



MINISTER FOR DEFENCE

STEPHEN SMITH, MP

TRANSCRIPT: PRESS CONFERENCE – FORCE POSTURE REVIEW

TRANSCRIPTION: PROOF COPY E & OE

DATE: 30 JANUARY 2012

TOPICS: *Force Posture Review; Joint Strike Fighter; France; Afghanistan; Kirkham; Mandatory Pre-commitment.*

STEPHEN SMITH: Well, today I'm releasing a progress report on the Force Posture Review. You may recall that in June of last year, I announced that the Government would effect a Force Posture Review; the first such Force Posture Review since the early 1980s, done by Professor Dibb for then Defence Minister Beazley.

I asked two former Secretaries of the Department of Defence - Rick Smith and Allan Hawke - to be an expert panel to prepare such a report. The two experts, Mr Smith and Mr Hawke, indicated to me that they would provide a progress report by the end of last year and a final report by the end of March of this year.

Before Christmas, I received a progress report and had a discussion with Mr Smith and Mr Hawke about that progress report. They remain on track to produce their final report by the end of March.

It's very important in the first instance to understand the status of this report. It is a progress report presented by two outside experts for Government. Their final report will be used as a vehicle as part of the process for the 2014 White Paper.

So whilst the progress report and subsequently final report will contain a series of recommendations or conclusions, the Government will use the Force Posture Review report as a vehicle to feed into the White Paper.

So suggestions of strategic or security considerations, any change from the White Paper 2009 strategic and security considerations will be done as part of the White Paper 2014 process. Any changes to Force Posture, or indeed, to Force structure, will likewise be done in that way. And as a consequence, I'm not proposing to go into the merits of any of the suggestions made by the expert panel.

The progress report is provided to you in a unclassified public version. The report provided to me contained a small amount of classified material which has been redacted to enable the public release of the progress report.

I've made this report public today because when I launched the Force Posture Review in June of last year, I said it was absolutely essential that the Australian Defence Force was correctly geographically positioned for the challenges of the future, for the security and strategic considerations of the future; and the rise of the Asia-Pacific and the strategic and security considerations that that brings; the rise of the Indian Ocean and the Indian Ocean rim and the security and strategic considerations that that brings; and the development to the north-west, the north and the north-east of Australia of a significant minerals and petroleum resources or energy belt.

And the materials that I have provided to you in the course of the progress report deal with the terms of reference and deal with the preliminary considerations and conclusions by the expert panel.

As I say, I'll be reluctant to comment on the merits of any of the proposals, given that these will be matters for consideration by the Government in the White Paper 2014 process. But I do wish to draw your attention to some of the observations of Mr Smith and Mr Hawke and some of their preliminary considerations. These are found and contained in their covering letter to the progress report and also in their appendix to their report which lists comprehensively their preliminary considerations.

But very briefly, let me draw attention to some of the key observations and conclusions which the expert panel have made.

The expert panel make the point that while there is much which is commendable about the Australian Defence Force current force posture, significant investment will be required, particularly in northern Australia, to make sure the ADF is appropriately positioned geographically to meet Australia's long-term strategic and security interests. In this context, Navy faces the greatest challenge, followed by Air Force.

The review makes the point that there is a perception in the north and north-west of Australia of a lack of visibility, which undermines the notion of the defend Australia

policy, which is the first priority of the Government and the first priority of the Australian Defence Force; and indicates that more visibility - not necessarily by new or additional bases, but by a greater presence - would reinforce the defence of Australia policy and bring greater visibility and presence to northern Australia.

In terms of the expert panel's preliminary conclusions, let me draw attention to a small number of those.

The expert panel draws specific attention to the need for the defence of Australia to be the ADF's first priority task and for a campaign plan to be effected so far as campaign planning for deterring and defeating attacks against Australia at a range of threat levels to be taken as a whole-of-government or across-government approach so far as security is concerned in the north and north-west of Australia; that Defence should enhance its preparedness for operations in the north-west of Australia; and that, for example, RAAF Learmonth in Western Australia should have its capacity and capability enhanced.

