

SA The Defence State?

A number of commentators have noted the ill-effects of the US-Australia political-military alliance upon Australia. One very significant one is the markedly-increased influence and status of the military-industrial complex (MIC) on Australia and its' governments. As the US struggles ever more desperately against its declining global power and status, it demands more of its' erstwhile 'allies' (in fact, subordinates).

The US and its' governments, Democrat or Republican, Federal or state, have long been in the thralls of the MIC – lobbying and other forms of peddling influence are commonplaces – as far away as the 1960's and 1970's, various politicians have been known unofficially as 'the senator for Boeing' (from that multinationals home state of Washington), or the senator or representative for this or that of the major members of the MIC (most of which are US-based). The tacit acknowledgement is that their loyalties are primarily to the relevant corporation, and not to their constituents or their government.

This behaviour pattern is increasingly being exported to Australia, and is not unconnected to the grim but nonsensical ambition of the Turnbull and now the Morrison government to become one of the top ten arms exporters in the world. Nonsensical not just because of the mountain to climb up this most reactionary of 'league tables', but also because whatever the statistics presented, the great bulk of the substantial profits generated by such an attempt would as is always the case, be accumulated by the various MIC members involved, not the host country.

A second major reason for the increased role of the MIC in Australia is the significant increase in military spending by the Australian government itself, which has now reached and surpassed the previously-stated aim of 2% of government spending. This includes the much criticised and much-ridiculed Lockheed-Martin F-35 (to one Australian non-mainstream news outlet, the 'flying-heap-of-crap'). A current purchase of 72, with a commitment to expand to 100 aircraft, if ever a sale has signalled to other vendors 'sucker here: come and sell', it's that one.

The Defence State: The Politics of Illusion

This new licence-plate slogan for the state was always going to be more rhetorical than real. For a representative example here is this press release from Premier Marshall only 2 months ago:

“.....the Marshall Liberal Government will invest \$7.9 million in this year's budget for the state's Defence Innovation Partnership. The funding, further supplemented by the Federal Government's Defence, Science and Technology Group and the three South Australian Universities to total nearly \$10 million, will mean scaling-up support for collaborative defence-related research and development (R&D) projects to derive world-class solutions for complex defence challenges.....Since 2018, close to \$8.3 million of defence research and development funding in South Australia has been generated through the Fund. ”

Two elements are obvious here: the talking up of high-tech activity, contrasting with the small scale of the support for what was meant to (or supposed to) get the state out of the rust-belt and post-car industry doldrums. The slogan of the Defence State was originally applied at the time of the Collins class submarines upgrade, and there have been a number of high-profile contracts since. Still, they have generated a comparatively-small number of jobs, and since many of the most skilled workers would have to have come from interstate or abroad, scepticism about the real impact on what is still and consistently the state with the highest (or second-highest) level of unemployment in the country seems legitimate.

It has often been pointed out that military-industrial jobs are the most expensive (in government support/subsidy terms) of any employment-boosting policy. There are various reasons for this: the corporate spends on political bribery to keep the money flowing are very high; the buyers are often singular (home governments) even if export of the products are later approved; the products are very expensive in themselves due to their advanced technological

components; and the military-industrial complex is well-known for using the above factors to ramp-up the costs of even the smallest components. In addition the MIC seems to have some of the largest failures or near failures of all manufacturing projects, to a large extent because of the incestuous relationship between them and politicians (the number of ex-cabinet ministers employed directly or indirectly by the sector is one indication). To mention the F-35 is to pick the gold-standard failure: but over a longer time span even more money-burning activity at a mind-boggling scale is evident. Between 1998 and 2015 the Pentagon cannot account for \$21 trillion (according to their own figures).

Back in Australia the modest \$90 billion current cost of the 'future submarine' (obsolete by the time it's deployed) has recently been called out by John Menadue: *"The French submarine boondoggle is Australia's biggest defence blunder."* And very recently, the ABC reported about the Boxer Armoured Fighting vehicle -

"An overweight weapons system is threatening to delay a multi-billion-dollar army project, prompting alarm across government, the military and defence industry."

