



Report of the State Comptroller of Israel |  
February 2023

Interdisciplinary Audit

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# **Israeli Administrated Industrial Zones in Judea & Samaria – Follow-up Audit**





## Israeli Administrated Industrial Zones in Judea & Samaria – Follow-up Audit

### Background

There are 35 industrial zones administrated by Israel in area C in Judea & Samaria. The industrial zones are divided into three types: (a) regional industrial zones that operate outside the settlements, are not affiliated with them, and are operated independently in terms of security and administration (b) industrial zones adjacent to the settlements and affiliated with them in terms of security; (c) regional industrial zones including joint public commercial centers, serving both the Israeli and Palestinian populations characterized by a space full of daytime and nighttime activities. About 5,500 Israeli and 14,100 Palestinian workers are employed in Judea & Samaria industrial zones.

Hostile, destructive activities in which Israeli civilians and soldiers were killed or injured have occurred in Judea & Samaria industrial zones and their environs in recent years. Following are some examples: At the Barkan Industrial Park: in 2006, at the southern entrance to the Barkan Industrial Park, a terrorist shot a security guard, stole his weapon, and fled. In 2008, a resident of Chares village set fire to several factories; in 2018, a terrorist entered the industrial zone with a weapon, tied up two Israeli workers, killed them, and fled. At the industrial zone in Ariel: In October 2002, at the gas station in Ariel, a suicide bomber killed three soldiers and wounded 19 people, including soldiers. In December 2015, two people were injured in a stabbing attack at the industrial zone in Ariel. In April 2022, a security guard was killed at the checkpoint near the city entrance. In November 2022, a terrorist stabbed a security guard at the entrance to Ariel industrial zone and then proceeded to a nearby gas station where he stabbed three more people, two of whom died due to the stabbing. Later, the same terrorist ran over another person, killed him, and stabbed another person.

In 2012, the State Comptroller Office published a report on Israeli Administrated Industrial Zones in Judea & Samaria – Law Enforcement Aspects (previous report or previous audit)



## Key Figures

**some**

industrial zones were defined by the Central Command as highly threatened

**about  
14,100**

Palestinians and 5,500 Israeli workers are employed at Judea & Samaria industrial zones

**in about 70%**

of the perimeter fence surrounding the industrial zones adjacent to the settlements, there are gaps

**5**

fatal work accidents in Judea & Samaria industrial zones were reported to the Safety Administration of the Ministry of Economy in 2019–2021. Non-fatal work accidents are not reported

**4 out of 16**

Labor laws applied in Israel were applied to employing workers in Israeli settlements and industrial zones in Judea & Samaria. All 16 laws were defined in a government decision from 2014 as laws that should be applied in Judea & Samaria

**3**

indictments were issued in 2020–2022 against employers in Judea & Samaria industrial zones who violated the Minimum Wage Act regarding Palestinian workers. 2 indictments were issued in 2020, and 1 indictment was issued in 2021. No indictments were issued in 2022 (by August)

## Audit Actions





From October 2021 to July 2022, the State Comptroller's office conducted a follow-up audit of the rectification of deficiencies noted in the previous report. Supplementary examinations were carried out until August 2022. The follow-up audit was conducted in the IDf Central Command, the Headquarters of Coordination of Government Activities in the Territories (COGAT), the Civil Administration in Judea & Samaria, the Ministry of Economy and Industry (Labor Department), and the Ministry of Justice.

The sub-committee of the State Control Committee of the Knesset decided not to submit the full report to the Knesset but rather to publish only short sections of it, for the maintenance of state security, under article 17 of the State Comptroller Law, 1958 [consolidated version].



