



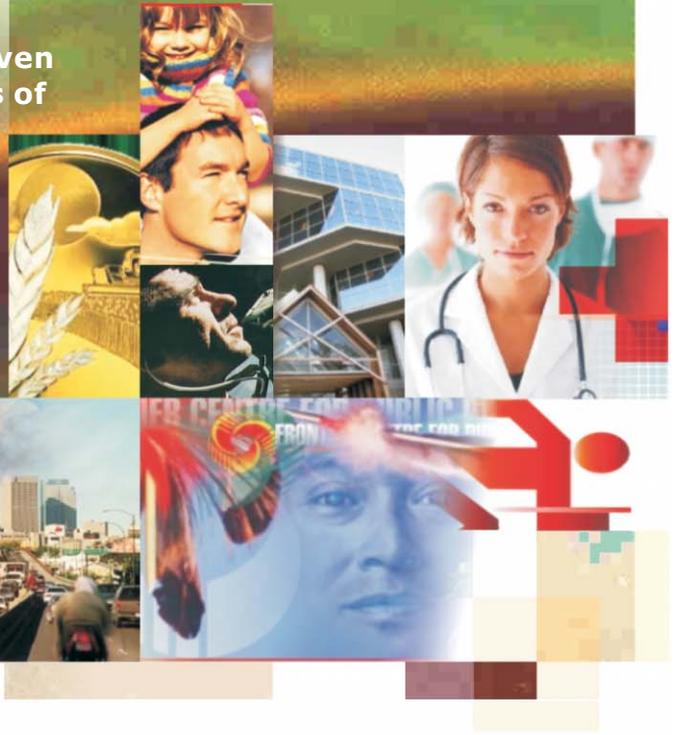
FRONTIER CENTRE
FOR PUBLIC POLICY

2003

A N N U A L R E P O R T

"The Frontier Centre for Public Policy challenges conventional thinking and even popular opinion about important issues of public policy. This stimulation to public discussion and debate is a critical public service to an improving society. It deserves hearty applause."

Hon. Duff Roblin,
Premier of Manitoba (1958 to 1967)





“New Zealand would be a better country if we had a Frontier Centre for Public Policy. You need some think tanks that “mix it,” take the ideas that other think tanks have got and translate them into more popular language. There are certain **principles** about think tanks. Why think tanks work better than politicians is because political parties have less credibility. A political party wants something. It wants your vote and tends to say what you want to hear. The think tank is not looking for your vote, so think tanks can raise issues that political parties tend to run away from.”

Hon. Richard Prebble,
Minister of State Owned Enterprise,
New Zealand Labour Government 1984-1989

Content

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The Frontier Centre is an independent, non-profit think tank founded to undertake research and education in support of economic growth and social outcomes which will enhance the quality of life in our communities.

Through a variety of publications and public forums, the Frontier Centre explores policy changes required to make the Prairies a winner in the open economy. It also provides new insights into solving important issues facing our cities, towns and provinces.

A professional staff and an advisory board of policy practitioners and experts research, write about and communicate new policy ideas, sharing them with the media, decision-makers and opinion leaders throughout the Prairies.



“Commentaries which
combine the twin virtue of solid public policy
and a presentation understandable and persuasive to the ordinary reader...”

Gordon Gibson,
Author and columnist

Message from the President

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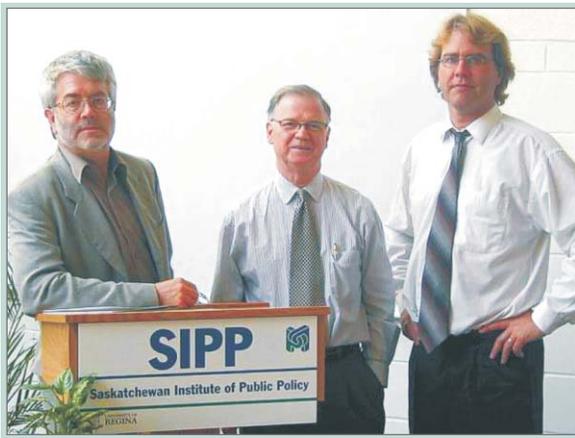


The world of ideas is constantly changing. The people who work in the think tank world and attempt to define it learn to adapt and respond to mercurial public conditions and perceptions. At the Frontier Centre, we try to bring leadership to that condition of perpetual flux with an order derived from core principles of public policy. Out of a diversity of themes we struck in 2003, in retrospect there emerges common elements key to our central mission of stimulating policy innovation, the advancement of prosperity in the Prairie region.

