

**From:** Catherine Etheredge  
**To:** [REDACTED]  
**Subject:** RE: Israel Chemicals  
**Date:** Friday, 22 August 2014 11:45:16 AM

---

Hi [REDACTED]

Sorry for the delay in acknowledging your email. Will be back in touch shortly -

Best regards  
Catherine

**From:** [REDACTED]  
**Sent:** Friday, 15 August 2014 2:59 p.m.  
**To:** Catherine Etheredge  
**Subject:** Israel Chemicals

Dear Catherine,

I hope you are well.

I just came across this article on the protest that is happening at the Super Fund's Auckland Office even as I write: <http://www.stuff.co.nz/business/10388027/Protest-over-Superfunds-phosphorous-investment>.

I would be grateful if you could send me any recent reviews or assessments you have conducted on Israel Chemicals and G4S in relation to Israel.

I would also be grateful for the material on Israel Chemicals recently provided to the Super Fund by Mr Shearer.

Thank you.

Kind regards,  
[REDACTED]

**From:** [REDACTED]  
**To:** Catherine Etheredge  
**Subject:** Re: Israel Chemicals  
**Date:** Friday, 22 August 2014 1:38:30 PM  
**Attachments:** Boeing.jpg

---

Dear Catherine,

Thank you for your email.

There is a protest this weekend in town highlighting the Fund's investment in Boeing. This is the message that is being circulated (see also attached image):

Our NZ SuperFund is helping to sponsor Israel's massacre in Gaza, where over 2050 people have perished to date and over 10,000 injured, with no end in sight.

The NZ Super Fund continues to invest in companies which supply Israel with the means to attack civilians, and in companies which profit from the Israeli occupation of the West Bank and East Jerusalem. These investments are an affront to international law and the principles of human rights.

The NZ Super Fund website claims that: "The [NZ Super Fund] Guardians are one of 27 founding signatories of the United Nations Principles for Responsible Investment (UNPRI). The UNPRI provides a framework for shareholders to work together to engage with companies and to improve investment analysis of ESG risks. The UNPRI conducts an annual assessment of progress against its six principles for responsible investment by signatories. From 2008 it was compulsory."

I have read Mr Orr's recent article which has been helpful. But I would be grateful if you could also include the Fund's view on investments in Boeing and why the company would not be a candidate for divestment (and by extension other arms manufacturers). It is fairly clear to me why Israel Chemicals would not be excluded but internal documents would help in explaining the issue to others.

Though I am not personally involved in the divestment calls relating to the Israel-Palestine conflict, I am interested in the general topic of how activists and the public can assist the Fund in its goal of responsible investment.

Thank you.

Kind regards,

[REDACTED]

On 22 August 2014 11:45, Catherine Etheredge <CEtheredge@nzsuperfund.co.nz> wrote:

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Best regards

Catherine

**From:** [REDACTED]  
**Sent:** Friday, 15 August 2014 2:59 p.m.

**To:** Catherine Etheredge  
**Subject:** Israel Chemicals

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**Why is the NZ SuperFund investing \$6,579,342 in The Boeing Company?**



**The Boeing Company was listed in 2012 as the second biggest arms supplier worldwide. Boeing has sold Israel F-15A fighter jets and Apache AH 64 helicopters currently being used in attacks on Gaza.**

**From:** Catherine Etheredge  
**To:** [REDACTED]  
**Subject:** NZ Super Fund  
**Date:** Friday, 29 August 2014 10:23:59 AM  
**Attachments:** SUPERDOCS-#1323770-v5-[REDACTED] - 2014 response - G4S and Israel Chemicals.pdf  
image001.jpg

---

Dear [REDACTED]

Please find our response to your emails attached. We've treated it as an OIA request.

You'll see that the letter contains an invitation to meet with our manager of responsible investment, Anne-Maree O'Connor. Do get in touch if you would like to take this up.

Best regards

Catherine

**Catherine Etheredge**

Head of Communications

DDI: +64 9 366 4905

Mobile: +64 27 4777 501

Email: [ceetheredge@nzsuperfund.co.nz](mailto:ceetheredge@nzsuperfund.co.nz)

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Please consider the environment before printing this e-mail.

29 August 2014



[REDACTED]

Dear [REDACTED]

## REQUEST UNDER THE OFFICIAL INFORMATION ACT 1982

Thank you for your request for information received by email dated 15 August 2014 and further clarified on 22 August 2014. We have interpreted your request as being made pursuant to the Official Information Act 1982 ("OIA").

### Your Request

You have requested the following information:

- any recent reviews or assessments we have conducted on Israel Chemicals and G4S in relation to Israel; and
- the material on Israel Chemicals recently provided to the Super Fund by Mr Shearer; and
- information/internal documents explaining why Boeing (and by extension other arms manufacturers) would not be a candidate for divestment.

### General Comments

As explained on our website, because of our commitment to engagement as the best way of getting companies to improve their behaviour, exclusion is a last resort. When we do make a decision to exclude, our decision is based on the clear process and principles that are set out in our Responsible Investment Framework. These principles include New Zealand national and international laws, conventions to which the NZ Government is a signatory, significant policy positions of the NZ Government and the UN Global Compact.

Acting consistently with New Zealand Government and international policy is the basis on which we fulfil our obligation to avoid prejudice to NZ's reputation as a responsible member of the world community.

These principles are a necessary requirement to have a workable ethical policy and to also meet our responsibilities under the New Zealand Superannuation and Retirement Income Act to maximise returns without undue risk and to practice best portfolio management.

Calls for divestment vary between different people or groups – and may include coal, oil and gas, armaments, gambling, alcohol, pharmaceuticals, mining – and sometimes all suppliers to one or other of these sectors. In the current case, all companies operating in a country – Israel – are the focus of calls for divestment. On the other hand, some people do not believe we should apply exclusions at all.

The elected New Zealand Government, New Zealand law and international conventions which New Zealand supports therefore form the best basis from a whole of New Zealand perspective for guiding our Responsible Investment policy.

In deciding whether to exclude an armaments company, or a strategic supplier to an armaments company, we therefore consider whether the weapons are banned by conventions which the NZ Government has signed. This is why we exclude companies directly involved in the production of weapons banned under these conventions e.g. cluster munitions, but do not ban other armaments companies such as Boeing, that do not meet the criteria for exclusion.

We do expect companies to comply with sanctions and embargoes that apply to their business activities. If we receive evidence that companies are breaching law which applies to them in relation to arms sanctions or embargoes, we will engage with the company in an attempt to confirm the situation and rectify such an illegal practice. We will also engage with companies where they might be in contravention of Principle 2 of the United Nations Global Compact.

We note that neither the United Nations nor the New Zealand Government have called for sanctions nor for an embargo on the supply of arms to Israel.

For more information on our approach please see [www.nzsuperfund.co.nz](http://www.nzsuperfund.co.nz).

### **Our Response**

As set out below, we are withholding some of the information you have requested on the basis that we have good reasons for doing so under section 9 of the OIA.

Where we have withheld information, we have considered whether the public interest in favour of disclosing that information outweighs our reasons for withholding it, and have concluded that it does not. We believe it is necessary for us to withhold the information you have requested in order to:

- maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to members or officers and employees of any organisation (section 9(2)(g))
- enable the Guardians to carry out, without prejudice or disadvantage, commercial activities (section 9(2)(i)); and
- enable the Guardians to carry on, without prejudice or disadvantage, negotiations (section 9(2)(j)).

We have also declined to provide some of the information which you request on the basis that it does not exist (section 18(e)).

### **G4S**

We are aware that G4S is the subject of ongoing engagement on ESG issues by institutional investors on a range of issues.

We note that in June 2014 G4S published an independent review in relation to its business in Israel:

<http://www.g4s.com/en/Media%20Centre/News/2014/06/04/Independent%20Israel%20Review/>

It also confirmed it would end all its Israeli prison contracts within the next three years:

<http://www.ft.com/intl/cms/s/0/06e06252-ecc9-11e3-8963-00144feabdc0.html?siteedition=uk#axzz3B5OKi3Ob>.

While it remains on our watch list and we receive updates on the company from our research provider, we have not conducted any additional reviews or assessments of G4S than have already been provided to you in respect of your 2013 Official Information Act request.

We refer you to the following comments in document #894031, which we provided to you then:

Group4Security	Global Security firm	UK	No action Security equipment to checkpoints is not integral in the respect Group4 equipment could readily be replaced by other equipment. G4S has decided to exit some contracts involving checkpoints, prisons and police stations in line with Business Ethics Policy.
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Your request is therefore declined on the basis that the information you requested does not exist (section 18(e)).

## Israel Chemicals

The key points relating to our holding in Israel Chemicals are set out below.

We understand that:

- the supply of white phosphorus for military use is not banned under international or national law;
- Israel Chemicals does not itself manufacture weapons;
- Israel Chemicals is not a supplier to the Israeli Defence force.

We consider the proximity of the company to any potential breach of law through the misuse of white phosphorus weapons against civilians, if the US Army supplied these weapons, is outside its sphere of influence.

We do not have evidence that:

- Israel Chemicals was the supplier of white phosphorus for weapons used by the Israeli Defence Force in the 2008 conflict in Gaza.
- White phosphorus weapons are being used against civilians in the current conflict;

By way of context:

- neither the United Nations nor the New Zealand Government have called for sanctions nor for an embargo on the supply of arms to Israel in the current Gaza conflict;
- white phosphorus is a precursor to other phosphorus products which are sold widely for commercial use by many sectors; and
- we understand that Israel Chemicals makes less than 1% of its revenues from sales to the military.

We recently developed an ESG profile (document #1306776) of our holding in Israel Chemicals, which is captured by your request. However, because we are currently monitoring the conflict in Gaza and engaging with the company, this profile document is subject to review. In addition, we have a policy of not discussing our responsible investment engagements publicly, as doing so is not conducive to achieving the best results from the engagement

For this reason we decline your request on the basis of the following grounds:

- **Section 9(2)(g)(i):** it is important for our efficient and effective operations that our staff and officers are able to express their opinions freely and frankly. Release of such information in the current case, given that the monitoring process and company engagement is ongoing, would be likely to inhibit future free and frank expression of opinions of our staff and officers, where it would be detrimental to the public interest.
- **Section 9(2)(ba)(i):** our engagements on ESG issues with the companies in which we invest are conducted on a confidential basis. These companies are reassured by our pledges to maintain and respect confidentiality. Releasing this information would create a very real risk that future engagement with these companies, and the supply of information from them, would be jeopardised. It is in the public interest that we can maintain the highest standards of confidentiality with companies with which we are engaged.
- **Section 9(2)(j):** engagements on ESG issues frequently involve negotiations with the companies in which we invest. The effectiveness of such negotiations would very likely be undermined if we disclosed the nature and details of the negotiations.

(The Investment Committee papers we have previously provided to you under the OIA related to companies where engagement was at an end (or we did not engage with them) and they had been divested from our portfolio.)



**Boeing**

Boeing does not meet our grounds for exclusion because it does not manufacture banned weapons.

For your information, Boeing was reviewed as part of our 2008 decision on the exclusion of companies manufacturing nuclear warheads. Information on our decision is on our website at <https://www.nzsuperfund.co.nz/how-we-invest-responsible-investment/exclusions>.

We have not conducted any recent reviews or assessments of our holdings in Boeing other than as part of our ongoing monitoring of our portfolio for compliance with our exclusion decisions.

Your request is therefore declined on the basis that the information you requested does not exist (section 18(e)) or is already publicly available.

**Material provided by Mr Shearer**

We have not received any material relating to Israel Chemicals from Mr Shearer.

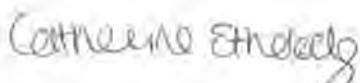
Your request is therefore declined on the basis that the information you requested does not exist (section 18(e)).

**General**

You have the right to seek a review by the Ombudsman's Office of our decision to withhold the information. Contact details for the Ombudsman's Office can be found at: <http://www.ombudsman.parliament.nz/>

We understand that your primary research interest is the interplay between NGOs, activists and the public with the Guardians' responsible investment decisions. Our Responsible Investment Manager Anne-Maree O'Connor would be happy to meet with you to discuss this issue further. If you would like to take up this offer please contact me on 09 366 4905 or [cetheredge@nzsuperfund.co.nz](mailto:cetheredge@nzsuperfund.co.nz)

Yours sincerely



**Catherine Etheredge**  
**Head of Communications**

**From:** [REDACTED]  
**To:** Catherine Etheredge  
**Subject:** Re: NZ Super Fund  
**Date:** Thursday, 4 September 2014 11:02:17 AM

---

Thank you, Catherine.

[REDACTED]

On 4 September 2014 10:55, Catherine Etheredge <[CEtheredge@nzsuperfund.co.nz](mailto:CEtheredge@nzsuperfund.co.nz)> wrote:

Good – see you then.

We are at Level 12, Zurich Building, 21 Queen St.

Best regards  
Catherine

**From:** [REDACTED]  
**Sent:** Thursday, 4 September 2014 10:54 a.m.

**To:** Catherine Etheredge  
**Subject:** Re: NZ Super Fund

Hi Catherine,

I am on the 15th suits me.

Thank you.

Kind regards,  
[REDACTED]

On 4 September 2014 10:29, Catherine Etheredge <[CEtheredge@nzsuperfund.co.nz](mailto:CEtheredge@nzsuperfund.co.nz)> wrote:

Hi [REDACTED]

How about either 11 am or 3 pm on Monday 15 September?

Best regards

Catherine

---

**From:** [REDACTED]  
**Sent:** Tuesday, 2 September 2014 9:56 p.m.  
**To:** Catherine Etheredge  
**Subject:** Re: NZ Super Fund

Dear Catherine,

Thank you for your email. The information was very helpful.

I would like to take up your offer of meeting with Ms O'Connor. Are there any particular days/times that suit?

Thank you.

Kind regards,

[REDACTED]

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**From:** [REDACTED]  
**To:** Catherine Etheredge  
**Subject:** Re: Interesting article  
**Date:** Wednesday, 10 September 2014 9:27:23 PM  
**Attachments:** image001.jpg

---

Thanks Catherine.

I am interested in how the public can best engage with the Super Fund regarding human rights issues, particularly in relation to the Israel-Palestine conflict and West Papua.

- The Fund's view on the recent activist campaigns directed at the Super Fund. I am happy to share my understanding of the aims of the campaigners.
- A general overview of Super Fund Governance (including Ministerial Directions), the RI Framework and Risk Management (Reputation Risk).
- An overview of Super Fund's peers and sources in the area of human rights (e.g. MSCI). The role of HRW and AI.
- What are 'submissions on policy'?
- How the Super Fund weighs various legal instruments and rulings as they relate to the Israel-Palestine conflict.
- Some clarification on companies whose activities are associated with the Occupied Palestinian Territory (e.g. Caterpillar and the banks that finance settlements).
- A few questions on some of the redactions in the OIA documents sent to me.

Thank you.

Kind regards,  
[REDACTED]

On 10 September 2014 08:23, Catherine Etheredge <CEtheredge@nzsuperfund.co.nz> wrote:

Good one. We've set aside an hour for the meeting.

We don't have any car parks here. Yes, Britomart carpark or the Downtown one: <https://at.govt.nz/driving-parking/parking-in-auckland/downtown-car-park/>

Best regards

Catherine

**From:** [REDACTED]  
**Sent:** Tuesday, 9 September 2014 5:32 p.m.  
**To:** Catherine Etheredge  
**Subject:** Re: Interesting article

Dear Catherine,

Thanks for passing on the link to the study - looks very interesting.

I am drafting a list of issues and aim to have it to you by tomorrow evening at the latest. I hope that gives you enough time to review it.

Could you please let me know how much time you have allotted for the meeting. I was also wondering whether the best place to park would be the Britomart carpark.

Thank you.

Kind regards,  
[REDACTED]

On 9 September 2014 09:56, Catherine Etheredge <CEtheredge@nzsuperfund.co.nz> wrote:

Hi [REDACTED] I thought you might find this article interesting:

[http://www.ai-cio.com/channel/NEWSMAKERS/Is\\_Reputation\\_More\\_Important\\_Than\\_Morals\\_in\\_Responsible\\_Investing\\_.html](http://www.ai-cio.com/channel/NEWSMAKERS/Is_Reputation_More_Important_Than_Morals_in_Responsible_Investing_.html)

If there are any specific companies or issues you would like to discuss at our meeting, please let me know – it would be good to get a heads up.

Best regards  
Catherine

**Catherine Etheredge**  
Head of Communications

DDI: +64 9 366 4905  
Mobile: +64 27 4777 501  
Email: [cetheredge@nzsuperfund.co.nz](mailto:cetheredge@nzsuperfund.co.nz)

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**From:** Catherine Etheredge  
**To:** [REDACTED]  
**Subject:** Postcards FYI  
**Date:** Monday, 15 September 2014 2:21:23 PM  
**Attachments:** 20140915124536095.pdf  
R - 20140915124742515.pdf  
image003.jpg

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Hi [REDACTED]

Nice to meet you today.

Attached are copies of the postcards, as discussed (the reverse is the same for all of them – I have redacted out the name of the correspondent).

The text from the pro forma email is as per below.

As discussed, we would be happy to review your article for accuracy prior to publication.

Best regards  
Catherine Etheredge

Dear Mr. Orr,

I am writing to request that the New Zealand Superfund immediately divest from the following four corporations involved in producing weapons used by the Israeli military in the recent attack on the Gaza Strip.

\*United Technologies, \$7,290,126, produces Blackhawk helicopters used to attack cities, refugee camps and villages.

\*The Boeing Company, \$6,579,342, sells Israel F-15A fighter jets and Apache AH 64 helicopters used in attacks on Gaza.

\*General Dynamics, \$1,967,381, manufactures diesel engines used in Israel's Merkava battle tanks and produces bombs for Israel.

\*Raytheon Co, \$1,797,902, produces bombs used in the attack on Gaza.

I wish to draw your attention to comments made on 6 July 2014 by United Nations Secretary-General Ban Ki-Moon that the actions of Israel have "shocked and shamed the world" and the conflict has raised questions over whether Israel has breached international law by attacking UNRWA schools.

Your organisation's continued investment in companies supplying Israel with the means to attack Gaza are an affront to the principles of international law and your decision to not divest is unreasonable in light of the circumstances.

I look forward to your response.

**Catherine Etheredge**

Head of Communications

DDI: +64 9 366 4905

Mobile: +64 27 4777 501

Email: [cetheredge@nzsuperfund.co.nz](mailto:cetheredge@nzsuperfund.co.nz)

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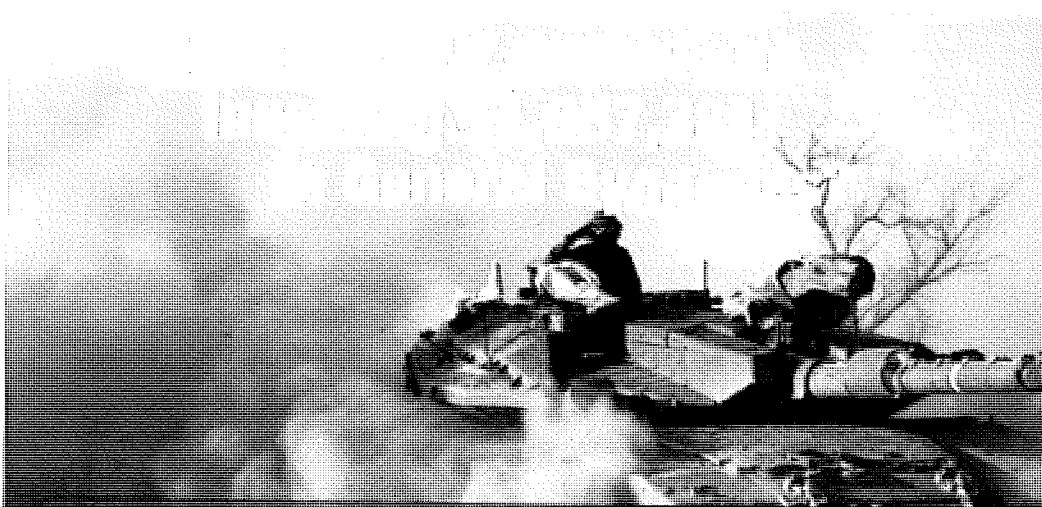
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**Why is the NZ SuperFund investing \$6,579,342 in The Boeing Company?**



**The Boeing Company was listed in 2012 as the second biggest arms supplier worldwide. Boeing has sold Israel F-15A fighter jets and Apache AH 64 helicopters currently being used in attacks on Gaza.**



**General Dynamics manufactures the GD 883 diesel engine for Israel's Merkava 4 battle tanks. It has supplied about 1,000 M60A3 Main Battle Tanks to Israel. These tanks are frequently used against Palestinians in the occupied territories. General Dynamics also produced 3,500 MK-84 "general purpose" bombs, spares and repair parts for Israel.**

**Why is the NZ SuperFund investing \$7,290,126 in United Technologies?**

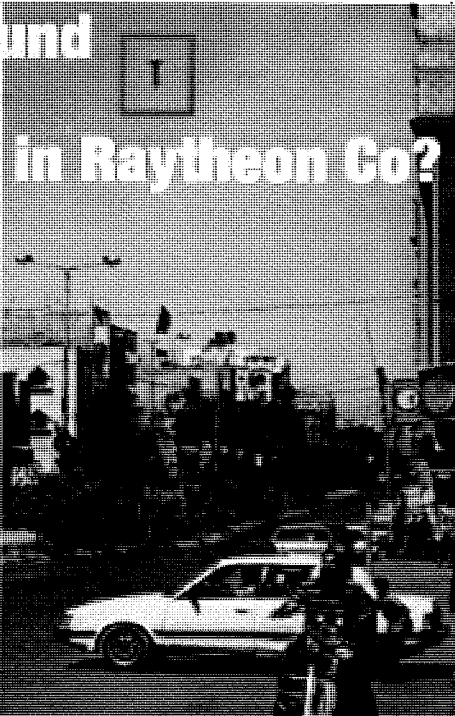


**United Technologies produces Blackhawk helicopters which are used by the Israeli military to attack Palestinian cities, refugee camps and villages. Many civilians have been killed in these attacks. United Technologies Pratt and Whitney Division produces engines for Israel's F-15 and F-16 aircraft, which are used against Palestinians.**

**Why is the NZ SuperFund investing \$1,797,902 in Raytheon Co?**



**The bomb is a 2,000lb GBU-10 Paveway II laser-guided bomb made by US corporate Raytheon Co.**



**in Raytheon Co?**

Dear Mr. Orr,  
I urge the New Zealand Super Fund to divest from the arms companies which provide armaments to the Israeli military.

\*United Technologies: produces Blackhawk helicopters used to attack Palestinian cities, refugee camps and villages. (\$7,290,126 invested)  
\*Boeing: sells Israel F-15A fighter jets and Apache AH 64 helicopters used in attacks on Gaza. (\$6,579,342)

RECEIVED  
NZPOST.CO  
KIM SLAPP  
17 SEP 14



Dear Mr. Orr,

I urge the New Zealand Super Fund to divest from these companies which provide armaments to the Israeli military:

- \*United Technologies: produces Blackhawk helicopters used to attack cities, refugee camps and villages. (\$7,290,126 invested)
- \*Boeing: sells Israel F-15A fighter jets and Apache AH 64 helicopters used in attacks on Gaza. (\$6,579,342)
- \*General Dynamics: manufactures diesel engines used in Israel's Merkava battle tanks and produces bombs for Israel. (\$1,967,381)
- \*Raytheon: produces bombs used in attacking Gaza. (\$1,797,902)
- \*Caterpillar: produces militarised bulldozers used to destroy Palestinian homes
- \* Israel Chemicals: produces white phosphorus which causes chemical burns.

I wish to draw your attention to comments made on 6 July 2014 by United Nations Secretary-General Ban Ki-Moon that the actions of Israel have "shocked and shamed the world".

NZ Super Fund continues to invest in companies which supply Israel with the means to attack civilians, and in companies which profit from the Israeli occupation of the West Bank and East Jerusalem. These investments are an affront to international law and the principles of human rights.

I urge you to divest from these corporations immediately and from all companies which profit from the occupation.

Yours sincerely

[Redacted signature]

DELIVERED BY NEW ZEALAND POST 110-05

POSTAL QUESTION: VISIT WWW.NZPOST.CO



To:  
**Adrian Orr**  
**Chief Executive Officer**  
**New Zealand Super Fund**  
**P O Box 106607**  
**Auckland 1143**

For more info:  
[wellington@aotearoabds.org](mailto:wellington@aotearoabds.org)

**From:** [REDACTED]  
**To:** Catherine Etheredge  
**Subject:** Re: Postcards FYI  
**Date:** Wednesday, 17 September 2014 12:51:16 AM

---

Hi Catherine,

Thank you and Anne-Maree for taking the time to meet with me, and for your offer of looking over my article in the future.