Likewise, whilst it's not suggested that permanent Navy bases in the north-west be established, the expert panel does recommend that improved access arrangements at commercial ports, such as Exmouth, Dampier, Port Hedland and Broome, be effected.

So far as Navy is concerned, the expert panel comes to the conclusion that Defence should proceed with its plans to home port the forthcoming air warfare destroyers and the landing helicopter docks at Sydney at Fleet Base East in the short term, but should also develop options for other porting, including HMAS Stirling in the West, or Fleet Base West as it is known.

Fleet Base West is suggested to continue to be the primary submarine home port and also to expand facilities to be able to receive United States Navy submarines.

The expert panel also suggests that Defence develop a long-term option for establishing an additional east coast fleet base for Landing Helicopter Docks and/or Future Submarines, noting that HMAS Stirling in the West should remain the primary port for submarines. It also suggests that Defence look at plans to expand the capacity of bases at Darwin and Cairns.

So far as Air Force is concerned, it suggests upgrading of Tindal, Townsville, Learmonth and Curtin, with Scherger a lesser priority; and also suggests that at least one alternative training area or expansion of a training area is required and suggests that in addition to the current planning for an amphibious mounting base capacity at Townsville, that Darwin also be considered in that context.

Now, I've drawn attention to those, but not to be drawn on the merits of them. As I say, I am making this report public because I want to ensure that within relevant government departments and agencies who deal with national security, that within the public policy

think tanks within Australia and in the community generally, that we start to focus on what are important long-term strategic and security issues for Australia.

The expert panel has engaged in consultation with state and territory governments, local governments and the community. When we do a White Paper there is of course an extensive community consultation process, and part of the release of the materials today is to enhance an understanding of the challenges that we face and to seize both those interested in public policy and the community generally with some of the issues.

In a sense end where I started.

This is a progress report from the panel of experts to government. I'm on track to receive the final report by the end of March this year. That final report will form part of the process, form part of the deliberations, feed into the 2014 White Paper process with the expectation of a White Paper in the first quarter of 2014.

No decisions have been made about any of the suggestions or the conclusions, some of which would involve considerable investment. That of course would have to be considered in the usual way and in that White Paper context.

Because of the interest in such matters, I'll just make the point that the Department of Foreign Affairs and Trade and Defence will brief our friends, neighbours and partners in the region. That's not just a matter of courtesy - but it's also sensible diplomacy.

I'm happy to respond to your questions on that.

JOURNALIST: Minister, how does this lack of visibility show up? Is it a problem perceptually coming back into Australia - in other words, Australians don't think we've got enough assets up there for, [indistinct] looking further out, sending a message to whoever that we really aren't serious about northern Australia?

STEPHEN SMITH: Well if you look at the expert panel's progress report, they make a couple of points. Firstly, they make the point that it continues to be the first priority of the Australian Defence Force, and the first priority of the government to defend Australia, to protect and defend against threats to Australia, and that in the expert panel's view, to do that into the long term, we need to be operationally more effective to the north of Australia - not just the north west but the north and the north east.

That is in part because of the development of the energy belt across the north of Australia, but it's also because of the northern approaches to Australia.

And the expert panel make a similar point about the western approaches to Australia, and the growing importance of the Indian Ocean Rim - hence its references to a potential expanding capability of HMAS Stirling in the west.

The point about visibility and the point about the potential for a perception of the undermining of the Defence of Australia Policy or priority is essentially visibility on the ground in the north west in particular. In the north in Darwin, we of course have a significant presence, and that will be I think bolstered and enhanced by the arrangements that we have announced recently so far as the United States Marine Taskforce group is concerned.

In the north west of Australia the expert panel make the point that the perception is there is a lesser presence now than there was in the 1980s and the 1990s.

And it's the presence which needs to be rectified. That's not necessarily required through the establishment of additional or extra [indistinct] their Navy, Air Force, or Army, but by a greater operational presence.

