

## Inexplicable Investments: Elbit Systems and Australia's Future Fund

By [Dr. Binoy Kampmark](#)

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*Australia's modest sovereign wealth fund, modestly standing at A\$272.3 billion, has crawled into some trouble of late. Investors, morally twinged, are keeping an eye on where the money of the Australian Future Fund goes. Inevitably, a good slice of it seems to be parked in the military-industrial complex, a sector that performs on demand.*

Filed last October, a Freedom of Information request by Greens **Senator David Shoebridge** revealed that as much as A\$600 million in public funds had found their way into defence company assets. In December, it was [reported](#) that the 30 defence and aerospace companies featured, with some of them receiving the following: Thales (A\$3.5 million), Lockheed Martin (A\$71 million), BAE Systems (A\$26 million), Boeing (A\$10.7 million), Rocket Lab USA (A\$192 million) and Elbit Systems (A\$488,768).

The findings gave Shoebridge a [chance to spray](#) the board administering the fund with gobbets of chastening wisdom. "The Future Fund is meant to benefit future generations. That rings hollow when they are investing in companies making equipment that ends future generations."

Some cleansing of the stables was on offer, and the choice of what was cleaned proved popular - at least for the Canberra security establishment. In May, the Board upped stakes and divested from funds associated with the People's Liberation Army of China. Eleven companies were noted, among them Xinjiang Guanghui Energy, a natural gas and coal producer whose chairman, Sun Guangxin, teased US officials by [purchasing ranches](#) for reasons of building a wind farm in proximity to a US Air Force base in Texas.

Relevant companies included Jiangsu GoodWe and LONGi, both with expertise in the line of

solar energy generation. “Taxpayer funds and Australians’ retirement savings should never be invested in companies linked to serious human rights abuses, sanctions evasion or military suppliers to an authoritarian state,” [gloated](#) a satisfied opposition home affairs spokesman, **Senator James Paterson**. The same, it would seem, would not apply to human rights abuses committed by a purported democratic state.

To that end, things are somewhat murkier when it comes to the companies of other, friendlier powers. For some obstinate reason, Israel’s military poster boy, Elbit Systems, continues to make its presence felt in the field of Australian defence and finance. Despite a spotty reputation and a resume of lethal drone production; despite the ongoing murderous conflict in Gaza, the Israeli defence company managed to convince the Australian government to throw [A\\$917 million](#) its way in a contract signed in February. The contract, to be performed over a period of five years, will supply “advanced protection, fighting capabilities and sensors” for the Infantry Fighting Vehicles (IFVs) of Korean design. With wonderful opportunism, the vehicles are being constructed in the same electorate that belongs to the Australian Defence Minister, Richard Marles.

And what of the near half-million dollars invested by the Future Fund in Elbit Systems? In October 2023, a [list](#) of the Fund’s direct holdings in various companies was published. It included Elbit Systems. An odd matter, given that the company, since 2021, is precluded from investing in the fund given, as Shoebridge [tells us](#), the ratification by Australia of various “military weapons-related conventions or treaties”. The board, accordingly, had to furnish reasons “how it continues to invest in Elbit Systems despite the publicly announced direction it gave to withdraw those funds because of Australia’s international legal obligations.”

The [internal correspondence](#) of December 7, 2023, prompted by Shoebridge’s FOI request, including the prodding of Michael West Media, proved arid in detail. A Canberra bureaucrat in finance asks an official associated or attached to the Future Fund (both names are redacted) to clarify the status of Elbit Systems in terms of the exclusion list. The reply notes the role of “expert third party service providers” (who, pray?) who keep an eye on company activities and provide research upon which a decision is made by the Board every six months.

Elbit had been previously excluded as an investment option “in relation to its involvement in cluster munitions following its acquisition of IMI [Systems]”. IMI, rather than Elbit, was the spoiling consideration, given its role in producing technology that violates the Convention on Cluster Munitions. As of April 2023, Elbit was “no longer excluded by the portfolio. This reflects the updated research of our expert research providers.”

The response is not obliging on the exact details of the research. Banal talking points and information stifling platitudes are suggested, crude filling for the news cycle. The Board, for instance, had “a long-standing policy on portfolio exclusions and a robust process to implement” them. The policy was reviewed twice a year, buttressed by expert third party research. Recent media reporting had relied on an outdated exclusions list. The Board did not invest in those entities on the exclusions list. For the media establishment, this would have more than sufficed. The Board had said, and revealed, nothing.

Last month, Michael West [noted](#) that efforts to penetrate the veil of inscrutability had so far come to naught. The Future Fund and its Board of Guardians persisted in their refusal to respond to inquiries. “Since our last media request for comment, Israel has ramped up its

war crimes in Gaza and the West Bank.” Given various interim orders by the International Court of Justice warning Israel of a real risk of committing genocide, even as it ponders South Africa’s application to make that finding, what are those expert researchers up to?

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**Dr. Binoy Kampmark** was a Commonwealth Scholar at Selwyn College, Cambridge. He currently lectures at RMIT University. He is a Research Associate of the Centre for Research on Globalization (CRG). Email: [bkampmark@gmail.com](mailto:bkampmark@gmail.com)

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