

Commission of Inquiry into Certain Allegations
Respecting Business and Financial Dealings
Between Karlheinz Schreiber and
the Right Honourable Brian Mulroney



Commission d'enquête concernant les allégations
au sujet des transactions financières et
commerciales entre Karlheinz Schreiber et
le très honorable Brian Mulroney

Public Hearing

Audience publique

Commissioner

L'Honorable juge /
The Honourable Justice
Jeffrey James Oliphant

Commissaire

Held at:

Bytown Pavillion
Victoria Hall
111 Sussex Drive
Ottawa, Ontario

Thursday, April 30, 2009

Tenue à :

pavillion Bytown
salle Victoria
111, promenade Sussex
Ottawa (Ontario)

le jeudi 30 avril 2009

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should be / devrait être

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THE HON. PERRIN BEATTY:

should be / devrait être

MR. ROITENBERG:

1 Ottawa, Ontario / Ottawa (Ontario)
2 --- Upon resuming on Thursday, April 30, 2009
3 at 9:35 a.m. / L'audience reprend le jeudi
4 30 avril 2009 à 09 h 35

5 26437 COMMISSIONER OLIPHANT: Good morning,
6 counsel. Be seated, please.

7 26438 Before we proceed, Ms Brooks, I would
8 like to indicate to those present the list of witnesses
9 for next week.

10 26439 On Monday, May the 4th, we will hear
11 from Luc Lavoie and the Hon. Elmer MacKay; on Tuesday,
12 May the 5th, Paul Tellier and Sen. Lowell Murray will
13 be testifying; on Wednesday, May the 6th, Steve Whitla
14 who is with Navigant, the forensic accountants retained
15 by the Commission, will be testifying; and on Thursday,
16 May the 7th, we will have Mr. Schreiber back to give
17 further evidence.

18 26440 Mr. Spector, good morning, sir.
19 Welcome.

20 26441 Mr. Spector, I understand that you
21 would like to be sworn on the Old Testament?

22 26442 MR. SPECTOR: Yes, sir.

23 26443 COMMISSIONER OLIPHANT: I have made
24 arrangements to have that provided. Do you have it
25 there with you?

1 26444 MR. SPECTOR: I do.

2 26445 COMMISSIONER OLIPHANT: Could I ask
3 you to stand, please, Mr. Spector.

4 SWORN: NORMAN SPECTOR

5 ASSERMENTÉ: NORMAN SPECTOR

6 26446 COMMISSIONER OLIPHANT: Thank you
7 very much.

8 26447 Ms Brooks...?

9 26448 MS BROOKS: Thank you, Commissioner.

10 26449 We have representing Mr. Spector,
11 Donald Jordan, Q.C.

12 26450 COMMISSIONER OLIPHANT: Good morning,
13 Mr. Jordan. Welcome.

14 EXAMINATION: NORMAN SPECTOR BY MS BROOKS /
15 INTERROGATOIRE : NORMAN SPECTOR PAR Me BROOKS

16 26451 MS BROOKS: Mr. Spector, thank you so
17 much for being with us today. I am very appreciative
18 of your cooperation with the Commissioner.

19 26452 I wanted to review with you your
20 background before entering the Prime Minister's office.

21 26453 My understanding is that from 1986 to
22 1990 you were the Secretary to Cabinet for
23 Federal-Provincial Relations and in that position you
24 reported to Prime Minister Mulroney.

25 26454 MR. SPECTOR: Yes. At that point the

1 Federal-Provincial Relations Office was an autonomous
2 organization parallel to the Privy Council Office. I
3 was the Deputy Minister of that office.

4 26455 On paper I reported to Mr. Mulroney,
5 but as a practical matter on a day to day basis I
6 reported to the Minister of State at the time, Senator
7 Lowell Murray.

8 26456 FPRO has gone through various
9 iterations where at times it has had a Minister of
10 State, at other times it hasn't had a Minister of
11 State. During my tenure there was a Minister of State.

12 26457 MS BROOKS: Thank you. Did you have
13 anything to do with the Bear Head Project or Thyssen
14 when you are in that role?

15 26458 MR. SPECTOR: Nothing at all and I
16 have no recollection of it during that period.

17 26459 MS BROOKS: While you were Secretary
18 to the Cabinet you developed, as I understand it, a
19 working relationship through the reporting to Prime
20 Minister Mulroney, and he offered you the Chief of
21 Staff position in 1990.

22 26460 Is that correct?

23 26461 MR. SPECTOR: That's correct. We
24 worked very closely together on the negotiation of the
25 Meech Lake Accord. Our office was also responsible for

1 all of the First Ministers meetings dealing with free
2 trade, so we were coordinating the provincial positions
3 and supporting Mr. Mulroney in that regard.

4 26462 After Mr. Hartt I believe was sent to
5 sound me out, Mr. Mulroney offered me the position.

6 26463 MS BROOKS: And you held that
7 position, as I understand it, from September 1, 1990
8 until about February 15, 1992?

9 26464 MR. SPECTOR: That's correct,
10 Ms Brooks.

11 26465 MS BROOKS: After you left PMO in
12 1992 you were appointed Canada's Ambassador to Israel
13 and High Commissioner to Cyprus, an appointment you
14 held until 1995, August.

15 26466 Is that correct?

16 26467 MR. SPECTOR: That's correct.

17 26468 MS BROOKS: And after you were
18 recalled from Israel, you were appointed on July 4,
19 1995 by Prime Minister Jean Chrétien as President of
20 Atlantic Canada Opportunities Agency, ACOA?

21 26469 MR. SPECTOR: You can say the circle
22 had been completed.

23 26470 MS BROOKS: Yes.

24 26471 And while you were with ACOA did you
25 deal with the Bear Head Project at all?

1 26472 MR. SPECTOR: No. The only
2 involvement I had with the Bear Head Project at ACOA is
3 when one day the RCMP came looking for a copy of the
4 MOU and that then led to my being asked to give them a
5 statement about what I had known.

6 26473 MS BROOKS: We can get into that
7 later in your examination.

8 26474 I wanted to discuss with you your
9 role as Chief of Staff. The Commissioner needs an
10 understanding of what the role was.

11 26475 When you were in that position, what
12 would you describe the role as, Chief of Staff?

13 26476 MR. SPECTOR: Well, the Chief of
14 Staff is really the right arm of the Prime Minister:
15 runs his office, advises on the key issues that the
16 Prime Minister is dealing with, is really there to
17 serve the Prime Minister.

18 26477 MS BROOKS: What was your
19 relationship with the Prime Minister? How closely did
20 you work with him?

21 26478 MR. SPECTOR: We had a very good
22 relationship. We had worked very closely together for
23 four years while I was Secretary to the Cabinet. I
24 think we understood each other and understood each
25 other's communications and messages and that sort of

1 thing.

2 26479 I could see him whenever I wanted to
3 see him. We met regularly.

4 26480 MS BROOKS: Would you meet on a daily
5 basis?

6 26481 MR. SPECTOR: I seem to recall -- you
7 know, I'm a bit confused now, having heard Derek
8 Burney's testimony where he said that he and
9 Mr. Tellier had met weekly with the Prime Minister.

10 26482 I seem to recall us meeting daily.

11 26483 MS BROOKS: And where was your office
12 located in relation to Mr. Mulroney's?

13 26484 Let's talk about the Langevin Block
14 first.

15 26485 MR. SPECTOR: Okay. The Langevin
16 Block, which was my principal office but an office that
17 Mr. Mulroney -- where Mr. Mulroney also had an office,
18 but one that he used rarely, we were opposite each
19 other on the second floor of the Langevin Block, and
20 Mr. Tellier's office was one floor ahead. PCO was one
21 floor above, on the third floor.

22 26486 MS BROOKS: What about Mr. Mulroney's
23 office in the Centre Block?

24 26487 MR. SPECTOR: That was his main
25 office on the Hill, on the third floor near the Cabinet

1 Chamber. I didn't have an assigned office there, but
2 there was a small office, just to the right of his
3 office facing the office, that was empty. When I would
4 go up to brief him before Question Period or meet with
5 him after Question Period, I would use that office and
6 work there and wait for him.

7 26488 MS BROOKS: What about your
8 interaction with the PCO, with Privy Council Office?
9 What was the degree of interaction that you had there
10 and with whom did you interact?

11 26489 MR. SPECTOR: Well, Paul Tellier and
12 I had a very close productive relationship. We would
13 speak regularly. We would meet regularly.

14 26490 Given the fact that I was seconded
15 from the public service, I also had a very -- to the
16 Chief of Staff position, I also had a very productive
17 relationship with his staff. I didn't stand on
18 ceremony. I would deal with this staff as if I was
19 dealing with him, and they knew they could always come
20 to my office and my office was open to them as well.

21 26491 MS BROOKS: And his staff at that
22 time included Mr. Ronald Bilodeau?

23 26492 MR. SPECTOR: Yes, Mr. Bilodeau was
24 the Deputy Secretary of Operations, which would have
25 made him the key player in issues coming to Cabinet.

1 26493 MS BROOKS: Very good. You said that
2 before Cabinet meetings you would brief the Prime
3 Minister. Did you attend Cabinet meetings?

4 26494 MR. SPECTOR: Yes, I attended Cabinet
5 meetings, as did Mr. Tellier. Mr. Tellier was the
6 Secretary to the Cabinet. He would be taking notes and
7 minutes of the Cabinet meeting.

8 26495 I attended Cabinet meetings
9 regularly.

10 26496 MS BROOKS: And the meetings of
11 Operations Committee. What was the Operations
12 Committee of Cabinet?

13 26497 MR. SPECTOR: The Operations
14 Committee was chaired by the Deputy Prime Minister,
15 Mr. Mazankowski. It had some of the key Ministers on
16 it and it essentially was designed to address issues
17 before they reached Cabinet.

18 26498 It took on the toughest issues of
19 coordination, the toughest political issues, the
20 toughest issues in front of the government. It was a
21 very decisive committee; it was a streamlined
22 committee.

23 26499 I attended those meetings and I
24 believe I attended those meetings even as Secretary for
25 part of the time that I was Secretary to the Cabinet

1 for Federal-Provincial Relations.

2 26500 MS BROOKS: Did you ever attend any
3 Cabinet meetings or Operations Committee meetings where
4 the Bear Head Project was discussed?

5 26501 MR. SPECTOR: Not to my recollection.

6 26502 MS BROOKS: At a general level I am
7 interested in whether you can tell the Commissioner how
8 lobbyists or company representatives gained access to
9 the PMO and ultimately the Prime Minister.

10 26503 Did they go through you, the Chief of
11 Staff?

12 26504 MR. SPECTOR: I can't recall ever
13 setting up an appointment for lobbyists to see the
14 Prime Minister.

15 26505 MS BROOKS: Or a company
16 representative?

17 26506 MR. SPECTOR: Or even a company
18 representative.

19 26507 MS BROOKS: How then do you think
20 that company representatives or lobbyists would gain
21 access to the Prime Minister or PMO?

22 26508 MR. SPECTOR: Well, Mr. Mulroney was
23 an inveterate telephone caller, and I think he probably
24 kept the PMO switchboard in business single-handedly.
25 So he had a wide range of contacts and he kept in touch

1 with people.

2 26509 So I suspect a lot of the
3 appointments would have been generated directly with
4 him talking to people, and he would probably tell his
5 secretary that he wanted to see so-and-so and she would
6 slot him in on the daily schedule.

7 26510 MS BROOKS: And would you be informed
8 about those meetings?

9 26511 MR. SPECTOR: We would get the daily
10 schedule. We had a daily staff meeting at the PMO. We
11 worked off a 30-day calendar. I think you have seen an
12 exhibit of that --

13 26512 MS BROOKS: We have indeed.

14 26513 MR. SPECTOR: -- in Mr. Smith's
15 material. But we would also get a daily -- I think
16 probably around midmorning each day a daily schedule
17 would come down from the PMO, from the Hill office, and
18 that would have a list of his daily activities.

19 26514 MS BROOKS: Would you as Chief of
20 Staff be invited to meetings with lobbyists or a
21 company representative?

22 26515 MR. SPECTOR: I can't recall any such
23 meetings.

24 26516 MS BROOKS: The Chief of Staff before
25 you was Mr. Stanley Hartt. Is that correct?

1 26517 MR. SPECTOR: Yes, that is correct.

2 26518 MS BROOKS: And I understand that

3 when you were preparing to move to the Prime Minister's

4 office, Mr. Hartt gave to you 41 files that were

5 carried over from his time.

6 26519 Is that correct?

7 26520 MR. SPECTOR: That's correct.

8 26521 MS BROOKS: Was the Bear Head file

9 one of those files?

10 26522 MR. SPECTOR: It was not.

11 26523 MS BROOKS: Did Mr. Hartt brief you

12 on the Bear Head file?

13 26524 MR. SPECTOR: Not to my recollection.

14 26525 MS BROOKS: This was, as I understand

15 it, a busy time for the Prime Minister and the PMO

16 because there was the Gulf War under way.

17 26526 MR. SPECTOR: That's right. We were

18 just off the Oka crisis, and I believe in August the

19 first naval vessels were dispatched to the Gulf. So we

20 were in the midst of the first Gulf War.

21 26527 MS BROOKS: And I take it that in the

22 midst of this, one of the first issues that the Prime

23 Minister addressed with you was the Bear Head Project.

24 26528 Is that correct?