This is not a South Australian project unlike the submarines, but since the SA government has made shipbuilding (and space) its main priorities in relation to MIC activity, the fact the French sub builders committed last year to 30% less local work than was originally flagged is another indication of the growing gap between illusion and reality in the Defence State. Even the government's own job claims seem very modest given the unemployment rate (which itself is highly suspect and very likely underestimated due to the federal government's political-statistical methods): back in 2017 it was claimed *"Defence projects will create around 6000 direct jobs in South Australia over the next 10 years, a new state government report has found."*

Even Murdoch's Advertiser showed some scepticism about the promises, though characteristically couched in terms of which multinationals it was better to subsidise. In a 2017 article the following was printed:

"Depending on whose estimates you believe, between 7000 and 15,000 people will be employed in the naval ship building industry once suppliers are included. Being generous with government forecasts, that means taxpayers are going to spend \$30 billion over the next 10 years to keep 15,000 people in job. Suddenly what the car industry was asking for looks reasonable: \$3 billion over 10 years to keep 50,000 people employed."

This is Australia-wide in both cases, but the car industry was a bigger part of the SA economy than the MIC is or is likely to be. Nevertheless, the MIC is still garnishing scarce resources from a state government with a limited tax base.

Weaponisation of the South Australian Economy

The South Australian Governments over the last 40 years have committed enormous resources to create what they like to call, 'South Australia The Defence State'. With the inexorable departure of manufacturing industries out of the state to low-wage countries of Asia, the state government has solicited itself to arms manufacturers (primarily US) as a reliable comprador to do the business of war production. The overall goal of this business strategy is for the Australian military to submissively integrate its combat systems within the US military so that 'interoperability' is achieved.

As the warfare state likes to boast, "Seven of the world's top 10 defence companies call South Australia home." These arms manufacturers work in maritime, aerospace, land, systems and cyber domains. With such illustrious names as Lockheed Martin, General Dynamics, Raytheon, Boeing, Northrop Grumman, BAE Systems and L3Harris, South Australia has lured into the state the best war machinery that money can buy. (1. <https://defencesa.com/about-defence-sa/why-defence-sa/>)

These arms manufacturers haven't come here to assist our economy but to get a piece of the Australian Government's military expenditure. July last year, the Australian Government announced in its 2020 Defence Strategic Update that AUD \$270 billion will be spent on the military through to 2030. This is a massive 30% increase

over the previous ten-year defence budget expenditure. By this 20/21 financial year, the government will have reached its defence expenditure goal of 2% of GDP. (2. <https://www.trade.gov/market-intelligence/australia-defense-industry>)

However, Peter Jennings, that vociferous warmonger from the Australia Strategic Policy Institute (ASPI), thinks this is not enough and agitates for defence spending of about 3.2% of GDP. What does the South Australian economy get out of this defence spending? The **South Australia Defence State** website tells us that the defence manufacturing sector currently represents 4.5% of the state's Gross State Product. This includes 2.5% (AUD \$2.6 billion) direct, plus 1.9% indirect impacts. There is a AUD \$458 million investment in the South Australian defence sector. About 1.5% (11,348) of South Australian jobs are in the defence industries. The South Australian defence sector total exports come to 6.4% or \$2 billion. (3. [South-Australia-Growth-State-Defence-Sector-Strategy-2030.pdf](#))

What these figures don't tell is how much these defence contractors take out of the country in profits and dividends? In fact, multinational corporations are renown for and very adept at profit shifting tactics to avoid paying company tax. Except for the Small and Medium Enterprises (SMEs), which are usually the Australian partners in the defence industry business, there is no real indigenous defence industry. The SMEs are bit players who do component work for the world's top defence companies, such as Lockheed Martin, Raytheon and BAE. Once these top defence corporations up stumps these SMEs will be in trouble.

Precincts for War

Where are these arms industry companies situated in South Australia and what do they do in this state? Around 25% of Australia's specialist defence businesses are based in South Australia. The South Australian Government has established 5 major defence precincts in the state: They are the Edinburgh Defence Precinct; Mawson Lakes Technology Park; Osborne Naval Ship Yard; Lot Fourteen; and the advanced manufacturing precinct at Tonsley.

Edinburgh Defence Precinct is a defence research, major intelligence surveillance, electronic warfare, manufacturing and information warfare hub housing RAAF Base Edinburgh, Defence Science and Technology Group and major defence companies, such as BAE Systems Australia and Lockheed Martin.

Mawson Lakes Technology Park concentrates on electronics, information communication technology, systems development and integration and advanced manufacturing. It boasts a large technology expertise and houses over 100 companies, spanning multinational organisations (which includes Lockheed Martin Australia, Raytheon Australia and Saab Systems) to lesser-known small-to-medium enterprises and start-ups.

