

Army in the 21st Century and Restructuring the Army:
A Retrospective Appraisal of Australian Military Change Management in the 1990s

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Declaration

This sub-thesis is my own original work. I declare no part of this work has been:

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Renée Kidson

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More than half of my interviewees (sixteen) commented on the exposure draft, in addition to Brigadier (ret'd) Tim McKenna (Royal Regiment of Australian Artillery). Thank you for helping me to refine the arguments underlying a complex story not previously assembled.

However: any residual errors of commission or omission are my own. The military historian requires a particular kind of moral courage. This work is not proposed as the final word on A21/RTA; but rather an earnest attempt to start the conversation on this period of Australia's military history.

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Canberra, July 2016

Abstract

Army in the 21st Century (A21) and *Restructuring the Army* (RTA) were two related force structure initiatives undertaken by the Australian Army in the 1990s. A21 radically proposed to abolish traditional divisional/corps structures, fielding instead independent task forces with embedded combat arms. The RTA trials tested A21 concepts over several years; yet A21/RTA was abandoned in 1999. What happened, why, and what lessons does A21/RTA offer?

This retrospective appraisal of A21/RTA is a case study of attempted transformational change in the Australian Army. The sub-thesis' methodology features interviews with over thirty senior military, public service, academic and political leaders of this era; and applies organisational theory to interpret internal/external dynamics.

A21/RTA faced formidable strategy, resourcing and cultural challenges. However A21/RTA failed to achieve critical elements of successful change management, including: a clear, shared, credible vision; achieving early successes; providing enablers (e.g. time and resources) and supporting efforts for change; senior leadership buy-in; and political sponsorship. A21/RTA failed in technical feasibility and cultural sensitivity terms. However, A21/RTA successfully developed an evidence-based approach, an enduring legacy supporting Army's capability resourcing in Defence's contested budget environment. Lessons for future restructures focus leadership attention to elements critical for successful organisational change, emphasising culture.

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Chapter 1: Introduction

In the 1990s, the Australian Army attempted its most ambitious restructure since the 1960s. The *Army in the 21st Century* review (A21) proposed transformational change by abolishing the traditional divisional/corps structure in favour of independent task forces, with combat arms (armour, artillery and engineers) embedded within infantry units. Yet following several years of associated trials rebadged as *Restructuring the Army* (RTA), A21/RTA was abandoned and Army returned structurally to *status quo ante*.

This sub-thesis presents a case study in military change management, the first detailed academic description and evaluation of A21/RTA. The sub-thesis asks: (1) Did A21/RTA fail? (2) What are A21/RTA's legacies? (3) What lessons does A21/RTA offer for contemporary force restructuring initiatives?

The sub-thesis reveals A21/RTA's transformational change journey. Chapter 2 (Literature Review and Methods) provides a framework for the sub-thesis, based on organisational theory and critical elements for successful organisational change. One element of such success is compelling drivers, and Chapter 3 shows A21/RTA was Army's defensive response to compelling strategic and budgetary drivers. A21/RTA's force design needed to conform with Defence-of-Australia (DoA) strategic guidance; and justify Army's budget. But A21/RTA faced major challenges from the outset. First, confining Army to continental defence against low-level threats fundamentally clashed with Army's expeditionary and conventional warfighting culture; and questioned its traditional divisional/corps structure. Second, the strategic guidance was itself ambiguous, masking renewed Government interest in expeditionary capabilities despite its declared DoA focus.

Chapter 4 presents Army's response to these drivers. A21/RTA was an ambitious 'capability game' – while appearing to conform with DoA, A21/RTA's radical and muscular force was designed to win increased resources for Army (including for higher threat levels and non-DoA tasks) within Defence's contested budget environment. A21/RTA was also a 'bold and innovative' reform, proposing new concepts for modern warfare. However, A21/RTA's capability game was not transparent, threatened existing interests, and employed a directive leadership approach, resulting in significant internal cultural resistance despite A21/RTA's net capability gains. Chief of Army Lieutenant General John Sanderson did not create a clear,

shared, credible vision, or senior leadership buy-in; and he achieved only qualified political sponsorship externally. A massive trials program (RTA) was conceived out of this scepticism; designed to defer investment, build a credible evidence base, and hedge risk.

Chapter 5 describes the RTA trials. Undertaken with the Defence Science and Technology Organisation, the trials' real value lay in generating evidence supporting increased Army capability resources. However, several A21 concepts failed for technical reasons in the trials, including embedding; and disruptions elsewhere in Army hardened cultural resistance. Failure to achieve early successes in these respects undermined confidence in the reform; and ultimately led to leadership change.

Chapter 6 traces A21/RTA's outcomes through contrasting the approach of Sanderson's successor as Chief of Army, Lieutenant General Frank Hickling. Hickling's vision for Army was an expeditionary redux; he resolved the lingering strategic ambiguity by ceasing the A21/RTA trials and achieving a 'clean break' from DoA, establishing an expeditionary role for Army within Government's revised 'maritime concept' of strategy. While Hickling's transparency, directness and intellectual tools conferred credibility on his vision, he was significantly aided by his alignment with Army's traditional culture, and by evolving strategic circumstances (e.g. East Timor, 1999). The RTA trials generated two immediate legacies. First, results were used to justify Army's departure from DoA and return to conventional warfighting. Second, Army discovered the power of an evidence-based approach to influence Government.

Chapter 7 considers A21/RTA's lessons and legacies. Did A21/RTA fail? The sub-thesis argues that as a transformational change initiative, A21/RTA faced formidable barriers of strategic ambiguity, resourcing and culture. However A21/RTA failed to achieve critical elements of successful change management, including: creating a clear, shared, credible vision; achieving early successes; providing key enablers (e.g. time and resources) and supporting efforts for change; senior leadership buy-in; and political sponsorship. While change drivers were compelling, Army's ambitions exceeded them and hamstrung transparent communication. This suggests 'provider capture' (divergent interests of Army (as agent) and Government (as principal)) undermined civil-military relations. Internally, A21/RTA failed the technical feasibility and cultural sensitivity tests.

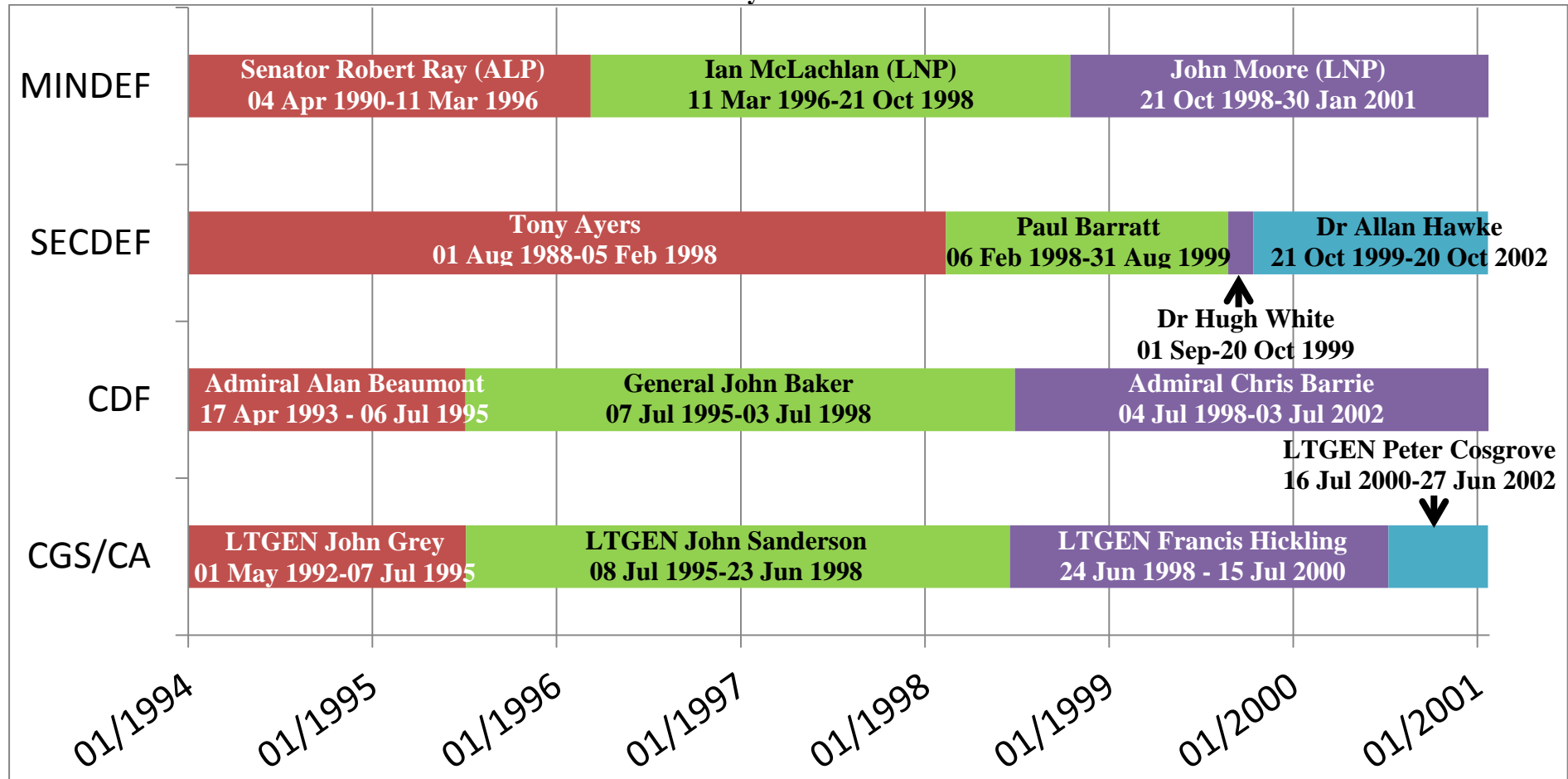
A21/RTA succeeded in one change management element: evaluation and improvement. A21/RTA's evidence-based approach matured into an enduring legacy of experimentation to inform force modernisation, capability development, and compete for resources within Defence's contested budget environment.

A21/RTA's lesson for future military transformation initiatives is for leadership to address *all* elements of successful change management, to deliver well-founded reforms that address both technical feasibility and institutional culture.

Annex 1-A: A21/RTA Key Events

Serial:	Date:	Event:
1	1986	<i>Dibb Review</i> provides force structural basis for Defence-of-Australia (DoA)
2	1987	<i>Defence White Paper 1987</i> published: first declaratory strategic guidance articulating DoA as the principal force structure determinant
3	1991	<i>Force Structure Review 1991</i> : Army retains divisional structure despite severe budget/personnel cuts, ‘hollowing out’ the force
4	Jul 1994	Chiefs of Service Committee (COSC) directs internal review of Army
5	Nov 1994	<i>Defence White Paper 1994</i> reinforces DoA; mentions expeditionary capability ‘at the margins’ and announces the A21 Review
6	Jul 1995	Lieutenant General John Sanderson becomes Chief of the General Staff (CGS); establishes the A21 Working Group led by Brigadier Peter Dunn
7	Nov 1995	Dunn tables A21 Final Report in the CGS’s Advisory Committee
8	Dec 1995	Concepts and Capability Committee endorses A21
9	Feb 1996	COSC endorses A21
10	Mar 1996	Coalition wins federal election: Change-of-Government
11	Jun 1996	Blackhawk disaster kills 18 soldiers on exercise near Townsville
12	Oct 1996	<ul style="list-style-type: none"> • Minister for Defence (MINDEF) Ian McLachlan announces RTA and the Defence Efficiency Review in the same Ministerial Statement • Sanderson publishes <i>An Army for the 21st Century</i>
13	Dec 1996	Sanderson issues the first CGS Directive for A21 Task Force Trials
14	Feb 1997	<ul style="list-style-type: none"> • MINDEF McLachlan publishes <i>Restructuring the Army</i> • RTA trials commence in 1st Brigade • CGS title rebadged to Chief of Army (CA)
15	Jul 1997	Army Headquarters rationalised under the Defence Reform Program (DRP); Land Warfare Studies Centre (LWSC) established
16	Oct 1997	Sanderson issues second CA Directive for RTA Trials Master Plan
17	Dec 1997	MINDEF McLachlan publishes new strategic guidance, <i>Australia’s Strategic Policy 1997 (ASP97)</i> : articulates a ‘maritime concept of strategy’
18	May 1998	Height of the Asian Financial Crisis undermines assumptions of regional stability as Indonesian President Suharto steps down
19	Jun 1998	<ul style="list-style-type: none"> • Sanderson issues third CA Directive for RTA Trials Master Plan, revised to include ‘offshore tasks’ • Lieutenant General Frank Hickling becomes CA
20	Sep 1998	Dr Michael Evans publishes <i>Role of the Australian Army in a Maritime Concept of Strategy</i> from the LWSC
21	Oct 1998	<ul style="list-style-type: none"> • Coalition wins re-election: new MINDEF John Moore • Hickling signals departure from A21/RTA and embrace of ASP97’s maritime strategy in senior officer’s address
22	Late 1998	Hickling publishes revised capstone doctrine: <i>Fundamentals of Land Warfare</i> , emphasising Army’s ‘manoeuvre in a littoral environment’
23	Feb 1999	<ul style="list-style-type: none"> • Hickling suspends RTA trials: Army returns to a divisional structure • Hickling places elements of the 1st Armoured Regiment on reduced notice in response to escalating tensions in East Timor
24	Apr 1999	Hickling delivers National Press Club Address, unilaterally announcing Army’s resumption of a conventional warfighting focus; and embrace of maritime strategy. Hickling makes a direct public appeal for increased Army resourcing
25	May 1999	MINDEF Moore commissions a parliamentary inquiry into the ‘Suitability of the Australian Army for peacetime, peacekeeping and war’
26	Sep 1999	ADF military intervention in East Timor
27	Oct 1999	Lieutenant Colonel Greg de Somer publishes <i>The Capacity of the Australian Army to Conduct and Sustain Land Force Operations</i> from the LWSC, to underpin Army’s submission to the parliamentary inquiry
28	2 nd Quarter 2000	Hickling and Colonel Justin Kelly deliver final A21/RTA Outbrief to MINDEF Moore, highlighting the technical failures of A21, and justifying return to conventional warfighting
29	Sep 2000	Parliamentary inquiry tables final report: criticises Government for poor strategic guidance and inadequate resourcing of Army
30	Dec 2000	<i>Defence White Paper 2000</i> published: substantial increase in Army resourcing

Annex 1-B: Key Leaders 1994-2000



Legend: MINDEF = Minister for Defence; SECDEF = Secretary of Defence; CDF = Chief of the Defence Force; CGS/CA = Chief of the General Staff/Chief of Army (the title changed on 19 Feb 1997); ALP = Australian Labor Party; LNP = Liberal/National Party; LTGEN = Lieutenant General.

Chapter 2: Literature Review and Methods

Introduction

In the 1990s the Australian Army embarked upon the most ambitious force restructure since the 1960s. Triggered by 1994's Defence White Paper, *Army in the 21st Century* (A21) was Army's first substantial response to the Defence-of-Australia (DoA) strategy. A21 proposed to abolish World War Two-vintage divisional and corps¹ structures, replacing these with seven highly mobile Task Forces, with unit-level embedding of combat arms. The Task Forces were allocated operational areas in northern Australia, under DoA's threat scenario of low-level contingencies. A trials program was conducted to develop and test A21's concepts: this was the *Restructuring the Army* (RTA) initiative. However, in early 1999 the trials were abandoned as Army prepared for escalating tensions in East Timor. Army reverted to its original force structure, striving for relevance in the new 'maritime concept' advocated in 1997's *Australia's Strategic Policy*. While Army used the East Timor deployment to renew an expeditionary focus and transcend DoA, the A21/RTA experiment helped justify a return to conventional² warfighting. In terms of structure and expeditionary, conventional warfighting focus, this period's outcome was a return to *status quo ante*.

This part of Australia's military history has not been well-documented and academically analysed, beyond light descriptive treatment within the broader historical works of Palazzo,³ Blaxland⁴ and Grey;⁵ and Evans'⁶ analysis in a doctrinal context. This sub-thesis aims to fill this gap by describing and evaluating A21/RTA as a change management case study. This

¹ Throughout this sub-thesis, 'corps' refers to branch of specialisation (e.g. infantry, armour, artillery, engineers). The Australian Army defines 'corps' in this sense as follows: 'a corps is a large formation or an administrative grouping of troops within an armed force with a common function. The many corps of the Australian Army perform specific combat, combat support or combat service support roles that have shaped their growth, development and the generation of *esprit de corps* that characterises each and is a source of pride to the members of that corps.' <http://www.army.gov.au/Our-people/Corps>, accessed 13 Jun 2016. This sense of 'corps' is distinguished from the structural unit larger than a division, also labelled 'corps'.

² Throughout this sub-thesis, 'conventional' is used in the sense of traditional combined arms warfighting structure, capabilities, doctrine and tactics, involving infantry, armour, artillery, engineers etc. 'Conventional' is also used here to distinguish traditional warfighting operations from peacekeeping and unconventional (special) operations.

³ Albert Palazzo, *The Australian Army: A History of its Organisation, 1901-2001*, (South Melbourne, VIC, Australia: Oxford University Press, 2001), p. 362-367.

⁴ John Blaxland, *The Australian Army from Whitlam to Howard*, (Port Melbourne, VIC, Australia: Cambridge University Press, 2014), p. 124-126.

⁵ Jeffrey Grey, *The Australian Army: A History*, (South Melbourne, VIC, Australia: Oxford University Press, 2001), p. 253-255.

⁶ Michael Evans, *Forward from the Past: The Development of Australian Army Doctrine, 1972-present*, Land Warfare Studies Centre (LWSC), Study Paper No. 301, (Canberra, ACT, Australia: Land Warfare Studies Centre, Sep 1999), 91 pp.

subject is important, because Army has a poor success record in force restructures;⁷ studying previous major change attempts can inform Army's current and future change initiatives. The sub-thesis asks the following questions: (1) Did A21/RTA fail? (2) What are the legacies of A21/RTA? (3) What lessons can be extracted from the A21/RTA experience for contemporary force restructuring initiatives?

This Chapter critically reviews the literature pertaining to A21/RTA, to guide the conduct of the sub-thesis' research. It identifies: the literature gaps the sub-thesis will fill; a theoretical framework to evaluate A21/RTA as a change management case study; specific themes the sub-thesis will address; an appropriate gap-filling methodology; and the sub-thesis' unique contributions and relevance. The Chapter is presented in several parts. Part 1 briefly describes A21/RTA and identifies literature gaps. Part 2 derives the theoretical framework through review of organisational theory, covering structure, culture, change management, change leadership and provider capture. Part 3 begins applying this theoretical framework, by examining Army's culture and force structuring principles and history, describing the *internal* organisational context in which A21/RTA was attempted. Part 4 considers the *external* political, strategic and resourcing context in which A21/RTA occurred. Parts 3 and 4 collectively derive the sub-thesis' themes. Part 5 considers the sub-thesis' methodological issues.

This Chapter finds the biggest literature gaps are around the internal A21 study conducted by Army in 1995-96; and the RTA trials from 1997. The sub-thesis seeks to fill these gaps by expert elicitation through interview; and through access to previously unpublished materials.

Part 1: Description of A21/RTA

Open-source literature on A21/RTA is sparse. A21 was first outlined by *Jane's Defence Weekly* in August 1996.⁸ A21 was rebadged and announced by Defence Minister Ian McLachlan in October 1996 as RTA, described as a 'shift from the traditional divisional

⁷ Joint Standing Committee on Foreign Affairs, Defence and Trade, *From Phantom to Force: Towards a More Efficient and Effective Army, Inquiry into the Suitability of the Australian Army for Peacetime, Peacekeeping and War*, Report No. 95, (Canberra, ACT, Australia: The Parliament of the Commonwealth of Australia, Sep 2000), para 9.33, p. 192.

⁸ 'Units will operate as combined arms teams with a high level of self-sufficiency and integrated infantry, artillery, armour, aviation, engineering and signals elements'. *Jane's Defence Weekly*, 'Designing an Army for the Next Century', *IHS Global*, 07 Aug 1996, p. 1.

structure towards flatter and more responsive Task Forces [to] create units which will be flexible, capable of a range of independent operations...’ He described the traditional divisional structure as ‘suitable for the concentrated battlefields of World War Two’ but unsuited to ‘widespread concurrent operations’.⁹ The Task Forces (TFs) proposed to embed infantry, armour, artillery and engineers at unit level,¹⁰ and to dismantle corps structures.¹¹

There are only two pieces of official literature on A21/RTA. Published in October 1996, *An Australian Army for the 21st Century*¹² reported outcomes of Army’s internal A21 study. This booklet presents A21’s Order of Battle and composition of the seven TFs, describing the Detect-Protect-Respond concept of dispersed operations against a low-level threat. The booklet highlights new equipment acquisitions to improve mobility including helicopters and light armoured vehicles, and emphasises high-technology surveillance and communications.

In February 1997, the Government published *Restructuring the Australian Army*. This describes Army’s ‘serious deficiencies’, pitching RTA as Army’s response to ‘better meet Government’s strategic posture’.¹³ RTA’s stated aim is to improve Army’s ‘capability, effectiveness and readiness’ through consolidating units, eliminating hollowness and redistributing equipment and personnel, with a prominent Reserve role. The book assigns notional operational areas in Northern Australia for four TFs, the remainder supporting offshore and other contingencies.¹⁴ The need for future additional capital equipment investment is identified: though the book signals this will be informed by trials.

Given the scale of A21/RTA’s proposals, the absence of further official literature seems remarkable. The outcomes of the trials were not officially published: the A21/RTA structures were not implemented. What happened? The above survey suggests two discrete time windows for investigation – the internal A21 study during 1995-1996; and the RTA trials

⁹ Ian McLachlan, *Ministerial Statement: Defence Policy, Restructuring the Australian Army*, (Canberra, ACT, Australia: Parliament 38 of the Commonwealth of Australia, House of Representatives Hansard, 15 Oct 1996).

¹⁰ Department of Defence, *Restructuring the Australian Army: A Force Structure for the Army of the Future*, (Canberra, ACT, Australia: Commonwealth of Australia, DPUBS: 24432/96, DPVC, Feb 1997), p. 54.

¹¹ Department of Defence, *Restructuring the Australian Army*, p. 96; in a December 1996 speech to the Royal United Services Institute, Defence Minister Ian McLachlan mentioned ‘dismantling the corps and divisional structures’ as a critical aspect of the Army restructuring plan. Ian McLachlan, ‘Australia’s Post-Cold War Defence Planning’, *The RUSI Journal*, 142(1): 9-13, Feb 1997, p. 11.

¹² Australian Army, *An Australian Army for the 21st Century*, (Canberra, ACT, Australia: Commonwealth of Australia, Oct 1996), 24 pp.

¹³ Department of Defence, *Restructuring the Australian Army*, p. iv.

¹⁴ Department of Defence, *Restructuring the Australian Army*, p. 68.

during 1997-1998. Methods for filling these literature gaps are explored in Part 5. However, for the sub-thesis to examine A21/RTA as a change management case study, it requires a sound theoretical framework: Part 2 builds this.

Part 2: Organisational Theory

This Part reviews organisational theory to identify a theoretical framework for evaluating A21/RTA as a change management case study. Considered here are organisational structure, culture, change management, change leadership and the provider capture concept. One of this sub-thesis' unique contributions to the literature is application of generic civilian organisational theory to a major military force structure reform.

Structure

Organisational structures are broadly classified as 'mechanistic' and 'organic'. Mechanistic organisations are typically hierarchical, characterised by high specialisation, rigid departmentalisation, clear chain of command, narrow spans of control, centralisation and high formalisation.¹⁵ Mechanistic structures emerged during the industrial revolution, and were designed for ease of administration and economies of scale.¹⁶ Conversely, the more recent, organic structures are characterised by cross-functional teams, free flows of information, wide spans of control and decentralisation.¹⁷ Through reduced management layers, most literature assumes flatter organic structures are *theoretically* more manoeuvrable;¹⁸ though Child posits an alternative theoretical view that a range of structures can be agile, contingent on other conditions.¹⁹ Stace and Dunphy present one of the few empirical comparative studies, concluding that 'prudent mechanistic' organisations can be highly successful.²⁰ Part 3 applies these structural concepts to Army, classifying Army's divisional structure as mechanistic and A21's TF structure as organic.

¹⁵ Stephen Robbins, Bruce Millett, Ron Cacioppe and Terry Waters-Marsh, *Organisational Behaviour: Leading and Managing in Australia and New Zealand*, 3rd Edition, (Frenchs Forest, NSW, Australia: Pearson Education, 2001), p. 605-606.

¹⁶ Peter Block, *Stewardship: Choosing Service Over Self-Interest*, (San Francisco, CA, USA: Berrett-Koehler Publishers, 1996), p. 101.

¹⁷ Robbins et al., *Organisational Behaviour*, p. 605.

¹⁸ E.g. John P. Kotter, *Leading Change*, (Boston, Massachusetts, USA: Harvard Business School Press, 1996), p. 169.

¹⁹ J. Child, 'Organizational structure, environment and performance: the role of strategic choice', *Sociology*, 6(1): 1-22, 1972.

²⁰ Doug Stace and Dexter Dunphy, *Beyond the Boundaries: Leading and Re-creating the Successful Enterprise*, 2nd Edition, (Roseville, NSW, Australia: McGraw-Hill, 2001), p. 99.

These structural types become significant when the motivations for movement from a mechanistic to an organic structure are analysed. A21/RTA's wider context was the parallel corporate restructuring occurring across Australian business during the 1990s. Faced with globalisation, increased competitiveness, technological penetration and economic recession, organisations downsized and implemented organic structures as a response to uncertainty.²¹ Motivations for this included cost savings, achieving improved collaboration, faster decision-making, increased flexibility, getting closer to clients, and empowering employees.²² Here it is asserted that A21's organic structure reflected 1990s corporate leading practice, and was possibly influenced by this zeitgeist. This prompts an hypothesis: that military force structures may be motivated by similar theories of change, militarily-translated.²³ Part 3 considers this in a previous Army force restructure attempt; the sub-thesis will examine this hypothesis in detail for A21/RTA through analysing its drivers.

Culture

Organisational culture is defined as 'a system of shared meaning held by members that distinguishes the organisation from other organisations'.²⁴ Organisational culture has become increasingly studied because it influences organisational performance,²⁵ and is a critical factor in change management (next section). This represents a considerable innovation on organisational theory's early **Classical school**, which treated organisations and structures as rational. The later (and now dominant) **Human Relations (HR) school** moderates this with recognition of the human and political nature of organisations,²⁶ to improve organisational theory's explanatory power for real organisational dynamics. Fusing these perspectives suggests structure and culture are mutually supporting.²⁷ Further, it may be hypothesised that where culture is *not* supportive, chances of successful structural change are reduced. The sub-thesis will apply this hypothesis to A21/RTA, considering how culture impacted A21/RTA's implementation, specifically as a source of resistance from Army's senior leadership.

²¹ Robbins et al., *Organisational Behaviour*, p. 611. See also Bernard Burnes, *Managing Change: A Strategic Approach to Organisational Dynamics*, (Harlow, Essex, UK: Pearson Education, 2000), p.102.

²² Robbins et al., *Organisational Behaviour*, p. 349, 595.

²³ Annex 2-A.

²⁴ Robbins et al., *Organisational Behaviour*, p. 555.

²⁵ T. Deal and A. Kennedy, 'Culture: a new look through old lenses', *Journal of Applied Behavioural Science*, 19(4): 497-507, 1982.

²⁶ Burnes, *Managing Change*, p. 186.

²⁷ Y. Allaire and M.E. Firsirotu, 'Theories of organizational culture', *Organization Studies*, 5(3): 193-226, 1984.

The literature furnishes valuable interpretative tools for application to Army's culture in Part 3. Strong cultures are positively associated with 'severe initiations'²⁸, an organisation's age and size.²⁹ Larger organisations tend to have a dominant culture and several sub-cultures,³⁰ often based on specialisation. These subcultures can develop separate goals and interests,³¹ which are then defended.³² In summary: understanding an organisation's culture is essential to successful change management.³³

Change Management

This Chapter seeks to identify an evaluation framework for A21/RTA as a change management case study. *A priori*, this has two components: firstly to identify elements associated with *successful* organisational change; and secondly to identify elements which impair this outcome. Empirical evidence is required of elements of success and impairment in practice. Critically analysing the change management literature identifies a surfeit of individual case studies of organisational success and failure, some being non-academic and marketed as organisational self-help manuals. Systematic assemblies of cross-sectional studies of numbers of organisational examples, to academically analyse change management commonalities, are less frequent. Reputable examples include Kanter et al.'s 'Ten Commandments',³⁴ and Kotter's Eight-Stage Change Process.³⁵ Robbins et al. present a succinct summary of seven elements of *successful* change management, incorporating common elements from most cross-sectional studies.³⁶ With expansion from a range of sources, these are:

1. Pressure for Change: the driver must be compelling.
2. Clear, shared vision: the vision must be credible.³⁷
3. Actionable first steps:

²⁸ Broadly, an 'initiation' in this context is the manner of selecting and inducting new individuals into an organisation.

²⁹ Robbins et al., *Organisational Behaviour*, p. 296, 580.

³⁰ G. Salaman, *Work Organisations*, (London, UK: Longman, 1979).

³¹ Burnes, *Managing Change*, p. 51.

³² A.M. Pettigrew, 'Context and action in the transformation of the firm', *Journal of Management Sciences*, 24(6): 649-670, 1987, p. 659.

³³ R. Kaplan and D. Norton, 'Putting the Balanced Scorecard to Work', *Harvard Business Review*, Sep/Oct 1993, p. 134-147.

³⁴ R.M. Kanter, B.A. Stein, T.D. Jick, *The Challenge of Organizational Change*, (New York, USA: Free Press, 1992), p. 382-383.

³⁵ Kotter, *Leading Change*.

³⁶ after Robbins et al., *Organisational Behaviour*, p. 716.

³⁷ P. Dobson, 'Changing Culture', *Employment Gazette*, Dec 1988, p. 647-650.

- the importance of achieving early successes.³⁸
 - ‘results, not plans, provide solutions’.³⁹
4. Enablers for change: time, skills, resources, training must be provided.
 5. Model the way:
 - *internally*: senior leadership must have buy-in.⁴⁰
 - *externally*: political sponsorship must be secured.⁴¹
 6. Reinforce and solidify change: provide required supporting efforts.
 7. Evaluate and improve:
 - use appropriate metrics: evaluate them fairly and transparently.
 - change is also a process of learning.⁴²

These elements provide the framework for evaluating A21/RTA in this sub-thesis.

Next is consideration of elements *impairing* change. The literature underscores the difficulty of major change for large organisations,⁴³ with success rare.⁴⁴ Common sources of organisational resistance to change include:⁴⁵

1. Threat to established resource allocations;

³⁸ Kotter, *Leading Change*, p. 11.

³⁹ Kari Tuominen, *Managing Change: Practical Strategies for Competitive Advantage*, (Milwaukee, Wisconsin, USA: American Society for Quality (ASQ), 2000), p. xiv.

⁴⁰ Dobson, ‘Changing Culture’.

⁴¹ Kanter et al., *The Challenge of Organizational Change*, p. 382-383.

⁴² P. Dawson, *Organizational Change: A Processual Approach*, (London, UK: Paul Chapman Publishing, 1994);

C. Mabey and B. Mayon-White, *Managing Change*, 2nd Edition, (London, UK: The Open University/Paul Chapman Publishing, 1993); D.C. Wilson, *A Strategy of Change*, (London, UK: Routledge, 1992).

⁴³ ‘...change is a political-social process and not an analytical-rational one...changing organisations is a complex process fraught with more opportunities for failure than success’. Burnes, *Managing Change*, p. 300, 505.

⁴⁴ D. Brindle, ‘Benefits payments in chaos: computer collapse wipes out records’, *The Guardian*, 10 Sep 1998; B. Burnes and B. Weekes, *AMT: A Strategy for Success?* (London, UK: NEDO, 1989); Bywater PLC, *Executive Briefings: The Executive Role in Sponsoring Change – Making it Happen*, (Reading, UK: Bywater PLC, 1997); T.G. Cummings and C.G. Worley, *Organization Development and Change*, 6th Edition, (Cincinnati, OH, USA: South-Western College Publishing, 1997); C. Howarth, ‘Report of the Joint Design of Technology, Organisation and People Growth Conference, Venice 12-14 Oct’, *Information Services News and Abstracts*, 95 Nov/Dec (London, UK: Work Research Unit, 1988); Kanter et al., *The Challenge of Organizational Change*; J.E. Kelly, ‘Economic and Structural analysis of Job Design’, in J.E. Kelly and C.W. Clegg (eds), *Autonomy and Control at the Workplace*, (London, UK: Croom Helm, 1982); J.E. Kelly, *Scientific Management, Job Redesign and Work Performance*, (London, UK: Academic Press, 1982); Kotter, *Leading Change*; Stace and Dunphy, *Beyond the Boundaries*; F. Strickland, *The Dynamics of Change: Insights into Organisational Transition from the Natural World*, (London, UK: Routledge, 1998); Tuominen, *Managing Change*, p. xxv.

⁴⁵ Robbins et al., *Organisational Behaviour*, p. 707.

2. Threat to established power relationships;⁴⁶
3. Threat to expertise;
4. Group inertia (group norms that apply peer pressure to achieve conformity);
5. Structural inertia (all of an organisation's built-in mechanisms to produce stability under BAU,⁴⁷ e.g. structures and processes⁴⁸); and
6. Insufficient enablers (e.g. where structure is changed without commensurate technology).