25 26529 MR. SPECTOR: That's correct.

1 26530 MS BROOKS: When did this occur?

2 26531 MR. SPECTOR: My best guess is that
3 it would have been sometime in September or October.
4 That is as narrowly as I can frame it.

5 26532 MS BROOKS: You joined the office on
6 September 1, 1990?

7 26533 MR. SPECTOR: Correct.

8 26534 MS BROOKS: So within September or
9 August -- October?

10 26535 MR. SPECTOR: Correct.

11 26536 MS BROOKS: What did Mr. Mulroney
12 tell you when he met with you about that project?

13 26537 MR. SPECTOR: Well, we were sitting
14 in his office and he asked me, he told me that he
15 wanted me to have a look at this project, that for some
16 reason it was not going ahead.

17 26538 He suggested that it was being
18 blocked by officials at DND. I don't think he
19 mentioned any specific names.

20 26539 He appeared very frustrated. He said
21 that he could not understand why it was not going
22 ahead. It was his understanding that it was at no cost
23 to the taxpayer and he asked me to move it along to
24 fruition.

25 26540 MS BROOKS: What did you understand

1 him to mean by moving it along to fruition?

2 26541 MR. SPECTOR: Well I should modify
3 that. Those are not his words. I don't remember the
4 exact words he said.

5 26542 I left that meeting with the
6 understanding that this is a project that he wanted to
7 get done. He was frustrated that it hadn't already
8 been done. He thought that it was being blocked unduly
9 and that my job was to get this project done quickly.

10 26543 MS BROOKS: In your experience as
11 Chief of Staff, was this the kind of project that the
12 Chief of Staff would normally be assigned by the Prime
13 Minister?

14 26544 MR. SPECTOR: Well, I mean I can't
15 really -- my experience as Chief of Staff at that time
16 amounted to about a month or two months. So looking
17 at --

18 26545 MS BROOKS: I'm asking you --

19 26546 MR. SPECTOR: Looking at the --
20 sorry.

21 26547 MS BROOKS: I'm asking you based on
22 your experience as Chief of Staff, which lasted I think
23 some 18 months.

24 26548 MR. SPECTOR: Well, this is the only
25 project -- this is the only time I was asked by

1 Mr. Mulroney to -- given this kind of an assignment by
2 Mr. Mulroney.

3 26549 MS BROOKS: And ordinarily this kind
4 of assignment would be handled by whom?

5 26550 MR. SPECTOR: By the Privy Council
6 Office. I mean, it is the Privy Council's Office to
7 coordinate all of the files that are heading up to
8 Cabinet, and one can see from the documentation that
9 you provided me that they were in fact handling this
10 file before I was involved and they then resumed
11 handling this file after I was involved.

12 26551 MS BROOKS: What steps, then, having
13 been given this assignment by the Prime Minister, did
14 you take to carry out his instructions to you?

15 26552 MR. SPECTOR: Well the first thing I
16 did, Ms Brooks, is I called Mr. Fowler and asked him to
17 come see me in my office. The reason that I did was
18 that both from Mr. Mulroney and from other things that
19 I had been hearing, DND was being identified as the
20 black sheep in this whole thing.

21 26553 Mr. Fowler had been a colleague of
22 mine when I was Secretary to the Cabinet and I thought
23 I could have a frank conversation with him, and I put
24 it to him directly. I asked him directly whether they
25 were screwing around.

1 26554 MS BROOKS: And what was his
2 response?

3 26555 MR. SPECTOR: His response was that
4 their concerns were very legitimate. They didn't think
5 it was a good project. They didn't need the equipment.

6 26556 I believe he mentioned that there was
7 a supplier, a fragile existing supplier that would have
8 been negatively impacted.

9 26557 He assured me that -- in fact, I
10 believe I even put it to him -- and I don't know where
11 I had gotten this, maybe from Mr. MacKay. I asked him
12 directly whether there were any conflicts of interest
13 in his department, whether there were any people who
14 had any business dealings or anything with the
15 alternative supplier, and he assured me no, that this
16 was all on the up and up.

17 26558 MS BROOKS: Okay.

18 26559 Commissioner, I would like to at this
19 point enter as an exhibit, the next exhibit, the
20 documents in support of Mr. Norman Spector's testimony.

21 26560 I don't know if you have a copy of
22 that binder.

23 26561 COMMISSIONER OLIPHANT: I do. This
24 is a document, as we have had with other witnesses,
25 counsel. Is it to go in by consent?

1 26562 Mr. Yarosky, yes; Mr. Vickery, yes;
2 Mr. Houston, yes.

3 26563 All right. The documents in support
4 of Mr. Spector's evidence will be received and marked
5 as Exhibit P-33.

6 EXHIBIT NO. P-33: Documents in
7 support of Mr. Norman Spector's
8 testimony containing 44 tabs

9 26564 MS BROOKS: Mr. Spector, I would like
10 to take you to Tab 3 of this document, which is a memo
11 dated October 31, 1990. It is addressed to you and it
12 is from Mr. Tellier.

13 26565 On page 1 of this document it states
14 that:

15 "... Mr. McKnight can be
16 expected to reinforce his
17 opposition to-:
18 - a non-competitive process;
19 - being forced to move on this
20 project ahead of development of
21 a new Defence Policy;
22 - the financial burden...; and
23 - technical and operational
24 difficulties..."

25 26566 Do you see that? That's right in the

1 middle of the page.

2 26567 MR. SPECTOR: Yes.

3 26568 MS BROOKS: This memo also states
4 that:

5 "Mr. MacKay for his part can be
6 expected to stress the
7 importance to the Atlantic
8 economy of this contract. He
9 may express some frustration
10 over the length of time which
11 has elapsed since it first began
12 in 1985 and since the July 1988
13 signing of an Understanding in
14 Principle..."

15 26569 In fact, we have heard evidence that
16 that Understanding in Principle was signed in September
17 1988.

18 26570 But you see in this memo that there
19 are these two opposing position being taken by the two
20 principal ministers.

21 26571 How did you determine that you would
22 deal with these variances in opinion on the project?

23 26572 MR. SPECTOR: Well, what I decided to
24 do was to convene a meeting of the two ministers. In
25 other words, I did not follow the proposed course of

1 action on page 2, where Mr. Tellier is suggesting that
2 we get essentially a smaller group of the operations
3 committee together to crunch the decision.

4 26573 I decided that what I was going to do
5 was bring together Mr. MacKay and Mr. McKnight and
6 allow them to invite their respective officials with
7 them and to get them to agree on a common document of
8 what it would take to make this project go ahead.

9 26574 The reason that I chose that course
10 of action is that it was my perception that the Prime
11 Minister was receiving contrary information, varying
12 information through his private channels, and I wanted
13 to make sure that there was a commonly agreed to
14 document that everyone had to sign onto in order to put
15 an end to the kind of backstabbing and gossip that was
16 apparent on this file.

17 26575 MS BROOKS: And you held that
18 meeting, as I understand it, with Ministers McKnight
19 and MacKay on November 1st and that meeting was
20 attended by some of their officials, officials from
21 ACOA, Mr. MacKay's ministry, from DND, Mr. McKnight's
22 ministry, and also from Industry, Science and Trade
23 Canada.

24 26576 Is that correct?

25 26577 MR. SPECTOR: That's correct. Just

1 before we leave the memo, I am just looking at this
2 memo now -- you may get to this in your next question.

3 26578 Mr. McKnight did not behave as
4 forecast on point 2 of the first page of this memo.

5 26579 MS BROOKS: In what sense?
6 26580 It says here that:
7 "... Mr. McKnight can be
8 expected to reinforce his
9 opposition..."

10 26581 He didn't do that?
11 26582 MR. SPECTOR: He was relatively
12 passive and quite silent throughout the meeting.

13 26583 MS BROOKS: Thank you.
14 26584 I wonder if you could turn up Tab 5.
15 This is a Memorandum of Understanding and there is a
16 handwritten date at the top of this memo. It says
17 November 1990.

18 26585 It is signed by Mr. MacKay and
19 Mr. Karlheinz Schreiber; Mr. MacKay responsible for
20 ACOA and Mr. Schreiber as Chairman of Bear Head
21 Industries.

22 26586 When you were setting up this meeting
23 and initiating these actions, were you aware that this
24 Memorandum of Understanding was out there?
25 26587 MR. SPECTOR: I was not aware of this

1 Memorandum of Understanding until it came up in these
2 proceedings.

3 26588 MS BROOKS: Sorry to make you jump
4 around, but if you could look at Tab 2 of the book, it
5 is a letter from Mr. Schreiber to Mr. Mulroney, dated
6 10 October 1990. So it precedes by a couple of weeks
7 the handwritten date on the Memorandum of
8 Understanding.

9 26589 Mr. Schreiber says in the fourth
10 paragraph of this letter:

11 "Turning back to discussions of
12 our meeting last week..."

13 26590 He says to the Prime Minister:

14 "... I would like to share some
15 further thoughts which I have
16 had on those matters."

17 26591 And he goes on to talk about
18 opportunities for growth between Germany and Canada.

19 26592 If you turn over the page, the
20 penultimate paragraph reads as follows:

21 "What is needed as soon as
22 possible is the signed MOU as
23 proposed by Minister MacKay, to
24 solve the aforementioned
25 problems as well as bring new

1 and vital long-term activities
2 in Trenton."

3 26593 Were you aware of this letter at the
4 time you were in the Chief of Staff office?

5 26594 MR. SPECTOR: I did not see this
6 letter. I don't -- I didn't -- I don't -- I did not
7 know about either of the meetings referred to between
8 Mr. Schreiber and Mr. Mulroney on page 1. And, as I
9 previously told you, I did not know about the MOU.

10 26595 MS BROOKS: Did Mr. MacKay, in any
11 discussions with him, mention this Memorandum of
12 Understanding?

13 26596 MR. SPECTOR: Never.

14 26597 MS BROOKS: If you turn to Tab 8 of
15 your documents, there is a memo from DND. It is to the
16 Deputy Minister of DND from the Assistant Deputy
17 Minister, and it is dated November 30, 1990.

18 26598 COMMISSIONER OLIPHANT: Which tab is
19 that?

20 26599 MS BROOKS: It is Tab 8,
21 Mr. Commissioner.

22 26600 Mr. Gillespie, who is the Assistant
23 Deputy Minister in DND, writes, in the second
24 paragraph:

25 "In arranging this last night

1 with Peter Smith..."

2 26601 Peter Smith was the Vice-President of
3 ACOA, is that correct, at the time?

4 26602 MR. SPECTOR: I didn't know him. I
5 must have -- I think I must have met him, but that's
6 what I understand from the documents you have provided.

7 26603 MS BROOKS:
8 "... I was informed that the
9 draft MC..."

10 26604 Which I understand means a Memorandum
11 to Cabinet.

12 26605 MR. SPECTOR: That's correct.

13 26606 MS BROOKS:
14 "... (that paper that we have
15 received from ACOA) had been
16 circulated yesterday to at least
17 PCO, TBS..."

18 26607 Which I take to mean Treasury Board
19 Secretariat.

20 26608 MR. SPECTOR: Correct.

21 26609 MS BROOKS: "... and SSC..."

22 26610 Can you help me with that?

23 26611 MR. SPECTOR: Supply and Services
24 Canada.

25 26612 MS BROOKS: "... (maybe also DEA)..."

1 26613 Which is Department of External
2 Affairs?
3 26614 MR. SPECTOR: Correct.
4 26615 MS BROOKS:
5 "... along with a draft RD!"
6 26616 Recommended Decision.
7 26617 MR. SPECTOR: Record of Decision.
8 26618 MS BROOKS: Record of Decision!
9 "This was done just in case Mr.
10 Mackay decides to walk the paper
11 in to Cabinet Committee in the
12 'next week to ten days' without
13 the DND portion."
14 26619 Mr. Gillespie goes on:
15 "I have spoken to both TBS
16 (O'Connor) and PCO (Billings) to
17 clarify their views and to
18 ensure they understood what we
19 are doing. Billings, in fact,
20 called me before I could call
21 them. They have issued a blunt
22 message to ACOA to withdraw all
23 copies and shred them. ACOA is
24 being informed that they are way
25 out of line. PCO has spoken to

1 Spector and clarified his
2 expectations which are a joint
3 paper to go to the PMO before
4 anybody starts tabling
5 [memoranda to cabinet]."

6 26620 Were you aware at the time that there
7 was this activity by ACOA and Mr. MacKay?

8 26621 Excuse me, there is a reference to
9 Mr. MacKay in the first part, but the actions are
10 attributed to ACOA. Were you aware of these actions by
11 ACOA at the time?

12 26622 MR. SPECTOR: No, I was not.

13 26623 MS BROOKS: It appears that they were
14 trying to circumvent the process that you had
15 established.

16 26624 Would you agree with that?

17 26625 MR. SPECTOR: You could say that my
18 process was circumventing the normal process of
19 cabinet. They were following the normal course.

20 26626 MS BROOKS: This is dated the 30th of
21 November, though, and that's --

22 26627 MR. SPECTOR: They certainly weren't
23 following my instructions, and they weren't following
24 the mandate that I had been given by the Prime
25 Minister.

