



Niobe Papers

Transparency in Military Procurement It's not Rocket Science

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At a conference in recent months, I spoke about the subject of transparency – or the lack of it – relating to the government's approach to communications with the public regarding the National Shipbuilding Strategy (NSS). I suggested that the Canadian government had not been proactive in reporting to the public on this longstanding national endeavour. I went on to state that failure to change course would be akin to signing a death warrant for NSS.

This paper explores the subject of government transparency in general to better understand its application to large Canadian military procurements such as the NSS. It is based entirely on opinions developed from experience over two decades in the acquisition of major weapon systems platforms.

Background

The National Shipbuilding Procurement Strategy was conceived in 2008 after the government had to terminate a number of Requests for Proposals intended to award contracts with Canadian industry to build two classes of ships, one for the Royal Canadian Navy and one for the Canadian Coast Guard. Both tenders were unaffordable, partly because Canadian shipyard construction capabilities for large, dense and complex vessels had atrophied as a result of a 'boom-and-bust' cycle of government orders.

The National Shipbuilding Procurement Strategy (which was rebranded as the NSS after the 2015 federal election) was established to select competitively two shipyards with which the government could establish long-term strategic relationships that would enable multiple classes of ships to be built by modernized shipyards. This also would better ensure that the broader community of Canadian marine and naval suppliers could prosper. As a final point, it should be noted that this has been the common shipbuilding approach by many countries around the world for many decades, so the concept itself is well proven.

From 2007 to 2017, I was involved in all aspects of NSS. I also had a degree of responsibility for a portfolio of three naval shipbuilding projects – the Arctic and Offshore Patrol Vessels, the Joint Support Ships and the Canadian Surface Combatants. In addition, I was a privileged observer of the progress of two Coast Guard shipbuilding projects – the Offshore Fisheries Science Vessels and the Offshore Oceanographic Science Vessel. Furthermore my portfolio included projects to deliver capabilities to the Canadian Army, including the Lightweight Towed Howitzers, the Medium Support Vehicle Systems, the Close Combat Vehicles and the Tactical Armoured Patrol Vehicles.

These acquisition projects typically were estimated to cost over one billion Canadian dollars

– and at least one was in the tens of billions. Each one was executed in an honourable and plausible way but that story was largely misunderstood by those not part of the government teams executing them. It is also fair to say that these projects were/are seen as contributing to the widely accepted perspective by Canada’s procurement watchers that ‘military procurement is broken.’ Whether it is or not, few if any outside of the government had the facts to offer a cogent assessment. I was often left disheartened over the lack of transparency allowed by governments in an important business line and when there were plausible explanations for the projects involved.

The Challenge

I have not studied the scholarly subject of politics within democracies but I have spent about 25 years serving Canada at the executive or equivalent level. Therefore I start with three observations that shape my perspectives.

The first is that incumbent governments typically are not keen to admit openly to disappointments because such public utterances can detrimentally impact the probability of re-election. This is in spite of the fact that there are no secrets and the damage can be much worse when half-truths become public without the benefit of balance.

The second observation is that Canadians care little about defence matters such that related disappointments are perceived within government to be even less tolerable to citizens than disappointments in other policy fields. That of course assumes that they become aware at all, noting my perception of a degree of apathy to all defence matters.

The third observation is that the acquisition by governments of weapon systems platforms (e.g., fighter jets, armoured vehicles, warships and defence-focused information technology (IT) systems) in most Western states is fraught with risks that routinely result in failure to meet key objectives. These observations have led me to two conclusions:

- Firstly, one can understand that Canadian governments are loath to report on military procurement which is more probable than not to be late, to exceed assigned budgets and/or to fail to deliver the expected performance. This then is the fundamental challenge to transparency in military procurement matters.
- Secondly, the Canadian government is unlikely to invest heavily in rectifying issues within defence procurement. Many other countries have tried and failed; furthermore Canadians would rather their efforts be applied to higher priority needs.

However I would hasten to add that the security of Canada is changing rapidly. Terrorism has struck Canada and is likely to do so again. Peer-on-peer armed conflict is commonly seen by experts to be less probable than asymmetric warfare, cyber and economic warfare to cause harm to the country. The election of Donald Trump has indicated the impacts of a disruptive brand of politics which is actually occurring or threatening to occur more broadly – a disruption that makes reliance on coalitions more uncertain than in the recent past. This would suggest that security may become a higher priority for Canadians in the not-too-distant future as the effects of asymmetric forms of warfare are felt within our country.

Regardless of the type of security threat, the Canadian Armed Forces remain the one security organization with a degree of surge capability that other departments assigned to internal security matters do not have. Therefore at some point in the future, Canadian citizens may actually insist

on military capability and greater transparency in the provision of new capabilities.

Transparency in Military Procurement

For the reasons noted above, Canadian governments, of all political stripes, understandably have been less than enthusiastic about being transparent in military procurement matters. Furthermore, military procurement processes are complex for the reason that the equipment is complex but also because they involve significant sums of money and the government wants to enable appropriate scrutiny. The processes are unlikely to be much improved and are difficult to explain to a traditionally disinterested voting public. This all means that in addition to risk-averse governments, the processes themselves are difficult to explain – and this in sum leads to a lack of government transparency and communication.

