

SUBJECT — OBJET

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POLICE AND SECURITY BRANCH
DIRECTION DE LA POLICE
ET DE LA SECURITE

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Referred To Remis à	Remarks Remarques	Initials Initiales	Date	PA Date Date classé	Initials Initiales	BF Date Date rappelé
Mr. Shor.		JS	11-3-82			
PR Ansell		MS	11/3/82	28/4/82	RAA	

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Royal Canadian Mounted Police Gendarmerie royale du Canada

CONFIDENTIAL (with attachment)

Your file Votre référence

9 March 1982

Our file Notre référence

Mr. M. Shoemaker
Chairman, Security Advisory Committee
and Senior Assistant Deputy Minister
Police and Security Branch
Ministry of the Solicitor General
340 Laurier Avenue, West
Ottawa, Ontario
K1A 0A7

GP 195-115-2

Dear Mr. Shoemaker

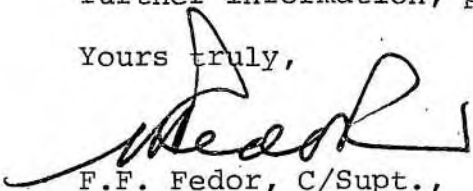
Re: Security Policy under Review (SPUR)
Personnel Security

Following A/Commissioner McGIBBON's attendance at the SAC Executive Committee meeting on 82-03-04, he requested that I forward to you my comments concerning the report on the "Disposal of Adverse Cases - 1976-1980".

Generally, the report is unjustly negative in tone and is a rehash of problems which have been identified long ago by the SPUR Sub Committee. These problems have been addressed by the drafters of the SPUR Personnel Security directives and guidelines and subsequent solutions have been and are being formulated. The preamble (first nine pages) appears to be an attempt to educate the uninitiated. The deputy heads of the institutions represented on the I.C.S.I. are not uninitiated with regard to "why" security of classified assets is necessary.

My specific comments are typed in the margins of the attached copy of the report. Should you require any further information, please do not hesitate to enquire.

Yours truly,


F.F. Fedor, C/Supt.,
Chairman
SPUR Task Force

FILE
DOSSIER

82-03-04 A7:50

P.S.P.S.
C.M.A.P.S.

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CONFIDENTIAL

DISPOSAL OF ADVERSE CASES

1976 - 1980

P.A. Lemieux,
Security and Intelligence Secretariat,
Privy Council Office.

August 31st, 1981.

A handwritten signature and the initials "S.L.D." are present in the bottom left corner of the page.

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FOREWORD

1. This is the third report on the subject. The earlier ones were prepared and issued in 1974 and 1976.

2. The attached covers a five-year period, 1976-1980 inclusive. The extended period between reports was not intended; it simply reflects the obvious limitations of an irreducibly small secretariat

SAC should be responsible for this type of report.

security staff. The five-year period, however, makes it possible to give a clearer picture of the situation generally than was the case in earlier reports. At this juncture, when security clearance policy review in a final form must follow closely behind the proclamation of an Access to Information Act and a Privacy Act, and the publication of the McDonald Commission report, the attached report with its statistics and remarks should be seriously

considered in the policy development process. The report points to major flaws, weaknesses and inconsistencies in a system which has been followed slavishly for more than thirty years. While C.D.

If SAC, with all its interdepartmental resources had been responsible for this system, perhaps these problems would not have occurred.

35 and the Public Service Security Inquiry Regulations (1975) introduced and affirmed the career interests of the subject person in the decision-making process, nothing in policy has in fact been introduced since 1948 to substantially modify the principles upon which government material is classified and the personal security clearance process which applies to the employees in positions of access.

3. C.D. 4 through to C.D. 29, the personnel security clearance policy documents which preceded C.D. 35 had been prepared in response to Communist aggression, namely the infiltration/recruitment of Soviet agents in Canada as revealed by the Kellock-Taschereau Commission (1946) and the court trials

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which followed, events which led to the apprehension later of Soviet spies in the U.S.A. and the United Kingdom and the loss of U.S. atomic secrets which had brought the Second World War to an end and held promise to keep the forces of Communism in check.

4. The Berlin blockade and the coup in Czechoslovakia in 1948 were clear demonstration that the Soviet Union would use force just short of war in the pursuit of its aims and this led to the formation of NATO. In the intervening years, on another continent, there had been the final defeat of the Chinese Nationalist forces by Mao's Communist armies in 1949. And a year later, the crossing of the 38th parallel by the Korean Communist forces led to a war in which Canada became involved with the U.S. and Commonwealth forces. In other words, from the mid forties to the mid-fifties no one was prepared to argue against any reasonable government policy aimed at protecting our independence and freedoms within the Western community of nations.

5. Security measures should exist to counter a threat of sorts - real or apprehended: they must be capable of reasonable definition in a current context, something that employees of all ages and backgrounds can understand and keep in mind in the discharge of their duties.