Thanks, I hadn't seen the postcard before or that General Dynamics was on the list too.

Following on from our meeting, I'd be grateful if you could assist me with the following queries:

- I was wondering if you could send me information that clarifies the Super Fund's position and decision-making on the four companies mentioned in the postcard and Caterpillar, specifically with regards to the Israel-Palestine conflict.

- Some people have said: "New Zealand has an obligation under international law to have the Super Fund divest from Israeli settlements". Firstly, I don't see any such obligation on NZ; secondly I don't see how the Government could easily compel the Super Fund (a Crown entity) to divest from companies even if they are closely associated with Israel's international crimes. Is this correct?

- Relating to the query above, I forgot to ask you about Ministerial Directions. Could you please point me to a document or an example that explains how this mechanism works.

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Thank you once again.

Kind regards,  
[REDACTED]

On 15/09/2014, at 2:21 pm, Catherine Etheredge <CEtheredge@nzsuperfund.co.nz> wrote:

Hi [REDACTED]

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As discussed, we would be happy to review your article for accuracy prior to publication.

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Catherine Etheredge  
Head of Communications  
DDI:  
+64 9 366 4905

Mobile:  
+64 27 4777 501

Email:  
cetheredge@nzsuperfund.co.nz

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PO Box 106 607, Auckland 1143, New Zealand  
Level 12, 21 Queen Street, Auckland, New Zealand  
Office: +64 9 300 6980 | Fax: +64 9 300 6981 | Web: [www.nzsuperfund.co.nz](http://www.nzsuperfund.co.nz)

<image003.jpg>

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<20140915124536095.pdf><R - 20140915124742515.pdf>

**From:** Catherine Etheredge  
**To:** [REDACTED]  
**Subject:** RE: Postcards FYI  
**Date:** Friday, 26 September 2014 3:50:31 PM  
**Attachments:** 20110929092507993.pdf

---

Hi [REDACTED]

Sorry for the delay in responding. It was nice to meet with you too.

Anne-Maree is currently overseas. I will come back to you on some of your points once she's back.

Here is a link to some information about Ministerial Directions:

<http://www.legislation.govt.nz/act/public/2004/0115/latest/DLM330364.html>

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## COMMERCE COMMITTEE

22 September 2011

Mr David May  
Chairman  
Guardians of New Zealand Superannuation  
P O Box 106607  
Auckland 1143

Dear Mr May

### **Petition 2008/143 of Lois Griffiths and 382 others**

The Commerce Committee is considering Petition 2008/143 of Lois Griffiths and 382 others, requesting that the New Zealand Parliament ask the Guardians of the New Zealand Superfund to divest the Fund from Elbit systems, Caterpillar, GAS and three major Israeli banks: Bank Hapoalim, Bank Leumi, and Israel Discount Bank, to ensure that New Zealanders are not profiteering from crimes against international humanitarian law.

To assist in its consideration of the petition, it would be helpful if the Guardians of the New Zealand Superfund could provide the committee with a written response to the issues raised in the petition. A copy of the petition is attached.

Your response should be forwarded by 12 pm on Tuesday, 14 October 2011, in writing, to the Clerk of the Committee, Commerce Committee, Bowen House, Parliament Buildings, Wellington, or emailed to [catherine.corser@parliament.govt.nz](mailto:catherine.corser@parliament.govt.nz).

Please note that your evidence will become public when released by the committee or when the committee makes its report to the House. Before releasing your response to the public, the committee may decide to release it to the petitioner for comment. You may apply for any or all of your evidence to be received in private or secret. The committee would require reasons before agreeing to such a request.

If you have any questions about the petition process, please contact me at [catherine.corser@parliament.govt.nz](mailto:catherine.corser@parliament.govt.nz) or by phone on 04 817 9523.

Yours sincerely

Catherine Corser  
Clerk of the Committee  
Commerce Committee

**PETITION PRESENTED**

on 9 September 2011

*Petition of* Lois Griffiths and 382 others

*Requesting* that the New Zealand Parliament ask the Guardians of the NZ Superfund to disinvest the Fund from Elbit Sysystems, Caterpuillar, G4S and three major Israeli banks: Bank Hapoalim, Bank Leumi and Israel Discount Bank.

Keith Locke

Committee referred to	Date	Date of Report	Recommendation
Commerce	9 September 2011		



## ORIGINAL PETITION

### To the House of Representatives

We request that the New Zealand Parliament ask the Guardians of the NZ Superfund to disinvest the Fund from Elbit Systems, Caterpillar, G4S and 3 major Israeli banks: Bank Hapoalim , Bank Leumi and Israel Discount Bank, to ensure that New Zealanders are not profiteering from crimes against international humanitarian law.

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## ELABORATION

The British philosopher Bertrand Russell was so disturbed by the Vietnam War that he established a tribunal in 1966, that became known as the Russell Tribunal on Vietnam, to investigate crimes committed in Vietnam and judge them according to international law. The Tribunal's panel included prominent international lawyers, writers and philosophers. Although the Tribunal had no legal status it was influential in exposing crimes against humanity and raising public opposition to the war. "May this Tribunal prevent *the crime of silence*", declared Bertrand Russell.

Today, and in the same spirit, the Bertrand Russell Foundation has supported the setting up of a Russell Tribunal on Palestine to examine the violations of international law, of which the Palestinians are victims, and that prevent the Palestinian People from exercising its rights to a sovereign State. This Tribunal intends to reaffirm the supremacy of international law as the basis for a solution to the Israeli Palestinian conflict. It will identify all the failings in the implementation of this right and will condemn all the parties responsible for these failings, in full view of international public opinion. Members of the International Support Committee of the RToP include Nobel Prize laureates, a former United Nations Secretary-General, two former heads of state, other persons who held high political office and many representatives of civil society, writers, journalists, poets, actors, film directors, scientists, professors, lawyers and judges.

The Tribunal's London Session in November 2010 specifically focused on the role of multinational corporations , including banks, in facilitating Israel's crimes.

The main questions the jury considered in London were:

1. Which Israeli violations of international law are corporations complicit in?
2. What are the legal consequences of the activities of corporations that aid and abet Israeli violations?
3. What are the remedies available and what are the obligations of states in relation to corporate complicity? The tribunal has named a number of corporations as being potential legally liable by enabling Israel to commit war crimes and crimes against humanity. The following list is of those that the NZ Superfund invests in. We request that the Guardians of the NZ Superfund be asked to disinvest the Fund from them.

**From:** [REDACTED]  
**To:** Catherine Etheredge  
**Subject:** Re: Postcards FYI  
**Date:** Monday, 29 September 2014 2:03:09 AM

---

Hi Catherine,

Thanks for the information below. I look forward to receiving the rest when Anne-Maree returns.

Thanks again.

Kind regards,  
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<20110929092507993.pdf>

**From:** Catherine Etheredge  
**To:** [REDACTED]  
**Subject:** RE: Report and Update on Previous Queries  
**Date:** Monday, 10 November 2014 11:48:15 AM

---

Thanks [REDACTED] – yes, I had seen that (they did us the courtesy of sending through a copy last week).

Apologies for the delay in responding to you. I will follow up and get back to you shortly.

Catherine

**From:** [REDACTED]  
**Sent:** Monday, 10 November 2014 11:45 a.m.  
**To:** Catherine Etheredge  
**Subject:** Report and Update on Previous Queries

Hi Catherine,

I hope you are well.

I thought you might be interested in this report that mentioned the Super Fund (see page 34-35): [http://www.dontbankonthebomb.com/wp-content/uploads/2014/11/2014\\_DBOTB\\_Chapter-3\\_web.pdf](http://www.dontbankonthebomb.com/wp-content/uploads/2014/11/2014_DBOTB_Chapter-3_web.pdf).

I was also wondering if you had a chance to look into my queries (email dated 17 September 2014, partially responded to on 29 September 2014).

Thanks very much.

Kind regards,  
[REDACTED]

**From:** Catherine Etheredge  
**To:** [REDACTED]  
**Subject:** FW: Response to [REDACTED]  
**Date:** Tuesday, 25 November 2014 11:55:55 AM

---

Dear [REDACTED],

Sorry so much for the delay in responding.

For your information, since we were in touch earlier in the year we have excluded General Dynamics from the Fund, based on refreshed information about its involvement in the manufacture of cluster munitions.

With regard to our position on Raytheon, Boeing, United Technologies and Caterpillar: the key point is that we have excluded companies involved in certain weapons that are subject to international conventions signed by New Zealand banning their manufacture. However, international conventions do not ban all weapons. We expect defence companies to abide by UN sanctions that restrict arms sales to countries on which the sanctions are imposed. Caterpillar supplies heavy machinery and equipment to the US defence force. It is the responsibility of Israel to abide by international law with respect to human rights, including in the use of equipment it may purchase from the US that was made by Caterpillar.

As previously communicated, in considering possible breaches of our responsible investment standards, we draw a distinction between being directly and materially involved in an activity versus being a supplier of materials or services in the normal course of business. In doing so, we consider whether the product or service is integral to the activity and tailor-made as opposed to being an off-the-shelf substitute or readily replaceable alternative.

Raytheon was previously excluded from the Fund based on its involvement in the manufacture of cluster munitions. However, following independent confirmation that it was no longer involved in the manufacture of cluster munitions, it was cleared for re-entry in June 2013.

I do not think we hold any more specific information on those companies than has already been provided to you already. Our monitoring agency has an ongoing brief to flag to us any abuses of international law or corporate behaviour that is inconsistent with the UN Global Compact.

With regard to your query about people saying we have an obligation under international law to divest from Israeli settlements: while the settlements have been found to be illegal, we are under no legal obligation to divest from companies involved. However, under our RI policy we have developed guidelines to integrate consideration of risks, engage with companies and exclude under certain criteria.

As to your question on Ministerial directions, a key feature of policy design for the Fund was that it would be managed by an independent body free from political influence. Reflecting this policy objective, the Minister has very limited powers to give directions to the Guardians. Ministerial directions may only be given to the Guardians (after consultation with the Guardians) regarding the Government's *expectations* as to the Fund's *performance*, including the Government's expectations as to risk and return. Further, the Minister may not give a direction that is inconsistent with the Guardian's duty to invest the Fund on a prudent, commercial basis. While the Guardians must have regard to any direction given (and notify the Minister as to how it

proposes to have regard to the direction) it is not obliged to comply with the direction.

We believe there is widespread support for our commercial independence on investment matters, as set out in the New Zealand Superannuation and Retirement Income Act. This independence is a key and necessary endowment for a long-term Fund like ours, in order to operate effectively beyond three-year election cycles.

Once again, apologies for the delay in responding on these points.

Catherine

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Sent: Monday, 29 September 2014 2:03 a.m.

To: Catherine Etheredge

Subject: Re: Postcards FYI

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Kind regards,

[REDACTED]



On 15/09/2014, at 2:21 pm, Catherine Etheredge <[CEtheredge@nzsuperfund.co.nz](mailto:CEtheredge@nzsuperfund.co.nz)> wrote:

Hi [REDACTED]

Nice to meet you today.

Attached are copies of the postcards, as discussed (the reverse is the same for all of them - I have redacted out the name of the correspondent).

The text from the pro forma email is as per below.

As discussed, we would be happy to review your article for accuracy prior to publication.

Best regards

Catherine Etheredge

Dear Mr. Orr,

I am writing to request that the New Zealand Superfund immediately divest from the following four corporations involved in producing weapons used by the Israeli military in the recent attack on the Gaza Strip.

\*United Technologies, \$7,290,126, produces Blackhawk helicopters used to attack cities, refugee camps and villages.

\*The Boeing Company, \$6,579,342, sells Israel F-15A fighter jets and Apache AH 64 helicopters used in attacks on Gaza.

\*General Dynamics, \$1,967,381, manufactures diesel engines used in Israel's Merkava battle tanks and produces bombs for Israel.

\*Raytheon Co, \$1,797,902, produces bombs used in the attack on Gaza.

I wish to draw your attention to comments made on 6 July 2014 by United Nations Secretary-General Ban Ki-Moon that the actions of Israel have "shocked and shamed the world" and the conflict has raised questions over whether Israel has breached international law by attacking UNRWA schools.

Your organisation's continued investment in companies supplying Israel with the means to attack Gaza are an affront to the principles of international law and your decision to not divest is unreasonable in light of the circumstances.

I look forward to your response.

Catherine Etheredge

Head of Communications

DDI:

+64 9 366 4905

Mobile:

+64 27 4777 501

Email:

[cetheredge@nzsuperfund.co.nz](mailto:cetheredge@nzsuperfund.co.nz)

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21 Queen Street, Auckland, New Zealand

Office: +64 9 300 6980 | Fax: +64 9 300 6981 | Web: [www.nzsuperfund.co.nz](http://www.nzsuperfund.co.nz)

<image003.jpg>

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<20140915124536095.pdf><R - 20140915124742515.pdf>

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<20110929092507993.pdf>

**From:** Catherine Etheredge  
**To:** [REDACTED]  
**Subject:** OIA request  
**Date:** Wednesday, 10 December 2014 3:48:52 PM  
**Attachments:** [image001.jpg](#)

---

Hi [REDACTED]

We have received an OIA request from the Palestine Solidarity Network. We are going to be releasing to them the material and responses we sent to you – as their request covers the same ground. Just wanted to ensure you were aware of this.

Best regards  
Catherine

**Catherine Etheredge**

Head of Communications

DDI: +64 9 366 4905  
Mobile: +64 27 4777 501  
Email: [cetheredge@nzsuperfund.co.nz](mailto:cetheredge@nzsuperfund.co.nz)

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Please consider the environment before printing this e-mail.

**From:** [REDACTED]  
**To:** Catherine Etheredge  
**Subject:** Re: Official Information Act materials – to be published on our website  
**Date:** Thursday, 1 October 2015 3:26:45 PM

---

Hi Catherine,

I hope you are well.

Thank you for letting me know. It is good this information will be in the public domain. I haven't had a chance to finish my write-up on the issue because of the Iraq issue.

It seems activists are still focused on Israel Chemicals. I personally think this is not very helpful. I was wondering if you are ready to release more information on your dealings with Israel Chemicals so this matter can be cleared up.

Thank you.

Kind regards,  
[REDACTED]

On 1 October 2015 at 14:57, Catherine Etheredge <[CEtheredge@nzsuperfund.co.nz](mailto:CEtheredge@nzsuperfund.co.nz)> wrote:

Hi [REDACTED] hope you're well. We have made a decision to publish OIAs on our website, starting with the ones for the 2013/14 year. This includes your request to us in regards to Israel Chemicals, Boeing and G4S. Your name and personal contact details have been redacted, but I wanted to let you know that, all going to plan, the information will be published on Monday. Feel free to call me on 0274 777 501 if you have any questions.

Best regards

Catherine

**Catherine Etheredge**  
**Head of Communications**

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**From:** [REDACTED]  
**To:** [Enquiries](#)  
**Subject:** OIA Request | NZSF | Holdings in relation to Israel  
**Date:** Thursday, 7 June 2018 9:38:46 AM

---

Alert: External email.

Dear Sir or Madam,

I would be grateful if you could provide me with the ESG profile (if available), recent reviews and assessments of the Fund's holdings in the following companies in relation to their business activities in Israel and the occupied Palestinian territories:

- Israel Chemicals
- Bank Hapoalim
- Bank Leumi
- Mizrahi Tefahot Bank
- First International Bank of Israel

I thank you in advance for your assistance in this matter.

Yours faithfully,  
[REDACTED]

**From:** Isabelle Brunton [IBrunton@nzsuperfund.co.nz] on behalf of /o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=981f6fa104f840e985d83427a736b18a-Isabelle.Br  
**To:** [REDACTED]  
**Cc:** Catherine Etheredge  
**Subject:** NZ Super Fund - OIA Response  
**Date:** Thursday, 5 July 2018 2:45:39 PM  
**Attachments:** [image003.png](#)  
[image004.png](#)  
2533024-1-Final - OIA Response - [REDACTED] - July 2018 .PDF  
[image005.jpg](#)

---

Good afternoon [REDACTED]

Please find our response to your Official Information Act request attached.

Best regards,  
Isabelle

**Isabelle Brunton**

Communications Advisor

DDI: +64 9 366 5494

Mobile: +64 21 817 602

Email: [ibrunton@nzsuperfund.co.nz](mailto:ibrunton@nzsuperfund.co.nz)

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05 July 2018

[REDACTED]

Dear [REDACTED]

## REQUEST UNDER THE OFFICIAL INFORMATION ACT 1982

Thank you for your request to the Guardians of New Zealand Superannuation ("**Guardians**") dated 7 June 2018 made pursuant to the Official Information Act 1982 ("**OIA**").

### Your Request

You have requested the following information:

*The ESG profile (if available), recent reviews and assessments of the Fund's holdings in the following companies in relation to their business activities in Israel and the occupied Palestinian territories:*

- *Israel Chemicals*
- *Bank Hapoalim*
- *Bank Leumi*
- *Mizrahi Tefahot Bank*
- *First International Bank of Israel*

We have interpreted 'recent' to mean information developed or received since your last OIA request in 2014.

In respect of your last OIA request, we have also revisited our 2014 decision to withhold our RI Engagement Decision on Israel Chemicals (document #1306776). At the time we withheld this document because (among other reasons) we were in the midst of a confidential engagement with the company and we were concerned that releasing the information would prejudice that engagement. As we are no longer engaging with Israel Chemicals, we are now in a position to largely release the document, as set out below.

### Context

The companies listed by you in your request are held passively in the New Zealand Superannuation Fund's "the **Fund's**" global equity portfolio, which is managed externally and includes shares in more than 6,500 companies around the world.

In deciding whether a company is in breach of the Fund's responsible investment standards and how material that breach is, the Guardians takes account of the proximity and importance of the company's actions, and our ability to engage with the company to change its business or practices. We draw a distinction between being directly and materially involved in an activity, versus being a supplier of materials or services, in the normal course of business.

We take our lead from national and international laws, conventions to which the New Zealand Government has signed, and significant public policy positions of the New Zealand Government. We are aware of no evidence to suggest that Israel Chemicals, or



the banks listed by you in your letter, are operating contrary to national and international laws, or conventions the New Zealand Government is a signatory to.

Therefore, the companies listed by you in your letter are not captured by our exclusion decision.

We will, however, continue to monitor the companies concerned to ensure that our investment portfolio meets our responsible investment standards and remains in line with the New Zealand Government's position and international law on the issue, should those change.

## **Our Response**

Details of the information we have pertaining to your request, and our response in respect of that request, are set out in **Table 1 below** this letter. The information we are releasing can be found **attached**, at **Appendix 1**.

We have withheld documents, as well as portions of certain documents, on the basis that we have a good reason for doing so under section 9 of the OIA. In **Table 1** we have identified the particular grounds that apply to each document.

The general bases on which it is necessary for us to withhold the information, and the grounds under the OIA that we refer to, are as follows.

**Section 9(2)(a)** – *“Protect the privacy of natural persons”*. Names and contact details pertaining to individuals other than senior managers have been withheld in order to protect the privacy of natural persons. We cannot see any public interest in, or benefit from, the release of such personal information. Information regarding the identity of these individuals is not required for the purposes of transparency and accountability of the Guardians' activities.

**Section 9(2)(b)(ii)** – *“Protect information where the making available of the information would be likely to unreasonably prejudice the commercial position of the person who supplied or who is the subject of the information”*. As part of our investment activity we contract with various suppliers, including responsible investment/ethical screening and research agencies. These agencies are commercial entities in their own competitive markets, and their business model depends upon developing and selling proprietary advice and research.

Given the reports are central to their business model and developed at considerable expense, these agencies are naturally very concerned about protecting their intellectual property and proprietary analysis, including because disclosing such information can cause them loss of revenue opportunities or make their research available to competitors.

Furthermore, because the information in question has been produced with recourse to third party sources, our suppliers could be in breach of their own licensing agreements should this information become subject to public distribution.

Given this, releasing the information to the public would limit the ability of our suppliers to sell research to clients in the future, and may expose them to financial litigation which in our view would unreasonably prejudice their commercial position.

**Section 9(2)(ba)(i)** – *“Protect information which is subject to an obligation of confidence...where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.”* The information

provided to us by companies on responsible investment/ethical matters is frequently of a commercially sensitive character, and imparted on a confidential basis. Our partners and suppliers are reassured by our commitments to maintain and respect confidentiality, particularly given that disclosure can have an adverse financial impact upon them as described above. They will not work with us if we cannot uphold the confidentiality of this information, creating a very real risk that future engagement and the supply of such information would be jeopardised, which would have a significant adverse impact on our activities. It is therefore in the public interest that we maintain the highest standards of confidentiality and commercial sensitivity with those we work with.

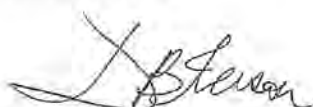
**Section 9(2)(g)(i)** – *“Maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown.”* It is important for our efficient and effective operations that our staff and officers are able to express their opinion freely and frankly. The information in question includes opinions of staff members who prepared those materials. The release of such information is likely to inhibit frankness and candour in the future which will be detrimental to good investment decision making and contrary to the public interest.

We have also relied upon section **9(2)(g)** in respect of certain information.

### General

You have the right to seek a review by the Ombudsmen's Office of our decision to withhold the information. Please note that we may choose to publish our response to your request on our website at [www.nzsuperfund.co.nz](http://www.nzsuperfund.co.nz).

Yours sincerely



David Iverson  
Acting Chief Investment Officer

Table 1

	Document Reference	Date	Document Name	Decision
1	<a href="#">1698621</a>	17/08/2015	Email between NZSF staff - "RE: Alleged comments on phosphorus during 'occupation' of reception in 2014"	Partially withheld under sections 9(2)(a) and 9(2)(g)(i).
2	<a href="#">1306776</a>	05/08/2014	RI Engagement Decision on Israel Chemicals	Partially withheld under sections 9(2)(b)(ii), 9(2)(ba)(i).
3	<a href="#">1768801</a>		Peace Action Wellington Report Profiting from War: New Zealand's weapons and military-related industry	Released in full.
4	<a href="#">2513159</a>		The Israeli Occupation Industry – Who Profits – Financing land Grab – The Direct Involvement of Israeli Banks in the Israeli Settlement Enterprise	Released in full .
5	<a href="#">2521621</a>	26/02/2018	ESG Research by MSCI: Israel Chemicals: ESG Ratings Tearsheet	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
6	<a href="#">2521622</a>	26/02/2018	ESG Research by MSCI: Israel Chemicals: ESG Ratings Report	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
7	<a href="#">2521626</a>	26/02/2018	ESG Research by MSCI: Israel Chemicals: ESG DataMetrics Report	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
8	<a href="#">2521627</a>	26/02/2018	ESG Research by MSCI: Israel Chemicals: Intangible Value Assessment	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
9	<a href="#">2521629</a>	15/04/2018	ESG Research by MSCI: Israel Chemicals: ESG Controversies	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
10	<a href="#">2521651</a>	13/06/2018	ESG Research by MSCI: Israel Chemicals: Business Involvement Screening Research	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).

11	<a href="#"><u>2521632</u></a>	24/08/2017	ESG Research by MSCI: Bank Hapoalim: ESG Ratings Tearsheet	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
12	<a href="#"><u>2521637</u></a>	24/08/2017	ESG Research by MSCI: Bank Hapoalim: ESG Ratings Report	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
13	<a href="#"><u>2521640</u></a>	24/08/2017	ESG Research by MSCI: Bank Hapoalim: ESG DataMetrics Report	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
14	<a href="#"><u>2521646</u></a>	24/08/2017	ESG Research by MSCI: Bank Hapoalim: Intangible Value Assessment (IVA)	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
15	<a href="#"><u>2521647</u></a>	15/02/2018	ESG Research by MSCI: Bank Hapoalim: ESG Controversies	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i)
16	<a href="#"><u>2521650</u></a>	16/06/2018	ESG Research by MSCI: Bank Hapoalim: Nusiness Involvement Screening Research	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
17	<a href="#"><u>2521652</u></a>	27/09/2017	ESG Research by MSCI: Bank Leumi: ESG Ratings Tearsheet	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
18	<a href="#"><u>2521656</u></a>	27/09/2017	ESG Research by MSCI: Bank Leumi: ESG Ratings Report	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
19	<a href="#"><u>2521657</u></a>	27/09/2017	ESG Research by MSCI: Bank Leumi: ESG DataMetrics	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
20	<a href="#"><u>2521658</u></a>	27/09/2017	ESG Research by MSCI: Bank Leumi: Intangible Value Assessment	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
21	<a href="#"><u>2521659</u></a>	04/09/2017	ESG Research by MSCI: Bank Leumi: ESG Controversies	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
22	<a href="#"><u>2521660</u></a>	13/06/2018	ESG Research by MSCI: Bank Leumi: Business Involvement Screening Research	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
23	<a href="#"><u>2521662</u></a>	24/08/2017	ESG Research by MSCI: Mizrahi Tefahot Bank: ESG Ratings Tearsheet	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).

