



Inspector - General of Intelligence and Security

31 March 2005

The Rt Hon the Prime Minister
Parliament Buildings
WELLINGTON

Dear Prime Minister

I enclose my report on the allegations made by the Sunday Star-Times and Scoop.

My conclusion is that the reaction of the Director of Security when the material was published was correct: the story, apart from some base facts about dealings with one iwi, was a work of fiction on the part of the newspaper's sources.

The report is in two parts because a good deal of the information I obtained from the NZSIS is classified. Other material referred to in that Part came from Police sources, and some of that is described as sensitive.

I do not think anything in the first Part compromises security, but it has not been checked by the Service to see if that is so.

The Sunday Star-Times has shown a continuing concern not to have it suggested that it named its sources. I have told the newspaper's solicitor, because he asked, that sources would be named in my report.

I have not expressed any judgment about the newspaper's decision to publish. I do not think my jurisdiction extends that far and I made no enquiries about it. If I was going to express an adverse judgment I would, I think, under the natural justice rubric of administrative law, have had to give the newspaper an opportunity to comment on the criticism before putting it in the report. The Editor asked for that opportunity. I told her there would be no occasion for me to give it.

I have sent a copy of the report to the Director of Security, as I think s.25(1) of the Inspector-General of Intelligence and Security Act 1996 requires.

Yours sincerely

D P Neazor

Office: Level 6, Greenock House, 39 The Terrace, Wellington, New Zealand
Postal Address: PO Box 5609, Wellington
Phone: (04) 474 0672 Fax: (04) 474 0674



Inspector - General of Intelligence and Security

Newspaper Allegations Concerning Activities by the NZSIS

Part I

I. INTRODUCTION

Allegations

1. This report relates to allegations in the Sunday Star-Times and the electronic outlet Scoop that the NZSIS was targeting and obtaining intelligence about Māori organisations and people for political purposes. A description was given of the alleged operation which was said to be known as “Operation Leaf”.
2. The news media articles which gave rise to this inquiry were published by Scoop on the 11th and 23rd of November 2004, and the Sunday Star-Times (three articles) on the 21st of November 2004. The Sunday Star-Times articles, and another related newspaper report are attached as Appendix I.

Basis of Inquiry

3. My first involvement was a letter from Mrs Turia MP, saying that the allegations implied that surveillance activities had been embarked upon on members of the Māori Party and other Māori organisations. Mrs Turia asked that I inquire whether the Service had acted with propriety and in accordance with the law. Some allegations relating to the telephone in Mrs Turia’s former ministerial residence surfaced in the news media, but I have never been formally told anything about that, and in view of the total of what was published, have not pursued that matter. Mrs Turia’s letter was in my view a complaint under the Inspector-General of Intelligence & Security Act, and gave me jurisdiction to inquire into the matter.

4. The allegations and complaint in my view involved an assertion that the Service had not acted with propriety, since section 4AA of the New Zealand Security Intelligence Service Act 1969 requires the Director to take all reasonable steps to ensure that the Security Intelligence Service does not take any action for the purpose of furthering or harming the interests of any political party. For me to inquire into such an allegation of impropriety requires, by virtue of section 11(1)(c) of the Act, the concurrence of the Prime Minister as Minister in charge of the NZSIS.

I sought that concurrence and was immediately given it, with an assurance that the Government through the Ministry of Justice would provide the resources I might require to make a proper inquiry. I was aware that the Director of Security Intelligence supported the proposed inquiry.

5. Despite very wide news media commentary, only one person came forward with information other than those from whom I sought it. Government agencies, including the intelligence agencies, have been helpful in responding to every enquiry I have made. In the course of following up what has been said, I have enquired of the New Zealand Security Intelligence Service, the Government Communications Security Bureau, the Ministry of Foreign Affairs and Trade, the representatives of iwi whose computers were said to have been attacked, the Office of Treaty Settlements, the Sunday Star-Times, Scoop, Mr A G Hubbard, Mr N A Hager, the Defence Force, and the New Zealand Police, the NZ Immigration Service and individuals. Legal advice was taken when necessary.
6. In lieu of identifying the sources, the Editor of the Sunday Star-Times has carried out email correspondence with its first source in particular, to which reference will be made.
7. I have taken a two-pronged approach to inquiring into the truth of the allegations.

- (a) Getting as much information as I could about the facts alleged and about the people who were responsible for the allegations, because assessment of the truthfulness of the allegations depends very much on the reliability of the people who made them;
 - (b) Investigation within the NZSIS looking for direct supporting evidence, or by way of indirect evidence, at the way the Service has generally conducted investigations of the kind alleged. The second part of this approach has been directed at the likelihood or not of the Service having acted in the way alleged.
8. I have made inquiries of or about every person whose name has been mentioned in the course of my inquiries, to cross-check what has been said. This account shows the development of my final conclusion.
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9. Arrangements were made with the Director that I would make whatever approaches I thought fit to officers of the Service, and would have access to any records I thought it appropriate to enquire into. I have taken advantage of that.
10. After engaging counsel, I made requirements under the Inspector-General of Intelligence & Security Act 1996 of the Editors of both media outlets. The Sunday Star-Times was first, Scoop later. The reason for that was that the Scoop report was much less detailed than that of the Sunday Star-Times.
11. Because the three people whom I am satisfied were the Sunday Star-Times' sources all live outside New Zealand, the powers given by the Inspector-General of Intelligence and Security Act 1996 to require the giving of information are not enforceable against them. Because of the paucity of information from them once it was announced that there would be an enquiry into the allegations, everything received from them or attributed to them has been taken into account in assessing the credibility of the allegations. I regret

that that has meant that a considerable amount of detail has had to be included in this report.

12. The report is in two parts because much of the detail of what I learned from within the NZSIS is classified for security reasons, and other material was of a confidential nature.

II. THE SUNDAY STAR-TIMES

General

13. The Sunday Star-Times was required to supply details of information available to its staff in respect of 10 topics or allegations which could be distinctly isolated from its report of 21st of November 2004. What I asked for is indicated in Appendix II. I indicated that the response would not be disclosed to other news media, nor outside my office except when I had to refer to it to pursue my enquiry. It was made clear that if necessary I would take immediate Court action to enforce compliance with the terms of the Act.
14. I specifically did not ask for the identity of sources, although I do not accept that I was legally precluded from doing so. In general at the outset sources were less significant than checkable facts about what was alleged. The sources became of more significance as the matter moved along.
15. The articles had been prepared by Messrs Hubbard and Hager. By way of answer to the specific questions, the newspaper supplied me with a narrative of its reporters' investigations supported by copies of emails with names obscured, which set out the information the paper said it had received from its sources. It did not at any time agree to give me the names of any of its sources. I was told by Mr Hager that he thought there could be some doubt about the author of some emails, but I have accepted the authorship Mr Hubbard attributed to them. I was told that the newspaper had published all the details of what it had been given in respect of the allegations orally or in email form. I was given a name related to an iwi which would not be protected by any "source" claim.
16. In addition to that written material I later interviewed under my statutory powers and without any objection by them, but in the presence of their solicitor, Messrs Hubbard and Hager. I was given from time to time email messages which the newspaper received from its first source subsequent to the

announcement of the enquiry.

Sequence of Events as described:

17. The newspaper's involvement in the story began with an Australian journalist who was working on what was believed to be an international intelligence activity known as Operation Weasel, said to have involved New Zealanders living in Asia. It was suggested that that matter involved in some way an organisation called Global Pac. Operation Weasel was said, amongst other things, to have involved the setting up of an embassy in Beijing for the government of Nauru. The head of that embassy was said to be a New Zealander. He became the first source for the NZSIS story. He was referred to in Mr Hubbard's brief as source A. It was suggested that the Sunday Star-Times might be interested in following up New Zealand involvement in that matter and the newspaper did.
18. The head of the Nauruan embassy in Beijing was readily identified under the name Jack Sanders. The Australian journalist and others had expressed a belief that he was some sort of intelligence operative who had worked for various agencies in New Zealand on a contract basis, including the NZSIS. There was no suggestion that the "Operation Weasel" matter had anything to do with the NZSIS, and the Director of Security told me that he had not heard of it. Mr Hubbard said that he was aware of controversy about Mr Sanders.
19. Mr Hubbard made contact with Mr Sanders by email on the 4th of October 2004 and arranged to continue email communication with him about the Weasel matter, and with another man who was introduced through Mr Sanders. That man became the newspaper's source referred to in information provided to me as C. Various information available to me points to his being a Mr Gerald Thorns, and I am satisfied that that is so.
20. A connection is readily made between Messrs Sanders and Thorns. They are both associated with the organisation called Global Pac. Mr Thorns has been

described as Executive Director of it; Mr Sanders as a director. The dealings between Mr Hubbard and the sources continued in relation to Operation Weasel. One of the emails attributed to Mr Thorns said that the New Zealand Prime Minister must have known about this operation, and referred to an event in Washington when it was suggested that the Prime Minister and another of the sources was present, and that this matter was probably discussed. The Prime Minister has seen that and advised that there is no truth in what is said or implied in it.

21. On 21st of October after Mr Hubbard had said that he did not think he could write anything about operation Weasel, he received an email from Mr Sanders (possibly repeating a statement from somebody else). The content related to “old emails and discs that are in safe places”, making a reference to Brussels. The important part of the text was:

“... might have some more on the Māori activist stuff. I have just been warned about what I have given you on Weasel but I think other items are not of much concern. I was really busy at the time I was asked to participate in the Māori activist monitoring op called “Operation Leaf”, it involved six computer/internet savvy staff, three in Auckland, two in Wellington and one in Christchurch. They infiltrated Māori groups, using email, but with some face to face contact as well – the directive was to glean information on protest plans, legal information about claims, financial information, records, things that implicated current ministers as well – especially anything useful. I was really only a bit player but I know it is an ongoing thing now. I was focusing on other matters of more importance, so that’s about all I can say on that op. There are people watching these emails now so I think I am going to have to wind this up....”

22. Thereafter Mr Hubbard’s attention switched to the SIS related story. Until then he had not known anything about what has been described as Operation Leaf. He said he was genuinely surprised by what he was told, but saw it as

involving precise and checkable information. Mr Hager said that he had not known of it either.

23. Mr Hubbard was told by Mr Sanders that he had set a trap for Mr Whititera Kaihau, described as a Māori sovereignty activist, by posing as a foreign diplomat (the Nauru Embassy, Beijing) who would have an interest in relating in some way the issue of Māori sovereignty passports and the government of Nauru. This was said to be a different way of cultivating relationships with Māori groups. When I spoke to Mr Kaihau by telephone he said that that approach had taken place but that his concern was more to do with forestry matters. Mr Kaihau told me that he thought his computer might have been interfered with, but in essence that was because it would not work properly. Other than that there has been no suggestion that his computer was ever touched. I was told that Mr Sanders claimed that he was paid \$10,000 by the SIS to involve Mr Kaihau in incriminating activities. No details about that payment were given, beyond a suggestion that money could be paid into bank accounts for him.
24. In the week of 25th of October 2004 Mr Hager was contracted by the newspaper to help as an adviser and investigator because he had experience researching New Zealand intelligence agencies, and he had worked with Mr Hubbard before. Other than direct dealings with people in New Zealand he worked on information supplied by Mr Hubbard. On the 29th of October Messrs Hubbard and Hager interviewed Mr Kaihau who confirmed that he had been involved in email correspondence with Mr Sanders. The reporters had one email, which was not about any specific activity but about assistance between Nauru and the body Mr Kaihau represented. Mr Kaihau acknowledged having received that. He was unable to supply any other email correspondence because it had been encrypted and he had forgotten what the password was. A formal telephone interview was later conducted with Mr Kaihau by Mr Hubbard, and I was given a copy of the note produced from that. It disclosed nothing of significance to this enquiry other than that Mr Kaihau had got into contact with the Nauru embassy as a result of surfing the internet to see what

contacts in China he could come up with through embassies. Mr Sanders' version is referred to later.

