

C O P Y

SECRET

(CONFIDENTIAL without attachment)

PRIVY COUNCIL OFFICE
Canada

Ottawa, January 9th, 1958.

Honourable E.D. Fulton,
Minister of Justice,
OTTAWA.

Dear Mr. Fulton:

As a result of the meeting of the Security Panel at which you were present some two weeks ago, there were two questions which we agreed to look into further. These were: Could a system of preliminary review be devised which would reduce to a minimum the number of occasions when the Security Review Board might in effect reverse a departmental decision to dismiss an employee on security grounds; and, did U.K. security experience offer any indication of the difficulties which might arise if the provisions of the Security Review Order were, at some future time, to be extended to defence industry holding classified contracts.

This office has examined recommendations which were made in the past to the Security Panel, and I should like to suggest that a satisfactory preliminary review system could be put into effect administratively without any change to the draft order-in-council. We think that one of the essentials of a review system should be to provide the department with an equal opportunity to hear what the individual may have to say, so that in making a decision to dismiss the department will be as well informed as the Security Review Board.

I would therefore propose that, before making a decision to dismiss, the deputy minister be given the right - should he wish to exercise it - to interview the employee, inform him that there is information indicating that he is a security risk, and invite his comments on such parts of the information as the R.C.M. Police agree can be revealed.

As an additional step before reaching a decision, a department can if it wishes consult with a committee of the Security Panel - thus enabling a deputy minister to seek the advice of colleagues on difficult cases. In its terms of reference the Panel already has this advisory function, and I therefore think that all that would be required would be for departments to be reminded that once the Security Review Board is in operation the Panel's advice may be of particular help.

Should the department decide to dismiss after taking both or either of these courses of action, then the provisions of the Security Review Order will become operative and the case will proceed after all administrative safeguards have been taken.

With regard to the security problems of defence industry, I feel that this is a special problem on which the Department of Defence Production could properly advise you

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further. However, we have consulted London and I attach a copy of a telegram which Commissioner Nicholson received a day or two ago. When we last discussed this with M.I.5 in London in April of 1956 the government had not extended their appeal system to industry. A few months ago M.I.5's representative in Washington assured us that this was still so. You will see from the telegram that he was wrong and that consequently we misinformed you when we said that U.K. appeal procedures were limited to the public service.

As it is, U.K. experience seems to confirm your own opinion that it will probably be only a question of time before it would be found necessary to extend the proposed order to cover defence industry with classified contracts. I am sending a copy of the telegram in particular to Mr. Golden. I imagine he may wish to brief Mr. Green so that the problem can be further discussed in the Cabinet Committee which you will be suggesting. I assume that it would be appropriate for any other points which may arise to be considered there as well.

Yours sincerely,

(signed)

R.B. Bryce,
Secretary to the Cabinet.