6. More than half of the serving employees of the Government of Canada do not even remember the Korean War. They may fear the Soviet military machine but they do not fear the Communist ideology as a means to a political end; indeed it is difficult to find someone who, nowadays, cares about any 'ism that imposes discipline on its adherents. Loyalty to government is old-fashioned;

Statements like these are based only on opinions and therefore the detract from the factual effectiveness of the report

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few seek a lifelong career in public service so there is no real concern or, in fact, little risk of losing job security when acting in a disloyal manner in a non-defence or security context. The incidence of leaks of Cabinet and related documents that are only available to public servants, particularly since 1971, is eloquent proof that nothing in the government process is sacred any more.

7. What is the nature of the threat and is it within rather than without? What have we done to identify it and negate it?

8. The primary purpose of the personnel security clearance policy conceived more than thirty years ago was to identify Communists (members of Communist parties), Communist sympathizers and collaborators, in other words, the Enemy within. Subsequent policy statements identified as an added dimension to the Communist threat, the person who could be made to collaborate by exploiting his/her character defect/s or weakness/es. The policy, weighted for 15 years exclusively in the "interest of the state" was modified in 1963 to provide a measure of protection for the government employee against biased or hasty judgement by making it mandatory that adverse cases be reviewed by senior management before dismissal could be recommended to the minister by the deputy minister or head of agency. In 1975, this review process was further refined by the introduction of the Public Service Security Inquiry Regulations made pursuant to subsection 7(7) of the Financial Administration Act which requires the review of a case for dismissal on security grounds to be made by a Commissioner appointed by Order-in-Council and for dismissal only under authority of the Governor-in-Council.

9. Some "old hands" may argue that the mandatory review process introduced in C.D. 35 destroyed the tight rein on security which had been held traditionally by a few security officers, to place decision-making in the hands of a "soft" management class of public servants; security officers, heretofore, had derived their authority to make decisions in adverse cases from C.D. 29 which made it categorically clear that a doubt, "in the mind of a reasonable man" regarding loyalty and reliability raised and unresolved in the course of a security clearance inquiry, would be resolved in favor of the state. Many careers were cut short in the process and valuable employees lost who might otherwise have been salvaged by a more demanding review procedure and management involvement.

10. Under the rules of C.D. 29 there were also serious inconsistencies; even within D.N.D. where the Army and Air Force, each with their own investigative elements, would conduct far more searching security inquiries than was the case with the Navy that did not have an investigative arm. In theory as well as in practice one could have been granted a SECRET clearance by the Navy and denied a similar clearance by the Army. It went beyond this; there was great security rigidity in the R & D elements of the armed forces, a factor which was quickly eroded when plans were put in the hands of defence industry for production where the security clearance criteria were far less rigid. If one were to look closely at the security practices throughout the government in the 1960's one would find that many departments

simply turned a blind eye to the security policy on the basis that they were not involved in national security matters; "national security" became conveniently the object of the narrowest possible interpretation. The situation became ludicrous. The point to be made is that in the course of that decade, the government was open to infiltration in probably more than 80% of its middle and upper level management positions.

"National Security" should be the object of the narrowest interpretation because of the accompanying rigid methods of protection. There is the need, however, for another category in which to classify assets which require less rigid methods of protection. The SPUR classification system proposes the "public interest" category for this purpose.

11. The situation started to change dramatically in 1968, the last year of the Royal Commission on Security. It would appear that the investigative activities of the Commission left many senior managers with a feeling that they ought to have a departmental/agency security programme so as not to be caught at fault and criticized by the Commission. In some departments it meant a 180° turn; from a position of no need to one where it became essential to be seen practicing security by classifying more material and clearing more employees.

12. In terms of personnel security, the demands for services from the R.C.M.P. shot up dramatically and some departments decided that all personnel should be cleared. Most focussed their needs in the SECRET and CONFIDENTIAL levels of clearance but it became common practice to clear anyone of the level of director or equivalent and upwards to the TOP SECRET level.

13. This revised practice while doing much to close the wide unprotected gap of the 1960's created a new set of problems while reinforcing older ones. A new motto seemed to emerge which could have read: Be secure - clear everyone.

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Instead of making efforts to discourage this kind of attitude by management, by explaining the limitations of the security clearance investigation process, security officers accepted the commitment and built up on it, at least until 1978 when they were forced to retrench by reason of the coming into effect of the Human Rights Act and particularly its Part IV which conferred a right to anyone to access a government information bank in which they were identified and made exemptions difficult. In practical security terms this suggested strongly that it would be difficult or embarrassing to exempt security clearance files on employees who did not, in fact, have or require access.

14. The more serious effect on the quality and effectiveness of security, particularly of security of information in the government, has been caused by an abuse of the security classification system compounded by an abuse of the personnel security clearance procedure.

