. That would not be proper.

**Dr Simpson:** So the answer is no, or none?

**Gordon Beattie:** No.

**Karen Gillon:** On the appointment of Christina Marshall, Mr Beattie, I want to clarify that you do not agree with the assertion—made by your member of staff—that you were happy to let her go and that she was, basically, placed with Jack McConnell?

**Gordon Beattie:** I was disappointed to lose Christina, because she was doing a great job for us. I am happy to testify to that this morning.

**Karen Gillon:** So you do not agree with the statements made by your employees?

**Gordon Beattie:** No. I do not.

**The Convener:** Are there any more questions?

**Lord James Douglas-Hamilton:** On the second page of the letter from Beattie Media of 31 August, it says:

"It would be both unprofessional and immoral for any public affairs consultancy to promise access to ministers".

That was the position of your firm at that time, long before this story broke. Does that remain your position today?

**Gordon Beattie:** Well, yes, but we do not have a public affairs division any more; we have closed it completely.

**The Convener:** That closes the evidence session. Thank you very much, Mr Beattie, for coming along today. We appreciate it.

Before I close item 1, would members like me to ask any of the five witnesses whom we have heard today to give any further comment?

**Dr Simpson:** I would quite like to ask Mr Dean

Nelson to come back and speak to us on the specific issue of the letter of 31 August, which the company received from Beattie Media.

**The Convener:** What is the view of the rest of the committee?

**Gordon Beattie:** Would it be helpful—

**The Convener:** Please give me a steer. Do you want me to do that or not?

**Karen Gillon:** What would the purpose be?

**Dr Simpson:** I want to know what further information Dean Nelson expected to obtain, or how he intended to amplify his story, in view of the fact that he had received this letter stating quite clearly the position of Beattie Media.

**Karen Gillon:** The committee took a decision to proceed based on the video and transcript—Richard was not involved at that stage. I am concerned about where we are going with this.

**The Convener:** Are there any other comments?

Do you wish me to do that or not?

**Dr Simpson:** It may be that *The Observer* people will wish to comment on the information that they have heard from the other witnesses, and will be prepared to do so in writing.

**The Convener:** At the beginning of the meeting we agreed to conduct this inquiry in a particular order, and I do not wish to change what has been agreed.

**Dr Simpson:** Having just joined the committee, I was not party to your initial discussions.

**The Convener:** Anybody who wishes to make a comment in writing to the committee, on anything that has arisen in this meeting, should please do so.

That closes item 1. I propose that we suspend the meeting for 30 minutes before we move on to item 2.

**Mr Ingram:** I wish to make a point before we do that. When I prepared my line of questioning for Mr Beattie, it became obvious that I had a narrow remit. The transcript raises issues of public concern regarding, in particular, public agencies, Scottish Enterprise and local enterprise companies. It would be in order for this committee to refer investigation of that part of the evidence to the appropriate committee, which, I believe, is the Enterprise and Lifelong Learning Committee. I hope that this committee will recommend that the Enterprise and Lifelong Learning Committee investigate those matters.

**The Convener:** We can recommend that in our report at the end of this investigation, if that is what the committee decides.

13:07

*Meeting suspended.*

13:46

*On resuming—*

## Documents

**The Convener:** We have used the lunch break to consult our advisers informally, and we now move straight to item 2 on the agenda.

**Tricia Marwick:** Before we move on, a number of us have been approached by members of the media about the information and statements that were given to us by *The Observer* and by Beattie Media. They have asked that those documents be released. Given that the documents are in the public domain, I can see no reason why we cannot make them available to the press as of now.

**The Convener:** If the rest of the committee is agreed, that is exactly what we will do. Thank you for that suggestion, Tricia. We will now move on to item 2.

**Karen Gillon:** I suggest that we take each of the MSPs concerned and decide what information we want from them. If we start with Jack McConnell, I suggest that we would want to see Jack's ministerial diary and any constituency diaries that are kept on his behalf by any of his staff, based either in the Parliament or in his constituency office in Wishaw. As the transcript alludes to the possible influence that individuals have on ministers taking up engagements, I would also be interested in seeing invitations that the minister accepted and the appropriate associated paperwork—if that is available to us within the confines of commercial confidentiality.