JOURNALIST: Defence Minister, how much of the challenge for Navy includes gearing up to be ready for potentially increased cooperation with United States Navy?

STEPHEN SMITH: Well the United States Navy is but one of the Navies that we cooperate with. My last overseas trip before Christmas was to India, and I went not just to Delhi but also to Mumbai to their Western Naval Headquarters.

I made the point at the time - substantially enhance our maritime engagement with India as a result of the growing importance of India, and the growing importance of the Indian Ocean Rim.

So it's not just one Navy. For Navy, we have the two main fleet bases - Garden Island in Sydney, Fleet Base East, and HMAS Stirling in the west, Fleet Base West.

Our Western Australian base came about as a result of the work that Professor Dibb and Minister Beazley did in the 1980s.

The expert panel make the point that in their view, we may well need an additional eastern seaboard naval base, and they refer to Queensland in that context.

And as I say we've made no decisions about that.

One of the difficulties we have in terms of Navy disposition is it remains the case that the bulk or the majority of our naval assets are home-ported in Sydney, and there are historic reasons for that. There are also maintenance and industry and manufacturing capability reasons for that.

But as the world moves to our region, as China rises, as India rises, as the ASEAN economy rises, then the review panel makes the point that I have made for a number of years that we need to be looking further afield. And we know from our own practical

experience that ships based in Sydney can take some time to assist in humanitarian assistance or disaster relief to the north of Australia or to waters north of Australia.

And so we need to make sure we get ourselves geographically correctly positioned. Yesterday I met as you may have seen with New Zealand's Defence Minister and tongue in cheek I said, I've heard the saying that two thirds of our Navy was based in Sydney to protect us from the threat from the south-east. And given the success of yesterday's visit I'm not concerned about New Zealand.

So as the world has moved to the north of Australia in some respects, we need to make sure that we get our geographical location right, and the greatest challenges in that respect are with Navy.

Do I envisage a time when we wouldn't have a naval base in Sydney, no I don't - if only for the very significant maintenance and industrial capacity that we have there which would be difficult if not impossible, or prohibitively expensive to replicate elsewhere.

JOURNALIST: Mr Smith, given the cutbacks recommended by the Defence Reform Program and also those forced upon by the efficiency dividend and the need to say \$20 billion and siphon that back in, how are you going to behave for these massive upgrades and potentially building new naval bases for Australia?

STEPHEN SMITH: Well that's one of the reasons why I say no decisions have been made about any of the recommendations made by the expert panel. This progress report will be overtaken by a final report at the end of March that will feed into the White Paper.

These significant decisions will be made in that white paper context where we have now committed ourselves at least once every five years to do the substantial White Paper process.

That White Paper process will consider not just force posture, it will also consider force structure, it will also consider capability, it will also consider budget and financial and fiscal capability.

We are no stranger to financial and fiscal pressure on the defence budget. The same applies to the United States as we've seen graphically in the course of the December January holiday period with the announcements made by President Obama and my counterpart, Leon Panetta.

Foreign Minister Rudd and I were recently in the United Kingdom for the annual Australia-United Kingdom Ministerial consultations, AUKMIN. The United Kingdom is facing similar and comparable challenges, and the same is true of New Zealand and Canada.

So we have to understand that we are faced with an ongoing challenge so far as defence budget and expenditure is concerned, and that's why we're not rushing to judgment, that's why we will make any decisions about that, about these matters in an orderly way in the context of the White Paper 2014 processes.

JOURNALIST: [indistinct] that just, I mean, this foreshadows the need for a large upgrade, building of new bases, et cetera. Isn't there a high [indistinct] that this will affect the [indistinct] overall?

STEPHEN SMITH: I'm reluctant to get into a conversation about the merits of these various proposals because we've got a very sensible White Paper process to do that, first point.

Second point, when you go through the progress report, yes, there is a suggestion that there may be a need for an additional eastern seaboard naval base, but there's no suggestion, for example, that there is necessarily a great need for additional Air Force or Army bases in the north or the north-west or the north-east of Australia.