15. It was said earlier that concurrent with the investigative activities of the Royal Commission on Security or as a consequence thereof, there was a general awakening to security. As more documents were classified there was a need for more employees to administer the material and, therefore, to be security cleared. As more employees were security cleared, there appeared to be a lesser need to be concerned with the "need to know" principle and for the segregation of classified material of a particularly sensitive nature; "security clearance" became synonymous with "unqualified/unlimited trustworthiness". It should

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come as no surprise if it should be revealed at some point that the perpetrators of all our deliberate leaks of documents were employees holding a security clearance granted probably on the minimum standards of investigation. It does not necessarily follow that if employees were properly investigated leaks would not occur. There is very little relationship because leaks occur for many unrelated reasons.

16. The security problems we are experiencing today can be charged to two very fundamental things:

- a) the "negative" character of security; and
- b) the lack of interest and understanding of security by managers.

17. Security is "negative" when it does not appear to have a natural place in an activity. The need for and the content of a security programme will vary a great deal from one department to another.

"People oriented" departments and agencies obviously do not have the same need for security of information than would necessarily be the case in D.N.D., the R.C.M.P. or External Affairs. Physical security measures must, of necessity, be far more stringent in the Bank of Canada and the Royal Canadian Mint than they need to be in a Manpower office. Security of communications is a basic requirement for the conduct of our foreign affairs through our missions abroad but it does not have the same importance for the Department of Agriculture. Security becomes "negative" when the reason/s for the security measures insisted upon are not readily apparent and lead to unnecessary efforts and expense and possibly delays in the delivery of material or provision of services. It can also prove negative to those involved when it appears to become uselessly and persistently repetitive and no reason is given for the measures.

The two-category classification system, proposed in the SPUR Policy will correct these problems

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18. By and large managers are happy to leave security to security officers. Security suggests rules, discipline, rigidity, narrow-mindedness, petty-details; career oriented managers have not much inclination to get involved in the muddled field of security and are generally content to seek advice on security as they may need it but rare indeed is the manager in a line department who has seriously assessed the place for security in his operation without being prompted or prodded by a higher-level manager. Departments/agencies may have security policy, instructions, guidelines, equipment, guards, etc., but the quality of implementation never reaches its proper level because of a general lack of management interest, understanding and support.

19. It is too easy to blame the managerial group for the shortcomings of security in the Government of Canada. If they lack interest and fail to provide leadership it is because their own professional development has included, at best, a very meagre dose of security knowledge, not enough to give them assurance in this area. However, all government security policy and directives charge departments and agencies with security responsibility and, in practical terms, this means all managers from the DM or Head down to the last director and chief. Security officers are technicians who will assist managers in living up to their security responsibilities - they cannot legitimately or reasonably be made responsible for departmental security as is often implied.

The SPUR proposal give the responsibility for security to the deputy head of a department or agency.

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20. The report on Adverse Cases does not by any stretch of the imagination give an indication of the state of security in the public service but, as was said earlier, it is food for thought. It will have been useless like the earlier ones, however, if it does not raise many questions to which real answers will be sought.

PART IAim

1. The aim of this report is to respond to a requirement contained in Cabinet Directive 35 which reads as follows:

"19. The numbers of all persons who for security reasons are removed from eligible lists by the Civil Service Commission, or are in one way or another refused access to classified information by departments or agencies for security reasons, will be sent quarterly to the Secretary of the Security Panel in order that that Panel may from time to time review the number of persons or the type of cases involved, and assess the extent of the security problem in the public service."

NOTE: C.D. 35 was never amended to reflect the changes brought about by a law of Parliament or government decision: Civil Service Commission should now read Public Service Commission and Security Panel, Interdepartmental Committee on Security and Intelligence (ICSI).

The Report Process

2. The RCMP Security Service reports quarterly to the Secretary, ICSI, the number of subversive records checks and field inquiries that have been requested by departments and agencies of the Government of Canada in support of their personnel security

clearance programme and the number of adverse briefs that have been submitted resulting from either the records checks or the field inquiries or both. Annexed to this statistical report is a two-part list: the first part of the list deals with reports which relate to the loyalty factor (C.D. 35, para 3) and, the second, with reliability factors (C.D. 35, para 6). The name of the subject person appears under the department/agency title applicable and a Security Service file reference number is given.

3. Departments/agencies report quarterly to the Secretary, ICSI, the substance of the decision they have taken in each case where they have received an adverse brief from the Security Service.

4. The ICSI Secretariat monitors this process in order to make it possible for the senior security committee to be informed on the current volume of work generated in this connection and of the manner in which departments/agencies deal with adverse cases.

System Limitations

5. "System Limitations" are of two types: administrative and operational:

a) administrative:

The inconsistencies in the application of the security clearance policy, stemming largely from varying managerial attitudes to document classification and record management, lead to significant differences in the percentage of employees in every department and agency who require a security clearance. The level to which an employee may be cleared for a position in Department X is often different from the level an

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employee in an identical job will be cleared in Department Y. Department X may receive more adverse reports than Department Y because its security clearance programme has more employees at the TOP SECRET level, a process which makes field inquiries mandatory: field inquiries generate more personal information and inevitably more of the type that the investigative authority feel obliged to report to the requesting authority for assessment.

b) operational:

The RCMP and the Canadian Armed Forces (CAF) - the only two authorized investigative agencies - have both the authority and the means to conduct in-depth inquiries to satisfy their own needs, which, in their judgment, may be desirable regardless of the level of security clearance that may be required in any particular case. Conversely, line departments using RCMP investigative services (CAF serve DND only) cannot command the same service as the force gives itself and adverse information which might be useful to follow up in search of a solution is generally concluded at an early and possibly premature stage unless the clearance required is at the SECRET level and the department/agency insists that it be pursued.