1 26628 In fairness to them, they were
2 following what is the normal procedure in government,
3 but the whistle was blown on them because the Privy
4 Council was saying: Listen, there is this --

5 26629 MS BROOKS: Process under way --

6 26630 MR. SPECTOR: -- process under way,
7 and nothing, essentially, is to happen until this
8 process is completed.

9 26631 MS BROOKS: And somebody in PCO
10 called you to confirm that, and you passed the
11 message --

12 26632 MR. SPECTOR: They must have. I
13 don't recall that -- recollect that call, but it
14 certainly is consistent with what I would have said,
15 had I received that kind of call.

16 26633 MS BROOKS: If you turn to the next
17 tab, Tab 9, this is a memo from Mr. Gillespie, and it
18 is addressed, I think, to the Chief of Staff.

19 26634 Would "CS" be the Chief of Staff?

20 26635 MR. SPECTOR: It looks like that.

21 26636 Normally, I think, somebody probably
22 kept -- yes.

23 26637 Anyway, the answer is yes.

24 26638 MS BROOKS: And it says "B.H.I."
25 Bear Head Industries I take that to mean.

1 26639 This is what the memo says:
2 "Further to the note that we
3 sent this morning, Jane Billings
4 from PCO called. They realized
5 yesterday when they received the
6 paper plus a draft RD that this
7 was being distributed all over
8 town. They are currently
9 contacting ACOA and all
10 recipients of the paper with the
11 exception of DND, who is
12 involved in writing it,
13 instructing withdrawal and
14 shredding of the copies
15 including the RD. They have
16 also spoken to Spector to
17 confirm that this is not what he
18 expected to happen. It is not.
19 He is expecting a joint paper
20 which would be something that
21 went to the PMO before anybody
22 started writing submissions.
23 Bottom line - ACOA is receiving
24 a very blunt message from PCO.
25 We are continuing on our current

1 track."

2 26640 Do you recall the conversation that
3 is mentioned in here?

4 26641 MR. SPECTOR: No, I don't, but as I
5 answered the previous one, that would have been what I
6 would have said had Ms Billings contacted me.

7 26642 The difference between this and the
8 previous document is that it looks like this was
9 serious business on the part of Mr. MacKay, and a full
10 court press driving toward a cabinet decision in the
11 midst of a process that he was involved in.

12 26643 I mean, he knew the process, because
13 he was at the meeting of November 1st.

14 26644 MS BROOKS: Did you ever speak to Mr.
15 MacKay directly about this?

16 26645 MR. SPECTOR: I can't recall.

17 26646 MS BROOKS: If you go to Tab 13, this
18 is the joint paper that was submitted to you, and it
19 has a cover memo from Mr. Tellier, dated December 10th,
20 1990.

21 26647 MR. SPECTOR: Yes, and there is a
22 note from Mr. Tellier.

23 26648 MS BROOKS: Can you read that note?

24 26649 MR. SPECTOR: Yes. It says:

25 « Norm, à discuter, s'il vous

1 plaît. Je veux savoir où on en
2 est. »

3 26650 Which essentially means: Norm, let's
4 discuss this. I would like to know where we are at on
5 this issue.

6 26651 MS BROOKS: The other handwriting
7 down the page, where it is circled and says "Why", do
8 you know whose writing that is?

9 26652 MR. SPECTOR: I don't know whose
10 writing that is.

11 26653 MS BROOKS: Is it your writing?

12 26654 MR. SPECTOR: No, it's not mine.

13 26655 MS BROOKS: In this cover memo, Mr.
14 Tellier notes:

15 "ACOA is strongly supportive of
16 the Thyssen proposal on the
17 basis of anticipated regional
18 benefits and argues that the
19 proposal is commercially
20 viable."

21 26656 The cover memo notes that Thyssen is
22 seeking a directed contract for 250 of its Fox military
23 vehicles at a cost of \$290 million.

24 26657 I am looking at the second paragraph
25 here:

1 "...with delivery beginning in
2 1993/94."

3 26658 DND, however, is not supportive, and
4 it estimates the cost of going forward to be \$765
5 million -- that is what is circled here -- above the
6 \$290 million already budgeted.

7 26659 Do you see that?

8 26660 MR. SPECTOR: Yes, I do.

9 26661 MS BROOKS: On page 1 of the paper it
10 is noted that the financial implications for the
11 federal government are stated to be very significant.

12 26662 If I could have you turn to the
13 actual page 1 of the attachment -- and I take it that
14 the attachment is the joint paper prepared by the
15 departments?

16 26663 MR. SPECTOR: That is correct.

17 26664 MS BROOKS: If I could take you to
18 page 1 of that, under the heading "Financial
19 Implications", it says:

20 "The financial implications for
21 the federal Government are very
22 significant (about \$1.1 billion)
23 comprising primarily funds
24 already budgeted by DND for the
25 program element..."

1 26665 That is, \$290 million budgeted after
2 the year 2000:
3 "...incremental costs estimated
4 by DND to support the Thyssen
5 proposal (\$765 million), and the
6 much smaller (approximately \$8
7 million) costs of
8 federally-funded
9 infrastructure."
10 26666 What do you make of the financial
11 implications? What is your assessment of how much you
12 were going to be telling the Prime Minister this was
13 going to be costing?
14 26667 MR. SPECTOR: I believe the figure
15 that I had in my mind when I eventually briefed the
16 Prime Minister -- and it is my best recollection, I
17 don't have 100 percent certainty -- I believe the
18 figure I would have had in my mind was \$765 million.
19 26668 MS BROOKS: That is the incremental
20 costs.
21 26669 MR. SPECTOR: Correct.
22 26670 MS BROOKS: Something above what they
23 are actually paying for the machines, something above
24 that.
25 26671 When you received this memo, did you

1 check with Ministers McKnight and MacKay to ensure that
2 there was no disagreement amongst them about this
3 bottom line?

4 26672 MR. SPECTOR: I did, indeed.

5 26673 MS BROOKS: And did they agree that
6 they were in accord?

7 26674 MR. SPECTOR: They did, indeed.

8 26675 MS BROOKS: After you reviewed this
9 memo, what did you do with respect to the Prime
10 Minister and a briefing for him?

11 26676 MR. SPECTOR: Before we leave this
12 memo, Ms Brooks, there are a couple of points that I
13 would like to make.

14 26677 MS BROOKS: Sure.

15 26678 MR. SPECTOR: First of all, in the
16 first paragraph --

17 26679 MS BROOKS: What page are you on?

18 26680 MR. SPECTOR: The first paragraph of
19 the first page.

20 26681 COMMISSIONER OLIPHANT: Are you
21 looking at the memo or the paper?

22 26682 MR. SPECTOR: The memorandum to my --

23 26683 COMMISSIONER OLIPHANT: Okay. Thank
24 you.

25 26684 MR. SPECTOR: First of all, I think

1 that Mr. Tellier is being very kind when he suggests
2 that the paper responds to the "request you made when
3 you met with the ministers for a joint paper describing
4 what would be necessary for this project to go ahead in
5 the near future."

6 26685 That was what I had asked for --

7 26686 MS BROOKS: Yes.

8 26687 MR. SPECTOR: -- but if you look at
9 the memo, on the first page it says, "Issue: Whether
10 to support the proposal by Bear Head Industries."

11 26688 I think the discrepancy is that this
12 has really been drafted as a cabinet memorandum, and
13 that is the way cabinet memoranda are drafted, as yes
14 or no; whereas I had asked --

15 26689 Now, in fairness to Mr. Tellier, his
16 covering memo does address what I asked. What he has
17 done -- I think he was very kind to the officials by
18 suggesting that they had carried out their mandate,
19 and, essentially, he is summarizing a very long
20 document in two pages, giving me the information that I
21 had asked for on behalf of the Prime Minister.

22 26690 MS BROOKS: Which was how much it
23 would cost to --

24 26691 MR. SPECTOR: What is it going to
25 take to make this project happen --

1 26692 MS BROOKS: All right.

2 26693 MR. SPECTOR: -- including the costs.

3 26694 MS BROOKS: And when you read the
4 attached paper, were you able to make a determination
5 about --

6 26695 MR. SPECTOR: Frankly, I am not sure
7 that I read the entire document at the time.

8 26696 MS BROOKS: All right.

9 26697 MR. SPECTOR: I think I probably
10 relied on Mr. Tellier's two-page memo when I briefed
11 the Prime Minister.

12 26698 MS BROOKS: And when did you brief
13 the Prime Minister on this? When did that occur?

14 26699 Did you have a question, Mr.
15 Commissioner?

16 26700 COMMISSIONER OLIPHANT: I was just
17 going to ask, on a couple of occasions you said that
18 Mr. Tellier was very kind to the people who wrote the
19 paper. Are you suggesting that what he said in his
20 memorandum to you isn't perhaps reflective of what is
21 in the paper?

22 26701 MR. SPECTOR: No, I think it reflects
23 the paper. I think he distilled the paper --

24 26702 COMMISSIONER OLIPHANT: But a
25 generous interpretation?

1 26703 MR. SPECTOR: No, I think he was
2 being kind to them --

3 26704 He may have reamed them out
4 privately, I don't know.

5 26705 COMMISSIONER OLIPHANT: Why would he
6 have reamed them out?

7 26706 MR. SPECTOR: Because it doesn't
8 exactly --

9 26707 COMMISSIONER OLIPHANT: It doesn't
10 respond to the request you made.

11 26708 MR. SPECTOR: Correct.

12 26709 COMMISSIONER OLIPHANT: But he does.

13 26710 MR. SPECTOR: He does.

14 26711 COMMISSIONER OLIPHANT: So that's the
15 difference between the memorandum and the paper -- he
16 responds to the request; the paper doesn't.

17 26712 MR. SPECTOR: Correct, but all of the
18 information was in the paper.

19 26713 COMMISSIONER OLIPHANT: What you
20 wanted to know was, "How do we make this project go,"
21 because that is what the Prime Minister had asked you
22 to do.

23 26714 MR. SPECTOR: Correct.

24 26715 COMMISSIONER OLIPHANT: And what the
25 paper says is, "Should we go ahead with the project."

1 26716 MR. SPECTOR: Correct.

2 26717 COMMISSIONER OLIPHANT: That's the
3 problem.

4 26718 MR. SPECTOR: I think I was, maybe,
5 using euphemistic phrasing when I said that he was very
6 kind to them.

7 26719 COMMISSIONER OLIPHANT: Okay, that's
8 why I asked the question.

9 26720 MS BROOKS: So the number you had in
10 your head was \$765 million. What does that figure
11 represent?

12 26721 If you could clarify for us what it
13 represents over the \$290 million already budgeted --

14 26722 MR. SPECTOR: A lot of money.

15 26723 MS BROOKS: But what was it to be
16 used for?

17 26724 MR. SPECTOR: For me, the
18 significance of that figure was that the Prime Minister
19 was of the view that this project would come at no
20 cost, and his frustration was as a result of that view.

21 26725 And the assignment to unblock this
22 process all came from his understanding, however that
23 understanding was derived, that this was a no-cost
24 project.

25 26726 So when I saw that \$765 million, I

1 thought that I really had the basis of my briefing for
2 the Prime Minister. I didn't need much more than that
3 piece of information.

4 26727 Now, I did get one more piece of
5 information, and I am not exactly sure where I got that
6 piece of information. The piece of information was
7 that, according to the government's financial
8 accounting rules, the annual cost that would be
9 incurred would have to be booked in the fiscal
10 framework, regardless of future sales, royalties, or
11 anything. As soon as the expenditure was made, it
12 would have to be booked in the fiscal framework, which
13 meant that it would have an impact on the government
14 account and on the size of the deficit.

15 26728 So that, too, was in my notes that I
16 took when I went to the briefing with the Prime
17 Minister.

18 26729 MS BROOKS: Thank you.

19 26730 When did that briefing occur?

20 26731 MR. SPECTOR: That briefing took
21 place on Sunday, December 16th, 1990. It was during --
22 we were being driven to a speech that he was giving in
23 Gatineau, I believe in Buckingham, on that Sunday.
24 Most of the discussion in the limo that morning
25 concerned -- I believe it was a noon speech. Most of

1 the discussion that morning concerned the speech he was
2 about to deliver, which was on his constitutional
3 initiative. That was, essentially, the reason that I
4 went along with him that day.

5 26732 I think the discussion of Bear Head
6 probably lasted for about ten minutes of the ride.

7 26733 MS BROOKS: What did you say to him
8 in your briefing on the issue, do you recall?

9 26734 MR. SPECTOR: I believe that he asked
10 me whether I had made any progress on the file, and I
11 said, "As a matter of fact, I have, and I can report to
12 you that, contrary to your view that this project was
13 at no cost to the taxpayer, there would indeed be a
14 cost."

15 26735 I must have mentioned this figure,
16 but when I gave my statement to the RCMP five years
17 later, I had already forgotten the number, and I said
18 several hundred millions of dollars.

19 26736 I also told him at that time that the
20 annual expenditures would have to be booked in the
21 fiscal framework, and it was my view that that was an
22 important point for Mr. Mulroney.

23 26737 MS BROOKS: What did he say?

24 26738 MR. SPECTOR: He looked at me and
25 said, "Well, if that's the case, the project is dead."

1 26739 MS BROOKS: Was he surprised by what
2 you told him?

3 26740 MR. SPECTOR: I think he was
4 genuinely surprised at what I was telling him.