Analysing the above suggests that support for change at an individual/group level heavily depends on alignment with individual/group interests,⁴⁹ and that successful change initiatives must anticipate and address these.⁵⁰ Compared with the Classical school, the HR school emphasises form over the substance of change, underscoring *process*:⁵¹ i.e. *how* a change initiative is done. The literature notes a frequent, mistaken corporate focus on technical, not cultural, process aspects of change.⁵² Given the HR school's dominance, the current literature places less emphasis on the change outcome: *will the new structure work in practice?* Critically analysing this literature suggests a more complete change management theory is needed: simply, the outcome of successful change management must be *both* technically feasible, *and* provide cultural adjustment opportunities. This theory will be applied to A21/RTA in the sub-thesis.

Another HR school deficiency is its **limited guidance** for challenging change management scenarios where the change required/sought is manifestly not in members', or the existing dominant cultures', interests. A21/RTA's magnitude clearly classifies it in the 'challenging' change category. The HR school recommends highlighting how the change will benefit

⁴⁶ Burnes, *Managing Change*, p. 187.

⁴⁷ BAU = Business As Usual.

⁴⁸ Katzenbach and Smith describe transformational change as 'intentionally derailing and finding replacements for...activities'. J.R. Katzenbach and D.K. Smith, *The Wisdom of Teams*, (Maidenhead, Berkshire, UK: McGraw-Hill, 1998), p. 197.

⁴⁹ L.J. Mullins, *Management and Organisational Behaviour*, 3rd Edition, (London, UK: Pitman, 1993). See also Peter J. Makin, Cary L. Cooper and Charles J. Cox, *Organizations and the Psychological Contract: Managing People at Work*, (Westport, Connecticut, USA: Quorum Books, 1996), p. 305.

⁵⁰ Dobson notes that cultural change may require workforce reorganisation so that employees and managers with the desired attributes occupy positions of influence. Dobson, 'Changing Culture'. See also H. Schwartz and S. Davis, 'Matching corporate culture and business strategy', *Organizational Dynamics*, 10: 30-48, 1981.

⁵¹ E.g. D.W. Waddell, A. Creed, T.G. Cummings and C.G. Worley, *Organisational Change: Development and Transformation*, 5th Edition, (South Melbourne, VIC, Australia: Cengage Learning Australia, 2014), p. 409-411.

⁵² H. Kingsley, 'A New Paradigm for CEOs', *HR Monthly*, Jul 1999, p. 28-29. See also Kotter, *Leading Change*, p. 15.

members and their own interests:⁵³ but this is unrealistic if those interests are unaligned. This dilemma is illustrated *forte* by the ‘psychological contract’,⁵⁴ defined by Schein as an ‘unwritten set of expectations operating at all times between every member of an organisation and the various managers and others in that organisation’.⁵⁵ Arguably, Army’s unique culture gives rise to a particularly strong psychological contract between soldiers and the Service: in exchange for preparedness to risk one’s life in combat, the soldier expects Army to ‘look after them’ in various respects. This renders change acceptance difficult if members perceive Army acting against their interests. To resolve this deficiency in guidance, change leadership literature is examined next.

Change Leadership

Aristotle’s *Art of Rhetoric*⁵⁶ offers leaders a tool for challenging change scenarios. Aristotle posited three techniques for effective thought leadership: *logos* (an appeal to logic and rational evidence); *ethos* (an appeal to authority and expertise); and *pathos* (an appeal to emotions). Incorporating a deduction from the previous section, the balance of effective techniques is likely to depend on the target organisation’s culture; e.g. a rational/mechanistic culture may be more receptive to a logic-based case for change. These insights provide the sub-thesis’ framework for interpreting Army and Government’s response to A21/RTA.

Magnitude is an important dimension of challenging change scenarios. The literature grades magnitude from incremental to transformational,⁵⁷ the latter ‘involving reframing of assumptions about the organisation and the world in which it operates’.⁵⁸ Incremental change is interpreted as best-serving *status quo* interests;⁵⁹ transformational change is more challenging, but necessary for some organisations.⁶⁰ The sub-thesis will demonstrate that A21/RTA was a transformational change attempt.

⁵³ Richard Cooke, ‘Deflating resistance to change: or a quick guide to understanding resistance and moving forwards’, *Human Resource Management International Digest*, 17(3): 3-4, 2009.

⁵⁴ E.H. Schein, *Organizational Psychology*, (Englewood Cliffs, NJ, USA: Prentice-Hall, 1980).

⁵⁵ Makin et al., *Organizations and the Psychological Contract*, p. 4.

⁵⁶ George Kennedy, *On Rhetoric: A Theory of Civic Discourse / Aristotle*, 2nd Edition, (New York, USA: Oxford University Press, 2007).

⁵⁷ Dexter Dunphy and Doug Stace, *Under New Management: Australian Organizations in Transition*, (Roseville, NSW, Australia: McGraw-Hill, 1991), p. 67.

⁵⁸ Robbins et al., *Organisational Behaviour*, p. 700.

⁵⁹ Block, *Stewardship*, p. 45.

⁶⁰ Kanter et al., *The Challenge of Organizational Change*. See also Stace and Dunphy, *Beyond the Boundaries*, p. 187.

A powerful insight on leading challenging, transformational change is offered by Dunphy and Stace.⁶¹ They introduce a second dimension for *leadership style*, grading from highly consultative to directive/coercive. Contingent on the urgency and magnitude of change, they conclude that directive/coercive leadership may be required when ‘major organisational restructuring is needed and may run counter to...entrenched interests...there may be few rewards to offer for change’.⁶² Transformational leadership, designed to inspire re-alignment of members’ interests with the leader’s vision,⁶³ can transcend the transactional approach of incentivising change. Dunphy and Stace note that truly transformational leaders are rare,⁶⁴ and Block⁶⁵ and Bondy⁶⁶ moderate the importance of the leader in transforming organisations. Nonetheless, Stace and Dunphy highlight that effective change leaders operate by a *theory* of change.⁶⁷ Explicit or implicit, this theory guides their actions and results in consistency: a form of Aristotelian *logos* that may hold stakeholder appeal. The sub-thesis uses these constructs to evaluate A21/RTA.

Assembling this literature thus presents a paradox: while the need to address culture in major organisational change is emphasised, in reality, there may be limited scope to win cultural support when key stakeholder vested interests cannot be accommodated. Here, directive/coercive change leadership may be appropriate to drive change. This summary provides the theoretical framework for the sub-thesis’ analysis of Army’s leadership during A21/RTA, especially the senior leadership team.

Provider Capture

The previous sections considered change management as a process of influencing *internal* stakeholders (i.e. organisational member/followers). Part 4 demonstrates a feature of A21/RTA was the criticality of *external* stakeholders (e.g. Government as principal policy-maker). Hence the sub-thesis considers Army’s relationship with Government during this period. To frame this, the final key concept of organisational theory reviewed here is the

⁶¹ Dunphy and Stace, *Under New Management*.

⁶² Dunphy and Stace, *Under New Management*, p. 81, 89.

⁶³ J.M. Burns, *Leadership*, (New York, USA: Harper and Row, 1978).

⁶⁴ Dunphy and Stace, *Under New Management*, p. 172, 174.

⁶⁵ Block, *Stewardship*, p. 15.

⁶⁶ H. Bondy, ‘Personality Type and Military Culture in the Anglo-West’, *Australian Defence Force Journal*, 169: 4-14, 2005.

⁶⁷ Stace and Dunphy, *Beyond the Boundaries*, p. 125.

principal/agent problem of ‘Provider Capture’. The principal/agent problem⁶⁸ defines a *principal*, who commissions specialist work, and an *agent*, an expert who performs the work. The principal lacks both expertise to judge the agent’s work, and the ability to closely supervise. Due to superior expertise (‘information asymmetry’), the agent can exploit the principal, through overcharging, and may lack incentive to be efficient. The principal/agent problem is especially salient where few agents are qualified to perform a task.

The modern manifestation of the principal/agent problem is public agency *provider capture*.⁶⁹ Nobel prize-winning economist George Stigler identified *capture* as a problem⁷⁰ whereby an **agent** (e.g. government department/regulator) becomes captured by (its own or other stakeholders’) interests, and strays from serving the needs of the **principal** (government).⁷¹ For example, Army (as an agent) has a vested self-interest in promoting combat capability *whether Government wants this or not*. When Army provides advice, Government may be sceptical: is Army serving its self-interest (more combat capability) or the nation’s? This is the provider capture dilemma; and *prima facie*, the Army/Government relationship seems a good candidate. Government, being inexpert in warfighting, may have difficulty judging the efficacy of service received from Army (the exclusive contractor for ground-based combat), especially in peacetime. A *forte* ‘test case’ for provider capture is to examine Army’s response when its interests diverge from those of Government: e.g. in constrained strategic and resourcing circumstances. These are reviewed in Part 4.

Analysing the provider capture literature shows this problem in the banking,⁷² education⁷³ and medical⁷⁴ sectors. This sub-thesis innovatively proposes provider capture as the

⁶⁸ Michael C. Jensen, and William H. Meckling, ‘Theory of the firm: Managerial behavior, agency costs and ownership structure’, *Journal of Financial Economics*, 3(4): 305-360, Oct 1976; Sanford J. Grossman and Oliver D. Hart, ‘An Analysis of the Principal-Agent Problem’, *Econometrica*, 51(1): 7-46, Jan 1983.

⁶⁹ L. Angus, ‘The Sociology of School Effectiveness: Review Essay’, *British Journal of Sociology of Education*, 14(3): 333-345, 1993.

⁷⁰ G.J. Stigler, ‘The theory of economic regulation’, *Bell Journal of Economic Management Science*, 2: 3-21, 1971. See also G.J. Stigler, *Memoirs of an Unregulated Economist*, (New York, USA: Basic Books, 1988), p. 114-120.

⁷¹ Regulatory Capture is a specific instance that has been well-studied in the literature. Regulatory capture is defined as: ‘The tendency of regulators to identify with the interest of the industry they are supposed to regulate. This occurs when a public authority charged with regulating an industry in the public interest comes to identify the public interest with the interests of producers in the industry, rather than the interests of its customers, or the general public.’ John Black, Nigar Hashimzade, and Gareth Myles, *Dictionary of Economics*, 4th Edition, (Online Edition: Oxford University Press, 2013).

⁷² D. Carpenter and D.A. Moss, (eds) *Preventing Regulatory Capture: Special Interest Influence and How to Limit It*, (New York, USA: Cambridge University Press, 2014).

⁷³ R.J.S. MacPherson, ‘Challenging “provider capture” with radical changes to educational administration in New Zealand’, in Y. Martin and R.J.S. MacPherson (eds), *Restructuring administration policy in public*

interpretative framework for Army's relationship with Government during the A21/RTA period. Provider capture may help interpret the principal/agent relationship in two respects, potentially amplified by culture. First, it explains why an agent/(organisation) may resist change initiated by its principal: a negative change response. Second, the provider capture literature advocates *external accountability* as a preventative measure.⁷⁵ This sub-thesis will consider the Defence contestability environment during A21/RTA as external accountability Army sought to satisfy: a positive change response.

Collectively, this review of organisational theory has identified a theoretical framework for evaluating A21/RTA. Having reviewed structure and culture components in theory in this Part, Part 3 reviews these in practice for the Australian Army.

Part 3: Army Culture and Force Structure

Army Culture

Analysis of Army culture literature indicates no single, universally recognised description. Descriptions range from strategic level⁷⁶ attempts to describe a uniquely Australian 'Way of War', to the *'I'm an Australian Soldier'* initiative listing nine attributes, the first underscoring professional mastery: 'every soldier an expert in close combat'.⁷⁷ Literature on Army culture published during A21/RTA is sparse. Wolfe foresaw in 1996 that A21 required major Army cultural change.⁷⁸ Phelps defined six Army culture attributes:⁷⁹

1. Combat Masculine Warrior
2. Subordination to the Civil Authority

schooling: Canadian and international perspectives, (Calgary, Canada: Detselig, 1993). See also J. Codd, 'Teachers as 'managed professionals' in the global education industry: the New Zealand experience', *Educational Review*, 57(2): 193-206, 2005.

⁷⁴ G. Bevan, 'Impact of devolution of health care in the UK: provider challenge in England and provider capture in Wales, Scotland and Northern Ireland?', *Journal of Health Services Research and Policy*, 15(2): 67-68, Apr 2010.

⁷⁵ M. Thrupp, 'Exploring the Politics of Blame: School inspection and its contestation in New Zealand and England', *Comparative Education*, 34(2): 197, 1998. See also Carpenter and Moss, *Preventing Regulatory Capture*.

⁷⁶ Department of Defence, *The Australian Approach to Warfare*, (Canberra, ACT, Australia: Commonwealth of Australia, 2002).

⁷⁷ D. Ashley, 'Army's Spirit', *Australian Army Journal*, X(3): 203-210, 2013, p. 210.

⁷⁸ K. Wolfe, 'Army 21 - A New Culture for the Australian Army', *Asia-Pacific Defence Reporter*, XXII(5/6): 8-10, May/Jun 1996.

⁷⁹ M.L. Phelps, 'The Australian Army's Culture: From Institutional Warrior to Pragmatic Professional', *Australian Defence Force Journal*, 123: 37-46, Mar/Apr 1997.

3. Vocational Institution
4. Expeditionary Force
5. Mateship
6. Individual Competency and Initiative

He further argued that Army was in 1997 transitioning from a ‘traditional’ to ‘modern’ cultural paradigm, anticipating an A21-triggered shift from an Expeditionary to a Sovereignty Defence culture. More recently, Winter viewed traditionalism as the pre-eminent Army cultural attribute. He saw traditionalism as a response to uncertainty, and an impediment to transformational change; yet conducive to adaptation as incremental change.⁸⁰ Winter judged Army’s traditionalism as a useful guard against ‘ill-conceived radical change’.⁸¹ Evans emphasised the cultural dominance of Army’s expeditionary outlook, grounded in Army’s history and doctrine.⁸² Hughes listed four cultural attributes,⁸³ including insularity and anti-intellectualism – the latter stressing a preference for simple, direct, strong logic, but without deep thought.⁸⁴ Hughes casts these as adaptive and necessary to Army’s unique combat role.

This survey’s common elements are an emphasis on individual professional mastery, conservatism and an expeditionary outlook. Evaluating Army’s culture using Part 2’s organisational theory suggests that Army’s size, age and severe initiation (e.g. recruit course) would generate a strong culture with both dominant and sub-cultures representing different interest groups within Army. Collectively, a strong culture represents a formidable obstacle for change management, and this sub-thesis will consider cultural resistance to A21/RTA.

Force Structure

This section contextualises A21/RTA within the succession of force structuring principles the Australian Army used from World War Two (WWII). Considered as risk management, force structuring principles include mobilisation planning, threat-based, and the portfolio approach.⁸⁵ The Australian Army’s structure was dominated by these principles in succession

⁸⁰ S. Winter, ‘Fixed, Determined, Inviolable’: Military Organisational Culture and Adaptation’, *Australian Army Journal*, VI(3): 53-68, 2009.

⁸¹ Winter, ‘Fixed, Determined, Inviolable’, p. 54.

⁸² Michael Evans, ‘Towards an Australian Way of War’, *Australian Army Journal*, II(1): 177-200, 2004.

⁸³ Ferocity; Honour; Love; Insularity; Anti-intellectualism.

⁸⁴ R. Hughes, ‘On the Culture of the Australian Army’, *Australian Army Journal*, X(3): 226-243, 2013.

⁸⁵ Stephan Frühling, ‘Defence Planning as Risk Management’, Chapter 2 in S. Frühling, *Defence Planning and Uncertainty*, (Routledge, 2014), p. 18-43 and Stephan Frühling, ‘Enduring Tensions in Defence Planning’, Chapter 9 in S. Frühling, *Defence Planning and Uncertainty*, (Routledge, 2014), p. 191-208.

after WWII. Inherited from WWII's mass mobilisation,⁸⁶ the post-Vietnam Australian Army had a divisional structure⁸⁷ based on the mobilisation planning principle. A division is hierarchical, comprising a headquarters and several brigades with nested battalions (units): a mechanistic structure in organisational theory terms. Specialisation is represented by a shadow structure of separate corps (e.g. armoured corps). Designed to be fully-manned through mobilisation in war, as peacetime resourcing constraints tightened from the mid-70s Army responded by retaining the basic divisional architecture, but allowed units to 'hollow out' with unfilled positions.⁸⁸ An alternative downscaling response is to consolidate the number of units; however Army's informal reasoning was to retain a 'Core Force',⁸⁹ as a mobilisation base. Connery documents the enshrining of the divisional structure in Army doctrine⁹⁰ and the growing disconnect between Army's divisional structure and the Defence-of-Australia strategic guidance⁹¹ (see Part 4).

There was one major force structural experiment in the Australian Army between WWII and A21/RTA: the 1960s pentropic division. An example of threat-based force structuring, the pentropic experiment is a valuable case study, reviewed here to identify possible parallels with A21/RTA. The pentropic concept aimed to improve dispersal (hence survivability) of troops against a specific threat: the Cold War nuclear battlefield. The proposed pentropic division comprised five battlegroups, with pentropic battalions and supporting arms. Each pentropic battalion comprised five infantry companies: a significantly larger span-of-command relative to the traditional divisional structure. Other drivers for this reform included: firstly, improved efficiency (reducing administrative layers and improved ratios of combat to support personnel); secondly, greater tactical agility through shortened command chains; thirdly, improved interoperability with the US (which had earlier adopted a

⁸⁶ David Horner, 'From Korea to Pentropic: The Army in the 1950s and early 1960s', in Peter Dennis and Jeffrey Grey (eds), *The Second Fifty Years: The Australian Army 1947–97*, (Canberra, ACT, Australia: School of History, University College, University of New South Wales (UNSW), Australian Defence Force Academy (ADFA), 1997), p. 62–70.

⁸⁷ Grey, *The Australian Army*; Palazzo, *The Australian Army*.

⁸⁸ The 2000 parliamentary inquiry into the Suitability of the Australian Army for Peacetime, Peacekeeping and War was to describe this practice as creating a 'phantom force'. JSCFADT, *From Phantom to Force*, para 9.13, p. 184.

⁸⁹ Stephan Frühling, 'Australian Strategic Guidance Since the Second World War', in S. Frühling, *A History of Australian Strategic Policy Since 1945*, (Canberra, ACT, Australia: Defence Publishing Service, 2009), p. 31.

⁹⁰ David Connery, *Which Division? Risk Management and the Australian Army's force structure after the Vietnam War*, Australian Army History Unit Occasional Paper Series, (Canberra, ACT, Australia: Defence Publishing Service, DPS JUN023-14, Jul 2014), p. 18. See also Australian Army, *Training Information Bulletin 28 – The Division (Provisional)*, 1975.

⁹¹ Connery, *Which Division?*, p. 4.

‘pentomic’ model in response to the nuclear threat); and finally to attract modernisation funding for Army.⁹²

Yet by 1964, the pentropic experiment had been abandoned, for several reasons. First, the span-of-command proved unwieldy in practice,⁹³ especially given the era’s technology did not match the structure’s communication requirements (insufficient enablers). Pentropic’s widely dispersed operations were environmentally unsuitable for manoeuvre in close and jungle country, where the Australian Army was operating.⁹⁴ The pentropic structure selectively increased mobility but invested lightly in armour (contrary to the pentomic model);⁹⁵ combined with limited artillery range,⁹⁶ this increased force vulnerability. Finally, Blaxland documents cultural resistance from the Service.⁹⁷ From an organisational theory perspective, the pentropic experiment was motivated by the postulated benefits of an organic structure as a ‘theory of change’ against a specific threat; i.e. a flatter, more dispersed, responsive and efficient organisation. A 2000 parliamentary inquiry noted the institutional, operational (technical feasibility) and cultural reasons for pentropic’s limited success, but concluded inadequate resourcing (enablers) was the primary reason.⁹⁸ These findings provide valuable insights for this sub-thesis’ analysis of A21/RTA: did similar circumstances apply?

The reasons for the US abandonment of its pentomic experiment are also relevant for A21/RTA. Blaxland proposes three reasons.⁹⁹ First, the pentomic model itself was incomplete: the capabilities achieved in practice could not meet theoretical ideals (technical feasibility). Second, pentomic’s threat-based force structuring principle was overly restrictive –optimised for ‘the war’ (i.e. nuclear) rather than ‘a war’- and hence failed the critical flexibility test. Finally, the pentomic structure’s envisaged battlefield role became disconnected from evolving national strategic policies. Subsequently, Vietnam demonstrated these required sub-nuclear threshold military response options for which pentomic was less suited.

⁹² John Blaxland, *Organising an Army: The Australian Experience 1957-1965*, (Canberra, ACT, Australia: Strategic and Defence Studies Centre, 1989), p. 52-55.

⁹³ Alan Stretton, *Soldier in a Storm*, (Sydney, NSW, Australia: Collins, 1978), p. 179-180.

⁹⁴ Blaxland, *Organising an Army*, p. 78.

⁹⁵ Blaxland, *Organising an Army*, p. 71.

⁹⁶ Blaxland, *Organising an Army*, p. 88.

⁹⁷ Blaxland, *Organising an Army*, p. 88.

⁹⁸ JSCFADT, *From Phantom to Force*, para 2.49, p. 24.

⁹⁹ Blaxland, *Organising an Army*, p. 27-28.

In high strategic uncertainty a ‘balanced force’ response hedges risk, an example of the portfolio force structuring principle.¹⁰⁰ A balanced force avoids overspecialisation (associated with mechanistic, divisional structures) and *also* corresponds to an organic structure, stressing flat, agile, multi-role compositions. This force structuring principle has gained prominence in Army’s latest restructure initiative, PLAN BEERSHEBA.¹⁰¹ Therefore, both threat-based and portfolio force structuring principles have been associated with organic structures, suggesting a design tension between specialisation and agility, within resourcing and technological constraints. Between pentropic and BEERSHEBA there was A21/RTA, prompting a sub-thesis question: how did A21/RTA address this design tension? Part 4 shows how strategic and resourcing guidance led to A21/RTA’s commencement with a threat-based force structuring principle.

Part 4: Strategic and Resourcing Guidance influencing A21/RTA

Force structuring occurs in the context of politics and strategic guidance.¹⁰² The 1994-2000 A21/RTA period straddles a generational political transition, and concomitant shifts in strategic guidance. Following thirteen years of Labor Government, John Howard’s Coalition, elected in March 1996, governed for over eleven years. Here, the major features of strategic and resourcing guidance that influenced A21/RTA over this transition are outlined.

A21/RTA occurred at the zenith, and then eclipse, of ‘Defence-of-Australia’ (DoA) as the nation’s strategic doctrine. For most of Australia’s history, military strategy has been characterised by Forward Defence;¹⁰³ all of Army’s major campaigns have been fought overseas, shaping its expeditionary culture.¹⁰⁴ However, Australia’s withdrawal from Vietnam ushered in the DoA military strategy which dominated until 1999’s East Timor

¹⁰⁰ Frühling, ‘Enduring Tensions in Defence Planning’, p. 200.

¹⁰¹ David Morrison, *Chief of Army announces Plan Beersheba*, 12 Dec 2012, <http://www.army.gov.au/Our-work/Speeches-and-transcripts/Plan-BEERSHEBA>, accessed 04 May 2014; Office of the Prime Minister of Australia, *2013 Defence White Paper: Plan Beersheba - Restructuring the Australian Army*, News Release, 03 May 2013; Craig Bickell, ‘Plan Beersheba: The Combined Arms Imperative Behind the Reorganisation of the Army’, *Australian Army Journal*, X(4): 36-52, 2013; Robert Nutbrown, ‘Battle Plan: Chief of Army shares his vision of Australia’s future land force’, *Australian Defence Business Review*, Sep/Oct 2014, p. 13-16.

¹⁰² Robert O’Neill, ‘Strategic Concepts and Force Structure’, in Robert O’Neill and David Horner (eds), *Australian Defence Policy for the 1980s*, (Brisbane, QLD, Australia: University of Queensland Press, 1982), p. 164-173.

¹⁰³ Frühling, ‘Australian Strategic Guidance Since the Second World War’, p. 43.

¹⁰⁴ Evans, *Forward from the Past*.

deployment, and the emergence of a modern maritime strategy.¹⁰⁵ Literature reviews of DoA are voluminous:¹⁰⁶ this work's purpose is not to critique DoA's efficacy, but rather to place A21/RTA within context.

DoA evolved in the post-Vietnam environment of profound war weariness,¹⁰⁷ and the US Guam Doctrine, triggering Australia's movement towards a more self-reliant defence policy.¹⁰⁸ Politicians sought a strategic narrative which reflected Government's desire to avoid expeditionary entanglements and reap the so-called peace dividend. By 1976, a basic bipartisan DoA strategic narrative had formed, based on continental defence, an expandable 'Core Force' and a focus on 'credible low-level contingencies in Australia's North'.¹⁰⁹

However, 1976's pre-declaratory era (1976-1986) Defence White Paper (DWP) did not successfully translate DoA strategic guidance into force structure outcomes. Connery documents this period's strategic guidance as ambiguous and unendorsed.¹¹⁰ Titheridge notes 'a lack of coordination and a degree of randomness in the overall process'¹¹¹ of developing force structures, and Coghlan describes that after DWP76, 'civilian and military planners could not reach agreement on an overall set of force structure priorities'.¹¹² As a result, Army retained its divisional force structure (despite successive budget cuts which progressively hollowed out the force),¹¹³ and barely adjusted its operating concepts, doctrine or disposition to the DoA strategic guidance. The Departmental force structure stalemate triggered Ministerial intervention: Kim Beazley engaged Paul Dibb to 'forge a consensus'.¹¹⁴ Dibb's terms-of-reference were 'to undertake a review of the content, priorities and rationale of

¹⁰⁵ Justin Jones, *A Maritime School of Strategic Thought for Australia: Perspectives*, Sea Power Series No. 1, (Canberra, ACT, Australia: Commonwealth of Australia, 2013), 199 pp.; Sea Power Centre – Australia and Royal Australian Navy, *Australian Maritime Doctrine: RAN Doctrine 1 – 2010*, (Canberra, ACT, Australia: Commonwealth of Australia, 2010), 239 pp.

¹⁰⁶ E.g. Alan Dupont, 'Transformation or stagnation? Rethinking Australia's defence', *Australian Journal of International Affairs*, 57(1): 55-76, 2003; Paul Monk, 'Twelve questions for Paul Dibb', *Quadrant*, 45(4): 40-43, Apr 2001; Evans, *Forward from the Past*.

¹⁰⁷ Blaxland, *The Australian Army from Whitlam to Howard*, p. 4-5.

¹⁰⁸ Stephan Frühling, 'Australian Defence Policy and the Concept of Self-Reliance', *Australian Journal of International Affairs*, 68(5): 531-547, 2014. See also Paul Dibb, 'The Self-Reliant Defence of Australia: The history of an idea', in Ron Huiskens and Meredith Thatcher (eds), *History as Policy: Framing the debate on the future of Australia's defence policy*, (Australian National University (ANU) E-Press, 2007), p. 11-26.

¹⁰⁹ Frühling, 'Australian Strategic Guidance Since the Second World War', p. 31-32.

¹¹⁰ Connery, *Which Division?*, p. 9.

¹¹¹ A.W. Titheridge, 'The Force Structure Process', *Australian Defence Force Journal*, 82: 22-29, 1990, p. 27.

¹¹² David Coghlan, 'Australian Defence Policy in the Post-Cold War World', *Australian Army Journal*, 2002: 93-110, 2002, p. 95.

¹¹³ Palazzo, *The Australian Army*, p. 364.

¹¹⁴ Coghlan, 'Australian Defence Policy', p. 95.

defence forward planning in...light of...strategic and financial planning guidance endorsed by...Government'.¹¹⁵

Later labelled as a geographic determinist,¹¹⁶ Dibb used a threat-based force structuring principle. Assessing the then relatively benign regional strategic environment, Dibb reasoned that a military strategy constrained to continental defence was most appropriate. In a pivotal leap of logic, Dibb further coined the notion of the Sea-Air gap, positing that provided naval and air assets could interdict hostile forces there, Army's role could be reduced to handling remnants reaching northern Australia.¹¹⁷

Critically analysing the Dibb Review identifies two major outcomes relevant to A21/RTA: firstly, a relegation of Army to 'low-level contingencies' on Australian territory; and secondly a well-justified strategic argument for the other two services to dominate capability development budgets.¹¹⁸ Published the following year, DWP87,¹¹⁹ the first declaratory white paper, explicitly cemented DoA¹²⁰ as the principal force structure determinant; though did not direct an Army force restructure.

Nonetheless, Dibb's prescription of DoA threatened Army's interests (combat capability); organisational theory suggests resistance could be expected. An expeditionary culture fundamentally clashes with confinement to continental Australia.¹²¹ However a survey of articles published up to 1999 in the *Australian Defence Force Journal* (ADFJ) reveals very little discussion from Army on strategy.¹²² DWP87 attracted two articles in the ADFJ,¹²³ one critical of low-level contingencies and dubious of its budget-saving motivations.¹²⁴

¹¹⁵ Paul Dibb, *Review of Australia's Defence Capabilities: Report to the Minister for Defence*, (Canberra, ACT, Australia: Australian Government Publishing Service, R85/1177 Cat. No. 8604776, 1986), p. xv.

¹¹⁶ Dupont, 'Transformation or stagnation?'

¹¹⁷ Dibb, *Review of Australia's Defence Capabilities*, p. 2, 5.

¹¹⁸ Grey, *The Australian Army*, p. 253. See also *International Defense Review*, 'Australia Battles to Keep Pace', *IHS Global*, 01 Jan 1997, p. 1.

¹¹⁹ Department of Defence, *The Defence of Australia*, (Canberra, ACT, Australia: Commonwealth of Australia, Australian Government Publishing Service, R86/951 Cat. No. 8623599, 1987), 113 pp.

¹²⁰ Peter Jennings, 'The Politics of Defence White Papers', *Security Challenges*, 9(2): 1-14, 2013.

¹²¹ Phelps, 'The Australian Army's Culture', p. 41-42.

¹²² A 1983 article by Major C.R. Prickett criticised continental defence, advocated expeditionary forward defence, and called for an increased focus on a balanced force rather than a balanced budget. (C.R. Prickett, 'Australian Defence and Force Structure', *Australian Defence Force Journal*, 39: 48-50, 1983). At the tactical level, Lieutenant Colonel (later Major General) A.J. Molan expressed concern for Army's skills, training and resources if reduced to guarding naval and air bases (A.J. Molan, 'Prospect for Infantry', *Australian Defence Force Journal*, 63: 19-33, 1987); and Major W.A. Jucha highlighted the disconnect between the ostensive low-level threat and the lack of training emphasis on that threat. (W.A. Jucha, 'Preparing to Defeat the Low-Level Threat', *Australian Defence Force Journal*, 60: 50-53, 1986).

Coinciding with the DoA era, the *Australian Army Journal* was discontinued in 1976 (re-launching in 1999), removing one potential Army mouthpiece to engage in the strategic debate and represent its interests. While journal activity is not an accurate indication of Army's senior leadership views or influence, Connery notes that Army's leadership in the 1970s appeared unable to influence the strategic debate.¹²⁵ A recent study of Army leadership during Dibb's Review found that while Army justified preservation of its basic structure and capabilities under Dibb's 'escalated low-level conflict',¹²⁶ Army's leadership was ultimately unsuccessful in retaining a prominent role for Army within the nation's military strategy in the Dibb Review and subsequent DWP87.¹²⁷

To this strategic guidance was added strong financial guidance. The Wrigley Review (1990)¹²⁸ commenced outsourcing many non-combat functions and a broader Commercial Support Program.¹²⁹ In 1991 Government commissioned a Force Structure Review (FSR91), which recommended a fifteen percent decrease¹³⁰ in full-time Army personnel from over 30,000 in 1992 to 25,810 over eight years,¹³¹ with a nine percent budget decrease.¹³² FSR91 barely addresses military strategy, reinforcing DoA and low-level contingencies.¹³³ Army's response focused on resource constraints and downsizing, and did not propose a major force restructure, retaining the divisional structure:¹³⁴ an incremental change management approach. The 1994 DWP was tabled during recovery from economic recession.¹³⁵ In

¹²³ D.G. Schott, 'Australian Defence Policy 1976-1987', *Australian Defence Force Journal*, 67: 12-18, 1987.

¹²⁴ R. Crawshaw, 'Low-Level Conflict', *Australian Defence Force Journal*, 69: 6-9, 1988, p. 9.

¹²⁵ Connery, *Which Division?*, p. 32.

¹²⁶ Dibb, *Review of Australia's Defence Capabilities*, p. 53.

¹²⁷ David Connery, 'The strategic leader: orders only get you so far', Chapter 2 in D.K. Connery (ed), *The Battles Before: Case Studies of Australian Army Leadership 1972-2010*, (Sydney, NSW, Australia: Big Sky, 2016).

¹²⁸ A.K. Wrigley, *The Defence Force and the Community: A partnership in Australia's Defence*, (Report Commissioned by the Minister for Defence, 1990). See also A.K. Wrigley, 'The Defence Force and the Community', *Australian Defence Force Journal*, 84: 10-18, 1990.

¹²⁹ Mark Thomson, *The Cost of Defence 2014-15: Defence Industry*, Australian Strategic Policy Institute, 2014, p. 144.

¹³⁰ Australian Army, *Army into the 21st Century*, (Canberra, ACT, Australia: Commonwealth of Australia, 1992), p. 21.

¹³¹ FSR91 also announced the Ready Reserve (RRes) scheme, a higher-readiness form of service over the General Reserve (GRes). In decreasing order of readiness, there were thus three forms of service: Australian Regular Army (ARA) (i.e. full-time); RRes and GRes (part-time). In practice, introduction of the RRes scheme involved the conversion of two battalions in the 6th Brigade to RRes battalions. This reduced the Australian Army's ARA battalions from six to four. Brigadier (ret'd) Tim McKenna, correspondence 20 Jun 2016.

¹³² Australian Army, *Army into the 21st Century*, p. 26.