The result is that the government forfeits the media playing field to the naysayer community. When tens of billions of dollars are being spent, there rightfully will be much scrutiny by those with an interest or whose job it is to study the wide range of peripheral subjects involved (e.g., macroeconomics, military industrial capability, national prosperity and national security). Furthermore, derogatory results will be routinely amplified because bad news gets attention.

This is then felt in three stakeholder groups. First, Canada's defence industry loses trust that it is worthwhile to pursue contracts. Second, military allies are not oblivious to an uncontested and continuous negative diatribe which in time can call into question Canada's credibility as a reliable and capable ally. And the third group is internal to government where the effect can be dramatic on the motivation of hundreds of military personnel and public service officials involved in executing capability acquisition projects in multiple departments – in essence, media storylines become the internal reality.

If left unchecked, the military procurement system can become incapable of equipping the Canadian Armed Forces. Should this occur, there are less tenable military options available to the government when facing calls for a crisis response. And as previously opined, calls for assistance from the Canadian Armed Forces can be expected to grow. All to say, there is a strong counter-argument to the status quo.

A Lesson in Transparency

Based on my experience, I have seen a number of approaches to transparency employed that are worthy of consideration. But before offering them, it is useful to consider the brainchild of one Commander of the Navy, then Vice-Admiral Greg Maddison.

Soon after the turn of the century, Admiral Maddison wanted to increase the visibility of the navy and to respond to various media reports that lacked balance. This evolved in three ways.

The first step was to develop a list of Opinion Makers with Naval Interests (OMNI) across Canada. These were typically influential people who would be inclined to listen to the navy's side of the many stories in the media and to advocate in person for more balance and accuracy within their own communities of colleagues and friends. Over time this list benefited from Sun-Tzu's 'know your enemy and know yourself and you will always be victorious,' as the names of journalists who were routine critics were added.

The second step was the crafting of quarterly letters from the Admiral to the OMNI group,

reviewing the issues and outcomes of the past quarter and looking ahead to the next three months of intentions. This was a way to provide a strategic perspective on a regular basis. And the third major step was the immediate response to issues in the news, with a one-pager generated on the morning of the news story for the Admiral to send before noon to the OMNI group.

This activity taught me two things: the importance of filling the information void regularly with ‘the rest of the story’; and the value of providing understanding in a timely manner to those who were not familiar with the work of the navy. And these in turn allowed the Admiral to manage expectations to some extent for Canada’s navy.

As an aside, we also asked those sailors from the coasts, who were willing, to provide their own perspectives to the media – and we soon learned that they brought significant credibility to any issue. And a second point, there was one reporter who received periodic broad spectrum briefs on all navy projects which significantly changed his reporting approach during that period.

Opportunities for Transparency

Countries such as the UK and Australia have developed simplified ways to address procurement issues with the equivalent of public ‘project watch lists’ that are kept up to date. But my time serving in the USA really opened my eyes. I served four years (2001-2005) at the Canadian Embassy in Washington, DC, observing Canada-US relationship peaks and troughs, and the effect of these relations on military matters.

The George W. Bush administration focused on immediate response when news broke in the media in order to provide a degree of balance right away. It seemed that every Secretary was authorized to respond to any question with a holding line – often along the lines of “Well I have not seen that report but if what you say is the case, then I would think that ...” Then at the afternoon White House briefing, a more refined response was provided, and updated subsequently as appropriate.

Also while serving in Washington, the Assistant Deputy Minister for Public Affairs at the Department of National Defence (DND) agreed that the Canadian Defence Liaison Staff could employ a military Public Affairs specialist and launch a website (Canadian Ally.Com) to educate Americans on the activities of the Canadian Armed Forces in collaboration with US forces around the world. And based on a suggestion by another diplomat at the Embassy, a uniformed military officer started to attend most briefs/visits to members of Congress. These visits routinely started with Congress members themselves asking about the Canadian military’s activities in cooperation with the United States – and the ensuing discussion set the tone for the subsequent dialogue. All of this assisted to some extent in countering the devastating FOX News reports relating to Canada that were followed in many congressional offices. This activity was factual and proactive and often led to follow-up questions from congressional staff and US media outlets.

The third Washington activity involved the late Henry Champ, a Canadian broadcast journalist, who provided short 3-5minute reports daily for CBC based on Washington developments of interest to Canadians. I developed a personal relationship of trust with Henry early on. Within weeks, he would call me (he had immediate access to me at all times) before going on air to ask about the highlights of a report on military matters. If I suggested additional considerations or noted that the intended story was misleading, his subsequent news brief would be revised or reshaped accordingly in almost every case. I can add that there were similar calls from other Canadian journalists serving in the United States for background information over my

four years as the Defence Attaché, and I always felt that these journalists just wanted to understand the essentials before publishing stories.