Central to these times is the issue of competitiveness. As trade barriers melt away and borders and distance become less important, the question of what composes a relative social or economic advantage and how our community can best exploit it becomes more crucial all the time. Viewed broadly, that means we must make sure that rules for the exchange of value with other actors in the world make sense. From a local perspective, we must be ready for constant correction in our internal markets, so that the workings of our own public services and our methods of achieving important goals are as efficient and productive as possible.

In 2003, the Frontier Centre moved forward on both fronts, engaging in significant activity to explore and propose improvements in each. The following is an overview of the outreach and publication outputs produced by the Centre's different project areas which focus on specific policy envelopes. These include the optimistic and forward-looking Rural Renaissance Project; the Education Frontiers, Healthcare Frontiers and Immigration Frontiers projects and the Winnipeg Policy Blueprint.

Peter Holle,
President



Johan Hjertqvist (L), Frontier's Swedish health reform expert, spoke at the Saskatchewan Institute for Public Policy. With SIPP Fellow John Allan (C), and FC President, Peter Holle (R) – June 2003.

" I was very impressed with the calibre of the speaker as well as the array of **well recognized civic opinion leaders**

in attendance."

Scott Mackay,
President,
Probe Research Inc.

Outreach

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Former Ontario Premier Mike Harris, set the tone in May with a speech titled, *Unleashing Canada*. He was appropriately preceded in April by the dynamic young Swedish author and globalization guru, Johan Norberg, who talked about the benefits of disappearing borders. In an optimistic discussion of the prospects for our rural communities Rural Renaissance project director Robert Sopuck's December exposition on *Lone Eagles*, described how rapidly changing technology is allowing information professionals to repopulate our hinterland.

Specific opportunities for enhancing our region's competitive advantages were discussed in several Frontier forums, including *Optimizing Manitoba's Electricity Export Potential*, a July Meeting for Policy Experts seminar with Energy Probe's Tom Adams, and an *Environment Night*, a shared venue with Rick Verspeek of the Killarney Biomass Project and Bill Campbell of the Canadian Clean Power Coalition. In January, Assistant Deputy Minister Gerry Clement from Manitoba Labour provided an overview of Manitoba's Provincial Nominee Program, which has dramatically increased the amount of immigration into the province.

The Frontier also stimulated more public discussion on creating higher-performing government. Foremost among these was a November speech by the Honourable Richard Prebble, a self-described "radical for good government" who sat at the cabinet table during the seminal public sector reforms in New Zealand twenty years ago. In May, Roy Romanow's former finance minister from Saskatchewan, Janice MacKinnon, struck the same note for stronger policy leadership with *Minding the Public Purse*. One detailed model for results-based service delivery, *Manitoba's Special Operating Agencies*, was the theme in February, courtesy of John Wilkins, a former Manitoba Finance official now working at the Treasury Board of Canada.

The most visible public services, of course, are local ones and the Frontier's focus on municipal governments took the stage in two presentations. In April, the City of Winnipeg's retiring Chief Administrative Officer, Gail Stephens, displayed her formidable fiscal knowledge in *A New Deal for Winnipeg?* We followed that in September with David L. Littmann, chief economist of the Comerica Bank, whose talk was billed as *Detroit's Comeback Index: A Model for Tracking Winnipeg's Progress?*

We were pleased to host Andrew Nikiforuk, the renowned author, journalist and critic, at our annual Education Frontiers Lecture in October. His exciting, iconoclastic speech, *Five Ways to Improve Public Education*, attracted a lot of attention from both students and faculty at St. John's College. Three speeches dealt with health policy. In March, former NDP health minister Larry Desjardins agreed with us that *More Money Is Not the Answer for Better Healthcare*. Johan Hjertqvist discussed the essentials of *Health Care Reform in Sweden* in June as part of a Canadian tour arranged by the Frontier Centre with support from the Max Bell Foundation which took his work to several forums in Toronto, Saskatchewan and Alberta. In November, the chairman of Genome Canada, Dr. Henry Friesen, laid out his futuristic and positive vision of *Healthcare as an Economic Driver, Not a Drain*.

