

Under Labor government, Australia's Future Fund profits from genocide and war

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Now headed by the Albanese Labor government's hand-picked chairman, ex-trade union boss and cabinet minister Greg Combet, Australia's so-called Future Fund is profiteering from the Israeli genocide in Gaza and the wider war offensive by US imperialism.

The 18-year-old government fund, whose investments now exceed \$230 billion, currently holds more than half a billion dollars' worth of shares in weapons manufacturers and war-related companies, including Elbit Systems, Israel's largest private weapons manufacturer.

As of June 30, according to the Future Fund's most recent Periodic Investment Report, the value of the fund's shareholdings in a list of 30 "defence companies" was \$503.3 million.

The value of many of the fund's war-related shares has increased dramatically during the past year, precisely because of the plunge into US-led barbarism and war. That helped to boost the fund's financial returns to 9.1 percent last financial year, elevating its 10-year return average to 8.3 percent per annum.

Since the Gaza genocide began last October, the Future Fund's holdings in Elbit Systems, for example, have jumped from \$488,768 to \$1.33 million, an increase of 172 percent. Elbit is known for its deadly drone products, such as the Hermes 450 drone, among other weapons that have killed thousands of Palestinians, as well as aid workers.

Since October 2023, the value of the fund's holdings in other war-related companies has soared also. That includes BAE Systems (+87.5 percent), Howmet Aerospace (+75.9 percent), Melrose Industries (+77.3 percent), Rolls Royce Holdings (+159.1 percent), SAAB (+99 percent) and Transdigm Group (+71.2 percent), among many others.

The "defence companies" list also includes RTX Corp (\$100.1 million invested), Lockheed Martin (\$69.3 million), Honeywell International (\$90.6 million), General Dynamics (\$71 million), Northrop Grumman Corp (\$37.9 million), L3Harris Technologies (\$39.9 million), Boeing Co. (\$12 million), Huntington Ingalls Industries (\$9.4 million) and Airbus SE (\$9 million).

The data does not make it clear if the shareholding values increased because the companies' share prices surged, or because the Future Fund bought more shares in each company, or both. Nevertheless, the profiteering is plain to see.

Overall, the fund invests billions of dollars in the major companies of Australian capitalism, led by the five big banks, large mining companies—headed by BHP—airlines, supermarket giants, pharmaceutical companies, fossil fuel companies, global tech giants and poker gambling machine manufacturer Aristocrat.

But, according to an analysis by the Australian Broadcasting Corporation (ABC) business reporter Gareth Hutchens, some of its highest rates of return now come from the war industries.

The fund's war profiteering is fully in line with the Labor government's support for the slaughter in Palestine. It rejected a petition this year to ban Elbit Systems from receiving government contracts. Interviewed by the ABC, Defence Industry Minister Pat Conroy said the government would not "boycott" Israeli businesses.

Conroy defended contracts with Elbit to supply drones and thermal imaging equipment to the Australian Defence Force. Fuelled by such contracts globally, Elbit Systems' share price has jumped 18 percent in the past 12 months.

Beyond the list of 30 "defence companies" in which the Future Fund invests, it has similar investments in surveillance companies. For example, the fund now owns \$5.5 million worth of shares in Palantir Technologies, known for data mining and other intrusive equipment, co-founded by right-wing US billionaire Peter Thiel.

Last month, the Albanese government effectively green-lit the fund's war profiteering by directing the Combet-led fund board to consider Australia's "national priorities" in its investment decisions, while still delivering "strong returns."

Those nominated "national priorities" include "security infrastructure"—a euphemism for military and surveillance facilities—as well as "economic resilience" and "the net zero transformation of the Australian economy." All these

priorities are related to preparing a war economy.

In a bid to suppress growing discontent over the worsening cost-of-living and affordable housing crisis, the government also named “residential housing” as a priority.

Misleadingly named the Future Fund, this institution was set up by the Howard Liberal-National Coalition government in 2006 to overcome a massive funding shortfall for payouts in federal government “defined benefit” superannuation schemes—to which the Coalition government then eliminated new access.

Its initial cash of \$60.5 billion came from the final instalment of the privatisation of the once public communications provider Telstra and from federal government budget surpluses generated from 2004 to 2006 by the mining boom primarily created by iron ore and coal exports to China before the 2008 global financial crisis sent the financial markets crashing.

Appointed by the Albanese government to head the Future Fund in January, Combet is ideally suited to the big business role. He epitomises the pro-corporate and pro-war character of the trade union and Labor bureaucracy, notably its nominally “left” wing.

A Maritime Union of Australia (MUA) official from 1987, he was elevated to Australian Council of Trade Unions (ACTU) secretary from 2000 to 2007, then into senior cabinet posts in the Rudd and Gillard governments of 2007 to 2013, followed by appointments as chair of the union-employer Industry Super Australia and of IFM Investors, a global asset management business owned by the union-employer superannuation funds.

Combet welcomed the “national priorities” directive from the Albanese government, saying it was “aligned” with the fund board’s thinking. He also praised the government’s decision to delay any government drawdowns from the fund until 2032?33, which Treasurer Jim Chalmers said would maintain the fund’s “commercial focus.”

In its most recent “position paper,” published in June, the Future Fund explicitly related its investment strategy to the intensifying plunge into war, which is spearheaded by the US and its allies. The fund said its decisions were based on a “new investment order” driven by “geopolitics.”

“Considering recent conflicts between Russia-Ukraine and hostilities in the Middle East, as well as ongoing tensions between China and the United States, geopolitics is a topic front-of-mind with today’s investors world-wide,” it stated.

The position paper spoke of “a world no longer unified by globalisation, nor operating under a unipolar US-led global order” so that “the prospects of conflict are on the rise.”

At the same time, the fund’s management is counting on its returns being boosted by US President-elect Donald Trump’s “Make American Great Again” program of

corporate tax cuts, deregulation and trade war.

Speaking at a forum last month, Future Fund CEO Raphael Arndt said this made the US a “very attractive” market for investors.

Arndt said the fund had already profited from the share market’s positive response to Trump’s election win. “Like every investor, we’ve made money off the US election,” he said. That was after the US S&P 500 and Dow Jones stock market indexes had their best results in a year.

The Future Fund’s website does have an “exclusions list” of companies it has officially chosen not to invest in. As of May, 40 of these companies were linked to tobacco products, and 11 companies connected to weapons-related conventions or treaties ratified by Australia.

That list does not include the fossil fuel companies that form much of the backbone of Australian capitalism, such as Woodside Energy (\$593 million invested as of June), Santos (\$261.3 million), Exxon Mobil (\$138.9 million), Shell (\$63.8 million), ConocoPhillips (\$37.9 million), Chevron (\$77.2 million), Whitehaven Coal (\$74.3 million), AGL Energy (\$89.2 million), Glencore (\$26.6 million) and Yancoal Australia (\$21.9 million).

All this information is largely buried from public scrutiny, covered over by the corporate media, the Labor government and the political establishment as a whole.

It shows that on every front, but above all on the lurch toward World War III, the Future Fund is fully aligned with the rapacious interests of the Australian corporate ruling class, and Washington’s militarism, which Trump is vowing to escalate. And in that it is backed by the Albanese government and its trade union partners, personified by Combet.



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