24	<a href="#"><u>2521667</u></a>	24/08/2017	ESG Research by MSCI: Mizrahi Tefahot Bank: ESG Ratings Report	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
25	<a href="#"><u>2521669</u></a>	24/08/2017	ESG Research by MSCI: Mizrahi Tefahot Bank: ESG DataMetrics	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
26	<a href="#"><u>2521671</u></a>	24/08/2017	ESG Research by MSCI: Mizrahi Tefahot Bank: Intangible Value Assessment (IVA)	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
27	<a href="#"><u>2521730</u></a>	25/05/2018	ESG Research by MSCI: Mizrahi Tefahot Bank: ESG Controversies	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
28	<a href="#"><u>2521733</u></a>	13/06/2018	ESG Research by MSCI: Mizrahi Tefahot Bank: Business Involvement Screening Research	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).
29	<a href="#"><u>2521734</u></a>	13/06/2018	ESG Research by MSCI: First International Bank of Israel: Business Involvement Screening Research	Withheld in full under sections 9(2)(b)(ii), 9(2)(ba)(i).



1	<a href="#">1698621</a>	17/08/2015	Email between NZSF staff - "RE: Alleged comments on phosphorus during 'occupation' of reception in 2014	Partially withheld under sections 9(2)(a) and 9(2)(g)(i).
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**From:** [REDACTED]

**Sent:** Sunday, 16 August 2015 10:54 a.m.

**To:** Adrian Orr [REDACTED]  
[REDACTED]

**Subject:** RE: Alleged comments on phosphorus during 'occupation' of reception in 2014

[REDACTED]

The Superdocs for ICL is 1306776

I will put on RI Intranet page since it just keeps coming back.

Israel Chemicals (ICL) makes many phosphate products to supply to consumer product manufacturers - including calcium phosphate for toothpaste.

WP is pure phosphorus form and flammable. Special conditions needed to manage and is used as precursor also to other phosphorus products.

Mainly ICL sources from own phosphate reserves (calcium phosphate is normal form)

Exclusion of suppliers of materials to arms industry would widen the exclusion list to unworkable extent.

What made this case more difficult hence the detailed review was if the smoke screen devices 1. Are subject to international ban as an incendiary weapon and 2. If any devices which ICL supplied US with were used as such a weapon.

[REDACTED]

2	<u>1306776</u>	05/08/2014	RI Engagement Decision on Israel Chemicals	Partially withheld under sections 9(2)(b)(ii), 9(2)(ba)(i).
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## RI Engagement Decision

<b>Company</b>	<b>Israel Chemicals (ICL)</b>
<b>Domicile/Sector</b>	<b>Israel/Chemicals</b>
<b>Description of issue</b>	
<p><b>Synopsis:</b> <i>This profile considers the issue of ICL's supply of white phosphorus to the US Army for white phosphorus (WP) projectiles<sup>1</sup> where there is a risk that these weapons were exported to the Israeli Defense Force (IDF) which used them in a manner that breached the Geneva Convention Protocol I during the 2008-2009 conflict. There is debate as to whether or not WP weapons were used by the IDF in breach of Protocol III of the Convention on Certain Conventional Weapons during that conflict. The primary use by defence forces of White Phosphorus projectiles is as a smoke screen but they can also be used as an incendiary device . There were some allegations that the IDF has repeated its use of WP weapons against civilians in the current Gaza conflict but to date these allegations are unsubstantiated. We consider if ICL breaches our RI standards as a supplier of white phosphorus for WP weapons to the US Army.</i></p> <p>In determining whether to engage, hold or exclude a company, we consider if the company is <i>materially</i> breaching our RI standards, based on evidence from <i>reputable sources</i>, and where engagement is <i>unlikely</i> to materially change behavior. Exclusion would require a strong belief that the Guardians RI standards had been breached although the burden of proof might fall short of further verifying this breach through more extensive research or discussions with other parties. Our standards for companies include international law, New Zealand &amp; national law and the UN Global Compact.</p> <p><b>Israeli Defence Force and White Phosphorus</b></p> <p>During the 2008-2009 Gaza conflict, the Israeli Defence Force (IDF) used white phosphorus weapons over areas of civilian population causing significant harm and fatalities through serious burns (white phosphorus keeps burning on exposure to oxygen so can burn to the bone for example). The United Nations Fact Finding Mission on the Gaza Conflict 2009 reported that the IDF breached <b>Protocol Additional to the Geneva Conventions of 12 August 1949, and Relating to the Protection of Victims of International Armed Conflicts (Protocol I)</b>.</p> <p>It has been a <i>matter of intense debate</i> that the IDF's use of WP weapons could also have breached the <b>UN Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects (CCW)</b>.<sup>2</sup> The UN mission did not make a finding on the CCW in its report.</p>	

<sup>1</sup> A description of white phosphorus weapons can be found here <http://www.globalsecurity.org/military/systems/munitions/m110.htm> Definitive proof of recent export by the US of WP Projectiles is still being assessed.<sup>1</sup> The most common use for white phosphorus during war is for smoke screens or illumination. Sometimes the same weapon can be used as an incendiary device directly at military personnel.

<sup>2</sup> WP weapons did not kill the most civilians during the 2009 Gaza conflict - many more died from missiles, bombs, heavy artillery, tank shells, and small arms fire – but their use in densely populated neighbourhoods, including downtown Gaza City, violated international humanitarian law. (Human Rights Watch report)

In 2013 the IDF said it would find alternatives to the use of WP projectiles, seeming to announce an end to use (except in certain circumstances not disclosed). White phosphorus projectiles used in the conflict included US supplies of the weapon (the US supplies the vast majority of Israel's weaponry). Defence forces report that the common use for White Phosphorus is as smoke screens and for illumination. The IDF and the US has also referred to using it to "flush out" enemy military personnel.

The recent July-August 2014 Israeli-Gaza conflict has again led to allegations of the use by IDF of WP weapons over civilian populations.<sup>3</sup> [REDACTED] reviewed media coverage of these allegations and has concluded *that there remains insufficient evidence to support the allegation that WP has been used as a weapon in the present conflict*. Corroborating evidence for the use of WP as a weapon is insufficient for independent reportage by Western media, particularly British media (Guardian, Independent). Nor has Al Jazeera reported on any use of WP in the present conflict.

*We do not have corroborated evidence that the IDF has used WP weapons in civilian areas during the current conflict.*

### Israel Chemicals

**Israel Chemicals description:** Israel Chemicals (ICL) is a supplier of fertilizer and agricultural chemicals including a major manufacturer of specialty fertilizers and specialty phosphates, bromine, flame retardants and water treatment solutions. ICL's mining and manufacturing activities are located in Israel, Europe, the Americas and China. ICL's sales to the military account for <1% of revenues. Israel Corporation is a parent of ICL (from which it receives the majority of its profits).

**NZSF holding:** As at 1 August 2014: \$887,121 in Israel Chemicals and \$275,073 in its parent Israel Corporation. Both companies are on the (lower end) of the MSCI Large Cap Index.

### ICL & WP weapons:

ICL is a strategic supplier of white phosphorus to the US Army for its manufacture of white phosphorus projectiles at its Pine Bluff Arsenal. [REDACTED]

[REDACTED] ICL is primarily known as a supplier of fertilisers, flame retardants and phosphates to a wide range of industries including food and personal care. White phosphorus itself forms a pre-cursor to other phosphate products.<sup>5</sup> Documents released by the US Army in 2013 identify ICL as a strategic supplier of white phosphorus to the US Army for the production of White Phosphorus (WP) projectiles between August 2008 and September 2011. The US Army's (and other defence forces) primary use of these projectiles is for screening, spotting and signalling purposes. Another document confirms that ICL was awarded another US Army contract in January 2013.

A US Army release makes it clear that it sees white phosphorus as a strategic component of its weapons arsenal and its suppliers as strategic given the specialized nature of the facilities required for producing, storing and transporting white phosphorus. The Army in turn requires specialized facilities (Pine Bluff Arsenal) to assemble white phosphorus (WP) projectiles. The US Army document focuses on this aspect in its justification for not opening the supplier arrangements up to open competition, with its preference being for a North American supplier. The only US supplier identified by them was Monsanto who had supplied via a distributor ("as Monsanto would not supply the US defense force directly"). Monsanto's contract with the distributor had expired and it is not known if it has been renewed. The US army had sourced white phosphorus from two other suppliers - Israel Chemicals' subsidiary ICL Performance Products and a US firm Mil-Spec Industries<sup>6</sup> specifically for white phosphorus for WP M110, 155MM Projectiles.

Therefore, ICL's business as a white phosphorus supplier for weapons can be considered "*strategic*" rather than "*off-the-shelf*". [REDACTED]

The majority of Israel's armaments are imported from the US. Therefore, the IDF is *likely* to import most of its white phosphorus weapons from the US. We cannot determine that ICL also provided white phosphorus prior to 2008 as portions of the US Army document are redacted. WP projectiles exported to Israel which could have been used in

<sup>3</sup><http://www.presstv.ir/detail/2014/07/21/372201/israel-drops-phosphorus-bombs-on-gaza/> (poor quality source - see notes below)

<sup>5</sup> <http://education.ilab.org/itselemental/ele015.html>

<sup>6</sup> Appears to be un-listed. There are no NZSF holdings in Mil-Spec.



the previous conflict of 2008-2009 *may have* contained ICL white phosphorus, although are more likely to have contained white phosphorus material from Mil-Spec Industries.

*If the IDF has used WP weapons during the current conflict, it is likely (but not able to be verified) that WP weapons exported by the US during 2008-2013 would be amongst the IDF's arsenal and it is likely (but not able to be verified) that ICL's white phosphorus would be a component of these weapons.*

#### **ICL's degree of involvement:**

In deciding whether a company is breaching the Fund's responsible investment standards and how material that breach is, we take account of the proximity and importance of the company's actions to an activity that breaches our standards. We draw a distinction between being directly and materially involved in an activity versus being a supplier of materials or services in the normal course of business. In doing so, we consider whether the product or service is integral to the activity and tailor-made as opposed to being an off-the-shelf substitute or readily replaceable alternative.

There is no evidence that ICL has not complied with relevant laws, including arms control law, in its supply of white phosphorus to the US Army.

ICL's involvement in the production of the US WP weapons is *direct*. ICL's connection to the breach of international law is *indirect*. ICL is not responsible for the US Army's export arrangements. ICL also cannot control the IDF's use of these weapons against civilians and the production of such weapons are not banned.

Nevertheless, ICL would have had knowledge of the accusations of misuse during the 2009 Gaza conflict and the UN investigation into it when continuing to supply WP for WP weapons production in 2010, 2011 and 2013. The company is exposed to a high degree of reputational and therefore business risk through involvement in these types of weapons. We would expect ICL to ensure its compliance with *UN Global Compact Principles 1&2 on Human Rights* in relation to the controversy surrounding this issue.

*In 2013 the company had a contract approved to supply the US Army white phosphorus so we can assume it has not exited this business.*

*In summary, ICL's degree of involvement is: indirect in terms of proximity although its product is integral to the production of WP weapons. In considering the intention of ICL's supply arrangements, the main use of these weapons is meant to be as smoke screens.*

## **International & National Law and UN Global Compact**

### **Legal status of the use of White Phosphorus weapons and its use in Gaza during 2008-9**

There has been detailed investigations into the IDF's use of WP weapons during the 2008-2009 Gaza conflict. *Unsubstantiated* accusations have been made that the IDF has used WP weapons against civilians during the ongoing conflict (2014).

The UN has a role to address contravention of UN conventions by member states. The following explains the breach of international law by the IDF. Israel Chemicals itself has not breached international law.

#### **International Law**

Report findings on IDF's use of WP weapons in Gaza during 2008-9 are summarised below<sup>7</sup>.

### **Protocol Additional to the Geneva Conventions of 12 August 1949, and Relating to the Protection of Victims of International Armed Conflicts (Protocol I).**

The UN Mission finds that in a number of cases Israel failed to take feasible precautions required by customary law reflected in article 57 (2) (a) (ii) of Additional Protocol I to avoid or minimize incidental loss of civilian life, injury to civilians and damage to civilian objects. The firing of white phosphorus shells over the UNRWA compound in Gaza City is one of such cases in which precautions were not taken in the choice of weapons and methods in the attack. "... The Mission, while accepting that white phosphorus is not at this stage proscribed under international law, finds that the Israeli armed forces were systematically reckless in determining its use in built-up areas".

<sup>7</sup> See also <http://www.weaponslaw.org/weapons/white-phosphorus-munitions> for full range of potentially applicable laws.

### The UN Convention on Certain Conventional Weapons (CCW)<sup>8</sup>.

The CCW has a number of protocols. Protocol III deals with the use of incendiary weapons. White Phosphorus projectiles themselves are not banned but the way they are used is controlled. There are two key uses i) smoke screen or illumination; ii) incendiary. It appears that the same type of projectile can be used in both ways (multi-use). Smoke shells, even when using white phosphorus, are not considered to be incendiary weapons. However, armed forces also may use the incendiary nature (together with the smoke) of the device to “flush out” personnel. Producers and armed forces inevitably state that WP’s primary use is as a smoke screen or for illumination, and as such its use falls outside the definition of an incendiary device. Regardless of the type of use, care needs to be taken near civilian populations to avoid the extreme harm that can result.

The CCW definition for incendiary weapons does not deal well with multipurpose use. Therefore, because producers and militaries describe WP artillery projectile rounds as smoke munitions, Protocol III can be read to preclude them from its remit.

Protocol III prohibits the use of incendiary weapons in a way that causes indiscriminant harm to civilian populations.

“Protocol III on Prohibitions or Restrictions on the Use of Incendiary Weapons prohibits, in all circumstances, making the civilian population as such, individual civilians or civilian objects, the object of attack by any weapon or munition which is primarily designed to set fire to objects or to cause burn injury to persons through the action of flame, heat or a combination thereof, produced by a chemical reaction of a substance delivered on the target. The protocol also prohibits the use of incendiary weapons against military targets near concentration of civilians, which may otherwise be allowed by the principle of proportionality.”

#### Protocol III Definition

“Incendiary weapon” means any weapon or munition which is primarily designed to set fire to objects or to cause burn injury to persons through the action of flame, heat, or combination thereof, produced by a chemical reaction of a substance delivered on the target.

(a) Incendiary weapons can take the form of, for example, flame throwers, fougasses, shells, rockets, grenades, mines, bombs and other containers of incendiary substances.

(b) Incendiary weapons do not include:

(i) *Munitions which may have incidental incendiary effects, such as illuminants, tracers, smoke or signalling systems; .....*”

Human Rights Watch's report (Rain of Fire) into the use of White Phosphorus in the 2009 Gaza conflict made the case that the IDF's use of white phosphorus weapons was as an incendiary weapon, and as such when used in heavily populated civilian areas such use breached of Protocol III of the CCW in 2009.<sup>9</sup> There has been much debate since on whether the WP Phosphorus weapons used fall within or without the CCW – but HRW itself says the CCW is flawed in this respect for not being clear in its definition on multi-purpose use.

#### Background to UN investigation into 2009 conflict

The United Nations Fact Finding Mission on the Gaza Conflict, known as the **Goldstone Report**, was a team established in April 2009 by the United Nations Human Rights Council (UNHRC) during the Gaza War (January 2009) as an independent international fact-finding mission to investigate alleged violations of international human rights law and international humanitarian law in the Palestinian territories, particularly the Gaza Strip, in connection with Gaza War. The report says that Israeli forces were “systematically reckless” in determining the use of white phosphorus in built-up areas. The writers highlighted the Israeli attack on the UN Relief and Works Agency compound in Gaza City on 15 January, the attack on the Al Quds hospital, and the attack on the Al Wafa hospital, each of which involved using white phosphorus. They described its use as disproportionate or excessive under international law. More generally, the UN report recommended that “serious consideration should be given to banning the use of white phosphorus in built-up areas”.

Nevertheless, the UN mission's report states that the IDF acted in contravention of the Geneva Convention Protocol 1 – it did not state, unlike the Human Rights Watch report, that the IDF contravened the CCW Protocol III.

#### New Zealand

<sup>8</sup> Full name: Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects as amended on 21 December 2001.

<sup>9</sup> White Phosphorus used as a smoke shell, its most common use in conflict, is not defined as an incendiary weapon under the CCW so it is only WP projectiles use against personnel that is the subject of investigation here.

New Zealand is a party to Protocol III of the CCW (Israel and US are not) and to the Geneva Convention.

New Zealand Position on Israel (<http://www.mfat.govt.nz/Foreign-Relations/Middle-East/2-Arab-Israeli-conflict.php>) New Zealand states its position on Israel-Palestine clearly on the MFAT website. This supports a lasting two-state settlement in accordance with UN Security Council resolutions and with subsequent agreements between Israel and Palestine. More recently, it supported a UN resolution calling for a ceasefire to the current conflict.

### Israel Law

Following criticism over its use of White Phosphorus during its 2009 offensive in Gaza, Israel proposed a prohibition on use except in two limited undisclosed exceptions. In April 2013 the Israeli army said in a statement that it would replace white phosphorus shells with ones based entirely on gas. Officials didn't offer further details, nor give a specific date for when they would retire the shells.

"On May 13, 2013, the Israeli Supreme Court heard a petition by Israeli human rights and other civil society groups seeking a ban on the Israel Defense Forces' use of certain white phosphorus munitions in populated areas. At the hearing, the Israeli state attorney proposed "a prohibition on the use of white phosphorus in built-up areas for the time being, with two limited exceptions that were presented before the judges" in a separate ex parte hearing. For undisclosed security reasons, the petitioners and their lawyers were not allowed to review the proposed exceptions."<sup>10</sup> In July 2013 the Israeli High Court dismissed a petition calling for a complete ban on the Israeli military's use of white phosphorus munitions in populated areas.<sup>11</sup>

*In summary, a customer of ICL, the US Army, may have exported white phosphorus weapons to the IDF which has used these weapons in a breach of international conventions to which New Zealand is a signatory.*

### Company Policies, Standards and Practices

The Israeli Defense Force used US-made WP projectiles during the 2008-2009 Gaza conflict. We consider if ICL's own response to the issue of the use of WP weapons against civilians has been inconsistent with the UN Global Compact Principles 1 & 2. In doing so, we consider the proximity of the company's actions to a breach of standards and the materiality of the issue. It is also relevant to consider if breaches are ongoing or historic.

### UN Global Compact Standards

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

UN Global Compact Human Rights Principles:

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and  
Principle 2: make sure that they are not complicit in human rights abuses.

The UN Guiding Principles for Business and Human Rights provide guidance to the UN Global Compact Principles 1 & 2. The guidance recognizes that States themselves are responsible for abiding by human rights law. They also have a responsibility to see that business enterprises in the State respect human rights. The guidance to companies states that the responsibility to respect human rights requires that business enterprises **seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.**

It furthers states business enterprises may be involved with adverse human rights impacts either through their own activities or as a result of their business relationships with other parties. There are situations in which the enterprise lacks the leverage to prevent or mitigate adverse impacts and is unable to increase its leverage. Here, the enterprise should consider ending the relationship. The importance to the viability of the business are factors to take into consideration.

ICL is in the situation highlighted in the UN Guiding Principles of lacking leverage. This is common amongst component suppliers to armament manufacturers who in turn supply armed forces. ICL is not the weapons producer or exporter. There are a multitude of strategic component suppliers that cannot be held directly responsible for the illegal use of products to which those components are supplied.

The military force using weapons has the primary responsibility to use these in compliance with all relevant law and the State has responsibility to hold them to account. The weapons producer and exporter has responsibility to

<sup>10</sup> <http://www.hrw.org/news/2013/05/18/israel-strengthen-white-phosphorus-phase-out>

<sup>11</sup> <http://www.hrw.org/news/2013/07/12/israel-high-court-rejects-legal-ban-white-phosphorus>



ensure it abides by arms control regulations. The armaments industry is then reliant on behavior of the State as most weapons could be used in contravention of international law. In fact many more civilians died in Gaza from other conventional weapons than from white phosphorus weapons.

Israel Chemicals has not published any position on its provision of white phosphorus to armed forces for use in weapons that addresses the risk of its use on civilians. Following the 2008-9 conflict, ICL would be expected to review its supply of white phosphorus for use by defence forces. We do not know if such a review was undertaken but we do know that ICL was awarded another contract to supply the US Army in 2013. There may be some leverage the company can bring through legal contracts restricting use of WP to smoke screens and away from civilians.



Relevant RI standards	Status
Based on 2008-2009 conflict, the breach of standards by the IDF is historic. There is a risk that the breach could be repeated in current or future conflicts.	
International Law	Indirect – IDF breach of Geneva Convention Protocol I/ possibly CCW
Universal Declaration of Human Rights	Indirect – IDF action inconsistent with Human Rights Norms
National Law	Indirect- IDF action contrary to NZ Law (party to Geneva/CCW)
UN Global Compact Principles 1	Direct-Inconsistent with support for international human rights
UN Global Compact Principles 2	Direct-Inconsistent in avoiding complicity in human rights abuse
<b>Assessment</b>	<b><i>Indirect connection to past breach of international law by customer. Potential direct breach of UN Global Compact by ICL to avoid indirect complicity.</i></b>

Materiality of issue		
Contravention of international sanctions or International Law.?	Indirect	* Contravention not directly by ICL.
Significant regulatory non-compliance?	Indirect	WP weapons are not banned under any international convention. The use of white phosphorus incendiary devices in highly populated civilian areas presents breaches the Geneva Convention Protocol I and has a <i>high risk</i> of breaching Protocol III of the CCW. This breach of use has severe long term material impact on civilian populations including death and severe injuries. The IDF announced in 2013 it would find alternatives to white phosphorus but it is not clear if the IDF has truly committed not to use WP weapons in civilian areas. Israel Chemicals does not have control over how defence forces use the WP weapon or who the US Army exports these weapons to. Israel Chemical's involvement is therefore <i>indirect</i> through the provision of a strategic component – white phosphorus – to the US Army. It is a reasonable assumption that the IDF purchased WP weapons from the US. The white phosphorus material is the cause of significant harm. <i>It cannot be verified</i> that ICL's white phosphorus was in the weapons used by the IDF – it may have been another supplier. But ICL's continued supply may breach the UN Global Compact given its knowledge of the severity of the human rights risk associated with WP weapons, post the UN inquiry into the 2009 Gaza conflict. We do not know if ICL has tried to use legal leverage to restrict use to smoke screens. <i>However suppliers of weapons components typically have little control over use of the final product in the field.</i>
Severe long-term impact	Indirect	
Severe but short-term impact	Indirect	
Structural problem (history of problems)?	?	
Direct involvement?	No	
The issue is material – currently treated as historic as have no proof of misuse of white phosphorus in current conflict.		
<b>Assessment</b>		<b>Materiality high due to impact from past illegal use of product by defence forces. Proximity to ICL is indirect.</b>
<b>Key sources</b>		
<p> <a href="https://www.fbo.gov/index?tab=documents&amp;tabmode=form&amp;subtab=core&amp;tabid=932cd90366b54e388c441ac36160095f">https://www.fbo.gov/index?tab=documents&amp;tabmode=form&amp;subtab=core&amp;tabid=932cd90366b54e388c441ac36160095f</a>  <a href="https://www.fbo.gov/index?s=opportunity&amp;mode=form&amp;tab=core&amp;id=b521c13567ed9f314ed170d0a9d3a04f">https://www.fbo.gov/index?s=opportunity&amp;mode=form&amp;tab=core&amp;id=b521c13567ed9f314ed170d0a9d3a04f</a>                      UN <a href="http://www.un.org/en/ga/search/view_doc.asp?symbol=A/ES-10/PV.36">http://www.un.org/en/ga/search/view_doc.asp?symbol=A/ES-10/PV.36</a>                      NZ support for UN ceasefire                      MFAT website: CCW <a href="http://www.mfat.govt.nz/Foreign-Relations/1-Global-Issues/Disarmament/0--Conventional-arms/0-conventional-weapons.php">http://www.mfat.govt.nz/Foreign-Relations/1-Global-Issues/Disarmament/0--Conventional-arms/0-conventional-weapons.php</a>; Israel-Palestinian ceasefire 2014 <a href="http://www.beehive.govt.nz/release/nz-calls-gaza-ceasefire">http://www.beehive.govt.nz/release/nz-calls-gaza-ceasefire</a>  <a href="http://www2.ohchr.org/english/bodies/hrcouncil/docs/12session/A-HRC-12-48.pdf">http://www2.ohchr.org/english/bodies/hrcouncil/docs/12session/A-HRC-12-48.pdf</a> (Goldstone Report)  <a href="http://www.weaponslaw.org/weapons/white-phosphorus-munitions">http://www.weaponslaw.org/weapons/white-phosphorus-munitions</a> </p> <p>Gaps in information – ICL's controls over misuse by customers; whether ICL was the actual source of the WP used by IDF. Unreliable source suggesting IDF misuse during current conflict but this has not been corroborated by reliable media or organisations.</p>		
<b>Assessment</b>		<b>Reliable sources concerning the past use of WP on civilians &amp; ICL as a supplier to US Army.</b> <b>No reliable source of current breaches.</b> <b>There are gaps in information linking ICL to IDF weapons.</b>

