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ACC Buys into Space Mission; Military Considers \$100m Purchase

By PULLAR-STRECKER Tom

THE New Zealand Defence Force could be using a Kiwi-owned, Russian-built satellite part-owned by the Accident Compensation Corporation to keep in touch with troops deployed overseas by 2010.

The ACC has taken a 25 per cent stake in privately-owned firm NZLSAT which hopes to launch a satellite into space with the possible backing of the Defence Force, which may become a \$100 million customer.

NZLSAT got the green light from the Government in 2005 to put a satellite into orbit in a space reserved for New Zealand by the United Nations, 158 degrees east of the Meridian.

The company was set up in 2003 by the Economic Development Ministry's former manager of radio spectrum, Katharine Moody and Auckland businessmen Paul Hannah- Jones and Alan Jamieson, who between them still own half of the company. They hope to launch a satellite by 2010 at an expected cost of US\$165 million.

ACC took a quarter share in NZLSAT late last year, as did investment bank ABN Amro, according to records held by the Companies Office.

ACC spokesman Laurie Edwards says it's the policy of the state- owned enterprise not to comment on specific investments. He would not say what ACC had paid for its stake in the firm. Mr Edwards says, however, that NZLSAT is an infrastructure investment and "ACC has identified infrastructure as an area that will often fit our objectives, provided the returns are sufficient. Investments producing long-term predictable cashflows suit ACC."

The Defence Ministry said in a long-term planning document released in October that the Defence Force might spend \$100 million buying transponders on the satellite. It said an alternative might be to lease capacity at a cost of about \$20 million a year over the satellite's scheduled life of 15 years, but that a contract would have to be signed by the end of this month.

Defence Force spokesman Mike Shatford says it is still investigating the feasibility of the project and a business case has yet to be put to Defence Minister Phil Goff, so a decision is "a little way off yet".

The planning document says the Defence Force does not have "guaranteed secure strategic communications capability" to support its overseas deployments and that it has to organise satellite capacity on an "ad hoc basis" using commercial satellites or those operated by coalition partners.

"The future growth of the Defence Force's command and control capability will require significantly more secure bandwidth than currently used," it says. It adds that buying capacity from NZLSAT would also help it support any government humanitarian assistance efforts in the Pacific.

NZLSAT chairman Paul Hannah-Jones says he is unable to comment on the status of negotiations with Defence or on reports in specialist overseas media that there was a falling out in December between NZLSAT and Russia's Intersputnik, which was quick to put its hand up to build the Kiwi satellite when it was first mooted in 2005.

Intersputnik expressed its interest in manufacturing and launching the satellite in a letter to the Economic Development Ministry, that the ministry promised to forward on to NZLSAT.

Mr Hannah-Jones says NZLSAT is "progressing very well", but says the project is at "quite an important juncture".

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