The HRD Affair: A "How Not To" Case of Holding Someone to Account

January 5, 2001 – "There is an inherent tension between flexibility and responsiveness in serving the public on the one hand, and the dictates of financial management on the other. Finding a balance between the two is the perennial problem of governance." And, according to Arthur Kroeger, Chair of the CPRN Board, the mishandling of the HRD Affair by both the media and federal politicians has badly upset that balance.

In a speech to the Canadian Club of Ottawa in December, Kroeger separates hyperbole from underlying reality to show that the most vocal critics of the grants and contribution programs demonstrate little appreciation of how the department actually operated and why.

The exercise of discretion in response to local conditions is key to serving the needs of a diverse population. Such flexibility is even more important in a department as complex and sophisticated as Human Resources Development. Kroeger recognizes that HRD staff may have carried the exercise of discretion too far in some cases, but argues that some room for experimentation and even mistakes is critical in a modern public service. It is this need to maintain a delicate balance between flexible responsiveness and the risk of error or misspending that critics failed to grasp, or chose to ignore.

The result of what Kroeger sees as an immoderate attack by media and Opposition politicians? A rebureaucratization of government designed to avoid risk at all costs. The department has reallocated $50 million from its labour market programs and other areas to beef up financial management. As he points out, it's a large sum to direct at problem cases that amount to perhaps 0.03% of the funds dispersed in a year.

Other results? Public respect for governments has been damaged, the staff of a major department have been slandered and demoralized, and community organizations across the country that can ill afford it are now struggling under an increased paper burden just to keep worthy social projects afloat.

To read the full text of Arthur Kroeger's speech, click here.

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