RCMP can conduct good staffing enquiries at the same time as security clearance enquiries. The Force should not have to do this for all department as is implied here. Departments and agencies should be responsible for their own staffing and personnel enquiries, as SPUR proposes.

6. In summary, the fact that the security clearance or screening process is not universally and uniformly applied in the Public Service of Canada results in the existence of a great variety of security standards within the organization.

But what is perhaps even more important from a security viewpoint than the inconsistencies in the structure and context of individual departmental security clearance programmes is the fact that probably only 10-15% of public servants are subjected to any form of security screening, leaving a vast number of employees about whom the government knows relatively little, at least from a security viewpoint. In this connection it would be useful to look again at Recommendation 298 (a) of the Mackenzie Commission report which reads as follows:

"Before a person is employed in the public service, whether or not he is likely to have access to classified material, his name should be checked against the subversive records and he should be the subject of a fingerprint check against criminal records. Adverse information need not result in rejection, but the information should be made available to the employing department, which can request further inquiries if they appear to be necessary."

This recommendation may not be acceptable in its entirety but adoption of this recommendation even in modified form, say, a check of all appointments against the subversive indices only, would go a long way in providing the basis for assessment of the state of security in the Public Service of Canada.

This conflicts with the McDonald Commission recommendations 113 and 115.

7. The periodic assessment of the state of security in the public service is a legitimate aim to set and pursue but one which is impossible to achieve under present policy and circumstances.

SPUR proposes that the Treasury Board be responsible to ensure that security, in departments and agencies, is monitored and audited.

PART IIDisposal of Adverse CasesA. Accuracy of the Statistics

1. The figures quoted in Appendix "A" and its annexes are explained therein and they are reasonably and usefully accurate. This qualification is given to indicate that the totals are not, in all cases, all-embracing and therefore complete. Under present circumstances, the CAF may in the course of their own inquiries record adverse information which they will assess and resolve by their own means without reference to the ICSI Secretariat. The same can probably be said of the RCMP where inquiries are conducted to meet their own staffing/enrolment requirements. There are, however, enough cases reported by both forces to draw valid conclusions overall.

B. Highlights

2. In terms of trends, the most significant figure to highlight is the 40% reduction in the overall number of security clearance investigations conducted on civilian employees since 1976. Conversely, figures show a rise in the number of cases conducted by the CAF. The first is a genuine reduction; fewer civilian jobs now carry a security clearance requirement. The increased CAF figure does not reflect a higher level of security clearance requirements but an increased effort to up-date existing clearances to conform with various international defence agreements.

3. Notes in Appendix "A" interpret the figures shown in lines C and D as evidence of a serious weakness in the system. These same figures, however, are interesting for other reasons. Line B points to a steady decline in the total number of adverse

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briefs since 1972 with a proportionate decline in the percentage of briefs on the loyalty factor as indicated in line C. Line D, however, is strangely erratic. The decline in the number of loyalty briefs can probably be attributed to a progressively more objective assessment of the record by the Security Service over the years. Many adverse records have been dormant for long periods by reason of change/s in government policy direction (on Quebec separatism, for example) and can no longer be reasonably reported as relevant. The reason for the erratic reliability line is not as clear. Nothing can be found, for example, to explain why an adverse reliability percentage of 6.13 in 1972 dropped to 3.79 in 1973, jumped to 9.04 in 1977 and dropped to 3.42 in 1978 and was back up to 6.61 in 1980, a percentage almost identical to the one reported for 1972. There are, however, two broad possibilities:

- the social/labor related phenomena;

there are times when a small or larger number of unskilled jobs requiring a high reliability factor have to be filled for which the applicants generally come from a group where incidents which may have a bearing on the assessment of the subject's reliability are more likely to be reported than might be the case when dealing with persons from other classes of society;

- the field investigation process;

field inquiries are conducted by a wide variety of investigators who are not all equally skilled. Some investigators are successful with a group/class of sources and only partly so with another. The social attitude of the investigator is another imponderable, particularly as one matures; transgressions charged to a subject person may be dutifully reported by one investigator and dismissed by another as simple evidence of "growing up", living and learning.

The Departmental/Agency Security Clearance Programme

4. The departmental/agency security officer (DSO) appointed by the senior manager in accordance with the provisions of C.D. 35 is generally responsible for preparing the security clearance programme and get it approved by management. He/she having been designated by the deputy minister or head to the ICSI Secretariat and security cleared to the TOP SECRET level is deemed to represent, speak and make requests for services, on behalf of his/her senior manager, in security-related matters.