25. On the 29th of October also Mr Hager interviewed representatives of one of the iwi whom Mr Hubbard had been told by Mr Sanders had been the subject of intervention by the NZSIS. The reporters were interested because the iwi had a Treaty claim and the people concerned were at the centre of some of the Māori people in the area, and so their computer could be seen as a source of information. Though there had been two iwi named or referred to and the reporters had intended to approach representatives of the second iwi as well, they did not do so because they thought such an enquiry would spark an instant reaction disclosing what they were inquiring into. Reference will be made to these people later. There appears to have been no difference between what the reporters were told and what I was subsequently told.

26. On the 30th of October Mr Hubbard went to Hong Kong to meet Mr Sanders and the man who was said to have been the person who actually interfered with the iwi computers. On that trip he interviewed Mr Sanders in Hong Kong where the broad outlines of the story were discussed, and an arrangement was made that Mr Hubbard would be introduced to another man, probably the technician, in China the next day. At the same time Mr Hubbard was told that he had been followed on a plane by a man who was named and described as a New Zealand intelligence operative working for the SIS who had been instructed to find out where Mr Buttell was. That man was associated with Mr Sanders in the Nauru Embassy in Beijing, but nothing has shown me that he has been involved in this matter or the NZSIS. The next day Mr Hubbard tried to get into China but was turned back as a journalist. He met Mr Sanders in Hong Kong again and was told that the computer technician had now had to go to Beijing. Mr Hubbard would have to go to Beijing if he wanted to talk to him. That night Mr Hubbard met Mr Thorns and he said spent a good deal of time negotiating for an interview with the technician. He was told that this man was extremely nervous about meeting a journalist and feared that his life would be in danger if his identity became known, because he was involved in dangerous

intelligence work in a police state in Asia, (not China). That was said to involve the bugging of computers and planting of bugs on telephone lines. The reporter undertook that his identity would be protected.

27. On the 2nd of November he went to Beijing and was introduced to the technician. I am aware that the 'technician' was Mr Steven Buttell and will use that name hereafter. There was a discussion there with Mr Buttell, who was described as polite and affable, with a straightforward manner, who did not seem devious or mendacious and answered most of Mr Hubbard's questions directly. The questions Mr Buttell was unwilling to answer were about how he had been paid. He had said it was through a government department, but which he would not specify. He repeated that his life could be in danger if his identity was revealed. The story was not gone into at depth at that point. There was an arrangement that on the following day they would meet again for a detailed interview, but on that day Mr Hubbard was advised by Mr Sanders that Mr Buttell had been called away for intelligence work in the other country. Mr Hubbard was introduced to a man with an American accent who was identified as a CIA agent, and confirmed the story that Mr Buttell had been called away. Mr Hubbard was then told that Mr Buttell would not be available for a few days.
28. He and Mr Sanders went to Shenzhen to meet Mr Buttell there. In that city Mr Thorns told Mr Hubbard that he had heard of a transcript of a conversation between two people one of whom might have been Mrs Turia MP. Mr Buttell again did not turn up. He was said by Mr Sanders to have been delayed. In the event no further meeting with him ever took place. Further dealings with him were by email.
29. After Mr Hubbard returned from China, another visit was made to the iwi organisation with a person described by Mr Hubbard as a computer forensics expert. Mr Hubbard was given invoices which showed that Mr Buttell had had access to the computer as was said but no more than that. A further check on the identity of Mr Buttell was provided by recording his voice in China, with

his consent, and playing that to the iwi representatives who agreed it was the man they had deal with. The newspaper had the iwi's computer checked for interference, but was told it was impossible to tell in retrospect whether the iwi computers had been tampered with.

30. After 21st November Mr Hager made a check on Mr Buttell through someone he knew who had lived in China and Hong Kong. The result of that was not such as to improve the newspaper's view of Mr Buttell.

What the Sunday Star-Times Was Told

31. Mr Buttell was described as the paper's principal source. I was supplied by Mr Hubbard with a note of a conversation he had had with Mr Buttell in Asia on the 3rd of November. Mr Buttell had said that he worked as a contractor for the SIS and had a handler whom he talked to only on the phone. He was paid by being paid directly into a bank account under a false name. The SIS had created a "persona" for him, including being a bad credit risk and a pot smoker. He used pot smoking to get in with the Māori he was bugging. He had said that the SIS would use those facts to discredit him. In infiltrating Māori groups he said he pretended to be more stupid than he is, as a way of avoiding suspicion. He didn't want his name used, but was prepared to ring the people who he said he had bugged and apologize for what he had done. He said he was born and raised in the area, he wouldn't say how long he had worked for the SIS. Mr Buttell had said to Mr Hubbard that his life was at risk if his name was revealed because of the intelligence operations he is still involved in. However he wanted the details about Operation Leaf to come out. He would feel cleansed if it came out. He got access to the iwi computers by setting himself up as a "remote administrator".
32. He said SIS wanted to know about iwi money and about personal dirt. He was very bothered by this and told the SIS in September 2003 that he wasn't happy about what he was doing. He was reminded of the consequences of his actions and of his responsibilities. He said he did not mind if the newspaper

approached one of the officials of the tribe whose computers he claimed to have bugged. He believed that other tribes were bugged beside the two iwi he bugged, but he did not have any proof. He pointed out that many iwi trusts now run health services, and that these would be a source of personal information. He was busy in business in that country, China, but had poor relations with the New Zealand ambassador, who told local people that he was dodgy. He was afraid of returning to New Zealand because the SIS could discredit him by planting drugs in his baggage. He befriended the people whose computers he had bugged and got to know them. "They're good people". He would consider swearing an affidavit.

33. By email later Mr Hubbard was told by Mr Buttell that all that was done was part of Operation Leaf. There was no separate name for individual operations and there were others around the country but he didn't know any details of them. He said that he had up till September 2003 collected thousands of pages of documents. He said that he had started work for the SIS on this operation after September 11th 2001; that he was involved in stressful human intelligence operations and things that were somewhat more dangerous. He said that the information collecting operation was national, not a regional operation. He said that the people engaged in it all used false names, drivers licenses, etc and that he could recognize them by face but could not contact them. He said that they were all active at the time he sent the email and believed they would be working on the same type of projects. He said that some were involved in checking scientists, in MOD research and development and universities. He said that he was in touch with some people in the Service still, and that he had had some recent communication from his handler about pay. He also said that the Service had manufactured a poor credit record for him relating to building, loans and mortgages and that he had showed bills to targets explaining to them that he needed to make some cash fast and they could perhaps help him.
34. The other information passed in that email was by way of answer to 24 specific questions put to him by the reporter. It was published in that form in one of the reports in the Sunday Star-Times of 21st of November (Appendix I), and I do

not cover it in detail here.

35. Part of that material referred to NZSIS premises described as an establishment (not the Service's headquarters in Wellington) where training was done. Reference to such an establishment appears later. Mr Hager had previously found out that the Service had premises outside its headquarters, and Mr Hubbard knew about that from him, but Mr Hubbard said that he had not prompted Mr Buttell by telling him anything he knew of the premises.
36. Mr Hubbard, having asked how the computers were attacked, received a response from Mr Buttell. I have been advised that that message does set out ways of covertly obtaining information from computers, but the point has been made that the information in the document is generic as to how a computer can be attacked and is information which could be obtained from the internet. I was told that devices referred to can be obtained commercially and interference programmes can be obtained from the internet. The point made to me by the person I consulted about this is that there is nothing in the document which showed what was done to attack the particular computers. I was told that the newspaper's expert had expressed a similar view of it.
37. Mr Buttell was asked specifically by Mr Hubbard whether the directions at an operational level were to target current members of the Māori Party, or whether it was to report on whatever Māori Party information they picked up in the course of their wider surveillance of various organisations, or both. The answer he got was that
- “it was never labeled as go out and get the Māori Party. In fact it started well before they formed, however, any nuggets regarding the current leadership of the Māori Party were coveted and that is from multiple sources that I have spoken to”.
38. As part of their checking process, working through Mr Hager, the newspaper had a computer expert look at the computer of the iwi of which they had

spoken to a representative. They had obtained invoices which showed that Mr Buttell had worked on the iwi's computers when he said he had, but nothing of more significance. They inquired of the Department of Prime Minister & Cabinet whether anyone had spoken to them of concerns about what was going on, and were told that nothing had been heard there about what was alleged.

39. They decided to see whether there had been other such activities and asked representatives of other iwi whether they had had experiences which would fit a profile prepared by Mr Hager. That related, as I was told, to who might have had access to the iwi's computers, whether it was someone they knew, whether it was a volunteer and things of that sort. That inquiry produced no useful result but certainly gave concern to one of the iwi, because a representative of that iwi was the other person who got in touch with me expressing concern that the Service might be investigating his iwi in the way described. I had quite a lengthy discussion with him. That did not advance the matter beyond that it was not ever suggested by the newspapers sources that his iwi had been subject to attack; nor, so far as I know, had it been suggested by anyone else..

After Publication

40. The newspaper report was published on the 21st of November. By that stage the newspaper had some concerns about the reliability of what they had been told and subsequently published that fact (Appendix I).
41. That concern had prompted the Sunday Star-Times to ask Mr Buttell to describe the exterior and interior of the premises in which he said that he had been given training by the NZSIS. He did not reply to that request, just as he did not communicate again with the newspaper, notwithstanding that he was actually in New Zealand between 12th of November and 23rd of November 2004. This was despite his expressed concern that the NZSIS would compromise him if he returned to New Zealand.
42. I was recently supplied by the Sunday Star-Times with some further emails

from Mr Sanders dated October 2004. One named 'Mr Dixon' as the possible head of the iwi whose computers had been attacked who might be able to say who 'helped them set up the computers posing as a friendly geek'. It was also said that Operation Leaf was an internal issue funded and coordinated by the SIS in Wellington

43. In that message the six people said to have worked on computers were described as sub-contractors 'because the work has been outsourced'. It asserted that "Leaf" was still definitely going and had been for 2.5 years.

44. One of those emails described the opening of dealings with Mr Kaihau:

'I was handed Kaihau on a platter. The usual way is to plant something where he will see it, somewhere he frequents or someone close to him, a stray email perhaps. Any way he took the bait and went with it. Have you tracked him down? Ask him. Maybe they had someone give him a magazine with a planted advert. The watchers come up with these elaborate schemes after a period of surveillance, habit watching, routines, etc.'

That is not consistent with what Mr Kaihau had told the Sunday Star-Times.

Other Communications from the Sunday Star-Times and its sources

45. Mr Saunders

I was told by the Editor that the Sunday Star-Times would try to assist in my enquiry by asking its informants to co-operate and give me information directly.

Subsequently I was provided with copies of emails between the Editor and the source I have myself identified as Mr Sanders. I have no address for direct communication with Messrs Sanders & Thorns, and no certain address for Mr Buttell.

46. An enquiry was made whether I would consider going overseas to interview witnesses or would receive affidavits. My response was in effect that I would need some information of substance that would make that worth while.
47. An December Mr Sanders indicated to the Sunday Star-Times that he would be delighted to provide evidence to an inquiry 'and not have the whole affair dragged through the gutter', and that he would prefer to meet me in Vanuatu because he would not be able to be harassed by the New Zealand Government there. He also suggested that he could 'do something' on an affidavit.
48. The Editor told me in January that she had passed my requirements for preliminary information on to Mr Sanders.
49. On 6 February, the Editor passed on copies of further emails that had passed between her and Mr Sanders over a period of six days about providing me with detailed information. The content of Mr Sander's messages were:
- a. 21.1.05 – that he had been trying to arrange a go between with me in Wellington but had been unsuccessful
 - i. that photographs, discs and documents could be made available at a meeting in a secure setting
 - ii. expressing concern about a secure way to send a draft because encrypted emails had been breached and communications compromised
 - iii. assurances were sought from me whether I would have independent means of verifying whatever he made available.
 - b. 23.1.05 – that documents had been retained in a Service establishment which recorded details of payments that lead directly to the Service and meetings with Service staff. It was suggested that some material kept by Mr Buttell and held by solicitors in Hong Kong should be given to the newspaper 'in case they manage to persuade [the Inspector-General] that it is all a work of fiction'. Mr Sanders expressed serious concerns

about how I could clarify the matter without reliance on the Director of Security.