Likely effectiveness of engagement		
<b>Context</b>		
Issue conflicts with viability of company?	No	ICL has many other business lines and so is not reliant on the White Phosphorus supply to the military (all military sales <1%). This may however be more material to its subsidiary company.
Lacks of ability to control situation?	Correct	
Legal compliance is not sufficient to control situation.	Correct	
<b>Responsiveness</b>		
Structural issue (history of problems)?	Yes	Engagement has two challenges: <i>proximity</i> and <i>leverage</i> . ICL cannot control how WP weapons are used and its use as smoke screens away from civilians is legal. ICL's own intention is most likely that the product is used as a smoke screen – but must be aware of its use as an incendiary. ICL's own legal compliance is not sufficient to address the problem of use of WP weapons on civilians.
History or culture of non-engagement (e.g. only responds to extreme actions)?	?	
Ability to collaborate with peers?	Limited	The company is reliant on the US Army to end exports if the WP weapons is misused. The only other reliable means to end connection to the misuse of its product is most likely to exit the WP weapons supply business.
Has reached limits of what company can do?	?	
Language or cultural barriers?	Yes	<p>The issue is structural in the sense that white phosphorus supply is strategic, and the difficulty to control use of WP weapons is ongoing. The UN confirmed misuse in 2009, but not since. However, there continues to be concern at the highest levels in the UN over the use of white phosphorus in conflict.</p> <p>We have not yet engaged, nor are we aware of other engagement by investors, or NGOs, with ICL. The other CFIs do not hold ICL at present. ICL is on the lower end of the LC Index so less likely to be held by investors. Engagement would be hindered by our low level of ownership. Investors will have a range of views on complicity and remedy – it is not straight forward. We have faced cultural barriers when engaging with Israeli companies over the actions of the IDF and expect this would be the case here.</p> <p>The UN says business must <i>seek to prevent or mitigate adverse human rights impacts directly related to their product</i>. Engagement with the company would ask it to comply with the UN Global compact guidance by assessing ongoing risks in supplying white phosphorus for defence.</p> <p><b>In summary</b>, ICL's degree of complicity is indirect – in fact twice removed. White phosphorus is the main cause of harm when WP projectiles are misused, but otherwise its use is as smoke screen. <i>Remedy is limited to legal requirements or exit</i> as ICL has little control of over ultimate use.</p>
<b>Assessment</b>		<b>Limited effectiveness.</b>

Resource Focus		
One of our focus issues?	✓	Human rights and conflict is a key focus issue for our engagement programme. The company is not important to the portfolio in terms of size of holding (although it is in the large cap index) and it is not a New Zealand or Australian company that could be held on our local portfolios. This company is not currently part of a UNPRI clearinghouse engagement initiative and we are unlikely to find other investors to work with. Exclusion will not harm fund performance. The resources required to conduct <i>further investigation and limitations to a successful engagement</i> preclude against including Israel Chemicals on our engagement focus list – beyond signaling to it our concern and requesting it reviews this part of its business.
NZ or Australian company?	*	
We have a large holding in the company?	medium	
Can work with other investors?	Limited	
Exclusion will harm fund performance?	✓	
<b>Assessment</b>		<b>Resource intensive given size of holding. Conduct limited engagement.</b>
Other issues / comments		
<p>There are likely to be other companies involved in the production of white phosphorus weapons. We have not identified or researched these companies. There are other companies providing components to legitimate weapons that may be used in a manner that breaches international law. Risk mitigation by the company includes compliance with arms control law and redress through the courts if contracts are breached. We cannot reasonably ask all arms component suppliers to exit supply arrangements with arms companies. We can ask arms companies to comply with export controls. Arguably white phosphorus weapons could be judged to be particularly controversial.</p>		
Conclusion		
<p>Israel Chemical is not directly responsible for a breach of international law as it does not manufacture, export or use the WP weapons. The company's <i>intention</i> is not for WP to be used on civilians. The weapons are not banned by a convention (like landmines are for example).</p> <p>The breach by the IDF in relation to WP weapons is material, but it is also in the past. Other conventional weapons have killed civilians during this current conflict but we do not have evidence of a repeat of this breach with regards to white phosphorus.</p> <p><i>ICL is likely</i> to have breached UN Global Compact Principle 1 &amp; 2 if it has not looked to use what leverage it can address the issue. Whilst its ability to influence its customers to avoid human rights abuses is limited, UN guidance suggests companies could consider ending such relationships where they have little leverage and are not reliant on the business. ICL must be aware of the controversy over WP weapons used in its own country in the past.</p> <p>We consider the proximity and importance of the company's actions to an illegal or unethical activity. Although white phosphorus is a key component (and the cause of harm), the proximity of the company is twice removed through the US Army and the IDF. The company has not breach international or national law. It may have breached the UN Global Compact standards given the severity of the issue if it has not used what leverage it can to control use of its product. To our knowledge, the breach by the IDF is in the past, it has made statements it will replace its use of WP weapons with alternatives and allegations of <i>current</i> breaches are unverified.</p> <p>Engagement is <i>unlikely</i> to materially address the issue but we can signal our concerns to the company through a limited engagement approach.</p> <p>If new evidence emerges that the IDF has again used WP weapons against civilians we will re-visit the recommendation.</p>		
<b>Recommendation:</b>		<b>Limited Engagement.</b>
Israel Chemicals and Israel Corporation (parent)		



Additional notes:

### **The Goldstone Report Excerpts**

#### **(a) Precautions in launching attacks**

1919. The Mission finds that in a number of cases Israel failed to take feasible precautions required by customary law reflected in article 57 (2) (a) (ii) of Additional Protocol I to avoid or minimize incidental loss of civilian life, injury to civilians and damage to civilian objects. The firing of white phosphorus shells over the UNRWA compound in Gaza City is one of such cases in which precautions were not taken in the choice of weapons and methods in the attack, and these facts were compounded by reckless disregard for the consequences. The intentional strike at al-Quds hospital using high-explosive artillery shells and white phosphorous in and around the hospital also violated articles 18 and 19 of the Fourth Geneva Convention. With regard to the attack against al-Wafa hospital, the Mission found a violation of the same provisions, as well as a violation of the customary law prohibition against attacks which may be expected to cause excessive damage to civilians and civilian objects.

#### **Section 8: Certain Weapons**

48. Based on its investigation of incidents involving the use of certain weapons such as white phosphorous and flechette missiles, the Mission, while accepting that white phosphorous is not at this stage proscribed under international law, finds that the Israeli armed forces were systematically reckless in determining its use in built-up areas. Moreover, doctors who treated patients with white phosphorous wounds spoke about the severity and sometimes untreatable nature of the burns caused by the substance. The Mission believes that serious consideration should be given to banning the use of white phosphorous in built-up areas. As to flechettes, the Mission notes that they are an area weapon incapable of discriminating between objectives after detonation. They are, therefore, particularly unsuitable for use in urban settings where there is reason to believe civilians may be present.

49. While the Mission is not in a position to state with certainty that so-called dense inert metal explosive (DIME) munitions were used by the Israeli armed forces, it did receive reports from Palestinian and foreign doctors who had operated in Gaza during the military operations of a high percentage of patients with injuries compatible with their impact. DIME weapons and weapons armed with heavy metal are not prohibited under international law as it currently stands, but do raise specific health concerns. Finally, the Mission received allegations that depleted and non-depleted uranium were used by the Israeli armed forces in Gaza. These allegations were not further investigated by the Mission.

#### **CCW Protocol III Definition**

"Incendiary weapon" means any weapon or munition which is primarily designed to set fire to objects or to cause burn injury to persons through the action of flame, heat, or combination thereof, produced by a chemical reaction of a substance delivered on the target.

(a) Incendiary weapons can take the form of, for example, flame throwers, fougasses, shells, rockets, grenades, mines, bombs and other containers of incendiary substances.

(b) Incendiary weapons do not include:

(i) Munitions which may have incidental incendiary effects, such as illuminants, tracers, smoke or signalling systems;

(ii) Munitions designed to combine penetration, blast or fragmentation effects with an additional incendiary effect, such as armour-piercing projectiles, fragmentation shells, explosive bombs and similar combined-effects munitions in which the incendiary effect is not specifically designed to cause burn injury to persons, but to be used against military objectives, such as armoured vehicles, aircraft and installations or facilities.

#### **Summary of International Media Reports on allegations of IDF use of White Phosphorus (WP) in the present Gaza conflict**



██████████ has conducted a search of recent media, media blogs and NGO accounts of the use of white phosphorus as a weapon in the present conflict in Gaza. It is clear that:

- Corroborating evidence for the use of WP as a weapon is insufficient for independent reportage by Western media, particularly British media (Guardian, Independent), which have traditionally been sympathetic to the Palestinian cause
- The absence of independent reportage on WP, including by Al Jazeera, indicates that, to date, WP has not been used as a weapon in the present conflict
- Arab media (Press TV, Tehran Times, blogs) continue to report the use of WP as a weapon but the assertions are not supported by corroborating evidence
- A Norwegian doctor, Mads Gilbert, has alleged some injuries he has treated indicate the use of WP in a wider piece about the use of illegal weapons but he was not definitive on the issue
- Friends of Palestine.wordpress.com (blog) have published photographs that do show the use of white phosphorus but the photographs are unsourced. If the photographs do show WP in the present conflict, the nature of its use remains unclear (is it used as a weapon or a smokescreen, as the IDF has sought to distinguish in the past?)

Norwegian Doctor: <http://www.worldbulletin.net/news/140772/israel-using-banned-weapons-claims-norwegian-doctor>

PressTV (Iranian): <http://www.presstv.com/detail/2014/07/13/371162/israel-drops-cancerinducing-bombs-on-gaza/> and <http://www.presstv.ir/detail/2014/07/21/372201/israel-drops-phosphorus-bombs-on-gaza/>

Tehran Times: <http://www.tehrantimes.com/oped/117366-gaza-genocide-amas-faces-murderous-zionist-terror-campaign>

Friends of Palestine: <http://friendsofpalestine.wordpress.com/resources-and-readings/image-galleries/photos-of-israeli-white-phosphorus-attacks-on-un-schools-in-gaza/>

In summary, there remains insufficient evidence to support the allegation that WP has been used as a weapon in the present conflict.

### **Use of WP in past conflicts**

The IDF's use of WP in previous conflicts (Operation Cast Lead) is well documented, resulting in an investigation and report by Human Rights Watch:

- <http://www.hrw.org/fr/node/81821>
- <http://www.hrw.org/sites/default/files/reports/iopt0309web.pdf>

HRW took the issue to court, leading to a recommendation to cease use of WP, while contemporaneously the IDF meanwhile pledged to avoid use of WP in populated urban areas:

- <http://www.haaretz.com/news/diplomacy-defense/idf-to-stop-using-shells-with-white-phosphorus-in-populated-areas-state-tells-high-court.premium-1.523852>

### **Notes from HRW Report:**

White phosphorus is a chemical substance dispersed in artillery shells, bombs, rockets, or mortars, used primarily to obscure military operations on the ground. When released upon ground contact or air-burst, it emits a dense white smoke that militaries use to screen the movement of troops. The smoke also interferes with infra-red optics and weapon-tracking systems, thus protecting military forces from guided weapons such as anti-tank guided missiles. Its use in open areas is permissible under international law, but air-bursting white phosphorus over populated areas is unlawful because it places civilians at unnecessary risk and its wide dispersal of burning wedges may amount to an indiscriminate attack.

White phosphorus munitions did not kill the most civilians in Gaza in 2008-09– many more died from missiles, bombs, heavy artillery, tank shells, and small arms fire – but their use in densely populated neighborhoods, including downtown Gaza City, violated international humanitarian law (the laws of war), which requires taking all feasible precautions to avoid civilian harm and prohibits indiscriminate attacks.

**OPT**

Israel Chemicals Dead Sea Works production facility is in Israel's area of the Dead Sea and is not sourcing phosphate from the Occupied Palestinian Territories. It has been criticized for its environmental impact and has reported on mitigating actions in its latest CSR report.

3	<a href="#">1768801</a>		Peace Action Wellington Report Profiting from War: New Zealand's weapons and military-related industry	Released in full.
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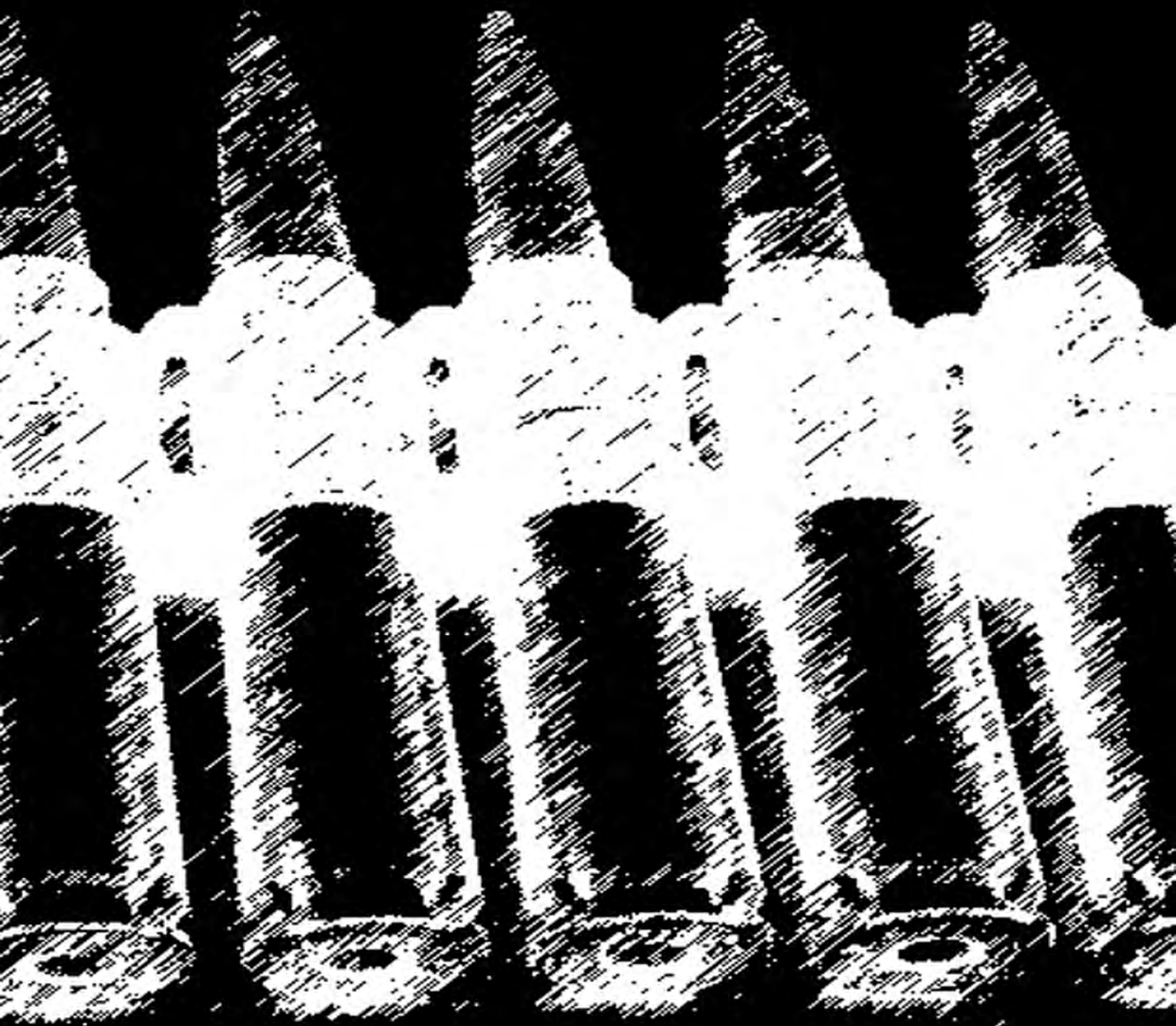
See Attachment 1

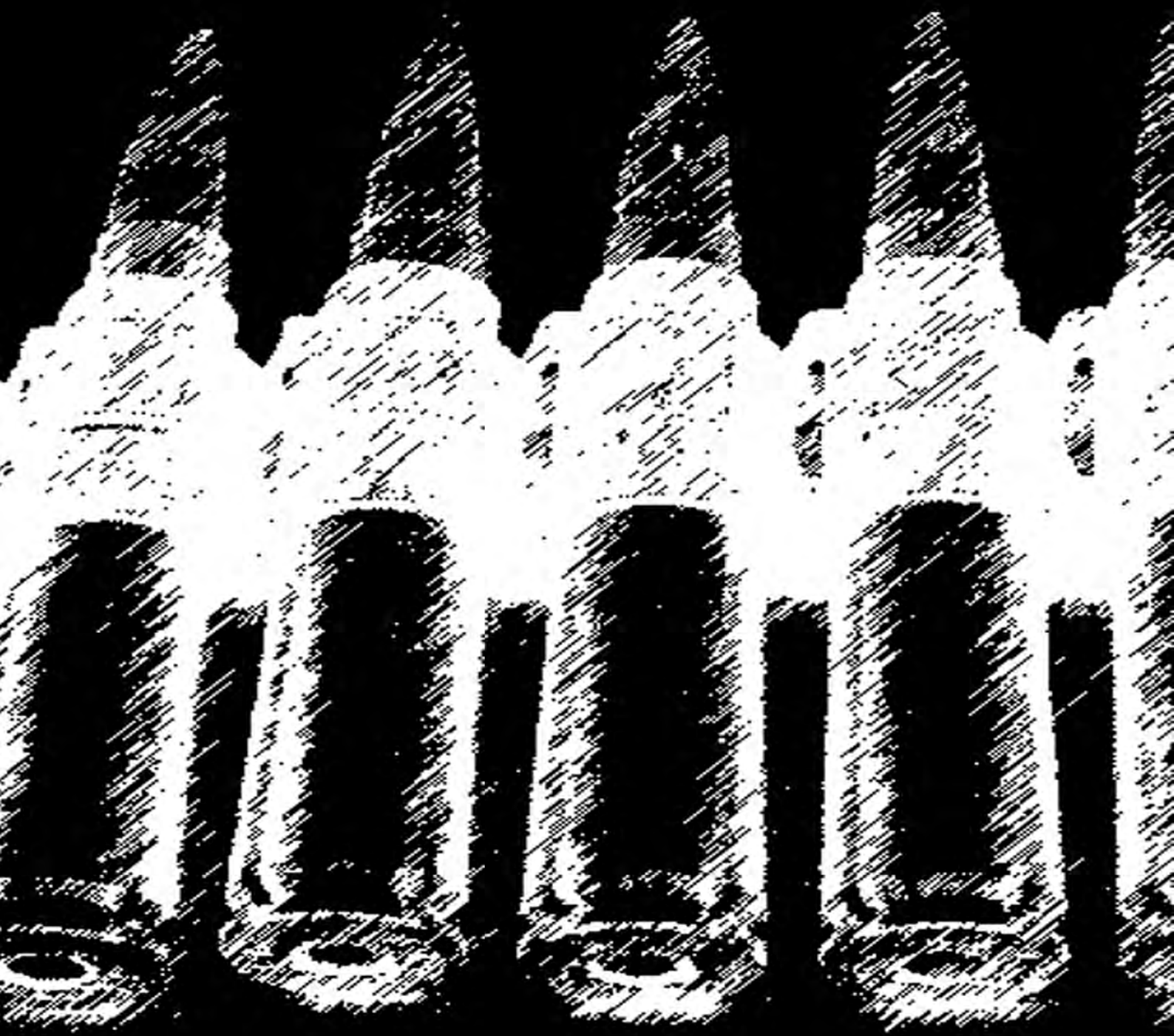
4	<a href="#">2513159</a>		The Israeli Occupation Industry – Who Profits – Financing Land Grab – The Direct Involvement of Israeli Banks in the Israeli Settlement Enterprise	Released in full.
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See Attachment 2

# Profiting from war

New Zealand's weapons and military-related industry





# **Profiting from war: New Zealand's weapons and military-related industry**



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## Executive Summary

This report is an overview of the weapons & military-related industry in New Zealand. It outlines links between the New Zealand Government and the local and international weapons and military-related industry. It provides background information about the companies involved, their clients and the New Zealand government's support for that industry.

There are at least 258 companies in New Zealand involved in the provision of weapons or military-related products and services. The New Zealand Defence Industry Association (NZDIA) represents 83 of these companies.

Despite NZ participating in numerous arms control treaties, it is actively encouraging the export of military-related goods and services.

In the international community, there is no agreed upon definition of weapons or military-related products and services.

The estimated value of major NZ military projects currently underway, or planned for completion by 2030 is more than \$15 billion, with individual capital equipment projects generally having costs in excess of \$15 million. These projects involve contracts with the world's largest weapons manufacturer, Lockheed Martin, and other major weapons suppliers.

Successive New Zealand governments have encouraged the development of the industry:

- A ministerial advisory committee sponsors annual awards for best defence contractor.
- NZTE sends staff to overseas weapons conferences to meet with weapons manufacturers in an effort to expand NZ business opportunities in the sector.
- NZTE sponsors trade stalls for the industry lobby group, the NZDF and NZ companies that have promoted weapons & military-related exports at overseas conferences.
- Since 2013, NZTE has provided over \$425,000 for the Security Technology Alliance business consortium to bid for US security contracts.



- The NZ Callaghan Innovation Fund has provided multiple taxpayer-subsidised grants over the years 2012-2016 to Cubic Defence, the NZ subsidiary of US defence contractor, the Cubic Corporation, that holds contracts with the Israeli Defence Force and the US military.
- Callaghan Innovation has also provided grants to New Zealand companies that are providing goods and services to overseas militaries including Tait (in excess of \$11 million over the period 2008-2015) and Electropar (\$447,000 for the period 2010-2014).
- The NZ Super Fund holds stock currently valued at \$136 million in the world's largest weapons companies including Boeing, BAE and Raytheon.
- The Defence Technology Agency sells publicly funded research to private companies where it can be on-sold to other militaries for profit.

There is significant government involvement in the industry lobby group, the New Zealand Defence Industry Association:

- Employees of the Ministry of Defence and members of the New Zealand Defence Force (NZDF) actively participate in the planning of the annual NZDIA conference through attendance at regular meetings and the provision of speakers and equipment.
- New Zealand Trade and Enterprise (NZTE) is a financial sponsor of the industry weapons conference; in addition, it provides speakers to discuss business opportunities with members of the NZDIA.

New Zealand manufactured weapons & military-related goods and services have been sold to the following countries: Australia, Bahrain, Chile, Egypt, Kuwait, Lebanon, Oman, Pacific Island Nations (not specified), Saudi Arabia, Thailand, Tunisia, the United Arab Emirates, Qatar, the USA and the UK.

Despite the Ministry of Foreign Affairs and Trade (MFAT) collecting important data in the form of applications under the *Strategic Goods List*, the total size and revenue of the NZ weapons & military-related export industry is unknown. Next year, New Zealand will file its first annual report under the Arms Trade Treaty which will include some of this data. The Treaty is limited in scope, and important technologies will be missed out in any accounting.

This report has been produced by Peace Action Wellington in support of its campaign to stop the annual New Zealand Defence Industry Association conference and to raise critical awareness of wider questions about New Zealand's role in war and international conflicts. It is a preliminary report in what will be ongoing and regular reporting on the issue.

It is Peace Action Wellington's view that state support for this industry, particularly its overseas promotion and development, exacerbates conflict, increases global instability and encourages war. Domestically, state support for this industry deprives New Zealanders of scarce resources that would otherwise bring about better, healthier, safer communities: housing for the poor, health care for the infirm, and education for all.



