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MEMORANDUM FOR THE CABINET

Revised Cabinet Directive on Security

1. The Security Panel has in recent months considered an extensive revision of Cabinet Directive No. 29 of December 21st, 1955, the directive upon which present Canadian security policies and procedures are based. In the light of experience in security matters gained since 1955, and of expressions of concern from some quarters over several aspects of security, most particularly the question of review or appeal, the Panel prepared a new security directive which would meet the government's security needs while going as far as seemed possible to meet some of the criticisms that have been made.

2. The most important modifications recommended in the new draft directive involve an attitude of much greater frankness with employees whose loyalty or reliability is in doubt. Departments and agencies would be required, in addition to ensuring the security of classified information for which they are responsible,

(a) to inform applicants and employees of the reasons for security investigations, and of the dangers to themselves and to the national security in their attempting to conceal relevant information about themselves;

(b) to tell an employee about whom doubt has arisen on security grounds of the reasons for that doubt, insofar as is possible without endangering important sources of security information, and to give him an opportunity to resolve the doubt;

(c) if the doubt cannot be resolved, to attempt usefully to place the employee in a less sensitive position in the public service;

(d) if dismissal appears to be the only prudent recourse, to have the case reviewed and the employee interviewed by the deputy minister, to give him a further opportunity to resolve the doubt that has been raised about him, and

(e) to seek the advice of the Security Panel before a recommendation for dismissal is made to the Minister responsible.

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While some of these measures are now taken by several departments there is no requirement that employees be told when their loyalty or reliability is in doubt. There may, thus, be no chance for an employee to give his own side of the case, and this has led to mistakes and injustices. In future an employee would have to be told; he could present his side; if, on review, dismissal seemed the only course, he would again have to be advised and interviewed by the deputy minister. As a further new check, before dismissal was recommended to the Minister, the case would have to go to the Security Panel for a review. Neither the interview nor the review are now required.

3. The above principles would apply, where appropriate, to the Department of Defence Production in relation to its arrangements with private firms and organizations who require to have access to classified information.

4. The Cabinet Committee on Security and Intelligence considered this matter on October 16th, 1963. It agreed that, while the draft directive did not provide a formal appeal system as such, it did provide for series of reviews which would adequately protect national as well as individual interests. The Committee therefore recommends:

(a) that the Cabinet approve the policies and procedures set out in the draft Cabinet Directive on Security for implementation by all departments and agencies;

(b) that a statement be made by the Prime Minister in the House of Commons, setting out the substance of the changes in security policy and procedure; and

(c) that, if necessary, the Minister of Justice make a further, more detailed statement concerning security during the consideration of the estimates of his department for 1963-64.

D. F. Wall,
Secretary of the Cabinet Committee on
Security and Intelligence.

Privy Council Office,
October 18th, 1963.

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