## Key Findings

-  **Security Components in Judea & Samaria Industrial Zones** – the previous audit noted that the security components of the city building plan were not applied as required in two of the industrial zones out of the audited seven industrial zones; some of the needed components were missing in three of the zones; vehicles with Palestinian license plates entered three settlements uninspected and in four industrial zones there was no entrance control. The follow-up audit raised that **the deficiency was not rectified**: there was no perimeter fence in some industrial zones, no response team assigned to some of the zones, and the security inspections were inadequate. Hence the readiness for security threats constituting mortal danger is significantly compromised in these industrial zones.
-  **Implementation of the Security Officers Order by the Central Command** – the previous audit noted that following the publication of the Order of Security Provisions in Industrial Zones (appointment of security officers) (Judea & Samaria) (no. 1640), 2009, the Central Command did not state which of the factories required the appointment of a security officer; that in one of the industrial zones, security officers were appointed in only 22% of the factories operating and, in another zone, and security officers were appointed only in 6% of the factories. The follow-up audit raised that **the deficiency was not rectified**: security officers were not appointed in all the factories; the Central Command had no data concerning the appointment of security officers in factories, and the regional division had not allowed the chief security officer of a specific industrial zone to appoint security officers for the factories. Hence, as the Order's provisions concerning the appointment of security officers in factories are not applied and enforced, and as the Central Command has no control over the execution of the Order in factories, there are security risks for the factories' workers and visitors. Moreover, Palestinian-originated goods might be transferred to Israel without being inspected adequately, posing a security risk.



**🔴 Applying Israel's Labor Laws to Israeli Employers who Employ Locals Within Israeli Settlements and Industrial Zones in Judea & Samaria** – the previous report noted that the work of the inter-ministerial staff to examine the need to amend the security legislation (through which Israeli orders and laws can be applied in Judea & Samaria) concerning labor laws was only at the beginning. The follow-up audit raised that **the deficiency was rectified to a small extent**: upon the audit completion in July 2022, most labor laws (12 out of 16), which were decided<sup>1</sup> upon in 2014 to be applied in Judea & Samaria, were not applied in regional authorities' regulations. The four applied laws are the Minimum Wage Act, 1987; Employment of Women Law, 1954; Foreign Workers Law, 1991 and the Employment Service Law, 1959.


**🔴 Audits of Enforcement of the Minimum Wage Act, 1987 in Factories in Israel Administrated Industrial Zones in Judea & Samaria** – the previous report noted that the employment staff officer<sup>2</sup> and the auxiliary unit at the Ministry of Industry, Trade & Tourism had not periodically audited the enforcement of the Minimum Wage Act on Israeli employers in Judea & Samaria. Furthermore, there had been no policy regulating the distribution of work between the Ministry's supervisors and the employment staff officer nor a policy regulating the enforcement practices in Judea & Samaria carried out by the supervisors and the staff officer, including the information sharing. The follow-up audit raised that **the deficiencies were not rectified**: the Regulation & Enforcement Administration of the Labor Department of the Ministry of Economy (previously known as the Ministry of Industry, Trade & Tourism) and the employment staff officer had not initiated minimum wage inspections in Judea & Samaria industrial zones, and no policy had been set regarding regulating the distribution of work between the two bodies. All of the above might compromise the wages paid to all employees employed in Judea and Samaria. In 2020 two indictments were issued against employers who violated the Minimum Wage Act. In 2021, one indictment was issued, and in 2022 (by August), no indictments were issued.


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1 By a professional team headed by the Deputy Attorney General Consulting. The team included representatives from the Ministries of Industry, Trade and Labor the Ministry of finance and the Judea and Samaria legal advisor.

2 The role of the Employment Staff Officer at the Civil Administration in Judea & Samaria is primarily to issue work permits for Palestinian workers, which allow them to work in Israel and Judea & Samaria.




 **Applying Workplace Safety and Health Regulations in Judea & Samaria** – the previous audit noted that throughout the years, there had been some legislative gaps in workplace safety and health in Judea & Samaria, compared to the legislation in Israel. Moreover, the State Comptroller Office recommended that the Civil Administration in Judea & Samaria, which is responsible for protecting the rights of the residents of Judea & Samaria, apply adequate workplace safety and health regulations in collaboration with the Coordinator of Government Activities in the Territories, the Ministry of Industry, Trade & Tourism and the Ministry of Justice. The follow-up audit raised that the **deficiency was not rectified**: Israel's workplace safety and health regulations were not applied in Judea & Samaria.