But your essential point that very many of these recommendations would require a substantial investment by the Commonwealth, yes, that's right. And in that context, the only way that any government can sensibly deal with these matters is to do it through an orderly process, that's the White Paper process, where, as is always the case, there will be competing priorities. And it is always inevitably the outcome there are some priorities which will not be funded because they fall at the bottom of the list.

But we'll do that in a sensible way.

JOURNALIST: Minister, the report-

STEPHEN SMITH: No, no, these issues here are very much long-term issues. There are a very small number of recommendations which don't require the expenditure of money, which the Secretary of the Department, the Chief of the Defence Force and I may deal with in advance of the White Paper. But they are quite small and don't involve any or any great expenditure. And I'll let people know in due course about those.

But there is no impost here on the current Federal Budget. We are committed to returning to surplus in 2013 as you know, and as I've said publicly Defence will make a contribution to that in the budget process; that is inevitable.

But the issues that I have seized with initiating the Force Posture Review in June of last year and with this progress report are issues that will necessarily have to be seized by successive Australian governments in the coming decades, not just the coming years.

Sorry, there's one here, Kerro's been - John.

JOURNALIST: Just quickly on the north-west where the resources are, are you actually looking at - is there any irony in paying a premium to develop the facilities in the north-west to protect the, you know, the oil industry actually, and gas and so on, puts a premium on actually building anything. It'll be more expensive-

STEPHEN SMITH: Range of things. Firstly, it's minerals and petroleum resources and it's not limited to the north-west of Western Australia; Darwin is now massively expanding its capacity and potential as a petroleum resource centre. And you see in the north-east of Australia, in Queensland, generally onshore rather than offshore, substantial development of liquefied natural gas and coal seam projects.

So we are growing a substantial energy belt in our northern approaches. The expert panel make the point that the risk to current facilities and installations and the risk in the future should not be exaggerated. And I have made the point both to local authorities in Western Australia and to minerals and petroleum councils or chambers at state or national level that these issues have to be determined on the basis of national security considerations not on the basis of either population growth or on the development of the minerals and petroleum resources industry.

Our focus here is strategic security considerations. With the growth of our energy belt and the growing importance of energy and energy security, at some point in the future, we may well have to grapple with security for an energy belt that extends from the mid-west of Western Australia to the north-east of the Queensland coast.

JOURNALIST: Minister-

STEPHEN SMITH: Sorry, there's no need to shout. I've got one here and then Bonj at the back.

JOURNALIST: Actually, two from me and they're totally unrelated.

How close is Australia getting to walking away from the Joint Strike Fighter, given the further delays in the US?

And as a senior member of this government, how satisfied are you with the explanations of what happened in the Australia Day protest, particularly the gap between when Tony Hodges told his direct superiors about his role and the time the Prime Minister and the public were told?

STEPHEN SMITH: Well, I'll deal with the second one first.

Firstly, I am entirely confident with what the Prime Minister has explained publicly so far as the sequence of events is concerned. That's the first point.

Secondly, the staff member concerned who, in my experience, is a good officer, made a serious error of judgment and he's paid the consequences. To his credit, he did that voluntarily.

Thirdly, I think all day the Opposition's been out there saying that there should be an Australian Federal Police inquiry. That's entirely a matter for the Australian Federal Police, but as I understand it, they said in the course of yesterday and today they see no reason to have such an inquiry.

Let me now go to Joint Strike Fighter. We have indicated publicly for some time that we are committed to, in the first instance, the purchase of 14 Joint Strike Fighters. I've also said repeatedly last year and this year that as concern about risk to the project emerged, particularly to schedule but also to cost, that in the course of this year I would have effected a comprehensive review of what we believe the risks to schedule and cost were, and in the course of this year make a judgment about whether we needed to make sure that we would not have a gap in capability through the purchase of other assets.

