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CONFIDENTIAL

19 November, 1975

CABINET DOCUMENTS  
SECTION

CABINET DOCUMENT  
NO. 661-75

MEMORANDUM FOR THE CABINET

MEMOIRE AU CABINET

Proposal for a Revised Cabinet Directive on Personnel  
Security Clearance

Projet de révision de la directive du Cabinet concernant  
l'habilitation au secret

SUMMARY

Problem

The Cabinet Directive (No. 35) which presently sets out policy and procedures for the security clearance of persons to have access to classified information was approved by the Cabinet in 1963, and needs revision.

Objective

To obtain approval for the attached Cabinet Directive on Personnel Security Clearance, which restates the policy and brings up to date the procedures for this purpose in the light of twelve years' experience, and which is intended to replace the 1963 directive.

Recommendations

It is recommended that:

- (a) the attached Cabinet Directive on Personnel Security Clearance be approved as the statement of government policy and procedures for ensuring the loyalty and reliability of persons to be granted access to classified information;
- (b) CD 35 accordingly be revoked;
- (c) the date of the coming into force of the attached directive be immediately upon approval; and
- (d) consideration be given to making the directive unclassified.

CONFIDENTIAL

29 August, 1975

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1. Problem

The Cabinet Directive (No. 35) which presently sets out policy and procedures for the security clearance of persons to have access to classified information was approved by the Cabinet in 1963, and needs revision.

2. Objective

To obtain approval for the attached Cabinet Directive on Personnel Security Clearance, which restates the policy and brings up to date the procedures for this purpose in the light of twelve years' experience, and which is intended to replace the 1963 directive.

3. Factors

The basic principle in CD 35, (and in government security policy during its entire evolution), is that departments and agencies are responsible for their own security and for implementing government security policies and procedures and applying them to their particular circumstances. This basic principle is retained in the attached draft.

The main innovation of the 1963 directive was the requirement for greater frankness with employees whose reliability or loyalty was in doubt, and the provision for a "second look" in cases where dismissal was being considered. The provision for frankness is retained in the attached draft, but the text has been modified with respect to the "second look". The 1963 provision for review by senior officials in security cases involving dismissal has been superseded by the inquiry procedure set out in the Public Service Security Inquiry Regulations approved by the Governor in Council on 27 March.

These regulations were made pursuant to section 7(7) of the Financial Administration Act, which requires that there be an inquiry "conducted in accordance with regulations of the Governor in Council by a person appointed by the Governor in Council the Commissioner at which the person concerned has been given an opportunity of being heard", before an employee in the public service can be dismissed by the Governor in Council "in the interest of the safety or security of Canada or any state allied or associated with Canada".

The criteria set out in CD 35, under which access to classified government information might be denied, have been reviewed and redrafted. These are set out in Annex A of the attached. As in the 1963 directive, the criteria are grouped under the two broad headings of loyalty and reliability. However effort has been made to provide a more general and currently relevant application. With respect to the criteria relating to "loyalty", references to Communism and Fascism have been removed, and the provisions have been related to

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the definition of "subversive activity" in the revised Official Secrets Act, and to the recently approved criteria for use in the immigration program. With respect to the criteria concerning other aspects of reliability, the text has been shortened and made more precise. The reference in CD 35 to "illicit sexual behavior" has been revised to read "sexual behavior" because the precise meaning of "illicit" is difficult to define, and because the word does not seem necessary in this context. However the Interdepartmental Committee on Security and Intelligence agreed that the attention of Ministers should be drawn to this proposed change.

CD 35 requires a fingerprint check of persons to be considered for access to classified information, but provides exclusion for such persons in industry. In practice there has been some fingerprinting of persons in industry, partly because of Canada's responsibility for safeguarding classified information supplied by other countries. There is an obvious inconsistency in present standards, and the attached draft makes clear that fingerprinting procedures are to be uniformly applied to all persons being considered for access to classified information. Some adverse reaction to this arrangement is possible.

The revised directive requires that a form, to be called the Personnel Security Clearance Questionnaire, be completed by persons being considered for access to classified information. It is proposed that the form be incorporated in the directive (as Appendix B). This form is intended to replace the existing Personal History Form referred to in CD 35. The new title is considered desirable to avoid any confusion and to make clear that the form is applicable only in relation to access to classified information. There have been cases in the past in which the Personal History Form was used to establish the reliability of employees outside the context for which it was intended, and this has provoked criticism. The revised directive places great emphasis on the confidentiality of the completed form and, indeed, of all security records of an employee being considered for access to classified information.

The Interdepartmental Committee on Security and Intelligence agreed that, when the draft questionnaire was submitted to Ministers, their attention should be drawn to the reference in question 3 to common law relationship. Officials consider the request for information on this subject to be desirable for security for the same reason that information on marital status is requested.

The revised directive recognizes, to a greater extent than CD 35, the role of the security officer as the deputy head's advisor in security matters, and the responsibilities of the security officer for administering the department's security arrangements in accordance with government policy and procedures.

4. Alternatives

The Royal Commission on Security, in its report to the government in 1969, considered the possibility of centralizing responsibility for security throughout the government structure in one area - along the lines of existing arrangements for printing services or health and welfare services. After examining the considerations, the Royal Commission advised against such an arrangement and endorsed the approach which places responsibility with each department and agency.

5. Financial Considerations

Nil.

6. Federal Provincial Relations

Nil.

7. Interdepartmental Consultation

The attached draft was prepared initially by the Security Advisory Committee and submitted by it to the Interdepartmental Committee on Security and Intelligence. All departments and agencies with major security responsibilities have been consulted through their representation on these committees. If the directive is approved, it will be supplied to all deputy heads and security officers, and government departments and agencies will be assisted with any problems of implementation by the Security Advisory Committee and by the Security and Intelligence Secretariat of the Privy Council Office, as appropriate.

8. Public Relations Considerations

CD 35 was classified Confidential and has never been made available to the public. However when it was approved, in 1963, its main features had been outlined by Prime Minister Pearson and Justice Minister Chevrier in the House of Commons in the debate on the Justice estimates. Stress was placed on the increased frankness to be adopted by the government in security cases, and on the review procedures for dismissal cases.

As indicated above, the attached revised directive does not include significant innovations or departures from past policy and procedures, and a public statement in relation to this document alone would not appear to be justified. In view of the fact that consideration is currently being given to a number of related matters (e.g. the possibility of establishing a security review board) it would seem more appropriate to consider the possibility of a general statement on security arrangements when these other aspects have been clarified.

Consideration might be given to declassifying the revised directive so that it would be available on demand.

If the directive as a whole is not made public, the extended application of fingerprinting procedures in industry, and the proposed Personnel Security Clearance Questionnaire, certainly will become known. Explanation of the new questionnaire, and of the fingerprinting procedure could appropriately be given as necessary at the official level.

9. Caucus Consideration

This would not seem necessary in view of the above considerations.

10. Conclusion

It is desirable that the policy and procedures for personnel security screening set out in CD 35 be adjusted to apply better to current conditions and situations.

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11. Recommendations

It is recommended that:

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R.G. Robertson,  
Chairman,  
Interdepartmental Committee  
on Security and Intelligence.