 **Supervision and Enforcement of Workplace Safety and Health Regulations in Judea & Samaria** – in the previous audit, the State Comptroller's Office recommended that the Civil Administration in Judea & Samaria and the Ministry of Industry, Trade & Tourism regularly enforce the law amongst Israeli employers in Judea & Samaria and supervise the situation to ensure the safety and well-being of all employees employed in Judea & Samaria – Israeli and Palestinians. The follow-up audit raised that **the deficiency was not rectified**: the Civil Administration in Judea & Samaria, the Employment Staff Officer, and the Ministry of Economy had not supervised and not controlled the application of the Workplace Safety and Health law and order regarding Employing Employees in Specific Places (Judea & Samaria) (no. 967), 1982.

 **Insuring Palestinian Employees Against Work Injuries** – the previous report noted that the Civil Administration in Judea & Samaria had not appointed any "authority" to be responsible for insurance, had not enforced the Order provisions of the Insurance against Work Injuries (Judea & Samaria) (no. 662), 1976 and had not ensured that Israeli employers were purchasing insurance policies for the Palestinian workers they employ outside the Israeli settlements in Judea & Samaria as required in the order. The follow-up audit raised that the **deficiencies were not rectified**: the Civil Administration in Judea & Samaria had not appointed an "authority" to be in charge of insurance matters, had not enforced the provisions of the Order regarding Insurance against Work-related Injuries, and had not ensured that Israeli employers were purchasing insurance policies for the Palestinian workers they employ outside the Israeli settlements in Judea & Samaria as required in the order.

#### Deficiencies Raised in the Current Audit

 **Security Components in Industrial Zone 1** – there are significant gaps in security components in industrial zone 1. It was further found that the digital cameras array, for which the Ministry of Economy allocated NIS 2 million, was not established. In a visit to the industrial zone in May 2022, the audit team found that the perimeter fence around the industrial zone was partial, which might endanger the people in this area.



**Security Components in Industrial Zone 2** – despite the instruction given by the head of Keshet Tsvaïm and border-Line Administration in the IDF to the head of the local authority in 2019, only after three years did the local authority appoint a chief security officer for the industrial zone. Furthermore, despite the instructions given by the Central Command and the head of Keshet Tsvaïm and border-Line Administration to the head of the local authority, to improve security components in this industrial zone (which was defined by the regional defense officer in Central Command as one of the areas needed to be focused on), upon the audit completion, substantial gaps remain in the industrial zone in security components: there was no perimeter fence, people entering the industrial zones were not inspected by digital inspection system or magnetometers, and no response team had been assigned to handle hostile, destructive activities in the area. All pose a security risk for the people around the industrial zone.



**Security Officers in Industrial Zones** – in April 2022, in three industrial zones inspected by the IDF, in areas in focus, there are no regional security officers. On defining the authority and responsibilities of regional defense officers, there are discrepancies compared to the order's provisions regarding the appointment of Security Officers – the regional defense officers were not involved in appointing and supervising factory security officers as required in the Order.



**Updating the City Building Plan for the Mesila Industrial Zones** – the previous audit noted that since the Mesila industrial zone was neglected for many years, it was impossible to apply the original city building plan, and a new plan adapted to the current situation is required but was not completed yet. Some buildings were built around the Mesila industrial zone without building permits and sometimes even by taking over private Palestinian and state lands. The follow-up audit raised that the **deficiency was rectified**: the Planning Department of the Civil Administration prepared a new city building plan for the Mesila Industrial Zone. The plan was published on August 18th, 2022, and the pace of construction in the industrial zone was adjusted to the pace of infrastructure development there.