¹³³ Department of Defence, *Force Structure Review*, (Canberra, ACT, Australia: Commonwealth of Australia, Australian Government Publishing Service, DPUBS 35/91, 1991), 48 pp.

¹³⁴ Australian Army, *Army into the 21st Century*, p. 17.

¹³⁵ David Gruen, *The Australian Economy in the 1990s*, Reserve Bank of Australia Bulletin, Oct 2000, 6 pp.

addition to reiterating DoA as the principal force structure determinant, it announced yet another force review,¹³⁶ which became A21.

This section documents a trajectory of increasingly constrained and prescriptive strategic guidance, and tightened resourcing, directed towards Army, culminating in A21. In March 1996, the Coalition won Government, and in 1997 released new strategic guidance, *Australia's Strategy Policy*,¹³⁷ described by commentators as signalling the end of the DoA era through more active foreign and defence policies and a maritime strategy.¹³⁸ However, the Coalition also announced the Defence Efficiency Review¹³⁹ with an undeclared \$1 billion savings objective.¹⁴⁰ Therefore: A21/RTA occurred concurrently with the largest Defence cost-saving initiative yet.

Few academic works critiqued A21/RTA *at the time*. O'Connor took issue with: DoA's strategic premise; force-structuring against a single, low-level contingency; RTA's dispersed operational concept, framed as breaching a Principle of War;¹⁴¹ and Army's budget constraints. In 1998, Evans added reduced interoperability with allies to these criticisms.¹⁴² Shine highlighted the Coalition Government's new strategic guidance, suggesting RTA's narrow DoA focus sowed 'seeds of future crisis'.¹⁴³ In September 1999 the Army deployed to East Timor, using the original divisional/brigade structure. Following A21/RTA, Army had

¹³⁶ 'A review of the land force, to be completed by late 1995, will establish what further adjustment to its structure is necessary. This review will address a range of issues including the number and readiness of infantry units, the benefits of additional ground reconnaissance units, the balance between Regular and Reserve elements of the force and the resource implications of any options for further change'. Department of Defence, *Defending Australia: Defence White Paper 1994*, (Canberra, ACT, Australia: Commonwealth of Australia, Australian Government Publishing Service, DPUBS 12065/94 1994), para 5.50, p. 49.

¹³⁷ Department of Defence, *Australia's Strategic Policy 1997*, (Canberra, ACT, Australia: Commonwealth of Australia, 1997), 66 pp.

¹³⁸ Frühling, 'Australian Strategic Guidance Since the Second World War', p. 38.

¹³⁹ McLachlan, *Restructuring the Australian Army*; Malcolm McIntosh, Andrew Michelmore, Richard Brabin-Smith, John Stone, Ian Burgess and Robert Walls, *Future Directions for the Management of Australia's Defence: Report of the Defence Efficiency Review*, (Canberra, ACT, Australia: Commonwealth of Australia, Department of Defence, 1997), 58 pp.

¹⁴⁰ The official DER announcement did not specify a savings objective; however the Defence Reform Program (DRP) arising from the DER targeted \$1 billion in savings. See also Thomson, *The Cost of Defence*, p. 145.

¹⁴¹ Michael O'Connor, 'The Emperor's New Clothes: Restructuring the Australian Army', *Defender*, XIV(3): 24-27, 1997.

¹⁴² Michael Evans, 'The Role of the Australian Army in a Maritime Concept of Strategy', *Journal of the Royal United Services Institute of Australia*, 19: 67-72, 1998.

¹⁴³ C.J. Shine, 'Restructuring the Australian Army: The Seeds of Future Crisis?', *Australian Defence Force Journal*, 131: 5-18, 1998. See also Hugh White, 'The Strategic Review: What's New?', *Journal of the Royal United Services Institute of Australia*, 19: 55-66, 1998.

structurally returned to *status quo ante*. Subsequently, various general historical literature briefly outline A21/RTA retrospectively,¹⁴⁴ though without detailed analysis.

This Literature Review hints at, but does not confirm, A21/RTA's fate. It circumstantially suggests strategic guidance shifts, resourcing constraints and cultural resistance as contributors to A21/RTA's abandonment. The sub-thesis requires more context on these themes to describe and evaluate A21/RTA. This suggests appropriate methodologies, which are addressed next.

Part 5: Methodology

Two key methods are proposed for the sub-thesis: expert elicitation through interview; and access to a range of primary sources including:

- minutes from the Chief of the General Staff's Advisory Committee,¹⁴⁵ declassified where required for this work;
- parliamentary hansard;
- submissions and transcripts from the parliamentary inquiry 'Suitability of the Australian Army for peacetime, peacekeeping and war';
- National Press Club addresses given by senior Army leadership;
- previously unpublished internal reports (namely the A21 Study and RTA Trials Final Report); and
- scientific reports published by the then Defence Science and Technology Organisation (DSTO).

These methods are required due to the literature paucity; the nature of A21/RTA as an internal initiative; and the requirement for critical context, most likely to be elicited through conversation with senior Army and other leaders of this period. Annex 2-B lists the interviews conducted.

¹⁴⁴ J.M. Malik, *Australia's Security in the 21st Century*, (St Leonards, NSW, Australia: Allen & Unwin, 1999), p. 58, 178-179; Palazzo, *The Australian Army*, p. 363-364; Grey, *The Australian Army*, p. 253; Blaxland, *The Australian Army from Whitlam to Howard*, p. 124-126.

¹⁴⁵ Renamed in early 1997 to Chief of Army Senior Advisory Group.

Research conducted by interview has several limitations.¹⁴⁶ First is basic recollection – particularly after twenty years. Second, associated with elite interviews, is the problem of legacy defence – the contention that senior leaders defend their reputations,¹⁴⁷ favourably casting their actions. The sub-thesis will counter these by interviewing a large number of people (30+), deliberately seeking diverse perspectives from Army, public service, academia and politics.

Contribution and Relevance

This sub-thesis' contribution to the literature is timely in three respects. First, twenty years have elapsed since A21/RTA, enabling a comprehensive retrospective appraisal benefiting from hindsight and knowledge of subsequent events. Second, Defence's 2015 *First Principles Review* recommended a new contestability approach,¹⁴⁸ designed to overcome the problem of (real and perceived) provider capture, by ensuring alignment of strategy, force structure and resourcing.¹⁴⁹ Contestability requires *logos* arguments, based on evidence, and is impartial to more subjective claims based on culture. This Chapter has identified the themes of strategy, resourcing and culture as central to A21/RTA. This new contestability model is currently in the design phase of implementation,¹⁵⁰ underscoring the acute contemporary relevance of A21/RTA's lessons as a large, radical and recent initiative, sharing similar themes. Finally, many senior leaders involved in A21/RTA are still living: a valuable opportunity to collect primary evidence as eyewitness accounts.

Conclusion

This Chapter considered the literature pertaining to A21/RTA, highlighting a significant gap in Australia's military history. It aimed to inform the sub-thesis research by identifying: specific literature gaps which the sub-thesis aims to fill; the theoretical framework to evaluate

¹⁴⁶ Charles L. Briggs, *Learning How to Ask: A sociolinguistic appraisal of the role of the interview in social science research*, (Cambridge University Press, 1986), 155 pp. See also K. Roulston, K. deMarrais and J.B. Lewis, 'Learning to Interview in the Social Sciences', *Qualitative Inquiry*, 9(4): 643-668, 2003.

¹⁴⁷ Hugh Hecló and Aaron Wildavsky, *The Private Government of Public Money: Community and Policy inside British Politics*, (London, UK: MacMillan Press, 1974), p. xxii, 14-17.

¹⁴⁸ Recommendation 1.10: 'a strong and credible internal contestability function be built and led by the Deputy Secretary Policy and Intelligence with responsibility for strategic contestability, scope, technical and cost contestability'. D. Peever, R. Hill, P. Leahy, J. McDowell and L. Tanner, *First Principles Review: Creating One Defence*, (Report Commissioned by the Minister for Defence, 2015), p. 9.

¹⁴⁹ 'Defence...requires a mechanism for providing internal contestability, at arm's-length from owners and sponsors, up to the point of decision. This will ensure strategy, plans and resource allocations are tightly aligned and appropriately prioritised'. Peever et al., *First Principles Review*, p. 26.

¹⁵⁰ Marc Ablong, First Assistant Secretary, Defence White Paper, Department of Defence, *pers comm*, 21 Dec 2015.

A21/RTA; specific themes the sub-thesis will consider; an appropriate methodology; and its unique literature contributions.

Two specific literature gaps were identified: the internal A21 study (1995-96) and the RTA trials (1997-98). The Chapter then assembled a theoretical framework, including success criteria, for the sub-thesis to evaluate A21/RTA as a transformational change case study. Also reviewed were factors potentially impairing change initiatives, both internal and external. Critical analysis of literature deficiencies led to a new, outcome-focused change management theory: successful internal change must be *both* technically feasible, *and* provide cultural adjustment opportunities. Externally, provider capture is innovatively proposed to interpret Army/Government relations during A21/RTA. The themes of strategy, resourcing and culture were identified as central to A21/RTA.

A gap-filling methodology involving expert elicitation through interview, and access to primary, unpublished sources was proposed. This methodology is appropriate, feasible, and able to address the sub-thesis' questions. The sub-thesis' unique contributions include the first detailed description and evaluation of A21/RTA as a change management case study; and application of civilian organisational theory to a military context. These contributions are relevant to contemporary Defence change initiatives, including the new contestability model. Chapter 3 begins applying the methodology, and considers A21/RTA's drivers.

Annex 2-A: Posited Benefits of Organic Structures - Mapping Civilian Concepts to Military Equivalents

Serial	Civilian organisational theory¹	Military translation
1.	Reduced layers of management	Increased span of command
2.	Improved collaboration	Improved teamwork; ² improved combined arms/joint effects
3.	Faster decision-making	Achieving decision superiority
4.	Getting closer to clients	Improved combat effectiveness against an adversary; improved interoperability with allies
5.	Empowering employees	Innovation: increased soldier initiative ³ and ingenuity
6.	Cost savings	Economy of Effort (Principle of War)
7.	Flexibility	Flexibility (Principle of War)

¹ After Robbins et al., *Organisational Behaviour*, p. 349, 595.

² 'Teamwork' is one of four Army Values: Courage, Initiative, Respect, Teamwork.

³ 'Initiative' is one of four Army Values: Courage, Initiative, Respect, Teamwork.

Annex 2-B: A21/RTA Interviews
All interviews were conducted by Lieutenant Colonel Renée Kidson

Serial:	Date:	Interviewee:	Connection with A21/RTA:	Place of Interview:
1	3-Feb-15	Professor Michael Evans	Former Senior Research Fellow, Land Warfare Studies Centre, during RTA Currently Professor and General Sir Francis Hassett Chair of Military Studies, Deakin University	Mecca Bah restaurant, Canberra
2	9-Mar-15	Professor Alan Dupont	Professor of International Security, University of NSW Nonresident Fellow at the Lowy Institute for International Policy	Café in Surrey Hills, Sydney
3	9-Mar-15	Major General Andrew Bottrell CSC and Bar, DSM	Former subunit commander, Logistics, during RTA Currently Commander, Joint Agency Task Force (JATF) OP SOVEREIGN BORDERS	Headquarters, 17th Brigade, Randwick, Sydney
4	22-Mar-15	Lieutenant General (retd) Peter Leahy AC	Former Director, Army Research and Analysis (DARA) during A21 Former Chief of Army (2002-2008) Currently Professor and Director, National Security Institute, University of Canberra	General Leahy's private residence, Canberra
5	13-Aug-15	Lieutenant General (retd) Francis ('Frank') Hickling AO CSC	Former Chief of Army (24 Jun 1998 - 15 Jul 2000)	General Hickling's private residence, Brisbane
6	13-Aug-15	Colonel Iain Cruickshank	Principal Staff Officer, Plans, Deployable Joint Forces Headquarters during RTA Currently Deputy Commander, 7th Brigade and Manager, Adaptive Warfare Branch, Headquarters 1st Division	Headquarters, 1st Division, Enoggera Barracks, Brisbane
7	16-Nov-15	Lieutenant Colonel Neil James	Former Director, Land Warfare Studies Centre, during RTA Currently Executive Director of the Australia Defence Association, and Army Reserve Officer	Royal Military College, Duntroon, Officer's Mess
8	17-Nov-15	Admiral (retd) Chris Barrie AC	Former Chief of the Defence Force (CDF) (04 Jul 1998-03 Jul 2002) Currently Adjunct Professor, Coral Bell School of Asia Pacific Affairs, Australian National University College of Asia and the Pacific	Professor Barrie's office, Australian National University
9	18-Nov-15	Major General (retd) Peter Dunn AO	Former Director General, Force Development - Land, during A21 Subsequently Joint Head of Secretariat, Defence Efficiency Review (DER) Currently Principal Consultant, Noetic Group	Noetic Corporate Office, Deakin, Canberra
10	18-Nov-15	Professor Hugh White AO	Former Deputy Secretary, Strategy, Department of Defence (1995-2000) Contributing author to Defence White Paper 1994 Later Founding Director, Australian Strategic Policy Institute (ASPI) Currently Professor of Strategic Studies, School of International, Political and Strategic Studies, Australian National University College of Asia and the Pacific	Professor White's office, Australian National University
11	23-Nov-15	Lieutenant General (retd) John Sanderson AC	Former Chief of the General Staff/Chief of Army (08 Jul 1995-23 Jun 1998) during A21/RTA Later 29th Governor of Western Australia (2000-2005)	General Sanderson's private residence, Canberra
12	25-Nov-15	Mark Thomson	Former Analyst, Force Development and Analysis (FDA), Department of Defence, during A21 Currently Senior Analyst, Defence Economics, Australian Strategic Policy Institute (ASPI)	Australian Strategic Policy Institute (ASPI), Barton, Canberra
13	26-Nov-15	Brigadier (retd) James ('Jim' or 'JJ') Wallace AM	Former Commander, 1st Brigade (1997-1998) during RTA trials Currently Deputy Chairman, Australian Christian Lobby	Australian Christian Lobby Headquarters, Deakin, Canberra
14	30-Nov-15	Brigadier (retd) David Welch	Former Commanding Officer, 1st Combat Service Support Battalion (CSSB) during RTA trials Subsequently Director General, Land Close Combat Systems; Director General, Integrated Capability Development; and General Manager, Rapid Prototyping Development and Evaluation (RPDE) Program Currently General Manager (ACT), Communications, Design and Management (CDM)	Royal Military College, Duntroon, Officer's Mess
15	2-Dec-15	Major General (retd) Dave Chalmers AO CSC	Former Project Officer, A21 Working Group Currently First Assistant Secretary, Client and Commemorations Division, Department of Veteran's Affairs	Department of Veterans Affairs, Woden, Canberra

Serial:	Date:	Interviewee:	Connection with A21/RTA:	Place of Interview:
16	2-Dec-15	Lieutenant Colonel Brice Pacey	Former staff member, Directorate of Army Research and Analysis (DARA) during A21 Currently serving Army Reserve officer (Strategy Stream, First Principles Review, Contestability Design, Department of Defence); and Principal of Lucidian Consulting	Royal Military College, Duntroon, Officer's Mess
17	3-Dec-15	Major General (ret'd) Peter Abigail AO	Former Deputy Chief of Army (DCA) (Jul 1998-Jun 2000) Subsequently Land Commander Australia (2000-2002) Later Executive Director of the Australian Strategic Policy Institute (ASPI) (2005-2012)	Royal Military College, Duntroon, Officer's Mess
18	6-Dec-15	Major General (ret'd) Andrew ('Jim') Molan AO DSC	Former Commander, 1st Brigade (1994-1996); and Commander, 1st Division	General Molan's private residence, regional NSW
19	7-Dec-15	Ian McLachlan AO	Former Minister for Defence (Mar 1996-Oct 1998)	Mr McLachlan's Corporate Office, Adelaide
20	17-Dec-15	Major General (ret'd) Mark Kelly AO DSC	Former Commander, 3rd Brigade (2000-2002); Commander, 1st Division (2004-2005); Land Commander Australia (2005-2008); and Commander JTF633 (2009-2010) Currently Commissioner, Repatriation Commission, Department of Veterans Affairs	Department of Veterans Affairs, Woden, Canberra
21	17-Dec-15	David Goyne	Former Army officer, rank of Major, during RTA Currently Deputy Director Strategic Analysis, Directorate of Military Strategy and Future Warfighting, Military Strategy Branch, Strategic Policy Division, Department of Defence	Royal Military College, Duntroon, Officer's Mess
22	18-Dec-15	Peter Jennings PSM	Former Chief of Staff to Defence Minister Ian McLachlan Currently Executive Director, Australian Strategic Policy Institute (ASPI)	Australian Strategic Policy Institute (ASPI), Barton, Canberra
23	19-Dec-15	Lieutenant Colonel Dean Bowley	Former Defence Science and Technology Organisation (DSTO) Head of RTA Trials and RTA Lead Analyst (1996-1998) Currently Program Manager and Head of Office (South Australia), Australian Bureau of Statistics, and Army Reserve Officer	Skype from Adelaide
24	20-Dec-15	Brigadier (ret'd) Justin Kelly AM	Former Director General, Future Land Warfare, Australian Defence Force	Skype from regional Victoria
25	21-Dec-15	Dr Michael Brennan	Former Research Scientist, Defence Science and Technology Organisation (DSTO)	Skype from regional NSW
26	20-Jan-16	Associate Professor Stephan Frühling	Currently Deputy Director of Military Studies Program, Coral Bell School of Asia Pacific Affairs, Australian National University College of Asia and the Pacific	Professor Frühling's office, Australian National University
27	4-Feb-16	Lieutenant General (ret'd) John Grey AC	Former Chief of the General Staff (01 May 1992-07 Jul 1995) Recently Chancellor of James Cook University	Telephone from Queensland
28	18-Feb-16	Dr Richard Brabin-Smith AO	Former Assistant Secretary, Department of Defence, during Defence White Paper 1994 Later First Assistant Secretary, International Policy; First Assistant Secretary, Strategy Policy and Coordination; First Assistant Secretary, Force Development and Analysis (Department of Defence); Deputy Secretary, International Policy; and Chief Defence Scientist, Defence Science and Technology Organisation (DSTO). Currently Visiting Fellow, Strategic and Defence Studies Centre, Coral Bell School of Asia Pacific Affairs, Australian National University College of Asia and the Pacific	Dr Brabin-Smith's office, Australian National University
29	19-Feb-16	Major General (ret'd) John Hartley AO	Former Deputy Chief of Army (DCA) (Jul 1995-Jun 1998) Currently Chief Executive, Future Directions International	Telephone from Perth
30	1-Mar-16	Major General Fergus ('Gus') McLachlan AM	Former sub-unit commander, 1st Armoured Regiment during RTA trials Currently Head, Modernisation and Strategic Planning-Army	General McLachlan's Office, Russell, Canberra
31	1-Apr-16	Richard ('Ric') Smith AO PSM	Former Deputy Secretary Strategic Policy, Department of Defence, coordinating author of Defence White Paper 1994 Later Australian Ambassador to China (1996-2000); Australian Ambassador to Indonesia (2001-2002); and Secretary of Defence (2002-2006).	Cream Café, Canberra

Chapter 3: Drivers

*An Australian Army raised only for service in Australia would, in all probability, be raised for no service at all.*¹

Chapter 2 highlighted the first element of successful change management as ‘compelling drivers’. Therefore, this Chapter examines A21’s key drivers, mounting four arguments. First, Army was initially relatively unresponsive to Dibb’s 1986 Review, making only incremental changes amidst a culture of DoA resistance. This unresponsiveness prompted a Government-directed force structure review in 1994’s Defence White Paper (DWP94): this review became A21.

Second, by 1994 a policy ambiguity was emerging: while DWP94’s *declared* strategic guidance emphasised DoA, there was increasing recognition of the need for *some* Army expeditionary options. A21’s paradoxical strategic driver from Government involved reconciling this policy ambiguity through a force structure which improved overt DoA alignment while providing some expeditionary capabilities.

Third, there was a budget driver, from the other two services which, under acute resourcing constraints, placed mounting pressure on Army to justify its structure (and hence budget). Together, these strategic and budget drivers catalysed A21, compelling a transformational change from Army. Finally, Army’s DoA resistance is interpreted as provider capture, which also rendered A21’s transformational opportunity a cultural challenge. These arguments are presented in the following four sections.

Initially, Army was relatively unresponsive to Dibb

From a senior Defence civilian perspective, Richard Brabin-Smith² viewed Dibb’s sharp focus on DoA as a:

¹ R.G. Menzies, *Current Notes in International Affairs*, 21(9): 658-669, Sep 1950.

² Dr Brabin-Smith occupied a number of influential senior Defence civilian roles during the 1990s, including Former Assistant Secretary, Department of Defence, during the 1994 Defence White Paper; later; First Assistant Secretary, International Policy; First Assistant Secretary, Strategy Policy and Coordination; First Assistant Secretary, Force Development and Analysis; Deputy Secretary, International Policy (all Department of Defence) and Chief Defence Scientist, Defence Science and Technology Organisation (DSTO).

*quick over-steering of the ship, to get it...quickly...onto the course represented by the strategic principles...because we were dealing with a quite recalcitrant set of armed forces.*³

Chapter 2 highlighted Dibb's 1986 Review as a fundamental challenge to Army's culture and structure. Brabin-Smith acknowledges that of the three services, "the biggest intellectual and cultural challenge [of Dibb's Review] was for Army",⁴ due to its expeditionary and conventional focus. Dibb's casting of DoA challenged much of the purpose for which the Australian Regular Army had been raised and previously used (expeditionary operations). Dibb also questioned the requirement for armour in Army's structure.⁵

How did Army respond to Dibb's recommendations on its force structure? Response options included: (1) accept and make substantial changes; (2) make incremental changes only; and (3) challenge the strategic guidance. Evaluation suggests that until A21, Army chose Option 2, which is this Chapter's first argument: Army was initially relatively unresponsive to Dibb's Review, implementing only incremental changes amidst prevailing internal cultural resistance. The Options analysis follows.

On Option 1, Chief of the General Staff (CGS), Lieutenant General John Grey's response to the 1991 Force Structure Review (FSR91) did *not* include substantial structural adjustments. He retained the divisional structure despite FSR91's significant budget and personnel cuts to Army.⁶ As the 1987 Defence White Paper (DWP87) following Dibb's Review did not direct a major Army restructure,⁷ Army did not initiate one.

On Option 2, Army implemented three incremental changes in response to Dibb's Review. First, Army began re-posturing to northern Australia under the 'Army Presence in the North'

³ Richard Brabin-Smith, interview 18 Feb 2016.

⁴ Richard Brabin-Smith, interview 18 Feb 2016.

⁵ Paul Dibb, *Review of Australia's Defence Capabilities: Report to the Minister for Defence*, (Canberra, ACT, Australia: Australian Government Publishing Service, R85/1177 Cat. No. 8604776, 1986), p. 11.

⁶ Australian Army, *Army into the 21st Century*, (Canberra, ACT, Australia: Commonwealth of Australia, 1992), p. v, 8, 17.

⁷ 'This force structure requires no major changes from the current Army organisation.' Department of Defence, *The Defence of Australia*, (Canberra, ACT, Australia: Commonwealth of Australia, Australian Government Publishing Service, R86/951 Cat. No. 8623599, 1987), para 4.84, p. 53.

initiative.⁸ This established Regional Force Surveillance Units, Northern Command, and unit relocation to Darwin. Second, Army focused the ‘Kangaroo’ exercise series on Northern Australia;⁹ and third, some modest doctrinal publications were produced on low-level contingencies.¹⁰

These changes were incremental because they masked limited operational-tactical level adjustment to DoA in practice. First, several interviewees described the Kangaroo exercises as deploying whole battalions after small ‘enemy’ numbers. Major General Jim Molan asserted that Army essentially payed lip service to DoA, using Kangaroo to practice conventional operations.¹¹ Second, this view is supported by Major W.A. Jucha’s *Australian Defence Force Journal* (ADFJ) article, describing limited practical adjustment to northern Australian low-level contingencies. He noted ‘but one operational mode [conventional warfare to medium and high levels]...applied to all situations’.¹² Third, while the threat scenario seemed ridiculous to military participants,¹³ the disproportionate conventional response deployed to it seemed ridiculous to civilian observers.¹⁴

On Option 3, the evidence does not suggest Army effectively challenged DoA’s strategic guidance. Chapter 2 noted the dearth of Army discussion of strategy during 1986-1999 in ADFJ. Army’s culture was unconditioned to strategic debate participation, posited here as a leading explanation for Army’s failure to challenge DoA. Chapter 2 highlighted Army’s anti-intellectualism; and Leahy asserted that Army then was “intellectually not up to it – intellectualism was not valued as a warrior-type attribute”.¹⁵ Numerous interviewees (military and civilian) concurred with this view. Chief of the Defence Force (CDF) General John Baker, during a 1996 National Press Club address, described how history had culturally conditioned Army towards tactical excellence as an input to an ally’s force; this and the post-

⁸ John Blaxland, *The Australian Army from Whitlam to Howard*, (Port Melbourne, VIC, Australia: Cambridge University Press, 2014), p. 59.

⁹ Blaxland, *The Australian Army from Whitlam to Howard*, p. 31-34.

¹⁰ E.g. Australian Army, *Training Information Bulletin (TIB) 68: Low-Level Conflict*, 1988. See also Michael Evans, *Forward from the Past: The Development of Australian Army Doctrine, 1972-present*, Land Warfare Studies Centre (LWSC), Study Paper No. 301, (Canberra, ACT, Australia: Land Warfare Studies Centre, Sep 1999), p. 30.

¹¹ Jim Molan, interview 06 Dec 2015.

¹² W.A. Jucha, ‘Preparing to Defeat the Low-Level Threat’, *Australian Defence Force Journal*, 60: 50-53, 1986, p. 51.

¹³ Jim Molan, interview 06 Dec 2015.

¹⁴ Hugh White, interview 18 Nov 2015.

¹⁵ Peter Leahy, interview 22 Mar 2015.

Guam doctrine era of 'self-reliant DoA' caught Army bereft of strategic skills.¹⁶ Paraphrasing a quote attributed to Lieutenant Colonel Neil James: Army was a 'strategy-taker, not a strategy-maker'.¹⁷

Internal Cultural Resistance

Perhaps because it lacked the external articulation skills to influence the strategic debate, Army's relative unresponsiveness to Dibb's Review and DoA was internally expressed as prevailing cultural resistance. This is summarised by Major General Peter Abigail (former Deputy Chief of Army):

*DoA was crazy. It was never going to occur. Who were you talking about? And you reckon they're going to come where? And what then? That was deeply in the Army psyche...we're not going to sign on to this, because we know in our bones that's not what we'll be doing. We'll be going somewhere else...and we need a structure that allows you to do that.*¹⁸

Abigail's quote pinpoints the reason for Army's DoA resistance. Army did not *agree* with DoA as strategic guidance. Just as it retained its divisional structure immediately post-Dibb, Army also retained its expeditionary/conventional warfighting culture, grounded in its history and doctrine. Overwhelmingly, Army officers interviewed for this study articulated a strong, simple, fundamental disagreement with DoA. This strategic guidance polarised the Army-Government relationship.

While consistent with Army's culture, DoA resistance had consequences. Brabin-Smith's 'recalcitrant' quote suggests a Defence civilian perception of Army provider capture (i.e. an agent unresponsive to its principal). The 1994 Defence White Paper (DWP94) provides stronger evidence that Army's so-far incremental response to Dibb was perceived by its principal as inadequate.

¹⁶ Chief of the Defence Force, General John Baker, National Press Club Address, 27 Nov 1996, (DVD audio-visual recording).

¹⁷ Peter Leahy, 'Middle East: Our troops, and the nation, need a strategy', *The Australian*, 15 Aug 2015. The original context was 'Australia' (cf. Army) and in a coalition (i.e. multi-national military) sense. Neil James is currently Executive Director of the Australia Defence Association.

¹⁸ Peter Abigail, interview 03 Dec 2015.

DWP94 forced the structural issue

DWP94 forced the structural issue. Under severe budget constraints during recovery from economic recession,¹⁹ DWP94 re-iterated DoA as the primary force structure determinant;²⁰ and directed an Army force structure review:

*to be completed by late 1995 [to] establish what further adjustment to its structure is necessary. This review will address...number and readiness of infantry units...benefits of additional ground reconnaissance units...balance between Regular and Reserve elements of the force and...resource implications.*²¹

This review became A21.

Emerging Policy Ambiguity

This chapter's second argument is that by 1994, policy ambiguity was emerging: while DWP94's *declared* strategic guidance emphasised DoA, there was increasing recognition by senior defence civilians of the need for *some* Army expeditionary options. The evidence for this follows.

First, DWP94 boldly assumes that a DoA force structure would also provide Government with 'sufficient range of options to meet'²² other contingencies. DWP94 carefully stated that *other* operations (e.g. expeditionary peace operations) 'need not, and will not, influence the force development process other than at the margins'.²³ This was a convenient policy device: Government was signalling that Army should force structure for DoA: but 'be prepared to' provide *some* expeditionary capability. While this approach dates from at least DWP87, this guidance became *forte* ambiguous for Army by DWP94, because the expeditionary 'margin' was undefined; yet Government expectations appeared increasingly stretched. Regional deployments (e.g. Bougainville and Irian Jaya)²⁴ and the near miss of Morris Dance²⁵

¹⁹ David Gruen, *The Australian Economy in the 1990s*, Reserve Bank of Australia Bulletin, Oct 2000, 6 pp.

²⁰ Department of Defence, *Defending Australia: Defence White Paper 1994*, (Canberra, ACT, Australia: Commonwealth of Australia, Australian Government Publishing Service, DPUBS 12065/94 1994), para 4.48, p. 33.

²¹ Department of Defence, *Defending Australia*, para 5.50, p. 49.

²² Department of Defence, *Defending Australia*, para 3.11, p. 15.

²³ Department of Defence, *Defending Australia*, para 10.11, p. 106.

²⁴ Blaxland, *The Australian Army from Whitlam to Howard*, p. 135.

²⁵ Blaxland, *The Australian Army from Whitlam to Howard*, p. 64-68.

underscored the strategic ‘tyranny of dissonance’²⁶ where Government practice deviated from its DoA theory.

Second, senior Defence civilians acknowledge that DoA thinking climaxed in Government with Dibb’s Review and DWP87; then shifted somewhat in the expeditionary direction very soon after, as Government considered responses to civil/political unrest in Fiji and Vanuatu. However, the three senior defence civilians interviewed differ in the degree to which they viewed this strategic guidance as ambiguous. Hugh White labelled the emerging ambiguity as a “policy disconnect”.²⁷ Brabin-Smith was more circumspect, indicating “yes it is true...having a good set of options up the Government’s sleeve for deploying the armed forces outside Australia...was [by 1994] becoming more important”²⁸ though he qualifies this as “at the margins” and not intended as a force structural determinant – as stated in DWP94. Ric Smith²⁹ concurred with this view, describing a “graduation” in the strategic guidance from 1986/87’s strong-form DoA (very limited expeditionary intent) to weaker-form DoA (*some* expeditionary intent) by 1994. Neither Brabin-Smith nor Smith viewed DWP94’s guidance as ambiguous; though it must be noted that public servants are culturally conditioned to manoeuvre comfortably within policy ambiguity.³⁰ Blaxland contends the ‘tyranny of dissonance’ ‘was not so sharply felt by Defence policy-makers’.³¹ Whether ambiguity was Government’s intent in 1994, all three sources agree some expeditionary capability was.

Third, there was more than public service cultural conditioning contributing to the policy ambiguity. White describes two very practical reasons why DoA was difficult to revise – even once Government wanted to. First, following DWP87’s perfected DoA narrative, DoA had a life of its own. Politicians of both persuasions recognised the Australian public

²⁶ Michael Evans, *The Tyranny of Dissonance: Australia’s Strategic Culture and Way of War 1901-2005*, Land Warfare Studies Centre (LWSC), Study Paper No. 306, (Canberra, ACT, Australia: Land Warfare Studies Centre), Feb 2005.

²⁷ Hugh White, interview 18 Nov 2015. Professor White was a contributing author to DWP94.

²⁸ Richard Brabin-Smith, interview 18 Feb 2016.

²⁹ Dr Ric Smith was then Deputy Secretary, Strategic Policy (Department of Defence) and coordinating author of DWP94.

³⁰ E.g. The Australian Public Service (APS) Integrated Leadership System (ILS) contains five capabilities used as assessment criteria in APS recruitment processes. The ‘Shapes Strategic Thinking’ capability includes ‘Works effectively in situations of ambiguity and with issues that cannot be immediately resolved’. Australian Public Service Commission, *Integrated Leadership System (ILS), Individual Profile, Senior Executive Service (SES) Band 1*, (Canberra, ACT, Australia: Australian Public Service Commission (APSC), 2004), p. 62.

³¹ Blaxland, *The Australian Army from Whitlam to Howard*, p. 70.

identified with DoA.³² Second, Tange-era perspectives amongst Defence civilians meant their strategic planners favoured DoA because it “imposed a discipline”,³³ Abigail, from a military perspective, contends DoA “was about keeping a lid on Army”.³⁴ This is evidence of Government perceiving its agent, Army, as captive to its own expeditionary interests, despite relatively benign geo-strategic circumstances and investment prioritisation towards other capabilities within Defence’s constrained budget.

Government’s reluctance to change the declaratory DoA narrative contributed to the policy ambiguity. Though recognising the increasing need for expeditionary capability, force structuring *outside* the margins could not be *declared* due to inconsistency with DoA; further, it was important to curb Army’s expeditionary ambitions in force structuring. DWP94’s force structuring guidance was a convenient policy device that reinforced DoA orthodoxy, veiling expeditionary possibilities.