And I've also made the point that in that context, whilst we haven't come to any conclusions, Super Hornets is an obvious example or an obvious option to contemplate. But we've made no judgements or conclusions about that.

We are legally bound, contractually bound to have delivered to us two Joint Strike Fighters. They are currently on schedule to be delivered to us in 2014 in the United States for training purposes in the United States.

I've also said, as my predecessor said, John Faulkner, when he made this announcement some time ago, that in the first instance we would purchase 14. The current schedule for the second 12 is 2015-2017. Just as in the last couple of days my US Secretary of Defence counterpart, Leon Panetta, has said that he is now giving consideration to changing the schedule of purchases so far as the United States is concerned, we will now give consideration to whether the timetable for the purchase of those 12 Joint Strike Fighters should occur on the same timetable.

We are contractually bound to receive two. We remain on track to receive those two in the United States for training purposes by 2014. We will now make a judgment about whether the timetable for the second tranche, the 12, remains on the current timetable.

JOURNALIST: Are you suggesting-

STEPHEN SMITH: Sorry?

JOURNALIST: [indistinct] we could see either a delay in the delivery of the second 12 or perhaps we are only going to take two?

STEPHEN SMITH: Well, the Secretary of State for Defence, Leon Panetta, who is the purchaser of the largest number of Joint Strike Fighters, has made it clear in recent days that he is re-examining his schedule of purchase. We're doing likewise so far as those 12 are concerned.

JOURNALIST: Minister, it would seem to suggest that the visibility of the north went offshore to Iraq and Afghanistan-

STEPHEN SMITH: Sorry, just start again.

JOURNALIST: -the report at [indistinct] seems to suggest that the northern visibility went offshore to Afghanistan and Iraq. It makes the point that there was higher visibility in the '80s and the '90s.

Does this suggest that that the report's authors believe that that was a mistake, that we should maintain this visibility and capability onshore in Australia rather than, as it were, forward defence in the remote Middle East?

STEPHEN SMITH: I don't think it means that at all. The two authors were of course former Secretaries of Defence. And I'm happy to stand corrected on the timetable, but I think you'll find that both of those were Secretaries of Defence during a period when we were committed variously either to Afghanistan or to Iraq and subsequently again Afghanistan.

And certainly this government, but I think to be fair to our predecessor, successive Australian governments during that period have made it clear that our commitment to the Middle East in terms of a land-based expeditionary force, which is what occurred so far as Iraq and Afghanistan has been concerned, that that contribution and commitment had to be balanced by the substantial contributions and commitment that we have in our own region. And we would not put ourselves in a position where we would fall short of that.

We have, as you would know a stabilisation force, together with our New Zealand colleagues in New Zealand [indistinct] in the Solomon Islands and in East Timor. But we have always made the point that our contribution to Afghanistan needs to very much bear in mind that we have obligations of our own in our own region, particularly in the South Pacific. If there is a difficulty in the South Pacific, whether that is stability, security or humanitarian assistance or disaster relief, the rest of the world looks to Australia to lead in that response together with New Zealand.

So we have been very conscious to make sure that we continue to have a capacity to do that so far as our own region is concerned.

I think what the authors are saying is that in the context of a lack of visibility in the North West of Australia. The north west of Western Australia in particular, that that lack of visibility has undermined the notion of the defence of Australia first, and that's why they

recommend a greater operational and exercise presence. They don't necessarily recommend the need for additional bases, either Navy, Air Force or Army.

JOURNALIST: Minister, just on-

STEPHEN SMITH: Sorry, one here and then we'll come back. Sorry Nick.

JOURNALIST: Sorry, just on the JSF, if you're talking about pushing the purchase further back, aren't your threatening the capability gap and therefore you're saying that you're more likely to buy Joint Strike Fighters?

STEPHEN SMITH: My starting point is quite straight forward; the Government, which is the purchaser of the single largest number of aircraft, has said in the last few days that it is reviewing the schedule for receipt of the aircraft. And that is as a result of scheduling and cost issues. I'm doing exactly the same.