The Osborne Naval Shipyard has become Australia's pre-eminent naval shipbuilding centre that is built around two working precincts. Osborne North has high-tech submarine construction and maintenance facilities. Osborne South contains the nation's largest naval warship construction and design facilities. Both precincts are considered modern, advanced and world-class shipbuilding sites. Important marine industries such as BAE Systems Maritime Australia (Britain), France's Naval Group, Saab Australia (Sweden) and Luerksen Australia (Germany) operate on the Osborne site.

Lot Fourteen (located in the Adelaide CBD) claims to be Australia's first ideas and innovation precinct which brings together the state's leading space, defence, hi-tech and creative industries. The site is comprised of a number of hi-tech entities such as the Australian Space Agency, SmartSat Cooperative Research Centre, The Australian Institute for Machine Learning and The Australian Cyber Collaboration Centre (A3C).

The Tonsley Innovation and Advanced Manufacturing is a business and government research precinct. It is a dedicated facility for industrial-scale testing of the latest technologies and processes ahead of their use in advanced manufacturing. One such enterprise based at Tonsley, Line Zero – Factory of the Future, a joint initiative of BAE Systems Australia and Flinders University is involved in a number of technologies, in particular shipbuilding research. (4. <https://defencesa.com/precincts/overview-and-map/>)

Building for the Dogs of War

The largest and most significant military/industrial precinct in South Australia is the Osborne Naval Shipyard. This is where the construction of the two Arafura class Offshore Patrol Vessels, nine Hunter class frigates and twelve Attack class submarines (although this is still uncertain) will be undertaken. The other precincts might not be as financially significant as Osborne but they are no less important in terms of military application.

At Sea

A new fleet of Arafura Class Offshore Patrol Vessels (OPVs) are currently under construction at Osborne. The OPVs construction commenced May 2019 in Adelaide, and will be transferred to Western Australia once the Hunter class frigate program gets underway in 2022. This program is estimated to cost around AUD \$4 billion, generate over 400 jobs along with additional supply chain opportunities for hundreds of businesses in South Australia. Lurssen Australia, a German company designed the OPVs and in partnership with Australian Submarine Corporation (ASC) is building the first two OPVs at Osborne. Construction of the next 10 will move to Perth, where Cvmec will complete this program. The combat management system on the OPVs will be undertaken by the Swedish firm Saab Australia in Adelaide.

The Hunter class frigate program will construct from 2022 a replacement fleet of nine anti-submarine warfare frigates. These new frigates will be built by BAE Systems Maritime Australia together with ASC. The cost of this program is in the vicinity of AUD \$35 billion (2018 estimate), approximately AUD \$3.9 billion (2018 estimate) per ship. The Hunter program is projected to generate 5,000 jobs across business and defence supply chains over the life of this project. Apparently, more than 170 South Australian businesses have registered interest to be involved with the Hunter program.

By far the most significant defence acquisition in Australian military history is the Attack class submarine program. Its significance is not only in the 'superior fighting capacity' of this submarine but also in the ever-increasing price tag. The original cost for these twelve submarines was AUD \$50 billion, which has now risen to AUD \$90 billion. There are no published figures so far about the employment projections for this program nor flow-on benefits to local businesses. France's Naval Group was chosen to design and build the Attack class submarine at the ASC facilities in Osborne. Controversy has dogged this program: disagreements over the submarine's propulsion system, the preferred combat system, obsolescent battery system, delays, cost blowouts to overambitious specifications. The concerns became so polarised that the Morrison Government commissioned an internal Defence review this year (2021) to resolve these disputes. This led to the Naval Group and the Federal Government to sign off on a new agreement, with the Naval Group having to commit to at least 60 percent of the design and acquisition contract value be spent in Australia. (5. <https://www.australiandefence.com.au/defence/sea/attack-class-woes-not-all-that-is-happening-on-subs>)

On Land

The newly built Raytheon Joint Integration Centre (JIC) at Mawson Lakes will be the site for assembling Australia's AUD \$2.5 billion short-range air defence missile system program, LAND 19 Phase 7B. The **South Australia the Defence State** website states that construction of this complex took 18 months to build and created 200 jobs. This JIC facility employs 300 to assemble and maintain the "National Advanced Surface to Air Missile System" and a range of other connected defence projects. Designed for the Australian Army, The Land 19 Phase 7B is one of the components of the Joint Integrated Air Missile Defence (JIAMD) capability. A good guess is that The Land 19 Phase 7B missile system will be integrated with the F-35 JSF. The function of JIC at Mawson Lakes is to integrate radars, missile launchers, command & control systems with Army vehicles and radios.

