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MEMORANDUM

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No. 7

S 1200-050/125 (DSECUR)  
S 2100-1 (DSECUR)

19 August, 1969.

DM

REPORT OF THE ROYAL COMMISSION ON SECURITY

- References:
- A. Report of the Royal Commission on Security (SECRET) dated September 1968.
  - B. Record of Cabinet Decision; Meeting of 19 June 1969.
  - C. D 1200-0050/125 dated 16 July 1969.
  - D. 1200-0050/125 dated 9 April 1968.

1. In your memorandum, Reference C, you requested our views with respect to those portions of the Report applicable to DND on which the Government reserved its decision. Comments and recommendations on those subjects which are of particular interest to the Canadian Forces (CF) follow. Since the CF will continue to be responsible, in the main, for their own security, many of the recommendations have some impact on the CF. These comments therefore, relate to several of the subjects covered by the Report.

Responsibilities of the CF Security Investigation Service

- 2. The Commissioners have recommended that "the Armed Forces Security Investigation Service should be responsible for the investigation only of uniformed personnel or potential recruits to the Forces" (paragraph 365(i) of the Report).
- 3. The Department's views on this subject, particularly with respect to the retention of the Special Investigation Unit (SIU) for field investigations, were expressed to the Commissioners in Reference D.
- 4. The background for the Commissioners' recommendation is contained in paragraphs 293, 294 and 295 of the Report. If adopted, the recommendation would mean that civilian members of the Administrative Branch and civilians employed by the Forces would be investigated by the RCMP and in addition, that a separate security staff would probably be required in the Administrative Branch to administer an independent security clearance program.

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5. We agree with the Commissioners that the CF should continue to have its own investigation unit to conduct field investigations. We also agree in principle with the Commissioners that civilians, in general, should be investigated by the Security Service, particularly if that service were a separate non-police organization as recommended in the Report.

6. Although the Commissioners' recommendation is attractive to CFHQ especially at a time when the establishment of the SIU is 20 positions less than it was in 1966, without any reduction in workload, it is thought that the SIU should continue to be responsible for the investigation of civilian members of the Administrative Branch and particularly civilians employed by the Canadian Forces for the following reasons:

- a. By CD 35 the Armed Forces have been given the right "to conduct all field checks through their own resources of personnel employed with or on behalf of the Department of National Defence".
- b. Since military and civilian personnel of the Department are intermixed at all levels, it would seem sensible to have them cleared according to common security criteria which, in practice, are higher than the minima laid down by CD 35.
- c. The present procedures have been working satisfactorily and without criticism within the Department.
- d. The Government did not accept the recommendation of the Commissioners for a separate civilian non-police security service, which dilutes the argument for the investigation of all civilians by the Security Service.

7. It is recommended, therefore, that the Armed Forces Security Investigation Service continue to be responsible for the investigation of uniformed personnel or potential recruits to the Forces, and for civilian members of the Administrative Branch of the Department and civilians employed by the CF.

Standards of Investigation

8. The Commissioners have recommended that the standards of investigation of the Armed Forces security investigation service "should be consistent with those which the Security Service applies to civilians". (Paragraph 365(i) of the Report).

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9. The background for this recommendation is contained in paragraph 296 and Chapter IV of the Report.

10. We agree with this recommendation and believe, at the present time, that the CF's standards of investigation are consistent with those which the RCMP applies to civilians. Prior to integration each service had somewhat different standards of investigation which were carried out by different agencies. Since the unification of the CF's security services, common standards of investigation have been established and maintained. These standards are based on the criteria set out in CD 35. In addition, by having its own security investigation unit, under the direction of one agency, that is DSECUR, the CF can obtain complete narrative reports, supplemented by RCMP information, on which to make judgements and to resolve doubts. Furthermore, standards of investigation are watched and, if necessary, corrected.