This ambiguous guidance sat uncomfortably beside Army’s cultural predilection for simple, clear and direct logic.³⁵ DWP94’s policy device transferred significant ambiguity to Army to resolve in A21. It posed challenging and practical questions for Army: how big was the ‘margin’? How much expeditionary capability was likely to be enough? Was it possible to force structure for DoA with *a little bit* of expeditionary capability, beyond Army’s existing provision for that, the 3rd Brigade’s Ready Deployment Group?³⁶

This policy ambiguity was a strategic driver for A21’s development. DWP94’s force structure review required a DoA force structure *and* some expeditionary capability. The implicit guidance was:

stop thinking...in terms of building a force for deployment;... [or] of preserving something [from] the Forward Defence era;... [or] like something that was

³² Hugh White (interview 18 Nov 2015), Mark Thomson (interview 25 Nov 2015) and Ian McLachlan (interview 07 Dec 2015) concurred on this point. In McLachlan’s words, such was the “Vietnam conscience” in the Australian community, that “to change the verbage [from DoA] you had to be careful”.

³³ “...and stopped the Army from asking for too much”. Hugh White, interview 18 Nov 2015.

³⁴ Peter Abigail, interview 03 Dec 2015.

³⁵ See Chapter 2.

³⁶ David Connery, *Which Division? Risk Management and the Australian Army’s force structure after the Vietnam War*, Australian Army History Unit Occasional Paper Series, (Canberra, ACT, Australia: Defence Publishing Service, DPS JUN023-14, Jul 2014). See also David Connery, ‘The Strategic Director: ambiguity, the Army and the East Timor crisis of 1999’, Chapter 3 in D.K. Connery (ed), *The Battles Before: Case Studies of Australian Army Leadership 1972-2010*, (Sydney, NSW, Australia: Big Sky, 2016).

a... WWII... expansion base; start looking like something... designed for the job that the Government said it wanted [done].³⁷

DWP94's force structure review *ipso facto* demonstrates a perception that the existing (divisional) structure did not satisfy these Government requirements. In A21, Government sought a structural response and transformational change.

Budget Driver

According to Hugh White “what drove... A21... was the desire to redesign an Army that: (a) we could afford; and (b) would more closely meet the task[s] the Government had given it”.³⁸ This section expands on A21's budget driver, presenting this Chapter's third argument: A21 was *also* motivated by a resource claim on Army by the other two services. This could only be done by challenging Army's substantial operating budget for salaries sustaining the (albeit emaciated) divisional structure. This is evidenced as follows. First, the review concept originated not from the (civilian) DWP94 drafting team, but from the Chiefs of Service Committee (COSC), under CDF Admiral Alan Beaumont, in July 1994:³⁹ Australian Defence Headquarters (ADHQ) *directed* the review, which DWP94 subsequently included. The Defence capital budget split between Navy, Airforce and Army was then 45:45:10.⁴⁰ Second, CGS Grey states the objective of Navy and Airforce within COSC then was to further increase their budget shares.⁴¹ This seems a credible legacy of DWP87's air and naval investment emphasis.⁴² Third, Brigadier (later Major General) Peter Dunn (A21 Lead) recalls CDF Baker's remarks during the former's in-brief:

Army has never faced a greater threat to its establishment than what it does now... they [i.e. RAN and RAAF] needed money, and Army is going to lose money unless we can justify a structure.⁴³

³⁷ Hugh White, interview 18 Nov 2015.

³⁸ Hugh White, interview 18 Nov 2015.

³⁹ John Hartley, 'An Australian Army for the 21st Century', in J.M. Malik (ed), *The Future Battlefield*, (Geelong, VIC, Australia: Deakin University Press, 1997), p. 210. COSC = Chiefs of Service Committee. COSC contained the CDF, Vice CDF, and the respective Chiefs of Service of the Navy, Army and Airforce. Admiral Alan Beaumont was CDF from 17 Apr 1993 - 06 Jul 1995.

⁴⁰ Brice Pacey, interview 02 Dec 2015.

⁴¹ John Grey, interview 04 Feb 2016.

⁴² Department of Defence, *The Defence of Australia*, p. viii, 108.

⁴³ Peter Dunn, interview 18 Nov 2015.

Unfortunately, Baker cannot be interviewed;⁴⁴ however he drafted A21's Terms-of-Reference, and it seems likely he viewed A21 as a defensive measure to justify Army's operating budget. ADHQ's change management message was clear: "don't tell us you have a Division because you have a Division".⁴⁵ Not only was budget justification the second key A21 driver, the solution needed to appear significantly different from the divisional structure. A21 demanded a transformational, not an incremental, change.

The Cultural Capture Dilemma

While capture is difficult to 'prove' in intent, action and outcome,⁴⁶ this Chapter's final argument is that Army's DoA resistance can be interpreted as a form of provider capture. *Prima facie*, this is based on three pieces of evidence. First, DoA clashed with Army's expeditionary and conventional warfighting culture, grounded in its history and doctrine. Simply: DoA ran contrary to evidence from Army's expeditionary history. Second, DoA threatened Army's material self-interest (defined as the maintenance of Army's existing capabilities, as a minimum). But most importantly: Army disagreed with the minimalist strategic role Government had assigned it.

Carpenter and Moss differentiate strong-form⁴⁷ from weak-form capture.⁴⁸ Army's DoA resistance was *weak-form* capture in two respects. First, until 1994, Government had not expressly directed Army to restructure (so Army's failure/reluctance to was not overt defiance). Second, Army's pre-A21 'Core Force' structuring principle and divisional structure retention was not *contrary* to the national interest (hence not subverting Government's ultimate intent).

⁴⁴ John Baker passed away 09 Jul 2007.

⁴⁵ Peter Dunn, interview 18 Nov 2015.

⁴⁶ Daniel Carpenter, 'Detecting and Measuring Capture', in D. Carpenter and D.A. Moss (eds), *Preventing Regulatory Capture: Special Interest Influence and How to Limit It*, (New York, USA: Cambridge University Press, 2014), p. 63.

⁴⁷ 'Strong capture violates the public interest to such an extent that the public would be better served by either (a) no regulation of the activity in question – because the benefits of regulation are outweighed by the costs of capture, or (b) comprehensive replacement of the policy and agency in question'. Daniel Carpenter and David A. Moss, 'Introduction', in D. Carpenter and D.A. Moss (eds), *Preventing Regulatory Capture: Special Interest Influence and How to Limit It*, (New York, USA: Cambridge University Press, 2014), p. 11.

⁴⁸ 'Weak capture, by contrast, occurs when special interest influence compromises the capacity of regulation to enhance the public interest, but the public is still being served by regulation, relative to the baseline of no regulation. In other words, weak capture prevails when the net social benefits of regulation are diminished as a result of special interest influence, but remain positive overall'. Carpenter and Moss, 'Introduction', p. 11.

This and the last Chapter have underscored the contribution of Army's culture to its DoA resistance. Further linkage with emerging theory from the provider capture field is possible. Kwak recently defined the concept of *cultural capture*, where an organisation becomes captured by ideologies framing its worldview, actions and decisions.⁴⁹ Cultural capture offers immediate potential explanatory value on Army's DoA resistance. For example, it can be argued that Army's perception of national interest differed from its principal; and was probably defined over different time horizons.⁵⁰ Abigail's 'DoA was crazy' quote is the evidentiary *leitmotif* of the overwhelming Army officer rejection of DoA as serving the national interest, expressed in interviews for this sub-thesis. However, it follows that Army's pre-A21 'Core Force', divisional structuring principle – and budget bids based on it - tends to (subconsciously?) conflate self-interest (protection and enhancement of expeditionary and conventional capabilities) with Army's perception of national interest (not DoA). This renders distinction between the two motivators (self- and national-interest) difficult – for the agent, principal or other stakeholders. This circularity is the cultural capture dilemma.⁵¹

The first of three counter-arguments to cultural capture is that the period's strategic guidance was vague and unendorsed.⁵² This is reasonable pre-1986; but not afterwards (prior to DWP94), given the clarity of Dibb's recommendations. Second concerns the principal's competence. Simply: Army resisted (post-1986) DoA because it was poor strategy. Without questioning the civil power's authority, Army may nonetheless question the *quality* of strategic guidance. This counter-argument is expertise-based: 'professional military judgement' (Aristotelian *ethos*), noting Army's culture is rationally-founded upon its history and doctrine. Army, as a guardian responsible for national security, claims genuine concern for how the national interest is best-served. This counter-argument's two weaknesses are: (1) *indistinguishability* from Army's material self-interest (introducing perception/possibility of cultural capture, absent independent corroborative evidence (i.e. an immediate ground-based threat)); and (2) Army's absence in the era's strategic debate (cultural capture being uncondusive to *logos* arguments). Third, Army's actions reflect conscious and unconscious

⁴⁹ James Kwak, 'Cultural Capture and the Financial Crisis', in D. Carpenter and D.A. Moss (eds), *Preventing Regulatory Capture: Special Interest Influence and How to Limit It*, (New York, USA: Cambridge University Press, 2014), p. 79.

⁵⁰ The respective force structuring principles of agent and principal symbolise this difference: Army's pre-A21 'Core Force' structuring principle is long-run; Government's DoA threat-based force structuring principle is short-to-medium-run.

⁵¹ Kwak, 'Cultural Capture and the Financial Crisis', p. 78.

⁵² E.g. later Chief of Army Lieutenant General Frank Hickling refers to this period as one of 'strategic drift'. Frank Hickling, interview 13 Aug 2015.

risk management;⁵³ hedging against Government tasks for which it is unprepared. Risk management is not inconsistent with cultural capture –an Army perception of national interest varying from its principal simply elevates risk management to cultural capture.

The more parsimonious explanation - Army's cultural capture - rendered A21 both an opportunity and challenge. A21 was Army's opportunity to respond to its principal's interests (expressed in DWP94's policy ambiguity of declaratory DoA alongside some expeditionary capabilities) by designing a structure meeting the former overtly; and the latter implicitly. This structure could be win-win, if it also protected/enhanced capabilities Army valued. The challenge was for Army to overcome its cultural capture and DoA resistance.

Conclusion

This Chapter identified two key drivers for A21. The first was strategic, originating from Government; and revealed through two arguments. First, Army was initially relatively unresponsive to Dibb's Review, making only incremental changes amidst a culture of DoA resistance. Army's divisional structure remained largely intact, and Army's DoA unresponsiveness prompted Government to direct an Army force structure review in DWP94: this became A21. Second, a policy ambiguity emerged around DWP94; Army's force restructure was required to achieve overt conformance with DoA; yet provide *some* expeditionary options.

The second driver was budgetary pressure principally from Navy and Airforce in COSC. This chapter argued the motivation was these services' desire for increased allocation within Defence's constrained budget. A21 was conceived as a mechanism for Army to justify a structure (and budget). Together, these strategic and budget drivers compelled transformational change.

Finally, the Chapter argued Army's DoA resistance can be interpreted as a form of provider capture. *Prima facie*, DoA threatened Army's material interests; but Army's DoA resistance stemmed from the fundamental clash between DoA and Army's expeditionary and

⁵³ Highlighted theoretically by Stephan Frühling, 'Defence Planning as Risk Management', Chapter 2 in S. Frühling, *Defence Planning and Uncertainty*, (Routledge, 2014), p. 18-43; and in practice by Connery, who contends Army's leadership risk-managed during the 1970s, describing how Army sought to save the 'silverware' (its infantry battalions). Connery, *Which Division?*, p. 17.

conventional warfighting culture. Army's DoA resistance shows evidence of weak-form capture; Army did not overtly defy Government direction; and resistance was not aimed at subverting the principal's ultimate intent (the national interest). However, Army's view of the national interest was at variance with its principal; and happened to conflate with its self-interest. This opens Army to the charge of cultural capture, an agent unable to differentiate these motivators and thus hampered in communications with its principal.

Assembling these findings presents A21's transformational change as both an opportunity and challenge. The strategic driver was Army's opportunity to respond with capabilities wider than just DoA; the budget driver an opportunity to justify operating budget. But Army's challenge was overcoming cultural capture to embrace A21, despite its DoA premise. Chapter 4 examines how Army handled A21's change management opportunity and challenge.

Chapter 4: A21 (1995-1996)

In 1995, new Chief of the General Staff Lieutenant General John Sanderson did not tackle the DoA strategic orthodoxy directly, recognising instead A21 as an opportunity to boldly transform Army's divisional force structure:¹ and hence win more capability resources. This Chapter contends A21 was a capability game, mounting four arguments. First, Army's primary A21 objective was winning capability resources. Second, A21's force structure was designed to meet DoA *and* other contingencies. Third, A21 encountered significant internal resistance from Army's senior leaders, mostly cultural. Finally, Sanderson persevered to build political sponsorship with the new Coalition Government, primarily to advance Army's capability resourcing: but with qualified success. In change management terms, A21's capability game undermined 'a clear, shared, credible vision' and 'senior leadership buy-in' internally; and achieved only qualified 'political sponsorship' externally. These arguments are developed in the following four sections.

Sanderson's Objective was Winning Capability Resources

Sanderson's primary A21 objective was winning more capability resources, evidenced as follows. First, Sanderson's earlier role as Assistant Chief of the Defence Force – Force Development (ACDEV) reinforced for him Army's imperative to win more capability resources.² Second, Sanderson's method used A21 to 'say what we need, as opposed to what we have'³ ... 'in terms that will stand up in the Centre...to any scrutiny'.⁴ Sanderson's deputy, Major General John Hartley, summarised 'two positive outcomes' from A21 in the Chief of the General Staff's Advisory Committee (CGSAC): 'a very clear and definitive vision of where Army is going' and 'to redress the...Army...resourcing...decline'.⁵

Third, Sanderson exploited Government's policy ambiguity with the declared strategic guidance of DoA low-level contingencies alongside interest in wider capabilities.⁶ Believing

¹ "He [Sanderson] wanted a 'bold and innovative solution', and it was". Frank Hickling, interview 13 Aug 2015.

² John Sanderson, interview 23 Nov 2015.

³ Australian Army History Unit (AAHU), *Chief of the General Staff's Advisory Committee (CGSAC) (1994-1996) / Chief of Army's Senior Advisory Group (CASAG) (1997-1998) Proceedings*, (Canberra, ACT, Australia: Australian Army Headquarters, 1994-1998), Agenda Item 2: A21 Progress Report, dated 31 Aug 1995, para 35, p. 6. and para 24, p. 5.

⁴ AAHU, *CGSAC Proceedings*, Minute No. 9/95, 'Deployment of the Land Force in Defence of Australia during Short Warning Conflict', dated 27 Jul 1995, para 23, p. 4.

⁵ AAHU, *CGSAC Proceedings*, Agenda Item 2: A21 Progress Report – CCC Agendum Conclusions (Draft), dated 30 Nov 1995, para 5, p. 2.

⁶ AAHU, *CGSAC Proceedings*, Agenda Item 2: A21 Progress Report, dated 31 Aug 1995, para 28, p. 6 and AAHU, *CGSAC Proceedings*, 'A21 Progress and Issues for Consideration', dated 08 Nov 1995, para 28, p. 7.

future conflict would inevitably feature Army; Sanderson liberally interpreted DoA to mean defending Australia “against whatever”.⁷ The policy ambiguity enabled Sanderson to believe he was fulfilling the strategic guidance. This was the sense in which A21 was a capability game. Sanderson’s approach, dating from his ACDEV role, separated the political setting of strategic guidance from the military process of developing capabilities.⁸ In A21, he recognised ‘much...flexibility...allowing a force to be constructed which sustains the central and enduring ethos of the organisation and maintains latent capabilities in other levels of conflict’.⁹

Finally, Sanderson exploited a promising reform environment. Sanderson commenced relatively well-endowed with political capital¹⁰ from Defence civilians, who were confident A21 would generate “more useful capability more quickly”.¹¹ Brigadier Peter Dunn was selected to lead A21 as the newly created Director General, Force Development – Land, with defence civilian contributions from Force Development and Analysis (FDA) Division within the Department of Defence.¹² The team was respected by Defence civilians.¹³ Finally, Army initially greeted A21 with some keenness, following years of neglect.¹⁴ These were promising change management precursor conditions for A21.

Moderating an exclusive focus on winning capability resources, however, other reformist objectives in A21 can be attributed to Sanderson. First, he was interested in DoA as a non-trivial military problem,¹⁵ and new doctrinal concepts, especially ‘strategic manoeuvre’.¹⁶ Second, Sanderson was aware of cultural barriers to reform, seeing senior Infantry generals’

⁷ John Sanderson, interview 23 Nov 2015. This is also supported by evidence from the Defence Annual Report, 1994-95, which lists four Objectives for the Combat Forces, none suggestive of low-level contingencies. Department of Defence, *Defence Annual Report, 1994-95*. (Canberra, ACT, Australia: Australian Government, 1995), p. 85.

⁸ John Sanderson, interview 23 Nov 2015.

⁹ AAHU, *CGSAC Proceedings*, Agenda Item 2: A21 Progress Report, dated 21 Sep 1995, para 18, p. 3.

¹⁰ Nicholas Jans, *The Chiefs: A Study of Strategic Leadership*, (Australian Defence College, Commonwealth of Australia, 2013), p. 61.

¹¹ Hugh White, interview 18 Nov 2015.

¹² FDA Division was tasked with independently critiquing the force structure proposals presented by the Services to the Defence Committee process. Ralph Neumann was Assistant Secretary, Force Development, and a member of the A21 Working Group.

¹³ Hugh White, interview 18 Nov 2016.

¹⁴ Peter Leahy, interview 22 Mar 2015.

¹⁵ John Sanderson, interview 23 Nov 2015.

¹⁶ John Sanderson, ‘A Perspective on the Operational Art’, Keynote Address to the Senior Officer Study Period, Command and Staff College, Fort Queenscliff, 25 September 1995. See also AAHU, *CGSAC Proceedings*, Agenda Item 2: A21 Progress Report, para 24, p. 5.

simple insistence on more fully-manned battalions as unrealistic given budget constraints.¹⁷ Third, he had previously in his career championed extraction of more capability from the Army Reserve.¹⁸ A21 can be interpreted as a pretext to pursue these reforms, some aligned with views outside Army.¹⁹ These reforms were also useful for demonstrating A21 was a convincing package, not just an ambit capability bid.²⁰

Dunn faced three challenges in A21. First, the methodology and resultant force structure needed to justify Army's operating expenditure.²¹ Second, Dunn needed to fulfil the A21 Terms-of-Reference, an amalgam of Army's problematic issues including hollowness, readiness, Regular/Reserve balance and introducing new technology. Finally, Dunn and his project officer, Lieutenant Colonel (later Major General) Dave Chalmers had a tight CGSAC deadline of December 1995.²²

Dunn pursued a three-part methodology. First was a consultative approach based on focus groups – at Staff College, in each of the Brigades, amongst Reserve formations, and with the other two Services.²³ Second was Assumption Based Planning (ABP), reflecting novel corporate ideas emanating from RAND Corporation.²⁴ Dunn presented each focus group with A21's scenario, its assumptions and constraints (strategic guidance, budget etc) and allowed groups to workshop their solution as a staff exercise. Third was 'an exhaustive study' to synthesize this material into the final A21 report, tabled in CGSAC in November 1995.²⁵

¹⁷ John Sanderson, interview 23 Nov 2015.

¹⁸ J.M. Sanderson and B.N. Nunn, *Army Reserve Review Committee report on the force structure and tasks of the Army Reserve*, (Canberra, ACT, Australia: Australian Army Reserve, October 1986).

¹⁹ AAHU, *CGSAC Proceedings*, Annex A to Agenda Item 15: A21 Progress Report, dated 27 Oct 1995, 'Summary of Contemporary Debate on Reserves'.

²⁰ AAHU, *CGSAC Proceedings*, Agenda Item 2: A21 Progress Report – CCC Agendum Conclusions (Draft), dated 30 Nov 1995, para 5, p. 2.

²¹ AAHU, *CGSAC Proceedings*, Agenda Item 2: A21 Update, dated 27 Jul 1995, para 8, p. 2; AAHU, *CGSAC Proceedings*, Agenda Item 2: A21 Progress Report, dated 31 Aug 1995, paras 14 and 17, p. 3-4; AAHU, *CGSAC Proceedings*, Agenda Item 2: A21 Progress Report – CCC Agendum Conclusions (Draft), dated 30 Nov 1995, para 20, p. 4; and AAHU, *CGSAC Proceedings*, Agenda Item 2: A21 Progress Report, dated 31 Aug 1995, para 38, p. 7.

²² This deadline had been specified in DWP94. See also: AAHU, *CGSAC Proceedings*, Agenda Item 13: General Business, dated 09 Mar 1995, para 52, p. 11; and AAHU, *CGSAC Proceedings*, Minute from DCGS to CGSAC: 'CGSAC Submission 8/95', dated 26 Jun 1995.

²³ AAHU, *CGSAC Proceedings*, Submission: Employment of the Land Force in the Defence of Australia during Short Warning Conflict, dated 07 Jul 1995, para 3, p. 2.

²⁴ James A. Dewar, Carl Builder, William M. Hix and Morlie H. Levin, *Assumption-Based Planning: A Tool for Very Uncertain Times*, (Santa Monica, CA, USA: RAND Corporation, 1993).

²⁵ AAHU, *CGSAC Proceedings*, Agenda Item 1: A21 WG Progress and Activities, dated 08 Nov 1995, para 4. See also AAHU, *CGSAC Proceedings*, dated 30 Nov 1995.

The A21 package included a force structure, operational and personnel concepts, and equipment consequences. Dunn proposed a transformational change to Army's structure. Key recommendations were:

- abolition of divisional structures, including headquarters²⁶ and 'examination...[of] the continuing utility of Corps';²⁷
- creation of flexible task force (TF) structures with armour, artillery and engineers embedded at unit (battalion) level;
- a substantial increase in Special Forces; and
- major increases in helicopters and vehicles.

Aligned with DoA strategic guidance, the seven TFs were notionally assigned areas across Northern Australia, with a Pilbara, Cape York, Kimberley, Darwin and Offshore TF.²⁸ This force disposition was supported by a new operational concept: Detect-Protect-Respond.²⁹ The A21 TFs were designed for dispersed, independent operations, low force-to-space ratios and "flexibility in contact"³⁰ – concentrating and dispersing contingent upon the threat scenario. These concepts resonated with Sanderson's interests in 'strategic manoeuvre'.

A21 required 2,500 *more* personnel than the existing force³¹ so an innovative personnel concept was required to fit the Terms-of-Reference budget envelope. A21 proposed substantially increasing Reserve involvement, through **integrated** units. Fortunately, the Ready Reserve (RRes) scheme, spearheaded by the 6th Brigade in Brisbane, was generating quality Reserve capability fit for A21's purpose.³² Sanderson recognised the RRes model for delivering higher capability levels more cheaply than the Australian Regular Army.³³

²⁶ AAHU, *CGSAC Proceedings*, Agenda Item 15: A21 Progress Report, dated 27 Oct 1995, para 136, p. 19.

²⁷ Department of Defence, *Restructuring the Australian Army: A Force Structure for the Army of the Future*, (Canberra, ACT, Australia: Commonwealth of Australia, DPUBS: 24432/96, DPVC, Feb 1997), p. 96.

²⁸ The two remaining TFs were 'Southern'. The Offshore TF Level 2 performance standards included: 'respond offshore if required' and 'able to be sustained offshore'. AAHU, *CGSAC Proceedings*, Report to CGSAC, 27 Oct – Item 15: A21 Progress Report, dated 18 Oct 1995, Annex B: 'Land Force Component – Level Two'.

²⁹ AAHU, *CGSAC Proceedings*, Submission 8/95: 'Employment of the Land Force in the Defence of Australia during Short Warning Conflict', dated 26 June 1995, para 25, Figure 1, p. 6.

³⁰ John Sanderson, interview, 23 Nov 2015.

³¹ P.J. Dunn (Brigadier), R. Neumann, W. Traynor (Brigadier), W. Spears (Group Captain) and A. Bedford (Brigadier), *Army in the 21st Century – Phase 3 – Options for the Future*, A21 Army Structure Review. Report submitted to CGSAC, dated 30 Nov 1995, para 173 and 175, p. 52-53.

³² AAHU, *CGSAC Proceedings*, Agenda Item 6: Full Time / Part Time Balance, dated 08 Nov 1995, paras 115, 119. See also Lieutenant General Coates and Dr Hugh Smith, *Review of the Ready Reserve Scheme*, (Canberra, ACT, Australia: Australian Army, 30 Jun 1995).

³³ AAHU, *CGSAC Proceedings*, Report to CGSAC, 27 Oct: Item 15: A21 Progress Report, dated 18 Oct 1995, Annex C, 'Employment of the Army Reserve – A Concept for the A21 Review', 'Reserves in the Total Force',

Influenced by the US ‘Revolution in Military Affairs’ (RMA),³⁴ A21’s force structure proposed high-technology surveillance and communication assets and major investments in air and ground mobility assets (helicopters, Bushmasters and ASLAVs).³⁵ As a force structure, operational and personnel package, A21 met its Terms-of-Reference; it was also a powerful capability development argument.³⁶

Designed for DoA *and* other Contingencies

A21 was designed to fulfil DoA *and* wider contingencies. Four pieces of evidence support this. First, the A21 study included unofficial contestability work by the Directorate of Army Research and Analysis (DARA), under Colonel (later Chief of Army Lieutenant General) Peter Leahy. Tasked with ‘stress testing’ A21’s assumptions (an implicit ABP requirement), DARA analysed A21 at two levels. *Prima facie*, DARA tested the explicit A21 assumptions specified by the Terms-of-Reference and by the A21 Working Group (WG). At another level entirely, DARA tested the A21 structure against a range of ‘non-DoA’ scenarios. While not specifically commissioned, DARA deemed this required to test the WG-specified assumption that ‘forces developed for DoA provide a sufficient range of options to meet other tasks’.³⁷ The non-DoA scenarios were extremely sensitive: senior Defence civilians shut this work down once it became known.³⁸ Importantly, however, its underlying thought processes valuably informed A21: “What we put forward publically was a koala bear... what we had in the background, in private, was a range of plausible contingencies”.³⁹

DARA’s Annex to the final A21 Report, tabled in CGSAC in November 1995, titled ‘Testing the Vulnerability of Assumptions for A21’, noted A21’s biggest challenge was the ‘policy deficit’ of ‘a lack of a national concept for the defence of Australia’. It noted DWP94’s strategic guidance specified that non-DoA tasks ‘are not considered force structure

para 7 and ‘Force Structure Considerations’, para 27(b). See also: Australian Army Headquarters, *The Army Plan 1998*, (Canberra, ACT, Australia: Australian Army, 1998), para 13, p. 4; and A.K. Wrigley, *The Defence Force and the Community: A partnership in Australia's Defence*, (Report Commissioned by the Minister for Defence, 1990).

³⁴ J. Mohan Malik, (ed) *The Future Battlefield*, (Geelong, VIC, Australia: Deakin University Press, 1997), 288 pp; Michael Brennan, interview 21 Dec 2015.

³⁵ Dunn et al., *Army in the 21st Century*, para 150, Table 4, p. 47. Note that ‘Bushmaster’ was an evolution of the previously labelled ‘Bushranger’ vehicle program. ASLAV = Australian (AS) Light Armoured Vehicle.

³⁶ Dunn et al., *Army in the 21st Century*, para 9, p. 3.

³⁷ Directorate of Army Research and Analysis (DARA), *Testing the Vulnerability of Assumptions of A21*, Unpublished Annex J to A21 Final Report, tabled at CGSAC, 30 Nov 1995, p. 28 (copy in possession of author). The full list of Assumptions is sensitive and is not reproduced in this sub-thesis.

³⁸ Undisclosed source, team member working within DARA at this time, interview Dec 2015.

³⁹ Undisclosed source, team member working within DARA at this time, interview Dec 2015.

determinants, except at the margins'. The Annex highlights the A21 team's skilful use of DWP94's terms 'Adaptability and Versatility' to develop the A21 structure. These terms had been interpreted liberally enough for DARA to provide CGSAC independent assurance that A21 had 'the adaptability and versatility to be employable in the wide variety of future security roles that may be required by government'. In addition to challenging the Terms-of-Reference budget envelope, the Annex's criticism of the 'scarcely credible contingencies' of extant DoA strategic guidance was too controversial to risk further circulation.⁴⁰ The Annex is notably absent in the official CGSAC files, and was alternatively sourced for this study.

The second set of evidence is from the CGSAC Proceedings. These show clearly intent to retain and build wider capabilities.⁴¹ A21 proposed expansion of Special Forces (SF) capability.⁴² As SF capability can be legitimately trained for and tasked with non-DoA activities, and as these activities are highly classified, this discreetly built non-DoA capability while explicitly focusing the conventional forces on declaratory DoA.⁴³

The third piece of evidence relates to A21's treatment of the arms corps.⁴⁴ Rather than reducing Army's conventional warfighting capabilities, A21 massaged these to fit DoA. This is evidenced as follows. First, contrasting with the Dibb Review's recommendation against armour, A21 "gave us permission to buy two tank regiments".⁴⁵ Sanderson describes "working hard" to retain tanks, evidence he interpreted the DoA strategic guidance liberally, preparing Army for more than low-level contingencies. Second, Sanderson, a former commander of the 1st Brigade, espoused the warfighting tenets of 'firepower, mobility and

⁴⁰ DARA, *Testing the Vulnerability of Assumptions of A21*, p. 25, 11, 27, 26 and 15. See also AAHU, *CGSAC Proceedings*, 'Aspects of a Maritime Focus in the Defence of Australia and its Interests', DARA draft paper as at 17 Nov 1996, para 16.

⁴¹ E.g. AAHU, *CGSAC Proceedings*, Minute: 'CGSAC Submission 8/95 – Employment of the Land Force in the Defence of Australia during Short Warning Conflict' (revised), dated 18 Jul 1995, Annex, paras 6 and 14; AAHU, *CGSAC Proceedings*, Agenda Item 2: A21 Progress Report, dated 31 Aug 1995, para 51, p. 9; and AAHU, *CGSAC Proceedings*, 'Army Submission to the A21 Working Group: Achieving Adaptability and Versatility within the Land Force Structure derived to support Short Warning Conflict'. Annex F to Agenda Item 15: A21 Progress Report, dated 27 Oct 1995, p. 10; para 15, p. 4 and para 23-24, p. 7.

⁴² AAHU, *CGSAC Proceedings*, Agenda Item 2: A21 Progress Report, dated 31 Aug 1995, para 13, p. 3; AAHU, *CGSAC Proceedings*, Agenda Item 15: A21 Progress Report, dated 27 Oct 1995, para 113, p. 17.

⁴³ AAHU, *CGSAC Proceedings*, Agenda Item 2: A21 Progress Report, dated 31 Aug 1995, para 27, p. 5.

⁴⁴ Within the contemporary Army, the 'arms corps' include infantry, armour, artillery, engineers and aviation. These combat arms are differentiated from the 'support' corps, including logistic, health and other services. The arms corps context here refers specifically to armour, artillery and engineers, elements of which were embedded within the infantry-based TFs.

⁴⁵ John Sanderson, interview 23 Nov 2015. The Australian Army, then and since, has only one regiment of tanks.

protection' throughout his career including as CGS.⁴⁶ Finally, Major General Fergus McLachlan, then a junior (armoured corps) officer, offered the retrospective view that A21 was "about hiding tanks in the structure".⁴⁷ This armour lens interprets A21's unit-level embedding of combat arms as eliminating an obvious target for criticism by Defence civilians committed to DoA's precepts. Disbanding arms corps regiments by dispersal across A21's TFs preserved capability⁴⁸ while removing the target: a political tactic.

The culminating piece of evidence is A21's force structure itself. Sanderson's 1996 booklet for Army distribution includes a double-page array of A21's seven TFs. This showed a massive military overmatch for DoA's purported low-level contingencies: providing further evidence this force was designed for wider contingencies.⁴⁹ This analysis further expands the Chapter's first argument: A21 was a plan to build Army capability while apparently conforming with DoA: a capability game. Sanderson's former Military Assistant, Lieutenant Colonel Kon Iliadis agreed: "A21 was a ruse".⁵⁰ The next section examines Army's response to this transformational plan.

Dissecting Resistance

A21 challenged more than Army's structure. This section argues that A21 encountered considerable internal resistance. Chapter 2 provides the theoretical framework for interpreting this early resistance: mostly based on cultural grounds.

First, Sanderson encountered strong internal resistance from his own leadership team.⁵¹ One CGSAC general resigned, allegedly in opposition to A21.⁵² Peter Dunn described the artillery

⁴⁶ John Sanderson, interview 23 Nov 2015; Malik, *The Future Battlefield*, 288 pp.; Mark Kelly, interview 17 Dec 2015.

⁴⁷ Fergus McLachlan, interview 01 March 2016. Major General McLachlan is currently Head, Modernisation and Strategic Planning – Army (HMSP-A).

⁴⁸ AAHU, *CGSAC Proceedings*, Report to CGSAC 27 Oct, Item 15: A21 Progress Report, dated 18 Oct 1995, para 19, p. 4.

⁴⁹ AAHU, *CGSAC Proceedings*, Report to CGSAC, 27 Oct, Item 15: A21 Progress Report, dated 18 Oct 1995, Annex F, 'Achieving Adaptability and Versatility within the Land Force Structure derived to support Short Warning Conflict', 'Force Structuring Implications', para 33, p. 9.

⁵⁰ Lieutenant Colonel Kon Iliadis, *pers comm*, 27 Feb 2016.

⁵¹ John Sanderson, interview 23 Nov 2015. See also: AAHU, *CGSAC Proceedings*, Agenda Item 2: A21 Update, dated 27 Jul 1995, para 14, p. 3; AAHU, *CGSAC Proceedings*, Agenda Item 15: A21 Progress Report, dated 27 Oct 1995, para 131, p. 19; and AAHU, *CGSAC Proceedings*, Summary, dated 07 Jul 1995, para 24(b), p. 5.