5. In larger departments, the trend has been to create a full-time security officer position and appoint to it an "experienced" officer.

6. It is of interest and pertinent (since comments will be made later on the quality and relevance of departmental/agency security clearance programmes) to look at the make-up of what is customarily referred to as the Security Community.

7. There are sixty-nine officers officially listed as Departmental Security Officer:

Former RCMP and Military Police -	23
Former Military Officers -	6
Line Managers -	40

8. Of 31 full-time security officers, 29 have police or military experience, extensive in the vast majority of cases. Several line managers have a military background and carry the security burden as an additional responsibility.

9. In the absence of a professional training programme, regardless of their professional background, DSOs have to develop very much on their own, testing their ideas and proposals within the security community before placing them before their own managers. This

approach being generally limited to those of the community whom one knows personally, is of limited value and results in greatly varied departmental procedure and security attitudes. It also results, almost inevitably, in the cribbing of ideas and words from the security procedures of one department to be applied into another where they may not be as relevant or fit as usefully.

Under the SPUR proposals, security training will be provided by the Public Service Commission and by other departments or agencies with specialized security expertise.

10. The personnel security clearance programme is the bread and butter of DSOs and there can be no such programme without the existence of classified material - whether generated from within or entrusted in quantity sufficient to bring realism and relevancy to the departmental policy and procedures; one feeds the other. Present security classification practices make it possible for almost any employee to classify and C.D. 35 is flexible and adaptable enough to be applied to anyone in permanent federal government employment solely on the basis that through normal advancement, postings and promotions an employee is likely at some point to require access and therefore clearance.

SPUR proposals greatly restrict the number of people who will be able to classify assets. These people will also be more accountable for what they do classify.

11. The possibility, therefore, exists for DSOs to promote a security clearance programme which may be in excess of any classified operational requirement but rationalized on the basis that the programme will provide organizational depth and flexibility. But such a practice may be dangerous if it erodes the need-to-know principle by broadening unreasonably the access/distribution list.

Only those who have the "need to know" will be given a security or reliability clearance.

12. Appendix "A", Annex 2, Line (J), shows that over the past five years, an average of better than 84% (91% in 1980) of all adverse cases have resulted in favorable decisions being reached, the employee having been granted the necessary clearance.

13. These figures may be interpreted in a variety of ways but nevertheless point to a situation which should be examined carefully with the following questions in mind. Are employees being processed for security clearance uselessly? Is the Security Service submitting briefs on loyalty and reliability which are of doubtful value 91% of the time?

14. There are no figures to offer but the experience acquired by the ICSI Secretariat in monitoring the disposal of adverse cases suggests that both are very relevant questions: The fact that many addressees are forced to admit that they cannot or will not act on an adverse brief because the employee does not have access leads to the conclusion that there are many other employees who are probably investigated for less than valid reasons. On the other question, the Secretariat over the years has received and been shown by other departments briefs which could only be judged adverse by the wildest stretch of one's imagination.

15. If we take away from the 1980 figures the one person dismissed and the four denied employment, we are left with 11 employees transferred and 5 denied access. In the case of transfers, even after repeated requests for details on such transfers, we are still not convinced that effective transfers were made in all cases. The cases "denied access" are equally suspicious. It taxes the brain to understand how an employee who requires a security clearance to fill a position can continue filling that same position having been denied access! It is also important to note that of these 16 adverse cases only 2 relate to the loyalty factor; 2/58,817!

16. The system, as it exists and moves, seems to breed all sorts of anomalies that we are all too tempted to charge to DSOs who, there is no doubt, are all trying to do a good job. Like the managers who are not given much security training, security officers are not all equally and sufficiently familiar with the role of managers to be able to support them effectively at all times and at all levels. This lack of understanding and cooperative rapport is further complicated by the fact that DSOs do not receive adequate training and guidance themselves in their own field. In fact there is no training ground for DSOs. They have, therefore and as was said earlier, to develop on their own. Some succeed and some do not: those who do manage usually to improve their job classification and those who don't tend to vegetate. The end result is that full-time non-management DSOs are graded at various levels to do the same job. This situation may appear only distantly related to the subject of this report but a close look will reveal that it is, in effect, most germane. All security policy statements and official guidelines point to the DSO as the dynamics of the system but is it fair to assume that all DSOs will react in a like manner either in planning the departmental security programme or in their search for a solution to a problem unless there is increased clarity in the purpose and application of government security policy, identifiable points of reference for assistance and a central point at which an on-the-spot and authoritative policy interpretation can be given when needed? At present, the situation is hopelessly confused and is inevitably leading to wasteful administrative and management practices and even questionable security in many areas.

The Public Service Commission and other departments and agencies, with specialized security expertise will provide training to DSO's.

SPUR policy provides clear direction in this regard. This will be followed up by the pursuant directives and guidelines.

Conclusion

1. The ICSI secretariat, departments and agencies have all dutifully responded to the report requirement of C.D. 35, para 19, but the resulting figures are of no use in "assessing the extent of the security problem in the public service". In fact, the only reasonable conclusion that can be drawn from the 1980 figures is that Canada has probably the world's most loyal and reliable public service.

