

EXHIBIT No. # 30
COMMISSION OF INQUIRY (SPENCE)
JPS

THIS DOCUMENT IS THE PROPERTY OF THE GOVERNMENT OF CANADA

CONFIDENTIAL

MEMORANDUM FOR DEPUTY MINISTERS AND HEADS OF AGENCY

Revised Cabinet Directive on Security

S-1-1

1. On October 24th, 1963, the Cabinet approved Cabinet Directive No. 35 entitled "Security in the Public Service of Canada", which had been revised in the light of extensive study by the Security Panel and by the Cabinet Committee on Security and Intelligence. The Cabinet also agreed that explanatory statements in relation to changes in security policy and procedure would be made in the House of Commons by the Prime Minister and the Minister of Justice. These statements were made on October 25th, 1963, at the introduction of the 1963-64 estimates of the Department of Justice. As a result of suggestions made during the debate, the Prime Minister directed that the new instructions should not be put in written form until the debate on these estimates had been concluded.

2. The estimates of the Department of Justice were passed in the House of Commons on December 13, 1963, without debate as they related to matters of security. The Prime Minister has consequently agreed that Cabinet Directive No. 35 might now be distributed for use in all Departments and Agencies of the government, effective immediately, and copies are attached for your retention and that of your security officer.

3. The most important modifications in the new Directive involve an attitude of much greater frankness with employees whose reliability or loyalty is in doubt, and provide related procedures for reviewing such cases both within the responsible department or agency and if necessary by a Board of Review composed of members of the Security Panel.

4. In addition to ensuring the security of classified information for which each is responsible, departments and agencies are now required by the Directive

- (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;

004470

-2-

- (c) if the doubt cannot be resolved, to attempt usefully to place the employee in a less sensitive position in the department or elsewhere 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 a Board of Review as described in paragraph 17(c) before a recommendation for dismissal is made to the Minister responsible.

5. In addition, more specific criteria for assessing loyalty and reliability than were contained in Cabinet Directive No. 29 are set out in paragraphs 3 and 6, Related procedures in paragraphs 15, 16 and 17 emphasize the necessity of balancing the preservation of security against the rights and interests of the individual. Comparable procedures with regard to defence industry and certain services related to defence are to be administered by the Department of Defence Production in accordance with a separate directive, as indicated in paragraph 27.

6. Deputy Ministers and Heads of Agency, as well as departmental and agency security officers, are requested to give careful consideration to the means by which these new policies and procedures might best be given effect in their various departments and agencies. Because of the greater care and attention that will be required in their implementation, particularly in the review of individual cases, it is expected that a number of problems will arise which will necessitate discussion and consultation. It is hoped that, after the new Directive has been in effect for six months to a year, it will be possible to arrange a conference of departmental and agency security officers to determine the feasibility and effectiveness of these new measures. In the meantime, any enquiries as to interpretation and implementation might be directed to the Secretary of the Security Panel.

R. G. Robertson,
Secretary to the Cabinet.

Privy Council Office,
December 27, 1963.

004471

AGC-1269_0002