

## Case study: A Billion Dollar Boondoggle

### Introduction

Can you envisage a project whose business case declared a net cost of around two million dollars and ended up closer to one billion? That's around a 50,000 per cent overrun and it's difficult to conceive. As project manager, can you imagine the wrath of your stakeholders, to say nothing of what that might do to your career? Still, there is an old saying that if you are going to do something wrong, do it big time. This way, everyone will be so embarrassed that you will probably get away with it. Indeed, as Rex Murphy, well-known Canadian CBC TV commentator, has observed, "It takes genius to be so wrong!"<sup>1</sup>

And so it seems with the infamous Canadian federal government's Gun Registry project. Here are some highlights.



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### Project formulation

**The Need:** It seems it all started when a demented Marc Lepine using a Mini-14 auto-loading sports rifle at L'Ecole Polytechnique in Montreal on December 6, 1989, tragically gunned down fourteen young women. While the resulting outcry focused on violence against women, concern and apprehension over lawlessness involving guns generally, especially in the populous Canadian cities rather than the towns and rural areas, urged the Federal Government to take dramatic legislative action.

**Concept and Goal:** Proclamation of gun control legislation involving registration of all existing firearms. To be able to track any firearm, especially if used in unlawful activity, collect and store related data in a large national database.

**Scope:** Mandatory registration by all gun owners throughout the nation. Creation of custom entry and retrieval software serving a national database to enable the progressive capture of all owner data related to gun ownership. Number of guns to be registered unknown.

**Quality:** Comprehensive and reliable data is required for individual gun searches to be effective.

**Timing:** The legislation would require all owners to comply by a given date, beyond which ownership without registration would become a lawful offence. In the lead up to that date, a considerable volume of work would be necessary to collect the data.

**Budget:** Estimated net cost for startup, \$2-million. This estimate was based on the assumptions that the fees charged for registration would "normally" cover the cost of the on-going administration, that the regular program staff should be able to handle the implementation work load spread over the period leading up to the dead line, and that the proposed budget therefore covered only the extra help needed.

**Risks:** No assessment information available. As far as we know, politicians deal only with necessities, not with probabilities.

**People:** A new department set up within the Ministry of Justice.

**Contract/Procurement:** A well-established Canadian software firm would be contracted to develop custom data management software for the purpose.

**Communication:** Public notification of the registration deadline, otherwise as and when considered necessary.

## **Project performance**

### **Costing**

The performance of this project only came under public scrutiny as a result of an Auditor-General's (AG) report stating that "the gun registry costs have ballooned out of control and will soon exceed \$1-billion. When the program was introduced in 1995, the government estimated it would cost only \$2-million."<sup>2</sup> How could it be possible to feed the budget to enable such massive cost overruns?

It seems that politicians have their own ways and means, not least of which arises from classic government annual budgeting that treats each year as a new project and annual budget manipulation that permits shoveling money from one cost account to another. Indeed, the AG's report also "criticized the Justice Department for 'inappropriate' use of the supplementary estimates process to pay for the registry."<sup>3</sup> In an interview, the AG went even further and observed "information on the program was so impenetrable she was forced to end her audit early, and charged the Justice Department with hiding the rising costs from parliament."<sup>4</sup>

Where did the money go? According to the Justice department:<sup>5</sup>

- \$65.7-million for program administration at the Canadian firearms Centre
- \$60.9-million for communications work, including a nationwide advertising campaign
- \$227.1-million for the development and maintenance of the now out-of-date computer system used to store firearms data
- \$332.4-million to deliver the program, including establishing the central processing centre
- \$113.5-million, the estimated cost for operating the program in 2002

### **Control**

As the AG observed, "Instead of rubber-stamping requests for more money, parliamentary committees should require officials to explain their actions and prove programs are getting results efficiently."<sup>6</sup> Apparently, unlike in the United States, government departments regularly publish lists of spending, but members of parliament rarely review the stacks of documents. Billions of dollars in government spending are routinely approved each year without explanations from officials as to why the money is needed.

Indeed, rather than the minutiae of where the last lot of money went, perhaps what is needed is a clear idea of where the next lot of money is going.

### **Other matters**

**Software:** The custom database software suffered from considerable technical problems. Yet a large government database is not a new phenomenon, so the decision to acquire entirely custom software instead of customizing existing software was questionable.

**Stakeholders:** The public that was (apparently?) demanding some form of gun control was not the same public that would be most impacted by the new regulations. The latter are the people in the rural areas who have traditionally used rifles and shotguns on their farms rather than the handguns typically used in thuggery. In the event, many of the disgruntled rural gun owners declined to register their guns until the last minute, thus swamping the registry and causing a massive backlog necessitating employment of additional staff and an extension of the deadline.

**Targeted stakeholders:** Conversely, it has been difficult to persuade felons and potential felons to register their guns. The program, like so many other laws, focuses on the wrong group and in the wrong way i.e. those that are already law-abiding.