The Australian Army's LAND 400 Land Combat Vehicle System program offers the potential to South Australian businesses to get supply chain work for this project. Rheinmetall Australia, a German company, has been contracted to build 211 of these combat reconnaissance vehicles costing AUD \$5 billion. In addition, they will be doing

sustainment and upgrade work over a 35 year period. This project, whilst it is centred in Queensland, will provide 1500 jobs nationwide, and the opportunity for around 40 Australian businesses to be involved in supply chain work. (6. <https://defencesa.com/projects/>)

In the Air

South Australia and its 'Defence Precincts' will carry out sustainment and maintenance work on The MQ-9B Sky Guardian unmanned aerial system (General Atomics, CAE, ACACIA Research, Raytheon, TAE Aerospace, Ultra Electronics Australia, Airspeed and Sentient Vision Systems), six MQ-4C Triton unmanned aerial vehicles (Northrop Grumman), fourteen P-8A Poseidon maritime surveillance aircraft (Boeing), and four MC-55A Peregrine electronic warfare support aircraft (L3 Harris) which are all based at the RAAF Edinburg Air Base. (7. <https://defencesa.com/projects/>)

In the coming decades, Australia will purchase 72 of the F-35 fifth-generation joint strike fighter aircraft at a cost of AUD \$17 billion. The F-35 is developed, produced and supported by Lockheed Martin, Northrop Grumman, BAE Systems and Pratt & Whitney.

Australia is just one of the nine partner countries involved with the F-35 supply chain work. Over 50 'Australian companies' (meaning both foreign-owned Australian-based and SME local companies) employing more than 2400 workers have participated in the AUD \$1.8 billion F-35 Program production contracts.

By 2023 'Australian companies' will have gained more than AUD \$2 billion in production. Followed by More than AUD \$5 billion in Production contracts out to the end of production in 2038. Support work, sustainment and follow-on modernisation activities for the F-35 across its life will amount to AUD \$6-9 billion. South Australia has a 9% proportion of the F35 supply chain work in Australia.

The South Australian business, Axiom (formerly NuMetric) was awarded AUD \$809,998 by the Australian Government to purchase a five-axis three metre vertical computer numerical control machine and train staff in its operation for their involvement in the global F-35 Joint Strike Fighter program. The Minister for Defence Industry, Melissa Price eulogised:

“This demonstrated the highly advanced manufacturing capacity we have in our defence industry and why it’s important to invest in these capabilities. The funding we’re providing Axiom will enable them to invest in new equipment to ramp up their involvement in the F-35 program, which leads to the creation of more local jobs and opportunities in their supply chain.” (8. <https://business.gov.au/cdic/news-for-defence-industry/support-for-australian-companies-in-joint-strike-fighter-supply-chain>)

Radar, Cyber, Information Warfare, Space & R&D

The **Jindalee Operational Radar Network** (JORN) is one of the small number of Australian inventions that have military applications. It is an over-the-horizon radar system that uses the ionosphere to monitor air and sea movements across at least 37,000 square kilometres. Developed by the South Australian-based Defence Science and Technology, BAE Systems Australia has now taken over the technical control of this high-frequency system. The command and control of JORN is based at RAAF Base Edinburgh. Significant upgrades will be carried out on JORN over the next decade, costing AUD \$1.2 billion and providing 500 highly technical jobs mainly in South Australia.

South Australia has positioned itself as the national leader in cyber processing, capability, disseminating and exploiting intelligence. It established **The Australian Cyber Collaboration Centre** at Lot Fourteen (located in the Adelaide CBD), bringing together the arms industry, other business sectors and education entities, to carry out collaborative R&D in this AUD \$10 million national cyber centre.

South Australian governments have worked ceaselessly to make the state the centre of intelligence, surveillance and reconnaissance, thereby making it probably the most important element to the Australian Defence Force's electronic warfare capabilities and by extension the US military. This involves the P8 Poseidon, the Jindalee Operational Radar Network (JORN), Defence Science and Technology, space-based surveillance, test and training ranges and the Royal Australian Air Force (RAAF) cyber and intelligence squadrons which are all based in South Australia. As the **South Australia the Defence State** website points out, "Modern Intelligence, Surveillance, Reconnaissance, and Electronic Warfare (ISREW) systems represent a large portion of the Defence budget, and these systems require a highly skilled and specialised workforce capable of collecting, managing and exploiting large amounts of data at high-security levels from multiple sources in a cyber-secure environment." Information Warfare is an expensive and growing business but no Australia Dollar figures have been released.