⁵² Name withheld and known to author. Peter Dunn, interview 18 Nov 2015.

Head of Corps as “apoplectic” around A21’s implications for Artillery Corps.⁵³ Major General (ret’d) Peter Abigail, Deputy Chief of Army from 1998, remarked that immediately following Sanderson’s retirement, he “couldn’t find a single General in Army” who supported A21.⁵⁴

Chalmers identified two sources of A21 resistance from Army’s generals.⁵⁵ First, because they rejected DoA as strategic guidance, they opposed A21’s overt conformance with it. This suggests Army’s expeditionary culture rendered its generals unable to differentiate an unpopular strategy from A21’s capability merits; or unable to accept this ‘capability game’ as a trade-off.⁵⁶ One consequence was that Sanderson couldn’t explicitly communicate to the wider Army that A21 was a capability game, or explain his liberal DoA interpretation underlying A21’s muscular force structure.⁵⁷

But Chalmers also cited Army’s cultural conservatism, noted in Chapter 2.⁵⁸ A21 challenged the vested interests of at least three dominant tribes in Army culture. The first tribe is the Australian Regular Army (ARA). A21 sought an increased role for the Reserve; threatening the ARA’s interests.⁵⁹ The RRes scheme was resisted by the ARA⁶⁰ and the General Reserve, whose rival interests it also threatened.⁶¹ The Coalition was elected with a platform of scrapping the RRes,⁶² evidence of effective lobbying.

The second dominant tribe was the arms corps. From their perspective, DoA had downplayed their role: now A21 proposed to remove their structural identity, threatening established

⁵³ Peter Dunn, interview 18 Nov 2015. These changes *inter alia* included artillery regiments and independent batteries under centralised command of the 2nd Division passed to brigade headquarters: 2nd Division Headquarter artillery was directed to close in July 1998. Australian Army Headquarters, CGS Directive 7/96, ‘Restructure of the Army: Initiating Directive’, dated 31 Oct 1996, p. A-3.

⁵⁴ Peter Abigail, interview 03 Dec 2015. Sanderson retired in June 1998.

⁵⁵ Dave Chalmers, interview 02 Dec 2015.

⁵⁶ AAHU, *CGSAC Proceedings*, Minute No. 9/95, ‘Deployment of the Land Force for Defence of Australia’, dated 27 Jul 1995, para 27, p. 4. See also AAHU, *CGSAC Proceedings*, Submission: ‘Employment of the Land Force in the Defence of Australia during Short Warning Conflict’, dated 27 Jul 1995, para 3, p. 2. Peter Dunn retrospectively describes A21 as “a bridge too far”. Peter Dunn, interview 18 Nov 2015.

⁵⁷ “The hardest part was making people understand”. John Sanderson, interview 23 Nov 2015.

⁵⁸ Dave Chalmers, interview 02 Dec 2015.

⁵⁹ AAHU, *CGSAC Proceedings*, Report to CGSAC, 27 Oct, Item 15: A21 Progress Report, dated 18 Oct 1995, Annex C, ‘Employment of the Army Reserve – A Concept for the A21 Review’, ‘Reserves in the Total Force’, para 10.

⁶⁰ Peter Dunn, interview 18 Nov 2015.

⁶¹ AAHU, *CGSAC Proceedings*, Agenda Item 6: Full Time / Part Time Balance, dated 08 Nov 1995, para 116, p. 18-19. See also AAHU, *CGSAC Proceedings*, Submission No. 8/94, p. 6 and Minute No. 6/94, dated 26 Aug 1994, p. 3; and CGS Submission 1159/94, dated 26 Oct 94.

⁶² Ian McLachlan, interview 07 Dec 2015.

power relationships despite a net capability *gain* to these corps.⁶³ A third dominant tribe is the conventional forces (cf. SF). A21's proposed increase in SF for expeditionary taskings antagonized the conventional tribe.⁶⁴

Further, A21's unconventional drafting process undermined its credibility when back-briefed to the Service.⁶⁵ Given Dunn's focus-group methodology, A21's force structure is a 'bottom-up' solution – a best-fit assembly of contributions from diverse sources and influences. This design process posed an important, real capability question: would the A21 outcome work in the field, in practice? For example, while the tactical political convenience of embedding has been highlighted, this did not guarantee its practical effectiveness. While Sanderson praised Dunn for being "quick",⁶⁶ several interviewees claimed the process was rushed and the outcome artificial. Mark Thomson, then an FDA analyst, stated A21 had "quite an intricate threat picture...it was so precise it had to be contrived".⁶⁷ Lieutenant Colonel Brice Pacey (DARA) contended that A21's focus was capability development, with less attention to tactics and organisations.⁶⁸ This builds on arguments developed in this and the last Chapter. If the technical feasibility of A21's force structure was secondary to the primary objective of securing and increasing Army capability, it is consequentially plausible that technical feasibility issues would arise during implementation. Chapter 2 posited that successful change management requires *both* technical feasibility *and* cultural sensitivity: this section has examined the latter; the following Chapter examines both.

In change management terms, A21's challenge to Army culture had not created a 'clear, shared, credible vision'; nor did it achieve 'senior leadership buy-in'. While Sanderson ultimately carried A21 through CGSAC, the Concepts and Capability Committee⁶⁹ and the Chiefs of Service Committee,⁷⁰ A21 hit a political approval hurdle⁷¹ with the 1996 election of Howard's Coalition Government.

⁶³ John Sanderson, interview 23 Nov 2015.

⁶⁴ AAHU, *CGSAC Proceedings*, Agenda Item 2: A21 Progress Report, dated 31 Aug 1995, para 27, p. 5. Note that CGSAC did not include a permanent SF member.

⁶⁵ Neil James, interview 16 Nov 2015.

⁶⁶ John Sanderson, interview 23 Nov 2015.

⁶⁷ Mark Thomson, interview 25 Nov 2015.

⁶⁸ Brice Pacey, interview 02 Dec 2015.

⁶⁹ This Committee included senior defence civilians, and considered the A21 Final Report on 14 December 1995. AAHU, *CGSAC Proceedings*, Annex to Agenda Item 15: A21 Progress Report, Minute: 'Implementation of the A21 Report', dated 27 Oct 1995, para 6(b), p. 3.

⁷⁰ This Committee met on 28 February 1996. AAHU, *CGSAC Proceedings*, Annex to Agenda Item 15: A21 Progress Report, Minute: 'Implementation of the A21 Report', dated 27 Oct 1995, para 6(b), p. 3.

Political Sponsorship?

Sanderson faced an important decision point with the new Government. Well-aware of internal resistance within Army, would he persevere with an unpopular transformational change if the strategic guidance shifted from DoA?⁷² Perseverance required winning political sponsorship from the new administration; and consideration of Government's policy ownership of A21 came late.⁷³ This section argues that Sanderson persevered for several reasons. First, given his liberal interpretation of DoA strategic guidance, changing it became less relevant – A21 was designed for a range of contingencies. Second, by early 1996, Sanderson was invested in A21 as his legacy, creating a new manoeuvrist Army for the modern age. Third: he was confident, perhaps naively so,⁷⁴ of persuading the new minister of A21's merits. Finally, Army's capability resourcing was his priority.⁷⁵ Sanderson retained his utter conviction that A21 was in Army's best interests.

A surprise selection as Defence Minister,⁷⁶ Ian McLachlan was enthusiastic about A21's TFs; these seemed sensible to him as offering mobile, useful forces.⁷⁷ But McLachlan had three reasons for caution. First, he wanted to *understand* A21; clear communication and select details were not initially forthcoming from Sanderson.⁷⁸ Second, A21 was developed with limited ministerial involvement under Labor.⁷⁹ Third, endorsement would be premature before the Coalition developed its foreign and defence policies. By 1st July 1996, McLachlan's public statements reflected a settled line of cautious appetite beyond DoA;⁸⁰ ready to reframe A21 as a supporting effort for his new defence policy, McLachlan endorsed

⁷¹ AAHU, *CGSAC Proceedings*, Annex to Agenda Item 15: A21 Progress Report, Minute: 'Implementation of the A21 Report', dated 27 Oct 1995, para 2.

⁷² There were pre-election signals that the Coalition's defence policy would extend beyond DoA. Peter Jennings, 'The Politics and Practicalities of Designing Australia's Force Structure', Chapter 9 in Desmond Ball and Sheryn Lee (eds), *Geography, Power, Strategy and Defence Policy: Essays in Honour of Paul Dibb*, (Canberra, ACT, Australia: ANU Press, <http://press.anu.edu.au/?p=346293>, 2016), p. 124-125.

⁷³ Peter Jennings, interview 18 Dec 2015 and correspondence 23 Jun 2016. Notably, the A21 Implementation Plan did not include consideration of either an election date; or the possibility of a change of government. AAHU, *CGSAC Proceedings*, Annex to Agenda Item 15: A21 Progress Report, Minute: 'Implementation of the A21 Report', dated 27 Oct 1995, para 6(b), p. 3.

⁷⁴ Peter Jennings, interview 18 Dec 2015.

⁷⁵ John Sanderson, interview 23 Nov 2015.

⁷⁶ John Howard, *Lazarus Rising – A Personal and Political Autobiography*, (HarperCollins Publishers Australia, 2010), p. 237. See also Ian McLachlan, interview 07 Dec 2015.

⁷⁷ Ian McLachlan, interview 07 Dec 2015 and Peter Abigail, interview 03 Dec 2015.

⁷⁸ For example, McLachlan wanted to understand the geographic distribution of A21's TFs, and requested a map. It took almost two weeks for this map to be produced for the Minister. Ian McLachlan, interview 07 Dec 2015; *pers comm* 24 Jun 2016.

⁷⁹ Peter Jennings, correspondence 23 Jun 2016.

⁸⁰ Ian McLachlan, 'A Statement on Liberal Defence Policy, 1st July 1996', *Journal of the Royal United Services Institute of Australia*, 17: 1-3, Nov 1996.

it in October subject to four modifications.⁸¹ The initiative was to be rebadged as ‘Restructuring the Army’ (RTA). References to the RRes scheme were to be removed. The report’s treatment of non-DoA tasks was to be expanded. Finally, McLachlan’s 15th October 1996 Ministerial Statement flagged capital investment in Army: though conveniently deferred until 2000, and informed by a trials program:⁸² this became RTA.

The trials idea represented both clever politics (the trials demonstrated a proactive Government, and were ‘needed’ to inform subsequent investment) and a sensible risk hedge. Testing A21 prior to full implementation had been suggested in Army as early as May 1996;⁸³ further, Peter Jennings, the Minister’s Chief-of-Staff, was aware of disquietude in Army’s senior ranks over A21;⁸⁴ this disunity informed Government’s calculus of RTA’s success likelihood.

While Sanderson had achieved qualified political sponsorship, his interactions with the Minister were strained,⁸⁵ contributing to the latter’s conviction that Defence needed major reform to improve responsiveness.⁸⁶ This crystallised in the Defence Efficiency Review (DER), announced in the same Ministerial Statement as RTA.⁸⁷ Chapter 5 examines how this concurrent resourcing constraint affected RTA’s implementation.

Does A21/RTA constitute evidence of provider capture? The evidence strongly suggests Sanderson was: firstly, acting in Army’s self-interest, given the ambitious capability acquisitions A21 proposed; and secondly, liberally interpreting DoA given A21’s muscular force structure. Provider capture requires these actions be at variance to the principal’s interests. The Defence civilian reaction to DARA’s ‘non-DoA’ scenarios shows discomfort with Army’s stretch of policy ambiguity. However, clear provider capture diagnosis is hampered by that very policy ambiguity: declared DoA alongside interest in expeditionary

⁸¹ Peter Dunn, interview 18 Nov 2015.

⁸² Ian McLachlan, *Ministerial Statement: Defence Policy, Restructuring the Australian Army*, (Canberra, ACT: Parliament 38 of the Commonwealth of Australia, House of Representatives Hansard, 15 October 1996).

⁸³ Frank Hickling, ‘Organising Land Forces for the Future’, Chapter 13 in Malik, *The Future Battlefield*, p. 219-228.

⁸⁴ Peter Jennings, interview 18 Dec 2015.

⁸⁵ Ian McLachlan, interview 07 Dec 2015; Peter Jennings, interview 18 Dec 2015.

⁸⁶ Peter Jennings, interview 18 Dec 2015. Jans and Schmidtchen describe the DER as ‘dictatorial or forced transformation’, triggered by ADHQ’s ‘lack of responsiveness’. Nicholas Jans and David Schmidtchen, ‘Culture and Organisational Behaviour at Australian Defence Headquarters’, *Australian Defence Force Journal*, 158: 23-28, Jan/Feb 2003, p. 23, 25.

⁸⁷ McLachlan, *Restructuring the Australian Army*.

capability (Chapter 3). The greater the strategic ambiguity, the less fair a charge of provider capture becomes.

Did the principal detect provider capture? Certainly the Minister's Office detected Sanderson's professional ambition, the wider Defence inefficiency issue,⁸⁸ and the overriding imperative of federal budget restraint⁸⁹ - probably the primary motivation for directing trials and hence delaying investment. Also, the Minister's Office lacked detailed expertise to judge A21,⁹⁰ and had pressing portfolio issues elsewhere.⁹¹ Finally, the Coalition's tentative policy movements beyond DoA *increased* ambiguity around the expeditionary margin: so Government's interests were 'catching up' with Army's ambition. While reducing provider capture severity, there remained still an imperfect alignment between the compelling strategic and budgetary drivers of Government; and Army's ambitious capability objectives in A21: the latter exceeded the former. The strategic ambiguity allowed Army to mask its ambitions as a 'capability game'. This imperfect alignment held change management consequences, as Sanderson could not transparently communicate A21's 'capability game'.⁹² This undermined building a clear, shared, credible A21 vision within Army; and political sponsorship with Government externally.

Conclusion

This Chapter contends that A21 was a capability game, and mounts four arguments. First, that Army's primary objective for A21 was capability resources. Second, A21's force structure was designed to meet DoA *and* other contingencies: its apparent DoA conformance masked a muscular force. Third, despite A21's capability offerings, it encountered significant internal resistance from Army's senior leadership, mostly based on culture. Finally, Sanderson persevered despite the change-of-Government, primarily to advance Army's capability resourcing, burning significant political capital in doing so. But in change management terms he had not created 'a clear, shared, credible vision' or 'senior leadership buy-in' internally; and received only qualified 'political sponsorship' externally. Chapter 5

⁸⁸ Peter Jennings, interview 18 Dec 2015.

⁸⁹ John Howard, *Lazarus Rising*. See also Ian McLachlan, interview 07 Dec 2015.

⁹⁰ Ian McLachlan, interview 07 Dec 2015; and Peter Jennings, interview 18 Dec 2015.

⁹¹ Ian McLachlan, response to Questions on Notice – Defence Projects, (Canberra, ACT: Parliament 38 of the Commonwealth of Australia, House of Representatives Hansard, 25 Mar 1997). This featured JORN (Jindalee Over-the-Horizon RADAR Network) and the problematic Collins submarines.

⁹² Jim Molan, interview 06 Dec 2015.

considers the trials, which built an evidence base to justify significant investment in Army's capability.

Chapter 5: RTA (1997-1998)

*The purpose of these Restructuring the Army trials is to inform...development...of an Army that is effective, affordable and sustainable. The [trials] objectives...cover six critical areas for future capability development...combat effectiveness, affordability, sustainability, doctrine, simulation and decision-making systems.*¹

*The trial had to be valid so an adverse result wasn't rejected because the trial was flawed (or biased).*²

The *scale* of the RTA trials from 1997 was unprecedented.³ No one in the Service could recall a previous initiative committing an *entire brigade* (one-third of Army's combat power) to several years of experimentation.⁴ This Chapter examines the change management elements of the RTA trials (1997-1998) from internal and external perspectives, revealing mixed success. The Chapter mounts two arguments. First, while the trials tested A21/RTA *concepts*, their real value lay in generating evidence supporting increased *capability* resources for Army: an important external objective.

Second, A21/RTA was, however, less successful *internally* – in technical and cultural respects. Several A21 concepts failed for technical reasons in the trials; and disruptions elsewhere in Army hardened cultural resistance. The failure to achieve early successes in these respects (an important change management element) undermined confidence in the reform, ultimately expressed as externally-imposed leadership change. This outcome supports Chapter 2's proposition that successful change management requires both technical feasibility and cultural sensitivity. These arguments are presented in the following two Sections.

Trials: Generating Evidence for Capability Resources

While the trials tested A21/RTA concepts, their real value lay in generating evidence supporting increased Army capability resources. Four pieces of evidence support this. First, while superficial RTA trials objectives included testing A21 concepts, the revealed deeper

¹ Greg de Somer, *The Capacity of the Australian Army to Conduct and Sustain Land Force Operations*, Land Warfare Studies Centre (LWSC) Working Paper No. 106, (Canberra, ACT, Australia: Land Warfare Studies Centre, October 1999), p. 53. This author's underlined emphasis.

² Dean Bowley, interview 19 Dec 2015.

³ AAHU, *CGSAC Proceedings*, 'A21 Trials – Draft Trials Directive and Trials Management Structure', dated 18 Nov 1996, para 2, p. 1.

⁴ AAHU, *CGSAC Proceedings*, Chief of the General Staff Directive, 'Restructure of the Army: A21 Trials Directive', draft dated Nov 1996, para 26, p. 5.

objective, highlighted in the opening quote, was to inform capability development.⁵ Second, the trials' team was composed to achieve 'leadership buy-in' that was open-minded on the A21/RTA concepts - and which understood the trials' capability objective. Third, the involvement of the Defence Science and Technology Organisation (DSTO) conferred credibility and a quantitative evidence base which re-affirmed capabilities desirable to Army (including a compelling case for tanks and artillery). This represented another change management element: 'evaluation and improvement'.⁶ Finally, the 1998 trial outcomes contributed to improved capability resources for Army. These last three evidence pieces are presented in succession below.

Trials Leadership Buy-In

Sanderson's selection of formation and commander to undertake the trials demonstrates intent to build leadership buy-in which was open-minded on the A21 concepts; but more importantly understood the capability objective of the trials.

The December 1996 Chief of the General Staff (CGS) Directive for the RTA Trials⁷ nominated 1st Brigade in Darwin as lead because 'its mix of capabilities (tanks, ASLAVs,⁸ long range artillery and mechanised infantry) was closest to that of the objective structure identified in A21'.⁹ The 1st Brigade was a good choice, due to firstly its conventional capabilities; and secondly its cultural reputation for experimentation: "an environment of innovation".¹⁰

For the new 1st Brigade Commander, Sanderson made an unusual selection in Brigadier J.J. Wallace, a career Special Forces officer. However, analysis reveals clear logic in this appointment, given RTA's objectives. First, Wallace believed his surprise appointment to lead a (conventional) mechanised brigade was because "Sanderson thought I would have an

⁵ See also Department of Defence, *Defence Annual Report, 1996-97*, (Canberra, ACT, Australia: Australian Government, 1997), p. 96 and 98.

⁶ See Chapter 2.

⁷ Australian Army Headquarters, Chief of the General Staff Directive 13/96, 'A21 Task Force Trials', dated 20 Dec 96.

⁸ ASLAV = Australian (AS) Light Armoured Vehicle.

⁹ Directorate for Restructuring the Army (DTRIALS), *Final Report into the Restructuring the Army Trials*, (Canberra, ACT, Australia: Australian Army Headquarters, 2000), p. 5.

¹⁰ Fergus McLachlan, interview 01 Mar 2016. See also: Jim Wallace, interview 18 Nov 2015; and David Welch, interview 30 Nov 2015.

open mind – I didn't come with baggage, from a conventional point of view".¹¹ Second, Wallace's selection reflected an obvious contrast with his predecessor: Brigadier (later Major General) Jim Molan had been a noted A21 critic.¹² Third, Wallace's selection aligned with Sanderson's intent to give more prominence to SF in A21, noted in Chapter 4. Finally, Wallace had made some significant doctrinal contributions to the newly emergent manoeuvre theory,¹³ which resonated with Sanderson's 'strategic manoeuvre' outlook.

Wallace's open-minded leadership buy-in on the A21/RTA concepts and understanding of the trials' capability objective is demonstrated as follows. First, he did not feel pressured to 'prove' A21/RTA (or not);¹⁴ confident he had a free hand, Wallace "was determined to give this a full go".¹⁵ Second, Wallace was open-minded on the embedding concept¹⁶ for achieving a combined arms effect - one hypothesis tested in the trials. Intuitively, Army viewed unit-level embedding as contrary to the 'Concentration of Force' Principle of War, i.e. that scarce arms corps resources, such as armour and artillery, were best employed in mass, and commanded at a divisional level.¹⁷ As a manoeuvrist, Wallace regarded this view as parochial,¹⁸ conversely seeing potentially higher tempo (as TF units were already task-organised for battlefield response).¹⁹ Finally, and most importantly, he perceived A21/RTA "was designed to protect the Army because it justified the retention (and in some cases expansion) of all these capabilities...there was a defensible logic in the structure".²⁰ While Wallace's leadership represented supportive *internal* buy-in for the trials' objectives, this was complemented by external scientific credibility provided by DSTO.

¹¹ Jim Wallace, interview 26 Nov 2015.

¹² Jim Molan, interview 06 Dec 2015. See also Michael Evans, *Forward from the Past: The Development of Australian Army Doctrine, 1972-present*, Land Warfare Studies Centre (LWSC), Study Paper No. 301, (Canberra, ACT, Australia: Land Warfare Studies Centre, September 1999, 91 pp.).

¹³ Wallace authored some manoeuvre theory doctrine during an instructional posting in the UK. Jim Wallace, interview 26 Nov 2015.

¹⁴ Jim Wallace, interview 26 Nov 2015.

¹⁵ Jim Wallace, interview 26 Nov 2015.

¹⁶ Australian Army, *An Australian Army for the 21st Century*, (Canberra, ACT, Australia: Commonwealth of Australia, Oct 1996), p. 23.

¹⁷ Annex 5-A.

¹⁸ Jim Wallace, interview 26 Nov 2015.

¹⁹ P.J. Dunn (Brigadier), R. Neumann, W. Traynor (Brigadier), W. Spears (Group Captain) and A. Bedford, *Army in the 21st Century – Phase 3 – Options for the Future*, A21 Army Structure Review. Report submitted to the Chief of the General Staff's Advisory Committee (CGSAC), dated 30 Nov 1995, para 57, p. 17-18.

²⁰ Jim Wallace, interview 26 Nov 2015.

Evaluation and Improvement

The RTA trials were the first large-scale DSTO application of quantitative operational analysis to the Army.²¹ This shows an evidence-based approach – Aristotelian *logos*²² – towards winning increased Army capability resources. DSTO’s metrics would provide credibility, with both evidence and (real and perceived) independence.²³ This credibility was crucial to addressing possible perceptions of provider capture, relative to Army conducting the trials internally only. The DSTO team²⁴ was committed to objective, scientific testing:

*[Army] constructed the A21 idea as a null hypothesis...that if they tested it, and it broke, they would find out what would work...and we tested structures and concepts to destruction – to validate or invalidate the hypothesis.*²⁵

DSTO’s operational analysis commenced from October 1997, and focused on combat effectiveness and technology effects.²⁶ DSTO applied a new approach –labelled the ‘battlelab’.²⁷ This involved an iterative ‘model-test-model’²⁸ process based on computer modelling, simulation wargaming and finally field phase testing with Wallace’s formation throughout 1998.

DSTO generated categorical evidence in 1998 re-affirming capabilities desirable to Army, especially armour and artillery – even in low-level contingencies:

²¹ Department of Defence, *Defence Annual Report, 1997-98*, Program 10: Science and Technology, (Canberra, ACT, Australia: Australian Government, 1998), p. 259-269. See also Joanne J. Fisher, Michael J. Brennan and Dean K. Bowley, *A Study of Land Force Modernisation Studies in DSTO, 1996 to 2000 (U)*, Defence Science and Technology Organisation Report, DSTO-GD-0358, (Edinburgh, SA, Australia: Commonwealth of Australia, 2003), Executive Summary. Note that smaller-scale DSTO work with Army was initiated in 1994 for Project WUNDURRA. Dean Bowley, correspondence 11 Jun 2016.

²² See Chapter 2.

²³ AAHU, *Chief of Army’s Senior Advisory Group (CASAG) Proceedings*, ‘RTA Update’, dated 07 May 1998, para 11, p. 2.

²⁴ This consisted of a large team from the newly created Land Operations Division (LOD) under Dr Roger Lough (Chief LOD), led by Head RTA Trials and Lead Analyst Dean Bowley.

²⁵ Michael Brennan, interview 21 Dec 2015.

²⁶ Australian Army Headquarters, Chief of Army Directive 12/97, ‘RTA Trials Master Plan’, dated 03 Oct 1997. See also: Australian Army Headquarters, Chief of the General Staff Directive 7/96, ‘Restructure of the Army: Initiating Directive’, dated 31 Oct 1996, para 33, p. 6; and Australian Army Headquarters, Chief of Army Directive 12/97, ‘RTA Trials Master Plan’, dated 03 Oct 1997.

²⁷ Fisher et al., *A Study of Land Force Modernisation Studies in DSTO*, Executive Summary.

²⁸ Australian Army Headquarters, Chief of Army Directive 10/98, ‘Restructuring of the Army Trials Master Plan’, dated 06 Jun 1998, para 6.

*combined arms effects proved fundamental to success in low level conflict... in all cases, the presence of tanks and the employment of artillery in an infantry company attack reduced infantry casualties by a total of more than 70%, recommending retention of integral direct and indirect firepower (such as tanks and artillery) to allow local commanders to retain the initiative.*²⁹

Translation into Capability Resources

Wallace contended the trials' biggest outcome was demonstrating the capabilities needed in Army.³⁰ This evidence became even more important following release of revised strategic guidance, *Australia's Strategic Policy 1997* (ASP97). Despite signalling a Defence policy expansion beyond DoA,³¹ ASP97's 'maritime concept' was essentially a naval strategy,³² based on sea and air assets which left Army last on the priority funding list.³³ Evidence from the trials was Army's best hope for breaking this persistent budgetary phalanx.

While commentators have questioned the relevance of A21/RTA *concepts* in ASP97's wake,³⁴ this analysis underscores the important *capability* context of the trials in understanding Army's response to ASP97. Sanderson made two decisions following ASP97's December 1997 release. First, he issued a revised Trials Directive and Army Plan. The Directive updated Phase 2 of the RTA trials from 'High-Intensity Conflict' to 'Offshore Tasks', in conformance with ASP97.³⁵ *The Army Plan* of 1998 both acknowledges the

²⁹ DTRIALS, *Final Report into RTA Trials*, p. 6, 7 and 8.

³⁰ Jim Wallace, interview 26 Nov 2015.

³¹ Department of Defence, *Australia's Strategic Policy 1997*, (Canberra, ACT, Australia: Commonwealth of Australia, 1997), p. 32. See also Stephan Frühling, 'Australian Strategic Guidance Since the Second World War', in S. Frühling, *A History of Australian Strategic Policy Since 1945*, (Canberra, ACT, Australia: Defence Publishing Service, 2009), p. 38.

³² Michael Evans, *The Role of the Australian Army in a Maritime Concept of Strategy*, Land Warfare Studies Centre (LWSC), Working Paper No. 101, (Canberra, ACT, Australia: Land Warfare Studies Centre, 1998), p. 3, 26.

³³ Ian McLachlan, *Ministerial Statement: Australia's Strategic Policy*, (Canberra, ACT: Parliament 38 of the Commonwealth of Australia, House of Representatives Hansard), 02 Dec 1997. See also Joint Standing Committee on Foreign Affairs, Defence and Trade, *From Phantom to Force: Towards a More Efficient and Effective Army*, Inquiry into the Suitability of the Australian Army for Peacetime, Peacekeeping and War, Report No. 95, (Canberra, ACT, Australia: The Parliament of the Commonwealth of Australia, September 2000), p. 39, para 3.11.

³⁴ Hugh White, 'The Strategic Review: What's New?', *Journal of the Royal United Services Institute of Australia*, 19: 55-66, 1998, p. 59. See also: Michael Evans, *Forward from the Past: The Development of Australian Army Doctrine, 1972-present*, Land Warfare Studies Centre (LWSC), Study Paper No. 301, (Canberra, ACT, Australia: Land Warfare Studies Centre, September 1999), p. 53; and Albert Palazzo, *The Australian Army: A History of the Organisation, 1901-2001*, (South Melbourne, VIC, Australia: Oxford University Press, 2001), p. 366.

³⁵ Australian Army Headquarters, Chief of Army Directive 10/98, 'Restructuring of the Army Trials Master Plan', dated 06 Jun 1998.

revised strategic guidance and indicates that A21/RTA's TF design possessed the inherent flexibility to meet that guidance³⁶ - as argued in Chapter 4. Second, Sanderson decided to persevere with Phase 1, the first field phase of the trials, scheduled to commence in 1998.³⁷ This field phase, with DSTO's involvement, was critical for generating evidence supporting increased Army capability resources.

By late 1998, this approach paid dividends. Wallace was posted then as Director General, Land Development, determined to "put the capabilities into the procurement stream".³⁸ And there was some budget for this; by June 1998, Chief of the Defence Force (CDF), General John Baker was publically declaring Army's share of Defence capital budget as 30 percent;³⁹ a big rise on the previous 10 percent. Minister McLachlan approved an order for 280 new ASLAVs; with Bushmasters in the pipeline.⁴⁰

...But Not Achieving Early Successes Internally

The above section demonstrated how the real value of the trials was in generating evidence supporting increased Army capability resources. However, RTA failed to achieve early successes (another change management element) internally – in two other respects. Firstly, some A21 concepts tested in the trials failed for technical reasons; secondly, disruptions caused elsewhere in Army hardened cultural resistance to A21/RTA. Collectively, these undermined confidence in the reform, ultimately expressed as leadership change.

Unsuccessful A21 Concepts

The trials generated evidence *not* supporting three A21 concepts: embedding, logistics and technology. For Army, unit-level embedding was a controversial A21 concept,⁴¹ and Army extensively tested it during the trials.⁴² Embedding did not work, in practice: but for three quite subtle reasons, not for breaching 'Concentration of Force'. First was "inefficiencies in

³⁶ Australian Army Headquarters, *The Army Plan 1998, Part One: The Army Vision and the Chief of Army's Intent*, para 10-11, p. 4.

³⁷ Annex 5-B.

³⁸ Dean Bowley (interview 19 Dec 2015) recalling a farewell conversation with Jim Wallace in late 1998.

³⁹ John Baker, National Press Club Address, 01 Jul 1998 (DVD audio-visual recording).

⁴⁰ Ian McLachlan, interview 07 Dec 2015.

⁴¹ The embedding concept is critiqued in Annex 5-A.

⁴² Embedding was not explicitly tested by DSTO in the RTA trials. DSTO emphasised its independence in the RTA trials, and notes that Army had responsibility for conclusions reached specifically on the embedding concept. Dean Bowley, correspondence 11 Jun 2016.

logistic support in barracks”.⁴³ Wallace described that embedding armour across multiple infantry units required expanded reinforced hardstanding and upgraded roads within barracks. There were insufficient logistic elements to embed in the field and in barracks, and dispersed logisticians had difficulty achieving critical mass for professional development.⁴⁴ Embedding engineer elements was found to be inefficient.⁴⁵ At Phase 1’s conclusion, Commanding Officer of 1st Combat Service Support Battalion, Lieutenant Colonel (later Brigadier) David Welch recommended reversion to the original structure for both engineer and logistic subunits.⁴⁶

A21’s logistic concept involved removing some first and all second line support from the TF units; A2 and B echelon logistic support, especially workshops, was consolidated rearwards,⁴⁷ leaving TF units with only A1 first line logistics. Analysis suggests this contradicts A21’s concept of widely dispersed, manoeuvrist operations and low force-to-space ratios, which demanded more logistic support forward, not less. Wallace recalls that logistic limitations slowed down operational tempo, contrary to manoeuvrist tenets.⁴⁸ Welch states that amongst the logistic corps, A21’s logistic concept was regarded as a design flaw.⁴⁹

The second embedding problem was revealed during the trials’ exercises. While designed to impart greater flexibility for the tactical commander, conversely Wallace noticed embedding “tended to create...a *less* flexible mindset”.⁵⁰ This was because embedded TFs didn’t require the specific mental exercise of consciously task-organising a battalion group, from the centralised asset pool of the brigade, for each given tactical task. Junior officers lost mental agility as they manoeuvred ‘one size fits all’ units around the Northern Territory training areas. The third problem Wallace saw was too much ‘overforce’ in embedded units.

⁴³ Jim Wallace, interview 26 Nov 2015.

⁴⁴ David Welch, interview 30 Nov 2015.

⁴⁵ David Welch, interview 30 Nov 2015. See also AAHU, *CASAG Proceedings*, Minute 6/98, ‘Army Maintenance Engineering in the 21st Century’, dated 07 May 1998, para 2, p. 1.

⁴⁶ David Welch, interview 30 Nov 2015.

⁴⁷ AAHU, *CGSAC Proceedings*, ‘GS DIV Update for CGSAC’, ‘Directorate of Vehicle Systems Projects – Army’, dated 18 Nov 1996, p. 3.

⁴⁸ Jim Wallace, interview 26 Nov 2015.

⁴⁹ David Welch, interview 30 Nov 2015. See also AAHU, *CGSAC Proceedings*, ‘Combat Service Support Level Three Force Structure Requirements: Submission to the A21 Working Group’, dated 08 Nov 1995, para 78, p. 14.

⁵⁰ Jim Wallace, interview 26 Nov 2015.