## 1. Introduction

This report has been produced by Peace Action Wellington in support of its campaign to stop the annual New Zealand Defence Industry Association conference (herein known as the “Weapons Conference”). The conference has been staged for 18 years; the 2015 event will be the largest conference in the Association’s history.

Peace Action Wellington is a non-profit, non-aligned, community organisation that formed in 2002 following New Zealand’s commitment to the US-led War on Terrorism. Membership is free and open to anyone who is in agreement with the principles of the organisation.

## 2. Scope of this report

This report is an attempt to provide a comprehensive overview of the weapons & military-related industry in New Zealand. It is intended to provide information about the companies involved in the industry—what products they make, how much and for whom—and about the New Zealand government’s support for that industry, both politically and financially.

The companies that make up this report fall into three categories: 1. Members of the New Zealand Defence Industry Association (NZDIA) 2. New Zealand companies that are not a member of the Association, but that are engaged in some way in the provision of weapons & military-related goods and services, as discussed below and 3. Multinational weapons and military-related companies that are linked to the New Zealand government either through contracts and/or investments but that are not NZDIA members.

### 1. The NZ Defence Industry Association

The NZDIA is the government-recognised industry body for the defence sector. It has as its mission:

“To create a platform which can be used to establish and enhance Defence Industry supply capabilities, either individually or in partnership with other members or overseas technology partners, thereby providing the opportunity to compete successfully for domestic and international defence contracts.”<sup>1</sup>

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1 New Zealand Defence Industry Association. Adoption of Rules of Incorporation. 1998

It was organised in 1998 as the NZ Defence Technologies Action Group, a joint partnership between NZ defence industry organisations and NZ Trade (the Trade and Development Board, now NZ Trade and Enterprise).<sup>2</sup> It is an incorporated society. In 2002, it changed its name to the NZ Defence Industry Association. In 2014, the constitution was formally amended to remove references to NZ Trade (and any successor agency).

In 2015, members of the NZDIA number 83. It includes NZ-owned companies, NZ registered subsidiaries of global corporations, and multinational corporations.

#### 2. Non-Defence Industry Association members

The *Australian and New Zealand Defence Directory*<sup>3</sup> lists 208 New Zealand companies. With duplicates discounted, an additional 175 companies are listed as engaged in some way in provision of weapons & military-related goods and services. There are other New Zealand companies, such as Tait Electronics, that are neither members of the NZDIA nor listed in the *Directory*, that have significant overseas military contracts. Knowledge of these companies' links to the weapons and military-related industry has come about largely through research and/or serendipity.

#### 3. Multinational corporations

There are a number of multinational weapons and military-related corporations linked with the New Zealand Government that are not members of the NZDIA. These essentially fall into two categories: corporations that bid for NZDF contracts and corporations in which the NZ Government invests.

### 3. Purpose of the report

At present, there is little public information available about the nature, scope and size of the weapons & military-related industry in New Zealand. This report is intended to establish a factual compendium, as the nucleus for further, ongoing research into the industry. It is intended to be a source of reliable, verifiable information for journalists, members of the public and campaigners working on this and related issues.

### 4. Background on New Zealand weapons and dual-use technology export controls

Despite New Zealand being the signatory to five international conventions<sup>4</sup> governing the sale and transfer of weapons and dual-use technology, data from any compliance reports is not publicly available. In a 2009 study, it was observed that "to date, records of the value of defence/dual-use exports have not been recorded by relevant Government agencies, nor industry bodies."<sup>5</sup>

The Wassenaar Arrangement, formally established in July 1996, is a voluntary export control regime whose 41 members exchange information on transfers of conventional weapons and dual-use goods and technologies. The Arrangement forms the structure of the NZ Ministry of Foreign Affairs and Trade's *Strategic Goods List*. The *List* is comprised of two parts: 1. Military goods and technologies and non-military lethal goods (ML) 2. Dual-use goods and technology (primarily for civilian use, but which have significant military applications, whether in conventional weapons systems, or for the development of weapons of mass destruction). Approval is required to export any products (including IT software) on the *List*.

<sup>2</sup> NZ Defence Technologies Action Group. Amended Rules. 10 August 1998.

<sup>3</sup> <http://www.austandnzdefence.com/>

<sup>4</sup> New Zealand is a signatory to the Arms Trade Treaty, the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies, the Australia Group on chemical and biological weapons materials, the Nuclear Suppliers' Group, and the Missile Technology Control Regime.

<sup>5</sup> Defence Industry Companion Study. Ministry of Defence. 2009. <http://www.defence.govt.nz/pdfs/defence-review-2009-released-defence-industry-companion-study.pdf>

New Zealand is due to file its first annual report under the recently ratified Arms Trade Treaty (ATT) in May 2016. While there are not prescriptive requirements for reporting, the Treaty recommends including the quantity, value, type/model/serial number, exporting/transit country and end users. Requirements around controls of goods covered by the other three treaties are incorporated into the *Strategic Goods List*, but there are no additional reporting requirements.

Unfortunately, neither MFAT nor Customs currently publish a list of approved commercial sales or transfers under either part one or two of the *Strategic Goods List*. The Wassenaar Arrangement requires reporting of the transfer or denial of military or dual-use goods, but only about countries that are not signatories to the agreement. Thus even with the five treaties, significant gaps remain in reporting requirements (e.g. dual-use items to Wassenaar signatories). At the time of publication, Peace Action Wellington was awaiting a delayed response from MFAT to an Official Information Act request for the details of commercial applications to export military and related goods made under the *Strategic Goods List*.<sup>6</sup>

## 5. Definition of weapons & military-related industry<sup>7</sup>

In this report, the weapons & military-related industry is defined as those companies or organisations that are involved in the production or supply of:

- Weapons or components for weapons systems or their guidance and control systems
- Communications equipment, or components for such systems, used by armed forces
- Armed forces training equipment, including aircraft used for military training purposes, weapons and combat simulators, bomb scoring systems and remote detonation systems
- Loading equipment, vehicles, vessels or parts of these for military use
- Ammunition, clothing, rations or any other supplies for armed forces
- All other products and services for military or paramilitary police purposes, including Information Technology (IT), surveillance systems, management, consultancy, testing, logistics, and maintenance and refurbishment of military equipment.

The Stockholm International Peace Research Institute [SIPRI] (from which some data in this report is taken) considers arms sales to represent “sales of military goods and services to military customers, including both sales for domestic procurement and sales for export.”<sup>8</sup> However, this definition excludes the supply of non-military specific goods and services to the military, even though such supplies are essential to the operation of armed forces.

The NZ Ministry of Defence has defined “defence industry” as “any industry engaged or potentially engaged wholly or partly in support of the New Zealand Defence Force or involved in defence export activity.”<sup>9</sup>

## 6. Government support for the industry

In 2009, as part of the Ministry of Defence’s review, a defence industry study was undertaken. Its subtitle was *Examining Options for Economic Improvement in the Sector*. One of the primary

<sup>6</sup> <https://fyi.org.nz/request/3181-strategic-goods-list#incoming-10110>

<sup>7</sup> This definition was adapted from the Network Opposed to Weapons and Related Production. 2009 Petition to Parliament. “End government support for military exports” <http://www.converge.org.nz/pma/nowarpet.pdf>

<sup>8</sup> Stockholm International Peace Research Institute. Sources and Methods. [http://www.sipri.org/research/armaments/production/recent-trends-in-arms-industry/copy\\_of\\_sources\\_methods](http://www.sipri.org/research/armaments/production/recent-trends-in-arms-industry/copy_of_sources_methods)

<sup>9</sup> Defence Industry Companion Study. Ministry of Defence. 2009. <http://www.defence.govt.nz/pdfs/defence-review-2009-released-defence-industry-companion-study.pdf> p4



focuses of the study was “examining the potential to develop New Zealand’s ‘defence industry’ export capability, particular with Australia as well as the international market”.<sup>10</sup>

### *Current government contracts*

The government’s annual appropriation for the NZDF is estimated at 3% of the country’s total budget.<sup>11</sup> The key sponsors of the annual weapons conferences are among the primary beneficiaries of contracts for NZDF goods and services. The estimated value of major NZ military capability projects either currently underway, or with plans for implementation by 2030 is more than \$15 billion; included in that total are individual capital equipment projects generally having a whole of life cost in excess of \$15 million.<sup>12</sup> The NZDF contracts with PAE, Transfield Services, Fulton Hogan and Spotless Facility Services to provide facility management services; further, Pacific Brand Workwear Group is a key apparel provider.<sup>13</sup> Numerous other contractors are involved in the provision of services to the NZDF. The value of these service contracts is not publicly available. The Ministry of Defence notes that “Over the past ten to fifteen years, the NZDF has embarked upon a process of increased commercialisation and outsourcing.”<sup>14</sup> The overwhelming majority of the firms named in this section are members of the NZ Defence Industry Association, and several are Weapons Conference sponsors, including Lockheed Martin. The following are major known contracts:<sup>15</sup>

#### ***Frigate systems upgrade - total cost \$446 million***

Lockheed Martin Canada (LMC) was awarded a contract on 29 April 2014 for the design and supply of the Combat Management System for each ANZAC Class Frigate along with the supply and integration of various sensors, missile system and a Combat System Trainer for the Devonport Naval Base in Auckland.<sup>16</sup> The NZDF budget has included an additional \$15 million payment to LMC to take on the role of prime contractor. This payment has been made to avoid the risk of a repeat of “challenges” encountered when NZDF undertook the same role in the Platform Upgrade.<sup>17</sup>

#### ***Frigate platform upgrade - total cost \$57.6 million***

ThyssenKrupp Marine Systems Australia (TKMSA) is upgrading propulsion, stability and HVAC systems on the Te Mana and Te Kaha NZ Navy frigates. There are a number of subcontractors on this project.<sup>18</sup>

#### ***Individual Weapon replacement - total cost unknown***

The Ministry of Defence has selected Lewis Machine & Tool Co Inc of the USA as preferred tenderer to provide up to 8,800 new firearms.

#### ***Defence Command and Control System - total cost \$22.8 million***

The purchase and implementation of the US Global Command and Control System provides battlefield intelligence and situational awareness. Because it is used by the US military, it may allow greater NZDF integration with US forces in combat situations.

#### ***C130 Hercules life extension - total cost \$257 million***

This contract for the replacement of specific components, and the design and installation of flight deck communications and navigation improvements was originally awarded to L3 Avionics Group; it is being completed by Safe Air and the Aviation Labour Group.

10 *ibid*, p3

11 <http://www.globalsecurity.org/military/world/nz/budget.htm>

12 Ministry of Defence. Response to OIA #OC003-2016-3981. <https://fyi.org.nz/request/3104/response/9800/attach/html/2/3981%20response%20Valerie%20Morse%20OIA%20industry%20relationship%20staff.pdf.html>

13 NZDF. 2013. Executive overview of the Defence Force. <http://nzdf.mil.nz/downloads/pdf/public-docs/2013/executive-overview-of-the-defence-force.pdf>

14 Defence Industry Companion Study. Ministry of Defence. 2009. <http://www.defence.govt.nz/pdfs/defence-review-2009-released-defence-industry-companion-study.pdf>, p11

15 See <http://defence.govt.nz/acquisitions-tenders/current-acquisition-projects.html> for fuller details of these projects

16 <http://defence.govt.nz/acquisitions-tenders/current-acquisition-projects/anzac-ships-upgrade-fsu.html>

17 New Zealand Trade and Enterprise. OIA 2015-16-14 <https://fyi.org.nz/request/3146/response/9957/attach/html/6/CANSEC%20redacted.pdf.html>

18 <http://defence.govt.nz/acquisitions-tenders/current-acquisition-projects/anzac-platform.html>

**Maritime Helicopters - total cost \$242.2 million**

This project includes the acquisition of eight SH2G (I) Kamen (USA) Super Seasprite helicopters, associated spares, training aids, a full-motion flight training simulator, missiles, and two additional helicopters for use as attrition airframes and spare parts.

**Heavy Operational vehicles - total cost \$135 million**

Rheinmetall MAN Military Vehicles (Australia) was contracted in April 2013 for the supply of up to 200 medium/heavy operational vehicles. These have now been delivered to the NZDF.

**Network Enabled Army - total cost unknown**

This is an information system to work with the Defence Command and Control system. No contract has been signed for this project, but as the Ministry indicates a "foreign military sale" is the most desirable option, it seems likely that this system will be obtained from the United States.

**Special Operations Vehicles - total cost unknown**

In June 2015, the Government approved this project for the procurement of replacements for the New Zealand Defence Force's existing Pinzgauer Special Operations Vehicles.

**Strategic Bearer Network - total cost unknown**

Part of a US Department of Defence project to provide wideband global satellite communications.

**Underwater Intelligence, Surveillance and Reconnaissance - total cost unknown**

A tender process is currently underway to select a successful bidder for the supply and support of the Underwater Intelligence, Surveillance and Reconnaissance (UWISR) capability project for the P-3K2 Orion aircraft.

**NZ Government support for the industry lobby group (e.g. NZDIA):**

- The Ministry of Defence sponsors the annual Minister of Defence Awards of Excellence to Industry and the Awards presentation dinner that concludes the Weapons Conference. The award is a trophy that past winners have been able, "to use to good effect in their marketing efforts."<sup>19</sup>
- The Ministry of Defence seconds a staff member to participate in the planning of the annual Weapons Conference.
- The Ministry of Defence releases staff to participate in NZDIA events throughout the year.
- The NZDF provides speakers and equipment displays at the Weapons Conference. In 2013, this was a Medium Heavy Operational Vehicle, in 2014 (and likely 2015), it was small arms simulator equipment.
- The NZDF contributes two staff members to the Weapons Conference planning team; they attend nine meetings during the year.
- New Zealand Trade and Enterprise (NZTE) is conducting a Master Class on "Engaging Effectively with the NZ Defence Force" at the 2015 Weapons Conference. This will involve basic tips on how companies should prepare themselves, build customer relationships, and engage and bid for supply opportunities.<sup>20</sup>
- NZTE is providing sponsorship to the 2015 Weapons Conference in the form of a morning tea (cost \$3000) on Wednesday, 18 November.
- NZTE has funded trade stalls that include the Defence Industry Association at two overseas maritime conferences Pacific 2015 & Pacific 2013.

<sup>19</sup> <http://defence.govt.nz/acquisitions-tenders/mod-industry-awards.html>

<sup>20</sup> Response to OIA, NZ Trade and Enterprise. OIA 2015-16-11 <https://fyi.org.nz/request/3105/response/9666/attach/html/3/Response%20OIA%2011.pdf.html>

## *Trade-related support for companies*

### ***International Maritime Exposition: the Commercial Maritime and Naval Defence Showcase for the Asia Pacific. October, Sydney (biannual), Pacific 2015 Conference***

NZTE provided financial assistance to six NZ companies and organisations at a trade stand during the Pacific 2015 expo:

- Naiad
- StabiCraft
- ENL Group
- Gallagher Security
- NZ Defence Industry Association
- NZ Defence Force

The total cost of the trade stand and expo space, which is shared by NZTE and all the exhibitors, was approximately \$50,000.<sup>21</sup> The NZDF is sending 15 personnel to this conference at a registration cost of \$1000 per person, not including travel, accommodation or expenses.<sup>22</sup>

### ***International Maritime Exposition: the Commercial Maritime and Naval Defence Showcase for the Asia Pacific. October, Sydney (biannual), Pacific 2013 Conference***

These weapons and military-related companies/organisations featured at the New Zealand Trade & Enterprise Stall:<sup>23</sup>

- Air Affairs Limited (trading as AAL Limited)
- Hamilton Jet
- Noske-Kaeser New Zealand Ltd
- NZ Defence Industry Association

### ***CANSEC 2014: "Canada's premier annual defence trade show...over 330 companies exhibiting products and services."***

- The NZ delegation met with Lockheed Martin, General Dynamics Canada, Raytheon Canada, Thales Canada, CAE and others.<sup>24</sup>
- The NZ Delegation was a collaboration of 'NZ Inc.' partners including NZTE, the NZ Ministry of Defence (MoD), the NZ Defence Advisor to Canada based in Washington DC and the Ministry of Foreign Affairs and Trade (High Commission in Ottawa)<sup>25</sup>
- One NZTE key objective was to promote NZ marine capability and gather intelligence to improve the knowledge and position of NZ firms interested in bidding on Canadian Navy, Coast Guard and other commercial workboat opportunities in the Canadian market.<sup>26</sup>

### ***Land Forces Australia conference Adelaide, 2014***

"One NZTE staff member was present at the Land Forces (Australia) conference 2014 as an attendee. The purpose of their attendance was to promote New Zealand companies and their products, identifying leads and opportunities for New Zealand Industry, and facilitating

21 New Zealand Trade and Enterprise. OIA 2015-16-12 <https://fyi.org.nz/request/3113/response/9667/attach/html/4/Response%20OIA%2012.pdf.html>

22 NZDF OIA 2015-2305. <https://fyi.org.nz/request/3112/response/9725/attach/html/4/OIA%202015%202305%20Morse%20Participation%20in%20Pacific%202015%20Signed.pdf.html>

23 PAC 2013 Exhibitor List. Login required: <http://freepdfs.net/p13-participating-exhibiting-companiesxlsx-pacific-2013/5652f54b4fd1c22f26730e59aba234a4/>

24 New Zealand Trade and Enterprise. OIA 2015-16-14 <https://fyi.org.nz/request/3146/response/9957/attach/html/6/CANSEC%20redacted.pdf.html>

25 Ibid

26 Ibid



introductions to potential partners and multinational buyers.”<sup>27</sup>

### **The Security Technology Alliance (STA)**

The Security Technology Alliance is a coalition of four NZ companies supported by NZTE that are seeking to secure US surveillance & security contracts some of which are for military purposes. The STA is comprised of Wynyard Group, Tait Communication, Endace (a division of Emulex) and Gallagher Security. Military services are core to Tait and Gallagher,<sup>28</sup> while Wynyard is a participant in the upcoming Kingdom Security Conference in Saudi Arabia.<sup>29</sup> The STA has received in excess of NZ\$425,000 from NZTE since 2013 to acquire new business.<sup>30</sup> NZTE hosted two events for the STA 1. A launch event in Washington DC, November 2013 and 2. A dinner during the 2013 US-NZ Partnership forum in Washington DC. Both events catered for employees of NZTE, MFAT, Customs, and the Security Intelligence Service.

### **Ministry of Defence Industry Advisory Council, Industry liaison staff and NZDF Defence Attachés**

**The Defence Industry Advisory Council (DIAC)** is a ministerial committee that has existed since 1994. Its primary purpose is to:

*“To provide the Minister with advice relating to developments, issues, opportunities and sustainability in the national and international defence industry including providing advice on defence industry investment, export, science & technology, support and sustainment, maintenance and repair, Public Private Partnerships (PPPs), Public Private Initiatives (PPIs) and other innovative mechanisms for delivering capabilities and services”<sup>31</sup>*

- NZDIAC membership consists of seven industry members appointed by the Minister of Defence, and representatives from New Zealand Trade and Enterprise, the New Zealand Defence Force and the Ministry of Defence.
- The NZDIA chairperson has a standing seat on the Council.
- The Ministry of Defence provides secretarial support to the Council.
- The NZDIAC also facilitates the annual Minister of Defence Awards of Excellence to Industry and the Awards presentation dinner that concludes the Weapons Conference.
- The award nominations process is managed by two Ministry industry liaison staff: a Defence Industry Business Specialist and a Defence Industry Advisor.

### **NZDF Defence Attachés (DA)**

There are sixteen NZ Defence Attachés or Advisers, and nine Assistants, in overseas posts.<sup>32</sup> A Ministry of Defence report notes the “efforts by the DAs to assist companies in the promotion of their products internationally,” and that their positive reputation should be used “more effectively in concert with New Zealand Trade and Enterprise to assist in the promotion and support of the defence sector in a more coordinated and proactive way.”<sup>33</sup>

27 New Zealand Trade and Enterprise. OIA 2015-16-17. <https://fyi.org.nz/request/3162/response/10027/attach/html/5/OIA%202015%2016%2017.pdf.html>

28 <http://freepdfs.net/defence-solutionspdf-428-kb-gallagher-security/332716a6c89cab405e74fd651c626d8c/>

29 <https://www.wynyardgroup.com/en/news-events-blog/kingdom-security-2015/>

30 New Zealand Trade and Enterprise. OIA 2015-15-05 <https://fyi.org.nz/request/3055/response/9682/attach/html/5/OIA%202015%2016%2005%20Support%20for%20STA%20response.pdf.html>

31 <http://defence.govt.nz/acquisitions-tenders/nzdiac.html>

32 The Attachés and Advisers are located in Canberra, London, Ottawa, Beijing, Seoul, Singapore, Kuala Lumpur, Manila, Tokyo, Bangkok, Jakarta, Port Moresby, Suva and Washington DC, and a Military Adviser is located in the New Zealand Permanent Mission to the United Nations in New York. All the Defence Attachés and Advisers are housed within New Zealand Embassies or High Commissions. <http://www.parliament.nz/resource/0000072279>

33 Defence Industry Companion Study. Ministry of Defence. 2009. <http://www.defence.govt.nz/pdfs/defence-review-2009-released-defence-industry-companion-study.pdf>

## **Research & Development (R&D) funding**

Callaghan Innovation is the NZ government research and development funding body. It is a member of the NZ Defence Industry Association. In order to qualify for Callaghan funding, a company only needs to have one director who is a New Zealand resident, and to be incorporated in New Zealand (e.g. a NZ subsidiary of a multinational corporation qualifies for funding).

### **Cubic Defence**

Over the years Cubic Defence has received hundreds of thousands of dollars of public money. For 2015-16 Cubic Defence has been awarded 9 R&D Student Experience grants of \$6,400 each by Callaghan Innovation.<sup>34</sup> In the period 2012-2015, Cubic Defence received \$159,620 in funding from Ministry of Business, Innovation and Employment for student internship grants.<sup>35</sup> In 2014, Cubic Defence was awarded an R&D Growth Grant from Callaghan Innovation. This fund provides 20% public co-funding on a minimum investment of \$300,000 (i.e. a minimum grant of \$60,000) and provides public funds up to \$5 million.<sup>36</sup> Cubic Defence NZ is a wholly owned subsidiary of US-based Cubic Defence, a corporation specialising in military communications systems and training that hold contracts with the Israeli Defence force and the US military.

### **Electronic Navigation Limited (ENL)**

Callaghan Innovation is conducting advanced sonar technology work with Electronic Navigation Ltd (ENL). The research team has been collaborating with ENL for over ten years, leading to commercial success for ENL's WASSP multibeam sonar product, now exported to 39 countries. In 2010 Callaghan entered a five-year co-funding agreement to develop the next generation of sonar technologies.<sup>37</sup> ENL is a member of the NZ Defence Industry Association.

### **Tait Electronics**

In the period 2008-2015, Tait Electronics was awarded \$11 million in government grants, through the Ministry of Business, Innovation and Employment and its successor Callaghan Innovation. This does not include an undisclosed sum awarded as a 2013 R&D Growth Grant from Callaghan Innovation. This fund provides 20% public co-funding on a minimum investment of \$300,000 (i.e. a minimum grant of \$60,000) and provides public funds up to \$5 million. Tait is involved in the supply of radio and radar communications equipment to the UK and Australian militaries. Tait is a member of the Security Technology Alliance (STA), a coalition of four NZ companies seeking business in the US security sector that was granted \$425,000 from NZTE for marketing.

### **Electropar**

Electropar was awarded capability and project grants from Ministry of Business, Innovation and Employment for the period 2010-2014 totalling \$447,843.00.<sup>38</sup> Electropar was also awarded an R&D Growth Grant from Callaghan Innovation. This fund provides 20% public co-funding on a minimum investment of \$300,000 (i.e. a minimum grant of \$60,000) and provides public funds up to \$5 million.<sup>39</sup> Electropar PLP is a leading provider of electrical engineering solutions for the Australian military.