There is a contractual obligation to receive two. We've publicly announced, both my predecessor and I that our first [indistinct] will be 14. We're now reviewing the timetable for receipt of the second 12.

JOURNALIST: I'm sorry, just to the second question, I noticed the WA Government in their submission suggested that there should be an army infantry battalion based permanently in Perth, and also that there should be a fly-in, fly-out Special Forces detachment based in the north west. What do you think about that idea?

STEPHEN SMITH: Well I'm not proposing to be drawn on any of the suggestions made by any of the state governments and I'm reluctant to be drawn on any of the proposals put forward by the expert panel. My time will come with the White Paper process. But you might see in some of the fine print of the progress report that there is a suggestion that Special Forces both in Western Australia, the SAS and in Sydney, the set Commandos have access to greater enablers in terms of air craft.

In terms of a physical presence, the review authors - the expert panel - do make the point that as the Indian Ocean region grows in importance, a greater presence may well be required or a greater status may well be required so far as Fleet Base West is concerned. And it makes a range of suggestions so far as a presence is concerned in the north west of Western Australia.

We had, sorry, one here and I'll come back.

JOURNALIST: Sorry, just two things. Firstly, how does France's recent announcement about it's commitment to Afghanistan affect your consideration of Australia's role in that conflict? And also, do you have confidence just picking up on Lindel's question, do you have confidence in the rest of the Prime Minister's senior advisors including Sean Kelly, given that there was a substantial delay between them

finding out what Mr Hodges had done and relaying it to the Prime Minister. And if you do have confidence in that team, how can there be an acceptable explanation for withholding that vital information from the Prime Minister.

STEPHEN SMITH: Well a number of things. And I'll deal with that and then come back to the French in Afghanistan.

Firstly, the Prime Minister has made it clear that the period of time from when staff were advised when she was advised was staff doing due diligence to make sure that they were absolutely sure of the facts before a report was given to her and she accepted that, firstly.

Secondly, the Prime Minister has made the point that this was essentially one officer acting by himself. He's paid the consequences of making a very serious error of judgement. In terms of other officials, officers in the Prime Minister's office, I'm not going to name any of them. So this is not a response to the individual you've named. I'm old-fashioned; I take the view that staffers should be neither seen nor heard. We're the ones who front up. But the Prime Minister's office is a professional office and the dealings that I have with them are done on that basis.

So far as the French are concerned, the French of course they've got about 3600 in Afghanistan. The vast bulk of those are in Kapisa Province. And it's entirely a matter in our view for France, Afghanistan and NATO to make a judgement about transition in Kapisa Province.

The announcement was made by President Sarkozy after his meeting with President Kazai, and the Secretary General of NATO has made it clear that they were involved in that announcement and the deliberations leading up to it. So that's entirely a matter for France, NATO and Afghanistan.

Now, what it does make the point - it does underline the point that transition is not something which is going to occur on 31 December, 2014 as a job lot. Prime Minister Cameron has made that point.

So far as Australia is concerned in Uruzgan Province, we remain on track in our view to transition to Afghan-led security responsibility by 2014, perhaps earlier.

Both the Prime Minister and I in our most recent parliamentary contributions have made the point that the current advice we have is that we have get there earlier than 2014. We may get there earlier. But we will take that and make that judgement as we go subject to the advice the Chief of the Defence Force.

So far as the incident which occurred now a week or so ago, it was a terrible incident so far as France is concerned, we have been on comparable receiving end and there is nothing quite like an incident of that nature to send a shuddering blow through your

defence force or through the community, and we very much understand how the government of France and the people of France are feeling at this time.

Now, there was one - sorry, one here, yes.

JOURNALIST: [Indistinct] I think last year you indicated a deadline for Plan B on the fighter capability or a second tranche of JSFs around the second quarter. Is it that the timeline you're still looking at?