- c. 27.1.05 – this dealt with verification of ‘an affidavit regarding the ongoing sensitive work’ that Mr Buttell was doing in Korea, and a visit by Mr Buttell to the NZ Embassy there ‘to follow up something that [Mr Buttell] had requested the Hon Mr Swain, Minister of Immigration, to look into’. It indicated that Mr Buttell had been threatened with retribution if he gave detailed information to any enquiry.

The message also indicated that if I met (now) Mr Buttell in Vanuatu in the second half of March I could receive information including 35 documents naming staff involved, digital recordings of staff discussing technical problems, photographs of the interior of a confidential location and information which would show that the Director’s last annual report to the Cabinet and Select Committee at least overstated the need for intelligence work in New Zealand.

- d. 1.2.05 – Mr Sanders referred again to the ‘affidavit in which Mr Buttell’s sensitive work was detailed’.

50. The documents referred to in (b) above were looked for. Nothing of the kind described was found.

51. The Editor told me on 17 February that she had received responses from Mr Sanders to the effect that he had seen documents in Mr Buttell’s possession including some signed by the Director of Security; and that Mr Sanders continued to cite lack of confidentiality and security and of independent verification for not providing the documents. He had left open the possibility that he might be able to persuade Mr Buttell to release documents to the paper when he met Mr Buttell at ‘the home of a senior kiwi diplomat in the second week of March’. By 17 February I had suggested to the Editor that I did not think Mr Sanders was serious about supplying any information. I have heard nothing more of the meeting with the diplomat.

52. I have been told that the Editor received other later emails from Mr Sanders

that she preferred not to supply for reasons I was given. Those reasons are not overwhelming when the issue is the overall veracity of the sender, but I have accepted the assurance of counsel for the newspaper that the content of them would not advance the substance of the issue.

53. Mr Thorns

Nothing, so far as I am aware has been heard by email by the Sunday Star-Times in respect of Operation "Leaf" which certainly came from Mr Thorns. His involvement with that newspaper was in face to face meetings in Asia and in an email about Operation Weasel.

54. Mr Buttell

I was first given Mr Buttell's name by one of the iwi representatives I interviewed. I was also given copies of three emails, from him to the iwi representative. Two of those were sent after the news media publications. One of these two emails was the first communication the iwi had had since an email from China in May 2004 about a proposal Mr Buttell had for developing a trade company in China. That email gave addresses, telephone and fax numbers for Mr Buttell. I was told by the iwi that use of them had not drawn any response from Mr Buttell.

55. The second email sent on 3rd of December 2004 with the same transmission address said inter alia

'..did anyone talk with you about me? Don't worry it was all a big story. Please keep confidential'. And later 'I'll call you as the SIS is probably monitoring your email etc. This is quite sensitive and I have to be very careful my friend'.

56. Simply to see what happened, I telephoned the number in China. The call was answered by a man who acknowledged that he was Mr Buttell. I told him of

the enquiry I was making and that he had been named to me as working on iwi computers. He said that was true. I said it was alleged that it was getting and supplying information to the SIS. He did not confirm that, nor did he specifically deny it. I said I wanted to get information from him. He said he would have to think about that. I referred to the 'big joke' email. He said 'anyone could have sent that in my name'. I said I had identified him and probably would soon identify the second and third source, and that I wanted to know what he could tell me. I tried to give him a telephone number to enable him to communicate with me. He said he would have to change his telephone number and hung up.

57. A message was sent by email asking for his assistance. That was sent three times before it evoked a response. Email messages followed from Mr Buttell in the name of Pastor Steve asking what internal security measures my office had in place and whether it had a public key for encrypted email; asserting that email was not safe or secure, and enquiring about my office's capability of ensuring that the SIS could not access a copy of any evidence. Mr Buttell said he could not risk any contact via that channel. He also enquired what experience, preparation or training my PA had with regards to security and intelligence issues. A response was sent that any correspondence would be secure. The next message was about the danger of interception of emails and said that Mr Buttell had already received threats.
58. I responded on 11th of February 2005 that the mail would suffice in telling me what I wanted to know, but that I had the impression that he was not willing to give me information and was providing elaborate reasons for not doing so; if that continued I would draw conclusions from it. I have not heard from Mr Buttell since.
59. The reference in Mr Sander's emails to Mr Buttell's dealings with the Minister of Immigration's office was to a letter seeking assistance with the admission to New Zealand of a person said to be a Chinese national. Messrs Thorns, Sanders and Buttell were said in the document to be involved in the rescue of

this person. Mr Buttell was described in it as Pastor Buttell. The letter to the Minister was headed with the name of a church care of an address in Auckland, (although Mr Buttell was not in New Zealand). The Minister's secretary's letter of acknowledgement to the Auckland address was returned unclaimed. The reality did not seem to meet Mr Sander's description of this correspondence to the Sunday Star-Times. I have been advised that nothing further has been done to advance this matter.

Interviews with reporters

60. Further information obtained in this way has been incorporated earlier in the narrative. Mr Hubbard described to me the circumstances which led him to ascribe enough weight to the story the sources had told to go on investigating their assertions. In essence, various things they were told by the sources and by the iwi appeared to fit together.
61. On the matter of detail, Mr Hubbard said he had never heard Mr Buttell referred to as Pastor Buttell or with reference to a church in Auckland. He had not been told of documents in NZSIS premises to which Mr Sanders later referred, other than that the SIS would have some pay records; but he did not know under what name. He had not heard of the particular documents, recordings and photographs Mr Sanders later said could be made available to me. Until the email was received after publication he had not heard that Mr Sanders had seen documents in Mr Buttell's possession with Mr Wood's [the Director of Security] name on.
62. Mr Hubbard told me that his sources spoke of using encrypted emails because they suspected that the NZSIS had access to their emails and by that means could find out what they were disclosing, and would be able to cover it up. It appears from the messages referred to above that the sources were suggesting that information sent to me would be similarly intercepted.
63. Mr Hubbard was the lead reporter. Mr Hager did not deal directly with the

newspaper's sources overseas. His role was that of adviser on lines of inquiry, investigator and reporter in New Zealand and evaluator of what Mr Hubbard received. He carried out the iwi interviews and spoke first to Mr Kaihau.

III. SCOOP

64. The Scoop reports were published on 11th of November and 23rd of November. The first report said that

“intelligence sources [had] revealed the New Zealand Security Intelligence Service (SIS) [had] launched a major covert operation investigating the Māori Party, co-leader Tariana Turia, its members, networks and associates”.

The whole of the reports are annexed as Appendix III.

65. The first report named three people as singled and for thorough investigation by the NZSIS; Messrs Brian Dickson, Whititera Kaihau and Mrs Turia MP, and said that detailed files are also held on other likely Māori Party candidates.
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66. Matters of note in the report of 23rd November were the first four paragraphs which said that Scoop’s informant, referred to as A, was ‘a serious figure in the New Zealand intelligence network’, and had confirmed that the SIS had indeed investigated Māori groups and networks for the kind of information described by the Sunday Star-Times.
67. The source was described as

‘a respected member of the intelligence and foreign affairs network – an individual who has lines of communication connecting to the New Zealand Government. His experience goes back decades, and his advice on foreign intelligence has been sought from the highest levels of office’.

Reference was made to key points in the Sunday Star-Times report of 21st of November. The Scoop report continued that

'Scoop's senior contact insisted that the Sunday Star-Times' claims are factual and correct'.

68. I asked Scoop to respond in respect of a number of questions, which are set out in Appendix IV. In reply, I received a long letter from Mr Selwyn Manning, the Co-Editor, supported by emails said to emanate from his contact A referred to above, post-dating the published material. He did not identify who his contact A was.
69. I concluded from a series of circumstances that Scoop's contact A was Mr Thorns. He was not therefore someone able to confirm independently what the Sunday Star-Times had published: he was one of the three sources with whom the newspaper had been in touch. Having advised Scoop of that conclusion, I had confirmation from the newspaper that it was agreed by Messrs Manning and Hubbard that Scoop's source was one of the newspaper's sources.

Mr Manning's Information

70. Mr Manning said that he had not been given dates of actions allegedly carried out by the NZSIS on the Māori Party, nor did he have any information that would offer a time frame in which the alleged action might have taken place. His first involvement was when Mr Thorns asked him what Mr Hubbard's reputation was after the latter had made some contact with an associate. He was told about 2nd of November by Mr Thorns that the NZSIS had investigated the Māori Party and Māori networks. Mr Thorns gave him two names, Mr Dickson and Mr Kaihau, and asserted that Mrs Turia MP had been bugged. Mr Manning said that he made enquiries and found records which showed Mr Kaihau as someone whom 'a reasonably minded New Zealander would consider extreme with regard to his pursuit to alternative government and passports'. He regarded Mr Dickson as active as a leader expressing what might be considered non-extreme opinion at Māori land hui and submissions.
71. He said that he spoke to somebody within the Māori activist community and

was told that it was a widely held belief that surveillance of politically motivated Maori, including activists, was commonplace. He was told by someone described as a key Māori activist that associations of activists and individuals had 'plugged' into the Māori Party, and would be involved in positioning as candidates people on the Māori Party electoral list. He had noticed reference to a New Zealand Police Intelligence Report into organized crime and criminal family groups and organisations dating back to 2000/01. He was told by Mr Thorns on enquiring that the SIS was the lead agency in that.

72. Mr Manning said that he regarded Mr Thorns as someone whose information had historically been of highest quality, that he was cautious in what he gave, and that he was reluctant to provide detail due to ethical considerations on individuals known to him. He said previous information from Mr Thorns on unrelated intelligence matters had proven to be either factual or to contain important factors of correct information.
73. He said that he received an anonymous email saying that the NZSIS operation was coded Operation Leaf, and was told by Mr Thorns that he had heard the operation referred to by that name by three other individuals. He said investigation suggested that this email came from Asia, possibly China.
74. The information he had from Mr Thorns, suggested that the NZSIS had used a handler who was a service officer, referred to as Margaret, and a contractor later referred to as Peter whom Mr Manning named as Steve Buttell. The information he had was that the handler issued instructions as to the surveillance required and the contractor conducted the hands on or front end of the operation. The people named as having been amongst those investigated were those referred to above. Involvement of the Māori Party from Mr Manning's point of view came from his discussions with a Māori activist but Mr Thorns had agreed that Māori activists could become involved in the Party.
75. Mr Manning told me that in what he published he based the statement that

detailed files were held on other likely Māori Party candidates on the claims that one person was an active party strategist and likely to be positioning himself as a candidate for the Māori Party in one of the Māori electorates. He also relied on a connection between one candidate for the Māori Party and related people said to be known to be actively involved in the strategies of activism.

76. Mr Manning said that he believed Mr Thorns was able to assert that the SIS acquired political intelligence and financial and personal information about targets because Mr Thorns knew and was in the company of Mr Buttell, who was the person actually carrying out the work of gaining information. He said Mr Buttell had been born in the Isle of Man but had lived in New Zealand for years. He said that he believed Mr Thorns was able to assert that the NZSIS acquired political intelligence and financial and personal information about targets because of his connections in New Zealand. It was his understanding and belief that Mr Thorns had a direct line of communication to members of the New Zealand Cabinet and had in the 1984-90 Labour Governments traveled with Ministers on a diplomatic passport and had maintained contact with members of staff and advanced associations with those in Defence J2 [Army Intelligence Group], NZSIS, and MFAT, particularly with regard to New Zealand Asian posts.

77. In one of the emails Mr Thorns said:

“I confirm that I have been a senior adviser to the New Zealand Government in the past and have traveled with Ministers as a diplomat. This can be verified.”

78. Mr Manning told me that it was his understanding now that Mr Thorns was not an officer of a New Zealand intelligence agency, nor an employed unit officer, nor a New Zealand foreign affairs officer. He said that he had been unable to ascertain categorically whether Mr Thorns had been a contractor of a New Zealand Intelligence agency or unit.