2. Although the security clearance process affects only about 10-15% of public servants, it is by far a much larger sampling than what polsters rely on for conclusive trends. It may be reasonable to conclude, therefore, that there is no identifiable security problem in the public service.

3. This conclusion, valid as it may be, should not lead automatically to a massive reduction in our security clearance investigative programmes with a consequent and proportionate reduction of the supporting investigative services.

4. What is probably needed at this juncture is some clear thinking about security in the Public Service of Canada, not just a rehash of obsolescent procedures. The Security Service will have to be far more active and convincing in bringing awareness of the threat, particularly to the executive and administrative branches of government so that the management ranks may be forced to play their role with technical security services in support. Clear definition of the threat is fundamental to effective security and no security policy statement can be credible without a threat definition.

SPUR is anything but a "rehash of obsolescent procedures".

Yes, but "need to know" principle must apply.

5. A myth that has to be destroyed is that security should be left to the experts. Security is team work: the "experts" identify and define a threat and suggest means of defending against it and may even offer supporting services; management compares/ measures the threat against their operation and decide what, if anything, must be safeguarded or withheld from public access for defence or other statutory reasons and ensure that appropriate administrative measures are taken to prevent loss or compromise.

6. The initiative in promoting a review of security policy and procedure has for too long been left to the security community with little or no management participation. The roles need to be reversed; an administrative security operation is a management/command support function not a security initiative.

SPUR proposes that the deputy heads be responsible for security within their institutions.

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APPENDIX "A"

STATISTICAL SUMMARY
OF SECURITY CLEARANCE INVESTIGATIONS
AND ADVERSE CASES

A. SECURITY CLEARANCE PROCESSES	1972	1973	1974	1975	1976	1977	1978	1979	1980
1. RECORDS CHECKS - R.C.M.P.	63,126	59,847	62,965	60,003	73,613	71,689	67,261	60,965	56,199
2. FIELD INQUIRIES - R.C.M.P.	4,089	4,554	3,608	3,913	3,125	2,410	2,396	2,573	2,618
3. TOTAL NUMBER OF PROCESSES BY R.C.M.P.	67,215	64,401	66,573	63,916	76,738	74,099	69,657	63,538	58,817
4. FIELD INQUIRIES - D.N.D.	4,667	3,663	3,525	4,223	5,364	5,322	4,963	5,173	5,675
B. TOTAL NUMBER OF ADVERSE BRIEFS SUBMITTED BY THE R.C.M.P.									
1. LOYALTY	495	437	363	249	230	183	93	135	106
2. RELIABILITY	251	173	156	214	202	218	82	136	173
C. PROPORTION OF ADVERSE LOYALTY CASES BASED ON A. 3	.736%	.678%	.545%	.389%	.300%	.247%	.133%	.212%	.180%
D. PROPORTION OF ADVERSE RELIABILITY CASES BASED ON A. 2 R.C.M.P. ONLY	6.13 %	3.79 %	4.32 %	5.46 %	6.46 %	9.04 %	3.42 %	5.28 %	6.61 %

(SEE ATTACHED EXPLANATORY NOTES)

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EXPLANATORY NOTES

- A. The term "Security Clearance Process" includes all security clearance investigation activity by the R.C.M.P. Security Service, less the fingerprint check which is a separate and distinct R.C.M.P. operation. The total number of processes includes records checks for all cases conducted by the Security Services of the Canadian Armed Forces.
- A.1. A "Records Check" means the actual checking of all names appearing in a Personal History Form against the indices of the R.C.M.P. Security Service. It is basic and common to all security clearance investigations.
- A.2. "Field Inquiries" are conducted by the R.C.M.P. when the requesting authority indicates that the subject person will have access to TOP SECRET material OR when a records check for a SECRET clearance raises a doubt concerning the subject person's loyalty. A field inquiry may also be conducted when a doubt has been raised on the basis of the fingerprint check and the clearance required is at the SECRET level. Figures appearing in Line A.2. represent the total number of security clearance field inquiries conducted by the R.C.M.P. for the years 1972 - 1977 inclusive. Totals for the years 1978-1979-1980 include all field inquiries conducted by the Force less those which they did to meet their own requirements. R.C.M.P. figures for those three years are not available.
- A.3. In reporting production figures, the R.C.M.P. used two sets of figures, i.e. the simple records check and the records check which is included in the TOP SECRET clearance process, hence the need to add two sets of figures to arrive at the actual total of security clearance investigation processes.

A.4. The D.N.D. total did not have to be added to A.1. as was the case with A.2., as the two operations, i.e. records check and field inquiry, were distinct. While D.N.D. is an authorized security agency under C.D. 35 it must rely on the R.C.M.P. to conduct the records check.

B. Adverse Briefs:

Loyalty: The substance of this brief is ideological and indicates or suggests a foreign influence which could lead the subject person to commit a disloyal act against Canada (Criteria outlined in C.D. 35, para 3).