Manoeuvring infantry units bulked up with their embedded elements around the battlespace, regardless of the tactical task, was wasteful of resources.⁵¹

The RTA Final Report concluded:

*embedding of combat arms was less successful...at unit level... While some synergy was offered, this was offset by the additional maintenance, training and technical control overheads created...Embedding offered no tactical advantage over conventional combined arms tactics. It militated against the development of a culture of excellence and tactical flexibility and it proved to be excessively complex to train, administer and command*⁵²

and that the ‘brigade is the optimal organisation to conduct Australian warfighting tasks’.⁵³ Combined arms effects can be conceptually understood as achievable along a spectrum of force size (Annex 5-A). While Army’s pre-A21 start-state was the *divisional* structure, and A21 proposed *unit*-level embedding, the RTA trials recommended an intermediate position along this spectrum as optimal for grouping combat arms: the *brigade* level. A21’s specific embedding model seemed too prescriptive.

On logistics, the report noted ‘the Defence Reform Program [DRP]⁵⁴...overtook many...recommendations affecting strategic logistics’. However:

*the logistic concepts were not entirely adaptable to the evolving operational concepts. In particular it was doubtful that...centralisation and rationalisation of logistics functions at formation level would support more than the very low level of demand in low level DAA operations.*⁵⁵

⁵¹ Jim Wallace, interview 26 Nov 2015; Department of Defence, *Defence Annual Report 1997-1998*, (Canberra, ACT, Australia: Australian Government, 1998), p. 201; DTRIALS, *Final Report into RTA Trials*, p. 5.

Arguably, this disproportionate resourcing would be less wasteful at increased threat levels.

⁵² DTRIALS, *Final Report into RTA Trials*, p. 9.

⁵³ DTRIALS, *Final Report into RTA Trials*, p. iv.

⁵⁴ The Defence Efficiency Review (DER) recommended a major savings program, subsequently implemented and titled the Defence Reform Program (DRP).

⁵⁵ DTRIALS, *Final Report into RTA Trials*, p. 10. DAA = Defeating Attacks Against Australia.

On technology, the Final Report found A21's 'fundamental assumption' that 'employment of technology would provide opportunities for significant offsets in personnel'⁵⁶ was false, due to increased demands of higher tempo; and that extant surveillance technology could not achieve required detection levels.

Cultural Resistance

These three A21/RTA concepts (embedding, logistics and technology) failed to generate early successes for technical reasons. Elsewhere in Army, cultural resistance was hardening as A21/RTA structures were implemented.⁵⁷ In South-East Queensland, the focus of motorised (Bushmaster) capability,⁵⁸ 8th/9th Royal Australian Regiment was disestablished,⁵⁹ disenchanting the culturally dominant Royal Australian Regiment,⁶⁰ which also saw the conversion of the 4th Royal Australian Regiment to an SF unit in Sydney. The 6th and 7th Brigades were merged and re-birthed as an integrated unit with the remnant troops of the defunct Ready Reserve scheme.⁶¹ The General Reserve (GRes) resented the loss of a one-star appointment as the previously GRes 7th Brigade came under command of an Australian Regular Army (ARA) brigadier.⁶² This loss was compounded when 4th Brigade in Victoria, selected for the 'Revitalisation of the Reserve'⁶³ trial, also received an ARA one-star commander, in addition to more ARA cadre staff and an increased budget. While benefiting select ARA staff, the increased GRes budget was funded through DRP savings,⁶⁴ which were by 1998 sharply felt across the ARA;⁶⁵ a likely source of ARA resentment. The rationalisation of command appointments was a structural similarity between A21/RTA and

⁵⁶ DTRIALS, *Final Report into RTA Trials*, p. 9.

⁵⁷ Australian Army Headquarters, Chief of the General Staff Directive 8/96, 'Restructuring the Army: Personnel Transfer to the Combat Force', dated 31 Oct 1996.

⁵⁸ Australian Army Headquarters, Chief of the General Staff Directive 7/96, 'Restructure of the Army: Initiating Directive', dated 31 Oct 1996, p. 2.

⁵⁹ Australian Army Headquarters, Chief of the General Staff Directive 7/96, 'Restructure of the Army: Initiating Directive', dated 31 Oct 1996, Annex 2, para 7(a), p. A-2.

⁶⁰ Mark Kelly, interview 17 Dec 2015.

⁶¹ The RRes scheme was dismantled on 08 February 1997. Department of Defence, *Defence Annual Report, 1996-97*, p. 105

⁶² Mark Kelly, interview 17 Dec 2015. See also: AAHU, *CGSAC Proceedings*, Report to CGSAC, 27 Oct – Item 15: A21 Progress Report, dated 18 Oct 1995, Annex A1, PROJECT VIRGO, 'Issues'; and Defence Reserves Association, Submission No. 25 to the JSCFADT *Inquiry into the Suitability of the Australian Army*, W.E. Glenny, 'An Army for the 21st Century: Fact or Fiction', in: Joint Standing Committee on Foreign Affairs, Defence and Trade, Defence Sub-Committee, Submissions: *Inquiry into the Suitability of the Australian Army for Peacetime, Peacekeeping and War*, (Canberra, ACT, Australia: Parliament 39 of the Commonwealth of Australia, July 1999), Volume 1, p. 215-294, p. 220.

⁶³ Department of Defence, *Defence Annual Report, 1996-97*, p. 106.

⁶⁴ Ian McLachlan, *Ministerial Statement: Defence Reform Program*, (Canberra, ACT, Australia: Parliament 38 of the Commonwealth of Australia, House of Representatives Hansard, 30 Sep 1997).

⁶⁵ Jeffrey Grey, *The Australian Army: A History*, (South Melbourne, VIC, Australia: Oxford University Press, 2001), p. 255.

the pentropic experiment.⁶⁶ However, the vanishing arms corps unit command positions posed to dislocate mid-ranking officer career streams.⁶⁷ and was doubtless another source of resentment.

Morale was an issue in Army Headquarters as well, with several contributing factors. First, the DRP made dramatic personnel⁶⁸ and budget reductions. The DRP directed \$770 million-1 billion in savings from Army.⁶⁹ This was 34-44 percent of Army's 1994-95 \$2.27 billion budget.⁷⁰ The *Defence Annual Report 1997-98* reports a \$1 billion-plus budget reduction for Army relative to 1994-95, highlighting a substantial personnel redundancy program.⁷¹

Second, alongside this contractionary budget environment, various interviewees describe stifled intellectual debate within Army, e.g. an embargo on use of the 'E' word ('Expeditionary'). Dave Chalmers reflected: "Is that healthy? They do that in North Korea".⁷² Neil James, tasked with establishing the Land Warfare Studies Centre as a think tank contemplating the far-future Army, recalls being under explicit Chief of Army (CA)⁷³ direction not to criticise A21.⁷⁴ David Welch recounted the dilemma Army faced, trying to imbue transformational thinking in the RTA trials staff: "if there were people in key roles who straddled the before and after...they tended to be stuck in the past...Some people were selected".⁷⁵ Brigadier Justin Kelly goes even further on the selection concept: "at my...interview for promotion to Colonel, I was asked if I supported A21".⁷⁶ Peter Dunn recalled the mass resignation of GRes officers over 1996-97, partially triggered by unrealistically long 'Common Induction Training' - a personnel supporting effort for RTA.⁷⁷

⁶⁶ John Blaxland, *Organising an Army: The Australian Experience 1957-1965*, (Canberra, ACT, Australia: Strategic and Defence Studies Centre, 1989).

⁶⁷ Dunn et al., *Army in the 21st Century*, para 58, p. 18.

⁶⁸ AAHU, *CASAG Proceedings*, 'Defence Efficiency Review', dated 10 Apr 1997, para 4.

⁶⁹ AAHU, *CASAG Proceedings*, 'Defence Efficiency Review', dated 10 Apr 1997, para 4(m) and 6, p. 2.

⁷⁰ Department of Defence, *Defence Annual Report, 1994-95*, (Canberra, ACT, Australia: Australian Government, 1995), p. 81; See also AAHU, *CASAG Proceedings*, Agenda Item 2: 'Five Year Defence Program (FYDP)', dated 12 Sep 1996, para 6, p. 2.

⁷¹ Department of Defence, *Defence Annual Report, 1997-98*, p. 208.

⁷² Dave Chalmers, interview 02 Dec 2015.

⁷³ The title was converted from CGS to Chief of Army (CA) on 19 February 1997, as part of the DRP restructures of ADF headquarters. Department of Defence, *Defence Annual Report, 1996-97*, p. 95.

⁷⁴ Neil James, interview 16 Nov 2015.

⁷⁵ David Welch, interview 30 Nov 2015.

⁷⁶ Justin Kelly, interview 20 Dec 2015.

⁷⁷ Peter Dunn, interview 18 Nov 2015. See also: AAHU, *CGSAC Proceedings*, Agenda Item 6: Full Time / Part Time Balance, dated 08 Nov 1995, paras 109, 110 and 112; AAHU, *CGSAC Proceedings*, Agenda Item 2: A21 Progress Report – CCC Agendum Conclusions (Draft), dated 30 Nov 1995, para 17, p. 3; and AAHU, *CASAG*

Neil James stated: “the motion of enforcing A21 was so brutal – you’re either with or against us, and if you’re against us, you can retire”;⁷⁸ Deputy Chief of Army from July 1998, Major General Peter Abigail, agreed.⁷⁹ The Opposition raised Army’s morale issues in parliament in September 1997 as a ‘Matter of Public Importance’.⁸⁰

Chapter 2 highlighted that directive/coercive leadership styles may be needed to implement transformational change not aligned with members’ interests. The flaw in applying this to A21/RTA is that there were so many disaffected members that the reform was left champion-less following leadership change.

Leadership Change

Chapter 2 also posited that successful change management requires both technical feasibility and cultural sensitivity. By 1998, the lack of early trials successes (technical feasibility doubts), and Army morale issues (expressive of cultural insensitivity), undermined political confidence. Defence leadership underwent significant change, with appointment of a new Secretary, CDF and CA.⁸¹ Sanderson was a candidate for CDF. He didn’t get the job, retiring from the ADF in late June 1998. A21/RTA was a contributing factor. McLachlan was unhappy with RTA’s lengthy process. While aware of cultural resistance, ultimately he held the CA accountable:

They were very disturbed about this business of bringing the various parts of Army together, they didn’t like it...so you had this resistance from Ye Olde...Sanderson – great soldier - he just didn’t get the job done fast enough, and I was very frustrated...here was Army, not able to bring together even itself into these strike [sic] forces... It took too long, it was too slow, and he couldn’t explain it in a way that we could all understand.⁸²

Proceedings, ‘Agenda Item 1: Business Arising – A21 Implementation / Army Restructuring Update’, dated 21 Feb 1997, para 38(a), p. 5.

⁷⁸ Neil James, interview 16 Nov 2015.

⁷⁹ Peter Abigail, interview 03 Dec 2015.

⁸⁰ However the Blackhawk disaster (of 12 June 1996 at High Range Training Area near Townsville, which involved the deaths of fifteen SF and three 5th Aviation Regiment troops), the DER/DRP (e.g. Department of Defence, *Defence Annual Report, 1996-97*, p. 99) and A21/RTA were plausible contributors. Ian McLachlan, *Matters of Public Importance - Australian Defence Force: Morale*, (Canberra, ACT, Australia: Parliament 38 of the Commonwealth of Australia, House of Representatives Hansard, 25 Sep 1997).

⁸¹ Annex 1-B.

⁸² Ian McLachlan, interview 07 Dec 2015.

This and the last Chapter have thus demonstrated the explanatory value of the change management elements as contributors to this outcome.

Conclusion

This Chapter considered the 1997-98 RTA trials from both internal and external perspectives, and mounted two arguments. First, while the trials tested A21/RTA concepts, their real value lay in generating evidence supporting increased Army capability resources. Sanderson composed a trials team that was open-minded on A21's concepts; and which understood the trials' capability objective. He chose the 1st Brigade, both for its conventional capabilities and culture of innovation. He unusually selected an SF brigadier, J.J. Wallace, to command 1st Brigade and undertake the trials, based on Wallace's open-mindedness on A21 concepts and commitment to capability development. Critical involvement of DSTO generated valuable evidence from the trials supporting Army's capability resourcing, which by late 1998 was delivering outcomes.

Second, A21/RTA failed to achieve early successes (an important change management element) in technical and cultural respects. Three A21 concepts failed for technical reasons in the trials; embedding, logistics and technology as a personnel substitute. Disruptions elsewhere in Army hardened cultural resistance towards A21/RTA, including disestablished units, loss of arms corps and GRes command appointments, and a leadership approach within Army headquarters that disaffected members. Combined with DRP-related resourcing constraints, Army morale was becoming a public issue by late 1997. Collectively, these internal factors undermined political confidence, ultimately expressed as external leadership change. This outcome supports Chapter 2's proposition that successful change management requires both technical feasibility and cultural sensitivity.

In February 1999, as A21/RTA was maturing into a model of continuous improvement,⁸³ new Commander 1st Brigade, Brigadier (later CDF General) David Hurley prepared to commence Trials Phase 2 (Offshore), under an operational scenario of 'a mid-to-high

⁸³ AAHU, *CGSAC Proceedings*, 'GS DIV Update for CGSAC', 'A21 Trials Evaluation Methodology', dated 18 Nov 1996, p. 2. See also: AAHU, *CASAG Proceedings*, 'RTA Update', dated 07 May 1998, paras 7 and 10, p. 2; and John Hartley, 'An Australian Army for the 21st Century', in J. Mohan Malik, *The Future Battlefield*, (Geelong, VIC, Australia: Deakin University Press, 1997), p. 209-218.

intensity environment within a coalition force'.⁸⁴ This proved realistic: a signal was received that month from new CA Lieutenant General Frank Hickling, ordering elements of 1st Brigade to a reduced notice of 28 days. Hickling judged the developing strategic situation with East Timor and Indonesia as serious. RTA trials were suspended as the brigade prepared for a peacekeeping mission.⁸⁵

⁸⁴ Australian Army Headquarters, Chief of Army Directive 10/98, 'Restructuring of the Army Trials Master Plan', Indicative Phase 2 Tasks for RTA TF Trials, para 13, dated 06 Jun 1998.

⁸⁵ David Connery, 'The Strategic Director: ambiguity, the Army and the East Timor crisis of 1999', Chapter 3 in D.K. Connery (ed), *The Battles Before: Case Studies of Australian Army Leadership 1972-2010*, (Sydney, NSW, Australia: Big Sky, 2016).

Annex 5-A: Embedding

*The A21 Review proposes to introduce to the Australian Army Order of Battle unique organisations that deliver greater organic combined arms capabilities than previously existed at both formation and unit level.*¹

The embedding concept was perhaps the most controversial idea proposed in A21. This Annex offers a deeper exploration of the embedding as an operational/tactical-level concept for achieving combined arms effects, an important force structuring principle.² The Annex is presented in four sections. First, the traditional divisional structural approach for achieving combined arms effects is reviewed. Second, the more recent evolution of task-organisation as an approach for achieving combined arms effects is described; and the design tension this presents between the force structuring principles of specialisation *versus* achieving combined arms effects is analysed. Third, these two approaches are assembled to present combined arms effects as achievable along a spectrum of force size. This allows identification of A21's specific unit-level embedding model as occurring at one point along this spectrum; and the conceptual advantages and disadvantages of this are considered. The final section considers the strategic-level drivers for embedding, and highlights the application of similar drivers to joint force design at a larger scale.

Traditional Structural Approach for Achieving Combined Arms Effects

Embedding is one mechanism for achieving *combined arms effects*.³ This is a fundamental land force structuring principle, used throughout military history. It is based on grouping together infantry, armour, artillery, engineers etc,⁴ reflecting the organising principle that the strengths of each arm cover the weaknesses of other arms in the configuration. For example, a combined arms effect is achieved when an operation is conducted with infantry and armoured vehicles, supported by artillery and engineers to defeat an opponent.

¹ AAHU, *CGSAC Proceedings*, Chief of the General Staff Directive: 'Restructure of the Army: A21 Trials Directive', draft, dated Nov 1996, para 2, p. 1.

² The ideas in this annex were developed through discussion with Major General (ret'd) Mark Kelly (interview 17 Dec 2015), Major General Fergus McLachlan (interview 01 Mar 2016) and Mark Thomson (interview 25 Nov 2015).

³ The A21 Final Report states the principle that: 'Units should be structured with combined arms assets embedded, as modern warfare requires the close coordination and cooperation of all available assets'. P.J. Dunn (Brigadier), R. Neumann, W. Traynor (Brigadier), W. Spears (Group Captain) and A. Bedford, *Army in the 21st Century – Phase 3 – Options for the Future*, A21 Army Structure Review. Report submitted to the Chief of the General Staff's Advisory Committee (CGSAC), dated 30 Nov 1995, para 71(d), p. 23.

⁴ Modern means of achieving combined arms effects may include aviation and other joint (i.e. naval, air, aerospace and cyber) assets.

The open question is: at what stage of the force generation cycle should this grouping occur?

The force generation cycle ranges from: (1) force *preparation* (i.e. the three functions involved in preparing a force for operations known as ‘Raise, Train, Sustain’); through to (2) the actual *conduct* of a combat operation; to (3) force *regeneration* upon returning to barracks.

In the traditional divisional structure, the basic unit of the Australian Army is a battalion (sometimes referred to as a regiment). Most battalion-sized units designed for combat are infantry, and other battalion-sized units are based respectively on the remaining arms corps of armour, artillery and engineers. A corps in this sense refers to the branch of specialisation within the Army. The corps are grouped into categories of combat (tasked with undertaking the fighting), combat support (providing critical support to enable the fighting units including communications) and combat service support (including logistics, transport, medical and other support). The combat corps are referred to collectively as the ‘arms corps’.

In World Wars One and Two, arms corps were traditionally grouped together, in terms of structure and command, at the divisional level. A division (indicative size of 10,000 personnel) generally includes numerous infantry battalions and one or more regiments each of armour, artillery and engineers (plus combat service support). This represents a high ratio of infantry troops to the other arms corps. Intermediate in size between a battalion and division is the *brigade* – a formation traditionally comprised of several infantry battalions. Historically, battles have been fought by committing units of different sizes – battalion, brigade, division – based on the size of the military task. However, combined arms effects are achieved when assets are committed from the unit containing the range of arms corps. For example, if armour and artillery regiments are grouped at the divisional level, the division is the smallest organisation able to directly task its organic units (i.e. units normally found within its structure) to achieve combined arms effects.

Rationales

There are two basic rationales for holding the various arms corps at divisional level, based on the force generation cycle described above. The first rationale applies to combat operations: the ‘Concentration of Force’ Principle of War. This principle holds that arms corps are most effective in the battlespace when employed *in mass*. It therefore follows that because armour, artillery, engineers etc are more scarce than infantry, they need to be commanded at higher

levels within the structure, to achieve Concentration of Force.⁵ The second rationale relates to force preparation: the roles of armour, artillery, engineers etc are complex and specialised, and specific training is required to generate the requisite expertise. Following collective recruitment and common induction training, soldiers and officers complete specialist training in their designated corps before posting to a unit (battalion-equivalent) of their corps. Traditionally, battalion-sized units (or regiments) have been regarded as the smallest-sized organisation able to sustain specialised arms corps expertise. As noted in Chapter 2, ‘professional mastery’ is amongst the leading cultural attributes of the Australian Army, and is highly valued; further, as a ‘mechanistic’ structure, battalion-sized units of specialised arms corps expertise are also relatively easy to administer.⁶

Task-Organisation: Design Tension between Force Structuring Principles

In more recent decades, models other than divisional structures for grouping arms corps in battle have been explored, such as grouping the arms corps at the brigade level: a lower ratio of infantry to the remaining arms corps. Most recently, these ‘rigid’ models of grouping for battle have been relaxed, with the concept of *task-organisation*. This means that in preparing for battle, a commander will compose a specific group, based on the specific tactical task. A *battlegroup* is a battalion-plus sized grouping based on elements of infantry, armour, artillery, engineers, etc, assigned from specialist units within a brigade or division, and in flexible proportions contingent on the scenario. The battlegroup comes together, fights its battle, then the elements return to their parent units, where the specialist skills are fostered and honed.

Combined arms effects achieved through traditional divisional grouping, and by the more modern task-organisation approach, both involve the arms corps coming together at the point of battle: i.e., at one point of the force generation cycle described above. For most other purposes, including force preparation, the separate arms belong to their parent (battalion-

⁵ The A21 Final Report states: ‘The current Army approach to the battlefield reflects an anticipated scarcity of some combat and combat support units, e.g. armour, fire support and aviation. Considered ‘scarce’ resources, these are currently controlled centrally and allocated as necessary to forces’, and further: ‘This approach is valid only if the assets can be regrouped in a timely fashion to support the highest priorities’. Dunn et al., *Army in the 21st Century*, para 57, p. 17.

⁶ The A21 team referred to these as ‘homogeneous structures’ and posited that these ‘are less capable of sustained, independent operations because they depend on combat and combat service support from other homogeneous structures. While they offer economies in specialist training and maintenance support, and are easily replicated, their ability to adapt horizontally is limited because they represent only one capability.’ AAHU, *CGSAC Proceedings*, Report to CGSAC, 27 Oct, Item 15: A21 Progress Report, dated 18 Oct 1995, Annex F, ‘Achieving Adaptability and Versatility within the Land Force Structure derived to support Short Warning Conflict’, ‘Force Structuring Implications’, para 16, p. 5.

sized) specialised unit, within a division or brigade. Therefore, Army's predominant force structuring principle is around force generation for *specialisation*, rather than achieving *combined arms effects*. There is a design tension between these two force structuring principles.

A downside consequence of force structuring primarily for specialisation is that *teamwork* - 'habits of cooperation' - between the arms is more difficult to develop. In battle, combined arms are most effective under conditions of high coordination. If soldiers of a given arms corps have less familiar working relations with other arms corps soldiers (e.g. because they've been task-organised just prior to a battle), combined arms may be less effective.

The main solution to this dilemma is regular combined arms training exercises. Major General Mark Kelly, formerly Commander of 3rd Brigade, the Army's high-readiness group, described the success of this training model for building close teamwork in battle despite force structuring the arms corps into separate units, grouped at brigade level.⁷

In contrast, A21's embedding concept involved *permanently* structuring elements of armour, artillery and engineers into infantry (battalion) units. Fully implemented, there would be no more battalion-sized units of armour, artillery and engineers. The A21 task force structuring principle thus favoured combined arms effects:

*It is acknowledged that there are benefits gained through grouping capabilities into units in peacetime, and then allocating elements of these units to the task organised unit conducting operations. This approach ensures that technical and training standards specific to a capability are tightly controlled. However, permanently grouping capabilities into task organised units would ensure better understanding and...synergistic training in peacetime. Training as a combined arms team would be enhanced: the specific to capability training could be independently monitored. Task, rather than functional grouping not only presents operational advantages, but allows a saving of personnel through a reduced need for unit headquarters.*⁸

⁷ Mark Kelly, interview 17 Dec 2015.

⁸ Dunn et al., *Army in the 21st Century*, para 58, p. 18.

A21's embedding concept was an 'organic' structure, and the above description mirrors the posited theoretical benefits of this structural type in civilian organisations: reduced layers of management, and a more agile, responsive team.⁹ Army described this as 'horizontal adaptability': '...a force structure that is flexible enough to acquire, adapt, integrate, employ and support new capabilities without recourse to fundamental change'.¹⁰

Combined Arms Effects as a Spectrum

The two approaches for achieving combined arms effects treated in the two preceding sections can now be assembled. Conceptually, combined arms effects can be achieved at various points along a size spectrum. While *task-organisation* allows flexibility in the selection of a position along that spectrum, A21 embedding provided one prescribed solution: combined arms effects were to be achieved at unit (battalion) level.

There are two disadvantages with this approach. First, the scenario/threat can *also* be conceptualised as a spectrum (from low-level through to high intensity). If the threat is low-level, A21 embedding at battalion-level may provide a sufficient combined arms effect. Because the mid-to-high level conflict Phase of the RTA trials was not undertaken, arguably the limitations to A21's embedding model on the 'Concentration of Force' Principle of War were not tested. Logically, the higher the conflict intensity, the more important 'Concentration of Force' becomes for defeating a massed enemy. Therefore, at higher threat levels, A21's prescriptive solution may be limiting: permanent embedding at unit-level is not necessarily scalable to deal with larger missions against more capable enemies.

The second disadvantage relates to the design tension between the force structuring principles. A21 embedding posed cultural, technical and administrative challenges for the embedded arms corps. Cultural challenges included loss of unit identity and history, and loss of unit command appointments in these arms corps. The technical challenge concerned how the requisite expertise and specialised skills of each arms corps could be developed and sustained without the critical mass of a battalion-sized unit. Thus A21's structural change threatened the model for achieving specialisation and professional mastery. Finally, evidence

⁹ See Chapter 2 and Annex 2-A.

¹⁰ 'Additionally, such structures provide the potential for practising or conducting combined arms operations as a matter of course at each level of command without the overheads normally associated with such training.' AAHU, *CGSAC Proceedings*, Report to CGSAC, 27 Oct, Item 15: A21 Progress Report, dated 18 Oct 1995, Annex F, 'Achieving Adaptability and Versatility within the land Force Structure derived to support Short Warning Conflict', 'Force Structuring Implications', para 14, p. 4 and para 17, p. 5.

of the administrative challenges of A21's embedding model, as argued in Chapter 5, ultimately formed the strongest case against A21 in the RTA trials. As A21's embedding model required a decentralised distribution of armour, artillery and engineer elements across numbers of infantry units, the resultant proliferation of logistic support requirements for these specialised elements (which had previously been centralised), resulted in uneconomic administrative overheads. These costs could only be acceptable if the net tactical benefits of A21's embedding outweighed them. 'Economy of Effort' and 'Administration and Logistics' were other Principles of War for which A21 (and indeed any other force structure) needed to offer an acceptable trade-off.

The main posited advantage of A21 embedding was development of enhanced combined arms effects (albeit to a limited size) due to the arms corps elements working and training permanently in the same unit. This was supported by amalgamation in 1997-98 of separate arms corps training establishments into the Combined Arms Training and Development Centre (CATDC).¹¹ Theoretically, unit-level embedding could generate higher tempo, as less time is needed to task-organise when a tactical situation arises. With this conceptual understanding of the operational/tactical-level advantages and disadvantages of A21's embedding model, the final section of this Annex highlights the strategic-level drivers for embedding. The application of similar drivers to joint force design at a larger scale is a critical implication from this analysis.

Drivers for Embedding

This section argues there were two drivers for embedding in A21. The first driver related to military concept development of this era; the second was political and administrative reasons.

Sanderson described one of his key intellectual influences during this period as Douglas MacGregor's 1997 book *Breaking the Phalanx*.¹² MacGregor, a decorated US Army lieutenant colonel and military scholar, presented the thesis that 'organizational change in armies can produce revolutionary change in warfare', and that 'truly large payoffs require

¹¹ Department of Defence, *Defence Annual Report, 1997-98*, (Canberra, ACT, Australia: Australian Government, 1998), p. 203.

¹² Douglas A. MacGregor, *Breaking the Phalanx: A New Design for Landpower in the 21st Century*, (Center for Strategic and International Studies, Westport, CT, USA: Praeger, 1997), 238 pp. John Sanderson, interview 23 Nov 2015.

changes in strategy, doctrine and organisation'.¹³ Structurally, MacGregor advocated 'Joint Task Forces [with] an Army component...composed of highly mobile, self-contained, independent "all-arms" combat forces-in-being'.¹⁴ MacGregor argued that 'traditional service distinctions are meaningless',¹⁵ and that the:

*greater warfighting potential...conferred [by]...new technologies finds its outlet within a fixed "all-arms" framework. Only the need to adjust the proportion of arms to different tactical situations seems to limit the degree to which the various arms are grouped together permanently.*¹⁶

A21's provenance is readily traced to MacGregor's influential US work and related developments in manoeuvre theory. A21's embedding was thus consistent with international military concept development of the era. Applied to the Australian context, A21's embedding was consistent with A21's concept of widely dispersed, independent operations, low force-to-space ratios (which rendered the task-organising time penalty costly), and a strictly low-level threat scenario.

The second driver was the posited efficiency benefits of embedding, in terms of reducing layers of command and eliminating numbers of regimental headquarters. As an 'organic' structure, the benefits associated with this 'Theory of Change' were attractive to politicians and administrators, for non-military reasons. As argued in Chapter 4, embedding was also an effective means of 'hiding tanks in the structure' within a Defence-of-Australia politico-strategic orthodoxy, which questioned the requirement for some arms corps.

Scaled up, similar dual drivers (military concept development; and political and administrative reasons) can be recognised in the contemporary debate on joint force design, both in Australia and internationally. While embedding different arms corps aims to achieve combined arms effects within the Army, a joint force approach involves coordinating elements of the three services (Army, Navy and Airforce) to achieve joint effects at a higher level. McKenna and McKay describe the drivers for this joint approach as:

¹³ MacGregor, *Breaking the Phalanx*, p. 5, 54.

¹⁴ MacGregor, *Breaking the Phalanx*, p. 5.

¹⁵ MacGregor, *Breaking the Phalanx*, p. 25.

¹⁶ MacGregor, *Breaking the Phalanx*, p. 50.

*...the move towards joint action requiring the integration and coordination of elements of the Professions of Arms that have until relatively recently been operating largely independently. The drivers for this move towards joint include the increasing need for greater efficiency; the desire for finer control over the application of lethal force; and the requirement for the military to be employed in an ever increasing range of missions.*¹⁷

This suggests that some of the lessons emerging from A21/RTA may be transferrable to higher-level debates on the appropriate degree of ‘jointness’. Consideration of strategic-level drivers for A21’s embedding highlights a specific lesson for future reform. In contrast to its drivers, A21’s embedding concept is an operational/tactical-level concept, not a strategic one. This sub-thesis argues A21 was a capability game, with the primary objective being strategic-level capability resourcing for Army. Yet the controversy and strongly-held views that A21’s embedding – an operational/tactical-level concept – attracted from Army arguably distracted from the primary strategic-level objective; and detracted from A21’s success as a reform. The lesson here is around awareness of the potential for operational/tactical-level issues to ‘hijack’ a strategic-level reform; and the need to align objectives across the tactical, operational and strategic levels.

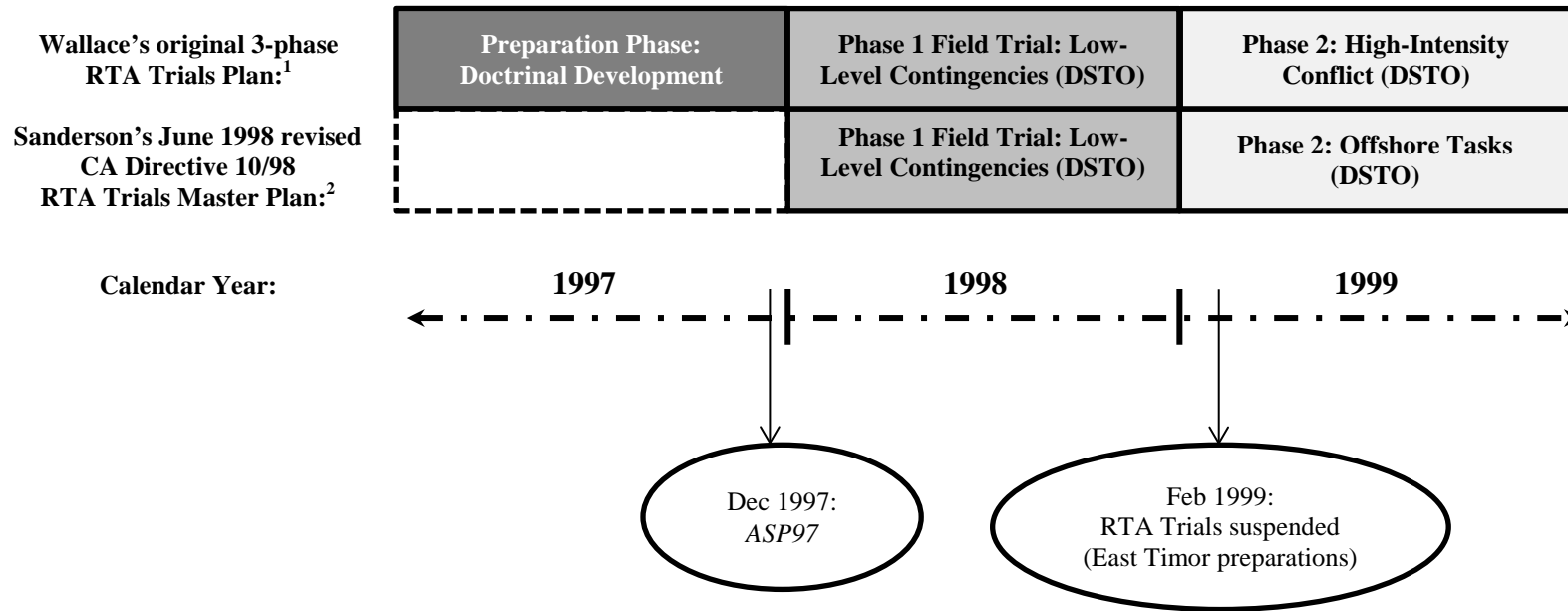
Conclusion

This Annex presented a deeper exploration of the embedding concept, one of the most controversial A21 concepts tested in the RTA trials. The Annex positions embedding as an operational/tactical-level concept for achieving combined arms effects, a fundamental land force structuring principle. The first section reviewed the traditional divisional structural approach for achieving combined arms effects, and the two underpinning rationales: the ‘Concentration of Force’ Principle of War; and the force preparation considerations of achieving professional mastery and ease of administration. The second section analysed the more recent evolution of task-organisation as a generic second approach for achieving combined arms effects. That analysis elicited the design tension between the two force structuring principles of specialisation *versus* achieving combined arms effects. The third section assembled the two approaches for achieving combined arms effects into a spectrum of

¹⁷ Tim McKenna and Tim McKay, *Australia’s Joint Approach*, Defence Science and Technology Group Research Report 0427, (Fisherman’s Bend, VIC, Australia: Joint and Operations Analysis Division, Defence Science and Technology Group, 2015), p. 64-65.

force size. Within that spectrum, A21's specific unit-embedding model can be understood as achieving a combined arms effect at one point along that size spectrum. The advantages and disadvantages of that single point were then considered, which further highlighted design tensions between force structuring principles and the Principles of War. The closing section presented a strategic-level perspective on the drivers for embedding, underscoring the influence of both military concept development of the era; and political and administrative reasons. The posited efficiency benefits of A21's embedding model as an 'organic' structure resonated with these drivers as a 'Theory of Change'. Finally, the working of similar drivers in current debates on joint force design was highlighted; as was the implication that A21's lessons may be relevant to these debates as well. One of those lessons is around the potential of operational/tactical-level concepts (e.g. embedding) to generate controversy for a strategic-level reform; and the need for alignment of objectives across the tactical, operational and strategic levels.