79. Mr Manning said it was suggested to him the Operation Leaf acquired its name because it had originally been referred to as Operation Maple Leaf, which was said to be related to a New Zealand born academic working in Canada who it was suggested had attracted attention from the Canadian SIS. It was suggested that the NZSIS would have had some involvement in surveillance of the academic. I checked the Security Intelligence Service's records in relation to the academic whose name Mr Manning had given me and found nothing to indicate that there had ever been any enquiry from a related Service in Canada about that person. Nor have I found any reference to an "Operation Maple Leaf".
80. He told me that Mr Thorns did know at least two of the individuals referred to in the Sunday Star-Times articles, namely Messrs Buttell and Sanders. He told me details of Mr Buttell, where he was born (Isle of Man) and the like, and that Mr Buttell had recently corresponded with the Minister for Immigration over an unrelated refugee matter, and had gone to the New Zealand Embassy in Seoul signing an affidavit on a matter that he believed related to a refugee application of a North Korean defector.
81. Also, I assume in support of Mr Thorns standing, he sent me a photograph of Mr Thorns taken in Asia with a senior retired New Zealand politician. Mr Thorns face had been blacked out, as had a document that he was holding, but it was possible to see that that document had on it the words "GlobalPac". I discussed this photograph with the politician concerned who could not remember with any particularity the photograph being taken. It was assessed as having been taken in China, possibly in April 2004. The politician could not identify the man in the photograph, and said it was not uncommon at conferences or the like for people to come, introduce themselves, and seek to be photographed. When I asked the politician specifically about the name Gerald Thorns, I was told that did not ring any bell.
82. One of the emails supplied from Mr Thorns referred to someone who he said

worked in the region for New Zealand Defence. It said that that person had suddenly warned Mr Thorns not to respond to anything to do with me, and that that person had sent him a copy of a memorandum between me and someone he knew. He also said that the Defence employee had said he was on his way to Seoul (this was January 2005) to find Peter (Steve Buttell) for a 'long talk'. I enquired about that through the Defence agencies and found that there was an officer of the name given posted to Asia. Enquiries were made of that officer at my request, through the Office of the Chief of Army. The response was that the officer had never heard of me, did not know of any enquiry, and did not know Mr Thorns. I was told that the officer had not left his posting to go to Korea.

83. Mr Manning also indicated that he knew about what had passed between me and Mr Buttell about communications between him and my office by way of email.

84. Mr Manning received a message from Mr Thorns in January saying that he was unable to respond to the specific questions that I had asked because he believed the answers would be re-directed to the Director of Security almost immediately, that I had no other resources except to send all of the information given to me back to the Service, who would have an unfair advantage, the time and resources to work on a cleverly worded denial. Mr Thorns also said that he had been threatened over the matter and knew that the person who spied on the iwi groups was in Korea and was potentially in physical danger. He said that he had seen documents that indicated ongoing surveillance of Māori political, academic, activist and gang elements, but was not in possession of those documents. He indicated that he had met members of the NZAIF who had detected Service surveillance. One of them had had communications with Mrs Turia and 'at least by default' it would make her part of a surveillance operation.

Scoop's Source

85. Mr Thorns is the only one whom Mr Manning indicated had supplied any information directly related to what was said to have been going on. I have not been supplied with anything to suggest that Mr Manning was given any detailed information apart from what is referred to in paragraphs 70 and 74.
86. Scoop had described its source in its reports as set out in paragraphs 66 and 77 above.
87. Mr Manning told me what he believed Mr Thorns' background was (paragraph 76 above).
88. Mr Thorns in an email to Mr Manning (after publication) described himself as set out in paragraph 77.
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89. My inquiries show that Mr Thorns was at one time, nearly 20 years ago, employed as an Executive Assistant in a ministerial office. He would have traveled overseas with the Minister, probably on a diplomatic passport, two or three times. Since 1987 the Minister has seen him once, by chance, overseas, 13 years ago. His duties in that role would not have put him in contact with Defence, MFAT or the NZSIS. Other information I have is that Mr Thorns was last in New Zealand for a few days at the beginning of 1996.
90. He is now described as Executive Director of Global-Pac.
91. I have received no information that would suggest independently that the claims about Mr Thorns' standing are true or indicating how he would be able to maintain the varied and significant connections in New Zealand it is claimed he has. Senior people in Government circles whom I would expect to have known of him if the claims were true, do not. In an email Mr Sanders had referred to a head of a New Zealand mission in Asia as a friend of Mr Thorns. On enquiry I was told that he had met Mr Thorns sporadically in the 1990's as

an expatriate New Zealander.

92. There is in my view no basis for believing the claims about Mr Thorns 'connections' or standing in government or intelligence circles which were advanced to give weight to his opinion, and I do not.

IWI INFORMATION

Interviews with Iwi

First Iwi

93. The reporters told me that they had been given the names of two iwi whose computers had been interfered with by Mr Buttell for the SIS. They had interviewed a representative of one; I interviewed him and his wife and representatives of the second iwi.
94. The first iwi representative had indicated to the newspaper that he was willing to talk to me. I see no reason whatever to expose him or the iwi to harassment by naming him. In a long interview he talked to me about dealings with his personal and the iwi computers, the information recorded on the computers, why the NZSIS might have been interested in the information and how the man concerned came to be involved.
95. It was from that interview I first learned that the man's name was Steven Buttell. In the iwi's experience he had expertise in installing and linking computers and apparently was able himself or through others to effect changes or repairs to them. I have since been told that Mr Buttell at one time had his own computer business and had been IT Manager for a language institute. He became involved with the iwi computers when the representative was having trouble with his personal computer. The representative was talking to a neighbour about the computer problems. The neighbour said he had a mate who was expert in computers. Mr Buttell was coming to fix the neighbour's computer, and was asked to go to see the iwi representative. Mr Buttell worked on the personal computer from time to time, when asked, to make it work properly.
96. Then he was asked to help with the iwi computer. The system was to be upgraded and the iwi said to Mr Buttell that if he could get them a good deal with their limited funds that would be a great help. He was asked to help to

network the iwi computers. Mr Buttell then had a regular involvement with the personal and iwi computers. He responded when things needed to be done; there was never any push from him. He provided assistance to the iwi whose representative I spoke to, in return for small payments which were described as in effect koha. Mr Buttell was thought to have done work for another iwi in cabling computers for networking and doing rewiring when its offices were upgraded. At an early stage he was unemployed, but later he became employed in a job he seemed very pleased about. Then he was only able to do any work required on the computers in the evenings after his working day was finished. Requests for work to be done came from the iwi, not from him.

97. After a while the relationship as a result of which he had worked on the computers fell away because the iwi did not need him. The iwi representative did not hear from him for a long time; then an email came from him saying that he was in China (dated 25 May 2004).

98. The iwi representatives could not understand how Mr Buttell came to be involved in what had happened. He was not acting like the person they knew. The last they heard from him was through the emails sent in December 2004 referred to above (paragraph 55)
99. The iwi representative could not suggest any personal business of his or any business of the iwi that the Government could possibly be interested in or that could upset the Government. The iwi had land claim interests, but in amount not significantly different from others. The claims were still to be settled. He said that there was nothing relevant that the Crown did not already know, and that there was no reason to spy on iwi. Nor could he see why the Government would want 'dirt' on people. So far as he was concerned he had nothing to be ashamed of. The iwi's case had been presented openly before the Waitangi Tribunal. Indeed (whilst keeping confidential what was business of moment only to iwi) the iwi has a policy of being open to all people in its district about what its proposals and planning are.

100. He told me about his political interests and involvement, or lack of it. There is nothing of present significance in that aspect of his life.
101. My conclusion from this discussion was there was absolutely no reason not to accept what the iwi representative told me about Mr Buttell's involvement with his and the iwi's computers, about the absence of political significance or sensitivity in the information in the computers, and about the absence of personal matters in the lives of these people which could be used to anyone's political advantage.
102. I should note at this point that the name of the iwi representative or of anyone associated with him did not surface in the investigations I made in the Service's records.
103. In this way Mr Buttell was clearly identified as the Sunday Star-Times source B, referred to in the articles as 'Peter'. Since I spoke to the iwi representative, Mr Buttell's name has been used inferentially by Mr Sanders in referring to the correspondence with the office of the Minister of Immigration and openly by Mr Manning, attributing the information to Mr Thorns.

Second Iwi

104. The two iwi are geographically close and in the city where Mr Buttell lived and worked. The Chief Executive Officer of the iwi, Mr Dickson, had been named by Scoop as a target and by Mr Sanders to Mr Hubbard. I interviewed him with another representative of his iwi. His original reaction to the publication in November had been, through a representative, to enquire of the Director or Security what was going on and to express concern about the damage that could follow to the iwi's programmes from the suggestion that the SIS was interested in it.

Mr Dickson did not know if Mr Buttell had worked on their computers; that sort of thing was left to other people. He did not know Mr Buttell at all. Nor

did the Manager of the iwi incorporation.

105. After the publication of the newspaper reports the iwi had an expert look at their computers. He found no evidence that they had been attacked. That computer is three years old, which would put it in the time frame if Mr Buttell was supposed to have been operating about 2003.
106. At my request checks were made to see if any payments to Mr Buttell could be traced. I was told if he had been paid by the iwi, the payment would have been documented. A check by hand of invoices back to 2001 produced no trace of Mr Buttell.
107. I was told by Mr Dickson that he was totally surprised by the implications of SIS interest when his name was used. He said the iwi had been involved in the foreshore and seabed hikoi, and that they had land claims, but there was nothing out of the way about the claims and indeed they are not completed yet and will not be for another one or two years. The iwi would like to co-ordinate related claims, but there was nothing unusual about what was happening.
108. Mr Dickson said that Scoop in its articles of 11 November 2004 had attributed quotes to him, presumably to suggest why he might have been targeted. He said he might have said what was reported, but it was at a public meeting and, as reported, not put in context.
109. I was told that Mr Dickson was not involved in any political party and that in no way was the iwi trying to undermine the Government. Mr Dickson's only connection with the Māori Party had been at a meeting relating to the foreshore legislation which was followed by a Māori Party meeting.
110. The iwi had been substantially damaged by the publication in two ways: People to whom they provided assistance and services believed that the information they had provided would not be safe, and there was a sense of avoidance of them by others because the finger had been pointed at them as radicals. There

was also concern whether those who contracted with the iwi for the iwi to provide services would continue that dealing.

111. I was told that the information in the iwi's computers is totally related to their services and delivery of services, and with dealings with local authorities, government departments, making submissions on local plans and things of that kind.
112. I have no reason to doubt anything I was told at this interview. As with the first iwi nothing has emerged to suggest that the SIS would have had any interest in the doings of the iwi or the people who look after its affairs.

V. NZSIS INFORMATION

113. The Director of the Service offered me full co-operation, access to any staff members I wished to speak to and to any Service records I nominated. Some of what I have done under that head is discussed in Part II of the Report because it relates to information to which access is restricted.
114. I was given detailed information about the Service's mode of operation. I read a number of Service files and had access to the Service's financial records and classified annual reports and financial forecasts. I had access to other records which should, if the allegations were true, have produced references to those who were targeted and those who did the targeting. Nothing was found to suggest that the Service has or had any interest in the people said by Mr Buttell to have been targeted, or had any dealings with him. Nothing was found to suggest that the Service sought the kind of information Mr Buttell said was looked for. There were positive indications that the Service complied with the statutory requirement that it does not take any action for the purpose of furthering or harming the interests of any political party. Nothing was found to support the allegations made.
115. Discussion with senior officers about detail of Sunday Star-Times report: At an early stage before any of the sources were identified, I went through the Sunday Star-Times reports of 21 November with two senior officers, an exercise which the Service had carried out at the time of publication. A number of statements were pointed out to me as not being accurate descriptions of how the Service works. They related to training (and who are trained), the use of the premises where training was said to have been done, recruiting, the alleged name of 'Operation Leaf', arrangement of meetings, use of cellphones, knowledge by one agent or source of another and meetings of agents or sources, the chain of authority within the Service, the Service's lack of interest in Treaty claims or gangs, methods of payment used by the Service, how intelligence product is used, whether anyone involved in an interception would be ignorant or not of the existence of a warrant for it.