11. It is recommended therefore, that we agree with the recommendation of the Commissioners that the standards of investigation of the Armed Forces investigation service should be consistent with those which the Security Service, ie, the RCMP, applies to civilians.

Separatist Activities

12. The Commissioners have recommended that "persons currently engaged in separatist activities should not be permitted to join the Armed Forces, and should be released if they are found to be members of the Armed Forces". (Paragraph 365(j) of the Report.

13. The background for this recommendation may be found in paragraph 297 of the Report. The recommendation was influenced by the Department's views which were passed to the Commissioners by reference D.

14. The Commissioners, however, have made a distinction between the civilian and uniformed members of the Department which is expressed in their recommendation and also in paragraph 297 where it is stated that the same standards, with respect to Separatist activities, should be applied to civilian members of the Department as are suggested in Chapter IV for other government employees. In paragraphs 123 and 124 of Chapter IV this aspect is discussed and the conclusions reached are that the federal government should not employ (especially in sensitive areas) persons who appear to be actively committed to an extreme separatist position and that a decision to employ

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such persons should be taken only on the basis of a knowledge of their records.

15. The Commissioners have also recommended in paragraph 360(f)(ii) that "security policy concerning separatism should be made clear" and reflected in CD 35 to prevent "infiltration by persons who are clearly committed to the dissolution of Canada, or who are involved with elements of the separatist movement in which seditious activity or foreign involvement are factors".

16. It is suggested that the recommendations of the Commissioners lack precision in wording. For example, it is not clear in paragraph 360(f)(ii) what is to be construed as "clearly committed" to the dissolution of Canada. Similarly, the phrase "persons currently engaged in separatist activities" in paragraph 365(j) is not otherwise defined. The extent that members of the public service or of the CF can participate in political activities is expressed in appropriate regulations. Insofar as the members of the CF are concerned, the policy is currently as stated in QR&O, Art 19.44. Membership in a political party, political movement, or separatist party or movement in Canada ought not necessarily to constitute adequate grounds on which to refuse enrolment or retention in either the Public Service or the CF. What must remain objectionable, however, is participation in political activities beyond the scope authorized in the Public Service or CF regulations, and participation in any organizations, movements, or groups which publicly or privately advocate or practice the use of force to alter the form of government in Canada. Membership in Le Parti Quebecois as currently organized, for example, should not be objectionable as the party intends to achieve its aim through the regular processes of parliamentary democracy. Conversely, membership or active participation in militant separatist organizations and groups engaged in seditious or terrorist activity should be grounds on which to refuse employment or retention in the public service or enrolment or retention in the CF. It is recommended, therefore, that the government security policy on separatism be along the lines as outlined above.

Organization for Security

17. The Commissioners have recommended the establishment in the Privy Council office of a formalized Security Secretariat with adequate status, resources and staff to formulate security policy and procedures, and more importantly, with effective authority to supervise the implementation of government security policies and regulations and to ensure their consistent application. (Paragraph 358 of the Report).

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18. The discussion of the Commissioners relating to this recommendation may be found in paragraphs 53 to 58 and paragraphs 299 to 302 of the Report.

19. The Department has for a long time recognized the need for a strong and active coordinating and evaluating agency, preferably in the Privy Council Office, and so recommended in reference D. A strong formalized agency, such as the proposed Security Secretariat, should result in higher security standards in those departments to which DND entrusts classified information.

20. The establishment of a formalized Security Secretariat, as recommended in the Report, would also allow DND's Security and Information Release Committee (SIRC) to become what it was meant to be, that is, a purely departmental committee. The proposed Security Secretariat would be responsible for the formulation and coordination of national disclosure policy on matters such as the release of classified information and release of unclassified information to communist countries (paragraphs 298 to 302 of the Report refer). SIRC, together with similar departmental agencies, would then be responsible for advice to the Security Secretariat.