Our events attracted an enthusiastic audience from a cross-section of the Prairie community. The Frontier Centre's trademark formula for encouraging widespread discussion and exposure of important ideas – skillful and eloquent exponents, follow-up appearances in a variety of media outlets, the publication of well-written explanations of the concepts and supporting research, and overlapped distribution through electronic media like faxes and e-mails – is proving its worth. The feedback we receive is mostly positive in tone, but even occasional critiques on the opinions advanced are valuable indicators of our effectiveness.



“ Saskatchewan and Manitoba

need bold ideas to prosper and succeed.

The Frontier Centre has a big opportunity to help this process and to challenge conventional thinking.”

Hon. John Messer,
former Saskatchewan Agriculture and Transport Minister

Publications

The Frontier Centre’s output of new publications continued at an ambitious pace with a mix of long and short items that are accessed constantly and frequently from our burgeoning website at www.fcpp.org and mailed to supporters, libraries, and public policy leaders.

The Frontier produced five new policy studies in 2003:

- ***The Lone Eagles.*** Rural Renaissance project director Robert Sopuck describes how the internet is re-empowering challenged rural communities and why governments should pay attention to the infrastructure and policy reforms necessary to advance the trend.
- ***Pelletized Biofuels – A Manitoba Opportunity*** examine a remarkable new fuel source increasingly in vogue in Europe, one derived from grasses that grow naturally across the Prairies, and at the technology that will allow us to exploit this new advantage.
- ***Should We Close Our Borders? – Canada’s Immigration Policy*** challenged the belief that high levels of immigration have harmed Canada’s economy, and describes the dynamics that make a forward-looking policy on the intake of human capital a positive and necessary step for our future economic prospects.
- ***Australia’s Dairy Reforms – Lessons for Canada.*** Agricultural economist Paul Earl examines the successful transformation of Australia’s dairy industry from a regulated system of supply management into a modern, competitive model, and looks at the trade pressures that are pushing Canada to do the same for these heavily regulated sectors of our farm economy.

• ***A Merit Pay Plan for Manitoba Teachers.***

The University of Manitoba’s Rod Clifton recommends our public schools adapt the methods of teacher remuneration based on credentials and years of experience and incorporate a performance-based element of academic results into the process of deciding professional rewards.

The Frontier Centre augmented these longer studies with nine Backgrounders, five dealing with the education sector:

- ***Educational Accountability in Manitoba*** focuses on the abandonment of standardized tests in Manitoba public schools, and contrasts this loss of accountability with trends in other provinces.
- ***What Can Be Done About the “Underfunding” of Canadian Universities?*** refuted the idea that our country is giving short shrift to post-secondary education, and recommended changes in our methods of funding universities and colleges to improve their performance.
- ***Gaming the System: Special Education Funding in Manitoba*** critiqued the perverse incentives at the heart of provincial spending programs for disadvantaged students and suggested changes that would make districts use the funds more productively.
- ***The Public School Market in the Netherlands*** described the virtues of Holland’s system of school funding and how it enhanced choice and competition between public and private providers.
- ***Amalgamating School Boards Not An Answer*** showed that larger school districts are not necessarily better, and that smaller divisions could not only be just as efficient but in fact more efficient than unwieldy administrative units.



Two Backgrounders dealt with healthcare, and two others with aboriginal and immigration policy:

- ***The Catalan Health Care Model*** compared Spain's system of medical administration with Canada's and found it superior in two respects, that it contracts with private providers for service delivery and that it emphasizes preventative medicine.
- ***Ten Myths About Canadian Medicare*** found the Romanow Report wanting and countered it by discussing several commonly held, erroneous beliefs about the effectiveness and capability of our largest, but failing social program.
- ***Harvard Project Lessons on Self-Government*** discussed why the "one size fits all" system of aboriginal law is doomed to fail, because the hierarchical structures mandated by the Indian Act are a poor fit with the diverse range of native leadership traditions.
- ***An Immigration Profile of Winnipeg*** presented a statistical and demographic description of new arrivals and how they differ from those absorbed by other regions of Canada.