The last US-related point is more indirect. While in the United States, I struck up a relationship with an officer on the Joint Staff at the Department of Defense, who later moved into theatre for *Operation Iraqi Freedom* as the daily briefer for that operation. His briefs were plausible, understandable and rarely ever contained answers to the media such as ‘I cannot comment.’ He was credible and the regular briefs demonstrated an openness and transparency that created true benefits for the US government. But that is more than enough about the USA. You rightfully would say ‘we are not cut from the same cultural cloth.’

When the Canada First Defence Strategy was launched in 2008, every major defence acquisition project was announced in a comprehensive and similar manner. It started early the morning of the formal announcement with advance and embargoed telephone briefings to experts who could then be available to media outlets soon after ministerial media events. This was followed at the location in Canada of each announcement with advance briefings to the media on each project, along with a Question and Answer session – an event that typically gave rise to issues not foreseen within government. The results of the media briefs were then relayed to Ministers before they took the podium with cameras rolling. Ministers then would refer tougher questions to the assembled experts. Subsequent to such events for about 24 hours, the number of identified spokespersons was expanded to include the Requirements Director and Project Manager who were free to answer fact-based questions received by telephone or email. This ensured an effective launch of each project and an understanding of some of the complexities.

During an early stage of the Next Generation Fighter Project, it was clear that the complexities of the project were not going to be easily understood. The responsible Directors-General conducted detailed briefs in major Canadian cities to media and other representatives, these often lasting two hours. This ensured a higher degree of understanding of a very complex project among those who attended, leading to more balanced reporting.

In the early stages of the launch of the NSS, I personally met with interested industry parties, select media representatives and academic communities to conduct an in-person dialogue that zeroed in on the rationale in terms of benefits for Canada and the desire for input to shape the nuances of the planning. This indicated the power of informal consultation and the development of trust long before procurement competitions were being developed.

To the best of my knowledge and in every case that I have mentioned, I was not breaking any laws, rules or guidance as they existed in each period. I was not sacrificing my ethical principles. No security breaches occurred – all respected our need for certain ‘off limits’ subjects. I am not aware that we were ever ‘scooped’ and embarrassed. Those outside the government who were engaged just wanted to understand what was going on and planned. In the instances in which I was personally involved, I learned so much of importance from two-way dialogue. And I regularly employed garden variety analogies to explain more complicated matters, something much appreciated by all. I took away from these experiences that transparency can work.

What of NSS?

NSS is a major national and strategic endeavour that could last over 30 years and spend north of \$70B. It involves many Coast Guard and naval shipbuilding projects, which are each complex in their own way. The design and construction of unique ships is one of the most challenging of

Canada's military procurement endeavours. Therefore, one would expect that the government would regularly report on this initiative.

Instead, the reporting by government has been inconsistent and judged by many as insufficient. There have been commitments to regular reporting that have not been met. Academia, the media and industry are very much in the dark on the continual changes affecting aspects of this challenging endeavour. The number of detrimental reports along the lines of 'military procurement is broke' that now include aspects of NSS outweighs the number that are balanced or positive in nature. And the days-to-weeks it takes to approve any press release or media response or interview means that such efforts become largely irrelevant. Should the public be interested, they must rely on the opinions of the naysayer armchair quarterbacks.

If these trends continue, a political party approaching an election at some time in the future could be persuaded to promise the cancellation of this perceived 'blank cheque' (i.e., the perception that Canada is pursuing ships at any cost), based on a lack of a material understanding of NSS. This lack of understanding – based on lack of information – would also mean that Canadians would not be aware of the potential long-term benefits for Canada. And without information, Canadians would not be aware that procurement is not just a concern in Canada – every country has similar difficulties delivering complex military procurement projects.

Furthermore, the implementation of NSS is identifying and reinforcing a number of lessons with broad application to complex government national endeavours in general. Without transparency, the value of NSS lessons could be lost to future decision-makers who might then repeat some of the missteps again. As George Santayana is quoted as saying, 'those who cannot remember the past are doomed to repeat it.'

So What?

If a consistent approach to transparency does not emerge for NSS, it is more likely to die prematurely than reap the full benefits of its continuance. But the damage could be even more far-reaching. If Canadian governments cannot improve their approach to transparency for NSS, future complex government endeavours are also likely to be shrouded in 'spin' and internal 'gag' modes, placing them in trouble regardless of their importance and value.

There has been a promising signal recently. In May 2019, the reported mandatory 'gag' order required by contract of companies doing business for major military procurements has apparently been lifted. If this is truly a first step towards continual transparency from within the government itself, then we must all offer kudos, pray for unwavering courage amongst decision-makers throughout the Canadian government's military procurement enterprise, and hope for wisdom among industry partners in how they use such freedom.

This could indeed be a welcome first step as it is well past time for the Canadian government to embrace transparency. As has been demonstrated, there are so many ways, both novel and proven, to be transparent – to educate, to develop trust and to enable success despite the challenges and missteps. And based on my experience, the alternative has rarely ever worked for very long. When the government does not communicate quickly, clearly and with candour, then the naysayers will own the airwaves and no one will correct the incomplete, inaccurate or misleading information they provide.

Let me close by reminding of a precept when addressing leaders in general and when living complex projects specifically. There is no 'bad news' – there is only 'news.'