21. It is recommended in the interest of overall security, that DND support this recommendation of the Commissioners.

#### Industrial Security

22. The government did not accept the proposal that the industrial security function be transferred from the Department of Supply and Services (DOSS) to the Department of National Defence, (Reference B). The Commissioners also recommended however, certain steps which should be taken to strengthen the industrial security function whether or not it remained under DOSS. (Paragraph 366(a) to (h) of the Report refers).

23. The Department gave its views to the Commissioners with respect to industrial security, in Reference D. We believe, if all the recommendations of the Commissioners for improving industrial security, including the establishment of a formalized and strong Security Secretariat, were approved by the government that any misgivings of DND regarding industrial security would be allayed. In addition, of course, those industries engaged in classified contracts on behalf of the US Department of Defence would continue to be subject to periodic inspection by representatives of the US National Disclosure Policy Committee. DCIS representatives accompany this Committee on their Canadian inspections and also, by agreement with the security staff of the Department of Supply and Services, may carry out joint inspections with DOSS inspectors of plant security arrangements when the need arises.

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24. It is recommended, therefore, that the proposals of the Commissioners for improving industrial security, which are set out in paragraph 366 of the Report, be accepted by the government.

#### Personnel Security

25. The recommendations of the Commissioners on the security screening program are contained in paragraph 360 of the Report. Some of these are of interest to the CF because we conduct our own security clearance program and, therefore, are of particular interest where the Commissioners have recommended changes which would affect current clearance procedures. It is significant that the Commissioners "consider personnel security and personnel screening of central importance to an effective security system". We agree fully with this view.

26. The background for the Commissioners' recommendations is set out in paragraphs 89 to 128. These considerations are related in part, to the criteria of CD 35.

27. The following comments relate to each of the specific recommendations contained in paragraph 360:

- a. 360(a). This recommendation would change the current procedure by requiring pre-enrolment screening for all applicants. At present, pre-enrolment screening applies in the CF only to officer candidates, persons born in other than Canada, Britain, Eire, Australia, New Zealand and the USA, and persons with previous CF service. In our opinion this recommendation, which would further tighten up personnel security procedures, should be adopted during normal peacetime conditions. It should be understood, however, that if this proposal were accepted, delays of up to three weeks would be added to the enrolment process.
- b. 360(b). This recommendation, for appropriate security screening before access to classified information, is current DND and CF policy, as contained in DND Instruction 4.2 of 5 Mar 68 and CFP 128(1). It is recommended that this proposal be supported.
- c. 360(c)(1). The main difference between this recommendation and current CF procedure is that the recommendation calls for written inquiries to referees or previous employers where these have not been made as part of the

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personnel selection process. This change would not have much impact on the CF because most recruits have had little, if any, previous employment. The recommendation should be supported.

Since the CF will continue to be responsible for the investigation of their personnel the words "or the Canadian Armed Forces Special Investigation Unit" should be added after "Security Service" in paragraph 360(c)(1) on page 229.

- d. 360(c)(ii). This recommendation, covering the prerequisites for access to TOP SECRET information, is current DND and CF policy as contained in DND Instruction 4.2 of 5 Mar 68 and CFP 128 (1), respectively. The recommendation should be supported.
- e. 360(c)(iii). This recommendation, concerning updating of SECRET and TOP SECRET clearance, is current DND policy as contained in DND Instruction 4.2 of 5 Mar 68, and should be supported.
- f. 360(d). This recommendation would require the Security Service to provide information on individual cases as fully as possible. Within CFHQ this is the practice and is possible because we are responsible for the investigation of and reporting on our own personnel. However, where we refer a case to the RCMP, it would be helpful, although not essential, to receive comments on the validity, relevance and importance of the information and a formal recommendation from them as to whether a clearance should be granted. This recommendation should be supported.
- g. 360(e). The first part of this recommendation would require a department to inform the Security Service when a security clearance is granted contrary to the recommendation of the latter, who in turn, would notify the Security Secretariat. Except in a few cases, this proposal would not be applicable to the CF. The second proposal that the Security Secretariat should review departmental security decisions to ensure consistency has been discussed above under Organization For Security and is agreed. At present, DSECUR consults with the Secretary of

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the Security Panel on difficult cases and would continue to do so with the proposed Security Secretariat. It is recommended that these proposals be supported.