Annex 5-B: RTA Trial Phases



¹ Jim Wallace, interview 26 Nov 2015.

² Australian Army Headquarters, Chief of Army Directive 10/98, 'Restructuring of the Army Trials Master Plan', dated 06 Jun 1998.

Chapter 6: Expeditionary Redux - Army's Role in Maritime Strategy (1999-2000)

As a transformational change attempt, A21/RTA was woven with inconsistencies. Chapter 3 noted Army's difficulties shaping Government strategy during the DoA era, and responding to Government policy ambiguity of declared DoA orthodoxy alongside interest in expeditionary capability. Chapter 4 argued that while A21 was a capability game, it contained serious change management deficiencies, including credibility issues associated with building muscular Army capability while ostensibly conforming with benign DoA. Chapter 5 highlighted ASP97's nudge of Australia's foreign and defence policy beyond DoA, with a 'maritime concept' of strategy based on sea and air assets: while placing Army last for funding priority.

Chapter 6 explains how these several inconsistencies were resolved through A21/RTA's outcomes. The Chapter's two objectives are: firstly, to contrast the change management approach of new Chief of Army (CA), Lieutenant General Frank Hickling; and secondly, to identify A21/RTA's contribution and legacies, as Army strove to define its place within maritime strategy.

The Chapter presents three arguments. First, Hickling was successful in achieving overt alignment between strategy and Army's likely (expeditionary) tasks in 1999. Reasons included: Hickling's transparency and directness, which conferred credibility on his vision; his alignment with Army's enduring culture, which ensured internal support; and evolving strategic circumstances (notably East Timor) which rendered his principal receptive to his vision. Second, Army mounted two shaping efforts in 2000 (through a parliamentary inquiry, and the Ministerial A21/RTA outbrief). Both successfully reinforced Army's vision; and their target became inclusion of significant Army capability in the upcoming Defence White Paper 2000 (DWP2000). Third, these shaping efforts were successful in winning additional capability resources for Army in DWP2000.

A21/RTA's fate was abandonment – the trials were ceased as Army structurally returned to *status quo ante* in preparation for deployment to East Timor.¹ However, two immediate A21/RTA legacies contributed to Army's successful outcomes. First, RTA trials results were

¹ Experimentation work did proceed, however, within the Combined Arms Training and Development Centre (CATDC).

used to justify Army's 'clean break' from DoA and return to conventional warfighting. Second, Army discovered the power of evidence-based operational analysis to persuade its principal, informing modernisation and capability development.

The Chapter's arguments are presented in each of the succeeding three sections.

A Contrasting Change Management Approach

Hickling saw three challenges upon his appointment: (1) defining a strategically relevant role for Army; (2) addressing morale issues; and (3) handling severe resourcing constraints.²

Hickling and his deputy Peter Abigail scoped a deliberate, broad approach for meeting these challenges. They sought to "build a compelling case that was accepted and understood by others",³ interpreted here as the first element of successful change management. In contrast to Sanderson, Hickling based this case on overt alignment of the strategic narrative with Army's likely tasks - which he saw as expeditionary - and hence a capability resources rationale.⁴

Hickling recognised A21/RTA could generate capabilities equally applicable to non-DoA and DoA tasks,⁵ but viewed A21/RTA as problematic on two counts. The big problem was DoA: A21's "confining of Army to this continental role", and the perceived strategic irrelevance of remote Australia which "nobody in his right mind would invade".⁶ Hickling connected DoA's confined strategic guidance to Army's morale issues; Abigail concurred.⁷ A smaller problem was dismantling the corps structures - especially armour and artillery - Hickling cited legitimate concerns for how specialised technical mastery could otherwise be achieved. By his CA appointment Hickling had decided Army "was not going to pursue the RTA path".⁸ Hickling used two tools, to a degree exceeding Sanderson, to address Army's challenges - the first is retrospectively assigned here as 'by design'; the second as opportunistic.

² Frank Hickling, interview 13 Aug 2015.

³ Peter Abigail, interview 03 Dec 2015.

⁴ Peter Abigail, interview 03 Dec 2015.

⁵ Frank Hickling, interview 13 Aug 2015. See also the Defence Annual Report 1998-99, which reports as 'Achieved As Forecast' a Performance Outcome titled 'Further enhancing Army capability through the trial and evaluation of concepts outlined in Restructuring the Army', stating 'The Army continues to move from a platform replacement focus to a concept-led approach to capability development'. Department of Defence, *Defence Annual Report, 1998-99*, (Canberra, ACT, Australia: Australian Government, 1999), p. 204.

⁶ Frank Hickling, interview 13 Aug 2015.

⁷ "Defence-of-Australia was just wrong...it had an enormously debilitating effect". Peter Abigail, interview 03 Dec 2015.

⁸ Frank Hickling, interview 13 Aug 2015.

First, Hickling marshalled critical intellectual support, evidenced as follows. Abigail recounts their deliberate approach: “We wanted to gain the intellectual high ground in defence...and [Hickling] was determined to be transparent”.⁹ Hickling commissioned the Land Warfare Studies Centre to prepare a paper defining Army’s role in ASP97’s maritime strategy.¹⁰ In September 1998, Michael Evans published *The Role of the Australian Army in a Maritime Concept of Strategy*.¹¹ Evans highlighted RTA was ‘not optimising the Army’s capabilities, force structure and doctrine for tasks which a close reading of the strategic guidance contained in ASP97 might require’. The paper states ‘too much concentration on...continental task forces for single-scenario, low-level contingencies will be counterproductive’, exhorting Army planners to emphasise ‘land force power projection in regional littoral warfare’.¹² Hickling then commissioned revised capstone doctrine – the *Fundamentals of Land Warfare* (LWD-1.0).¹³ This built on Evans’ work, defining the maritime concept as the ADF’s force structure determinant,¹⁴ stressing in the first paragraph that ‘land forces must...manoeuvre in a littoral environment to secure Australia’s maritime approaches as well as in defence of continental Australia’.¹⁵ Linking Aristotelian rhetoric from Chapter 2, these intellectual resources constituted powerful *ethos* arguments (that is, appeal to authority - doctrine).

Second, Hickling opportunistically used evolving strategic exigencies, an Aristotelian *logos* argument – appealing to logic and evidence. The Asian Financial Crisis heightened just after ASP97’s release, rendering its assumption of regional stability doubtful.¹⁶ Hickling’s February 1999 decision to place one squadron of the 1st Armoured Regiment on reduced notice¹⁷ reflected observations of the Australia-Indonesia relationship and escalating tensions over East Timor.¹⁸

⁹ Peter Abigail, interview 03 Dec 2015.

¹⁰ See also AAHU, *CGSAC Proceedings*, ‘Aspects of a Maritime Focus in the Defence of Australia and its interests’, DARA draft paper as at 17 Nov 1996, para 16.

¹¹ Michael Evans, *The Role of the Australian Army in a Maritime Concept of Strategy*, Land Warfare Studies Centre (LWSC), Working Paper No. 101, (Canberra, ACT, Australia: Land Warfare Studies Centre, 1998), 49 pp. The speed with which LWSC101 was produced suggests that much of the thinking had already been done during the A21/RTA era.

¹² Evans, *The Role of the Australian Army in a Maritime Concept of Strategy*, p. vii-viii. This author’s emphasis.

¹³ Australian Army, *Land Warfare Doctrine 1: The Fundamentals of Land Warfare* (LWD-1.0), Doctrine Wing, Combined Arms Training and Development Centre (CATDC), (Canberra, ACT, Australia: Commonwealth of Australia, 1998). LWD = Land Warfare Doctrine.

¹⁴ LWD-1.0, p. 3-15.

¹⁵ LWD-1.0, p. i.

¹⁶ Peter Jennings, interview 18 Dec 2015.

¹⁷ Hickling asserted that this was prior to a directive from Government: “I had unilaterally...and probably exceeded my authority”. Frank Hickling, interview 13 Aug 2015. The National Security Committee of Cabinet

The second element of successful change management is building a clear, shared, credible vision. Hickling engaged with Army and the Chief of the Defence Force (CDF) to do this. Hickling's October 1998 senior officer address announced 'Army would embrace a maritime concept of strategy'.¹⁹ His March 1999 Staff College address closed with:

*Army has to operat[e] in a maritime setting, as well as...on the Australian continent...Consequently...I have committed myself to a maritime strategy...I have nailed Army's colours to that mast.*²⁰

Hickling recalls the enthusiastic reception, indicating his vision was shared by these officers.²¹ Hickling's engagement with CDF Barrie to build a shared vision had several advantages. They were old friends; and held similar strategic views on Army's expeditionary role²² and Defence's dire budget. In charting Army's new vision, Hickling was confident Barrie wouldn't object.²³

Political Sponsorship?

A third element of successful change management, political sponsorship, was more challenging. Under new Defence Minister, John Moore, Hickling opportunistically read the 'implications of...emerging military strategies, particularly the need for more options for working with joint task forces in the Asia-Pacific region...'²⁴ However Abigail recounts that

(NSC) considered and approved increased readiness of air and naval assets, and a brigade group, at its February 1999 meeting. David Connery, *Crisis Policymaking: Australia and the East Timor Crisis of 1999*, (Canberra, ACT, Australia: Australian National University Press, Strategic and Defence Studies Centre, Canberra Papers on Strategy and Defence No. 77, 2010), p. 23-24.

¹⁸ Frank Hickling, interview 13 Aug 2015. Both Barrie (interview 17 Nov 2015) and Abigail (interview 03 Dec 2015) concurred that the ADF sensed the likelihood of military tensions in early 1999, ahead of formal Government direction.

¹⁹ Michael Evans, *Forward from the Past: The Development of Australian Army Doctrine, 1972-present*, Land Warfare Studies Centre (LWSC), Study Paper No. 301, (Canberra, ACT, Australia: Land Warfare Studies Centre, September 1999), p. 55.

²⁰ Cited in Evans, *Forward from the Past*, p. 56.

²¹ Frank Hickling, interview 13 Aug 2015.

²² Barrie was one of the few Navy officers to complete the Army staff college at Queenscliff, and this gave him "a very different view from most of [his] naval colleagues on the value of Army...ground operations is what most fighting is about...most of the tasks that troops do, you can't solve any other way than having troops". Chris Barrie, interview 17 Nov 2015.

²³ Nicholas Jans, *The Chiefs: A Study of Strategic Leadership*, (Australian Defence College, Commonwealth of Australia, 2013), p. 69.

²⁴ '...CA said the focus on readiness would emphasise off-shore response options and defence of Australia...', AAHU, *CASAG Proceedings*, Minute 9/98, 'Outcomes of the 23/15 Working Group', dated 17 Jul 1998, para 1, p. 1. See also Frank Hickling, interview 13 Aug 2015.

civil-military relations had been “dreadful”;²⁵ and Hickling had no faith in the Defence Committee process.²⁶ In contrast to Sanderson, he decided to by-pass both, expending “all [his] political capital in one hit”,²⁷ by a direct public appeal at the National Press Club (NPC) in April 1999.

Hickling’s NPC address announced two strategically significant shifts for Army: firstly, the resumption of a conventional warfighting focus,²⁸ and secondly that Army would ‘embrace a maritime concept of defence so that we remain relevant to the nation’s security needs and aligned with government’s direction of strategic policy’.²⁹ He stated a maritime strategy ‘demands...the army operate offshore... as well as onshore’, (under)stating that ‘this represents a significant change...since our withdrawal from Vietnam’.³⁰

In Australian civil-military relations, this ranks amongst the most audacious peacetime manoeuvres of a Service Chief.³¹ Was this dramatic change management tactic effective? This Section argues it was, for five reasons. First, the media reaction to the NPC address was relatively benign, without overt hostility.³² As a barometer of the public’s readiness to re-accept an expeditionary army; a neutral reaction was not unhelpful to Army’s expeditionary thinking. Second, Army’s reaction was overwhelmingly positive.³³ The understanding of Army’s culture built in Chapter 2 and previous chapters identifies the reason: Hickling’s vision resonated strongly with Army’s traditional expeditionary and conventional warfighting culture. Third, the Minister’s reaction confirmed Hickling’s sense that Government policy ambiguity and appetite was ripe for change, requiring only a catalyst.³⁴ Fourth, public debate on Army’s role materialised within a fortnight: Minister Moore launched a parliamentary inquiry into the ‘suitability of the Australian Army for peacetime, peacekeeping and war...to

²⁵ “...because we were argumentative, because we were ‘agin’ the Government, we wouldn’t sign on for DoA being the fundamental force structure determinant”. Peter Abigail, interview 03 Dec 2015.

²⁶ Frank Hickling, interview 13 Aug 2015.

²⁷ Frank Hickling, interview 13 Aug 2015.

²⁸ “There should be no doubt about this: our focus is and must remain the delivery of warfighting capabilities that are international best practice. To aim for anything less would be an insult to our people in uniform; and a betrayal of the nation.” Lieutenant General Francis Hickling, National Press Club Address, 14 April 1999, (transcript and DVD audio-visual recording).

²⁹ Hickling, National Press Club Address, 14 April 1999.

³⁰ Hickling, National Press Club Address, 14 April 1999.

³¹ Jans, *The Chiefs*, p. 69.

³² Frank Hickling, interview 13 Aug 2015; see also Hickling, National Press Club Address, 14 April 1999.

³³ “It was the first time a senior army officer had intellectually defended the role of the Army that anyone could remember”. Neil James, interview 16 Nov 2015.

³⁴ “The Minister wasn’t angry with *what* I said – he was angry that I didn’t seek his permission”. Frank Hickling, interview 13 Aug 2015.

ensure it provides viable and credible land forces able to meet a range of contingencies'.³⁵ Finally, the tactic was successful largely because it happened to be prescient. Within five months, Australia's largest single deployment since World War Two (East Timor) occurred. This "stopped everything in its tracks...[and] illustrated perfectly the requirement for an Army that could mount expeditions".³⁶

This Section's change management comparison with Sanderson's A21/RTA approach highlights the following differences that contributed to Hickling's successful overt alignment of strategy with Army's likely (expeditionary) tasks. First, Hickling's transparency and directness – though bypassing official processes – conferred credibility³⁷ and consistency to his vision, as did his intellectual tools.³⁸ Second, alignment with Army's enduring culture ensured internal support. Finally, Hickling was aided by circumstance (evolving regional instability) rendering his principal (Government) receptive to his vision.

A21/RTA Contribution and Legacies

The RTA trials were abandoned in early 1999; in 1st Brigade and elsewhere, Army returned, structurally, to *status quo ante*. The initial force deployed to East Timor was based on the high-readiness 3rd Brigade,³⁹ using its conventional structure, untouched by the trials. Abigail drafted the mobilisation directive, recalling "we couldn't afford that risk [of deploying with A21/RTA structures]...there were still too many questions about some of the conceptual aspects...we went with what we knew".⁴⁰

³⁵ Joint Standing Committee on Foreign Affairs, Defence and Trade, *From Phantom to Force: Towards a More Efficient and Effective Army*, Inquiry into the Suitability of the Australian Army for Peacetime, Peacekeeping and War, Report No. 95, (Canberra, ACT, Australia: The Parliament of the Commonwealth of Australia, September 2000), p. iv.

³⁶ Frank Hickling, interview 13 Aug 2015. See also '...as East Timor demonstrates, we also need a highly capable land force—one which is ready to operate at short notice and is highly mobile.' John Moore, *Ministerial Statement: East Timor*, (Canberra, ACT, Australia: Parliament 39 of the Commonwealth of Australia, House of Representatives Hansard, 21 September 1999).

³⁷ James Kouzes and Barry Posner, *Credibility: How Leaders Gain and Lose It, Why People Demand It*, (San Francisco, CA, USA: Jossey-Bass Publishers, 1993), 332 pp.

³⁸ Hickling also used his NPC address as an opportunity to *publically* launch LWD-1.0 as an *unclassified* document: he held up the publication for his audience during his address. While not unprecedented, this is unusual for Army doctrine. Hickling, National Press Club address, 14 April 1999.

³⁹ David Connery, 'The Strategic Director: ambiguity, the Army and the East Timor crisis of 1999', Chapter 3 in D.K. Connery (ed), *The Battles Before: Case Studies of Australian Army Leadership 1972-2010*, (Sydney, NSW, Australia: Big Sky, 2016).

⁴⁰ Peter Abigail, interview 03 Dec 2015.

Tracing A21/RTA's legacies requires analysis of succeeding events in 2000. Army had built significant momentum in 1999 in influencing the strategic narrative – a fourth element of successful change management, 'achieving early successes'. But to win capability resources, this momentum needed to be reinforced to solidify change – another element of successful change management. This Section argues that Army mounted two shaping efforts; that both were successful in reinforcing Army's vision; and that their target became inclusion of significant Army capability in the upcoming Defence White Paper 2000 (DWP2000).⁴¹ The first shaping effort was through the parliamentary inquiry; the second was the Ministerial A21/RTA outbrief.

Parliamentary Inquiry

Army and the CDF welcomed the 2000 parliamentary inquiry⁴² as providing 'Army with a unique opportunity to raise awareness of the expanding...and integral role...land forces...have in support of Australia's military strategies'.⁴³ Again Hickling marshalled intellectual resources. Lieutenant Colonel Greg de Somer was tasked with preparing 'the conceptual and intellectual basis for the Army's Submission',⁴⁴ publishing *The Capacity of the Australian Army to Conduct and Sustain Land Force Operations* in October 1999. This crystallised Army's new strategic narrative, stating Army 'must be prepared to conduct land force operations throughout the spectrum of conflict' and must 'develop and maintain a high level of warfighting capability' in order to 'offer Government as broad a range of Military Response Options as possible...'⁴⁵ The paper skilfully highlighted ASP97's assessment of increasing uncertainty in Australia's strategic environment, and the consequent expansion in Army's likely tasks. The paper argued its recommendations were *required* for Army to meet ASP97's guidance, concluding that the principal force structure determinant should be the

⁴¹ "We had to get our narrative into that White Paper". Peter Abigail, interview 03 Dec 2015.

⁴² Lieutenant General Francis Hickling, in: Joint Standing Committee on Foreign Affairs, Defence and Trade, Defence Sub-Committee: *Inquiry into the Suitability of the Australian Army for Peacetime, Peacekeeping and War*, (Canberra, ACT, Australia: Parliament 39 of the Commonwealth of Australia, Transcript, Official Hansard Report, Friday 26 November 1999), p. FADT 74; Admiral Chris Barrie, in: Joint Standing Committee on Foreign Affairs, Defence and Trade, Defence Sub-Committee: *Inquiry into the Suitability of the Australian Army for Peacetime, Peacekeeping and War*, (Canberra, ACT, Australia: Parliament 39 of the Commonwealth of Australia, Transcript, Official Hansard Report, Friday 26 November 1999), p. FADT 75.

⁴³ Greg de Somer, *The Capacity of the Australian Army to Conduct and Sustain Land Force Operations*, Land Warfare Studies Centre (LWSC) Working Paper No. 106, (Canberra, ACT, Australia: Land Warfare Studies Centre, October 1999), p. vi.

⁴⁴ de Somer, *The Capacity of the Australian Army*, p. vii.

⁴⁵ de Somer, *The Capacity of the Australian Army*, p. vi.

highest-end warfighting capability to be fielded by the force.⁴⁶ Finally, the paper mounted an enduring argument favouring force structure conservatism:

*...while changes in strategic circumstances can be very rapid and unforeseen, and adjustments to preparedness can be achieved reasonably quickly given adequate resources, fundamental changes to doctrine and force structure take many years.*⁴⁷

Army's inquiry submission included most of de Somer's paper verbatim,⁴⁸ and CDF Barrie's submission reinforced Army's key messages.⁴⁹ This 'united front' demonstrated that Hickling had achieved an element of successful change management: wider leadership team buy-in. The Committee tabled its final report, *From Phantom to Force*, in September 2000 having considered 74 submissions.

The inquiry supported Army's vision, evidenced as follows. First, the title suggests a scathing assessment of Army's state then, calculated to shock readership into supporting remedial action. The Committee observed 'a tension between ASP97's declared tasks...for the Army and the Department's own task list...[it] implies...Army is required to do more than...articulated within current strategy'.⁵⁰ The Committee attributed this primarily to poor strategic guidance and insufficient resources from government, and was highly critical of 'the recurrent peacetime desire to limit ground forces to territorial defence' stating 'peacetime, peacekeeping and war are not distinct and separable conditions. All armies must be able to operate within a conflict spectrum'.⁵¹

Second, the Committee observed many similarities between A21/RTA and the pentropic experiment, finding while neither were 'accepted for a range of institutional, operational,

⁴⁶ LWSC106 also included a slogan used frequently thereafter to describe Army's preferred force structuring principle: 'structured for war – adapted for peace'. de Somer, *The Capacity of the Australian Army*, p. 56.

⁴⁷ de Somer, *The Capacity of the Australian Army*, p. 18.

⁴⁸ Australian Army, Submission No. 47 to the JSCFADT *Inquiry into the Suitability of the Australian Army*, in: Joint Standing Committee on Foreign Affairs, Defence and Trade, Defence Sub-Committee, Submissions: *Inquiry into the Suitability of the Australian Army for Peacetime, Peacekeeping and War*, (Canberra, ACT, Australia: Parliament 39 of the Commonwealth of Australia, July 1999), Volume 3, p. 753-795.

⁴⁹ Department of Defence, Submission No. 35 to the JSCFADT *Inquiry into the Suitability of the Australian Army*, in: Joint Standing Committee on Foreign Affairs, Defence and Trade, Defence Sub-Committee, Submissions: *Inquiry into the Suitability of the Australian Army for Peacetime, Peacekeeping and War*, (Canberra, ACT, Australia: Parliament 39 of the Commonwealth of Australia, July 1999), Volume 3, p. 549-558.

⁵⁰ JSCFADT, *From Phantom to Force*, para 3.47, p. 50.

⁵¹ JSCFADT, *From Phantom to Force*, para 1.16, p. 5.

cultural and other reasons’,⁵² resourcing deficiency was the ‘single biggest reason for the limited change in Army’s force structure during periods of peace’.⁵³ The Committee thus reached its own conclusion on another element of successful change management: ‘enablers for change’ (e.g. resources).

Third, amongst the Committee’s twelve broad recommendations, the most important were: (a) clear, coherent strategic guidance; (b) a balanced force structure capable of being deployed and sustained in two simultaneous (one major, one minor) focal areas within Australia’s ‘Area of Critical Security Interest’; (c) a war-fighting focus up to mid-intensity conflict; and (d) an Army resourcing increase.⁵⁴ These were powerful re-affirmations of Army’s preferred force structuring principles, including an expeditionary and conventional warfighting focus. The inquiry’s Final Report was tabled notably in time to influence DWP2000, then under development.⁵⁵

A21/RTA Outbrief

In defining a strategically relevant role for Army, Hickling used A21/RTA to achieve a ‘clean break’ from DoA. In the second quarter of 2000, Hickling and Colonel Justin Kelly⁵⁶ briefed Defence Minister Moore on the RTA Trials Final Report. This was an opportunity to reinforce Army’s departure from DoA, and return to conventional combined arms warfare. The briefing and report highlighted Army’s perceptions of A21/RTA’s key flaws as: a ‘totally inadequate’ strategic premise; dependence ‘on technology Army didn’t have’; that embedding ‘proved...a more expensive way to achieve a lesser outcome’; and that ‘A21 logistic concepts...were not robust enough to adapt to evolving operational circumstances’. However, Kelly reported that the trials reinforced the importance of conventional combined arms.⁵⁷

⁵² JSCFADT, *From Phantom to Force*, para 2.49, p. 24.

⁵³ JSCFADT, *From Phantom to Force*, para 2.77, p. 32.

⁵⁴ Department of Defence, *Government Response to Joint Standing Committee on Foreign Affairs, Defence and Trade Report: ‘From Phantom to Force: Towards a More Efficient and Effective Army’ and Subsequent Report: ‘A Model for a New Army – Community Comments on ‘From Phantom to Force’ Parliamentary Report into the Army*, (Department of Defence: Commonwealth of Australia, May 2003), Recommendation 1, p. 1; Recommendation 2, p. 2-3; Recommendation 6, p. 7; Recommendation 7, p. 8-9.

⁵⁵ The Government’s formal response was not forthcoming until 2003, and it agreed with these primary recommendations. Department of Defence, *Government Response to ‘From Phantom to Force’*.

⁵⁶ Later Brigadier and Director General, Future Land Warfare (DG-FLW). Dr Roger Lough, First Assistant Secretary, Science Policy (DSTO) also attended this briefing.

⁵⁷ Directorate for Restructuring the Army (DTRIALS), *Presentation to Minister: RTA Trials Report*, (Unpublished, Australian Army Headquarters, 2000), p. 4, 6, 8, 18, 6-7.

Thus A21/RTA's first legacy was valuable evidence supporting return to a conventional warfighting focus. Hickling highlighted a second positive legacy as the new relationship with the Defence Science and Technology Organisation (DSTO), asserting 'Army and DSTO are close to world best practice in the exploitation of scientific method in pursuit of force development' and that 'A21/RTA catalysed a process for the continuous modernisation of Army'. Hickling closed with reminding the Minister of the importance of the forthcoming DWP2000 to 'shape Army modernisation for a long period to come'.⁵⁸

Resourcing Outcomes

This Chapter's final argument is that these shaping efforts were successful in winning additional capability resources for Army in DWP2000. The evidence follows. First, the Defence budget in early 1999 was weak. Annex 6-A examines some objective financial evidence, and shows: firstly, that over the A21/RTA period, the economy was strengthening; and secondly that Government allowed Defence to slip as a funding priority, in contrast to the economy's relative strength.⁵⁹

Second, military leadership affirmed the parlous budget state. Hickling's NPC address pitched an appeal for increased resourcing for Army.⁶⁰ Reflecting on this, Hickling described how, upon becoming CA, his instructions from the CDF were to make personnel reductions of twenty percent, with commensurate reductions in other areas,⁶¹ legacy effects of the Defence Reform Program. Barrie confirms the dire budget situation.⁶² The 2000 parliamentary inquiry also recommended increased Army resourcing. Annex 6-A presents factual budget evidence these opinions were more than self-interested provider capture.

Third, while Defence's claimed resource constraint was real, it reflected discretionary Government policy that shifted in Defence's favour with East Timor. Prime Minister John Howard provided powerful evidence of growing political sponsorship:

⁵⁸ DTRIALS, *Presentation to Minister*, p. 20-21, 20, 24.

⁵⁹ Unfortunately, the Australian Bureau of Statistics data do not include a breakdown within the Department of Defence to examine the distribution across the three services: so the relative proportion of this decline suffered by Army cannot be ascertained from these data.

⁶⁰ Hickling, NPC Address, 14 Apr 1999.

⁶¹ Frank Hickling, interview 13 Aug 2015.

⁶² "When I became CDF, we were trading insolvent – spending down our capital investment in the future to do current operations". Chris Barrie, interview 17 Nov 2015.

East Timor had a profound impact on my thinking about Australia's Defence preparedness...⁶³ we would have to strengthen the Australian army, not at the expense of the navy or air force but as a commitment in its own right.⁶⁴

Finally, DWP2000 (released in December 2000), placed renewed emphasis on Army capability beyond DoA,⁶⁵ with an unprecedented \$5 billion Army allocation.⁶⁶ Both the inquiry and DWP2000 were undoubtedly influenced by changing strategic circumstances (especially East Timor). However, Army's concerted efforts to transcend DoA and harmonise strategic guidance with Army's force structure and capability investment had contributed to substantial outcomes by late 2000.

Conclusion

The years 1999-2000 were the last dramatic period in A21/RTA's history. This Chapter achieved two objectives. First, it presented a comparative analysis of Hickling's change management approach, contrasting with Sanderson. Hickling sought to transcend DoA through overt alignment between the strategic narrative and Army's likely tasks and capability needs. His methods included marshalling intellectual resources (new doctrine and think tank pieces), using escalating strategic tensions, and bypassing Defence Committee and Ministerial consultation processes with a direct public appeal for increased Army resources and an expeditionary/conventional warfighting focus. The Chapter firstly argued that in change management terms, Hickling was successful in building a compelling case for change and creating a clear, shared, credible vision. His success is attributable to: the transparency and directness of his approach (which conferred credibility, as did his intellectual tools); his alignment with Army's enduring culture, which ensured internal support; and evolving strategic circumstances (i.e. East Timor) which rendered his principal, Government, more receptive to his vision for an Expeditionary Army.

⁶³ 'I realised that for a long time into the future, Australia would need to spend a lot of money on Defence. We had mounted a hugely successful operation, but launching and sustaining it had put an enormous strain on our military resources, particularly our ground forces and strategic lift assets'. John Howard, *Lazarus Rising – A Personal and Political Autobiography*, (HarperCollins Publishers Australia, 2010), p. 357.

⁶⁴ 'This was realised with my Government's subsequent investment in the hardening of the army program, and most significantly in 2006 with the decision to establish two new battalions...', Howard, *Lazarus Rising*, p. 358.

⁶⁵ Department of Defence, *Defence 2000: Our Future Defence Force*, (Canberra, ACT, Australia: Commonwealth of Australia, 2000), p. 79.

⁶⁶ DWP2000, p. 97.

The Chapter's second objective was to identify A21/RTA's contribution and legacies within the above change management context. The RTA trials were abandoned in early 1999, and Army returned, structurally, to *status quo ante*. The Chapter's second argument was that Army mounted two supporting efforts in 2000 aimed at winning Army capability resources in DWP2000. Both these supporting efforts, through the parliamentary inquiry, and the Ministerial A21/RTA outbrief, reinforced and solidified Army's change to an expeditionary, conventional warfighting focus. The Chapter thirdly argued these efforts were successful: DWP2000 included a substantial boost in Army resourcing.

A21/RTA was used to achieve a 'clean break' from DoA, with two immediate legacies. First, RTA trials evidence justified a return to an expeditionary, conventional warfighting focus. Second, Army discovered the power of evidence-based operational analysis to persuade its principal and guide Army's future modernisation.

Hickling's unilateral re-alignment of the national strategic narrative for Army stretched the formal guidance in ASP97 to the limit; this tactic was successful largely because East Timor soon after demonstrated the necessity of explicit coherence between the strategic narrative and Army's likely tasks. Together with Army's shaping efforts to boost Army resourcing in DWP2000, these were significant achievements given Army's ineffective strategic and resourcing influence during the DoA years. Here, Army demonstrated it was a 'learning organisation'⁶⁷ - the 'evaluate and improve' element of successful change management - with significant learning arising from A21/RTA.

⁶⁷ D.W. Waddell, A. Creed, T.G. Cummings and C.G. Worley, *Organisational Change: Development and Transformation*, 5th Edition, (South Melbourne, VIC, Australia: Cengage Learning Australia, 2014), p. 200-217.

Annex 6-A: Defence Budget Figures

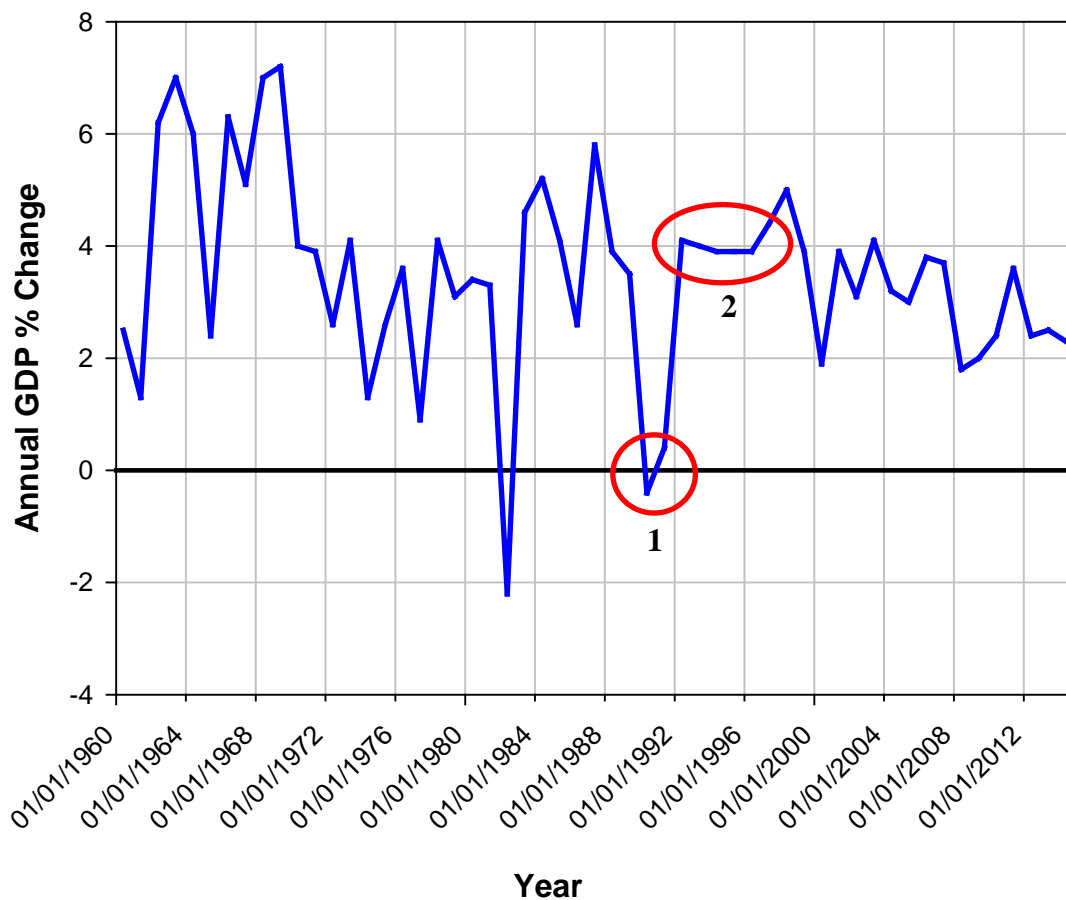


Figure 1: Annual GDP percentage change, 1961-2015.

