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DISCUSSION PURPOSES ONLY

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November 15, 1977

DRAFT CABINET MEMORANDUM

^{of info + assets}
Security in the Federal Government

OBJECT

1. The purpose of this memorandum is to request Cabinet approval for the attached directive which establishes comprehensive policy for the protection of sensitive and valuable assets which are owned or in the custody of the Government of Canada. The directive encompasses an expanded view of security, including improvements in the determination and specification of protective requirements. The policy established by the directive recognizes the entire range of government assets, as well as all threat categories applicable to these assets.

DECISION REQUIRED

2. Because security within the Government of Canada involves interdepartmental considerations, cabinet approval of the attached directive is required to ensure the consistency of security policy and procedures throughout all departments and agencies. The direction and documentation currently available to those responsible for the implementation of protective measures are both fragmented and incomplete. Security obviously cannot be satisfactorily maintained unless effective safeguards are uniformly applied throughout the Government of Canada.

3. Current Canadian security policy evolved from procedures developed during and after World War II to protect information and information-related material for purposes of national security. The existing classification system, which is effective in the national security environment where it originated, must be protected from dilution and compromise. Substantial quantities of information, however, require protection for reasons other than national security. Security may be a concern for personal, legal, financial, and corporate information or privileged information provided during the government decision-making process.

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4. Likewise, the scope of government assets requiring protection is now recognized to include not only information, but material and services as well. Material requiring protection can include buildings, equipment, negotiables, fissionable materials, dangerous drugs, historical artifacts and art objects. And, regardless of the sensitivity or dollar value of the information and material being handled, each department or agency exists to provide necessary and valuable services to other governmental bodies, the public, or both. Therefore, protective features must be adequate to recover such services as communications, transportation and data processing from disruption within a tolerable period.

5. Furthermore, in order to confront the total government security problem, the full range of threats to government assets must be accounted for. The only major threat category acknowledged in current security documentation is that of disclosure. A broader interpretation of security is mandatory and must encompass the threats of destruction, removal, modification and interruption, as well as disclosure.

6. In the absence of other more appropriate measures to ensure protection, the national security classifications and accompanying procedures have been applied to areas for which they were not intended. Widespread misuse of the national security system has resulted and, in some cases, has led to the over-classification of assets and the associated application of expensive safeguards. Scepticism about the entire system has emerged both within and outside the Government of Canada. The attached directive maintains the current classification and protection system for national security assets. In addition, the directive deals separately with civil security assets, which are information, material and services requiring designation and protection for reasons other than national security.

7. Revision and consolidation of Canadian security policy and procedures are long overdue. An early decision regarding the appropriateness of the attached directive is required, especially in view of human rights legislation and consideration of legislation on public access to government documents.

As soon as this directive is approved, the Interdepartmental Committee on Security and Intelligence will employ this policy as a framework in which to develop and issue executive orders which will provide detailed procedures in the areas of

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administrative, personnel, physical and technical security. Promulgation of these procedures will ensure that uniform levels of protection are applied across the government.

CONSIDERATIONS

FINANCIAL CONSIDERATIONS

8. It should be possible to implement the policy contained in this directive and the procedures established in subsequent executive orders within existing man-year and budget allocations. However, it will be necessary to develop a briefing and indoctrination program for users regarding the new requirements and procedures.

9. The needs of civil security would require a greater degree of security consciousness on the part of managers, a higher profile for departmental security officers and a greater involvement in the security process on the part of deputy heads. Security literature and training programs will have to emphasize civil security and the concepts of risk management.

more specific

10. The ultimate result of the new policy will be the identification of substantial quantities of information and material which are overprotected or which do not require protection. This examination of assets and safeguards may result in a financial saving for the government.

FEDERAL-PROVINCIAL RELATIONS CONSIDERATIONS

11. Certain federal departments and agencies have arrangements with provincial government departments with regard to the provision or sharing of national and civil security assets. In view of changes in the federal security policy, these arrangements would require review and revision.

INTERNATIONAL RELATIONS CONSIDERATIONS

12. Policy and procedures contained in Security of Information in the Public Service of Canada (Privy Council Office, November 1956) are retained in the attached directive but are to be applied exclusively to those assets requiring protection because of national security considerations. For this reason, the directive will have no implications for the international exchange of assets.

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OTHER CONSIDERATIONS

13. The attached directive takes into consideration those exemptions from disclosure which are contained in the Canadian Human Rights Act, as well as those exemptions proposed in the Green Paper entitled Legislation on Public Access to Government Documents (Secretary of State, June 1977).

14. Policy presented in the attached directive is complementary to that found in the proposed Cabinet Directives on Physical Security and Personnel Security Clearance.

INTERDEPARTMENTAL CONSULTATION

15. This memorandum and the attached directive were prepared interdepartmentally by the Security Advisory Committee and have been approved by the Interdepartmental Committee on Security and Intelligence. All departments and agencies with major security responsibilities have been consulted through their representation on these committees. Assistance in the administration and implementation of the directive will be provided by the Security Advisory Committee and officials designated by it to all deputy heads and departmental security officers.

PUBLIC INFORMATION CONSIDERATIONS

16. The current Cabinet Directive on personnel security (Cabinet Directive 35), as well as the document entitled Security of Information in the Public Service of Canada, are classified CONFIDENTIAL and have never been made available to the public.

17. Consideration should be given to declassifying the attached directive on security to make it available on demand. Experience indicates that confining publicity to a summary of a document which is not available to the public gives rise to suspicion. Under the auspices of the Solicitor General, a plan should be formulated for the communication to the public of the essential aspects of the new policy. The new directive should be promoted as a valuable step toward restoring confidence and support for government security requirements.

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POLITICAL CONSIDERATIONS

CAUCUS CONSULTATIONS

18. If a public statement regarding the new security policy contained in the attached directive is to be made, the caucus should be briefed.

PARTY POLICY CONFERENCE

(To be written)

CONCLUSION

19. In conclusion, there is a requirement within the Government of Canada to:

- (a) define security ^{document} policy which recognizes the entire range of assets with sensitivities based on national or civil security, and which accounts for all threat categories.
- (b) define an alternative to the existing national security classification system to permit the specification of protective requirements for sensitive information, material and services not presently covered. The alternative should complement the existing system and reduce the potential for its misuse.
- (c) provide government security personnel with a consolidated and comprehensive security document which includes both general policy and detailed procedures.

RECOMMENDATIONS

20. It is recommended that Cabinet:

- (a) approve the attached policy directive on federal security,
- (b) approve the distribution of the attached directive as an unclassified document, and
- (c) grant authority to the Interdepartmental Committee on Security and Intelligence to develop, issue and maintain detailed procedures governing administrative, personnel, physical and technical security, consistent with the general intent of the attached directive.

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