5 26741 MS BROOKS: I would like you to turn
6 to Tab 22 of your book of documents, please.

7 26742 This is called "Chronology and
8 Current Status". It does not have an author.

9 26743 Had you seen this document before we
10 produced it to you?

11 26744 MR. SPECTOR: No.

12 26745 MS BROOKS: I would like you to turn
13 to page 2, where it says "Current Status" in the middle
14 of the page. It says:

15 "PCO (Billings and Gentles) best
16 advice:...)"

17 26746 MR. SPECTOR: Billings is the
18 Assistant Secretary for Economic Policy, and Gentles is
19 the Military Advisor in the Privy Council.

20 26747 MS BROOKS: Both in PCO. Okay.

21 26748 Right above that it says, "17 Jan
22 `91," and it talks about a rebuttal letter to PCO, copy
23 to Peter Smith.

24 26749 So we know, I think, that this
25 chronology is at least dated after the 17th of January

1 1991.

2 26750 I am going to read to you what it

3 says under "PCO (Billings and Gentles)".

4 "12 Dec `90 (approx) -

5 discussion PM,..."

6 26751 -- I take that to mean Prime

7 Minister:

8 "...Mackay (ACOA), Spector. PM

9 expressed shock at cost of

10 Thyssen proposal and asked

11 Mackay to confirm numbers.

12 Mackay accepted numbers were

13 probably real. Spector advises

14 Mackay not to push issue at

15 present time. Mackay feels PMO

16 has let him down i.e. purpose of

17 1 Nov meet was to force issue

18 and this not done..."

19 26752 The second bullet point says:

20 "No plans for matter to be

21 discussed at Ops."

22 26753 "Ops" would refer to...?

23 26754 MR. SPECTOR: Operations Committee.

24 26755 MS BROOKS: Operations Committee.

25 "Whether proposal dead, or to be

1 handled outside of Ops not
2 clear. She has asked the
3 questions and may or may not get
4 an answer."

5 26756 I take it that "she" refers to Ms
6 Billings.

7 26757 MR. SPECTOR: Correct.

8 26758 MS BROOKS:
9 "Only Spector knows.
10 - PM was to go to London in
11 January and Mackay to FRG..."
12 26759 -- the Federal Republic of Germany.
13 "Informal plan for PM to cross
14 to FRG for possible meet with
15 Thyssen.
16 PM's trip cancelled."

17 26760 What I would like to ask you is about
18 the first bullet point. Do you have a recollection of
19 a meeting with the Prime Minister where Mr. MacKay was
20 present and these described events took place, that is,
21 that the PM expressed shock and asked Mr. MacKay to
22 confirm those numbers?

23 26761 MR. SPECTOR: Absolutely not. I
24 don't believe there was ever -- that I ever had a
25 meeting with Mr. Mulroney and Mr. MacKay together on

1 this subject.

2 26762 MS BROOKS: So the only recollection
3 you have is of the one briefing with the Prime
4 Minister in the car?

5 26763 MR. SPECTOR: That was the only one,
6 yes, and they got the date close, but not quite on.

7 26764 MS BROOKS: The date of 12 December
8 ought to be, in your view, the 16th.

9 26765 MR. SPECTOR: It was the 16th.

10 26766 MS BROOKS: All right. Did you ever
11 speak to the Prime Minister about the Bear Head Project
12 after that briefing?

13 26767 MR. SPECTOR: No. As I said to the
14 RCMP in 1995, the conversation in the limo was the last
15 I had ever heard of the project.

16 26768 MS BROOKS: What did you do, then,
17 after the Prime Minister had expressed to you that, if
18 that is the case, this project is dead?

19 26769 Who did you advise?

20 26770 MR. SPECTOR: That conversation took
21 place on a Sunday, and Monday morning, the first thing
22 in coming to the office, I called Mr. Fowler and I
23 called Mr. Tellier to relate the nature of the
24 conversation that I had with the Prime Minister, and I
25 then also told my Deputy Chief of Staff, Mr.

1 Grauer(ph), about the substance of the conversation.

2 26771 MS BROOKS: Did you inform ACOA?

3 26772 MR. SPECTOR: No, I did not.

4 26773 MS BROOKS: Why would you have left
5 them off the list of people that you were informing at
6 this point?

7 26774 MR. SPECTOR: I thought that it would
8 be helpful for Mr. Fowler and Mr. Tellier to know that
9 this project no longer had the backing of the Prime
10 Minister, that it would perhaps govern their future
11 involvement in the file.

12 26775 MS BROOKS: Did you use those words,
13 that it no longer had the backing of the Prime
14 Minister?

15 26776 Do you recall?

16 26777 MR. SPECTOR: No, I think what I said
17 to them -- I think I related verbatim the conversation
18 that I had with the Prime Minister, and his phrase
19 that, if that's the case, this project is dead.

20 26778 MS BROOKS: And you are saying that
21 your understanding is that they would understand, then,
22 that it no longer had prime ministerial backing.

23 26779 MR. SPECTOR: My perception then, and
24 even more strongly now, is that this project only
25 survived as long as it did because it was perceived to

1 have the backing of the Prime Minister, in many
2 different manifestations.

3 26780 MS BROOKS: Did you inform Thyssen,
4 or Bear Head itself?

5 26781 MR. SPECTOR: No, it would not have
6 been appropriate to inform them about a conversation
7 that I had had with the Prime Minister.

8 26782 MS BROOKS: To your belief, as you
9 carried on as Chief of Staff, you say that you didn't
10 speak to the Prime Minister about it again. Did you
11 have any further involvement with this assignment?

12 26783 MR. SPECTOR: No, that was it for me.
13 After the 16th discussion, I figured that nature would
14 take its course. I mean, this was a project that was
15 supported by ACOA, and opposed by virtually everyone in
16 town, so I figured that this was no longer an active
17 file for me.

18 26784 MS BROOKS: If you could turn to Tab
19 14 of your book of documents, this is the same memo,
20 although it doesn't have Mr. Tellier's handwriting. At
21 the top of the page it says, "Returned from PMO with no
22 comments (91-02-18)."

23 26785 Would this have been the document
24 that came up to you in the PMO going back to the PCO?

25 26786 MR. SPECTOR: It would, indeed. That

1 is my handwriting under the "Returned from PMO with
2 comments."

3 26787 Where it says "Tonight" --

4 26788 MS BROOKS: Yes.

5 26789 MR. SPECTOR: -- that is my
6 handwriting.

7 26790 MS BROOKS: And why would it have
8 said "Tonight" on it?

9 26791 MR. SPECTOR: It meant that I was
10 telling my secretary that this was something I wanted
11 to take home with me to read carefully.

12 26792 MS BROOKS: All right. I want to
13 understand a little bit more about the process, at a
14 general level, for how memoranda from the PCO up to the
15 PMO would be dealt with in the Prime Minister's Office.

16 26793 This, I see, comes back after two
17 months, essentially. It is 91/02/18. What would have
18 happened to it while it was in the Prime Minister's
19 Office? Would the Prime Minister have seen it?

20 26794 MR. SPECTOR: No, I never forwarded
21 this. This served as the basis of my briefing to him.

22 26795 I am embarrassed to admit, but the
23 reason it probably took two months to get back is, I
24 probably had it in my briefcase for two months.

25 26796 MS BROOKS: The fact that it comes

1 back with no comments, you obviously did have comments
2 to make. Would you have written a memo to the PCO to
3 advise them of this?

4 26797 MR. SPECTOR: I don't think I -- I
5 can't remember writing a single memo to Mr. Tellier
6 during the entire time that I worked with him.

7 26798 MS BROOKS: What would you do instead
8 to let him know?

9 26799 MR. SPECTOR: I would phone him, or
10 we would see each other, I am sure, daily, sometimes
11 several times a day.

12 26800 We had that kind of relationship, we
13 just didn't need to write --

14 26801 I mean, you know, he was writing
15 memos as the guardian of the process. He is the
16 secretary to the cabinet. But we didn't need memos to
17 communicate with each other.

18 26802 And I don't want anybody to think
19 that it was because of access to information laws or
20 anything like that. It wasn't anything like that, it
21 was just the kind of relationship that we had. We were
22 on the phone to each other all the time.

23 26803 COMMISSIONER OLIPHANT: When you say
24 that Mr. Tellier was the guardian of the process, do
25 you mean the pulp and paper industry in Canada or --

1 26804 MR. SPECTOR: He certainly was a
2 great ally and friend.

3 26805 COMMISSIONER OLIPHANT: I see. Okay.

4 26806 MS BROOKS: Ally and friend of yours?

5 26807 MR. SPECTOR: Of the pulp and paper
6 industry.

7 26808 MS BROOKS: You mean with the extent
8 of his use of paper, I take it.

9 26809 MR. SPECTOR: I think the word in
10 French for this is "paperasse."

11 26810 MS BROOKS: All right. Could you
12 turn to Tab 17 of your book of documents?

13 26811 This is a letter to you, dated
14 December 19th, 1990. It says:
15 "Last week, I received your
16 personal assurances that the
17 Thyssen issue would be
18 considered imminently via an
19 'alternative route', rather than
20 being discussed at Operations as
21 I and others had wished.

22 While the direction from
23 your office has been uncertain,
24 I am under the impression that
25 our next steps in resolving the

1 Thyssen issue include
2 discussions between the Prime
3 Minister and Michael Wilson on
4 funding.

5 If DND purchases Thyssen's
6 next-generation vehicle, under a
7 directed contract of \$290
8 million, this would involve, by
9 DND's own generous estimates,
10 program funding of \$725 million
11 (\$ 1990), not \$1 billion plus.
12 Moreover, in light of the
13 lasting and unique development
14 for Nova Scotia to be gained, I
15 am, as you know, fully prepared
16 to use ACOA's lapsing funding to
17 contribute to sourcing."

18 26812 He goes on to talk about timing:

19 "...I would simply remind you
20 that Thyssen, which has waited
21 for five years, and was invited
22 by our Government to locate in
23 Canada - seeks a decision by
24 year end. Moreover, I (as I'm
25 sure you) would be most pleased

1 if the Prime Minister was in a
2 position to pronounce favourably
3 on the Thyssen proposal during
4 his visit to Germany next
5 month."

6 26813 This letter is written to you after
7 you have briefed Mr. Tellier, Mr. Grauer, your Deputy
8 Chief of Staff, and Mr. Fowler, and it says at the
9 top --

10 26814 Can you read that writing?

11 26815 MR. SPECTOR: I think that probably
12 says, "Elmer, for discussion."

13 26816 MS BROOKS: And whose writing is
14 that?

15 26817 MR. SPECTOR: I think that is Mr.
16 Grauer's writing.

17 26818 MS BROOKS: Did you see this memo?

18 26819 MR. SPECTOR: I did not.

19 26820 MS BROOKS: Would Mr. Grauer, in the
20 ordinary course, now that he knows what the decision
21 is, have communicated directly with Mr. MacKay on this?

22 26821 MR. SPECTOR: I am not sure whether
23 he would have. I expect that he would have, but I have
24 no knowledge of it. I think that Mr. Grauer was doing
25 his job by taking charge of this memo.

1 26822 Frankly, I don't understand what Mr.
2 MacKay was speaking about in the first paragraph --

3 26823 MS BROOKS: Yes, I was going to get
4 to that. What do you think he means by an alternative
5 route than Ops?

6 26824 MR. SPECTOR: I have no -- I can't
7 even guess, in the sense that Mr. MacKay knew fully
8 what I was up to. He knew that I had been asked by the
9 Prime Minister to do what I was doing.

10 26825 So I don't know what alternative
11 route he is suggesting. We were fully transparent in
12 what we were doing. He was part of the process.

13 26826 MS BROOKS: He is referring to, "I
14 received your personal assurances."

15 26827 Did you meet with him or speak with
16 him on the phone?

17 26828 MR. SPECTOR: I am sure that I had
18 several -- I don't recollect the substance of the
19 conversations I had with him, but I am sure that I had
20 several conversations with him during the month or two
21 that I was dealing with this process.

22 26829 MS BROOKS: If you go to the previous
23 tab, there is a letter from Mr. MacKay -- a signed
24 letter from Mr. MacKay, and it's dated December 11th,
25 1990, to the Prime Minister.

1 26830 Now, this was the day after you had
2 received the joint paper from Mr. Tellier.

3 26831 Just to put it in context, he is
4 writing:

5 "My Dear Prime Minister:
6 I am writing to seek your
7 support for the proposal by
8 Thyssen to establish an
9 armoured-vehicle and
10 environmental-industries
11 manufacturing facility in Nova
12 Scotia."

13 26832 He goes on to outline, at the third
14 paragraph:

15 "To revisit very briefly the
16 status of the proposal, the
17 company has indicated formally
18 to the Government through ACOA,
19 that it will establish a very
20 significant...manufacturing
21 facility in Nova Scotia, should
22 DND purchase either 250 of its
23 `Fox' vehicles for \$290
24 million...or 207 of its next
25 generation `TH 495' multi-role

1 combat vehicles."

2 26833 He is attaching a Thyssen

3 aide-memoire that summarizes the company's proposal,

4 which I do not have here. It wasn't included with this

5 document.