In addition to the writings described above, our highly successful Healthcare Frontiers Project posted several items on the topic of Swedish healthcare reforms. Among them, *The End of the Beginning, Political Prestige or Community Focus?* and *Social Democrats Welcome Private Companies into Swedish Healthcare* presented the positive side of bold health reform and continued the Frontier's productive and effective partnership with Stockholm-based health policy expert Johan Hjertqvist.

In 2003, we expanded our collaborations with other independent think tanks. At the end of the calendar year, on the occasion of Jean Chrétien's retirement, we participated – led by Vancouver's Fraser Institute with an endorsement from the Montreal Economic Institute – in creating a comprehensive "think piece" called *Mandate for New Leadership for a New Prime Minister*. As well, we were pleased to reprint several items from the Atlantic Institute of Market Studies, particularly part of its analysis of the Romanow Commission on healthcare.

The Frontier Centre's output of Charticles, graphical depictions of public policy data, benchmarked some important economic values against other jurisdictions. They included comparisons of the efficiency of Canada's use of electricity with other industrialized countries, of Alberta's tax levels with those in other provinces, of Manitoba's rate of business investment with the money

" The Frontier Centre is a fantastic forum to discuss innovative policy options, a critical ingredient in sound public policy and forward looking government."

Hon. Janice MacKinnon,
Saskatchewan Finance Minister 1993-1997

flowing elsewhere, and of Manitoba's level of healthcare spending with similar budgets in other parts of Canada.

Our series of Perspectives, essays on public policy topics from guest writers, advisory board members and associates of the Frontier, remained strong in 2003. It considered the importance of talks to improve trade relations, and how internationalization of our lives is already a very established fact; the harm caused by agricultural subsidies, and the confused notion that marketing boards enhance food safety. Other controversial topics included why "Smart Growth" planning protocols are flawed, the downside of Canada's price controls on prescription drugs, Manitoba's labour laws and Indian residential schools. Lastly, we marked the debut of the Frontier's bright new Agricultural Policy Fellow, Rolf Penner, who laid out the case for farm chemicals in *Pesticides and Pumpkinheads*.

All of these publications achieve wide "mind share" through mentions and reprints in the popular media including the Winnipeg Free Press, the Brandon Sun, the National Post and other daily and weekly papers across the prairies and Canada. As well they continue to be distributed on a regular basis by fax and email to over 5,000 locations in Manitoba and the world.

During 2003 the Centre's newly revamped website continue to expand its traffic rapidly. Among Canada's most technologically advanced think tank websites, by year end the electronic repository was recording over 114,000 page views a month compared to 25,000 in January.

This wide swath of intellectual energy is still characterized by the Frontier Centre's strict adherence to non-partisanship and to the values of fairness and civility. But our flagship publications, our regular columns in the *Winnipeg Free Press* and the *Brandon Sun* do on occasion generate some lively and entertaining feedback.



“ The Frontier Centre for Public Policy challenges conventional thinking and even popular opinion about important issues of public policy. This stimulation to public discussion and debate is a **critical public service** to an improving society. It deserves hearty applause.”

Hon. Duff Roblin,
Premier of Manitoba (1958-1967)

Media



Radio commentary

In March 2003 the Centre debuted its radio commentary program “Pushing the Boundaries” on GoldenWest Radio. This program is a weekly, 90-second, independent commentary on Prairie issues and current affairs by the Centre’s policy experts that is heard throughout rural Manitoba. The program airs Fridays at 12:10 p.m. on CFRY in Portage La Prairie and 12:55 p.m. on CFAM Altona, CHSM Steinbach, and CJRB Boissevain. The radio program is heard by an estimated 120,000 listeners weekly, primarily in the rural community.

Community Coverage

Frontier Centre events generated a variety of media coverage in 2003. In September, economist David L. Littman appeared on both CJOB and CBC radio to talk about his Detroit Comeback Index, and its applicability for the City of Winnipeg. The CBC’s Margeaux Watt hosted Andrew Nikiforuk in October to explore the content of his Annual Education Frontiers Lecture, *Five Taboos in Public Education*. Nikiforuk also aired his iconoclastic views on CJOB.