### **Security Technology Alliance (STA) members**

All four members of the STA (Wynyard [1], Tait [11], Endace [4] and Gallagher [3]) received R&D Student Experience Grants of \$6,400 each by Callaghan Innovation.<sup>40</sup>

34 <https://www.callaghaninnovation.govt.nz/sites/all/files/rd-experience-2015-16-companies.pdf>

35 <http://www.mbie.govt.nz/info-services/science-innovation/investment-funding/who-got-funded>

36 Callaghan Innovation. *R&D Growth Grants for 22 more high-tech companies*. 2 October 2014. <https://www.callaghaninnovation.govt.nz/news-and-events/rd-growth-grants-22-more-high-tech-companies>

37 Callaghan Innovation. *Annual Report to 30 June 2013*. [https://www.callaghaninnovation.govt.nz/sites/all/files/callaghan-innovation-annual-report-2013\\_0.pdf](https://www.callaghaninnovation.govt.nz/sites/all/files/callaghan-innovation-annual-report-2013_0.pdf)

38 <http://www.mbie.govt.nz/info-services/science-innovation/investment-funding/who-got-funded>

39 Callaghan Innovation. *R&D Growth Grants for 22 more high-tech companies*. 2 October 2014. <https://www.callaghaninnovation.govt.nz/news-and-events/rd-growth-grants-22-more-high-tech-companies>

40 <https://www.callaghaninnovation.govt.nz/sites/all/files/rd-experience-2015-16-companies.pdf>

## *Defence Technology Agency (DTA)*

The DTA is a business unit of the NZDF; it conducts publicly funded research and development of military technology and then allows that research to be purchased, i.e. "commercialised" by private interests and sold to overseas militaries for the purposes of making a profit, i.e. "providing a return on investment for the NZDF and the taxpayer."

The Diver Signature Evaluation System, a tool for training divers to access sea floor mines safely, has been commercialised by Air Affairs Ltd who have sold it to the US Navy.

The DTA was the key developer of the drone technology in use by the military.

The DTA is part of the Technical Cooperation Program (TTCP) along with the US, UK, Canada and Australia and works in collaboration with their overseas counterparts to develop technical defence solutions, i.e. new ways of waging war. In the US, the lead TTCP agency is the Department of Defence's Research and Engineering Enterprise.

## *NZ Super Fund*

The Super Fund is a multibillion-dollar fund of NZ taxpayer money that is invested in the global market. In September 2015, its value was NZD\$28.1 billion. It is intended that the fund generates a rate of return to adequately meet the need to cover pension payments to all eligible people over aged 65.

While the Super Fund aligns its investments with the UN principles for responsible investment and states in its mandate that it avoids "prejudice to New Zealand's reputation as a responsible member of the world community,"<sup>41</sup> it is nevertheless an active supporter of the international arms trade.

It has holdings worth NZ\$136 million in 43 overseas companies that are described as being part of the "Aerospace and Defence" category. Of these 43 companies, 23 are on the SIPRI list of the top 100 arms-producing and military services companies, seven are in the top 10, and include the second, third and fourth largest arms companies in the world (Boeing, BAE and Raytheon, respectively).<sup>42</sup> A complete listing of the 2015 NZ Super Fund holdings in this category appears on the next page.

Arms-related investments by the NZ Super Fund, moreover, extend further than this list. Some Super Fund investments have been heavily criticised as contributing to war crimes. For instance, the Fund invests in Israel Chemicals Limited, a company that allegedly supplies white phosphorous used in munitions production,<sup>43</sup> However the categorisation of the company means it does not appear on the list. Similarly, Rakon, an Auckland company that supplies crystal oscillators for guided missiles, receives NZ Super Fund investment, but does not appear on the list. While many companies are not primarily in the business of supplying militaries, their products and services are increasingly tailored for potential military use.

41 NZ Super Fund. *Purpose and Mandate*. <https://www.nzsuperfund.co.nz/nz-super-fund-explained/purpose-and-mandate>

42 Stockholm International Peace Research Institute. *The SIPRI Top 100 Arms Producing companies 2013*. <http://www.sipri.org/research/armaments/production/recent-trends-in-arms-industry/The%20SIPRI%20Top%20100%202013.pdf>

43 Tim Hunter and Steve Kilgallon. "NZ Super Fund has deadly portfolio." *Stuff* 3 August <http://www.stuff.co.nz/business/money/10341818/NZ-Super-Fund-has-deadly-portfolio>

**New Zealand Superannuation Fund listing as at 30 June 2015**

Company Name	Superfund Investment (\$NZD)	Ranking on list of Top 100 arms companies
AAR Corp	108,419	92
Aerojet Rocketdyne Holdings Inc	115,804	
Aerovironment Inc	57,778	
Airbus Group SE	11,189,103	7
American Science & Engineering Inc	32,375	
Astronics Corp	125,784	
B/E Aerospace Inc	2,542,430	
BAE Systems PLC	7,676,767	3
Boeing Co/The	27,005,382	2
Bombardier Inc	1,463,520	
CAE Inc	1,702,551	96
Cobham PLC	2,585,875	55
Cubic Corp	77,405	90
Curtiss-Wright Corp	246,392	
DigitalGlobe Inc	176,405	
Embraer SA	2,162,956	62
Engility Holdings Inc	59,524	
Esterline Technologies Corp	253,778	
Finmeccanica SpA	2,332,827	9
HEICO Corp	118,617	
Hexcel Corp	389,644	
KEYW Holding Corp/The	34,452	
KLX Inc	163,167	
Korea Aerospace Industries Ltd	1,259,874	60
L-3 Communications Holdings Inc	4,031,252	11
Meggitt PLC	3,205,502	76
Moog Inc	219,502	88
MTU Aero Engines AG	364,120	
Precision Castparts Corp	8,524,131	69
QinetiQ Group PLC	161,295	63
Raytheon Co	9,112,807	4
Rockwell Collins Inc	4,781,362	41
Saab AB	124,424	31
Safran SA	5,735,255	16
Spirit AeroSystems Holdings Inc	627,454	
TASER International Inc	182,128	
Teledyne Technologies Inc	265,218	
Thales SA	2,356,161	10
TransDigm Group Inc	5,049,116	
Triumph Group Inc	273,127	70
Ultra Electronics Holdings PLC	153,442	98
United Technologies Corp	27,231,259	8
Zodiac Aerospace	2,332,555	
<b>TOTAL HOLDINGS</b>	<b>136,610,939</b>	



## 7. Overseas buyers of NZ defence industry goods and services

At the time of writing, Peace Action Wellington was still awaiting a response from MFAT about successful, commercial applications for exports under the *Strategic Goods List*. This list will provide a fuller picture of the products and services that were purchased by particular militaries.

Peace Action Wellington has identified that these New Zealand-based manufactured goods and services have been exported to the militaries of the following countries:

- Kuwait, Oman, Bahrain, Saudi Arabia, the United Arab Emirates and Qatar have purchased handheld artillery & mortar fire control computers manufactured by MAS Zengrange.<sup>44</sup>
- Egypt, Lebanon, Tunisia and the US militaries have all purchased HamiltonJet engines.<sup>45</sup>
- Australian and UK militaries have purchased radio equipment from Tait Communications.
- Safe Air provides services to the militaries of Chile, Thailand and Australia, as well as to weapons companies Boeing, Kaman and L3.<sup>46</sup>
- Gallagher Security provided perimeter fencing for an unidentified US government facility in Virginia. When asked about it, a company spokesperson said, "the boys call it the hunt camp, but we better leave it at that because some people get very sensitive when we talk about it."<sup>47</sup>
- Tactical Solutions provides security equipment to "many customers in Australia and the Pacific Islands."<sup>48</sup>
- Rakon supplies crystal oscillators for use in the Joint Direct Attack Munition (JDAM) missile guidance system by the following countries: Australia, Belgium, Canada, Chile, Denmark, Egypt, Finland, Germany, Greece, Indonesia, Israel, Italy, Japan, Malaysia, Morocco, Netherlands, Norway, Oman, Philippines, Poland, Portugal, Saudi Arabia, Singapore, South Korea, Spain, Thailand, Turkey, United Arab Emirates, and the US.<sup>49</sup>
- Radiola Aerospace has a contract with to inspect equipment at 30 Indian military airfields.<sup>50</sup>
- Cubic Defence New Zealand provides "simulation solutions and instrumented ground combat training systems for military and law enforcement agencies around the world."<sup>51</sup> It recorded an NZD\$18 million net profit for 2012, the last year it filed a financial statement with the NZ Companies office.<sup>52</sup>
- Ordnance Developments Limited has "worked closely with the Defence Forces of leading countries and also smaller more expeditionary Forces."<sup>53</sup>

Multinational members of the NZDIA have exported or otherwise provided weapons and military-related services to nearly every country in the world.

44 <http://www.maszengrange.com/pages/posts/masz-artillery-mortar-fire-control-computers-now-in-service-with-all-gcc-countries-26.php>

45 <http://www.hamiltonjet.com/global/type/patrol-military>

46 [http://www.safeair.co.nz/customers\\_and\\_projects.php](http://www.safeair.co.nz/customers_and_projects.php)

47 [http://www.nzherald.co.nz/business/news/article.cfm?c\\_id=3&objectid=10803467](http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10803467) There are a large number of US military & intelligence facilities in Virginia including CIA facilities a Langley, Quantico and Camp Peary.

48 <http://www.tactical.co.nz/about-us/>

49 [https://en.wikipedia.org/wiki/Joint\\_Direct\\_Attack\\_Munition#Current\\_operators](https://en.wikipedia.org/wiki/Joint_Direct_Attack_Munition#Current_operators)

50 <http://www.radaero.com/media-release/radiola-aerospace-lands-plum-indian-contract/>

51 <http://www.cubic.com/News/Press-Releases/ID/268/Cubic-Defence-New-Zealand-Names-New-General-Manager>

52 Cubic's statements are available via the Companies office register online at [www.companies.govt.nz](http://www.companies.govt.nz)

53 [http://www.ordnance.co.nz/military\\_training.html](http://www.ordnance.co.nz/military_training.html)

## 8. Size of the New Zealand weapons & military-related export industry

The economic worth of New Zealand's trade in government services was assessed at \$210 million for the 2014 year, up from \$202 million in 2013.<sup>54</sup> This includes defence and diplomatic transactions where at least one party to the transaction is either the New Zealand or a foreign government. Unfortunately, this category is so broad that it makes it impossible to accurately estimate the economic worth of the weapons and military-related export industry. It also includes estimates of sales of overseas capital assets excluding land, estimated expenditure of foreign embassies in New Zealand, the portion of the New Zealand government's international aid spent in New Zealand, and the government's receipts from immigration fees.<sup>55</sup>

The Ministry of Foreign Affairs and Trade (MFAT) is responsible for administering the Customs Export Prohibition Order 2014 which requires an approved application for any exports of weapons and certain dual-use technology. These items are all listed under the *Strategic Goods List*.<sup>56</sup> At the time of writing, Peace Action Wellington was still awaiting a response from MFAT about successful commercial applications for exports under the *List*. The *List* is not comprehensive insofar as it does not include the provision of non-military services to militaries. As a result, it is presently difficult to estimate the total size and revenue of the NZ weapons & military-related export industry. This is exacerbated by:

- many companies being involved in the provision of both military and civilian products and services
- many of the companies being subsidiaries of global multinationals and the portion of their revenue from the NZ industry is not identifiable
- many companies being privately owned, in which case business reporting requirements are minimal.

## 9. Profiles of company activities:

This is a preliminary listing of weapons and military-related companies. It includes all members of the NZ Defence Industry Association. It also details companies that are not members, but that have contracts or other known links to the industry. Companies have been grouped according to the definition of weapons and military-related industry (Section 5). For companies that produce goods or services in more than one category, they have been placed in the category which forms their primary work or which otherwise seems most appropriate. Due to time limitations, additional companies with an association to the industry have been included in an appendix. The majority of these companies are derived from the *Australia-New Zealand Defence Directory*. Further work will be needed to determine the nature and extent of these companies' weapons and military-related work.

### *Companies that are producing or supplying weapons or components for weapons systems or their guidance and control systems*

#### **Babcock NZ**

Babcock (NZ) has a partnering relationship with the NZ Navy to manage the Devonport Dockyard and to maintain the NZ Navy fleet. In May 2012, Babcock International was awarded a £15m contract by the UK Ministry of Defence to support the design of the UK's

54 <http://www.stats.govt.nz/~media/Statistics/browse-categories/economic-indicators/balance-of-payments/international-accounts/InternationaltradeservicesyeMar14.xlsx>

55 [http://www.stats.govt.nz/browse\\_for\\_stats/industry\\_sectors/imports\\_and\\_exports/nzs-international-trade-in-services.aspx](http://www.stats.govt.nz/browse_for_stats/industry_sectors/imports_and_exports/nzs-international-trade-in-services.aspx)

56 Ministry of Foreign Affairs and Trade. *Export Controls*. <http://mfat.govt.nz/Trade-and-Economic-Relations/3-Export-controls/1-NZ-Strategic-Goods-List/index.php>



next generation nuclear-armed submarines.<sup>57</sup> Babcock manages Britain's nuclear submarine bases in Scotland, such as the Trident submarine base in Faslane. It also has contracts for weapons handling and launching of various nuclear vessels from other countries, for example South Korea. It is a member of the New Zealand Defence Industry Association and a sponsor of the annual Weapons Conference.

### **Beretta NZ**

Beretta NZ is subsidiary of Beretta Australia, part of Beretta, a privately owned Italian firearms manufacturing company, Fabbrica d'Armi Pietro Beretta S.p.A. Beretta USA has delivered over 600,000 M9 pistols to the US Armed Forces since 1985, and continues to supply M9 parts and additional pistols to the U.S. military.<sup>58</sup> The company makes assault rifles, machine guns, carbines, shotguns, pistols, grenade launchers, and complete weapons systems that combine a machine gun, grenade launcher and bayonet.<sup>59</sup> The head of Beretta Australia, Luca Scribani Rossi, warned Australian regulators in 2014 against introducing stricter measures on gun ownership saying it would negatively affect business.<sup>60</sup> It is a member of the New Zealand Defence Industry Association.

### **CPE Systems**

CPE is an Australian company with a NZ subsidiary. In conjunction with SAAB Systems it developed and manufactured Early Warning Interface Units (EWIU) for use on rocket launchers.<sup>61</sup> It conducts a wide range of military work including manufacturing, engineering, training and testing. It is a member of the New Zealand Defence Industry Association.

### **General Dynamics Land Systems**

General Dynamics is a major US weapons corporation. It manufactures the M1A1 Abrams tank along with armoured personnel carriers and light armoured vehicles. In New Zealand, the Army operates a fleet of 105 General Dynamic's LAV III 8X8 Light Armoured Vehicles.<sup>62</sup> It equips these vehicles with a range of weapons systems including thermal sighted missiles. It is the world's sixth largest arms manufacturer.<sup>63</sup> It is a sponsor of the Weapons Conference.

### **Lockheed Martin**

Lockheed Martin is the world's largest weapons manufacturer with annual profits of USD\$2.9billion.<sup>64</sup> In New Zealand, Lockheed Martin employs over 200 people.<sup>65</sup> It describes itself as a "global security and aerospace company... principally engaged in the research, design, development, manufacture, integration, and sustainment of advanced technology systems, products, and services." It specialises in military aircraft, missiles and munitions and operates nuclear weapons systems in the US and the UK. Lockheed Martin makes Trident D-5 nuclear missiles. It is a member of the New Zealand Defence Industry Association and the principal sponsor of the annual Weapons Conference.

### **MAS Zengrange (NZ) Ltd**

MAS Zengrange specialises in the design, development and manufacture of artillery, rocket and mortar fire control and remote initiation systems. In December 2014, the company announced that its handheld artillery & mortar fire control computers had been purchased by all Gulf Co-Operation Council Countries (Kuwait, Oman, Bahrain, Saudi Arabia, the UAE and Qatar).<sup>66</sup> Company revenue in the year ending 2014 was NZD\$8.7 million, with profits of

57 "Trident contracts worth £350m unveiled by MoD" *BBC*. 22 May 2012. <http://www.bbc.com/news/uk-18155835>

58 "U.S. Army Acquires Additional Beretta M9 9mm Pistols". *Shooting Illustrated* (NRA). 29 July 2014.

59 Beretta Military and Law Enforcement Catalogue. <http://www.berettadefensetechnologies.com/files/beretta.pdf>

60 "Gun reform would impact firearms industry, manufacturers warn." *The Guardian*. 14 October 2014. <http://www.theguardian.com/australia-news/2014/oct/14/gun-reform-impact-firearms-industry-manufacturers-warn>

61 <http://www.cpesys.com.au/portfolio/defence/>

62 [http://www.austandnzdefence.com/listings/listing\\_details/general-dynamics-land-systems](http://www.austandnzdefence.com/listings/listing_details/general-dynamics-land-systems)

63 The SIPRI Top 100 Arms Producing companies 2013. <http://www.sipri.org/research/armaments/production/recent-trends-in-arms-industry/The%20SIPRI%20Top%20100%202013.pdf>

64 Ibid

65 <http://www.lockheedmartin.com/us/who-we-are/global/new-zealand.html>

66 *MASZ Artillery & Mortar Fire Control computers now in-service with all GCC Countries*. <http://www.maszengrange.com/pages/posts/masz-artillery-mortar-fire-control-computers-now-in-service-with-all-gcc-countries-26.php>

NZD\$2.7 million. The parent company of MAS Zengrange (NZ) Ltd is MAS Zengrange (UK) Ltd and the ultimate parent of the group is Hall & Watts Holding Limited, a British weapons and military-related products company.<sup>67</sup> It is a member of the New Zealand Defence Industry Association.

#### ***Metco Engineering Limited***

Metco is a privately owned NZ company that produced adapter brackets for the NZDF to enable the C2A1 sight to be used on the 105mm Light Guns. It has been providing an array of engineering solutions to the NZDF over several years.<sup>68</sup>

#### ***New Zealand Ammunition Company***

NZ Ammo is a privately owned wholesale distribution company, specialising in the supply of pistols, shotguns, rifles and silencers.<sup>69</sup> It is a member of the New Zealand Defence Industry Association.

#### ***Northrup Grumman Australia***

Northrup Grumman is the fifth largest weapons manufacturer in the world with a 2013 total profit of USD\$1.9 billion.<sup>70</sup> The Australian subsidiary company will be giving a Master Class at the 2015 Weapons Conference entitled "Through, By and With: A collaborative approach to enhancing New Zealand's Defence Industry."<sup>71</sup> Current Northrup programs include support for a range of major Australian Defence Force capability systems including the P-3C Orion, the Boeing Business Jet 737-700 IGW, the Challenger CL-604 special purpose aircraft, the Sikorsky S-70A-9 Black Hawk helicopter, BAE Hawk 127 Lead in Fighter, the Pilatus PC-9/A training aircraft, and the Airbus Military KC-30A Multi Role Tanker Transport (MRTT). Northrup's Integrated Defence Service also supports international military aircraft including the Indonesian Air Force C-130H Hercules air transport aircraft.<sup>72</sup> It is a member of the New Zealand Defence Industry Association.

#### ***Point Trading Group***

Point Trading Group is an Australian company that produces items for military use including night vision goggles and laser weapons sights.<sup>73</sup> It is a sponsor of the Weapons Conference.

#### ***Rakon***

Rakon Limited is a technology company that designs and manufactures frequency control products, primarily quartz crystals and temperature-compensated crystal oscillators, oven controlled crystal oscillators and voltage controlled crystal oscillators. Its head office is in Auckland. Rakon is best known<sup>74</sup> for supplying crystal oscillators for the Joint Direct Action Munition (JDAM), known as the "Warfighter's Weapon of Choice," a low-cost guidance kit produced by the Boeing Corporation that converts existing unguided bombs into guided weapons.<sup>75</sup>

#### ***Rheinmetall MAN Military Vehicles Limited***

Rheinmetall Vehicles is a subsidiary of German weapons giant Rheinmetall, which was ranked as the 32<sup>nd</sup> largest weapons manufacturer globally in 2013.<sup>76</sup> Rheinmetall offers an extensive array of large- and medium-calibre weapons and ammunition. In the ammunition sector, the spectrum ranges from electronically programmable medium calibre rounds

67 MAS Zengrange. 2014 Financial Report. From NZ Companies Office register. [www.companies.govt.nz](http://www.companies.govt.nz)

68 <http://defence.govt.nz/acquisitions-tenders/nz-def-ind-awards/nzdia-2014.html>

69 <http://www.nzammo.co.nz/>

70 The SIPRI Top 100 Arms Producing companies 2013. <http://www.sipri.org/research/armaments/production/recent-trends-in-arms-industry/The%20SIPRI%20Top%20100%202013.pdf>

71 [http://www.nzdia.co.nz/uploads/2/2/7/8/22785228/defence\\_registration\\_2015-3.pdf](http://www.nzdia.co.nz/uploads/2/2/7/8/22785228/defence_registration_2015-3.pdf)

72 [http://www.northropgrumman.com/AboutUs/OurGlobalPresence/AsiaPacific/Australia/Pages/default.aspx?utm\\_source=PrintAd&utm\\_medium=Redirect&utm\\_campaign=Australia\\_Redirect](http://www.northropgrumman.com/AboutUs/OurGlobalPresence/AsiaPacific/Australia/Pages/default.aspx?utm_source=PrintAd&utm_medium=Redirect&utm_campaign=Australia_Redirect)

73 <http://www.pointtrading.com/>

74 Phil Taylor. 27 May 2006. "The Rakon Files." *New Zealand Herald*. [http://www.nzherald.co.nz/business/news/article.cfm?c\\_id=3&objectid=10383752](http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10383752)

75 Joint Direct Action Munition. Boeing Corporation. [http://www.boeing.com/assets/pdf/defense-space/missiles/jdam/docs/jdam\\_overview.pdf](http://www.boeing.com/assets/pdf/defense-space/missiles/jdam/docs/jdam_overview.pdf)

76 The SIPRI Top 100 Arms Producing companies 2013. <http://www.sipri.org/research/armaments/production/recent-trends-in-arms-industry/The%20SIPRI%20Top%20100%202013.pdf>

to special search fuse ammunition for artillery. In addition, Rheinmetall specialises in propellants, including propelling charges for artillery and mortar rounds, propelling powders, and combustible cast parts. The main armament of the Leopard 2 tank is the PzH 2000 self-propelled howitzer system, made by Rheinmetall.<sup>77</sup> It is a member of the New Zealand Defence Industry Association.

### **SAAB SDS New Zealand Limited**

Despite its having a reputation as a car maker, SAAB is primarily a weapons manufacturer: 81% of its sales are weapons.<sup>78</sup> It manufactures everything from submarines to fighter jets to missile firing systems to shoulder-mounted anti-tank weapons.<sup>79</sup> Saab supplies the Indonesian military with missile launchers, and has recently entered into an agreement with the Indonesian government to develop its own weapons industry.<sup>80</sup> Saab has just launched their newly developed Ground Launched Small Diameter Bomb (GLSDB), creating a whole new class of weapons.<sup>81</sup> It is a member of the New Zealand Defence Industry Association.

### **SAGEM**

Sagem is one part of the French weapons giant Safran, with annual profits of USD\$1.5 billion.<sup>82</sup> It manufactures a surface-to-air missile called the "Hammer" that it describes as a "smart missile" that is able to carry up to 1000kg bombs, with a range greater than 50km and able to work "low altitudes, [and] cross hilly terrain."<sup>83</sup> Sagem is a supplier to the US, French and other NATO countries. It is a member of the New Zealand Defence Industry Association.

### **Tactical Solutions**

New Zealand owned and operated, Tactical Solutions is a leading provider to all of New Zealand's Governmental Law Enforcement departments. It sells weapons sights, lights and lasers, as well as training ammunition.<sup>84</sup> It is a member of the New Zealand Defence Industry Association.

### **Thales New Zealand**

Thales made it into the world's top 10 leading weapons producers in 2013 with profits of USD\$761 million.<sup>85</sup> Thales is partially owned by the French state, and produces everything from aircraft carriers to surface-to-air missiles to drones. Thales is one of NZ's largest defence partners. It has also been implicated in a series of bribery scandals in South Africa,<sup>86</sup> Cambodia<sup>87</sup> and Taiwan, where it was ordered to pay a fine of USD\$920 million for bribes relating to the sale of frigates<sup>88</sup> resulting in France's largest corruption case ever. Its NZ subsidiary is a member of the New Zealand Defence Industry Association and a sponsor of the annual Weapons Conference.