- h. 360(f)(i). The Commissioners have commented that "homosexuality should not always be a bar to employment in the public service, but should normally preclude clearance to the higher levels of classification and certainly preclude posting to sensitive positions overseas". Under CD 35 a person who is unreliable for reasons of illicit sexual behaviour "may not be permitted to have access to classified information, unless after careful consideration of the circumstances, including the value of their services, it is judged that the risk involved appears justified". The Commissioners, therefore, have been more explicit and have in this sense strengthened CD 35 with respect to homosexuality.

The CF policy, however, as stated in CFAO 19-20 goes further and does not allow retention of sexual deviates, where it has been established with reasonable certainty that a member is a sexual deviate. In our view any change in this policy would have serious adverse effects on security, morale, discipline and efficiency. (Our views on this were given in memorandum to CP; copy to DM: V 2100-1 (CDS) of 6 Feb 69). It is our opinion, for the same reasons, that a similar policy to that contained in CFAO 19-20 should also apply to civilians employed by the CF. For example, it is considered that a professor at a Military College who is a homosexual should not be retained. The presence of such persons in a military environment could have serious adverse effects, irrespective of any requirement for access to classified information. We do not agree entirely, therefore, with the views of the Commissioners and recommend that DND be given the authority to bar employment to individuals who are known or admitted homosexuals and to release civilians, as well as CF personnel, who are judged with reasonable certainty to be homosexuals.

- i. 360(f)(ii). Our comments concerning security policy in regard to separatist activities have been given above. We agree with this recommendation and recommend that it be supported.

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- j. 360(f)(iii). This recommendation calls for definite rules to be established concerning the clearance of aliens or former aliens. This has already been recognized by the Department and a distinction is made in DND Instruction 4.2 between natural-born Canadian citizens, non-Canadian citizens and Canadian citizens other than natural-born. The latter two can only be granted a SECRET or TOP SECRET clearance on the basis of a background investigation providing a minimum of ten years coverage. In addition, applicants to the CF must now be Canadian citizens. We agree, therefore, with this recommendation and recommend that it be supported.
- k. 360(f)(iv). The taking of fingerprints from all persons requiring a security clearance is mandated in DND. The recommendation that this should apply to industrial workers should be supported.
- l. 360(g). The Commissioners state that universities should not be immune from the same kind of inquiries as any other institutions or previous employers, and that the investigators should be mature, experienced and sophisticated. CF investigators make inquiries at universities from time to time in the course of their security clearance duties. No difficulties or criticism have been experienced to date. We agree with the views of the Commissioners.
- m. 360(h). That full criminal records should remain available for purposes of security clearance makes sense and is practicable. It is recommended that this proposal be accepted by the government.

Departmental Security

28. The recommendations of the Commissioners which apply to all departments and agencies are given in paragraph 365(a) to (d) inclusive. Comments on each of these recommendations follow.

- a. 365(a)(1). This proposal, to create an effective security organization in each department, does not apply, in our view, to DND. The recommendation should, however, be supported to improve the standards in some other departments.

