

Informants fund paid out £15,000

Neil Chenoweth

The controversial News Corp security arm at the centre of pay TV piracy allegations paid out more than £15,000 (then equivalent to more than \$40,000) from what was described in internal correspondence as "a contingency fund for police informants".

The payments were more than triple the budgeted amount set by NDS Ltd, the News subsidiary that made the payments.

The *Independent* newspaper in London initially reported two weeks ago that Len Withall, a former Surrey detective chief superintendent working for NDS's Operational Security unit in Britain, paid a £2000 cheque to Surrey Police in June 2000. NDS said in a statement the sum was a one-off charitable donation.

Since then *The Australian Financial Review* has identified a string of payments totalling £15,023 from the same fund, paid between June 1999 and December 2001 – including an unexplained £4000 cash payment in November 2000.

These include sizeable payments made during the period when Ray Adams, the former Metropolitan Police commander who was European chief of Operational Security, set out to obtain confidential telephone records in Australia and Canada.

The full extent of the payments is documented in a series of budget papers and journal entries attached to email correspondence contained in a collection of more than 14,000 emails that originated from the hard drive of Mr Adams' computer.

The Financial Review has published more than 5000 of the emails on its website.

When Mr Withall had the cheque

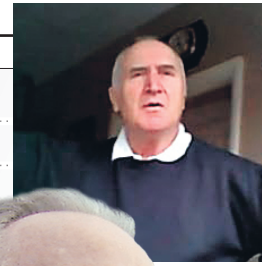
The mystery money

Sequence of events and payments through NDS account number 880110

Jun 99 to Feb 00	£3,606	Payments to unlisted parties
Nov 8, 1999		Ray Adams obtains Canadian telephone records
Mar to Jun 2000	£1,000	Payment to unlisted parties
Jun 9, 2000	£2,000	Surrey Police cheque
Aug 00		Adams targets Australian phone records
Nov 15, 2000	£4,000	Cash payment to Adams for unknown party
Jan to June 2001	£3,417	Payments to unlisted parties
Oct 9, 2001		Adams describes 880110 as "contingency sum for police informants"
Nov 15, 2001	£1,000	Cash to Len Withall to pay "informant"
Total Jun 99 to Dec 01	£15,023	

"There is an amount of money set aside for payment to police/informants for assistance given to us in our work."

LEN WITHALL, NDS executive and former UK police officer



Ray Adams, security chief of NDS UK (left) and Len Withall, NDS executive (above)



SOURCE: NDS BUDGET PAPERS AND JOURNAL ENTRIES CONTAINED IN ADAMS' EMAILS

drawn up on June 9, 2000, he told NDS accountants: "In our budget under code 880110 there is an amount of money set aside for pay-

gest that efforts to support the legal system in an unequivocally justified way through a charitable donation are in any way unsavoury.

This is from 1350 880110 and is to be used for payment to some informants not covered under our normal payment system.

Email from Len Withall to NDS's accounts department

ment to police/informants for assistance given to us in our work."

In the company's only statement on the payments, NDS executive chairman Abe Peled said: "It is astounding that anyone would sug-

"The donation that NDS made over a decade ago was in support of the organised crime division of Surrey Police, and to call the motives of that donation into question is maliciously misleading."

The Financial Review has established that code 880110 was a regular entry in Mr Adams' departmental budget.

In an email exchange about budget cuts with NDS accountant Greg Gormley on October 9, 2001, Mr Adams explained the 880110 code: "This is a contingency sum for police informants. No claims so far. Maybe none this year."

Records show that NDS budgeted £2000 each year for code 880110. The payments greatly exceeded this for the two and a half years of records that *The Financial Review* was able to track. In the eight months from July 1999 through to February 2000,

£3606 was paid out through Code 880110. *The Financial Review* saw no details for where the money went.

It was during this period that Mr Adams was able to obtain two months of telephone records of a Canadian piracy dealer codenamed Bill, in Ontario, Canada.

On November 8, Mr Adams told US Operational Security chief John Norris he would ask his "agent" to obtain a third month's records.

A further £1000 was paid through 880110 by June 2000 in addition to the Surrey Police cheque.

Mr Adams also made a £4000 cash withdrawal from 880110 on November 15, 2000, for unspecified purposes.

In August 2000, Operational Security's Asia-Pacific chief Avigail Gutman asked Mr Adams to obtain telephone records for a Sydney hacker, David Cottle, which she explained was illegal to do in Australia without the consent of the account holder.

Mr Adams asked for further details of Mr Cottle's address. His subsequent emails with Ms Gutman were encrypted.

A further £4417 was paid out through 880110 in 2001, including £1000 cash issued to Mr Withall, who emailed the NDS accounts office: "This is from 1350 880110 and is to be used for payment to some informants not covered under our normal payment system."

DOUBTS OVER NDS DENIALS

Denials by NDS executives of allegations of pay TV piracy practices are coming under scrutiny amid apparent contradictions between public statements and activities detailed in staff emails. Read the denials and the original emails at afr.com/paytvpiracy

Katter factor came from his dad's knee

Comment

John Black

When Bob Katter takes his political franchise onto the national stage, he will be rewriting the rules in relation to the calculation of the two-party preferred vote.

And if federal Labor finds itself in the weeks after the carbon tax is introduced with only 27 per cent of the primary vote, it is heading for the same sort of outcome we saw in Queensland on March 24.