116. The officers' assessment was that if the source was describing something he had participated in, the differences between Service practice and his description were hard to explain.

VI. MISCELLANEOUS

Global-Pac and “Operation Weasel”

117. A good deal has been written in the news media about Global-Pac and what has been referred to as ‘Operation Weasel’. The reports vary in their description of Global-Pac and what it does. No-one has suggested that either of these matters has anything to do with the NZSIS, other than that enquiry into ‘Operation Weasel’ led to the allegations about the NZSIS in the way described. It has been suggested that they might have some bearing on credibility of sources but I have not drawn assistance in that way.
118. The significance of Global Pac to my enquiry was that information about it provided a link between Messrs Sanders and Thorns in the process of identifying the news media sources.
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Treaty Claims

119. Since Treaty claims and improper obtaining of information featured in the allegations I asked the iwi representatives about claims they had. Paragraphs 99 and 107.
120. I also asked the Office of Treaty Settlements at an early stage whether there had been in their experience any cause to suspect that information had been inappropriately obtained from Māori claimants that could be used against them in negotiations. The response was that over eight years there had been no cause to consider that such information had been obtained or used. No claimant group had ever raised any concerns with the Director about inappropriately obtained information being used against them.
121. A particular response has since been given that the Office has not seen any information regarding the claims of the two iwi or any associated organisations which suggests that the Crown respondent has had access to unusual

information about any aspect of those claims.

VII. ASSESSMENT

122. When the allegations that the NZSIS was monitoring people for political reasons were published in the two media outlets, the Sunday Star-Times and Scoop, it appeared that four people were relied on. Three of them were the Sunday Star-Times sources. They all lived outside New Zealand. The fourth was Scoop's source who affirmed, as a person with significant public connections and knowledge and experience of intelligence work, that the Sunday Star-Times allegations were true. It was not clear where he lived.
123. It is now agreed that three people were relied on, not four. Scoop's source was one of the Sunday Star-Times' sources, and so provided no independent support for the allegations.
124. In fact there was only one real source, Mr Buttell. He was the one who made the allegations as one with first hand involvement. Messrs Sanders and Thorns introduced him, and supported what he said, and were involved in what was said after publication, but Mr Buttell is the only one said to have done anything on behalf of the NZSIS.
125. The activities (other than alleged internal matters of the NZSIS) that Mr Buttell said he was involved in on behalf of the Service related to two iwi, into whose confidence he said he worked his way, having previously, he said, been involved in gang surveillance.
126. Because of his background in computer business and as an IT Manager, Mr Buttell was able to work on computers. On what I was told, and accept as true, introduction to what I have referred to as the first iwi was as a friend of a friend, not as he described it. His work for the iwi was carried out when the iwi needed him. It appears to have had no designed regularity about it driven by him. His description to the reporters of how he carried out his interventions in the iwi computers is non-specific. No trace of any intervention could be found, but that does not prove that there was none.

127. The officers of the second iwi did not know Mr Buttell. Their computers when checked showed no sign of intervention. If Mr Buttell had worked on their computers there should have been records of payments to him. A search back to 2001 disclosed no such record. Both iwi operate in the same geographical area. Anyone living in the area could know about both.
128. There is nothing in the work of either iwi or in the political connections (or lack of them) of those running them, including Treaty claims or activities in respect of such things as the foreshore and seabed controversy, to suggest that the Government or the NZSIS would rationally devote security intelligence resources to finding out what their views were or to obtain personal information detrimental to iwi members.
129. Inquiries within the Service's premises, general records and financial documents have found no trace of the names of the people central to the allegations in any role: target, source, staff or contractor, nor any evidence of payment to any of them, nor of any information said to have been obtained in the way described. The description of the way the whole operation was carried out contains inconsistencies with Service practices about use of premises, training, payments and communications to take examples, which someone who had actually been involved should have known about. Although asked several times Mr Buttell did not describe the exterior or interior of premises which, if what he said was true, he should have known well.
130. To have done what is alleged would have been inconsistent with the Service's attitude towards its involvement with politicians, judging by statements in internal documents I have read.
131. I accept that Mr Buttell worked on one iwi's computers for a period as a friend who was able to lend his talents when asked. Beyond that, there is nothing to suggest that his allegations are true and a good deal that points to them not being true.

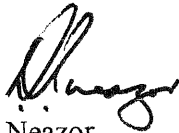
132. Messrs Sanders and Thorns' involvement does not provide confidence that they knew of and were helping to advance genuine allegations. The topic was introduced by Mr Sanders out of the blue to a reporter who was trying to follow up another matter involving Mr Sanders. He introduced Mr Thorns, who introduced Mr Buttell, who appeared once in person, gave little detail of significance, and disappeared, except as a source of emails.
133. The events involving the reporter and sources in person took place over a period of a week. There were references to physical danger to Mr Buttell if his identity became known and to the idea that he was, in Hong Kong, under surveillance by an SIS officer, who happened to be an associate of Mr Sanders. I have not found any satisfactory explanation about the source of the danger to Mr Buttell, or why he continued to risk it. It was said that it would be unsafe for Mr Buttell to come back to New Zealand because he could be compromised by the NZSIS, but he did come and was here when the allegations were published, the original publication date having been deferred.
134. Mr Buttell's allegations had included a wish that the activities should be exposed. He gave reasons for not being able to supply me with information. I advised him that I believed he was unwilling to give me information and was putting forward elaborate reasons for not doing so. I received no response. I do not believe that he could not have supplied information if his story was genuine.
135. Messrs Sanders and Thorns communications do not tip the balance towards belief in the veracity of Mr Buttell. Mr Sanders was the prime mover in introducing the topic and Mr Buttell to the reporter. There are inconsistencies in the description of the way Mr Kaihau was introduced into the story. No trace could be found of the \$10,000 payment said to have been made by the NZSIS in respect of that episode. After publication, he made proposals about my seeing him in Vanuatu (later, Mr Buttell seeing me) for reasons of their security from proceedings in New Zealand. What proceedings was never

explained. It was said that I could be given documents, which the reporters had not heard about before. It was said significant documents would be found in New Zealand. They were not. It was said that I must have secure communications facilities if I was to be supplied with the material Mr Sanders wanted to give me, presumably because the New Zealand intelligence agencies would be or could be monitoring my communications – a proposition which I regard as absurd. I received no draft or indication of what this was about. I received no material by post or courier.

136. Mr Sanders supported Mr Buttell by referring to correspondence with the Minister of Immigration's office relating to his 'important work' in respect of a person said to be a Chinese refugee. The correspondence proved to be routine, sent in the name of 'Pastor' Buttell and under the name of a church with an Auckland address (although Mr Buttell was in Asia) from which the acknowledgement from the Minister's office was returned unclaimed.
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137. Mr Sanders said he would be happy to see the matter aired. I do not accept as genuine the reasons he later gave for not producing supporting information.
138. Mr Thorns has not been reported as having said anything in detail about the allegations. His contribution after publication, and presumably before hand, was to endorse to Scoop the truth of what Mr Buttell said with perhaps some reference to particulars. He added to the picture of intrigue by his references to being warned away from me (which I do not believe is true) and to being threatened, and by overstating the basis on which he could endorse what Mr Buttell said, an overstatement which was repeated in Scoop's comments to me. I have received no information about who was said to have threatened him or why. The photograph with the retired politician was entirely unconvincing if it was meant to be an endorsement of Mr Thorns' personal standing.
139. The whole picture points to the three people not being credit worthy on this matter, and that is my view of them. Nothing that has come from Messrs Sanders and Thorns in my view helps to establish Mr Buttell's credibility.

140. My overall conclusion is that (apart from Mr Buttell's having worked on one iwi's computer as a friend) the story told to the Sunday Star-Times reporter about NZSIS activity was not true. Scoop's endorsement of the truth of it is of no value, whether that endorsement is looked at as based on fact or opinion.
141. I have not been able to explore why this story might have been invented and passed to the Sunday Star-Times. Several possibilities suggest themselves, but it might be no more than what moves people to light fires so that they can get credit for putting them out. I can make no finding about it.

End of Part I



D P Neazor

Inspector-General of Intelligence & Security

31 March 2005

APPENDIX I

Articles published in the Sunday Star-Times

Sunday Star Times

www.sundaystartimes.co.nz

EXCLUSIVE

Spies blow whistle on Operation Leaf

SUNDAY, 21 NOVEMBER 2004

By ANTHONY HUBBARD and NICKY HAGER

A group of dissident spies has launched an unprecedented attack on the SIS, saying it has misused its powers by bugging law-abiding Maori for political intelligence. The SIS's Operation Leaf, they say, has been used to find "dirt" on individuals, and intelligence about iwi divisions, finances and Treaty claims. Now they question the service's leadership and strategy.

Spies have never before broken ranks in New Zealand. Now three have done so and say they have evidence of a scandal.

Their claim that the SIS has bugged "decent, law-abiding New Zealanders" has been made many times by liberal and left-wing activists. But now, for the first time, the accusation comes from within the intelligence community.

Their testimony also shows disagreements about the SIS' strategy and its operation, and about its handling of major issues such as the Zaoui affair. Some also criticise the leadership of SIS director Richard Woods. This, too, is unprecedented news from inside the castle. It seems not all is well in the kingdom of secrets.

"Peter", one of the spies interviewed in an Asian capital, said he broke the SIS code of silence because he felt guilty.

His work on Operation Leaf - a widespread bugging operation against Maori individuals and organisations - had been a burden on his conscience and he felt "cleansed" by speaking about it.

He seemed in conflict about his role as whistle-blower. On the one hand, he remains a "loyal New Zealander" and a supporter of the service. But he says he was disgusted when told to bug ordinary people.

He offered to apologise to the Maori whose computers he had targeted. He had grown up in the area, he explained, and had friends in the Maori community. Remarkably, the people whose computers he claims to have bugged agreed to co-operate with the newspaper and not to divulge his real name. The iwi organisation allowed the newspaper to do a thorough search of its accounts and computer records. Invoices and diary entries provided a paper trail of all Peter's work on home and office computers over three years.

Spies live in a world of fog and fen, and are necessarily elusive. This newspaper began researching this story more than six weeks ago, and travelled to Australia and Asia to interview sources. It has agreed not to reveal the spies' identities to protect them in the sensitive work they do.

The row erupts at a time when western intelligence services are under sustained attack. Officials in the United States, Britain and Australia have attacked the secret services for faulty intelligence used to justify the invasion of Iraq.

Here, the charge is about domestic politics.

The spies' testimony raises the possibility that government agencies could confuse national

security concerns with the political problems of the current administration.

It is a late echo of the scandals in the US in the '60s and '70s, when it was revealed that intelligence services had routinely spied on and harassed people engaged in lawful politics. "It is naive," one spy told the Sunday Star-Times, "to think that what spooks have done in other countries could not happen in New Zealand."

The claims about Operation Leaf raise acute issues of accountability. SIS operatives have been involved in infiltration of Maori gangs as part of a campaign against organised crime. But Peter says the net was spread much more widely: well beyond legitimate targets suspected of sedition.

He believes there is potential for Maori groups to be manipulated. "I don't think that we will have bombings by Maori radicals, but it is possible that cyber attacks could occur in future which could knock out financial, military or civilian targets which could result in deaths." There was also more chance of political subversion, and any government would try to prevent that.

But the reality of much of the operation was different. "It wasn't said that it was for dirt collection," he says, "but we could see that is what it was."

His remark echoes a famous part of the 1976 Church report of the US Senate, which exposed a series of scandals in American intelligence-gathering. Senator Frank Church and his colleagues detailed widespread bugging and harassment of politically active people, including Martin Luther King, and described how intelligence targets had a tendency to mushroom.

One witness told the committee the risk was that spies would "construe political considerations to be national security considerations". They would "move from the kid with a bomb to the kid with a picket sign, and from the kid with the picket sign to the kid with the bumper sticker of the opposing candidate. And you just keep going down the line."

