

SIS opens up the Sutch file

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1974



THE ARREST: Detective Senior Sergeant Colin Lines leads Dr Sutch away after he was found in Aro St, Wellington, in 1974.

The SIS says Russian sources reveal that Bill Sutch – acquitted of spying in a sensational 1975 court case – had a "longstanding association" with the KGB, the Soviet spy agency.

The Security Intelligence Service will reveal today its long-secret file on Dr Sutch, an economist and former senior official arrested in a Wellington park in September 1974 just as he was about to meet suspected KGB officer Dimitri Razgovorov.

Dr Sutch's trial in 1975 was New Zealand's only court case involving allegations of spying, and has been a source of debate and argument ever since. He died in 1975, almost a year after he was arrested.

SIS director Warren Tucker gave the file, containing 43 documents, to Dr Sutch's daughter, Helen, last month, and will make it public today.

Dr Tucker refers to "more recent reporting of historical information of Russian origin, documenting a longstanding association between the KGB and a New Zealand civil servant who very precisely (and uniquely) fitted Dr Sutch's background and profile".

He says this information came from classified material provided by an overseas liaison intelligence service and was given to the SIS in confidence.

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The supplier had refused permission for it to be made public "for reasons of security", and so the SIS could provide only this general description of it.

Aaron Fox, an independent historian who has studied the Sutch case, says the phrase "longstanding association" is "very vague indeed".

"It doesn't set Sutch down as an agent, as a Soviet asset, or as anything really," Dr Fox said.

"An associate could be something as simple as the name of an individual who had travelled through the Soviet Union [as Sutch did in

The most important SIS document is a 27 page Target Assessment from May 1974. It summarises local and overseas information about him and concludes: "It is considered that Sutch has worked, and is still working, for the Soviets, although it is difficult to explain every known action taken by him over the past 40 or so years in the light of such an assessment."

It also says that "during his 66 years we have accumulated six files on Sutch, and yet can prove nothing of which he is suspected".

If Dr Sutch was being controlled by a KGB officer in Wellington, it was probably Mr Razgovorov, the target assessment says.

Though Dr Sutch "first came to security notice because of his travels through the USSR in 1932, there is no record of his contact with any particular individual in that country", the document says.

Dr Sutch travelled to the Soviet Union again in 1938 "but again there is no knowledge of his contact with Soviets", it says.

He was considered to be a communist fellow traveller while working for New Zealand at the United Nations in the late 1940s, and drafted three radio talks about eastern Europe "in which he described the Soviets as liberators and generally welcomed communism in Eastern Europe", the files say. A copy of the talks – which were not broadcast after Foreign Affairs objected – is in the file.

The file also reports that someone – whose name is removed from the text – told a source in Warsaw in 1958 that Dr Sutch supplied the New Zealand Communist Party with statistical information about the country's war effort in 1940-41.

It also records his attendance at social events at the Russian embassy in Wellington throughout the 1950s, and his association with communists and other left-wingers. Though his contacts did not prove he was a communist, they "have led to our assessing him in the past as a grave security risk", it says.

Dr Tucker's letter says the Target Assessment "was not a pre-drafted document just waiting to be signed off when enough evidence of Dr Sutch's involvement in espionage had been built up.

"Although the security services had long regarded Dr Sutch as a security risk, prior to the discovery of the meeting between him and Razgovorov in April 1974, the NZ SIS had never considered Dr Sutch to be a Soviet agent."

The SIS followed Dr Sutch on four occasions in Wellington streets during 1974, and on three he met Mr Razgovorov. He said that he had met the Russian to discuss Zionism.

Other documents released to Helen Sutch's lawyer show that the SIS illegally broke into Dr Sutch's office and bugged his telephone, and lied to the government about doing so.

A secret annexe to a report on the SIS by Sir Guy Powles, a former diplomat and ombudsman, said the SIS had looked at Dr Sutch's diary during the raid and saw entries that gave advance warning of the meetings with Mr Razgovorov. "In August 1974 the service had no legal authority [to do this]," Sir Guy wrote. "They chose to break the law."

But an SIS officer approved a press release issued in the name of prime minister Bill Rowling saying telephone tapping was not used in New Zealand and was not used in gathering evidence against Dr Sutch.

Helen Sutch said yesterday that the SIS files added no new evidence that would have had a bearing on the trial.

"If anything, it reinforces that the verdict was correct." Sunday Star-Times

THE CASE OF THE SUSPECT SPY

* Dr Sutch was arrested in September 1974 after police allegedly saw him handing documents to KGB agents outside a public toilet in Aro St, Wellington.

spying for the Soviets. The KGB agent, Dimitri Razgovorov, initially eluded the spies and allegedly handed the mystery parcel to his waiting driver, Vitaly Pertsev, who sped off with it to the Soviet embassy in Karori. Mr Razgovorov ran along Aro St, hotly pursued by an SIS agent who eventually caught him. As police fanned out to look for Dr Sutch, a detective found him standing outside No 1 Holloway Rd. Asked what he was doing wandering the streets of the capital late on a rainy night, he reportedly said he was studying the area's historic buildings.

* He was charged under the Official Secrets Act with the offence of obtaining information that would be helpful to the enemy.

* Mr Razgovorov was sent home.

* Dr Sutch was put on trial in early 1975. He never went into the witness box, and so was not cross-examined.

* Neither were the police allowed to present evidence they considered crucial, such as Dr Sutch's diaries, containing records of nocturnal meetings with Soviet embassy staff going back years.

* Dr Sutch was acquitted after no evidence could be found that he had obtained information.

* He died from liver cancer that September.

WHO WAS WILLIAM BALL SUTCH?

* He is listed in the Dictionary of New Zealand Biography as a teacher, economist, writer, diplomat, public servant and social policy analyst.

* Still in his 20s, he was recruited as private secretary to finance minister Gordon Coates. When the first Labour Government was elected in 1935, he served its finance minister Walter Nash in the same position. For the next 30 years he filled a variety of senior public service appointments.

* He championed an interventionist democracy with a strong export economy. He was a tireless advocate for a national culture and was friendly with many people of different political beliefs.

* Dr Sutch died in 1975 aged 68, only months after being acquitted of breaching the Official Secrets Act.

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