The release of a new Frontier publication often draws attention. Professor Rod Clifton’s policy study on the idea of merit pay for teachers attracted the notice of CJOB and CBC radio in January. In July, Senior Policy Analyst Dennis Owens talked about the content of his report on special education funding on CJOB’s *Adler on Line*. In November, Rural Renaissance Director Robert Sopuck’s paper on *Lone Eagles* brought him to the airways on two CJOB shows, *Adler on Line* and the *Water Cooler*, where he



Author Andrew Nikiforuk discusses “Five Ways to Improve Public Education” on CBC radio, Winnipeg



David Littmann – Chief economist, Comerica Bank, Detroit – On measuring city performance, September 2003



Janice MacKinnon –
“Combat Barbie”,
Saskatchewan’s former
Finance Minister
– Winnipeg May 2003

also appeared during the year to talk about opening up cottage country and to sing the praises of rural living.

Much of the Frontier’s exposure results from neither an event nor a publication, but from requests from the media for our expertise on issues in the news.

For instance, Frontier President Peter Holle talked about the new federal budget as part of CJOB’s hour-long forum in February, sponsored by the Chamber of Commerce. In May, he appeared on the same station for a roundtable discussion on urban strategy, and he also appeared twice on Global TV in October to speak about the merger of the Reform and Progressive Conservative parties, and about property taxes. In November, Holle was a panelist on CBC-TV’s response to the provincial Speech from the Throne.

In January, Dennis Owens provided the *Report* magazine with some perspective on unfunded pension liabilities in the public sector and the problem caused when governments fail to budget for them. In April, he took part in a five-part forum on CBC radio on the topic of child protection, where he recommended that Manitoba’s Child and Family Services consider the Kansas model of outsourcing to competitive providers. The *Winnipeg Sun* sought out the Frontier’s expertise on the hot issue of urban reserves in September, and in October the Aboriginal People’s TV Network asked Owens to comment on accountability on Indian reserves during a one-hour national telecast.



The Frontier’s staff also delivered a number of public speeches during the year. In January, Peter Holle addressed a CBC Forum in Regina on the topic of the Romanow Report on Medicare, and both the Downtown BIZ and the Canadian Public Relations Society on *Fixing Winnipeg’s Downtown*. In the spring, he mapped out some new policy directions for Manitoba for both the Downtown and Charleswood Rotary Clubs, and in November he talked to an insurance and risk management group about the City of Winnipeg’s financial exposure. In January, Robert Sopuck spoke to the Keystone Agricultural Producers about the future of rural communities. He also talked in February to a cattleman’s association in Prince George, B.C., and in the same month addressed a Freshwater Fish meeting in Winnipeg on the topic of water stewardship. Dennis Owens spoke at January forum at the University of Winnipeg on reforming Medicare.



A radical for good government – Hon Richard Prebble explains the Labour Party reforms in New Zealand in Winnipeg, November 2003



“I truly believe that the Frontier Centre, with a larger budget, could have **a huge impact** on Manitoba in the next few years. It has a rare ability to get policy makers to pay attention to its ideas. ”

David Henderson, Senior Fellow,
Hoover Institution, Stanford University

Financial Summary

A LONG WAY TO GO

2003 was a very busy year for the Frontier Centre, and the expanding scope of our activity and our ambitious plans for 2004 and 2005 are cause for celebration. We extend our heartiest thanks to the many unmentioned citizens and friends of the Frontier who helped out in so many ways during the past year and who supported us financially and challenged us intellectually. We are especially gratified to notice the expanding table of university students who regularly volunteer to work at our public events; because they are the minds of the future, their assistance is important to us.