Peter says he does not know who gave the orders to bug iwi organisations, nor does he know if there was a warrant for the interceptions: ". . . that is no concern of ours and you would look like a gherkin if you asked the handler that".

It is impossible, in fact, to find who was responsible for the alleged abuses. The spies' work is compartmentalised, with information shared on a strict "need to know" basis. Peter Wright, the British spy who made spectacular claims in his 1987 book *Spycatcher* about abuses in Britain's MI5, said: "For five years we bugged and burgled our way across London at the State's behest, while pompous bowler-hatted civil servants in Whitehall pretended to look the other way."

But abuses can occur at any level of the chain of command.

The three spies seem cynical about SIS accountability systems. One says all attempts to call spies to account through parliamentary committees or watchdogs like New Zealand's inspector-general of security had failed. Secrecy could not co-exist with accountability.

Governments, he said, would always want information about political opponents. Spy services, he says, will "gather these fragments and store them up for a rainy day". For this reason, he says, he had helped plant covert video-cameras in high-class brothels in New Zealand, with the co-operation of the brothel owners. This would allow the gathering of information about "important people" who used prostitutes: "It's the two oldest professions working together."

Peter says he knew that a new law had come in last year prohibiting the unauthorised bugging of computers. But, he adds, "deep down I knew that the service could find a way around it, so I don't think it was seen as a threat, just a pacifier for Joe Public".

The spies have also revealed division within the service over its stance in the Zaoui affair. One says the service leadership made a bad call when the Algerian politician first arrived in New Zealand. It had also wanted to impress the Americans, and had foolishly painted itself into a corner over the affair.

There is also division about the orientation and leadership of the SIS, which he says is far too

deferential to the larger western intelligence agencies, especially the Americans and the British. New Zealand, he says, needs to develop its own intelligence and security network abroad, instead of passively accepting what the other services told it.

Too often the message to New Zealand from the other services was, "Don't you worry your pretty little heads about that," he says.

Peter says the SIS should not be so beholden to its overseas counterparts. "I think that we do need a service, but not in the way it currently operates . . . We shouldn't need to participate in things that please the cousins any more."

One of the operatives says the SIS told him to start an email correspondence with Maori activist Whititera Kaihau, a leader of the Ngati Te Ata tribe of Manukau. He used the cover of a South Pacific embassy to try to spring what he calls a "Venus fly trap" in 2003. Among other things, he tried to suggest that Kaihau set up an operation to print passports. One "embassy" email, sighted by the Star-Times, dated July 18, 2003 and addressed to Kaihau, referred to the "difficult challenges" the iwi faced and called the New Zealand government "the occupying government of the British empire".

The SIS contractor says he encouraged the elder to communicate with him through encrypted email - which he did - to give Kaihau greater confidence about openly discussing his organisation's private strategies and plans. The intelligence collected was forwarded to the SIS headquarters in Wellington, from where Operation Leaf was directed.

Kaihau confirms that the correspondence took place, but says he never pursued the passport option. He says he was suspicious about his email partner from the start. He had approached a number of overseas countries in an attempt to raise capital to help his tribe, and he thought the embassy might provide a link with China. China sympathised with the struggle of indigenous peoples, he said.

Kaihau travelled twice to Europe in the late 1980s to lobby United Nations organisations over Maori rights - trips that he says were criticised by the government. He had also practised civil disobedience by refusing to pay taxes, traffic fines, and refusing to accept a court verdict following an incident in which his dog allegedly bit a postie.

He says he does not recognise the sovereignty of the crown, but nor does he believe in the violent overthrow of the government. "I believe I can solve this through the courts."

The spies claim that the SIS targeted politicians and those active in the Maori Party. Peter says he was told by the SIS to cultivate a Maori MP. Another intelligence source says he was told in mid-2002 that another Maori MP was a "hot target" - SIS jargon for someone being bugged.

Maori Party leader Tariana Turia, interviewed by the Star-Times, could cast no light on the matter. However, she did say that in about March this year she had had trouble with the phone in her ministerial house. When speaking on the phone in the kitchen, the whole conversation "would come through the radio in the bedroom".

She had hired a security company - recommended by the Parliamentary Service to sweep the house, "and they found that in fact it (the phone) had been interfered with".

However, the company had also told her it was unlikely the SIS had done so "because they had more sophisticated means of tracking".

When allegations surfaced on the Scoop website that the Maori Party had been bugged, Richard Woods had spoken to Turia twice, once on the phone and once in person, assuring her the allegations were untrue.

He also told her that he had spoken to Prime Minister Helen Clark and she had issued her statement calling the claims "laughable".

"I said, 'Well, I hope it is laughable, Richard'," Turia said.

She had accepted his assurances.

- anthony.hubbard@star-imes.co.nz

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Sunday StarTimes

www.sundaystartimes.co.nz

'We could see it was for dirt collection'

SUNDAY, 21 NOVEMBER 2004

EXCLUSIVE INVESTIGATION

A spy gives an account, by email, of how he infiltrated and bugged the computers of Maori iwi representatives who he now believes were "decent law-abiding New Zealanders".

Q. When did you join the service?

A. The recruiter first started on me in 1997 but I really wasn't fulltime, trained and operational until 1999.

Q. Why did you join?

A. I honestly do love my country and frankly in the beginning I thought that it would be a chance to do something exciting, challenging. I think that we do need the service but not in the way it currently operates. I think that we need to have a new approach, more open like the Swedish and we shouldn't need to participate in things that please the cousins anymore.

Q. Did they approach you?

A. Yes but carefully, with sometimes 2 months between contact and face to face before anything was really discussed.

Q. If so, how?

A. Through a friend who is an academic type, loves to converse about all manner of things, a real talker. He is a recruiter, that's what he does for them, he picks away at your brain for extended periods.

Q. Were you a full-time employee or a contractor?

A. It was a gradual process, I was asked to do some basic work which was sensitive but couldn't be embarrassing if I turned out to be a wrong choice if I talked about it to friends and family. Actually they had ways of cross-checking that - of finding out if you were indiscreet. I wasn't, so I moved up. I was brought in gradually, eventually became quite busy and had developed a sense of what needed to be achieved. After a while you start to realise what you need to do when you meet people, this is a people skills profession but it was/is a bonus that I also have technical skills, usually they don't mix.

Q. When was the first sign that they were wanting work done of Maori organisations?

A. Even before Leaf there had been other Maori related surveillance, I think the files and profiles of people from years ago, the progress they made, the overseas contacts etc all morphed into Op Leaf, I once heard a colleague mention a liaison with csis in Canada - about some Maori academic there involved in stirring up shit with the natives of Canada, that was years before Leaf, so you can see that this is something the govt has always had a handle on.

Q. Was this the stage when you were first recruited or was it not the first work you did for the service?

A. No my first work was related to gangs, Black Power etc.

Q. Did you already have links with the Maori organisations - or did you specifically initiate them for the service?

A. Coming from a small town it was easy to draw on school friends, people I grew up with. I think that is luck rather than design, I was already quite easily able to plug in to the Maori scene.

Q. How did you build your links and their confidence?

A. Well, you can't sit there in a pin striped suit and take notes. I did what they did. Walk the walk, talk the talk, smoke the smoke.

Q. How did your SIS handler keep in contact with you?

A. I was sent a series of numbers by encrypted email and I knew how to extract a mobile number from the series. It was different every time. We had a prearranged system for that, agreed to and explained to me by the handler named Margaret but that is a false name.

Q. What other Operation Leaf staff/contractors were you aware of?

A. I knew there were 3 in ak (Auckland), 2 wngt (Wellington), 1 cch (Christchurch) that's it. I never met analysts, which is procedure. They only get codenames for us, I don't even know my own codename, also standard procedure.

Q. Did you ever visit a service building eg for training? Where was it?

A. Training was conducted near Wellington. I don't think it is helpful to expose things like that. A lot of taxpayers' money will be wasted if they have to relocate it because of journalists taking photos of the exterior and there would be no way to get inside, or even past the fence without being arrested.

Q. Did you have any contact with the other contractors?

A. We had some meetings about bi-monthly.

Q. Where did you meet them?

A. Near Wellington - the secure facility.

Q. What was the purpose of the meetings?

A. Problem solving and training/ technical backup.

Q. What was your understanding of the chain of command?

A. The management was deliberately vague about where orders come from so you can only assume from the director and/or the pm if it was top secret or above.

Q. Did you think these groups were a national security risk? Do you think they are legit targets for the service?

A. I think that there is potential for these groups to be manipulated, I don't think that we will have bombings by Maori radicals but it is possible that cyber attacks could occur in future which could knock out financial, military or civilian targets which could result in deaths. There is also a lot more chance of political subversion, deliberate destabilising of govt. Any govt in power would

try to prevent that of course. Wouldn't you?

Q. Was there ever a suggestion that there were legit terrorism/violence concerns behind the ops? Or was it openly for non-security info?

A. Well it wasn't said that it was for dirt collection but we could see that is what it was. Terrorism is just a method. We all know you can't really have a war on a method. But you play the game.

Q. Did you ever get follow-up questions after sending through some info (eg you sent through some accounts or correspondence and then were asked to go back for more)?

A. Usually a one way street on the info capture ops but I did get debriefed regularly when doing humit (human intelligence) ops.

Q. Can you describe specific info that you found that sticks in your mind? eg an internal iwi conflict? Or negotiations with the government? Or the Waitangi claim that was occurring exactly at this time? Were you asked to find any information about the claim? Or negotiations between the iwi? What do you recall of it?

A. All of the above, the govt was keen to get any useful nuggets from internal communications between Maoris working on those and other issues, peace groups, academics, activists, politicians, gang leaders. I don't know what they did with the information but sometimes when reading the news I noticed issues and thought about how the info was being used but I would just be guessing here.

Q. Were the academics and peace groups separate operations?

A. Separate mostly but Maori/ peace crossover.

Q. Did you ever get any obviously personal info about the people in the iwi that was passed to the service? What was it about?

A. Yes, personal information, relationships, money issues, family secrets. Dirt really.

Q. How were you paid?

A. ATM cards for cash and a govt dept paid me, I won't say which one, it was not listed as the service.

Q. What prompted your feelings of unease with the operation? Did something happen?

A. Yes I met some nice people, not activists or criminals and I just started questioning myself what it was all about.

Q. Can you describe how the discussion about your concerns occurred with the handler/service.

A. Face to face.

Q. What did the handler say you should do?

A. It was implied that I should take time out immediately to rethink what I had said, it was not a pleasant exchange.

Q. September '03 sounds like a very significant time to have concerns, because October 1, 2003, was when the new law came in prohibiting unauthorised access to or tampering with a computer system. Were you aware of that law coming into force? Did that influence your decision to stop?

A. I read the news reports about that but I think that my change of heart was more about disgust at a system that was spying on decent law abiding New Zealanders. I was pleased to see

that the law was coming in but deep down, I knew that the service could find a way around it, so I don't think it was seen as a threat, just a pacifier for Joe Public.

Q. What was the legal situation? Was there a warrant for these interceptions?

A. The legal dept should have done that and the director would take it to the pm but that is no concern of ours and you would look like a gherkin if you asked the handler that. I had my doubts that we always acted with a warrant, especially if there are no plans to take legal action against the target.

Q. Have you signed a security form that required you to keep their secrets?

A. Yes.

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Sunday Star Times

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EXCLUSIVE INVESTIGATION

Citizens targeted by SIS

SUNDAY, 21 NOVEMBER 2004

By ANTHONY HUBBARD and NICKY HAGER

The SIS has been involved in a widespread and probably unlawful campaign to infiltrate and bug Maori organisations, three spies have told the Sunday Star-Times.

They provided a detailed description of a top-secret programme called Operation Leaf, a major SIS campaign targeting a variety of Maori organisations and individuals over several years.

One of them says he quit the operation in September last year because he was "disgust(ed) at a system that was spying on decent, law-abiding New Zealanders".

"I met some nice people," he said, "not activists or criminals, and I just started questioning myself what it was all about."