For our projection of the Queensland result onto federal seats, we chose a broadly based and flexible SPSS statistical model (designed for social sciences), with few outlying predictions.

We added the personal votes from 2010 for all Labor candidates to the score predicted by the Queensland model and we also added up 3.2 per cent to the predicted ALP votes for the extent to which the federal compulsory preferential system can boost the federal Labor 2PP vote over a state optional preferential system.

We also forced ALP candidates to remain in the preference count to the final two spots, when in fact 16 out of 89 were eliminated.

But in the real federal election campaign, with Katter Australian Party candidates in the field, Labor could subtract about 4 percentage points from its 27 per cent, taking it to 23 per cent, and also factor in some sitting Labor MPs being eliminated from the final count in their seats.

This KAP factor, combined with the nature of the swings against both

ALP's loss is Australian Party's gain

From page 1

Warren Snowdon would lose his seat in the Northern Territory, among those who would fall to Mr Katter's new party.

Mr Black says the Queensland results will force a re-evaluation of the likely voting trends at the next election, and could spell trouble for the Coalition in some seats.

The size of the primary vote being recorded by the new party in non-urban seats means that analysts can no longer presume a national set of primary vote figures, but have to assess separate figures for the country and the bush.

Mr Black says the biggest group to abandon Labor at the Queensland election were a "huge group of suburban Australian white-collar workers, mainly females, who drive themselves to a clerical,

administrative or sales job".

"As the Labor Party has progressively lost its loyal core of skilled blue-collar workers since 1983, they have been getting replaced by this politically softer, white-collar grouping, which also includes the fickle 'Kath and Kim' group won by Gillard in Adelaide and Melbourne in 2010," he says.

"On March 24, Labor lost 12 per cent of the total state vote as this group simply sheared away as a bloc from the Labor demographic and re-attached itself to the Liberals."

Mr Katter's party picked up about 4 per cent of the vote from blue-collar, mostly male voters who "couldn't stomach the thought of backing the Liberal blue team and instead voted for [Katter] Australian Party candidates".

Labor and the National Party in their former demographic strongholds, calls into question the validity of a two-party preferred model in which you can calculate a notional figure nationally, and then apply it evenly according to a national swing. With Katter in the race, this system doesn't work outside the capital cities.

Katter's brand of agrarian socialism harkens back to the lessons learnt at his dad's knee.

The senior Bob Katter was a Catholic and a member of the ALP in the 1950s when he was a union delegate working on the wharves in Brisbane. When he ran the Cloncurry cinema,

he took out the steel railings separating blacks and whites, and they all then sat together. After many Catholics got the boot from the Queensland ALP with the Groupers, he left

During the Rudd leadership challenge, federal Labor had a chance to snatch defeat from the jaws of disaster.

Labor to become a Country Party member for Kennedy in 1966. The local miners, farm workers and Aborigines loved him and he held the seat until he retired in 1990.

Bob jnr took over the seat in 1993 and philosophically, he's still there with his dad, somewhere between the pre-split ALP of the 1950s and the '60s Country Party, railing against foreign ownership, the loss of manufacturing jobs, privatisation, urban greens and gay marriage, and sticking up for blackfellas, farmers, blue collar workers, recreational fishermen and people sick of being kept awake by and crapped on by damn flying foxes. A lot of Australian blokes tick more than one of these boxes and can't stand Tony Abbott or Julia Gillard.

During the Rudd leadership challenge, federal Labor had a chance to snatch defeat from the jaws of electoral disaster, but they chose the latter course, the one followed by Anna Bligh and her deputy, Andrew Fraser.

Both are now history, with Fraser turfed out on election day and Bligh resigning the day after, to "allow the party to heal", and, by coincidence, help maximise her pension. Thanks for the memories, Anna.

And above it all, the man in the big white hat is grinning like Slim Pickens, the cowboy B52 pilot in the *Dr Strangelove* movie, riding his beloved big bomb down to earth to wipe out the pinkos and economic rationalists, hollering a rebel yell and waving his hat to the folks.

Heaven help us all. Our political world is about to change forever.

■ John Black is a former Labor senator. Some of the electoral profiles referred to here can be found in the archives at www.elaborate.net.au

Labor's bloodbath, pages 52-53 ■

Swan disputes claims

Federal Treasurer Wayne Swan cast doubt on claims that government agencies spend more on shredding machines than on teaching staff how to deal with freedom of information requests. But he did not completely dismiss a report by Fairfax Media that said government departments spent 13 times more money on high-performance shredders in FOI departments than on training staff how to handle information requests. "I'd have to check all of those facts," Mr Swan told ABC radio. **AAP**

Bumper Easter trading

Retailers in Adelaide's Rundle Mall, which were allowed to trade for the first time on Easter Sunday and yesterday, reported more than \$12 million was spent in the two days. Rundle Mall Management Authority general manager Martin Haese said yesterday was a "bumper day" and 80,000 shoppers filled the mall. **Lucille Keen**

Health workers strike

Victorian mental health workers will begin rolling two-hour strikes today for better pay and conditions. The stoppages follow over seven months of talks between the state government and the Health and Community Services Union. The union asked for a 6 per cent pay rise and the government offered 2.5 per cent. **Lucille Keen**

Greens lodge request

The Greens have lodged a freedom-of-information request to reveal the legal advice the federal government has received about the plan to save the Murray River. They want the documents tabled in Parliament next month. **AAP**