6 26834 He goes on, if you look to page 2, in

7 the second paragraph:

8 "Accordingly, after a series of

9 last-minute negotiations with

10 Thyssen, the company has agreed

11 to address concerns raised by

12 DND and others, by restructuring

13 their proposal in a way in which

14 I am hopeful can allow the

15 initiative to be achieved."

16 26835 And he says that he is attaching a

17 copy of their formal letter, which I also do not have.

18 26836 If you then go to the last paragraph,

19 he says:

20 "To conclude, Prime Minister, if

21 you concur, it would be my

22 intention on Thursday, December

23 13, to have the entire proposal,

24 including the company's final

25 offer, brought forward for

1 discussion by Operations
2 Ministers. Should we reach
3 agreement, I would hope that a
4 more formal decision could be
5 reached by Cabinet later that
6 morning, so that a formal
7 communiqué could be issued from
8 the Government to the company
9 prior to year end."

10 26837 Were you aware of, or did you see
11 this letter that was sent to the Prime Minister?

12 26838 MR. SPECTOR: I did not.

13 26839 MS BROOKS: It interests me, just as
14 a matter of process, why, if you were given this
15 assignment -- and at this point you are still involved
16 in the assignment -- what was the process in the Prime
17 Minister's Office for handling correspondence addressed
18 to him?

19 26840 MR. SPECTOR: There was a
20 correspondence clerk, who had been Derek Burney's
21 executive assistant, and when Mr. Burney left, she
22 became the correspondence clerk, and she would
23 essentially be channelling all sorts of communications.

24 26841 I don't know whether there were other
25 ways of getting communications to the Prime Minister or

1 not. To be frank, I did not delve into the
2 correspondence function at the Prime Minister's Office
3 in any great detail when I was there.

4 26842 MS BROOKS: So you didn't see this
5 letter, and the Prime Minister didn't raise this with
6 you.

7 26843 MR. SPECTOR: He did not, and he
8 certainly didn't mention it on December 16th.

9 26844 MS BROOKS: Can you tell me, did the
10 matter go to the Ops Committee?

11 26845 I take it that it did not.

12 26846 MR. SPECTOR: I believe, from this
13 correspondence, that it never did end up going to the
14 Operations Committee.

15 26847 You directed my attention to a
16 chronology at one point, which included a point
17 suggesting that Mr. MacKay was dissatisfied and felt
18 that he had been let down by the Prime Minister's
19 office, that the media had known --

20 26848 MS BROOKS: That was Tab 22, yes.

21 26849 MR. SPECTOR: Was that Tab 22?

22 26850 MS BROOKS: Yes.

23 26851 MR. SPECTOR: That the meeting had
24 been designed to force the issue and that it had ended
25 up not forcing the issue, I suppose, to his liking.

1 26852 MS BROOKS: And we have referred to
2 the letter that was sent on the 19th of December to you
3 in the next tab from Mr. MacKay. And you have told us
4 you have no recollection of speaking to him.

5 26853 After the decision was made -- let me
6 rephrase that.

7 26854 After you conveyed what Mr. Mulroney
8 had said to Mr. Tellier, Mr. Fowler and to your Deputy
9 Chief, Mr. Grauer, who would have been the logical
10 person to tell Mr. MacKay about the outcome of those
11 discussions with the Prime Minister?

12 26855 MR. SPECTOR: Well, you know, I guess
13 you are now really getting into the question of what
14 the Prime Minister decided, if anything, on December
15 16th.

16 26856 MS BROOKS: Well, I'm actually more
17 interested in whether Mr. MacKay would have been
18 advised by Mr. Tellier.

19 26857 Do you know if that happened?

20 26858 MR. SPECTOR: I don't know that it
21 happened. I assumed all along that Mr. MacKay was
22 speaking privately to the Prime Minister on this file.

23 26859 I assumed, for example -- it might be
24 incorrect, but I assumed that Mr. Mulroney had gotten
25 the information that this was a no-cost project from

1 Mr. MacKay.

2 26860 MS BROOKS: You assumed at the time?

3 26861 MR. SPECTOR: At the time, that was

4 my assumption.

5 26862 So I assumed that they were in

6 constant communication -- not constant, but in regular

7 communication.

8 26863 MS BROOKS: And that assumption was

9 based on what?

10 26864 MR. SPECTOR: The fact that someone

11 had given this information to the Prime Minister, and I

12 did not at that time know of Mr. Mulroney's dealings

13 with either Mr. Schreiber or Mr. Doucet, who I suppose

14 are two other logical possibilities in retrospect.

15 26865 But at the time the only possibility

16 that came to my mind was Mr. MacKay.

17 26866 Now, I think one of the reasons you

18 are asking about who would tell -- no, anyway I will

19 stop there.

20 26867 MS BROOKS: Yes.

21 26868 MR. SPECTOR: Yes.

22 26869 MS BROOKS: So you have told us that

23 after this point your assignment was at an end. I

24 wanted to just take you to a couple of documents that

25 postdate what you view, you have told us, is your end

1 of being involved with this.

2 26870 If you go to Tab 21, there is a memo
3 to you for Mr. Tellier about the Bear Head Project.

4 26871 MR. SPECTOR: Yes.

5 26872 MS BROOKS: Did you ever see this
6 memo?

7 26873 MR. SPECTOR: No, I don't believe I
8 did.

9 26874 MS BROOKS: And why would that have
10 been?

11 26875 MR. SPECTOR: Well, I think that the
12 fact that I had debriefed Mr. Grauer was the signal to
13 him that this file was going the way of the 41 files
14 that I had received from Mr. Hartt --

15 26876 MS BROOKS: Mr. Hart.

16 26877 MR. SPECTOR: -- when I assumed the
17 position.

18 26878 So knowing Mr. Grauer, who was a very
19 intelligent young man, he would have seen that the
20 bottom line had not changed here and there was
21 therefore no reason to revisit the decision.

22 26879 In other words, that no information
23 had been kept from the Prime Minister on December 16th
24 that was relevant to the Prime Minister's statement
25 that if that is the case, the project is dead.

1 26880 MS BROOKS: And now that you see this
2 letter and you see that Mr. Tellier is continuing to
3 have the Bear Head matters under consideration, does
4 that surprise you?

5 26881 MR. SPECTOR: Well, in one way it
6 doesn't and in one way it does.

7 26882 MS BROOKS: Take them one by one.

8 26883 MR. SPECTOR: We will start with the
9 doesn't. We are not supposed to be surprised, right?

10 26884 So in one way it doesn't, in the
11 sense that Mr. Tellier had been dealing with this issue
12 before I entered the scene for a very brief period of
13 time. He was the guardian of the process. He was the
14 head of the Privy Council Office and, as I testified, I
15 always believed that that was the role of the PCO. So
16 my involvement with the anomaly.

17 26885 MS BROOKS: So the continuing
18 carriage by PCO after your involvement was concluded
19 was just normal course of events?

20 26886 MR. SPECTOR: So that's why it
21 doesn't surprise me.

22 26887 What does surprise me is in
23 retrospect having -- and this is something I did not
24 know at the time that I gave the statement to the RCMP
25 in 1995. This is something that I would have learned a

1 year or so later: that the project had not been
2 cancelled, notwithstanding the testimony that the Prime
3 Minister had given at the time of his defamation suit.

4 26888 MS BROOKS: All right. But let's
5 just --

6 26889 MR. SPECTOR: So when I saw these
7 documents --

8 26890 MS BROOKS: Now, at this point in
9 time.

10 26891 MR. SPECTOR: -- at this point in
11 time, subsequent to having first learned about this at
12 the Ethics Committee, I was surprised that a project
13 that from 1996 to 2008 that I thought had been
14 cancelled had not been cancelled.

15 26892 So that's where I am surprised.

16 26893 MS BROOKS: All right. If I could
17 just summarize then, the fact that your assignment was
18 over and now this was going back to PCO was, in your
19 view, where the project for consideration should have
20 been all along?

21 26894 MR. SPECTOR: Yes. But I did not
22 know that in nineteen --

23 26895 MS BROOKS: Understood. Understood.

24 26896 MR. SPECTOR: But in retrospect,
25 looking at these documents, it does not surprise me

1 that PCO would have re-assumed responsibility for the
2 file.

3 26897 MS BROOKS: And what effect did it
4 have, do you think, assigning this to the Chief of
5 Staff and having the Chief of Staff get involved?

6 26898 You have talked about how
7 Mr. Tellier, quite properly as the guardian of process,
8 would have been involved with this project before your
9 involvement on your assignment and afterwards. By
10 getting you involved, what kind of message, if any,
11 would have been conveyed to those you were dealing
12 with?

13 26899 MR. SPECTOR: Well, I believe -- and
14 I believe this when I assumed the position based on the
15 experience that I had had in British Columbia in a
16 similar role for Premier Bennett -- that the PMO, being
17 as powerful as it is, should minimize the files in
18 which it is involved, essentially for a couple of
19 reasons: that it sends -- I think it produces bad
20 policy and I think it is also bad politics.

21 26900 I will give you the short version,
22 not to bore you with the long version.

23 26901 But essentially I think it sends a
24 signal to Ministers and officials to watch their step.

25 26902 You know, the Chief of Staff is a

1 very powerful position. The Chief of Staff is present
2 when Cabinets are made and remade and reshuffled. The
3 Chief of Staff stands between a Minister and a car and
4 driver. It is a very brave bureaucrat who takes on the
5 Chief of Staff to the Prime Minister.

6 26903 So I believe that in the interest of
7 good government, it is wise to minimize the number of
8 files.

9 26904 I also believed, based on my
10 experience in British Columbia, that it is bad politics
11 to have the Prime Minister's office fingerprints on a
12 file.

13 26905 MS BROOKS: Okay. Well, I am going
14 to --

15 26906 MR. SPECTOR: If I could just finish
16 my answer.

17 26907 You know, for good reason the press
18 are particularly vigilant about the Prime Minister's
19 office, given the amount of power it has, and you can
20 imagine if the story has surfaced back in 1988 that the
21 Prime Minister's office had brokered a deal amongst
22 Ministers that had resulted in the flow of \$4 million
23 in commissions.

24 26908 MS BROOKS: Well, Mr. Spector, that
25 is not really what my question was. My question really

1 was more limited and I think I've got your answer on
2 that. So I thank you for that.

3 26909 Mr. Commissioner, at this point I
4 would like to suggest that it might be appropriate to
5 take the break. I have a number of questions for
6 Mr. Spector after, but I think this would be a good
7 point, if that would be convenient for you.

8 26910 COMMISSIONER OLIPHANT: All right.

9 26911 We will take the morning break now
10 and come back at 11 o'clock.

11 26912 MS BROOKS: Thank you.

12 --- Upon recessing at 10:40 a.m. / Suspension à 10 h 40

13 --- Upon resuming at 11:05 a.m. / Reprise à 11 h 05

14 26913 COMMISSIONER OLIPHANT: Be seated,
15 please.

16 26914 Ms Brooks...?

17 26915 MS BROOKS: Thank you, Commissioner.

18 26916 Mr. Spector, just before the break
19 you were talking about the two ways in which you were
20 surprised in one and not surprised in another that the
21 PCO continued to consider and carry on with this file.

22 26917 I would like you to elaborate, if you
23 could, a little bit more on why you were surprised that
24 this project continued to be under consideration.

25 26918 I think you were saying that given

1 the Prime Minister's statement to you, which you had
2 passed on, you had some surprise.

3 26919 Could you elaborate on that a bit
4 more?

5 26920 MR. SPECTOR: So much the statement
6 itself, because the statement itself left me
7 essentially predicting that the project would die. So
8 that was my frame of mind. That was what I understood
9 and my frame of mind, at least until the time I gave
10 the statement to the RCMP.

11 26921 But subsequent to that statement and
12 when that statement as it was transformed into the
13 letter of request, and as that statement later became
14 the subject of examination of Mr. Mulroney during the
15 defamation trial garnered some publicity, I developed a
16 new understanding that stayed with me until 2003.

17 26922 That understanding was that the Prime
18 Minister had cancelled the project based on the
19 information that I had provided to him during the limo
20 ride.

21 26923 MS BROOKS: Right.

22 26924 MR. SPECTOR: That was the
23 understanding I had in my own mind, for example, when I
24 wrote the afterword to Mr. Kaplan's book.

25 26925 In that afterword I noted that the

1 first inkling that the project had not died was
2 sometime around 2001 when I had had an e-mail exchange
3 with Senator Murray, in the course of which he told me
4 that Mr. Segal had dealt with the project at some
5 point.

6 26926 So I began to develop a completely
7 different understanding.

8 26927 But it was only while watching the
9 Ethics Committee hearing and then subsequently by
10 reviewing these documents that I learned that not only
11 did my prediction not pan out, which was fine because
12 there is nothing particularly sacred about my
13 predictions, but that Mr. Mulroney's statement during
14 the defamation hearing did not appear to be accurate in
15 light of this documentation.

16 26928 MS BROOKS: Okay. Are you aware of
17 any other kinds of projects where you believed or where
18 they were to be cancelled but they came back again and
19 lived on?

20 26929 MR. SPECTOR: No, but I'm not sure
21 that that means anything one way or another. But no.
22 The answer is no.

23 26930 MS BROOKS: All right. I wonder
24 if -- we are now in the period where you are no longer
25 involved with the file, but if you go to Tab 24 there

1 is a memo to you from Mr. Tellier, dated March 26,
2 1991.