Reliability: The substance of this brief relates to deportment and behaviour and should raise a question as to whether the subject person would act responsibly in a situation where one has a choice to act in the public interest or to one's benefit possibly to the detriment of the public interest (Criteria outlined in C.D. 35, para 6).

C. & D. Percentages in C. and D. highlight a characteristic of the system which merits much attention because it points quite clearly to a weakness which has been there for several decades. In 1980, for example, 90% of all security clearances were granted on the basis of a records check and fingerprint check only and only .180% of the investigations produced an adverse trace, which had a bearing on the subject's loyalty. In the same year, the remaining 10% who were the subject of field inquiries were identified to a proportion of 6.61% as potentially unreliable

employees/applicants. Put simply, this means that asking questions about a person is a far better way of identifying a security risk than by relying on the records check exclusively. Or, put another way, our vulnerability to penetration seems great and our ability to detect potentially disloyal or unreliable employees/applicants based on the minimum standards of investigation contained in C.D. 35, almost negligible. Item D. does not include adverse reliability which may be adduced on the basis of a criminal record confirmed by a fingerprint search.

RATIO BETWEEN MILITARY/POLICE AND CIVILIAN PROGRAMMES 1976 - 1980 INCLUSIVE

	1976	1977	1978	1979	1980
TOTAL NUMBER OF PROCESSES BY R.C.M.P. (APPENDIX "A", ITEM A.3.) -	76,738	74,099	69,657	63,538	58,817
TOTAL NUMBER OF PROCESSES TO SERVE D.N.D. AND R.C.M.P. PURPOSES ONLY -	34,974	33,661	35,912	35,749	34,093
PERCENTAGE OF TOTAL NUMBER OF PROCESSES -	47%	45%	51.5%	56%	58%
TOTAL NUMBER OF PROCESSES FOR CIVILIAN LINE DEPARTMENTS/AGENCIES -	41,764	40,438	33,745	27,789	24,724
RATE OF DECLINE OVER THE PAST FIVE YEARS -	100%	96.8%	80.8%	66.5%	59.2%
D.N.D. SECURITY CLEARANCE FIELD INQUIRIES ON:					
- CANADIAN ARMED FORCES (CAF) PERSONNEL -	4,995	4,829	4,359	4,624	5,019
- CIVILIAN PERSONNEL OF D.N.D. -	369	493	604	549	656
PERCENTAGE OF CIVILIAN PERSONNEL ON WHOM THE CAF SECURITY INVESTIGATORS CONDUCTED FIELD INQUIRIES -	7%	9.2%	12%	10.6%	12% *
TOTAL AS IT APPEARS IN LINE A.4. OF APPENDIX "A" -	5,364	5,322	4,963	5,173	5,675

NOTE *: THIS RATIO CANNOT BE USED TO INTERPRET THE NUMBER OF SIMPLE RECORDS CHECKS CONDUCTED BY THE R.C.M.P. ON CIVILIAN PERSONNEL OF D.N.D. AS THERE ARE PROPORTIONATELY MORE HIGH LEVEL CLEARANCES FOR CAF PERSONNEL THAN IS THE CASE FOR CIVILIAN PERSONNEL. THIS RATIO; HOWEVER, CANNOT BE ESTABLISHED TO ANY LEVEL OF ACCURACY ON A YEAR BY YEAR BASIS AS REQUESTS FOR RECORDS CHECKS ARE BULK-CALCULATED BY THE R.C.M.P.

DISPOSAL OF ADVERSE CASES

1. The attached statistical summary was compiled with much difficulty for reasons which will be outlined below. The level of accuracy, while not 100%, is very high and should support conclusions made in the report.

2. The R.C.M.P. Security Service compiles and submits quarterly to the Privy Council Office a statistical summary of all field inquiries and records checks that they have made on the basis of a Personal History Form. They attach to this summary a comprehensive list of all adverse reports, by name and file number, which they have submitted to a government department/agency in the course of that particular quarter. The list is actually broken into two parts to indicate whether the adverse factor relates to the subversive index or the general record on character defects and weaknesses. The first group would appear under the letter "L" for Loyalty and the second "R" for Reliability (see note B to Appendix "A").

3. The difficulties encountered in compiling these statistics were linked to, basically, three factors: time, status and decision.

4. Time is simple to explain. Security Service reports are generally close to three months late. We must add to that, the time that it takes to study the reports. A "reaction time" must then be added to give a chance to departments/agencies to decide what action to take, if any. If at the end of the year there are cases still not reported upon to the Privy Council Office, departments/agencies are contacted and asked to make their decision known. It should be noted that for 1980 there are still 36 cases pending, 13% of the total. In previous years there were some that remained unresolved and many that we have not even been able to trace!