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- (2) 365(a)(ii). This recommendation proposes that each department should prepare security orders. DND has prepared departmental security regulations, eg, DND 4.2 and CPHQ has also issued more detailed security orders, eg, CFP 128(1), all based on the minima security criteria laid down in cabinet directives. We would continue to follow this practice based on any regulations issued by the proposed Security Secretariat. The recommendation should be supported.
- (3) 365(a)(iii). It is proposed by the Commissioners that training for departmental security staff and for other selected senior officers should be provided by the Security Service. The CF have the capability to train their security staffs at the Canadian Forces School of Intelligence and Security. In addition, selected personnel are sent on security courses conducted by our allies and by civilian police forces, including the RCMP. RCMP personnel have over the years attended some of the CF's security courses. Therefore, this recommendation should not be applicable to the CF, except that we would like to be given the opportunity to send personnel on certain courses which might be provided by the Security Service and we would continue to reciprocate. It has also been proposed by the Commissioners that security education should be provided within departments on a continuing basis. This has been and will continue to be the practice of the CF. The recommendation should be supported in the interest of overall security.
- (4) 365(a)(4). Arrangements for expert security advice already exist between the CF and the RCMP. The suggestion that officers from the Security Service be seconded to departments should not, in our view, be necessary with respect to the CF. The proposal should be supported, however, in the interest of overall security.
- b. 365(b). In this recommendation it is suggested that the inspection and audit of departmental security measures should be carried out by a

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protective security branch of the Security Service. It is recommended that the CF be excluded from this proposal because we have our own inspection and audit machinery. With this proviso, it is recommended that the proposal be supported.

- c. 365(c). This recommendation flows from the above proposals to strengthen departmental security and specifically recommends that departments should create adequate and effective security staffs and structures, within a specified period, and then begin to comply with new government security regulations. The CF have effective security staffs in being and therefore, this proposal is not applicable. It is recommended, in the interest of overall security that the proposal be adopted by the government.
- d. 365(d). This recommendation is an extension of the previous one to attain compliance with security regulations and to reach reasonable standards. Since DND has consistently maintained higher standards of security than those laid down by the government, there should be no problem in adopting this proposal.

#### Security of Information

29. The recommendations contained in paragraph 367(a) to (f) of the Report, with respect to steps for improving security of information, are of interest to the CF and all are considered sensible and practicable except the one in paragraph 367(a) dealing with the classification RESTRICTED. We are of the opinion that the classification RESTRICTED serves a most useful purpose since the originators of such documents, who are in possession of all relevant facts, are signifying their judgements as to the importance of this type of information. Within the CF this classification is used, for example, on training manuals and pamphlets, on a wide distribution, describing military doctrine which should not be readily available to inimical interests. It is our view that were the RESTRICTED security classification to be abandoned, a larger proportion of documents would be assigned the classification CONFIDENTIAL, and that there would be an increase in administrative and physical security costs to the Department. It is recommended, therefore, that the security classification RESTRICTED be retained.

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Physical, Technical and Communication  
Security, Sources and Techniques

30. The recommendations with respect to these subjects are set out in paragraph 368(a) to (c). Recommendations (a), (b) and (c) are of interest to the CF and our comments on each of them follow.

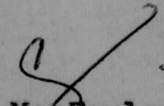
- a. 368(a). The general procedures outlined in this recommendation for better physical security of buildings containing classified information are not being followed to the letter by the CF. It is recommended that this proposal be adopted by the government.
- b. 368(b). This recommendation proposes that "all technical security agencies should be combined and form a section of the protective security branch of the Security Service". The CF have a technical security team, under the control of the Director of Security, which has developed considerable expertise and looks after the interests of DND in this field. On request, through the Minister, the services of this team may be provided to other departments. To transfer this capability from the Department to the Security Service would have certain disadvantages, ie, the Department would cease to have control and it would be impossible to organize a program of military priorities within the Department or to respond to urgent demands, which are frequent; the technical support to CF establishments outside Canada might not be available when required; the expertise which has been developed and which is considered to be as high as, if not higher than, any other similar agency in Canada, would be lost. It is recommended, therefore, that this proposal not be accepted in so far as DND is concerned.
- c. 368(c). It is agreed that the telephones of the Minister and officials in the most sensitive positions should be made secure as soon as possible. It is recommended that this proposal be accepted by the government.

*Original signed by*

J.V. Allard

General

Chief of the Defence Staff

  
C.B. MacFarlane Colonel/2-8556/hrc

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