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## Key Recommendations



It is recommended that the Ministry of Defense and the IDF, in collaboration with the Ministry of Economy and the local authorities, form a plan to rectify the deficiencies and fill the gaps in security components in Judea & Samaria industrial zones and submit it to the government which will discuss the budgeting and operating of the plan while determining the authority and responsibility of the relevant bodies for its realization.

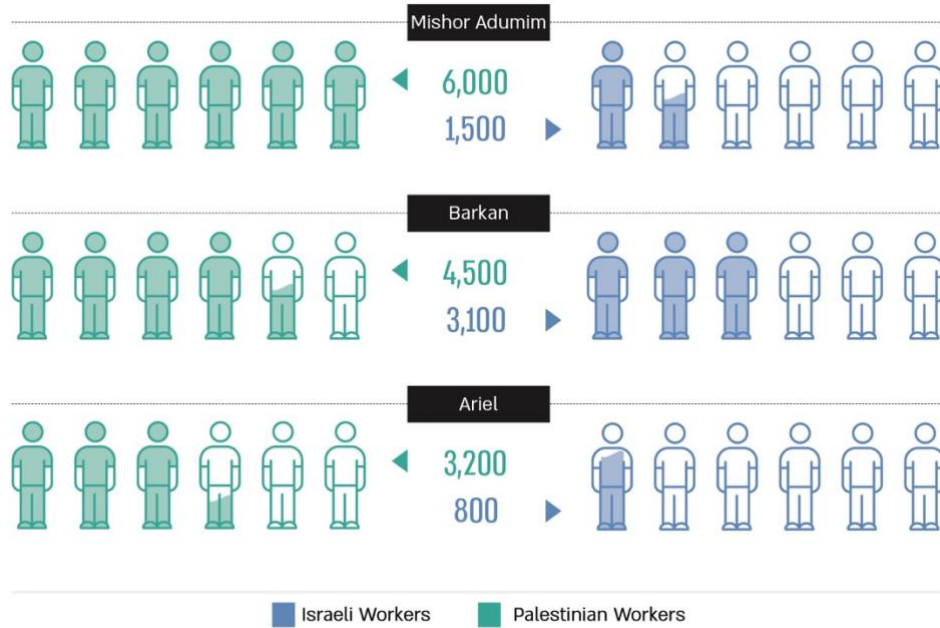




-  In collaboration with the local authorities, it is recommended that the Central Command fill the gaps in security components in Judea & Samaria industrial zones and publish a policy ensuring the implementation of the Command guidelines of security components across all industrial zones and its implementation.
-  It is recommended that the IDF, the Ministry of Economy, and the local authority fill the gaps in security components in industrial zone 1 and complete the digital cameras array that had already been budgeted. It is further recommended that the regional defense of the Central Command validates the defense portfolio for industrial Zone 1 and supply the digital inspection system to all industrial zones in Judea & Samaria. In addition, it is recommended that the Central Command, in collaboration with the local authority, form a plan, including a budget and timetable, to fill the gaps in security components.
-  Given the risks of the absence of security officers at industrial zone factories, the IDF should improve its supervision and control over implementing the order's provisions regarding appointing security officers for all factories.
-  It is recommended that the IDF, in collaboration with local authorities, consider appointing a security officer for industrial zones. It is further recommended to consider adjusting the normative infrastructure to include appointing a security officer for industrial zones, improving security across the industrial zones, and inspecting goods leaving out of them. Moreover, it is recommended that the IDF examine the compatibility between the Regional Defense's responsibilities about factory security officers and its authority with its capabilities and ensure that the responsibilities for various security issues, in Judea & Samaria in particular, are implemented.
-  The Ministry of Justice, of Economy and of Finance, in collaboration with the Judea & Samaria legal advisor, should resolve the issues adhering to the application of Israeli labor laws to the Judea & Samaria industrial zones under the government resolution from 2014 and the High Court of Justice ruling - Kav LaOved. The Ministry of Economy should establish a policy regarding the parallel powers of the enforcement wing and the employment staff officer to enable audits and to adjust the number of supervisors necessary for conducting periodic audits of Israeli employers in Judea & Samaria to ensure granting of rights to Palestinian workers employed by Israelis in Judea & Samaria.