77 [http://www.rheinmetall-defence.com/en/rheinmetall\\_defence/systems\\_and\\_products/weapons\\_and\\_ammunition/index.php](http://www.rheinmetall-defence.com/en/rheinmetall_defence/systems_and_products/weapons_and_ammunition/index.php)

78 The SIPRI Top 100 Arms Producing companies 2013. <http://www.sipri.org/research/armaments/production/recent-trends-in-arms-industry/The%20SIPRI%20Top%20100%202013.pdf>

79 <http://saab.com/region/saab-australia/>

80 "Saab strikes technology cooperation with BPPT, ITB" *Jakarta Post*. 29 August 2015. <http://www.thejakartapost.com/news/2015/08/29/saab-strikes-technology-cooperation-with-bppt-itb.html#sthash.ZzEiWYea.dpuf>

81 "Saab's Ground Launched Small diameter bomb lands at DSEI 2015." *Defence Web*. [http://www.defenceweb.co.za/index.php?option=com\\_content&view=article&id=40592&Itemid=105&catid](http://www.defenceweb.co.za/index.php?option=com_content&view=article&id=40592&Itemid=105&catid)

82 The SIPRI Top 100 Arms Producing companies 2013. <http://www.sipri.org/research/armaments/production/recent-trends-in-arms-industry/The%20SIPRI%20Top%20100%202013.pdf>

83 <http://www.sagem.com/aerospace/weapons-and-missiles/aasm>

84 <http://www.tactical.co.nz/>

85 The SIPRI Top 100 Arms Producing companies 2013. <http://www.sipri.org/research/armaments/production/recent-trends-in-arms-industry/The%20SIPRI%20Top%20100%202013.pdf>

86 "Thales firms in Zuma indictment." *BBC*. 4 November 2005. <http://news.bbc.co.uk/2/hi/business/4408020.stm>

87 "Cambodia: World Bank Sanctions Thales Engineering and Consulting S.A. and Others in Demobilization Project." 22 Nov 2004. *World Bank*. <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,contentMDK:20284953~menuPK:34463~pagePK:64003015~piPK:64003012~theSitePK:4607,00.html>

88 "France, Thales to pay record bribes fine" *Reuters*. 10 June 2011. <http://in.reuters.com/article/2011/06/09/idINIndia-57610220110609>



## *Communications equipment, or components for such systems, used by armed forces*

### ***Cubic Defence***

Cubic Defence is a US-based corporation, with an Auckland, NZ-based subsidiary, specialising in both military communications systems and training. Cubic's communication products provide Intelligence, Surveillance and Reconnaissance (ISR) and Command & Control capabilities for land, air and maritime operations. It provides services to "U.S. and allied forces in more than 35 nations." In 2013, Cubic was awarded a \$19 million contract by the Israeli Defence Force.

In 2005, Cubic (then known as Osmar) was the subject of a "Customs Official inquiry instigated after leaked documents claimed that the company had exported the intellectual property to make laser detection harnesses, in breach of laws controlling the movement of military goods and technology. That followed a failed bid by Cubic to export the military-style equipment to Israeli's Ministry of Defence, which was rejected on the grounds it could contribute to regional conflict, although NZ officials had previously cleared 30 other such contracts. The most recent company accounts filed for the year ending September 2011 showed revenue of just under NZD \$74 million and NZD \$18 million in net profit."<sup>89</sup>

Cubic has ongoing NZ government funding through the Callaghan Innovation Fund. It is a member of the New Zealand Defence Industry Association.

### ***Daronmont Technologies Limited***

Daronmont is a wholly Australian owned military-related company specialising in design, engineering, integration and support of complex high technology electronics and software-intensive systems.<sup>90</sup> In 2013-2014, it developed a replacement communication detection system for the Royal New Zealand Navy's Protector Fleet.

### ***Defcon Technologies***

Defcon is an Australian company that specialises in a range of communications, GPS systems, lighting and training for soldiers.<sup>91</sup> It is incorrectly identified as "Defecon [sic] Technologies" on the NZDIA website. It is a member of the New Zealand Defence Industry Association.

### ***EPE New Zealand***

EPE New Zealand is a subsidiary of EPE, an Australian-based company. It produces a wide range of military gear including transmitting optical scopes for mounting on personal weapons, command and control information systems, weapons-mounted camera systems, and armoured vehicles.<sup>92</sup> It is a member of the New Zealand Defence Industry Association.

### ***Ignition Networks Limited***

Ignition Networks is a NZ company that advertises its expertise in the "secure communication requirements of Government agencies" and sells secure, portable communications systems for use by militaries. It has developed the Hawk Compute Heavy Mobile Command Post, and the Falcon Secure Deployable Communications Case.<sup>93</sup> It is a member of the New Zealand Defence Industry Association.

### ***Tait Communications***

Tait is a NZ-based company that exports around 95% of its products from its Christchurch base. In 2014, it won a contract provide radio equipment and services to be used by the UK Royal Air Force. The Australian Department of Defence is using advanced Tait radio communications technology in 24 training areas across the country.

<sup>89</sup> "Cubic Defence NZ targetting corporate customers." *NZ Herald*. 13 April 2015. [http://www.nzherald.co.nz/business/news/article.cfm?c\\_id=3&objectid=11431769](http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=11431769)

<sup>90</sup> <http://www.daronmont.com.au/dartweb/index.php/about-us/our-company>

<sup>91</sup> <http://www.defcon.com.au/>

<sup>92</sup> <http://epequip.com/>

<sup>93</sup> <http://ignition.net.nz/about-us/>

Tait is a supplier to the Defence Materiel Organisation (DMO) (a department of the Australian Department of Defence (DoD)) that contracted BAE Systems Australia to run and maintain the DoD Alice Springs Jindalee Operational Radar Network Radar 3.<sup>94</sup> BAE is the third largest weapons manufacturer in the world.<sup>95</sup> Tait has received NZ government support in the form of MBIE & Callaghan Fund Grants and NZTE funding through its membership in the Security Technology Alliance.

#### **ViaSat**

ViaSat is an Australian military contractor that produces military satellite communications systems, and provides high security data networks, tactical communications links, network-centric warfare and cybersecurity services.<sup>96</sup> It has been a member of the New Zealand Defence Industry Association, but its current membership status is unclear.

#### **Wright Satellite Connections Ltd**

Wright is a NZ company that sells military satellite communications systems. Its website says it provides, "leading edge mobile satellite communication solutions to defence, maritime, civil defence and other organisations for their use around the world." It is a member of the New Zealand Defence Industry Association.

### *Military training equipment, including aircraft used for military training purposes, weapons and combat simulators, bomb scoring systems and remote detonation systems*

#### **AgustaWestland**

AgustaWestland S.p.A. is an Anglo-Italian multinational helicopter design and manufacturing company, and a wholly owned subsidiary of Finmeccanica. In 2012, AgustaWestland provided a full motion A109LUH (NZ) Flight Training Device to the NZDF.<sup>97</sup>

#### **Beca**

"In 1918 Beca was established in New Zealand with only three employees. Today, Beca has a substantial Asia Pacific footprint approaching 3,000 employees in 19 offices around the world."<sup>98</sup> Beca develops infrastructure and facilities for Navy, Army and Air Force and software and systems for specialist military equipment. Beca was engaged by the Royal New Zealand Navy to deliver a computer-based operational trainer for the recently upgraded Close-In Weapons System (CIWS) on board the Navy's frigates. Beca has offices across Asia including in Myanmar and Indonesia. It is a member of the New Zealand Defence Industry Association and a sponsor of the annual Weapons Conference.

#### **Beechcraft**

Beechcraft is owned by Textron Aviation, a US-based aircraft company. NZDF awarded Beechcraft Defense Company a contract in January 2014 for the supply of 11 aircraft, two simulators and a training package at a cost of NZ\$141-167 million. These T-6 training aircraft are the only trainers used in the U.S. Air Force and U.S. Navy's Joint Primary Aircraft Training System. They are also in use by the Hellenic Air Force of Greece, the NATO Flying Training in Canada program, the Iraqi Air Force, the Israeli Air Force, the Royal Moroccan Air Force, and the Mexican Air Force and Navy.<sup>99</sup> Beechcraft is a member of the New Zealand Defence Industry Association.

94 <http://www.taitradio.com/clients/case-studies/defence-materiel-organisation-alice-springs-australia>

95 <http://www.sipri.org/research/armaments/production/recent-trends-in-arms-industry/The%20SIPRI%20Top%20100%202013.pdf>

96 <https://www.viasat.com/industries-applications/defense>

97 <http://defence.govt.nz/acquisitions-tenders/nz-def-ind-awards/nzdia-2012.html>

98 <http://www.beca.co.nz/>

99 [http://www.beechcraft.com/defense/about\\_us.aspx](http://www.beechcraft.com/defense/about_us.aspx)

**CAE NZ PTY Limited**

CAE is a Canadian defence contractor that recently won a \$120 million contract to provide MQ-1 Predator/MQ-9 Reaper drone aircrew training services for the US Air Force; magnetic anomaly detection systems for Japan to be used during anti-submarine warfare missions; and a C-130J simulator for Lockheed Martin.<sup>100</sup> The company does business with a huge range of militaries from Germany to Korea, and some "undisclosed" customers: "CAE has been awarded a contract to provide an undisclosed international customer with a KC-135 boom operator weapon systems trainer (BOWST)."<sup>101</sup> Its NZ subsidiary is a member of the New Zealand Defence Industry Association and a sponsor of the annual Weapons Conference.

**Marops**

Marops is a NZ-based firm involved in both flight training and IT development for the NZ and Australian militaries.<sup>102</sup> It has installed sophisticated survey and reconnaissance software in the Royal New Zealand Air Force P3 aircraft.<sup>103</sup> It is a member of the New Zealand Defence Industry Association.

**Serco**

Serco is a multinational services corporation based in the UK that operates public and private transport, traffic control, aviation, military weapons facilities, detention centres, prisons and schools for profit. Serco is one of three partners in the consortium that manages the UK Atomic Weapons Establishment.<sup>104</sup> There is an extensive history of human rights abuses in Serco-run facilities including refugee centres in Australia and prisons in the UK.<sup>105</sup> Its NZ subsidiary is a member of the New Zealand Defence Industry Association.

**Loading equipment, vehicles, vessels or parts of these for military use****Air NZ Gas Turbines (ANZGT)<sup>106</sup>**

ANZGT supports the Royal New Zealand Navy and Royal Australian Navy. In 2002 ANZGT was the first commercial company outside of the US Navy's own repair facility to be selected as a preferred contractor for a US Navy LM2500 overhaul, and has since carried out similar work and field service work for several navies around the world.

In 2010 ANZGT was approached by the Royal Australian Navy to upgrade an LM2500 twin shank turbine engine. It is a member of the New Zealand Defence Industry Association.

**EHL Limited**

EHL is Energy Hydraulics Ltd., a Taranaki, NZ-based engineering company. EHL designed, built and commissioned two large industrial ship gangways on the HMNZS Canterbury. It has developed the Azura Wave Energy device that is currently being tested by the US Navy.<sup>107</sup> It is a member of the New Zealand Defence Industry Association.

**Hamilton Waterjet<sup>108</sup>**

Hamilton Waterjet NZ manufactures marine propulsion systems in use by a range of militaries including the US, Egypt, Tunisia and Lebanon.

**Hawker-Pacific**

Hawker Pacific is an aircraft company that supplies the Australian Defence Force with a light transport, reconnaissance, surveillance and training capability. It also supplies aircraft to the NZDF. It serves "corporate, government and private customers across the Asia Pacific

100 <http://www.cae.com/CAE-wins-defence-contracts-valued-at-more-than-C120-million/?contextualBUID=103>

101 <http://www.cae.com/CAE-wins-defence-contracts-valued-at-approximately-110-million/>

102 <http://www.marops.net/portfolio/projects>

103 <http://defence.govt.nz/acquisitions-tenders/nz-def-ind-awards/nzdia-2007.html>

104 <https://www.serco.com/markets/defence>

105 "Privatising human rights abuses: will Serco run the show?" *Project SafeCom*. <http://www.safecom.org.au/serco-australia.htm>

106 <http://www.airnewzealandgasturbines.co.nz/default.aspx?o=marineservices>

107 <http://www.ehltd.co.nz/np/portfolio/>

108 <http://www.hamiltonjet.com/global/type/patrol-military>



and the Middle East.”<sup>109</sup> It is a member of the New Zealand Defence Industry Association and a sponsor of the annual Weapons Conference.

#### **McKay Electrical NZ**

McKay has worked with BAE building the four inshore patrol vessels and two offshore patrol vessels for the New Zealand Ministry of Defence.<sup>110</sup> It was also responsible for the electrical installation of the Integrated Platform Management System and the Heating, Ventilation and Air Conditioning system on board the Frigates. McKay Electrical NZ is a member of the New Zealand Defence Industry Association.

#### **MHD Rockland**

MHD Rockland is a US-based aircraft distribution and parts company that holds a contract to sell Lockheed Martin's F-16 Fighter Jet, P-3 Orion and C130 Hercules aircraft.<sup>111</sup> Its NZ subsidiary is a member of the New Zealand Defence Industry Association.

#### **Nalco NZ**

Nalco is the National Aluminium company that provides marine certified sheet and plate for the amphibious Sealegs crafts.<sup>112</sup> It is a member of the New Zealand Defence Industry Association.

#### **New Zealand Ocean Technology Limited**

New Zealand Ocean Technology Ltd sells underwater autonomous vehicles. It is the sole NZ distributor of Lockheed Martin's Sippican's Sea-Air Systems that include launching devices, probes and the shipboard data acquisition systems that record, process, and interpret the data the probes collect.<sup>113</sup> It is a member of the New Zealand Defence Industry Association.

#### **Northland Spars and Rigging**

Northland Spars and Rigging designed and built two identical, highly deployable Mine Counter Measures I Rapid Environmental Assessment Boats (REA Boats) for multiple users within the NZDF.<sup>114</sup>

#### **Safe Air**

Safe Air is a NZ subsidiary of Airbus involved in the design, manufacture and maintenance of aircraft. It has provided work for the militaries of NZ, Australia, Chile and, controversially, Indonesia at the time of the invasion of East Timor.<sup>115</sup> It is a member of the New Zealand Defence Industry Association and a sponsor of the annual Weapons Conference.

#### **Sealegs International**

Sealegs is an NZ company that produce an amphibious craft that can move from water to ground. The company offers a special military-grade model.<sup>116</sup> It is a member of the New Zealand Defence Industry Association.

#### **Tidd Ross Todd**

Tidd Ross Todd is a NZ manufacturing and engineering company that designed and built the Heavy Equipment Transport Trailer and integrated it into the NZDF's Medium-Heavy Operational Vehicle fleet.<sup>117</sup> It is a member of the New Zealand Defence Industry Association.

#### **Upland Associates**

Upland Associates is a NZ small air charter service. While little information is available about the services it provides to military or other entities, it is a member of the New Zealand Defence Industry Association.

109 <http://www.hawkerpacific.com/about-us>

110 <http://www.mckay.co.nz/project/patrol-vessels/>

111 <http://www.mhdrockland.com/distribution-2-2/>

112 <http://www.nalco.co.nz/news/sealegs-new-77m-cabin-rib>

113 <http://www.sippican.com/contentmgr/showdetails.php/id/316> AND

[http://www.nzot.co.nz/New\\_Zealand\\_Ocean\\_Technology\\_Ltd/Agencies.html](http://www.nzot.co.nz/New_Zealand_Ocean_Technology_Ltd/Agencies.html)

114 <http://defence.govt.nz/acquisitions-tenders/nz-def-ind-awards/nzdia-2013.html>

115 Keith Locke. 1999. "NZ should stop Indonesian Skyhawk repairs," *Scoop*. <http://www.scoop.co.nz/stories/PA9909/S00464.htm>

116 <http://www.sealegsprofessional.com/ika-11.html>

117 <http://www.defence.govt.nz/acquisitions-tenders/mod-industry-awards.html>

***Victory Aerospace and Military Spares***

Victory Aerospace & Military Spares is a New Zealand company that sources aircraft parts, and military items.<sup>118</sup> Its focus is on aircraft parts. However, it will source parts for any military rotatable item (i.e. an item that can be refurbished). It is a member of the New Zealand Defence Industry Association.

***Ammunition, clothing, rations or any other supplies for armed forces******ADA Pty Limited***<sup>119</sup>

ADA is an Australian Uniform and Apparel Company that supplies Combat, Non-Combat and Protective Apparel (including body armour) for the Australian Defence Force. It is a member of the New Zealand Defence Industry Association.

***Dockery Canvas***

Dockery Canvas is a NZ company that produces technical textile requirements for the Army. They manufacture a variety of products including body armour, Pinzgaur seat covers, and mobile kitchen covers.<sup>120</sup>

***Ordnance Developments Limited NZ***

Ordnance Developments Ltd is a NZ company that links all NATO calibres arms ammunition cartridges together as well as manufacturing special purpose ammunition, training ammunition, and anti-material ammunition. They supply a range of ammunition to "several military forces worldwide" including tracer, armour piercing and incendiary bullets and shells.<sup>121</sup> It is a member of the New Zealand Defence Industry Association.

***Pacific Brands***

Pacific Brands is an Australian company that supplies uniforms to the NZDF. It is a member of the New Zealand Defence Industry Association.

***Prepack Limited NZ***

Prepack Ltd is a NZ subsidiary of an Australian company produces the "Revive All" combat ration packs that supplies the Australian military.<sup>122</sup> It also sells the "Survival All" disaster relief food packages.<sup>123</sup> It is a member of the New Zealand Defence Industry Association.

***RFD New Zealand***

RFD manufactures life rafts and lifejackets for military use. It also manufactures the largest range of pilot flight equipment in the world, plus submarine escape suits and single seat life rafts for ejector seats.<sup>124</sup> Its NZ subsidiary is a member of the New Zealand Defence Industry Association.

***All other products and services for military purposes, including IT, management, consultancy, testing, logistics, maintenance and refurbishment of military equipment.******Air Affairs Limited (trading as AAL)***<sup>125</sup>

AAL is a privately owned New Zealand company that provides a range of services and equipment for military purposes. It specialises in defence and aviation equipment and systems together with project management, training and long-term support services. It also provides simulation and Computer Based Training (CBT).

118 <http://www.victoryaerospace.com.au/>

119 <https://www.ada.com.au/our-expertise/>

120 <http://defence.govt.nz/acquisitions-tenders/nz-def-ind-awards/nzdia-2011.html>

121 <http://www.converge.org.nz/pma/nw121004.htm>

122 <http://prepack.co.nz/about/>

123 <http://prepack.co.nz/products/>

124 <http://www.rfd.co.nz/how-we-can-help/armed-forces.aspx>

125 <http://www.aal.net.nz/>

AAL provides target towing services for the New Zealand Defence Force and is the in-country support and service provider for a variety of products including: simulation, navigation and situational awareness systems, military hardware, software, and ranging systems. Its products include the Diver Signature Evaluation System (commercialised research done by the NZ Defence Technology Agency), Towed Targets, Naval Surface Firing Analysis Tool, Bridge Simulator Facility, Remote control weapons stations, Mobile Acoustic Scoring System, Electronic Chart Precise Integrated Navigation System—Military, and Xray inspection systems. It is a member of the New Zealand Defence Industry Association.

#### **AECOM<sup>126</sup>**

AECOM, a US corporation with a NZ subsidiary (a major engineering company), acts as an extension of the Pentagon Renovation & Construction Office for the \$5.4 billion restoration of the Pentagon, the US military headquarters. AECOM began working on the Pentagon in 1991. The current contract runs through 2015 when the renovation will be complete. It is a member of the New Zealand Defence Industry Association.

#### **Airwork (NZ) Limited<sup>127</sup>**

The Airwork Group is a global aviation provider providing a full turnkey aviation service from heavy maintenance through to operations of aircraft ranging from Boeing 737-300s to light turbine helicopters. Airwork Flight Operations undertakes maritime surveillance for the New Zealand government. It is a member of the New Zealand Defence Industry Association.

#### **ANZ Bank**

ANZ is one of the lead banks for the Australian aerospace and defence industry. ANZ Relationship managers have direct government experience in the office of Australia's Defence Minister and the Minister for Industry. ANZ was adviser and Lead Arranger to Lockheed Martin for the Singaporean Government's Basic Wing Course for pilot training.<sup>128</sup>

In 2003 ANZ announced that it was part of the Trade Bank of Iraq, a grouping of international banks led JP Morgan Chase, created by the illegal Occupation Forces. The Iraq Trade Bank was set up to "facilitate international trade as part of Iraq's reconstruction".<sup>129</sup> The ANZ and Westpac both continue their involvement with the Bank in 2015. The ANZ is a member of the New Zealand Defence Industry Association.

#### **Ardmore Project Services Limited**

Ardmore is a Lower Hutt, NZ-based building consultancy service. It is a member of the New Zealand Defence Industry Association.

#### **A.S. Harrison & Company Limited**

A.S. Harrison & Company is an Australian chemical supply company. It provides lubricants to the Australian military and "world's defence forces, including the USA, UK and Europe."<sup>130</sup> It is a member of the New Zealand Defence Industry Association.

#### **Auckland Uniservices Limited**

UniServices is the commercialisation company of the University of Auckland. It partners with Defence Technology Agency to commercialise NZDTA technology. It is a member of the New Zealand Defence Industry Association.

#### **Aviation Labour Group**

Aviation Labour Group is an Australian aviation employment specialist contracted for the NZ Air Force upgrade of the C130 Hercules aircraft.<sup>131</sup> It is a member of the New Zealand Defence Industry Association.

<sup>126</sup> [http://www.aecom.com/What+We+Do/Construction+Services/Market+Sectors/Government/\\_projectsList/The+Pentagon](http://www.aecom.com/What+We+Do/Construction+Services/Market+Sectors/Government/_projectsList/The+Pentagon)

<sup>127</sup> <http://www.flightoperations.co.nz/content/flight-operations/aerial-surveillance.aspx>

<sup>128</sup> <http://www.anz.com/corporate/banking-business/large-corporates/aerospace-defence/>

<sup>129</sup> <http://www.converge.org.nz/watchdog/11/12.html>

<sup>130</sup> <http://www.asharrison.com.au/defence-forces.html>

<sup>131</sup> <http://defence.govt.nz/acquisitions-tenders/current-acquisition-projects/c130-life-extension.html>



***Avis Rent a Car***

Avis is a rental car company specialising in partnerships with the NZ Government. It is a member of the New Zealand Defence Industry Association.

***Bidvest New Zealand***

The Bidvest Group Limited is an international investment holding company based in South Africa with investments across the foodservice, trading and distribution industries. Bidvest supply rations of various food products to RNZN and NZ Army catering facilities, and any HMNZS Ship berthed in any New Zealand port.<sup>132</sup>

***Brunton Engineering NZ***

Brunton Engineering undertakes military design and fabrication. It is a member of the New Zealand Defence Industry Association.

***Callaghan Innovation***

Callaghan is a government agency that carries out research, and awards research and development money to companies. It has provided funding to a number of companies involved in weapons and military-related exports including Cubic Defence and Tait Communications. It has specialists working in similar areas to the Defence Technology Agency and has a Memorandum of Understanding with that agency to work jointly on research and development. It is a member of the New Zealand Defence Industry Association.

***Catalyze Limited (NZ)***

Catalyze Limited is a UK company with a NZ subsidiary that facilitated the Defence Force Midpoint Rebalancing Review project team to undertake a major review of policy, capability and funding trade-offs. Its other clients include the US Department of Defence, UK Ministry of Defence, Royal Air Force & Royal Navy, weapons companies Thales and BAE, and security contractor Booz, Allen and Hamilton.<sup>133</sup>

***Compass Group NZ Limited (ESS)***

ESS Support Services Worldwide (ESS), a subsidiary of the Compass Group Ltd leads the market in providing food services and support services to major companies operating in the oil and gas, mining and construction industries and to the defence sector.<sup>134</sup> It is a member of the New Zealand Defence Industry Association.

***Comworth Technologies***

Up until October 2015, Comworth was involved in the distribution of rugged technologies for deployment in difficult terrain. As of 1 October 2015, it exited distribution. It is now part of the larger Comworth Group providing communications and training programmes. It is not clear if it holds or held military contracts. It is a member of the New Zealand Defence Industry Association.

***Covertex NZ***

Covertex makes rapidly deployable inflatable defence shelters using military-specific materials.<sup>135</sup> It is a member of the New Zealand Defence Industry Association.

***Cuddon NZ***

Cuddon is a NZ-based engineering company; it is unclear the specific military services it provides. It is a member of the New Zealand Defence Industry Association.

***Datacom Systems (Wellington) Limited***

Datacom is a NZ company with offices across Australia and the Asia Pacific. Its Technical Security Services (DTSS) is a provider of penetration testing, application code reviews, security architecture, database security and threat intelligence. Former Australian Government Defence cyber intelligence and information security specialists founded this part of the company.<sup>136</sup>

<sup>132</sup> <http://defence.govt.nz/acquisitions-tenders/nz-def-ind-awards/nzdia-2012.html>

<sup>133</sup> <http://www.catalyzeconsulting.com/index.php/our-clients/>

<sup>134</sup> <http://compass-group.co.nz/our-brands/ess/>

<sup>135</sup> <http://www.covertex.co.nz/rapid-deployment/>

<sup>136</sup> <http://datacom.co.nz/Our-Services/IT-Management/Security-Services/Cyber-Security-Practice.aspx>

**Dräger Safety Pty Limited**

Dräger Australia and New Zealand is a subsidiary of the German safety company Dräger Safety Pty Limited. It produces a range of Personal Protective Equipment (PPE) and training for law enforcement.<sup>137</sup> It is a member of the New Zealand Defence Industry Association.