3 26931 And Mr. Tellier writes to you:

4 "We understand that Karlheinz
5 Schreiber of Thyssen/Bear Head
6 Industries will be in Ottawa
7 next week and may try to contact
8 you. The purpose of this
9 memorandum is to provide you
10 with a status report on the
11 proposed Thyssen project in Nova
12 Scotia and apprise you of a
13 possible linkage between this
14 issue and that of the import and
15 export of automatic weapons."

16 26932 Now, did you see this memo?

17 26933 MR. SPECTOR: Yes. I believe I can
18 recall seeing this memo, certainly the first paragraph.

19 26934 MS BROOKS: And I think you said when
20 I interviewed you that you took this to be a heads-up
21 or a warning from Mr. Tellier about a possible contact
22 from Mr. Schreiber.

23 26935 MR. SPECTOR: That's correct. From
24 that point of view, I'm not surprised that Mr. Grauer
25 would have forwarded this one on to me.

1 26936 MS BROOKS: Did you in fact get
2 contacted by Mr. Schreiber?
3 26937 MR. SPECTOR: No, I did not.
4 26938 MS BROOKS: The next tab is a little
5 bit later that same year, and it is a memorandum to
6 Mr. Tellier from one of his staff people, William
7 Rowat.
8 26939 MR. SPECTOR: Mr. Rowat succeeded
9 Ms Billings.
10 26940 MS BROOKS: For the economic
11 portfolio.
12 26941 Mr. Rowat, in the first paragraph
13 says:
14 "On April 12, Mr. J.A. Doucette
15 sent you a new proposal on
16 behalf of Thyssen/Bear Head
17 Industries. The purpose of this
18 note is to give you an
19 assessment of this new
20 proposal."
21 26942 Mr. Rowat notes, in the next
22 paragraph, that:
23 "Thyssen is asking for a firm
24 contract from DND for 250 light
25 armored vehicles and \$8 million

1 in assistance from ACOA (plus
2 \$4.2 million provincial) to
3 establish ..."

4 26943 This facility. And he refers to it
5 is:
6 "(... believed to be in Pictou
7 County)."

8 26944 Which was I believe Mr. MacKay's
9 riding. Can you...?

10 26945 MR. SPECTOR: That's my
11 understanding.

12 26946 MS BROOKS: Yes. Were you aware of
13 Fred Doucette's involvement with this file at all?

14 26947 MR. SPECTOR: I was not.

15 --- Pause

16 26948 MS BROOKS: And did you ever become
17 aware of Mr. Doucette's involvement with this file?

18 26949 MR. SPECTOR: Not until the Ethics
19 Committee.

20 26950 MS BROOKS: All right. My colleague,
21 Mr. Wolson, has drawn my attention back to the previous
22 document, which is March 26, 1991, and I wanted to ask
23 you a couple of -- Tab 24. I wanted to ask you a
24 couple of follow-up questions on that.

25 26951 Would this memo have been discussed?

1 You say you received it. Did you discuss this with
2 Mr. Tellier at all?

3 26952 MR. SPECTOR: No, I don't believe I
4 did and I don't believe that I read past the first
5 paragraph of this memo.

6 26953 MS BROOKS: All right.

7 26954 Did you discuss it yourself with
8 Mr. Mulroney, with the Prime Minister?

9 26955 MR. SPECTOR: No, I did not. As I
10 stated to the RCMP in 1995, the limo conversation was
11 the last I heard of this project.

12 26956 MS BROOKS: Right.

13 26957 Did you at any time discuss
14 Mr. Schreiber with Mr. Mulroney in the context of this
15 file or any other file?

16 26958 MR. SPECTOR: Certainly not in the
17 context of any other file. I don't really recall
18 whether we discussed Mr. Schreiber.

19 26959 MS BROOKS: Okay. Would you have
20 expected this memo to have been passed up by
21 Mr. Tellier to the Prime Minister in the ordinary
22 course?

23 26960 MR. SPECTOR: Which memo is this?

24 26961 MS BROOKS: This is the March 26th
25 memo directed to you. Would he have sent a copy of

1 this memo to the Prime Minister for any reason?

2 26962 MR. SPECTOR: Certainly not drafted
3 this way.

4 26963 MS BROOKS: Okay. And you say that
5 because...?

6 26964 MR. SPECTOR: Well, I'm not sure he
7 would send a memo to the Prime Minister that was kind
8 of a flashing signal that Mr. Schreiber was in town and
9 may try to contact me.

10 26965 MS BROOKS: Okay, yes.

11 26966 One of the last documents I want to
12 take you to is at Tab 37 and this is a September 17th
13 letter to Hugh Segal. Tab 37.

14 26967 MR. SPECTOR: Yes, I'm there.

15 26968 MS BROOKS: Actually it is a
16 memorandum for Mr. Segal from Glen Shortliffe.

17 26969 Who was Mr. Shortliffe at this time?

18 26970 MR. SPECTOR: I believe
19 Mr. Shortliffe by this time would have succeeded
20 Mr. Tellier. Yes.

21 26971 MS BROOKS: As the Clerk?

22 26972 MR. SPECTOR: Yes.

23 26973 MS BROOKS: Sorry, yes. We can see
24 that.

25 26974 MR. SPECTOR: You can see from the

1 letterhead.

2 26975 MS BROOKS: Yes.

3 26976 And in this memo from Mr. Shortliffe
4 to Hugh Segal, who was by then the Chief of Staff, it
5 talks about, in the first paragraph, the proposal by
6 Thyssen for a proposed -- I'm looking at the middle of
7 the first bullet:

8 "... proposed a new directed
9 contract from the Government to
10 build eight prototype
11 'peacekeeping' vehicles at a new
12 plant in East Montreal. Thyssen
13 was also seeking \$132 million
14 from governments for the plant;
15 in addition, DND was being asked
16 to test the prototype vehicle."

17 26977 Now, I realize this is after you have
18 left the PMO. You left the PMO in February of 1992.

19 26978 I'm wondering if while you were still
20 in the PMO you ever heard about this proposal to move
21 this plant to Québec?

22 26979 MR. SPECTOR: No, I never did.

23 26980 MS BROOKS: Earlier when I was asking
24 you what the Prime Minister's directions were to you, I
25 asked you and you weren't sure if he had used the words

1 he wanted to make it happen.

2 26981 I'm going to ask that a document be
3 provided to you. I believe the Registrar has a copy
4 for you and the Commissioner.

5 26982 I would like to make this the next
6 exhibit, Mr. Commissioner.

7 26983 It can be described as handwritten
8 notes.

9 26984 COMMISSIONER OLIPHANT: Of who's
10 writing?

11 26985 MS BROOKS: They are Paul Herring's
12 notes, which is what it says on them.

13 26986 COMMISSIONER OLIPHANT: Is the
14 witness able to identify these as an exhibit?

15 26987 MS BROOKS: What I could do is have
16 it added to the previous exhibit as Tab 45 to the
17 previous exhibit, and then it will be included in that
18 compendium of documents which we are putting to him.

19 26988 COMMISSIONER OLIPHANT: Well, let me
20 ask. I mean I just got this, and I assume that other
21 counsel just got this document.

22 26989 Is there any objection to this
23 document becoming an exhibit at the Inquiry, counsel?

24 26990 MR. HUGHES: If we can have a moment,
25 Commissioner.

1 26991 COMMISSIONER OLIPHANT: Sure. Go
2 ahead. Take a look.

3 26992 MR. YAROSKY: Mr. Commissioner, I
4 just want you to know we just got this, too.

5 26993 COMMISSIONER OLIPHANT: Oh, no,
6 that's why I am giving you the time.

7 26994 MS BROOKS: After my friends have had
8 a chance to review it, Commissioner, I can ask the
9 witness to lay a foundation for this document before we
10 have it put in as an exhibit.

11 26995 COMMISSIONER OLIPHANT: Okay.
12 Because it's not his document, that's the point.

13 26996 MR. SPECTOR: Mr. Commissioner, it
14 appears to be minutes of the meeting I held on November
15 1st, somebody's debrief of that meeting.

16 26997 COMMISSIONER OLIPHANT: I see, okay.

17 26998 MR. SPECTOR: Yes, Mr. Gillespie's
18 debrief of the meeting that I held with MacKay and
19 McKnight on November 1st.

20 26999 COMMISSIONER OLIPHANT: This would be
21 the meeting where you were playing the mediative role,
22 trying to get them together?

23 27000 MR. SPECTOR: Well, I think what is
24 interesting about it is this is how I was perceived by
25 other people to be playing that role in the sense that

1 we know -- I mean, this purports to say that the
2 Minister of National Defence was not amused by the role
3 that I was playing.

4 27001 COMMISSIONER OLIPHANT: I see.

5 27002 Mr. Yarosky, I don't know while you
6 were conversing if you heard what Mr. Spector said.

7 27003 MR. YAROSKY: Yes, I did.

8 27004 COMMISSIONER OLIPHANT: These are
9 apparently notes of a Mr. Gillespie from a meeting held
10 November 2nd, a meeting attended by Mr. Spector,
11 Mr. MacKay and Mr. McKnight, isn't it?

12 27005 MS BROOKS: Cliff Mackay,
13 Mr. Spector, Minister MacKay --

14 27006 COMMISSIONER OLIPHANT: Oh, you are
15 right.

16 27007 MS BROOKS: -- and his Chief of
17 Staff.

18 27008 COMMISSIONER OLIPHANT: And Peter
19 Smith.

20 27009 MS BROOKS: Yes.

21 27010 COMMISSIONER OLIPHANT: Do you have a
22 problem with these going in?

23 27011 MR. YAROSKY: Why don't we just see
24 where we are going with them. I would just proceed
25 now.

1 27012 Unless I know more about it --

2 27013 COMMISSIONER OLIPHANT: Okay. So you
3 are comfortable -- you see, my practice has always been
4 if the witnesses is going to refer extensively to a
5 document, the document should be either an exhibit or
6 an exhibit for identification.

7 27014 But depending on what other counsel
8 say, if you are comfortable in having Ms Brooks examine
9 Mr. Spector and question him about this document before
10 it becomes an exhibit, that's fine with me.

11 27015 MR. YAROSKY: That's okay with us,
12 subject -- and our position on the document will depend
13 on where Ms Brooks goes with the witness or where the
14 witness goes with Ms Brooks.

15 27016 COMMISSIONER OLIPHANT: Okay, that's
16 interesting. Most often counsel do a preemptive
17 strike. You want to hear the evidence before you
18 object to it.

19 27017 MS BROOKS: I might point out,
20 Commissioner, that subject to what my friends say, we
21 have documents in the binder which are not
22 Mr. Spector's documents.

23 27018 I can propose that this be added as a
24 tab to the current exhibit. I am quite happy to
25 question Mr. Spector on the document. It might not

1 even have to be made an exhibit in the end.

2 27019 COMMISSIONER OLIPHANT: Okay. But
3 let's hear from the other counsel before we proceed.

4 27020 Mr. Vickery...?

5 27021 MR. VICKERY: Commissioner, my view
6 would be that it would be appropriate at a minimum to
7 mark it as an exhibit for identification.

8 27022 COMMISSIONER OLIPHANT: Before
9 anything further occurs.

10 27023 MR. VICKERY: Yes. So that we know
11 what is being referred to.

12 27024 COMMISSIONER OLIPHANT: Okay. That's
13 fine.

14 27025 Mr. Houston...?

15 27026 MR. HOUSTON: I take the same
16 position as Mr. Vickery, sir.

17 27027 COMMISSIONER OLIPHANT: Okay.

18 27028 Mr. Auger...?

19 27029 MR. AUGER: I take the same position
20 as Mr. Vickery. At a minimum, let's mark it for
21 identification.

22 27030 COMMISSIONER OLIPHANT: All right.
23 That's fine. Thank you.

24 27031 The notes then apparently taken by
25 Mr. Gillespie of a meeting held at 2:30 o'clock in the

1 afternoon of November 2, 1990, attended by Mr. Spector
2 and others, will be received and marked as Exhibit G
3 for identification.

4 EXHIBIT NO. G (for
5 identification): Notes taken by
6 Mr. Gillespie of meeting held on
7 November 2, 1990

8 27032 MS BROOKS: Now, Mr. Spector, the
9 date on this note is the 2nd of November 1990 and it is
10 documenting a meeting that you held at which Peter
11 Smith from ACOA; Minister MacKay and his Chief of Staff
12 I take it, Cliff Mackay, who was from ISTC; and you
13 were present --

14 27033 MR. SPECTOR: I think Mr. Gillespie,
15 who was doing the debriefing, was also present at the
16 meeting.

17 27034 MS BROOKS: Right.

18 27035 MR. SPECTOR: Let's hope so.

19 27036 MS BROOKS: And it's dated 2
20 November.

21 27037 Your evidence is that this is
22 misdated. It should be 1 November?

23 27038 MR. SPECTOR: No. I think this is
24 Mr. Gillespie's debrief of his staff the day after my
25 meeting --

1 27039 MS BROOKS: I understand, right.

2 27040 MR. SPECTOR: -- relating to them
3 what happened at the meeting on November 1st.

4 27041 MS BROOKS: If I can take you to look
5 at these notes, bullet number two, point number two
6 says:
7 "The MND not amused. Cannot
8 lose but may be directed. Mr.
9 Spector, offside."