Figure 1 presents the annual GDP¹ percentage change for Australia over the years 1961-2015.² During the 1990s period of A21/RTA interest, Figure 1 shows that the economy contracted in 1991 with negative growth (recession: circle 1); however by 1993 was recovering, with consistent growth around four percent for the four years 1993-1996 (circle 2). This is a strong growth rate relative to contemporary standards: 2015's growth rate was 2.3 percent. However, lag effects in the wider economy following the 1991 recession (e.g. unemployment) took some time to recover.³

¹ GDP = Gross Domestic Product.

² Australian Bureau of Statistics, 5204.0 - Australian System of National Accounts, Table 1: Key National Accounts Aggregates. www.abs.gov.au, accessed 16 January 2016.

³ David Gruen, *The Australian Economy in the 1990s*, Reserve Bank of Australia Bulletin, Oct 2000, 6 pp.

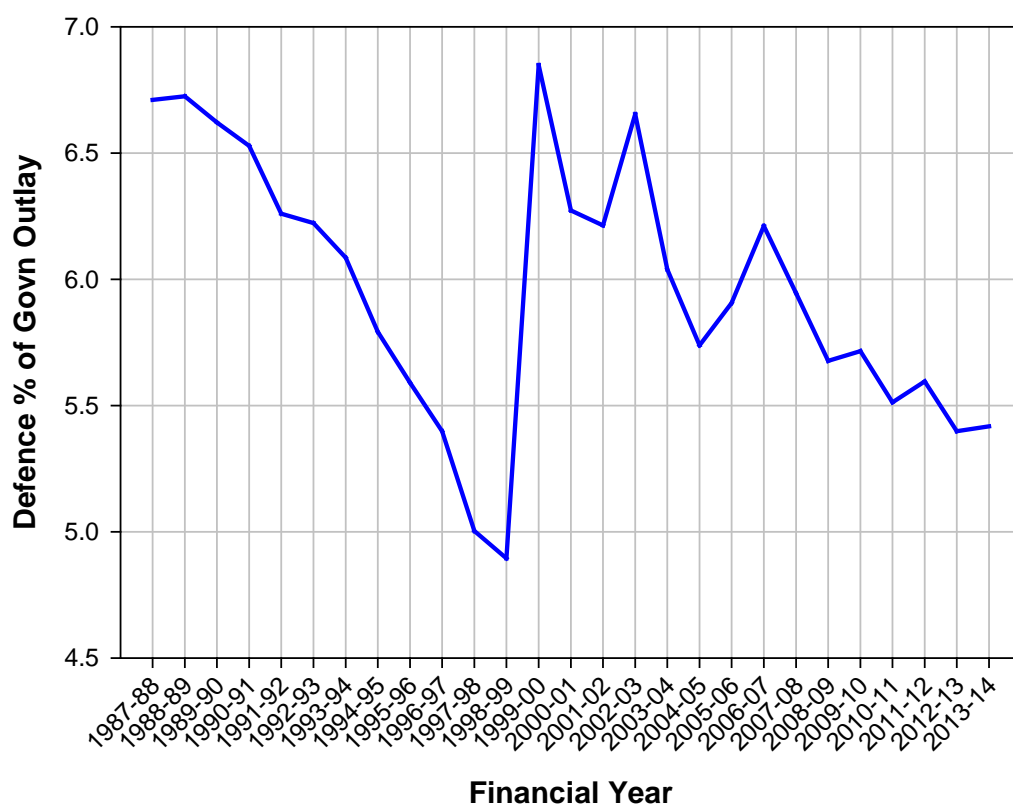


Figure 2: Annual Defence expenditure as a percentage of total government outlay, 1987-88 to 2013-14.

Figure 2 shows annual Defence expenditure as a percentage of total government outlays from Financial Year (FY) 1987-88 through 2013-14.⁴ This shows a steady decline from FY 1987-88 through to 1998-99, from 6.7 to 4.9 per cent of total government outlays. In fact, it is only in the FY 1999-2000, during which the East Timor deployment takes place, that this multi-year decline is reversed with additional appropriations to support the deployment.

⁴ Australian Bureau of Statistics, *5512.0 - Government Finance Statistics, Australia, 1987-88 to 2013-14*. www.abs.gov.au, accessed 16 January 2016.

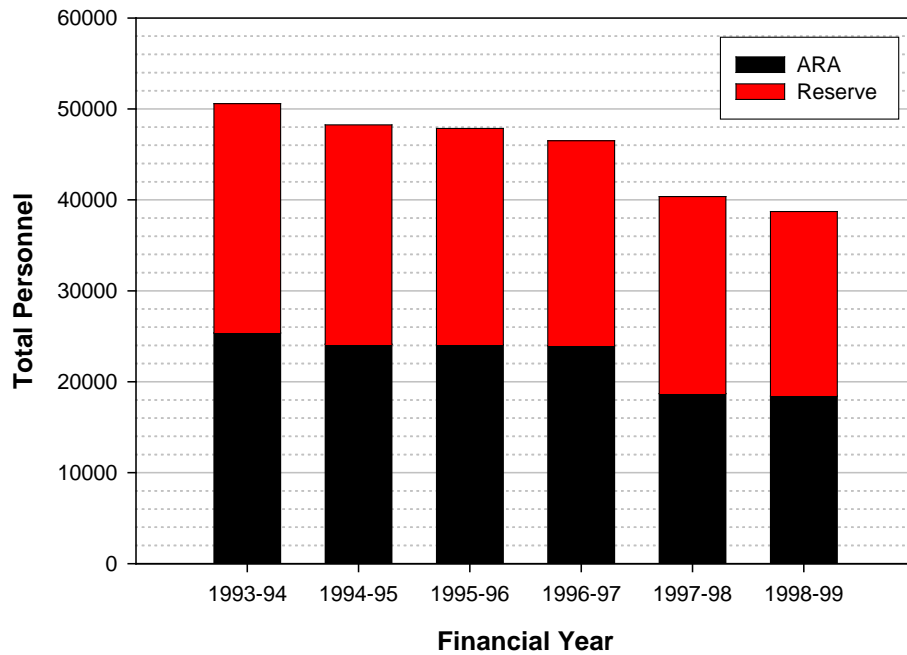


Figure 3: Army personnel numbers, 1993-94 through 1998-99.

Figure 3 presents Army personnel numbers from 1993-94 to 1998-99 as reported in the Defence Annual Reports from this period.⁵ Shown is the breakdown between Australian Regular Army (ARA – i.e. full-time members) and Reserve members. Figure 3 indicates that over this six-year period, total personnel declined by more than 23 percent, from over 50,000 personnel in 1993-94 to less than 39,000 in 1998-99. Figure 3 also shows the ratio of ARA to Reserve personnel declining over this period, with 1:1 in 1993-94, and 0.9:1 in 1998-99, signalling a relative increase in the proportion of the Reserve members in the total force. This reflects the personnel downsizing measures (e.g. the redundancy program) directed towards the ARA during the Defence Reform Program (DRP).

⁵ Department of Defence, *Defence Annual Report*, (Canberra, ACT, Australia: Australian Government, series from 1994-95 through 1998-99).

Chapter 7: Towards Contemporary Contestability - How to Restructure Well

*A21 was Army's first journey in contestability.*¹

The Introduction posed three questions: did A21/RTA fail? What are A21/RTA's legacies? What are A21/RTA's lessons for contemporary force structuring initiatives? This Chapter assembles the previous chapters' arguments to address these questions. The first section evaluates A21/RTA against the critical change elements; deriving responses to each question, presented in the succeeding three sections. A final section presents future work priorities emerging.

Evaluation against Change Management Elements

Evaluating success or failure depends on definition of objectives. This section recaps then evaluates A21/RTA's objectives against Chapter 2's seven elements of successful change management.

A21/RTA's objectives varied by stakeholder and level. Key stakeholders for high-level objectives included, externally, Government and the Chiefs of Service Committee (COSC); and internally, Chief of the General Staff Sanderson. Chapter 3 presented the external objectives as A21/RTA's compelling drivers for transformational change. Government's strategic objective was an Army force structured for DoA while providing some expeditionary capabilities. COSC's budget objective (responding to pressure from the other services, and reinforced in A21's Terms-of-Reference) was for Army to justify a structure (and hence operating budget). Juxtaposed with these external objectives were Sanderson's internal organisational objectives for A21. Chapter 4 identified these as firstly winning more capability resources for Army; and secondly other reforms to reshape Army, in capability and cultural terms, for modern warfare. Chapter 5 showed A21/RTA also involved lower-level objectives including testing concepts in the trials. Evaluating all these objectives against the critical elements of change management reveals answers to the sub-thesis' questions on A21/RTA's success/failure, lessons and legacies.

¹ Michael Brennan, interview 21 Dec 2015.

1. *Compelling Drivers*

Chapter 3 showed that A21/RTA's drivers for transformational change were compelling. A21/RTA arose from years of relative Army unresponsiveness to DoA strategic guidance, resulting in an entrenched divisional structure externally perceived as no longer fit-for-purpose. A21/RTA's budget driver was also compelling, given the conflation of Australia's recessionary economy and DoA's emphasis on expensive sea and air assets, pressuring Army to justify its structure and budget.

In the strict sense, A21's design solution met these compelling drivers (as external objectives). The A21 Final Report presented a force structure, operational and personnel package that appeared to conform with DoA; and met its other prescriptive Terms-of-Reference including budget envelope. COSC's endorsement of A21's Final Report indicates these objectives were met at least within the Defence Committee process.

But Chapter 3 also highlighted the strategic ambiguity that A21 needed to satisfy: a force designed for DoA *also* had to contain expeditionary capabilities. Chapter 4 examined A21's solution as a 'capability game': apparently conforming with DoA, but containing muscular capabilities at variance with DoA's low-level threats. A21's force structure rather overstepped Government's original objectives and intent, notwithstanding strategic ambiguity around the expeditionary margin. This reflected Sanderson's objective of winning increased capability resourcing for an Army suitable for wider contingencies. This driver/objective was *also* compelling, given the cumulative years of under-investment in the Army before A21. However, these external and internal objectives were not perfectly aligned; consequentially A21's capability game could not be *transparently communicated* to the wider Army or Government. This fundamentally undermined two other elements of successful change management impacting these respective stakeholders: creating a clear, shared, credible vision internally; and political sponsorship externally.

2. *Clear, shared, credible vision*

While Sanderson's A21 vision was clear, it was not *shared* or credible within Army. Chapter 4 showed the early resistance encountered from Army's senior leadership, based first on rejection of A21's overt DoA premise, despite A21's net capability gain and design for wider

contingencies. The fundamental clash of DoA with Army's conservative expeditionary and conventional warfighting culture had underlain Army's unresponsiveness to DoA for years before 1994. This same cultural clash undermined credibility of A21's vision within Army, compounded by the lack of transparency noted above. While this suggests Army's senior leadership was unable to differentiate an unpopular strategy (DoA) from A21's net capability gain, there was a second reason for resistance. A21's specific resource allocation posed to disrupt the interests of dominant cultural tribes within Army, favouring minority tribes including Special Forces and Reserves. Collectively, these factors meant that Army did not share Sanderson's A21 vision. This early resistance was compounded when A21's concepts failed to achieve early successes in the RTA trials.

3. *Achieving early successes*

Chapter 5 showed how RTA failed to achieve early successes in two respects. Several A21 concepts failed for technical reasons; and disruptions elsewhere across Army hardened cultural resistance. The concept failures offer significant lessons, because despite being lower-level objectives (compared to the strategic, budgetary and capability objectives already discussed), the failure to achieve early successes through them drew disproportionate attention and undermined the whole A21/RTA initiative. The embedding concept is a case-in-point. Analysis reveals the reason for failure as unnecessary *over-prescription*.

Nothing in A21's higher-level objectives or Terms-of-Reference directed embedding as a specific solution, yet A21/RTA's colours became largely nailed to this mast. Army's cultural pre-occupation with tactical-level professional mastery explains this failure. Chapter 4 noted A21's design solution was presented as a single, deterministic outcome; partially attributable to the Assumption-Based-Planning methodology and deductive reasoning used by the A21 team. As Chapter 5 demonstrated, unit-level embedding is but one means for achieving combined arms effects. By prescribing one specific model (*unit-level* embedding), A21/RTA 'set itself up' for technical failure.²

Instead of positing 'unit-level embedding is optimal for achieving combined arms effects', A21/RTA could have framed a more open hypothesis: 'the optimal combined arms effect

² DSTO noted that Army framed the embedding hypothesis. Dean Bowley, correspondence 11 Jun 2016.

may be achieved through grouping at levels below the division. The RTA trials will identify the optimum level for this grouping to occur'. This hypothesis leaves the answer open and more likely to generate successful experimental outcomes. In fact, the RTA trials suggested the *brigade* was the optimal grouping level, other things being equal. Relative to Army's divisional start-state, this was a very significant, successful outcome for the transformational change initiative; yet repudiation of unit-level embedding cast the whole trials program as technically infeasible. This was compounded by the failure of A21's logistics concept, which, as Chapter 5 argued, was another design (rather than execution) flaw, exacerbated by inadequate resourcing.

4. Enablers for change: time, skills, resources, training must be provided

The conflation of A21/RTA as a transformational change initiative with the Defence Reform Program (DRP) negatively influenced A21/RTA in several resourcing respects. First, A21's logistics concept was heavily influenced by the DRP's commercialisation/out-sourcing drive, which was at variance with A21's manoeuvrist operational concept. Second, DRP's deep budget cuts across Army contributed significantly to cultural resistance, as DRP savings were used to fund A21/RTA restructures outside the 1st Brigade trials.

The 2000 parliamentary inquiry found inadequate resourcing was the principal reason for limited success not only in A21/RTA, but in Army's previous force structural experiments also.³ This suggests a perennial issue for future transformational change initiatives. Time was another noteworthy A21/RTA factor. Given the longevity of Army's divisional structure and culture, achieving A21/RTA's transformational change in only several years was ambitious.

5. Senior leadership buy-in and political sponsorship

Not only did A21/RTA generate resistance from Army's senior leadership; political sponsorship from Ministers was ambivalent after the change-of-Government in 1996.

Cultural reasons for the former have already been discussed; however Chapter 5 noted the

³ Joint Standing Committee on Foreign Affairs, Defence and Trade, *From Phantom to Force: Towards a More Efficient and Effective Army*, Inquiry into the Suitability of the Australian Army for Peacetime, Peacekeeping and War, Report No. 95, (Canberra, ACT, Australia: The Parliament of the Commonwealth of Australia, September 2000), para 2.77, p. 32.

contribution of a directive leadership approach and strained civil-military relationships, with two resultant effects. First, directive leadership disaffected members, hardening internal resistance and undermining confidence: ultimately expressed in the leadership change from Sanderson to Hickling. Second, Sanderson's retirement left A21/RTA champion-less.

However, a hastily-drawn lesson that directive leadership was inappropriate for A21/RTA is ill-advised. This sub-thesis has shown the formidable cultural challenge A21/RTA faced. Chapter 2 highlighted that some transformational change is so dramatic it is achieved only with organisational *generational change*, either quickly (dismissing nonconforming employees) or slowly (natural attrition of older views). Either way, the lesson is that *if* directive leadership is used, *then* there must be sufficient leadership longevity to complete the reform.

Institutionally, Army is not well-positioned for senior leadership longevity.⁴ The short tenure of both senior Army and most political leaders works against the time required for successful transformational change. A21/RTA's lesson is the importance of *depth* of senior leadership buy-in for major reforms, so there are inter-generational champions within an organisation who can 'reinforce and solidify' change.

Achieving political sponsorship was challenging for both Sanderson and Hickling. While Sanderson successfully persevered with the Defence Committee process but received only qualified political sponsorship, Hickling bypassed this process to win grudging political sponsorship through a risky direct public appeal. Provider capture explains why political sponsorship was so challenging. A21/RTA suggests: deficiencies in the Defence Committee process; limited Government⁵ involvement in Army's 'internal' reforms; and (consequentially) levels of principal/agent distrust - a classic provider capture effect. Chapter 2 identified evidence-based contestability to mitigate provider capture. Chapters 4, 5 and 6 chart A21/RTA's evolution of an evidence-based approach to winning capability resources;

⁴ Anthony Ween, Thitima Pitinanondha, Ivan Garanovich, Tim McKenna and Tim McKay, *Guiding Principles for Force Posture Design*, Defence Science and Technology Organisation Technical Note 1221, (Fairbairn, Canberra, ACT, Australia: Joint and Operations Analysis Division, Defence Science and Technology Group, 2013), p. 22.

⁵ 'Government' is understood here at two levels: civilian agencies (Defence and other government agencies) and elected political representatives.

this enduring legacy became known as the ‘Golden Thread of Logic’⁶ within Army. Significantly, the latest Defence reform initiative, the *First Principals Review*,⁷ features a reinvigorated contestability function. This proposes independent assurance on strategy, scope, technical and cost aspects, offering a leading practice contestability model with increased Government involvement. This contemporary contestability shows growing sophistication in mechanisms to overcome provider capture and improve political sponsorship. To date, however, civil-military relations have not been understood or articulated in provider capture terms. Therefore, this sub-thesis’ framing represents an advance, and a potentially powerful interpretative and analytical lens.

6. *Reinforce and solidify change: provide required supporting efforts*

A21’s force structure included several supporting efforts, with operational, personnel and capability concepts documented in Chapter 4. However, Chapter 2 noted the importance of addressing cultural, not just technical, aspects of a change initiative. A21/RTA notably lacked cultural adjustment opportunities, which questions what types of cultural efforts could have improved A21/RTA’s success. A more consultative approach is one possibility; however, this sub-thesis’ analysis of Army’s culture raises doubts that more consultation would overcome Army’s cultural resistance to A21/RTA. No amount of consultation would persuade Army that DoA against low-level contingencies was a good idea. Chapter 5’s analysis showed that Army’s DoA resistance was a form of ‘cultural capture’, where an agent’s ideological worldview results in a perception of national interest at variance with its principal, and conveniently conflates with the agent’s interest. Army’s particular form of cultural capture may be impervious: a culture so pervasive, the only way to change it is through the externality of a substantially changed threat scenario (war).⁸ Less compelling external drivers (e.g. from peacetime Governments) will likely receive much scepticism and resistance if change is unaligned with culture or dominant interests.

⁶ John Caligari, ‘The Adaptive Army Post-Afghanistan: The Australian Army’s Approach Towards Force 2030’, *Security Challenges*, 7(2): 1-6, 2011, p. 2.

⁷ D. Peever, R. Hill, P. Leahy, J. McDowell and L. Tanner, *First Principles Review: Creating One Defence*, (Report Commissioned by the Minister for Defence, 2015), p. 5, 25.

⁸ Douglas MacGregor, *Breaking the Phalanx: A New Design for Landpower in the 21st Century*, (Center for Strategic and International Studies, Westport, CT, USA: Praeger, 1997), p. 1-5. See also Nicholas Jans and David Schmidtchen, ‘Culture and Organisational Behaviour at Australian Defence Headquarters’, *Australian Defence Force Journal*, 158: 23-28, Jan/Feb 2003, p. 26.

The literature notes that when change initiatives lack the ‘reinforce and solidify’ element, organisations tend to ‘go back to old ways’:⁹ reform requires more drive than conservatism. Army’s structural return to *status quo ante* under Hickling’s expeditionary redux is a prime example. Hickling also mounted several supporting efforts in defining Army’s place in maritime strategy, noted in Chapter 6. However, in contrast to reformist Sanderson, conservative Hickling’s vision aligned with Army’s culture and dominant interests, so his supporting efforts successfully reinforced his vision. This comparative analysis suggests culture’s primacy for transformational change. While other supporting efforts can reinforce and solidify, they may be individually insufficient without a cultural focus.

7. Evaluate and Improve

‘Evaluate and improve’ is A21/RTA’s enduring success and principal legacy. DSTO’s pioneering application of science to the RTA trials matured into the Army Experimental Framework;¹⁰ now federated within the ADF’s Joint Experimental Framework (JEF). The JEF has in turn become nested within the ADF’s entire force design process, formalised into: (1) concept development;¹¹ (2) experimentation; and (3) capability analysis.¹² This shows increasing sophistication compared with A21’s concept development, involving mainly A21’s small team, generating the over-prescriptive A21 hypothesis and design flaws previously noted. Further, Army’s ‘learning organisation’¹³ ethos has institutionalised in the Combined Arms Training Centre,¹⁴ and Modernisation and Strategic Planning Division. Notwithstanding deficiencies in A21’s *concept development*, the real value of the RTA trials *experimentation* was the evidence base it generated to support increased Army capability resourcing, noted in Chapters 5 and 6.

⁹ Stephen Robbins, Bruce Millett, Ron Cacioppe and Terry Waters-Marsh, *Organisational Behaviour: Leading and Managing in Australia and New Zealand*, 3rd Edition, (Frenchs Forest, NSW, Australia: Pearson Education, 2001), p. 719. See also Jans and Schmidtchen, ‘Culture and Organisational Behaviour at Australian Defence Headquarters’, p. 23.

¹⁰ Paul Willis, Peter Dortmans, Neville Curtis and Niem Tri, *Army’s Concept Framework – Exploiting Concepts as Agents for Change for Land Force Development*, (Adelaide, SA, Australia: Proceedings, Land Warfare Conference 2003), p. 713.

¹¹ Willis et al., *Army’s Conceptual Framework*, p. 710.

¹² Tim McKenna and Tim McKay, *Australia’s Joint Approach*, Defence Science and Technology Group Research Report 0427, (Fisherman’s Bend, VIC, Australia: Joint and Operations Analysis Division, Defence Science and Technology Group, 2015), p. 53-59.

¹³ Steven Talbot, ‘Learning to Add Value: Fostering Cultures of Effective Learning in the Australian Army’, *Australian Army Journal*, X(3): 158-171, 2013.

¹⁴ Re-titled from the A21/RTA-era Combined Arms Training and Development Centre (CATDC).

Did A21/RTA Fail?

Of the seven elements of successful change management, A21/RTA achieved only the 'evaluate and improve' element satisfactorily. While A21/RTA's drivers were compelling, and A21/RTA met its original objectives, the inability to transparently communicate A21's capability game fundamentally undermined this transformational change. Failure to achieve the other six elements makes A21/RTA's outcome both predictable and unsurprising. Evaluation of A21/RTA against the seven elements shows A21/RTA failed in both technical feasibility and cultural sensitivity terms, re-affirming the theory posited in Chapter 2.

Lessons

The A21/RTA case study underscores the utility of the change management elements, both for retrospective evaluation of previous reforms and to guide future reforms. While the seven elements may not be collectively exhaustive and sufficient, they are certainly necessary. A21/RTA's principal lesson is that to restructure well, all seven elements must be addressed; and the reform must be technically feasible and culturally sensitive.

Further, this Chapter's analysis shows that technical feasibility can be soluble with sound concept development, experimental frameworks and resourcing enablers. However, the more intractable component is culture. Army's 'deep'¹⁵ cultural capture renders self- and national interests difficult to distinguish by all stakeholders, with two critical consequences. Firstly, culture can impair civil-military relations and political sponsorship; secondly, it represents a formidable challenge for transformational change initiatives. A21/RTA provides case study evidence of both effects.

This sub-thesis demonstrates that *if* transformational change is to be successful, *then* culture must be considered. However, the first-order question is around *when* transformational change is warranted. If an 'ideal' culture is defined as protective from ill-founded and receptive to well-founded change, cultural capture is the deviation where cultural resistance manifests to even well-founded transformational change. Distinguishing these change types

¹⁵ 'Deep' capture refers to the circumstance where the agent may be unconscious of its own capture, and complicit in it. J. Hanson and D. Yosifon, 'The Situation: An Introduction to the Situational Character, Critical Realism, Power Economics and Deep Capture', *University of Pennsylvania Law Review*, 153: 129-346, 2013.

(which are perspective-contingent, ultimately assessable *ex post*)¹⁶ and responding appropriately requires both transparency and cultural courage. The DoA era has strong candidacy for further work.

Legacies

A21/RTA has two enduring legacies. First, A21/RTA's immediate legacy of Army's evidence-based approach to capability resourcing has evolved within the contemporary contestability environment into an enduring legacy. The second legacy is structural. While the immediate outcome of A21/RTA was a return to force structural *status quo ante* in 1999-2000, Army's most recent force structural experiment, PLAN BEERSHEBA¹⁷ (2013) has revisited several A21/RTA concepts. BEERSHEBA calls for 'multi-role... 'like'... combat brigades'¹⁸ with armoured reconnaissance units resembling A21 task forces. Combat arms embedding and Reserve integration occurs in BEERSHEBA at higher (brigade) levels. However, these two concepts, and SF's contemporary prominence,¹⁹ trace direct ancestry to A21, re-affirming this Chapter's argument that multiple solutions exist for achieving combined arms effects. BEERSHEBA also demonstrates the posited benefits of 'organic' structures²⁰ remain as a powerful 'Theory of Change'²¹ in force design.

Future Work

This sub-thesis has demonstrated the utility of applying civilian organisational theory to evaluate a military force structural initiative. Provider capture's potential compels further work: internally as a barrier to transformational change; and externally to analyse civil-military relations. Candidate case studies include the next major change initiative following

¹⁶ For example, principal, agent and third party stakeholders may have different perspectives on an appropriate national military strategy (e.g. DoA); and these stakeholders may not have transparent, symmetric access to information.

¹⁷ David Morrison, *Chief of Army announces Plan Beersheba*, 12 Dec 2012, <http://www.army.gov.au/Our-work/Speeches-and-transcripts/Plan-BEERSHEBA>, accessed 04 May 2014; Craig Bickell, 'Plan Beersheba: The Combined Arms Imperative Behind the Reorganisation of the Army', *Australian Army Journal*, X(4): 36-52, 2013; Robert Nutbrown, 'Battle Plan: Chief of Army shares his vision of Australia's future land force', *Australian Defence Business Review*, Sep/Oct 2014, p. 13-16.

¹⁸ Office of the Prime Minister of Australia, *2013 Defence White Paper: Plan Beersheba - Restructuring the Australian Army*, News Release, 03 May 2013, p. 1.

¹⁹ For example, Army's senior leadership team now includes the Commander of Special Operations, acknowledging the strong role played by Special Forces in recent operational history.

²⁰ Annex 2-A

²¹ See Chapter 2.

A21/RTA, *Hardened and Networked Army* (HNA);²² and more broadly the evolution of the Defence Committee process and emergence of contemporary contestability.

A *competent* principal is one principal/agent premise. Provider capture also allows exploration of stakeholder views on this provocative topic,²³ ultimately questioning: how is the national interest best-served? When is transformational change warranted in a military context?²⁴

Conclusion

While A21/RTA met its original objectives, it failed in technical feasibility and cultural sensitivity terms with the immediate legacy of structural return to *status quo ante*. Evaluating A21 against the elements of successful change management highlights why this occurred: A21/RTA succeeded in only one: the ‘evaluate and improve’ element. A21/RTA’s three lessons are: first, all seven elements must be addressed for successful transformational change. Second is the importance of sound concept development and other enablers to increase technical feasibility. Third, culture remains the largest challenge to transformational change. Successful future strategies should address cultural capture, noting perspective-contingent distinctions between well-founded and ill-founded ‘compelling drivers’ of transformational change; and transparency’s role in aiding this distinction.

This Chapter also identified A21/RTA’s two important and enduring legacies: firstly, Army’s evidence-based approach to capability within Defence’s contested budget environment; and secondly the reprise of some A21 concepts in the recent PLAN BEERSHEBA force structure. These legacies show that the posited benefits of ‘organic’ structures endure as a powerful ‘Theory of Change’ in contemporary force design; albeit expressed in more sophisticated concept development and contestability. If A21/RTA was a lesson in overly-prescriptive ‘what to think’, the Army emerging from that period has an improved understanding of ‘how to think’.

²² Peter Leahy, ‘Towards the Hardened and Networked Army’, *Australian Army Journal*, II(1): 27-36, 2004. See also Peter Leahy, ‘The Medium-Weight Force: Lessons Learned and Future Contributions to Coalition Operations’, *Army*, 56(9): 49-56, Sep 2006.

²³ E.g. contrasting Army’s culture (positioned as well-founded in history and doctrine) with strategic guidance (founded on political and other considerations).

²⁴ E.g. it may be hypothesised that an agent/(organisation), especially in the absence of transparent information, may not necessarily be the best judge of when transformational change is warranted.

Chapter 8: Conclusion

This sub-thesis presented a case study of transformational change in the Australian Army of the 1990s, the *Army in the 21st Century* (A21) and *Restructuring the Army* (RTA) force structure initiatives. Chapter 1 outlined the sub-thesis' argument: A21/RTA faced formidable strategic, resourcing and cultural challenges. However A21/RTA failed to achieve most elements critical for successful change management, and was neither technically feasible nor culturally sensitive. Subsequent chapters built the key arguments supporting this conclusion.

Chapter 2 presented the sub-thesis' literature review and methodology. Seven elements of successful change management were identified from civilian organisational theory, against which subsequent chapters evaluated A21/RTA:

1. Compelling change drivers;
2. Clear, shared, credible vision;
3. Achieving early successes;
4. Providing change enablers (time, skills, resources, training);
5. Achieving senior leadership buy-in and political sponsorship;
6. Reinforcing and solidifying change with supporting efforts; and
7. Evaluation and improvement.

Chapter 2 posited that successful change management requires *both* technical feasibility and cultural sensitivity; and proposed 'provider capture' (the dilemma of dependent yet divergent interests of Army (as agent) and Government (as principal)) for interpreting civil-military relations.

Chapter 3 examined A21's two drivers: strategic, i.e. a 'Defence-of-Australia' (DoA) force structure; and budgetary, justifying Army's structure within a competitive Defence budget environment. These drivers compelled transformational change from Army; though challenged A21 with reconciling emerging strategic ambiguity. While declared strategic guidance reinforced DoA, by 1994 interest in expeditionary capability was growing – though only publically admitted 'at the margins'.

Chapter 4 analysed A21's design solution, revealing A21 was a 'capability game'. While apparently conforming with DoA's low-level threat scenario, A21's force structure was designed to win increased capability resources for Army (including for higher threat levels and non-DoA tasks). However A21's capability game seeded several serious change management deficiencies that impaired the reform's success. A21 encountered significant cultural resistance from Army internally. Army could not accept a force structure even superficially premised on DoA, and which challenged Army's dominant cultural tribes, despite A21's net capability gain. Neither could A21's capability game be explicitly communicated to the wider Army. Limited transparency, and Chief of Army Lieutenant General John Sanderson's directive leadership approach, did not create a clear, shared, credible vision; A21 lacked senior leadership buy-in and achieved only qualified political sponsorship externally. The trials were conceived by Government to defer investment, build a credible evidence base, and hedge risk.

Chapter 5 studied RTA, the trials undertaken by Army and the Defence Science and Technology Organisation to test A21 concepts. The trials' real value was revealed as generating evidence supporting increased capability resources for Army. However, several A21 concepts failed for technical reasons in the trials, including unit-level embedding; and disruptions elsewhere in Army hardened cultural resistance. Failure to achieve early successes in these respects undermined confidence in the reform, ultimately expressed as leadership change.

Chapter 6 traced A21/RTA's outcomes, contrasting the change management approach of new Chief of Army, Lieutenant General Frank Hickling, as Army strove to resolve strategic ambiguity and define an expeditionary role within a revised maritime strategy. While transparency, directness and intellectual tools conferred credibility on Hickling's vision, he was significantly aided by his alignment with Army's traditional culture, and by evolving strategic circumstances (e.g. East Timor, 1999) supporting Army's expeditionary redux. Though A21/RTA was abandoned, the trials generated two immediate legacies. First, results were used to justify Army's 'clean break' from DoA and return to conventional warfighting. The ironic outcome of A21/RTA was a structural return to *status quo ante*. Second, Army discovered the power of an evidence-based approach to persuade Government in a contested budget environment, and to inform modernisation and capability development.

Chapter 7 consolidated A21/RTA's lessons for future transformational change attempts in the Australian Army. It found that of the seven elements of successful change management, A21/RTA succeeded in one: 'evaluation and improvement'. The evidence-based approach of the RTA trials matured into the Army Experimental Framework, and an enduring 'learning organisation' ethos has been culturally reinforced within Army. Future transformational change initiatives should address all seven elements of successful change management to maximise success probability. Further, A21/RTA's evidence of 'provider capture': (1) helps all parties better understand civil-military relations; (2) underscores the importance of an independent, evidence-based approach; and (3) emphasises the cultural challenge of transformational change in Army.

This sub-thesis represents the first detailed academic description and evaluation of A21/RTA. Unique contributions to the literature include applying civilian organisational theory to a military context, and demonstrating 'provider capture' as a valuable tool for interpreting civil-military relations, with scope for future work.

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