**Eagle Technology Group**

Eagle Technology Group is a NZ company specialising in the sale of Environmental Systems Research Group (ESRI) Geographic Information Systems. Militaries now rely on geospatial awareness for virtually every aspect of operations from mission command to intelligence, surveillance and reconnaissance (ISR) to training area management and mission support. Eagle Technology Group is a member of the New Zealand Defence Industry Association.

**Ebert Construction Limited**

Ebert Construction was contracted to construct a \$25 million purpose built, four level battle training facility for the NZDF. It also built new accommodation blocks for the New Zealand Navy at Whangaparaoa and Air Force at Ohakea.<sup>138</sup>

**Electropar Preformed Line Products**

Electropar PLP is a leading provider of electrical engineering solutions for the Australasian electrical transmission and distribution, defence and industrial sectors. Electropar provides sophisticated electrical control solutions to the specialist marine (navy), petrochemical, industrial and agricultural sectors.

*"Our Defence range has continued to develop as we provide solutions for our customer's needs. From our extensive involvement in the ANZAC ship project, we have continued to work closely with the designers and manufacturers of Defence platforms. We are proud to advise that our most recent success is the ongoing, Air Warfare Destroyer, project for the Royal Australian Navy. With each project, items and services have been added, and our capability developed, resulting in the ability to offer comprehensive electrical solutions."* (23 April 2013)<sup>139</sup> Electropar has received ongoing NZ government funding through Callaghan Innovation. It is a member of the New Zealand Defence Industry Association.

**Energys Australia Pty Limited**

Energys produces batteries that are used in drones, propulsion and guidance for torpedoes, and in missile and "smart" weapons, which it notes is "supported by EnerSys products available in our North America, South America, Europe, Middle East and Africa regions."<sup>140</sup> It is a member of the New Zealand Defence Industry Association.

**Electronic Navigation Limited (ENL)**

Electronic Navigation Limited is a privately owned NZ company that supplies marine electronic products.<sup>141</sup> It has received funding from Callaghan Innovation for the development of advanced sonar. Its WASSP sonar has been sold to some 39 countries. It is a member of the New Zealand Defence Industry Association.

**Fletcher Easysteel NZ**

Easysteel works across a range of industries providing steel products. It is not clear if it holds or has held military contracts. It is a member of the New Zealand Defence Industry Association.

**FujiXerox NZ**

FujiXerox NZ is part of a multinational corporation that provides a range of document services to government and business. It is a member of the New Zealand Defence Industry Association.

137 [http://www.draeger.com/sites/en\\_aunz/Pages/Law-Enforcement/Advisor.aspx?navID=3826](http://www.draeger.com/sites/en_aunz/Pages/Law-Enforcement/Advisor.aspx?navID=3826)

138 <http://www.ebert.co.nz/project/nzdf-battle-training-facility/>

139 <http://www.electropar.co.nz/defence-catalogue/>

140 <http://www.energys.com/Components/Wireframes/TwoColumn.aspx?pageid=25769805237>

141 <http://www.enl.co.nz/>

**Fulton Hogan NZ**

Fulton Hogan undertakes maintenance and construction of airport runways for Defence Force facilities across Australia.<sup>142</sup> It is a member of the New Zealand Defence Industry Association.

**GHD Limited**

GHD (formerly Gutteridge, Haskins & Davey) is a global engineering, construction and project management company that has had contracts to clean-up nuclear-testing sites in Australia, and was involved in a controversy about its role managing the clean up at the Maralinga site.<sup>143</sup> It designed a parachute training facility for the Australian Defence Force and designed and developed the Moving Target Range Project for the NZ Army. It is a member of the New Zealand Defence Industry Association.

**Geospatial Research Centre NZ**

The Geospatial Research Centre is part of the University of Canterbury and has been developing Unmanned Aerial Vehicle (drone) technology since 2006. Geospatial information is now seen as a key area of military intelligence. It is a member of the New Zealand Defence Industry Association.

**Global Destination Forwarding Limited**

Global Destination Forwarding Ltd is a New Zealand freight forwarding company. It is a member of the New Zealand Defence Industry Association.

**Go! Logistics Group**

Go! forms part of the defence aviation logistics supply chain for MHD Rockland, a company that services and supports military aircraft around the world.<sup>144</sup> It is a member of the New Zealand Defence Industry Association.

**Higgins Contractors Limited**

Higgins Contractors Ltd is a New Zealand civil engineering company. Higgins was contracted in the Stage 1 to build the support network of civil works services and roading for the new Airforce Helicopter squadron facilities.<sup>145</sup>

**Kahanui Ventures Limited**

Kahanui Ventures Limited is a new member of the Defence Industry Association. It is operated by William Peet, former civilian Chief Operating Office of the NZDF. It provides management and consulting services. In 2011, it won a NZ Aid contract for the Bamyar Infrastructure Package in Bamyar Afghanistan.<sup>146</sup>

**Korr Technical Services**

Korr is an Australian aviation consultancy with three areas of specialization: aviation contract engineering, aviation consultancy and aviation recruitment services.<sup>147</sup> It is a member of the New Zealand Defence Industry Association.

**Loop Technologies NZ**

Loop Technologies is a privately owned NZ IT company that undertakes maintenance and repair of technical hardware. It is a member of the New Zealand Defence Industry Association.

**LPS**

LPS, formerly known as Lexel, provides IT project management for the NZDF. It managed the NZDF data centre relocation programme. It is a member of the New Zealand Defence Industry Association and a sponsor of the annual Weapons Conference.

142 <http://www.fultonhogan.com/defence-force-facilities/>

143 Maralinga: the clean up of a nuclear test site. International physicians for the prevention of nuclear war. <http://www.ippnw.org/pdf/mgs/7-2-parkinson.pdf>

144 <http://www.goairlandsea.com/aviation-logistics.html>

145 <http://www.higgins.co.nz/about-us/our-projects/project-takitini>

146 <http://www.aid.govt.nz/funding-and-contracts/contracting/awarded-contracts/may-june-2011>

147 <http://www.aerospace-technology.com/contractors/aviation/korr/>



**Mainfreight Transport and Logistics**

Mainfreight is a global transport company that holds a national freight contract with the NZDF. It is a member of the New Zealand Defence Industry Association.

**Marine Management Limited NZ**

Marine Management Ltd holds a contract with the NZDF to refurbish and maintain Naval vessels. It is a member of the New Zealand Defence Industry Association.

**Marinvent Corporation**

Marinvent is a privately held Canadian company headquartered near Montreal. It produces tactical display systems for drone aircraft and remote surveillance systems.<sup>148</sup> It provided support to the New Zealand C-130 Life Extension Programme (LEP) included reviewing the Software Life Cycle Processes for the Flight Management System; providing technical support and advice for the Autopilot system; and producing a software linking tool for the Navigation database.<sup>149</sup>

**McRaes Global NZ**

McRaes Global is a NZ company that currently has a contracted in-service support agreement with the Royal New Zealand Navy for the full support of all hydraulic and control systems across the entire fleet.<sup>150</sup> It is a member of the New Zealand Defence Industry Association.

**Metrology Group NZ**

The Metrology Group sells and provides engineering and calibration services to a wide range of New Zealand industries including those involved in military aerospace. It has provided precision manufactured parts to the RNZAF (Aeromacchi, Skyhawk and Strikemaster projects, and Iroquois maintenance).<sup>151</sup> It is a member of the New Zealand Defence Industry Association.

**Nova Systems**

Nova is an Australian owned company that specialises in testing military equipment. It works for some 16 different branches of the Australian military, including the Munitions and Guided Weapons division.<sup>152</sup> It is a member of the New Zealand Defence Industry Association.

**Noske-Kaeser<sup>153</sup>**

Noske-Kaeser NZ, a subsidiary of the German parent company, is one of the worldwide leading suppliers of marine equipment. The company provides air-conditioning, ventilation, refrigeration, piping, fire fighting as well as special technology with NBC (nuclear, biological and chemical) protection systems. Noske-Kaeser equipment and components are in service worldwide in naval vessels of several nations, on board destroyers, frigates and corvettes as well as on military transport vessels, fast patrol boats, mine-hunters and submarines. It is a member of the New Zealand Defence Industry Association.

**PAE Facilities Management**

PAE NZ is a subsidiary of the global PAE Facilities Management company that provides support to military forces undertaking foreign combat. PAE provided logistical support to the US Department of Defence for 2007 massive troop surge in Iraq. It specialises in "environments that lack an existing infrastructure due to remoteness or political conflict."<sup>154</sup> In 2012, it was awarded a \$200 million contract with the NZDF to manage facilities and provide operational support to the three defence branches in the Northern Region of NZ. It provides services to the US military and the UK Ministry of Defence. It is a member of the New Zealand Defence Industry Association and a sponsor of the annual Weapons Conference.

148 <http://www.marinvent.com/solutions/tactical-display/>

149 <http://defence.govt.nz/acquisitions-tenders/nz-def-ind-awards/nzdia-2011.html>

150 <http://mcraesglobal.com/industries/defence/>

151 <http://www.aviationnz.co.nz/uploads/Final%20metal%20tech%20press%20release%20Aug12.pdf>

152 <http://www.novasystems.com/markets/defence>

153 <http://www.noske-kaeser.com/schiffe-und-yachten/>

154 <http://pae.com/capabilities/expeditionary-logistics>

***PSL Fire and Safety NZ***

PSL Fire and Safety is a NZ company that specialises in the sale of fire safety equipment. It is a member of the New Zealand Defence Industry Association.

***Pyrotech Noise Control***

Pyrotech is an Australian company that specialises in insulation for noise reduction. It has recently outfitted Indonesian made Armoured Personnel Carriers with soundproofing, and advertises its products for military purposes.<sup>155</sup> It is a member of the New Zealand Defence Industry Association.

***Radiola Aerospace NZ***

Radiola is a New Zealand aeronautical company specialising in flight-testing. In 2012, it was awarded a four-year contract to undertake flight inspections of new navigation aids at 30 military airfields throughout India.<sup>156</sup> It is a member of the New Zealand Defence Industry Association.

***Randall and Associates Limited NZ***

Randall and Associates Ltd is a Palmerston North based mechanical engineering firm. It is a member of the New Zealand Defence Industry Association.

***Redfort Freight NZ***

Redfort is an Auckland-based freight company specialising in the moving of helicopters. It is a member of the New Zealand Defence Industry Association.

***SG Fleet Group Limited***

SG Fleet is a global conglomerate that has been contracted as the fleet manager of the NZDF automobiles for the New Zealand Defence Force. It is a member of the New Zealand Defence Industry Association.

***Spotless Services NZ Limited***

Spotless holds contracts for more than 30 Defence bases and sites across Australia and NZ. It works with the Australian Defence Force on contracts such as the Base Services contract in Queensland Australian and the Joint Operational Command Headquarters (HQJOC) Public Private Partnership contract. It is a member of the New Zealand Defence Industry Association.<sup>157</sup>

***Strategic Sourcing Consulting NZ***

Strategic Sourcing is a project management company that works for militaries and on defence projects. It worked with the NZDF to create commercialisation strategies to sell publicly funded intellectual property to the private sector.<sup>158</sup> It is a member of the New Zealand Defence Industry Association.

***Toll Holdings***

Toll works for the US military and the Australian Defence force. It does specialised freight transport services for military goods and equipment, base support services and movement of soldiers and equipment.<sup>159</sup> It is a member of the New Zealand Defence Industry Association and a sponsor of the annual Weapons Conference.

***Transfield Services/Broadspectrum***

Transfield Services Ltd is an Australian corporation providing operations and maintenance, asset management, project and capital management outsourcing and infrastructure development. It holds a contract with the NZDF for facilities management. Transfield Services will change its name in 2015 to "Broadspectrum" after coming "under sustained pressure over its management of the Manus Island and Nauru immigration detention centres.

155 <http://www.pyroteknc.com/creating-safer-environment-specialised-vehicles.asp>

156 <http://www.radaero.com/media-release/radiola-aerospace-lands-plum-indian-contract>

157 <http://www.spotless.com/industries/defence>

158 <http://www.strategicsourcing.co.nz/content/images/stories/pdfs/capability-experience-strategic-sourcing.pdf>

159 <http://www.tollgroup.com/government-defence>

The detention centres there have been the site of violent riots, child sexual abuse allegations, assaults and other human rights breaches, and have been consistently condemned by the United Nations, human rights groups and parliamentary inquiries."<sup>160</sup>

***Triton Resources Limited***

Triton Resources is a one-man business run by Nigel Colling based in Wellington, NZ. It provides "independent contracting service in the fields of Commercial Management, Procurement and Contracts."<sup>161</sup> It is a member of the New Zealand Defence Industry Association.

***Winston and Gordon Davies Limited NZ***

Winston and Gordon Davies Ltd is an aerospace and defence industry machining company. It is a member of the New Zealand Defence Industry Association.

***Wright Technologies Limited***

Wright Technologies Ltd is a marine electronics company that provides a range of military products and services including radar, underwater remote operated vehicles, and satellite communications. It is a member of the New Zealand Defence Industry Association.

***Xelocity Management Consultants NZ***

Xelocity does project management and business analysis. It has contracted with the NZDF to provide project management on fleet upgrading.<sup>162</sup> It is a member of the New Zealand Defence Industry Association.

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160 Ben Dougherty, 25 Sep 2015. "Detention centre operator Transfield Services to be renamed 'Broadspectrum'" *The Guardian*. <http://www.theguardian.com/australia-news/2015/sep/25/detention-centre-operator-transfield-services-to-be-renamed-broadspectrum>

161 <http://www.tritonresources.co.nz/>

162 <http://www.xelocity.com/site/page/article.asp?fpar=53d383536595746>

## 10. Related issues of concern

There are two rapidly escalating developments of concern to Peace Action Wellington because they indicate the growing scope of the *military-internet complex*<sup>163</sup> in New Zealand:

1. The development of an Unmanned Aerial Vehicle (UAV) industry association with the support of Callaghan Innovation and the University of Canterbury Geospatial Research Centre.<sup>164</sup>

Surveillance drones have already been deployed by the NZDF in combat theatres, and domestically by the New Zealand Police for specific operations. The Defence Technology Agency has been instrumental in the development of two drones that have been commercialised. There is extensive use of weaponised drones throughout the Middle East and Central Asia predominantly by the US military. In 2015, Callaghan Innovation awarded \$10,000 to each of six entrants in its inaugural C-Prize challenge to further develop their respective drone prototypes. The winner will receive \$50,000 and an all expenses paid trip to a 2016 Las Vegas trade show.<sup>165</sup> A law allowing UAVs to be equipped with non-lethal weapons (e.g. tasers, pepper spray, rubber bullets) was passed in the North Dakota legislature in August 2015 due in part to the efforts of industry lobbyists.<sup>166</sup> "Non-lethal" tasers have been responsible for the deaths of at least 39 people in the US in 2015.<sup>167</sup>

2. The growing Surveillance-Intelligence export industry:

The NZTE is providing financial and technical support to the Security Technology Alliance, four "high-growth technology leaders" that claim to receive "more than \$350 million in global revenue."<sup>168</sup> As the war on terrorism is increasingly defined by asymmetrical, home-grown threats, the boundary between internal and external security is blurred.<sup>169</sup> Intelligence agencies, militaries and domestic police forces are being given both broad powers to conduct surveillance and a mandate to work together. The recent creation of the New Zealand Intelligence Community<sup>170</sup> centred in the Department of Prime Minister and Cabinet evidences the move towards a singular, coordinated approach to nebulously defined security threats. It is specifically reflected in the tying together of very broadly expanded powers of surveillance within the GCSB (long understood as the NZ agency that spied on foreign targets), to an accompanying duty to assist the NZ Police and NZ Defence Force.

163 This term, coined by author Shane Harris, *@War: The rise of the military-internet complex* (Houghton Mifflin 2015) is a useful way of describing the convergence of the US military and intelligence agencies, traditional weapons companies and new data corporations along with the emergence of cyberwar as a new terrain of battle.

164 Callaghan Innovation. *Annual Report to 30 June 2014*. [https://www.callaghaninnovation.govt.nz/sites/all/files/annual-report-2014-web\\_0.pdf](https://www.callaghaninnovation.govt.nz/sites/all/files/annual-report-2014-web_0.pdf)

165 Final six in Callaghan Innovation drone prize revealed <https://www.callaghaninnovation.govt.nz/news-and-events/final-six-callaghan-innovation-drone-prize-revealed>

166 "First State Legalizes Taser Drones for Cops, Thanks to a Lobbyist." *The Daily Beast*. 26 August 2015. <http://www.thedailybeast.com/articles/2015/08/26/first-state-legalizes-armed-drones-for-cops-thanks-to-a-lobbyist.html>

167 "The Counted: people killed by police in the US". *The Guardian*. <http://www.theguardian.com/us-news/ng-interactive/2015/jun/01/the-counted-police-killings-us-database>

168 <http://www.securitytechnologyalliance.com/#!alliance-members/coyz>

169 <http://www.nzic.govt.nz/about-us/securing-new-zealands-future/>

170 <http://www.nzic.govt.nz/about-us/>



## 11. Conclusions and further questions

There are some important conclusions to be drawn and some further questions that arise from this work.

### **Conclusions**

First and foremost, it is clear New Zealand has a growing weapons and military-related export industry that is seeking to expand further into the global market.

Further it is equally clear that this industry is receiving substantial government support both direct and indirect. That government support for industry research comes from Callaghan Innovation while support of exports largely comes from New Zealand Trade and Enterprise, with the Ministry of Foreign Affairs and Trade, the Ministry of Defence and NZDF also providing significant support.

On one hand New Zealand is involved in numerous arms trade treaties and export control regimes, and on the other, it is actively supporting the growth and export of weapons and military-related products and services.

There is an active industry lobby group that is closely connected to the Ministry of Defence and the NZ Defence Force. This industry lobby group currently numbers 83 companies including the world's largest weapons manufacturer, Lockheed Martin.

It is difficult to determine the annual revenue and size of the export industry.

Information around weapons and military-related production and supply remains opaque. Regrettably, the recently complete UN Arms Trade Treaty, the most comprehensive in terms of signatories of the five to which NZ is a party, addresses only conventional weapons, ammunition and componentry. The production of the dual-use goods which are at the heart of this report will not feature in that reporting. Of the treaties, only the Wassenaar (with 41 signatories) has reporting requirements for dual-use goods, however, the reporting only extends to non-signatories. Such dual-use also does not include the provision of non-military services to militaries.

Despite public perception, New Zealand's own weapons and military-related expenditure is not insignificant: the annual expenditure of +1% of GDP, or an estimated 3% of the overall NZ budget, and the commitment of \$15 billion in spending on capital projects over the next fifteen years are not trivial amounts.

Further, the New Zealand Super Fund is also a large investor in some of the world's largest and most profitable global weapons companies with holdings of \$136 million, including large investments in Boeing, BAE and Raytheon.

Peace Action Wellington is concerned about the significant resources devoted to the development of unmanned aerial vehicles (drones) by NZ research organisations and private companies, accompanied by widespread weaponisation of these types of aircraft in a number of overseas jurisdictions (many outside any declared war zone).

The consolidation of military, police and intelligence agencies, and the promotion of purpose-built goods and services to these agencies are also of significant concern to Peace Action Wellington.

### **Further questions**

There are two questions that arise from this report; they call for considerably better-informed public input and discussion.

The first question essentially relates to the industry: should the New Zealand State be providing support for the development of the arms industry, both locally and internationally? As this report

shows, the government is not simply a purchaser of materials for the NZDF; it is an active promoter of business opportunities for companies to develop and market goods and services to overseas militaries.

It is outside of the scope of this report to address the significant political influence wielded by arms manufacturers in the US and UK, but suffice it to say, they are not passive participants in a free market. They actively work to shape state responses to war and conflict in ways that maximise their profits and minimise their risks.<sup>171</sup> Given the close defence relationships that New Zealand cultivates with the US and UK, political influences from overseas may indeed have a significant impact here. War is good for the business of those who are in the business of war; the question is: do New Zealanders want the government to financially and ethically support that industry in our names?

The second, and perhaps, more fundamental question—do we support perpetual war?—relates to the provision of goods and services to the NZDF. If the country is to maintain a standing armed force, then the provision of weapons and military-related products and services from somewhere becomes an obvious necessity.

If, however, New Zealanders decided to dispense with a standing armed force then the New Zealand government would have no need for relationships with arms dealers and those who profit from war. Such a path would be a profound divergence from the current position of any parliamentary political party; however, there are models for New Zealand to emulate including Costa Rica and Panama. New Zealand's history of engagement in foreign wars is deeply tied to that of the UK and US. In an era of indefinite 'wars on terrorism,' continuing to literally 'link arms' with overseas powers will entangle New Zealand more and more deeply in conflicts around the globe for the foreseeable future.

Peace Action Wellington has grave concerns about the continued government support for the weapons and military-related industry. It is our view that support for such industry, particularly its overseas promotion and development, exacerbates conflict, increases global insecurity and encourages war. We believe that support for the weapons and military-related industry domestically deprives New Zealanders of scarce resources that would otherwise bring about better, healthier, safer communities: housing for the poor, health care for the infirm, and education for all.

We cannot simultaneously prevent and prepare for war.<sup>172</sup>

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171 Center for Responsive Politics. *Defence & Aerospace lobbying expenditure*. <https://www.opensecrets.org/lobby/indusclient.php?id=D01>

172 Albert Einstein



## Appendix: Additional company listings

In the time available to prepare this report, it was not possible to research all of the specific links or contracts that companies had to weapons or military-related products and services. This listing serves as a guide for further research. It is largely drawn from the *Australia and New Zealand Defence Directory*, and no claims are made about the specific work that any particular company does:

3 Way Solutions Ltd
A1 Embroidery & Screenprint Ltd
Aarkim Plastics Ltd
Aarque Graphics NZ Ltd
AB Equipment Ltd
AB Industries
Abbott Laboratories NZ Ltd
Active Components (NZ) Ltd
Aerofast Tiedowns Ltd
Aeromarsters Powervamp Ltd
AGP (A&G Price Ltd)
Air NZ Engineering Services
Aircare Technology Limited
Airflow Engineering Ltd
Albion Clothing Limited
Altex Coatings Ltd
Ancra NZ Limited
Aradex Holdings (NZ) Ltd
Asco Carbon Dioxide Ltd
Aviation Ni-Cad Services Ltd
Azimuth Consulting Limited
Bata Co (NZ) Ltd
Betacom (1988) Ltd
Bluewater Systems
Bomardier Recreational Products NZ
Bridgestone NZ Ltd
C & R Equipment Ltd
CablePrice NZ Ltd
Cadtech Supplies
Cafe Express Ltd
Calvert Plastics Ltd
Cambrian Engineering Company Ltd
Cambridge Clothing Company Ltd
Cameron Engineering Ltd
Campbell Tube Products Ltd
Canon NZ Ltd
Canterbury of NZ Ltd
Canvasland Holdings Ltd

Capital Instruments Ltd
Captron Electronics Ltd
Caravel Group
Carl Zeiss (NZ) Limited
Carlton Taylor Industries Ltd
Carr S Austin & Co Ltd
Carrel-Electrade Ltd
Carrier Air Conditioning NZ Ltd
Carter Holt Harvey Ltd
Casa Modular Systems
Century Yuasa Batteries (NZ) Ltd
Challenge Marine Ltd
Christchurch Engine Centre
Chubb NZ Ltd
Clark Equipment NZ Ltd
Coats Patons NZ Ltd
Cooke Industries Ltd
Corrosion Control NZ Ltd
Crown Embroidery Ltd
CSC NZ
Custombilt Steel Products Ltd
Daily Computer Consumables Ltd
Danband Products
Danfoss NZ Ltd
Dave Giddens Sailmakers Ltd
Davin Industries Ltd
Deane Apparel Ltd
Dive HQ Ltd
Dreamwool Ltd
Dulux NZ
ECL Group
Electronic Communication Solutions Ltd
Eric Paton Ltd
Farra Engineering Ltd
Fibreglass Developments Limited
Fieldair Engineering Ltd
Fitzroy Engineering Group Limited
Flight Structures Ltd
Flowtech Industrial Safety - Health Ltd
Furnware Ltd
Gencom Technology Ltd
Global Hydraulics & Controls Limited
Goodyear & Dunlop Tyres (NZ) Ltd
Gough Group
Guardall NZ Limited
GUD NZ Ltd