The Star-Times' six-week investigation of the spy claims has taken us to Australia and Asia, where the men were interviewed.

Their allegations suggest the SIS is going well beyond its statutory role which allows it to spy on New Zealanders when the country's security is at stake through terrorism, espionage, sabotage and attempts to overthrow the government by force.

A week ago, when hints of the SIS Maori spying story leaked to the Scoop news website, Prime Minister Helen Clark responded that "any rational reading" of the NZSIS Act showed the suggestion was "laughable". She pointed out the act prohibited the SIS from carrying out surveillance of anyone "engaged in lawful advocacy, protest or dissent".

When told this newspaper had carried out an extended investigation, she declined an interview, saying through a spokesperson that she never commented on security matters.

The spies claim:

- The SIS contracted "computer geeks" to engineer contact with Maori organisations and plant bugging equipment on their computers or change the settings to allow remote access.
- They were told to gather intelligence on internal iwi business negotiations, finances and Treaty claims and inter-tribal communications.
- They were instructed to watch for "dirt", including "personal information, relationships, money issues, family secrets" on Maori leaders.
- Serious divisions exist within the intelligence community, with some spies believing the SIS is too deferential to Western agencies.

Clark is the minister in charge of the SIS and signs all interception warrants. However, the operations described in Leaf appear to have used surveillance techniques that did not require formal warrants and therefore reporting to the minister and parliament. It is not clear that Clark would have been informed of the existence or the scale of Operation Leaf.

One of the three operatives spoken to by the Star-Times says he was directed to win the confidence of senior people in the Maori community and to gain access to and bug their computers. Over about three years he covertly collected "thousands of pages of documents" from the computers and passed them to his SIS "handler" - a woman called "Margaret".

The operation targeted groups and individuals, from known radicals and people with criminal records to respected regional leaders, iwi organisations and Maori politicians.

In recent months Operation Leaf staff had been encouraged to forward "any nuggets concerning the current leadership of the Maori Party" to their handlers, one spy said.

The operation is at least several years old, the spies said. One said he had been spying on an iwi organisation between March 2000 and late 2003. All three said Operation Leaf was ongoing.

One said "even before Leaf there had been other Maori-related (SIS) surveillance" but this had morphed into Leaf.

Leaf staff are said to include six "arm's-length deniable techies", SIS contract workers chosen for computer and people skills. Posing as "friendly computer geeks" and using other assumed identities, they had engineered contact with the Maori organisations to gather information.

The six included three in the Auckland region, two in the Wellington region and one in Christchurch. They met about every two months with their handlers at a secure facility near Wellington for training, technical support and to solve problems.

While they were apparently helping their targets to fix computer problems or upgrade software, they also planted bugging equipment and changed the computers' settings to allow themselves remote access to all the files and email. This had occurred with home computers and office computer networks, one spy said.

The Star-Times has inspected the accounts of one of the iwi organisations said to have been targeted and found numerous invoices for visits by one of the operatives.

Until October 1, 2003, SIS operatives could covertly access other people's computer systems without obtaining a SIS interception warrant. It is not clear whether warrants were obtained for the Leaf operations after that date.

The Operation Leaf spies say they were instructed to profile Maori leaders and gather intelligence on their internal iwi business, negotiations with government, Waitangi claim processes, inter-tribal communications and more - as well as keeping an eye out for "dirt".

They were not told whether the intelligence they gathered was passed to the government or how it was used.

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Sunday StarTimes

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Spy source says he will testify

SUNDAY, 19 DECEMBER 2004

One of the sources at the heart of allegations the SIS bugged iwi groups now claims he will provide detailed evidence to an inquiry, to avoid "having the whole affair dragged through the gutter".

The apparent about-face came after the Sunday Star-Times repeatedly requested the three main sources further corroborate their claims and co-operate with the Inspector-General of Intelligence and Security Paul Neazor's inquiry.

On Friday, after being challenged to explain anomalies uncovered by the paper's investigation, the man replied:

"I would be delighted to provide full, fair and detailed evidence to an inquiry and not have the whole affair dragged through the gutter . . ."

In a subsequent email, he said his choice would be to meet Neazor in Vanuatu. "It is a member of the Commonwealth but could not be affected by phone calls between PMs to have us harassed. . ."

Inquiries by the Star-Times into "Peter", the central source who claimed to have been contracted to bug iwi computers, have raised questions about his activities after the allegations were aired.

The paper has learned he made a brief return trip to New Zealand in the week the story broke without contacting the iwi or the paper - despite being asked to do so.

In an initial face-to-face interview in Asia, and in subsequent email exchanges, the man alleged he and others were involved in spying on iwi for the SIS.

He provided the newspaper with details of the iwi he had under surveillance - a claim corroborated by the iwi, which said the man had worked on its computers over a period of several years - becoming its systems administrator.

The Star-Times also received information on the alleged SIS spying from two other men, one carrying several passports, who the newspaper believes are actively involved in intelligence work.

In the days after the story was published on November 21, the men became increasingly elusive. The paper then asked one of the iwi groups to contact the main source to try to clear up doubts about his actions. He replied on December 3: "Did anyone talk with you about me??? Don't worry, it was all a big story. Please keep confidential."

The iwi wrote back to try to determine whether he was admitting deceit or simply trying to placate old friends whom he had betrayed. The following day he replied:

"I will call you as the SIS is probably monitoring your email etc ok. . . This is quite sensitive and

I have to be very careful. . ."

However, he did not call and he had not been able to be contacted at his Asian business base.

Inquiries by the newspaper in Asia suggest the man is largely unknown in the expatriate community, but local businesspeople were suspicious of a trade organisation he headed there. They believed it was a front for other activities.

Star-Times editor Cate Brett said the newspaper would give the Neazor inquiry details of its further investigations.

"We published the allegations because we believed, on the basis of careful research, that those making the claims are indeed actively involved in intelligence work and that their allegations therefore warranted a full investigation. We still believe that is justified. However, these men's actions subsequent to the story's publication raise questions about their claims."

Auckland University political studies lecturer Paul Buchanan, who has trained intelligence operatives in the United States, says the Star-Times may have connected with intelligence "contract assets".

"They are not salaried employees of the SIS or the (NZ) government. They are contracted out. It's part of the business. You hire individuals who live in the covert world - let's say arms traders, common criminals or people smugglers, with a quid pro quo embedded in the transaction request."

He said contract assets were the least reliable type of human intelligence, but because the SIS was so under-resourced it might have little option but to use them.

"If you rely on these type of people, then things get squirrely should it come to internal espionage. Squirrels run here, there and everywhere in search of that elusive nut, depending on their whim and the cash put forward."

When the Star-Times first published the allegations, the sources referred to discontent in intelligence circles about the SIS and its director Richard Woods, criticising him as too conservative and too close to the Americans.

SUNDAY STAR ★ TIMES

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APPENDIX II

Information sought from the Sunday Star-Times

- (a) Details of information supplied to your reporters about interference with the Māori Party or its members; details of dates and of all actions which it was alleged to your reporters were carried out affecting the Māori Party or its members need to be supplied.
 - (b) All information which will assist me to locate in the records of the New Zealand Security Intelligence Service material relating to the operation "Leaf" referred to in your article.
 - (c) The detailed description said to have been given of that operation.
-
- (d) Details of the 'thousands of pages of documents' said to have been obtained from computers; including:
 - The names of the owners or users of the computers
 - The subject matter of those documents, and at least approximate dates when they were obtained and handed over
 - How your informant obtained documents from the computer or computers.
 - (e) Whether your informant can identify the 'secure facility near Wellington' where computer people met agency officers, and what kind of facility it is.
 - (f) The identities of the people, not being your informants, who are said to have been involved in interference with computers.
 - (g) A description of the person referred to as 'Margaret' in your article, and where she is said to be based.

- (h) The name of the iwi whose accounts your report said you have inspected.
- (i) If you know the name of the Māori MP alleged to have been a 'hot target', who that member was.
- (j) All information you have about the identity of brothels in which video-cameras are said to have been installed by or by arrangement with an intelligence service.

APENDIX III
Articles published in Scoop

Intel Sources Say SIS Investigating Maori Party

Thursday, 11 November 2004, 10:22 pm
Article: Selwyn Manning - Scoop Auckland

Intelligence Sources Say SIS Investigating Maori Party

By Selwyn Manning – Scoop Co-Editor

[Click here to send Scoop feedback on this article.](#)

Scoop Exclusive: Intelligence sources have revealed the New Zealand Security Intelligence Service (SIS) has launched a major covert operation investigating the Maori Party, co-leader Tariana Turia, its members, networks and associates.

Intelligence information came to light on Monday November 1st amidst speculation that political fallout from an inquiry into John Tamihere's taxation affairs could have resulted in his resignation not only from Cabinet but also from Parliament. The later event would have forced a by-election in his Tamaki Makaurau seat.

The Maori Party's networks are strong in Tamaki Makaurau and with its co-leader, high profile academic Dr Pita Sharples, set to campaign for the seat it was widely believed John Tamihere would likely lose should a by-election be held.

Next year's General Election could potentially see the Maori Party hold balance over what party leads a coalition government. Recent poll trends suggest if Labour is to emerge from an election to lead for a third term it would need support from the Green Party and the Maori Party. The later has yet to express a preference between a Labour-led or National Party-led government..

The Morning News

U.S. Government offers: American Green Card for Life!

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Easy online registration	American Passport

OFFICIAL US GOVERNMENT PROGRAM

This scenario has caused intelligence officials to consider what the potential consequences of a centrist Maori political force would have on the internal security of New Zealand.

Scoop understands three people in particular have been singled out for thorough investigation: Brian Dickson, Whititera Kaihau, and Maori Party co-leader Tariana Turia.

Whititera Kaihau is affiliated to Nga Te Ata and was involved with Waitangi Tribunal land claims in the 1990s in the Waikato zone.

Brian Dickson affiliates to Ngai Te Rangi and has had a long and involved history of championing Maori rights and land rights. Most recently he has been a significant mover at hui debating the Crown over the foreshore and seabed issue. Dickson's position involving submissions on the bill has been to "maintain the full integrity of our customary rights" and in September 2003 accused the Crown of being "on the brink of another raupatu".

On May 5 2004 Dickson as CEO of the Ngai Te Rangi Iwi criticised Labour MP Mita Ririnui's public support for the Government's proposed Bill. "This is a total betrayal of Tauranga Moana iwi," Dickson said.

Dickson has also been involved with Bay Of Plenty based Maona AM radio.

Detailed files are also held on other likely Maori Party candidates.

The Maori Party's Te Tai Tokerau electorate committee is expected to work through candidate selections on November 26-28.

A front runner tipped to run for Te Tai Tokerau is Hone Harawira who has been nominated by the Far North branch in Te Hiku. The Harawira family has long been controversial, first becoming a household name when Titewhai Harawira was imprisoned in the late 1980s for assaulting a patient in her care at Carrington's Maori mental health unit, the Whare Paia.

Scoop understands Tariana Turia was aware of suggestions her Party is under surveillance.

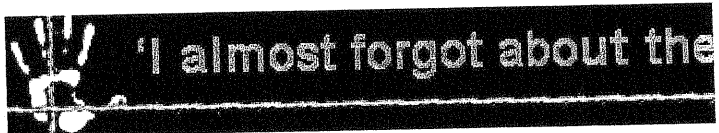
On Friday November 12, Turia's office replied to Scoop questions: "Richard Woods (SIS director) has advised Tariana that there is no basis to the concern about SIS surveillance."

A spokeswoman for the Prime Minister Helen Clark said: "Any rational reading of s 4AA of the NZ Security Intelligence Service Act would confirm how laughable this is."