STEPHEN SMITH: I haven't put a time. I've said in the course of this year but I've also made the point that I'm not going to leave it to the last moment. I've seen references to the Government making such a decision in late 2012. It won't be late 2012. We will make a judgment about these matters after an exhaustive review. We will not allow a gap in capability to occur under any circumstances. So we'll get an exhaustive review.

As you would have seen from Mr Panetta's announcement, this has been a work in progress so far as the United States dealing with its defence budget difficulties is concerned, and we've obviously been monitoring that closely.

There are two other points I think is important to make in the context of the US Defence Budget announcements. Firstly, both in Australia and when he announced the new Strategic Defence Guidance with Secretary of State Clinton and Secretary Panetta in early January, President Obama made the point that none of the budget difficulties would see the United States reduce its commitment to the Asia-Pacific. Indeed, none of the budget constraints would cause the United States to not continue down the path of enhanced engagement. And he referred expressly, President Obama, to the speech he made in the Parliament here.

That's a very important point, so through all of these difficult decisions so far as the United States defence and the United States administration has been concerned, the administration from the President down has made it clear that its commitment, enhanced commitment to the Asia-Pacific will not be adversely affected.

In addition to the Joint Strike Fighter, the other project which falls now for further consideration as a result of announcements is of course the Tactical Airlift, the military Tactical Airlift project. And in this respect, towards the end of last year - it may have been a bit earlier - the then Minister for Defence Materiel, Jason Clare, and I made it clear that Australia, whilst considering two possible options in this context, firstly was the Spartan C-27, and secondly the C-295 Airbus.

What the United States has also announced in recent days has essentially been a decision to produce and purchase no more C-27s and to divest itself of its current capability. That is obviously a very, very relevant material fact so far as our consideration of these two aircraft is concerned and that is something that we are now giving exhaustive consideration to.

So in addition to the Joint Strike Fighter, there are implications for our consideration of the C-27 as a result of the recent announcements.

JOURNALIST: Will that open the door towards the C-295?

STEPHEN SMITH: Well, I've made it clear and Defence has made it clear essentially we're down to a - and the then Minister for Defence Materiel, Jason Clare - we're essentially down to a competition between two - the Airbus and the Spartan. The changed arrangements so far as the United States is concerned with the C-27 Spartan will now cause us to do an exhaustive assessment of that.

JOURNALIST: Minister, can there be any peace in Afghanistan without a political role for the Taliban, and would you like to comment on the current negotiations [indistinct]?

STEPHEN SMITH: Well I've made it clear repeatedly in my time as Minister, both Foreign Minister and Defence Minister, that we won't find an enduring settlement in Afghanistan unless we have, in addition to a military or a combat or security resolution a political settlement.

There needs to be a political settlement. And that's why progressively and various over those years I have made the point that we strongly support discussions between President Karzai and the Taliban to see whether it's possible to effect a political settlement.

There are some obvious preconditions for that. Taliban would of course have to commit to abide by the Afghan Constitution and lay down its arms, so we strongly support efforts by President Karzai and the Afghan government.

We also strongly support efforts by the United States Government to seek to have talks to effect such a political settlement. I have previously welcomed, for example, the establishment of a political office by the Taliban in Qatar. And Australia was a very strong supporter, very strong supporter of the United Kingdom initiative to hold a international conference on reconciliation, reintegration, and rapprochement which was held in London from memory in, if it wasn't 2010, it was 2009.

So it has been a long-standing view of the Australian Government that to secure an enduring peace and stability in Afghanistan, not only do we need to make progress on the security front - which we strongly believe we are - we also need to make progress on the political front.

And that of course in the first instance has to be led by the Afghan Government and there are some very obvious preconditions so far as the Taliban is concerned - laying down arms and abiding by the Afghan constitution.

JOURNALIST: Minister-

STEPHEN SMITH: Sorry, there's one here and then I'll come back to your fifth question.

JOURNALIST: On [indistinct]

STEPHEN SMITH: Well you've had none so I felt compelled.

JOURNALIST: Regarding ADFA-

STEPHEN SMITH: But that's not necessarily to encourage you to even the score.

