

January 7th, 1958.

MEMORANDUM FOR THE PRIME MINISTER:

Re: Security policy - Security Review Board

On Mr. Fulton's instructions, the Department of Justice has recently drafted an Order in Council to provide for the establishment of a Security Review Board. This Board would give to an employee of the public service who it is proposed to dismiss on security grounds an opportunity to appeal the tentative decision and to be heard in his own behalf. The Board would then advise the Minister concerned, who would reach his final decision in the light of the Board's advice.

While the Security Panel agrees in principle with the desirability of such a procedure, and had in the past considered a number of methods whereby such an opportunity might be provided, members of the Panel have been considering the possible effects the proposal might have on our security system as a whole. Ten days ago, Mr. Fulton met with the Panel and the various Deputy Ministers had a useful opportunity to give him their views in considerable detail.

There are two particular difficulties. The first would result if the Security Review Board were in effect to reverse a department's decision so that it had to continue to employ a person whom the senior officials did not wholly trust. We are hoping to meet this problem by devising a system of preliminary review to be available to Ministers in advance of a tentative decision to dismiss. The second difficulty will result if pressures from unions eventually make it necessary to extend the provisions of the Order in Council to defence industry working on classified contracts, which Mr. Fulton expects would be the case.

- 2 -

[REDACTED]

I understand that Mr. Fulton would now like to discuss the matter further with his colleagues and may seek an opportunity to raise it in Cabinet some time soon. As there are some fairly complex and sensitive issues involved, he will probably suggest that they should be examined by a Committee of Cabinet. I think the Committee would need to include Mr. Pearkes, Mr. Green as Acting Minister of Defence Production, Mr. Smith and Mrs. Fairclough.

A security case in the [REDACTED] is likely to be considered in Cabinet in the fairly near future. A [REDACTED] was recently dismissed on security grounds and brought an action in the courts for wrongful dismissal against the Deputy Minister, Mr. Stein. Owing to a misunderstanding between the Department and the Civil Service Commission, [REDACTED] had been dismissed by procedures appropriate for a temporary employee when in fact he was a permanent employee. A settlement with him has now been reached under which he has been re-instated and paid for the period of purported dismissal, but the security problem remains.

Therefore the Secretary of State may wish to make a recommendation to the Governor in Council that [REDACTED] be discharged according to the provisions of the Civil Service Act for permanent employees. Mr. Fulton thinks he should raise the general issue of the Security Review Board in this connection. However, I suggest it would not be prudent to press forward with the establishment of the Security Review Board, simply to deal with an isolated case, until a Cabinet Committee has had time to examine this potentially controversial matter very thoroughly.

R. B. BRIDGE

PMD:RBB:aw

R.B.B.