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SIS Spy Operation Broader Than Just Politics

Tuesday, 23 November 2004, 1:21 am

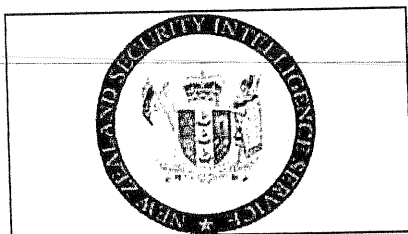
Article: Selwyn Manning - Scoop Auckland

Scoop

SIS Spy Operation Broader Than Just Politics

By Selwyn Manning - Scoop Co-Editor

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A senior figure in the New Zealand intelligence network has confirmed the Security Intelligence Service (SIS) has indeed investigated Maori groups, politicians, and networks – that Operation leaf acquired not just political intelligence but included financial and

personal information on “targets”.

This source is a respected member of the intelligence and foreign affairs network – an individual who has lines of communication connecting to the New Zealand Government.

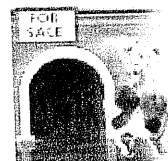
His experience goes back decades, and his advice on foreign intelligence has been sought from the highest levels of office.

Scoop will not reveal this man’s name (hereafter referred to as Contact ‘A’) – but we can testify that information provided by this individual has at all times proven to be factual and that he is a patriotic New Zealander who believes strongly in the requirement of security intelligence when that information is acquired through legitimate means and for the benefit of the nation.

Information provided to Scoop asserts that the SIS was the lead agency/department/service in Operation Leaf..

Scoop first announced that the SIS was investigating the Maori Party, networks and individuals on November 11. The Scoop expose was ridiculed by the Prime Minister’s spokesperson as ‘laughable’. Maori Party co-leader Tariana Turia was later personally assured by SIS director Richard Woods that there was no cause for concern over Scoop’s claims. Turia accepted the director’s assurances.

On Sunday November 21 Fairfax’s Sunday Star Times newspaper



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The Morning News

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The U.S Government:
"Equal Opportunity to
All - 50,000 people will
get a Green Card!"



Easy online registration

American Passport

OFFICIAL US GOVERNMENT PROGRAM

published a six-week investigation claiming:

- • The SIS contracted "computer geeks" to engineer contact with Maori organisations and plant bugging equipment on their computers or change the settings to allow remote access.

- • They were told to gather intelligence on internal iwi business negotiations, finances and Treaty claims and inter-tribal communications.

- • They were instructed to watch for "dirt", including "personal information, relationships, money issues, family secrets" on Maori leaders.

- • Serious divisions exist within the intelligence community, with some spies believing the SIS is too deferential to Western agencies.

Much of the Sunday Star Times' investigation centred around an operative referred to by the name of Peter who was recruited to provide ICT expertise and to spy on targets of Operation Leaf.

Scoop's senior contact insisted the Sunday Star Times' claims are factual and correct.

Following the Star Times articles Tariana Turia claimed her telephone had indeed been bugged immediately prior to her leaving the Labour Party.

And on Monday November 22, Turia wrote to the Inspector-General of Intelligence and Security, Justice Paul Neazor, asking him to initiate an immediate inquiry into the allegations about the SIS.

Turia said in a statement: "There are too many serious questions left unanswered. New Zealanders take for granted that our freedom to live in an open democracy is a basic standard of living for our nation."



SIS Director Richard Woods And Prime Minister Helen Clark
Who Is Watching The Watchers?

Ads by Gooooo

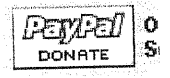
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Throughout Sunday and Monday the Prime Minister, Helen Clark, insisted the allegations were a "work of fiction". This view was insufficient to allay the concerns of the public, Turia said.

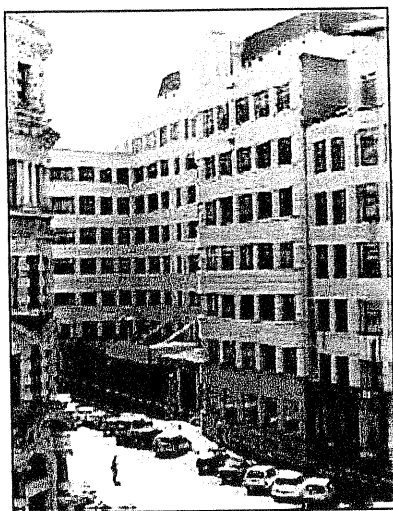
Progressive Party leader Jim Anderton said the whistleblowers ought to relay their criticisms to the inspector General of Intelligence and Security and not to the media.

Helen Clark said the law clearly prohibited the SIS from monitoring anyone engaged in lawful advocacy, protest or dissent. As well, it precluded the Government from using the SIS for political purposes.

"I can say categorically that at no time in the five years I have been the Minister in Charge of the SIS and Prime Minister have I ever been advised about anything happening in another political party," she told NZPA.

National Party Leader Don Brash said the allegations made against the SIS are too serious to ignore: "I am offering to work with the Prime Minister to get a process underway quickly to further examine the claims," said Dr Brash, who is also a member of the Parliamentary committee responsible for the SIS.

"It is important that both the public and the Government have confidence in our intelligence service. These unanswered claims have the potential to put that confidence at risk," Don Brash said.



Certainly electronic surveillance had become a core aspect of SIS operations. Readers will remember nationwide newspaper advertisements going back several years where the SIS sought bright and patriotic individuals to consider a career with the SIS. It especially wanted those with a knowledge of electronics, information computer technology, and communications.

The recruitment drive was not an act of fiction. Nor was the subsequent operation that followed.

Contact 'A' said: "There were some serious banking and corporate fraud ops in Auckland relating to international interests that were done in 1999/2000 which employed techies recruited for that purpose. They were not as politically charged as Leaf, but certainly some of those techies were re-tasked on other Ops including Leaf."

Scoop contacts confirm Operation Leaf collated foundation intelligence from other agencies, including background information on individuals and groups sourced from Police intel and the Police counter-terrorism unit. This information included intelligence gathered by Police undercover agents and informants during an investigation into organised crime in New Zealand in 1999 - 2001 mapping gang networks, the drug trade, even organised criminal families.

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But Operation Leaf sought information far beyond Police intelligence: "The tasking was not just for political intel but included financial and personal info on the targets," Contact 'A' said.

He said: "It (Leaf) profiled people identifying elements that could be manipulated by foreign terrorists in the future – especially persons with overseas contacts, academics, activists, etc."

"Information on criminal networks, gangs etc, had already been well researched by Police intel. This was cross-referenced between Police and Operation Leaf and was used to build profiles and chart relationships and contacts between groups..."

"Mike Smith (who cut down the Pine on Auckland's Maungakiekie - One Tree Hill) was certainly targeted for a long while. Surveillance of Maori groups in one form or another has been going on for some years. This background intel morphed into Operation Leaf," Contact 'A' said. "There is information regarding contact with the Canadians... about a Maori academic at one of the universities there."

Also, "The Maori/Muslim connection was considered of interest and research was done into the backers of the Maori links with the people behind www.nzmuslim.net," Contact 'A' said.

This aspect of Operation Leaf was chartered after another group asserted its right to manufacture, issue, and charge for Maori passports.

"While their views were extreme and considered far fetched they were also investigated to ascertain the degree of manipulation. In this respect they could not be totally ignored," Contact 'A' said.

Within the Government's intelligence agencies the use of Police intelligence was seen as a "convenient use of resources that were ostensibly directed at organised crime and peace groups, but that led on to political groups.

"I know that indigenous group surveillance operations have been going on since... the Lange government," Contact 'A' said.

The above offers background insight into Operation Leaf.

With the formation of the Maori Party many individuals that had previously been investigated were re-investigated to ascertain if and how they fitted in to the Maori Party networks.

It was theorised that as the Maori Party was formed at haste - a strong centralised leadership framework did not exist. It was realised that strong leadership did exist within several active organisations that had plugged into the Maori Party network and that this, could, lead to future cell-structured activity.

Contact 'A' assures that it will be difficult for an inquiry, whether via media or governmental, to expose hard evidence to prove Operation Leaf is not fiction.

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"In my view, the government has already covered its bases and had dispatched some key damage control people to make Leaf go away. This could go away in one week and an enquiry is a pipe dream... .. I admire the Sunday Star Times for its guts, but it will not be able to get much more evidence as the machine goes to work. THIS is not going to be another Choudry event. Those days are gone."

Aziz Choudry's case against the SIS became case-law history after the Secret Intelligence Service bungled its break in to his Christchurch home. There, agents rummaged through files, supposedly looking for terrorist paraphernalia. But Choudry was no terrorist. They knew that. The danger which he inspired in the minds of the SIS was due to his beliefs and opinions, particularly his activism against free trade. Later a Court Of Appeal judgement awarded Choudry what was believed to be around \$100,000 in compensation.

"I assure you that since the Choudry affair, the SIS has covered their backs on deniable ops, so Leaf will be very hard to break open totally."

Indeed, Scoop understands that an individual very close to the Prime Minister's office made contact via telephone with a New Zealand intelligence operative in Asia – this within hours of the Sunday Star Times publishing its investigation on Sunday November 21.

Consequently, intelligence operatives are dismayed that despite the Prime Minister's insistence that she will not comment on security issues "she continues to do so," Contact 'A' said.

There appears to be disquiet that a fracture within the SIS's own networks is imminent. Contact 'A': "First of all I can see that the PM may have a deniable stance on this (Operation Leaf) but the Director (Richard Woods) did know of Leaf. I am sure of that. He will try his best to keep his knowledge of Leaf deniable but I doubt he can do that credibly for long."

Scoop has become aware of entrenched dissatisfaction among officers, operatives, and others connected to SIS networks. It appears a faction exists that has lost confidence in the director, Richard Woods. Certainly, some contacts are highly critical of Woods' handling of foreign intelligence, and his reliance and "un-vetted acceptance" of information provided by other nations in the western alliance.

The criticisms appear consistent with a desire by some advocating reform of the SIS – which would see the service's structure divided into a domestic wing and an external foreign agency, attracting more exposure to appraisal via departmental inspection and Parliamentary accountability.

In these times where intelligence agencies worldwide have been subjected to intensified scrutiny and governmental criticism, New Zealand's SIS has remained cocooned from inquiry or critique.

The question remains, are times about to change?

For more, see...

SIS Bugs Maori: Sunday Star Times Confirms Scoop Investigation - Scoop Editors' Note:
In co-operation with the Sunday Star Times, Scoop publishes this investigation on Operation Leaf – how the SIS has bugged Maori MPs, networks and associates. The issue was first reported by Scoop's Selwyn Manning on Nov 11. See... SST: Spies Blow Whistle On SIS Bugging

ALSO: SST: Whistle Blown On SIS Operation Leaf - SST: SIS 'We could see it was for dirt collection'

BACKGROUND SCOOP REPORTS: Scoop's Exclusive Report: Intelligence Sources Say SIS Investigating Maori Party

Scoop's Report Revealed SIS Gets Two Hours Scrutiny A Year

REACTION:

- Maori Party - Maori Party calls on IG to investigate SIS
- Progressives - Select committee oversight of SIS, GCSB required
- Russell Brown - Hard News 22/11/04: Spooky
- Greens - Locke backs Brash / Peters call for SIS inquiry
- Don Brash - SIS allegations too serious to ignore
- Greens - Locke backs Brash / Peters call for SIS inquiry & SIS allegations too serious to ignore, says Locke

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APPENDIX IV
Information sought from Scoop

- (a) Details of any information supplied to you about interference with the Māori Party or its members; details of dates of all actions which to your knowledge or understanding were carried out affecting the Māori Party or its members need to be supplied.
- (b) In particular, whatever detailed information you have been given about the SIS having launched an investigation into the Māori Party and people associated with it: where the investigation has been made, in what way and by whom – Service officers or who else?
- (c) The basis for the statement that intelligence officials have considered ‘the potential consequences’ of election of Māori Party candidates.
- (d) The basis for the statement that named people have been singled out for investigation.
- (e) The basis for the statement that detailed files are held on other likely Māori Party candidates.
- (f) How contact A is able to say that the NZSIS acquired political intelligence and financial and personal information about targets – by implication, Māori politicians and political groups.
- (g) What agencies other than the NZSIS have been involved.
- (h) Whether your contact A is able to insist that the Sunday Star-Times claims are factual and correct: does he know personally any of the people said to have been involved in actual interventions?