JOURNALIST: Okay. Regarding ADFA, obviously as you've said there are issues regarding the [indistinct] report relating to ongoing court matters, other reasons that it can't simply be released at the moment it's presented. However we're already in [indistinct]. There are students [indistinct] bring back [indistinct], T-shirts. It's clearly an issue which is going to affect the teaching year at ADFA already.

How much longer are we going to have to wait before those students and the broader defence community know who's going to be the head of ADFA.

STEPHEN SMITH: Well when all the necessary work has been done in an exhaustive and methodical way.

I received a copy of the Kirkham inquiry report before Christmas, and if it wasn't 24 hours later it was 48 hours later, but I saw I was criticised for sitting on the report, so I take all the commentary about dealing with this matter with a grain of salt.

That's the first point. And why do I do that?

When I receive the report I receive the report together with advice that extensive work had to be done by the Vice Chief of the Defence Force and the Chief of Air Force. The Vice Chief of the Defence Force is in a, if you like, a portfolio sense responsible for ADFA, and the Chief of the Air Force because he was effectively the inquiry commissioning officer.

I've received some advice from the Vice Chief of the Defence Force, as I made clear last week. I've also received some advice from the Chief of the Air Force. In response to both those sets of advice I've indicated that I need further advice from them to bring this matter to a conclusion.

I'm not proposing to be rushed, and there has been an acting commandant at ADFA for a period of time, and ADFA continues to operate. I have complete confidence in the acting commander or commandant.

And when the necessary exhaustive work has been done - and when we are confident that everyone's rights have been protected - then we'll make decisions and I'll announce those.

When I announce those I'm sure they'll be the subject of extensive public and media scrutiny, and public and media interest. And I don't shy away from that for one moment - nor do I rescind from anything that I did at the time or subsequently.

When we are good and ready we'll make an announcement.

JOURNALIST: Minister, it's not even the end of January yet, but already we're seeing the government's lost the certainty of an increased parliamentary majority you got at the end of last year, because Mr Wilkie's now scrapped his agreement with you.

You've had a Minister lifting lines from an American movie and a Prime Minister-

STEPHEN SMITH: I'm not sure Albo's vote is in doubt.

JOURNALIST: No, but we've also seen a staffer of the Prime Minister resign over his role in the Australia-

STEPHEN SMITH: He doesn't have a vote in the Parliament either.

JOURNALIST: Has it been a good start to the year?

STEPHEN SMITH: Well I've made the point previously to your colleagues, I think in the West, that so far as gambling reform is concerned, it became crystal clear after exhaustive efforts that this current Parliament including and in particular the House of Representatives would not support the reform that Mr Wilkie wanted. The government had two choices - as I put it, to go down in a screaming heap and get no reform at all or to embark upon some sensible incremental reform which will make progress.

That's the judgement we made. It's entirely a matter for Mr Wilkie as to whether he supports the government on legislation or other matters, but other than Mr Wilkie expressing his very deep regret at the government's decision, the cabinet's decision, I frankly haven't seen him say anything more nor less about supporting the government on a vote of confidence than what he said when the government came to office in September of last year.

JOURNALIST: So Mr Smith just two quick things. Firstly, just looking at this progress report overall-

STEPHEN SMITH: Yeah.

JOURNALIST: As Defence Minister what would you see as the priority project that you would like to see happen. And secondly, even for political reporter's politician's speeches can sometimes be dead boring, do you think that perhaps some of them could do with a bit of a hand from Hollywood speech writers?

STEPHEN SMITH: Well firstly the thing that I want to see out of the work we're doing on force posture is to make sure that into the future the Australian Defence Force is appropriately geographically positioned for the strategic and security challenges that we have. And that's more than just one particular recommendation, one particular facility, one particular installation, one particular change.

That's a substantial volume of work that will require attention for coming decades. I often see, in the media - criticised for not having the wit and élan that others might wish to see, and maybe that's because I generally write my own speeches and don't take advice from the sources you've referred to.

Thanks very much.