**Impact:** Notwithstanding that the gun legislation has been in place since 1995, "a mini epidemic of shooting and murder in Toronto [Ontario, Canada, in 2002], ten murders in five weeks . . . in day light and dark, in malls and outside clubs"<sup>7</sup> served to emphasize the futility of a concept singularly inapplicable to the particular type of urban violence that gave rise to the need in the first place. But in any case, the police have suggested that some 25% of the entries are unreliable and that therefore the registry itself is useless.<sup>8</sup>

## ***The defense***

The minister responsible observed in an interview that "The law we adopted in 1995 really reflects what Canadians want to see – it reflects Canadian values, it reflects the decision we've made about the kind of country we want, it's important in that respect."<sup>9</sup> Moreover, the country's prime minister came to the rescue by referring to his government's "insistence on rock-solid fiscal discipline . . . And we remain firmly committed to fiscal responsibility and balanced budgets."<sup>10</sup>

If the gun registry is an example of "fiscal responsibility", it is hardly surprising that many Canadians feel over taxed.

## **Lessons learned**

***Learning from the past:*** The concept of "lessons learned" appears to be beyond the normal political radar screen because "The Canadian landscape is littered with white elephants similarly born of rosy projections and cost overruns:

- The 1976 Montreal Summer Olympics cost \$3.5-billion, about 30 times the initial estimate.
- The Olympic Stadium alone cost five times the initial estimate of \$310-million.
- Toronto's SkyDome was supposed to cost \$225-million, but by 1989 the price tag was more than \$650-million. Ontario taxpayers, because of ill-advised loan guarantees made by their government, were on the hook for the cost overruns.
- Albertans have spent more than \$440-million since 1987 to subsidize the operation of the Swan Hills waste-treatment plant, which was supposed to recover its costs through processing fees.
- Built in 1975 for \$500-million, Montreal's Mirabel Airport has never been a viable passenger airport. This year it is expected to run a \$15-million deficit and will soon become a cargo airport."<sup>11</sup>

Still, this particular project seems be the grand daddy of them all at a cost of some 500 times the promised estimate.

***Stakeholder consultation:*** The stakeholders mostly impacted by the Registry do not appear to have been consulted in any meaningful way. Indeed, it has been suggested that the real motivation was not so much to devise a system that would work (a previous registry had already been set up and abandoned by police as too time consuming) but rather to score political points by attracting media attention demonstrating that something was being done. This is not an uncommon political strategy.

According to John Dixon:

"The supreme irony of the gun registry battle is that the policy was selected *because* it would goad people who knew something about guns to public outrage. That is, it had a purely political purpose in the special context of a hard-fought election. The fact that it was bad policy was crucial to the specific political effect it was supposed to deliver.

And so we saw demonstrations by middle-aged firearm owners, family men whose first reflex was to respect the laws of the land. This group's political alienation is a far greater loss than the \$200-million

that have been wasted so far. The creation of this new criminal class -- the ultimate triumph of negative political alchemy -- may be the worst, and most enduring product of the gun registry culture war."<sup>12</sup>

**Fertile Ground:** Notwithstanding purely political motivation, it is clear that sound (i.e. "professional") project management is sorely needed both by politicians, the sponsors, as well as the government services at the highest level, the doers, that manage for them. Surely this is a fertile field for consultants promoting good project management practices?

**Product quality:** Aside from monumental fiscal waste, this is ultra-bad law. "It's designed to operate on the law-abiding, without touching the outlaw. People who register their firearms rarely use them for crimes, and people who use their firearms for crimes rarely register them. The law's net effect is to diminish public safety rather than enhance it, first because it consumes financial resources and manpower that could be more usefully employed in other areas of law enforcement, and second because it reduces people's own ability to fight crime."<sup>13</sup>

### Project Benefits

Are there any benefits from this grossly mismanaged program? Well, perhaps, yes.

Firstly, the prime minister is probably quite right. Canadians are used to the wholesale squandering of their hard-earned tax dollars and, in general, are seemingly prepared to put up with this kind of project, especially by those who are the beneficiaries of such largesse.

Secondly, bank robbers, break-and-enter artists and similar hoodlums can now feel a lot safer going about their nefarious business knowing full well all (well most) that legitimate firearms have been duly registered, are therefore traceable, and gun owners will be correspondingly less likely to use them in defense of their property.

**Footnote:** More, much more, on this fiscal and administrative debacle can be found on the Internet by conducting a Google search with the string "Canadian gun registry".

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<sup>1</sup> Murphy, R., a prominent Canadian commentator, The National CBC TV News, 12/4/02.

<sup>2</sup> Curry, B., National Post, 12/5/02, pA1.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> Delacourt, S., National Post, 12/6/02, pA8.

<sup>6</sup> Curry, B., National Post, 12/9/02, pA2.

<sup>7</sup> Murphy, R., The National CBC TV News, 12/4/02.

<sup>8</sup> Ibid.

<sup>9</sup> Delacourt, S., National Post, 12/6/02, pA8.

<sup>10</sup> Yaffe, B., Vancouver Sun, 12/6/02, pA22.

<sup>11</sup> Ottawa Citizen, as reported by the National Post, 12/6/02, pA9.

<sup>12</sup> Dixon, J., president B.C. Civil Liberties Association, Globe and Mail, 1/8/03, pA11.

<sup>13</sup> Jonas, G., National Post, 7/23/03, A15.