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New Zealand. Inspector-General of Intelligence
and Security.

Annual report.

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Prime Minister

31 August 2004

**ANNUAL REPORT OF THE INSPECTOR-GENERAL OF INTELLIGENCE AND
SECURITY FOR FINANCIAL YEAR 2003/2004**

I have reviewed the Annual Report of the Inspector-General of Intelligence and Security for the financial year ending June 2004.

In accordance with Section 27(3) of the Inspector-General of Intelligence and Security Act 1996 (the Act), I confirm that no matters, as set out in Section 27(4) of the Act, have been excluded from the report.

There are no matters to bring to the attention of the House.

A handwritten signature in cursive script that reads "Helen Clark".

Helen Clark
Prime Minister

INSPECTOR-GENERAL OF INTELLIGENCE AND SECURITY

ANNUAL REPORT 2004

This is the eight annual report of the Inspector-General of Intelligence and Security. It is made in compliance with the statutory requirement upon the Inspector-General to furnish a report of his activities at the end of each year ending with 30 June. This report relates to the year ended 30 June 2004. The mandate and functions of the Inspector-General are described in an appendix to the report.

Interception warrants:

During the year the scrutiny of interception warrants was continued. That involves a review from time to time of every warrant issued to the SIS to be sure that the procedures adopted by the Service are effective and appropriate to ensure compliance with the statutory provisions governing the issue of warrants. No cause was found to challenge or disapprove of any interception warrant.

Complaints:

Seven complaints were under enquiry at the beginning of the reporting year, 1 July 2003. Five of those were completed during the year. Three related to applications for citizenship. None of those complaints was upheld. Two related to vetting for security clearance. One of those was not upheld after a preliminary enquiry which was not pursued by the complainant. The conclusion in respect of the second was that the Security Intelligence Service's recommendation was supportable on the information available at the time, but further information coming from the Inspector-General's inquiries led to the recommendation that there should be a review of the request for vetting.

A further complaint about surveillance by the Security Intelligence Service was received and disposed of within the year as being without foundation.

There were no complaints concerning the GCSB.

Immigration Act 1987:

Pursuant to Part IVA of the Act the Inspector-General has the function of review of Security Risk Certificates issued by the Director.

The Director of Security issued a Security Risk Certificate in respect of Ahmed Zaoui who arrived in NZ in December 2002 and claimed refugee status. By notice dated 27 March 2003 Mr Zaoui applied for review of the Director's decision to issue the certificate. The Inspector-General's review was deferred by agreement with Counsel until an appeal to the Refugee Status Appeal Authority was completed.

That decision was given on 1 August 2003. The Authority found that Mr Zaoui is a refugee within the meaning of Article 1A(2) of the Refugee Convention and granted him refugee status.

The review did not then proceed because High Court judicial review proceedings were issued in respect of the procedure the Inspector-General had indicated he would follow in conducting the review, and in respect of the relevance of international human rights instruments to issues arising on the review. Judgment was given on 19 December 2003. The Attorney General appealed to the Court of Appeal, the judgment of which has not yet been delivered. The review has not proceeded pending the outcome of the appeal.

Administrative:

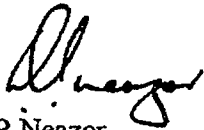
The Honourable L.M. Greig resigned as Inspector-General on 31 March 2004 after serving for 7 years and four months. I was appointed to succeed him as from 7 June 2004.

It was decided at the time the change was made that although the Prime Minister is the Minister in Charge of both the security and intelligence services it was preferable, to emphasize the independence of the office of Inspector-General, that the incumbent should not continue to have working accommodation in, and servicing and financing through, the Department of the Prime Minister and Cabinet. Separate office accommodation and

staff resources have now been provided, and funding and other servicing has become the responsibility of the Ministry of Justice.

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To enable the Inspector-General's general functions of oversight and review of the agencies and the particular function of dealing with complaints to be carried out properly it is necessary for the Inspector-General to be aware of how the agencies carry out their statutory functions and the principles and internal regulations under which they operate. Both the Government Communications Security Bureau and the NZ Security Intelligence Service have been very helpful since my appointment in providing that information. In respect of particular complaints, in accordance with the governing Act, as a matter of routine I have been offered access to relevant files.



D P Neazor

Inspector-General

19 August 2004

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APPENDIX

Mandate and Functions of Inspector-General of Intelligence and Security

1. The Office of the Inspector-General of Intelligence and Security (IGIS) was established by the enactment of the Inspector-General of Intelligence and Security Act 1996 on 1 July 1996. The Inspector-General is required to have previously held office as a Judge of the High Court of New Zealand. He or she is appointed by the Governor-General on the recommendation of the Prime Minister following consultation with the Leader of the Opposition. The appointment is for a term of three years and may be renewed. The Inspector-General is subject to removal or suspension from office by the Governor-General for defined cause, upon an address from the House of Representatives.
2. The object of the Act and of the office of the IGIS is to assist the Minister responsible for an intelligence and security agency in the oversight and review of that agency. In particular the IGIS assists the Minister to ensure that the activities of an agency comply with the law. A further object is to ensure that complaints about an agency are independently investigated.
3. The intelligence and security agencies subject to the Act and the IGIS's responsibilities are the New Zealand Security Intelligence Service and the Government Communications Security Bureau. The Minister responsible for these agencies is the Prime Minister.
4. The IGIS is authorized to inquire into complaints by New Zealand persons and persons employed or formerly employed by those agencies who claim to have been adversely affected by the activities of an agency. The IGIS undertakes other inquiries into the activities of those agencies at the request of the Minister or on his or her own motion. Such inquiries may examine the propriety of particular

activities of an agency. In addition the IGIS may carry out a programme or programmes of general supervision of the agencies.

5. Under Part IVA of the Immigration Act 1987 as amended by the Immigration Amendment Act 1999, the Inspector-General of Intelligence and Security has a function to review the decision to make a security risk certificate issued by the Director of Security. Under the Protected Disclosures Act 2000, the Inspector-General of Intelligence and Security is the only appropriate authority in respect of protected disclosures to be made by employees of the security agencies.
6. The postal address of the Inspector-General is P.O. Box 5609, Wellington. The telephone number is 04 474 0677 and the fax number is 04 474 0674. Under the Act complaints to the Inspector-General are made in writing addressed to the Inspector-General C/-The Registrar or Deputy Registrar of the High Court at Wellington.