10 27042 Can you give me any insights into
11 what this was referring to?

12 27043 MR. SPECTOR: I think this would be
13 DND's perception of the role I was playing at that
14 meeting of November 1st; that I came in and I said what
15 is it going to take to make this project happen?

16 27044 MS BROOKS: If you look at point 4,
17 what do you make of what is reported here?

18 27045 MR. SPECTOR: I think this probably
19 is what they responded to that. So I think this kind
20 of closes the circle.

21 27046 What we have here is that at the
22 beginning of the process, November 1st, DND is
23 displeased by the position that I'm taking, and at the
24 end of the process Mr. MacKay is displeased by the
25 position as it came out, given what he thought he

1 understood was going to happen on November the 1st.
2 27047 But what I find particularly
3 interesting is that Mr. MacKay who -- Mr. McKnight,
4 whom I have portrayed as being passive at the meeting,
5 is not amused and he says he wants to see the Prime
6 Minister.

7 27048 COMMISSIONER OLIPHANT: Who wants to
8 see the Prime Minister?

9 27049 MR. SPECTOR: The Minister of
10 National Defence.

11 27050 MS BROOKS: And where are you
12 directing us to at that point?

13 27051 MR. SPECTOR: Point 2.

14 27052 MS BROOKS: Yes.
15 "Minister of National Defence
16 not amused."

17 27053 MR. SPECTOR: And just above that.

18 27054 MS BROOKS: "Wants to see PM."

19 27055 COMMISSIONER OLIPHANT: Just hang on.
20 The Minister of National Defence was not at this
21 meeting, was he?

22 27056 MR. SPECTOR: He was at the meeting
23 on November 1st. So this fellow is --

24 27057 COMMISSIONER OLIPHANT: He is not
25 listed up above on the people who attended. That was

1 my problem.

2 27058 MS BROOKS: Was Minister McKnight at
3 the meeting you held on the 1st of November?

4 27059 MR. SPECTOR: He definitely was.

5 27060 COMMISSIONER OLIPHANT: All right.

6 27061 MR. SPECTOR: And this is -- yes, I
7 think they probably assumed that the people in their
8 department knew that their Minister was at the meeting.

9 27062 MS BROOKS: If I could ask you to
10 turn to the second page of this as well, there is a
11 star about a third -- a quarter of a page down:

12 "Need business plan & proposal.

13 ACOA to take lead in prep of

14 above."

15 27063 And at the bottom of the page it
16 says:

17 "10 days for joint ISTC

18 response."

19 27064 MR. SPECTOR: I had not remembered
20 that I had given that tight a deadline, but it sounds
21 that that could have been the case.

22 27065 MS BROOKS: All right.

23 27066 MR. SPECTOR: This seems to be a
24 report of the meeting, what happened at the meeting on
25 November 1st.

1 27067 MS BROOKS: So if I could just distil
2 out of this, do you agree that point 4 the statement:
3 "What to make happen. Asked by
4 Spector, PMO"
5 27068 That this accords with what you would
6 have told those who were present the day before, the
7 1st of November?
8 27069 MR. SPECTOR: Yes. Yes.
9 27070 MS BROOKS: Okay. Thank you.
10 27071 I would like to file this as an
11 exhibit in the cause, if I may.
12 27072 MR. YAROSKY: I have no problem with
13 that, Mr. Commissioner.
14 27073 COMMISSIONER OLIPHANT: Mr.
15 Vickery...?
16 27074 MR. VICKERY: No problem.
17 27075 COMMISSIONER OLIPHANT: Mr.
18 Houston...?
19 27076 MR. HOUSTON: Likewise, sir, I have
20 no problem.
21 27077 COMMISSIONER OLIPHANT: Mr. Auger...?
22 27078 MR. AUGER: Agreed.
23 27079 COMMISSIONER OLIPHANT: Thank you
24 very much.
25 27080 The notes, then, taken by

1 Mr. Gillespie will be received and marked as Exhibit
2 P-34.

3 EXHIBIT NO. P-34: Notes taken
4 by Mr. Gillespie of meeting held
5 on November 2, 1990

6 27081 MS BROOKS: Mr. Spector, the last
7 document I want to take you to is a letter at Tab 7 of
8 your documents.

9 27082 In this letter -- it is written to
10 you by Mr. Schreiber -- he says:

11 "I did not want to leave Canada
12 today without expressing my
13 pleasure in having met you this
14 morning. I found our exchange
15 of view to have been very
16 positive, especially in our
17 discussion of Canada's economic
18 opportunities. The frankness of
19 that discussion was certainly
20 appreciated.

21 I believe I have found some
22 understanding of how difficult
23 your job is, to progress the
24 objectives of the Government
25 when faced with Federal

1 bureaucracy and the Senate.
2 In closing, I wish you every
3 success. My plans are to return
4 to Ottawa in late November and I
5 hope to see you again at that
6 time, but should you wish to
7 speak with me before then please
8 do not hesitate to call."
9 27083 I take it then that you did meet with
10 Mr. Spector --
11 27084 MR. SPECTOR: Mr. Schreiber.
12 27085 MS BROOKS: I'm sorry, with
13 Mr. Schreiber on the 9th of November?
14 27086 MR. SPECTOR: I don't recall the
15 date, but yes, we definitely did meet.
16 27087 MS BROOKS: Do you know how that
17 meeting came about?
18 27088 MR. SPECTOR: I believe Mr. MacKay
19 asked me to meet with Mr. Schreiber. It's possible
20 that Mr. Mulroney did, but I think my better guess
21 would be that Mr. MacKay asked me to meet with him.
22 27089 MS BROOKS: And do you recall what
23 Mr. MacKay, if it was he, or whoever gave you the
24 direction to meet with Mr. Schreiber said that the
25 meeting was to accomplish?

1 27090 MR. SPECTOR: Well, I think this was
2 all part of the process whereby I was asked by the
3 Prime Minister to look into this matter and get it --

4 27091 MS BROOKS: Understood. This is now
5 November 9th, so you would have met with the officials
6 and the Ministers.

7 27092 MR. SPECTOR: Correct.

8 27093 MS BROOKS: He closes by saying he
9 will be returning to Ottawa in late November and hopes
10 to see you again.

11 27094 Did you in fact see him again?

12 27095 MR. SPECTOR: No, I did not.

13 27096 MS BROOKS: Did you ever meet with
14 him again?

15 27097 MR. SPECTOR: I don't believe so.

16 27098 MS BROOKS: The Commission has heard
17 evidence of meetings between Mr. Schreiber and
18 Mr. Mulroney and has heard that in the period between
19 July 1990 and December 1991 there were a half dozen
20 meetings.

21 27099 If you accept that there were half a
22 dozen meetings in the period between July 1990 to
23 December 1991 between Mr. Mulroney and Mr. Schreiber,
24 what would your reaction be?

25 27100 MR. SPECTOR: Between what dates?

1 27101 MS BROOKS: Between July 1990 and
2 December 1991, so a period of approximately 18 months.

3 27102 MR. SPECTOR: It sounds like a lot of
4 meetings.

5 27103 MS BROOKS: Would it strike you as an
6 unusually high number of meetings for the Prime
7 Minister to have had with an industry representative?

8 27104 MR. SPECTOR: Yes.

9 27105 MS BROOKS: Are you aware of any
10 other kind of access that a company representative had
11 to the Prime Minister while you were Chief of Staff, of
12 this level?

13 27106 MR. SPECTOR: I can't really think of
14 any equivalent.

15 27107 MS BROOKS: If I might precis then,
16 this does seem to you to be an unusually high level.
17 Can you provide any insights into why you believe that
18 to be the case?

19 27108 MR. SPECTOR: Why I think it is a
20 high level?

21 27109 MS BROOKS: Yes.

22 27110 MR. SPECTOR: Well, because I can't
23 think of any other example.

24 27111 MS BROOKS: Why do you think in this
25 case Mr. Schreiber had that kind of access?

1 27112 MR. SPECTOR: I think I could only
2 speculate.

3 27113 MR. YAROSKY: Mr. Commissioner, if
4 the witness is being asked to speculate, I am
5 objecting.

6 27114 COMMISSIONER OLIPHANT: Okay.

7 27115 Perhaps we should stay away from the
8 area of speculation.

9 27116 MS BROOKS: I'm asking you, then --
10 if you look at the number of meetings, you have said it
11 is unusually high. What was your experience, then, as
12 Chief of Staff with the number of meetings that
13 industry representative would typically have with the
14 Prime Minister?

15 27117 MR. SPECTOR: Frankly I can't think
16 during my time of anything that comes close to this.

17 27118 But, you know, I appreciate your
18 ruling, Mr. Commissioner, because I'm not really -- I'm
19 not really comfortable about speculating.

20 27119 I think that's --

21 27120 MS BROOKS: Okay. If I could move
22 on, then, you have told us that you knew Mr. Doucet.
23 You have told me at least in our interview and could
24 you just confirm for the Commissioner: Did you know
25 Mr. Doucet before you took on the role of Chief of

1 Staff?

2 27121 MR. SPECTOR: Yes.

3 27122 MS BROOKS: How did you come to know
4 him?

5 27123 MR. SPECTOR: I first met Mr. Doucet
6 when I was working for the Premier of British Columbia
7 where one of my responsibilities was to manage the
8 relationship with Ottawa, and Mr. Doucet had that
9 responsibility for the Prime Minister. So in that
10 sense he was my interlocutor, and we would work
11 together on federal-provincial conferences and that
12 sort of thing.

13 27124 MS BROOKS: Where was he working at
14 the time?

15 27125 MR. SPECTOR: He was working in the
16 Prime Minister's office at that time.

17 27126 And then --

18 27127 MS BROOKS: And -- I'm sorry.

19 27128 MR. SPECTOR: I also worked with him
20 when I was Secretary to the Cabinet for
21 Federal-Provincial Relations, because one of his
22 responsibilities then was First Ministers conferences,
23 before he became the Ambassador for Summits or
24 whatever. And there were several First Ministers
25 conferences, I believe on the economy and aboriginal

1 rights.

2 27129 Mr. Doucet had lead responsibility
3 for that in the Prime Minister's office and I had lead
4 responsibility for that in the public service.

5 27130 MS BROOKS: And while you were Chief
6 of Staff did you meet Mr. Doucet again in that role?

7 27131 MR. SPECTOR: I believe we had lunch
8 once. I think it was after his operation.

9 27132 MS BROOKS: Which I believe we heard
10 from him was in 1988, April.

11 27133 MR. SPECTOR: I'm sure it was after
12 his operation because he talked about his zipper.

13 27134 I recall having lunch with him.

14 27135 MS BROOKS: And did you -- I'm
15 sorry...?

16 27136 Did you meet with him on any other
17 occasion?

18 27137 MR. SPECTOR: That may have been
19 before I became Chief of Staff, I'm sorry. I think
20 that was before I became Chief of Staff.

21 27138 MS BROOKS: While you were Chief of
22 Staff do you recall having any meetings with him?

23 27139 MR. SPECTOR: No, while I was Chief
24 of Staff I did not meet with Mr. Doucet.

25 27140 MS BROOKS: Did you ever see

1 Mr. Doucet in Mr. Mulroney's office while you were
2 Chief of Staff?

3 27141 MR. SPECTOR: Yes, on some occasions
4 when I was working in the office on the Hill next to
5 Mr. Mulroney's Centre Block office, I recall seeing
6 Mr. Doucet waiting outside the office with various
7 individuals.

8 27142 MS BROOKS: Did you ever see him with
9 Mr. Schreiber?

10 27143 MR. SPECTOR: No, I did not.

11 27144 MS BROOKS: Did he ever contact you
12 about Bear Head?

13 27145 MR. SPECTOR: No he did not.

14 27146 MS BROOKS: After you left the Prime
15 Minister's office you became President of ACOA and --

16 27147 MR. SPECTOR: No, there was -- after
17 I left the Prime Minister's office.

18 27148 MS BROOKS: I'm sorry, yes. We went
19 to your history. It was actually when you came back to
20 Canada from Israel. I apologize.

21 27149 And you have told us that you didn't
22 there deal with the Bear Head Project.

23 27150 Can you just tell us the
24 circumstances under which it came to be that you gave a
25 statement to the RCMP.

1 27151 That statement, Mr. Commissioner, is
2 located at Tab 38 of the binder.

3 27152 MR. SPECTOR: Well, the RCMP came --
4 I think they phoned first my administrative assistant
5 and asked for an appointment to see me. My office was
6 in Moncton at the time, and I spent only a day or two
7 in Ottawa a week.

8 27153 So I agreed to see them the next day
9 and Sergeant Flegenwald, I believe, came and they were
10 looking for a copy of the Understanding in Principle,
11 which apparently were in our files.

12 27154 We gave them -- I forget who gave it
13 to them. We gave them that copy and in the course of
14 the conversation with Sergeant Flegenwald I mentioned
15 that I had worked in the Prime Minister's office, and
16 he asked me whether I knew anything about Airbus.

17 27155 I said that I did not; that that
18 transaction predated my arrival, but that I did know
19 something about the Bear Head Project.

20 27156 And then he asked me whether -- what
21 and I think we had a bit of a chat, and at that point
22 he asked me whether I would be prepared to give a
23 statement to the RCMP.

