

CONFIDENTIAL

DRAFT MEMORANDUM TO THE CABINET COMMITTEE
ON SECURITY AND INTELLIGENCE

Security Review Order

1. During the years 1956 to 1959 the Interdepartmental Security Panel intensively studied the possibility of establishing a procedure by which government employees whose loyalty was in doubt could be given an opportunity of appearing before an impartial board and answering the information against them. In mid-1959, the Panel prepared for consideration by the government a draft order-in-council setting out a system of review which the members of the Panel considered was the best that could be devised under the circumstances. A copy of this draft order is attached.

2. The idea at the core of Canadian security policy has always been that security is a part of good administration, and that it is therefore a departmental and agency responsibility. Since 1947, the government has from time to time given departments and agencies a general direction, in the form of a Cabinet Directive, as to the policies and procedures to be followed in ensuring the security of classified information for which they are responsible. On the basis that the central requirement for the maintenance of good security was the establishment, insofar as that is possible, of the loyalty and reliability of employees who were given access to classified information in the performance of their duties, successive Cabinet directives have posed departments and agencies with the responsibility of having inquiries made to this end. While some information concerning an employee's ability to perform his duties is normally made available to employing departments or

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agencies during the induction process, his loyalty and reliability are normally established to the satisfaction of the employing organization by their requesting the R.C.M. Police to conduct an investigation into the employee's background. Depending upon the level of access required, this investigation might involve a search of the subversive and fingerprint records of the R.C.M. Police in order to establish whether there had been any subversive or criminal activity, or, in addition, a full background investigation conducted in those areas in which the employee had lived and worked. On the basis of examining the results of these investigations, departments and agencies arrive at a judgement as to whether or not the employee might safely be given access to classified information. In cases where information of a derogatory nature is turned up, and where the department or agency is in doubt as to how it might be resolved, the advice of the Security Panel or its sub-committee may be sought.

3. On the whole, this system has worked well. The approach to these problems is normally quiet, informal and humane, and it has only been rarely that, through error or inept action, employees have been treated unjustly, or have appeared to have been so treated. The most serious difficulties have normally arisen when the sources of the derogatory information were so sensitively placed that the employee could not be told of its nature, and the employing department felt it must dismiss or transfer him in order to discharge its security responsibilities.

4. This difficulty about the necessity to protect sensitive sources of security information has been one of the primary reasons why it has not been possible to devise an appeal system which would provide the substance as well as the form of a proper appeal. While it was the view of the Security Panel that the procedure set out in the attached draft order is the best that could be devised under the circumstances, the Panel foresaw a number of further difficulties in its implementation. These were:

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- (a) that the government would be subject to continuing pressures for the extension of the proposal to include fully judicial safeguards for the employee, which would inevitably endanger vital sources of security information;
- (b) that the government would also be subject to pressures for the extension of the plan to members of the Armed Services, who have their own established grievance procedures, and further to the employees of private firms engaged on secret or confidential contracts, thus creating further difficulties in the field of labour - management relations;
- (c) that the operations of the proposed procedure would undermine the established managerial responsibilities and practices through the public service; and
- (d) because of these dangers, that departments would tend to seek other methods of dealing with security cases in order to avoid making use of a mandatory system of review by a body outside the public service.

5.

The Security Panel therefore reported:

- (a) that, after considering the probable consequences of introducing a system of security review such as that set out in the draft Security Review Order under consideration, it could not recommend its introduction;
- (b) that if the government nevertheless decided to introduce a system of security review,

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the system set out in the attached draft order appeared to be as good a system as could be devised;

- (c) that there might be merit in the government considering the adoption of a less formal arrangement, by which outside advice on difficult security cases could be obtained on an ad hoc basis when it was considered appropriate.

6. Following receipt of this advice, the government took no decision to introduce a review procedure such as that under consideration. It is recommended that the Cabinet Committee now consider:

- (a) whether it would be appropriate at this time to introduce a system of security review such as that set out in the attached draft order-in-council, bearing in mind the views expressed by the Security Panel; or
- (b) whether it would not be more appropriate to institute the administrative measures for careful review of security cases and, wherever possible, the actual confrontation of employees with adverse security records, as set out in the revised draft of the Cabinet Directive on Security presently under consideration.

R. B. Bryce,
Chairman of the Security Panel.

Privy Council Office,
June 19th, 1963.