

Peace...for Climate Sake! Event by *Against The Wind*, Canberra, 24.6.23

I acknowledge and pay my respects to the Ngunnawal and Ngambri peoples on whose lands we gather.

The secrecy and lack of accountability at the heart of the relationship between the arms industry and government in Australia is getting worse, rapidly, and, in my view, undermining democracy. Significant power and immense resources are now being commandeered by a privileged elite with little transparency.

Nowhere is this clearer than with the AUKUS agreement, which was conceived in secrecy, with *no public mandate* whatsoever, accompanied by lies, and is now being rushed through, supported by both major parties. All with *zero* consultation with us, the public. Len will talk more about AUKUS.

I will speak about the undue influence of the arms industry on government and give some examples of what that looks like.

So, let's get into the weapons universe. Some big picture facts for context.

US military expenditure dominates the world. It's US\$1.2 trillion a year. Global military expenditure is approaching US\$2.5 trillion. This means the USA alone spends as much on its military as the *rest of the world combined*. This is never mentioned when the government or media talk about the rise of China.

In Australia, for all the political talk about our 'sovereign' defence industry –we don't really have one. The genuinely 'sovereign' defence companies in Australia (that is, Australian-owned and with profits staying in Australia) are small. Most of them get the majority of their income by being part of the supply chain of global weapons multinationals that are here in numbers and dominate our market – the British BAE Systems being largest in Australia.

The top 5 weapons multinationals are all American, in 6th place is BAE Systems, then there are four Chinese companies rounding out the top 10.

The US also dominates global weapons sales. It sells more weapons than the rest of the world combined, 51%.

Even before AUKUS came along, Australia was a significant 'client state' of the US arms industry. We have been for decades, because we don't produce much of our own.

The arms industry is one of the [most corrupt](#) on the planet. Transparency International is a global organisation dedicated to stamping out corruption. It says undue influence and the revolving door are two important factors that lay the groundwork for corruption. These things, while not necessarily corrupt in themselves, are red flag indicators for potential corruption. Both of these things are business-as-usual in defence procurement in Australia. They have been completely normalised and pass without comment.

I'll explain the revolving door with some examples. This is when public officials – politicians, senior military, senior bureaucrats – leave their publicly-funded careers and head off into lucrative positions in the arms industry – whether board positions, consulting roles, or as lobbyists.

Kim Beazley: Former defence minister, went to the USA as our ambassador. When he came back, within a few months, he joined the Australian board of the world's largest weapons-maker, US Lockheed Martin. Lockheed manufactures the f-35 fighter jet Australia has bought.

At the same time, Beazley was writing and speaking for the Australian Strategic Policy Institute on defence matters. ASPI is the "[independent](#)" source of defence and national security advice to the government. (It used to be independent, it is no longer so, in my view.)

I did not see – and I was looking – Beazley disclose his Lockheed board membership on his columns or in his speeches, yet Lockheed Martin was sponsoring ASPI at the time and its logo appeared on Beazley's columns. It's a big contractor to Defence. Highly influential.

I wrote to ASPI and asked them to rectify this. They didn't reply and they didn't fix it. Beazley had both those roles going on concurrently for around two years. Next, WA premier Mark McGowan appointed [Beazley as WA's governor](#). Beazley exited Lockheed and ASPI.

While Beazley was in office as governor, Mark McGowan changed the role of the governor to include advocacy for defence industry. He gave Beazley a

bigger budget and more staff to do this. Eg. Beazley went overseas in 2019 as governor, and met with German naval shipbuilder Luerssen on behalf of the WA Government. He also had meetings with Luerssen's Australian representatives at Government House in WA. The WA-based company had won a big contract to build patrol vessels for the navy. And then? After his term finished as governor, Beazley joined the board of Luerssen Australia. He is also now working again for Lockheed Martin, as an adviser.

A few more:

- Another former defence minister, **Brendan Nelson**, left his job as director of the War Memorial and went straight into the most senior executive role for Boeing Defence in the Asia Pacific. He has since been promoted again and now runs Boeing's international operations from London.
- **Duncan Lewis** – a very long career at the top levels of government in defence and national security, culminating as head of ASIO, retires and five months later joins the board of Thales Australia, which works in surveillance and defence domains. This exposed an apparent loophole, that the already-insufficient 12 month rule apparently doesn't apply to Intelligence. Lewis has just been made Thales's chair.
- **Mark Binskin**, former chief of the defence force, was in that position when BAE Systems was awarded the Hunter-class frigate contract. He retired the next month, and then exactly one year later – the minimum required by the rules – Binskin joined BAE Systems in a senior role.
- From the other direction, there's **Jim McDowell**, who was former chief executive of BAE Systems Australia for a decade. He worked for BAE for 17 years. After leaving BAE, he was appointed into a staggering array of sensitive government positions as consultant – too many to name here. An interesting one was chair of the board of ANSTO (the nuclear science technology organisation – noting that BAE make nuclear subs for UK). He was also hired by Christopher Pyne to develop the national shipbuilding plan. BAE Systems has been THE biggest beneficiary of that plan, winning the frigate contract. At that same time, McDowell was on the board of Australian shipbuilder Austal, which also won a contract under the shipbuilding plan, to build the Cape-class patrol boats.

The privileged insider status of Jim McDowell and BAE Systems brings me onto the final example I'll give you of how this undue influence plays out in a major procurement: the \$46 billion Hunter-class frigate program.

Here are some big picture dot points on the procurement of nine Hunter-class frigates, being constructed by BAE Systems, which was just subject to a scathing report from the Australian National Audit Office. (More coming from me soon in a major investigation on this.)

- BAE exerted significant influence on government to adopt a policy of continuous naval shipbuilding in Australia. There are good reasons for that, and also not-so-good aspects. The point is, BAE's influence comes from the position of what's going to best serve its corporate profit-making interests, not the national interest, naturally.
- The government wanted a 'mature' ship, a proven ship design, with minimal changes. Yet BAE was shortlisted, and won, with a brand new ship still in the design phase, completely untested. The US didn't even consider it – too risky.
- The Audit Office exposed how Defence ignored the required value for money assessment, that key documentation has apparently gone missing (including from meetings at Secretary and CDF Level), and much more.
- The cost has blown out by billions, is currently unquantifiable, and the ship is overweight, under-gunned, and late. There are calls for the program to be scrapped – including from a former chief of navy.

And now – Jim McDowell has just been appointed by the Albanese government to a very senior Defence post – he will be the next Deputy Secretary of Naval Shipbuilding, and one of the key programs he'll be overseeing is the frigates.

This is a quick overview of what undue influence by the arms industry on government looks like. What it means for Australia is, billions in extra spend, and years in delay, meaning our navy is left with major capability gaps.

A negative situation for the public interest, to the long term benefit of a multinational arms corporation.