The South Australian Government established the **South Australian Space Industry Centre (SASIC)** in 2017 to in their words "... drive space industry innovation, research and entrepreneurial development." It is headquartered at Lot Fourteen together with the Federal Government's **Australian Space Agency**. This precinct and the Woomera Rocket Test Range are involved with high-tech rocket launch development. The military application of their work is not openly stated but one can easily surmise it does little else.

The three South Australian universities - **Adelaide, Flinders and South Australia** - are involved in defence science and research work and have collaborated with the arms industry for years. All that is known about their collaboration with the arms industry is that it was formalised in 2018 through the establishment of the **Defence Innovation Partnership**. The stakeholders that are publicly mentioned in this partnership are the three universities and the **Defence Science and Technology** company. A good guess would be that foreign weapons companies (particularly the US) would have a hand in and gain benefits from the research and development (R&D) work of the universities.

(9. <https://defencesa.com/projects/>)

Why is our economy weaponised?

Ever since the Australian continent was initially unsettled by the British to be replaced by America after the WWII, this country has been politically, economically and militarily a dependent client state. Australia's defence policy or what should be more accurately termed warfare policy is a self-fulfilling industry. It is fashioned by think tanks, arms manufacturers, comprador politicians turned lobbyists who whip up cold war hysteria so that the business of war-making can continue.

Cameron Leckie frames this issue accurately when commenting on the role of Peter Jennings from the Australian Strategic Policy Institute vis-a-vis Australia's spending on the military:

Having a strategic policy think tank co-funded by some of the world's largest arms manufacturers is inconsistent with providing sound policy advice that is in the broader national interest. Peter Jennings recent Australian Strategic Policy Institute (ASPI) Strategist article (Preparing for the crisis after the crisis) is a desperate attempt to wrangle more taxpayer's dollars for unnecessary defence expenditure.

(10. <https://johnmenadue.com/cameron-leckie-fear-mongering-by-a-think-tank-funded-by-arms-manufacturers/>)

Australia's security state (Australia Governments, Department of Defence, ASIO, ASIS, ASD, National Security Agency, and the Five Eyes partnership which by extension are part and parcel of the US hegemony in Australia) strategic thinking is predicated on dodgy beliefs. Namely, that the US will remain the most significant and powerful player in the world, that the West's economic growth will continue indefinitely and that the tempo of their technological improvement will keep on rising exponentially and will always be superior to their antagonists.

Realistically, Australia and the world have passed the limits of growth. Since the Global Financial Crisis and the 2020 COVID-19 related economic depression, we have entered a solvency crisis, where much of our debt we will be unable to repay.

The conviction that the US and its dreaming band of brothers can continue to go to war and remain supreme is a pipedream. Very soon the West won't be able to cough up the money anymore to maintain its global dominance. This will certainly be the case when the US dollar ceases to be the world's reserve currency. The pointy heads in Canberra and in the military-industrial precincts dotted around the country will pay the price for their own demise by attempting to spend their way out of their military and economic crisis, which is of their making.

Multiply this problem by every capability within Defence and it quickly becomes apparent how vulnerable all of Defence's capabilities are. The potential for many capabilities to be rendered either inoperable or unsustainable over the long term is very real. Not only have we developed an ADF that we can no longer afford, we have also developed an ADF that we will be unable to maintain and sustain.

(11. <https://johnmenadue.com/false-defence-assumptions-by-cameron-leckie/>)

The current and future Australian Defence Force and the military-industrial complex that shapes it, primarily serve US strategic and economic global dominance. To put it more bluntly, the ADF's 'interoperability' function makes it a foolish accomplice to America's worldwide military aggression and does not come anywhere near close to achieving the nation's sovereign self defence. To extricate ourselves out of the current ADF structure and the stranglehold that the foreign arms industry has in Australia, the creation of a government-owned Australian Defence Industries is essential. Its first task would be to review what kind of sustainment programs are needed for proper sovereign self defence and identify supply chain issues and select the best choices to alleviate them over the short, medium and long term. Any new development strategy on security and defence must also include a much broader vision that takes account of non-military threats, such as the 2019 bushfires (particularly climate change) and the Coronavirus pandemic.