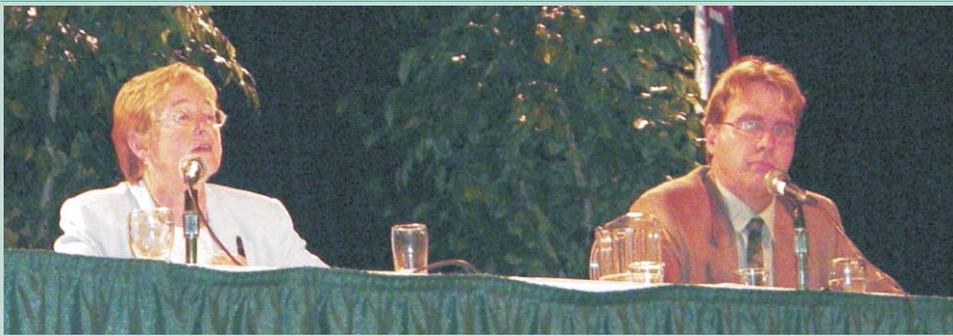
We are optimistic about that future, but the task ahead is formidable, indeed. Perhaps after the Maritimes, the eastern Prairie region offers the greatest public policy challenge in Canada. A mature political culture, it began with halcyon years of boomtown growth during the settlement. But throughout the days of the expansive growth in the government sector during the last half of

the 20th century, it burdened itself with levels of taxation that slowed that rapid economic growth. In a world of change, many of our service delivery models have fallen behind best practice, lacking transparency and resistant to self-correction and improvement. Our region is left with static population levels, where the best and brightest head elsewhere.

Those circumstances are man-made and can be reversed. The Frontier Centre’s mission – to find solutions for these public policy conundrums and demonstrate that productive alternatives are possible – is made all the more interesting by the size and depth of the challenge. But we are speaking to an intelligent and receptive audience, one that is ready for a better day, when their children and grandchildren decide to remain to live and work in a more prosperous, more open, expanding society. To that day, we dedicate our energies.



Comerica Bank VP and Chief Economist David Littmann talks cities with Geoff Currier, CJOB, September 2003



Peter Holle and Council of Canadians Chairwoman Maude Barlow debate the future of healthcare, Provincial Health Conference & Exhibition, Winnipeg, October 2003



Income Statement

Statement of Operations for the year ending April 30th

	2003
Income	
Grants & Activities	\$ 370,281
Expenses	
Salaries, Office Costs, projects & publications	– \$ 315,362
Increase/Decrease in Unrestricted Net Assets from Operations	\$ 54,919
 Statement of Financial Position as at April 30th	
Bank Account	\$ 33,645
Receivables & Prepaid Expenses	\$ 13,400
Property, Plant & Equipment	\$ –
	\$ 47,045
Current Liabilities	\$ 576
Retained Earnings	\$ 46,469
	\$ 47,045

Province
...er needs to hit homer
... Murray's pitch
... of the Econ
... a rarity
NATIONAL POST, FRIDAY, MARCH 7, 2003

Rural communities

BY ALLAN DAWSON
FFW staff
The future of rural communities lies with rural people themselves. Sustaining the rural way of life requires leadership, vision, emotion, said a panelist at the annual Keystone Conference.

There's no one right answer

REGIONAL VIEWPOINT

Manitoba's wave of future work



... of native self-governed recent attention of Northern Development. 10 of have been over their serve communi- s have been y "remedial

Five ways to good native governance

DENNIS OWENS

THE BRANDON SUN
Sunday, December 14, 2003

One Eagles' wave of future

Manitoba's productivity lags



11

The rising number of ... stripped of b... triggers alarm for native ... of In ... men
A11
WINNIPEG FREE PRESS, TUESDAY, JULY 15, 2003

Trading schemes reduce pollution

Waterways cleaned up at reduced cost

decline in water quality can be definitively nailed, this relatively easy to repair and represents a viable government agreement

A government hampering growth

Comparisons of this sort naturally present difficulties. Unemployment and productivity figures are objective and provide other direct

Ditch related controls
study shows investment end down
Urban reserves

Grass fuels new energy hope

BRANDON SUN
Friday, January 24, 2003

Massive grain subsidies

Health-care monopoly loss
Best election victory in Quebec a sign of chink in Liu

Centralized system fails families

VIEW
THE WEST
FOR IDEAS AND OPINION
Facing a new
BSE
Standardized tests prove

Ethan



Globalization

Pay the people, not government

EQUALIZATION

BRIAN LEE CROWLEY,
PETER HOLLE AND
MICHEL KELLY-GAGNON