### The Number of Employees in Mishor Adumim, Barkan and Ariel Industrial Zones – Israeli and Palestinian Workers








### The Extent the Previous Report Deficiencies were Rectified

Audit chapter	The Deficiency Noted in the Previous Audit	The Extent of Deficiencies Rectification in the Follow-up Audit			
		Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
Security Components	Gaps in the Security Components in Judea & Samaria Industrial Zones.				
Security Officers in Factories	The security officers' order is not applied to all Judea & Samaria industrial zones.				
Security Officers in Factories	The Central Command did not define the factories that require appointment of a security officer.				
Applying Israeli labor laws to Judea & Samaria	The legislation in Judea & Samaria adopted 4 out of the 16 labor laws applied in Israel				
Audits in factories in Judea & Samaria industrial zones administrated by the State of Israel	The Regulation & Enforcement Administration of the Labor Department of the Ministry of Economy (previously known as the Ministry of Industry, Trade & Tourism) does not initiate audits about minimum wage in Judea & Samaria industrial zones. The employment staff officer had not periodically audit factories to enforce the minimum wage requirement and no policy had been set to regulate the distribution of work between the two bodies.				
Applying Workplace Safety and Health Regulations in Judea & Samaria	Workplace safety and health regulations applied in Israel have not been applied to Judea & Samaria.				



Audit chapter	The Deficiency Noted in the Previous Audit	The Extent of Deficiencies Rectification in the Follow-up Audit			
		Not Rectified	Slightly Rectified	Significantly Rectified	Fully Rectified
Supervision and enforcement of workplace safety and health regulations in Judea & Samaria	The Civil Administration in Judea & Samaria, the Employment Staff Officer and The Ministry of Economy has not supervised and monitored the implementation of workplace safety and health regulations in Judea & Samaria under Jordanian law and order regarding employees' employment.				
Insuring Palestinian Workers against Work Injuries	The Civil Administration had not appointed an "authority" to be in charge of insurance matters, had not enforced the provisions of the Order regarding Insurance against Work Injuries and had not ensured that Israeli employers were purchasing insurance policies for the Palestinian workers they employ outside the Israeli settlements in Judea & Samaria as specified in the order.				
Updating the City building plan for Mesila Industrial Zone	Since the Mesila industrial zone was neglected for many years, it is impossible to apply the original city building plan and a new plan, adjusted to the current situation is required but was not completed yet.				



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## Summary

The follow-up audit raised that some of the deficiencies noted in the previous audit were not rectified. For instance, significant security arrangements gaps were found in most of the industrial zones. These gaps constitute a security breach that might endanger the people in the industrial zones and Israeli citizens in general. Furthermore, the High Court of Justice's ruling from 2007 and the government resolution in 2014 about applying Israeli labor laws in Judea & Samaria had not been implemented by the audit completion in July 2022. Thus, 12 of the 16 Israeli labor laws ensuring the rights and well-being of Palestinian workers employed in Judea & Samaria industrial zones administrated by the State of Israel were not applied in Judea & Samaria's regional authority.

Nevertheless, the follow-up audit raised that the operation deficiencies of the Mesila and Alei Zahav industrial zones were rectified following the formulation of a new city building plan. It is recommended that the Ministry of Defense and the IDF, in collaboration with the Ministry of Economy and the local authorities, form a plan rectifying the deficiencies and fill the gaps in security components in Judea & Samaria industrial zones and submit it to the government for discussing the budgeting and operation of the plan and establish the powers and responsibilities of the relevant bodies implementing it. The IDF, Central Command, COGAT, and Civil Administration in Judea & Samaria, in collaboration with the local and regional authorities and the Ministry of Economy, should rectify the deficiencies of the industrial zones' security to ensure the safety and security of the workers employed in Judea & Samaria industrial zones.