5. Status of the employee has a major influence on how quickly a case will be resolved and how it will be resolved. For "term" employees, for example, the solution to a substantial adverse report is generally to let the term run its course, making whatever small adjustments in the function being filled as may seem prudent under the circumstances. In the lower public service grades, an employee may be denied access for a time, later given a qualified clearance and again later, an unqualified clearance to the level determined for the position. In the case of a higher level employee, the action will be more or less rapid, but usually different and more probing in the search for the right solution because of the personal interest usually taken by senior management in such cases.

Record of Decision

6. As indicated in the preceding factor, the decision may be more or less difficult and sometimes it is simply never made and the employee literally disappears, presumably having moved on to another department/agency. Conversely, an adverse report may not have been considered adverse by the addressee and therefore not accounted for in the departmental quarterly statistical return.

7. Another factor of almost equal importance in contributing to the difficulties experienced is that, in many cases, the accounting process is left in the hands of supporting staffs which change frequently and who may not have been adequately briefed in this regard.

8. The only means available to put this type of report together, therefore, is to personally contact each and every department/agency that is identified by the Security Service as the addressee of an adverse report. This is a laborious and time-consuming process for which we have not yet found a satisfactory alternative.

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ANNEX 2 TO APPENDIX "A"

DISPOSAL OF ADVERSE CASES
STATISTICAL SUMMARY

(A) YEAR	(B) NUMBER OF PROCESSES	(C) NUMBER & NATURE OF ADVERSE REPORTS		(D) DISMISSED		(E) PERMITTED TO RESIGN		(F) TRANSFERS		(G) DENIED ACCESS		(H) DENIED EMPLOYMENT		(I) RESOLVED		(J) PERCENTAGE	(K) PENDING	
		L	R	L	R	L	R	L	R	L	R	L	R	L	R		L	R
1976	76,738	230	202	0	0	3	5	2	3	24	21	11	15	186	155	80 %	4	3
1977	74,099	183	218	0	0	7	11	4	11	14	17	12	16	140	161	76 %	5	3
1978	69,657	93	82	0	0	2	1	1	0	8	2	2	4	74	72	88 %	6	3
1979	63,538	135	136	0	0	0	1	6	15	3	4	1	3	122	108	87 %	3	5
1980	58,817	106	173	1	0	0	0	1	10	1	4	1	3	93	129	91 %	9	27

(SEE ATTACHED EXPLANATORY NOTES)

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EXPLANATORY NOTES

Column (A) - This represents a calendar year.

Column (B) - This is the figure which appears in Line A.3. of Appendix "A".

Column (C) - These same figures appear in Lines B.1. and B.2. of Appendix "A".

Column (D) - "Dismissed", can only mean dismissal on security grounds within the terms of the Public Service Security Inquiry Regulations (1975) and by authority of the Governor in Council. The one case reported in 1980 occurred in a Crown Corporation (Schedule D of the FAA). The Corporation in this case took the view that the employee was not a Public Service employee, was employed under their own terms and conditions and could therefore be dismissed for cause, including security, under their own authority. The employee did not choose to contest the decision.

Column (E) - "Permitted to Resign" under the "L" indicate cases where it was judged by the employer that the adverse influence factor placed the employee's loyalty in serious doubt. At the conclusion of the departmental/agency review, the employee should have been informed by the Deputy Minister/Chief Executive Officer of the intention of recommending him/her for dismissal on security grounds. It does not necessarily follow that those who resigned would have been dismissed. Those "permitted to resign" shown under "R" are homosexuals, admitted or suspected on the basis of evidence collected and collated by the investigative agency. The low figures for the past three years show an increased tendency for homosexuals to reveal

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themselves and for employers to be more understanding and accommodating when the discussion of the risk factor with the employee is open and frank.

Column (F) - "Transfers" are relatively few and effected generally only when the nature of the duties and/or the work environment cannot be altered to accept the risk of an uncleared person and when it is possible to usefully reallocate the employee to another area of activity. The compulsory transfer may be an alternative to dismissal in some cases.

Column (G) - "Denied Access" is a way to deal with a security risk when the circumstances permit an effective control over classified material. There is reason to suspect, however, that departments/agencies use this heading to account for cases where a clearance requirement no longer exists or possibly never existed.

Column (H) - "Denied Employment" - It is interesting to note the significant drop in the numbers shown under this heading since the promulgation of the C.H.R.A. in 1978. In the course of the staffing process there is no time to investigate cases of suspicion which may have been raised in the course of the records check and well-qualified candidates may be denied employment for this reason.

Column (I) - "Resolved" - Of the cases shown as resolved, in excess of 80% are cases where the addressee did not consider the adverse report to be adverse and no action resulted therefrom. Approx. 15% were resolved by making slight

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adjustments to the job content and level of clearance required. The remaining 5% were cases that resolved themselves: termination of contract or term of employment, reorganization and re-classifications, positions abolished, voluntary separations, abandonment of position, prolonged illnesses and retirements.

Column (J) - This is an interesting statistic that raises many questions.

Column (K) - The pattern seems to be that cases that are not resolved over a twelve-month period remain pending. The higher figure for 1980 will probably be reduced to the figures shown for 1976 - 1977 - 1978 and 1979 in 1981.