**The Convener:** Is everyone happy with that?

**Dr Simpson:** May I clarify that that will go back to the point at which Jack McConnell was appointed as a minister?

**The Convener:** Correct.

**Karen Gillon:** I suggest, Mike, that it should be from his election to this Parliament.

**Dr Simpson:** That is what I was trying to clarify.

**The Convener:** Sorry, yes. We are interested in the conduct of MSPs from the very date of the election.

**Karen Gillon:** From 6 May.

**The Convener:** Are there any other points on Jack McConnell? What about his notebook?

**Karen Gillon:** Ah, the notebook—the notebook that is alluded to in the correspondence that we have received, rather than in the transcript. In the



transcript, the reference is quite clearly to a diary entry, but in the correspondence that we have received today, Jack, in a conversation with Dean Nelson, refers to a notebook entry. Perhaps the notebook would also be of interest to the committee.

**Mr Ingram:** I want to follow up Karen's point on asking about Jack's attendance at various events to which he was invited. As a cross-check, we will require a list of Beattie Media clients.

**The Convener:** I will ask the clerk to request that from Beattie Media.

**Tricia Marwick:** Karen referred specifically to Jack's ministerial and constituency diaries. If he has a private diary, can we request that he makes that, too, available to the committee?

**Karen Gillon:** I assume that we can ask him to, but I do not think that any individual is under an obligation to give us their private diaries.

**Tricia Marwick:** I said that we could ask.

**The Convener:** I have to say that Jack has written to us to assure us of his absolute co-operation with anything that we want to do. That is appreciated.

Do members have any comments relating to other MSPs?

**Lord James Douglas-Hamilton:** It would be both inappropriate and not competent for the committee to request the diaries of Mr Sam Galbraith in relation to events that occurred before the creation of the Scots Parliament. We have to be seen to be acting correctly, and we do not have the jurisdiction or the authority to make such a request.

**The Convener:** Is that accepted?

**Members indicated agreement.**

**Dr Simpson:** The other two ministers who were mentioned were Henry McLeish and Jackie Baillie. I suggest that we obtain a note from them on the Loch Lomond project, any green folder associated with that, any briefings that they might have received from any person connected with the project, and any contact or materials that they received from Beattie Media in relation to it.

**The Convener:** Is that accepted?

**Members indicated agreement.**

**Tricia Marwick:** Kenny MacAskill was mentioned; it would be a good idea for the committee clerk to write to him to ask whether he did indeed receive a phone call from Kevin Reid, as was mentioned in the transcript.

**Des McNulty:** For the avoidance of any doubt, we should buttress the fact that we do not have

jurisdiction over Sam Galbraith's activities before he became a minister, by saying that there is no evidence to indicate that anything inappropriate occurred. This is not simply a question of not overstepping an administrative boundary.

**Lord James Douglas-Hamilton:** I strongly agree with what Des McNulty has just said. I do not think that we should go down that avenue, both because it is not competent and because no suggestions of impropriety have been made.

**The Convener:** Lord Macdonald was also mentioned in the transcript. Does anyone want to comment on that?

**Mr Ingram:** I do not think that it is competent for us to invite Lord Macdonald to appear before the committee. Is it?

**The Convener:** It is the same situation as with Sam Galbraith.

**Des McNulty:** Our responsibility is to deal with MSPs.

**The Convener:** I felt that we should record that.

**Karen Gillon:** Des McNulty has expressed his view about Sam Galbraith. In the same way, we should put on record our view that the interviews that we have conducted today revealed no allegations or evidence of impropriety on the part of Lord Macdonald and Helen Liddell.

**The Convener:** Is that the view of the entire committee?

**Members:** Yes.

**The Convener:** Is everyone now happy that the documents that we will request the clerks to make available are sufficient?

**Tricia Marwick:** We should be clear that this might be only a starting point. Further on in our inquiry, we might request more papers, but what we have already asked for will give us enough to work on for the moment.

**The Convener:** Indeed. We will receive a report from the clerk on the material that we have just requested. I suggest that we meet again on Monday 25 October at 2 pm. That will give the clerking team, with its advisers, sufficient time to examine all the material.

**Des McNulty:** I agree with that suggestion. We should add that our hope and expectation is that we will keep to the original timetable that we set of completing the process by the first week in November.

**The Convener:** Everybody is agreed that we need a swift, thorough, comprehensive—

**Tricia Marwick:** And public—

**The Convener:** Indeed—a swift, thorough,

comprehensive and public examination of all these issues. We have shown that that is what we intend.

As there is no further business, I will close the meeting. Thank you.

*Meeting closed at 13:55.*

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