24 27157 MS BROOKS: And that is the statement
25 that we see at Tab 38?

1 27158 MR. SPECTOR: Oh, yes, that's
2 correct.

3 27159 MS BROOKS: After you spoke to
4 Mr. Tellier, Mr. Fowler and your own Deputy Chief of
5 Staff, you testified earlier -- you told the
6 Commissioner earlier that you did not speak to
7 Mr. MacKay, and I think you said that you assumed that
8 the Prime Minister himself would have told Mr. MacKay,
9 been in communication with him, as I think you said.

10 27160 MR. SPECTOR: I assumed that the view
11 that the Prime Minister expressed to me would have
12 become the new view of the Prime Minister's attitude
13 towards this project and that that would have happened
14 as a result of the Prime Minister having various
15 conversations, including with Mr. MacKay and possibly
16 other Cabinet Ministers.

17 27161 In other words, I thought that the
18 view that he expressed to me was well anchored. And
19 you can see various references in the document,
20 including I think a memo to Mr. Wouters, where someone
21 on his staff was telling him that several months ago he
22 heard that when the Prime Minister heard about the cost
23 of this thing, his support wavered.

24 27162 So when I left the Prime Minister's
25 office, well, from 1990 on, I expected that this

1 project would have gone from the status of having the
2 Prime Minister's imprimatur on it to one that the Prime
3 Minister had a new understanding of, namely that it
4 would come at significant cost to the taxpayer and that
5 he was no longer very hot about it.

6 27163 So I -- now, I never expected or I
7 never understood that he had instructed the project be
8 cancelled or anything like that, but I did have a
9 general understanding that his position had changed
10 radically vis-à-vis this project as a result of our
11 conversation.

12 27164 MS BROOKS: Can you give me your
13 perceptions of what the relationship was between
14 Mr. MacKay and Mr. Mulroney?

15 27165 MR. SPECTOR: Well, I think mostly I
16 was going on conventional wisdom around town that the
17 two were close and chatted from time to time. Of
18 course, Mr. Mulroney chatted with a lot of people. As
19 I said, he was a heavy telephone user.

20 27166 MS BROOKS: Did you yourself ever
21 observe that relationship between the two gentlemen?

22 27167 MR. SPECTOR: I don't think I did.
23 Well, perhaps at Cabinet, but that would not have been
24 where I developed that particular understanding.

25 27168 MS BROOKS: You wrote an Afterword to

1 Mr. Kaplan's book, which is in the materials and which
2 you referred to earlier. Did you become a persona non
3 grata after with Mr. Mulroney and his supporters after
4 that time?

5 27169 MR. SPECTOR: Oh, I think I probably
6 became a persona non grata before that.

7 27170 MS BROOKS: When would that have
8 been?

9 27171 MR. SPECTOR: Well, my
10 understanding -- and I believe Mr. Kaplan wrote this in
11 his first book -- is that the Prime Minister was
12 furious after I gave the statement to the RCMP, furious
13 with me.

14 27172 MS BROOKS: Do you know why he was
15 furious? The statement appears to be fairly factual.

16 27173 MR. SPECTOR: Well, I think that
17 might be something you would ask him.

18 27174 MS BROOKS: What is your relationship
19 with Mr. Mulroney today?

20 27175 MR. SPECTOR: There is no
21 relationship now. There hasn't been -- well, first of
22 all, I think even after -- even before the statement I
23 think I spoke with him once after leaving the Prime
24 Minister's office. Since 1995 we haven't spoken.

25 27176 MS BROOKS: All right.

1 27177 Those, Mr. Commissioner, are my
2 questions. I just will take a minute and confer with
3 my colleague.

4 27178 I have no more questions.

5 27179 Mr. Spector, you might stay there.
6 My friends might have some questions for you.

7 27180 COMMISSIONER OLIPHANT: Thank you,
8 Ms Brooks.

9 27181 I have a couple of questions I would
10 like to ask that are topical to issues raised by Ms
11 Brooks.

12 27182 I understand from your evidence,
13 Mr. Spector, that the assignment given to you by the
14 Prime Minister with respect to this one particular file
15 out of the 41 that had been given to you was rather
16 unique.

17 27183 MR. SPECTOR: Yes.

18 27184 COMMISSIONER OLIPHANT: He wanted you
19 to take control of the file and, to use the vernacular,
20 to get the job done and get it done quickly?

21 27185 MR. SPECTOR: Yes. But I do want
22 to -- I should have said this earlier.

23 27186 I do want to make it clear that I
24 never interpreted him as suggesting that I do anything
25 improper in carrying out that assignment.

1 27187 COMMISSIONER OLIPHANT: I'm not
2 suggesting that for a moment either.

3 27188 But what I wanted to ask you is this:
4 Given the unique nature of the assignment, it is
5 something that you have a particular memory about.
6 When he gave you the assignment to get it done and get
7 it done quickly, did he tell you why he wanted to
8 achieve that objective?

9 27189 MR. SPECTOR: Not that I recall, but
10 in fairness I don't recall all that much. My memory of
11 the December 16th conversation is a lot more vivid --

12 27190 COMMISSIONER OLIPHANT: I hear you.

13 27191 MR. SPECTOR: -- than my memory of
14 the first conversation.

15 27192 But I don't recall that --

16 27193 COMMISSIONER OLIPHANT: Okay. Okay.

17 27194 MR. SPECTOR: -- what you just raised
18 in your question.

19 27195 COMMISSIONER OLIPHANT: All right.

20 27196 So your memory today is that you were
21 given an assignment that you perceived as having been
22 unique, but you don't recall any particular reason for
23 the Prime Minister giving you the assignment, except
24 that he wanted to get it done?

25 27197 MR. SPECTOR: Yes.

1 27198 COMMISSIONER OLIPHANT: Okay.
2 Thanks.
3 27199 Mr. Yarosky...?
4 27200 MR. YAROSKY: We have no questions,
5 Mr. Commissioner.
6 27201 COMMISSIONER OLIPHANT: Thank you,
7 sir.
8 27202 Mr. Vickery...?
9 27203 MR. VICKERY: We have no questions,
10 sir.
11 27204 COMMISSIONER OLIPHANT: Mr.
12 Houston...?
13 27205 MR. HOUSTON: I have no questions,
14 sir. Thank you.
15 27206 COMMISSIONER OLIPHANT: Okay.
16 27207 Mr. Auger...?
17 27208 MR. AUGER: No questions,
18 Commissioner.
19 27209 COMMISSIONER OLIPHANT: Well, all
20 right. I take it that means there is no
21 re-examination, Ms Brooks?
22 27210 MS BROOKS: I have 25 more questions,
23 sir.
24 27211 MR. JORDAN: I have a question,
25 Mr. Commissioner.

1 27212 COMMISSIONER OLIPHANT: Mr.
2 Jordan...?
3 27213 MR. JORDAN: Yes. I don't know, do I
4 go to the podium?
5 27214 COMMISSIONER OLIPHANT: Come on up
6 to --
7 27215 MR. JORDAN; I only have one brief
8 question.
9 27216 COMMISSIONER OLIPHANT: Come on up to
10 the podium, Mr. Jordan. I welcomed you earlier, but I
11 want to give you a special welcome because I understand
12 that you, too, have a history in Manitoba, having
13 graduated from the same Faculty of Law as Mr. Wolson
14 and me.
15 27217 MR. JORDAN: That's correct.
16 27218 COMMISSIONER OLIPHANT: Somebody is
17 going to think we have a western mafia at work here.
18 --- Laughter / Rires
19 27219 MR. SPECTOR: Sooner or later they
20 reach British Columbia.
21 27220 COMMISSIONER OLIPHANT: I have a
22 particular affinity for Victoria, too, Mr. Spector.
23 27221 MR. SPECTOR: So I understand.
24 EXAMINATION: NORMAN SPECTOR BY MR. JORDAN /
25 INTERROGATOIRE: NORMAN SPECTOR PAR Me JORDAN

1 27222 MR. JORDAN: Mr. Spector, I would
2 like to take you to Tab 3 of the materials in front of
3 you. This is a memorandum to you, dated October the
4 31st of 1990, so it was the day before the November 1st
5 meeting. Attached to it are two memoranda to the Prime
6 Minister from Mr. Tellier, the first is dated October
7 the 10th of 1990, and the second, July 11th, 1990.

8 27223 Once you got the task of getting this
9 matter done, you said that you went and spoke to Mr.
10 Fowler.

11 27224 MR. SPECTOR: That's right.

12 27225 MR. JORDAN: At the time that you
13 spoke to Mr. Fowler, were you aware of the previous PCO
14 involvement?

15 27226 MR. SPECTOR: I am not sure.

16 27227 MR. JORDAN: Had the Prime Minister
17 told you that he had had these memos from Mr. Tellier?

18 27228 MR. SPECTOR: No.

19 27229 MR. JORDAN: Those are my questions.

20 27230 COMMISSIONER OLIPHANT: Thank you
21 very much, Mr. Jordan.

22 27231 Ms Brooks, is there any reason why we
23 can't excuse Mr. Spector and Mr. Jordan at this point?

24 27232 MS BROOKS: No reason.

25 27233 COMMISSIONER OLIPHANT: Mr. Spector,

1 thank you very much, sir, you can go back to Victoria
2 and continue with your blogging.

3 27234 MR. SPECTOR: Thank you very much.

4 27235 COMMISSIONER OLIPHANT: Yesterday we
5 were told that there had been a bit of a development
6 with Senator Murray, and that he wouldn't be giving
7 evidence today, and I indicated earlier this morning
8 that he will be testifying next week. I trust that all
9 counsel have the documents that Senator Murray produced
10 to the Commission on Wednesday evening.

11 27236 Mr. Houston doesn't have them?

12 27237 MR. HOUSTON: Certainly we don't have
13 them, Mr. Commissioner.

14 27238 COMMISSIONER OLIPHANT: Oh, I'm
15 sorry, I thought they were given to other counsel.

16 27239 MR. WOLSON: I did too, but we will
17 arrange for that to happen today.

18 27240 There is not a huge volume --

19 27241 Nobody appears to have them.

20 27242 Mr. Roitenberg, I know, received them
21 yesterday from Mr. Edgett, who saw the witness.

22 27243 We will get them to counsel today.

23 27244 COMMISSIONER OLIPHANT: Just while I
24 think of it -- and this is a housekeeping matter -- has
25 the Navigant Report been distributed yet?

1 27245 Do all counsel have the report from
2 the forensic accountants?

3 27246 MR. YAROSKY: We got it last night,
4 Mr. Commissioner.

5 27247 COMMISSIONER OLIPHANT: Thank you.

6 27248 MR. VICKERY: We received it this
7 morning.

8 27249 COMMISSIONER OLIPHANT: Mr.
9 Houston...

10 27250 MR. HOUSTON: I have it, sir.

11 27251 COMMISSIONER OLIPHANT: Mr. Auger...

12 27252 MR. AUGER: I have it.

13 27253 MR. WOLSON: The question, though,
14 is, do all counsel have the appendices, as well?

15 27254 MR. HOUSTON: Yes.

16 27255 COMMISSIONER OLIPHANT: Everybody has
17 the appendices to the report?

18 27256 MR. HOUSTON: Yes.

19 27257 COMMISSIONER OLIPHANT: Okay. I take
20 it, then, that we can adjourn for today.

21 27258 MR. WOLSON: Yes. I would like to
22 meet with counsel, though, because we should try to
23 find a date for final submissions. We are going ahead
24 of ourselves now, but we will get there, so I would
25 like to do that.

1 27259 COMMISSIONER OLIPHANT: Let me say to
2 counsel on the issue of final submissions that I am
3 pretty flexible. I am prepared to receive from you
4 written submissions, oral submissions, or both, and I
5 leave it to you to decide, individually, the way that
6 you wish to proceed.

7 27260 I can assure you that I will read
8 every word that you provide to me, and listen carefully
9 to everything that you might have to say, but you can
10 choose how you wish to make your final submissions, and
11 that's fine with me.

12 27261 MR. YAROSKY: Thank you, Mr.
13 Commissioner.

14 27262 COMMISSIONER OLIPHANT: Thanks, Mr.
15 Yarosky.

16 27263 We will come back, then, Monday
17 morning at 9:30, and I hope that everybody gets a bit
18 of time this weekend to enjoy himself or herself, as
19 the case may be.

20 27264 See you Monday morning at 9:30.

21 27265 MR. WOLSON: Mr. Commissioner, I am
22 hoping to get Mr. Yarosky up to the podium, as opposed
23 to him just using his microphone in front of him. We
24 would like to have him front and centre, but we will
25 work on that.

1 27266 COMMISSIONER OLIPHANT: All right.

2 Thank you.

3 --- Whereupon the hearing adjourned at 11:50 a.m.,
4 to resume on Monday, May 4, 2009 at 9:30 a.m. /
5 L'audience est ajournée à 11 h 50, pour reprendre
6 le lundi 4 mai 2009 à 09 h 30

7

8 We hereby certify that we have accurately
9 transcribed the foregoing to the best of
10 our skills and abilities.

11

12 Nous certifions que ce qui précède est une
13 transcription exacte et précise au meilleur
14 de nos connaissances et de nos compétences.

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20 _____
Lynda Johansson

Jean Desaulniers

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25 _____
Fiona Potvin

Sue Villeneuve