

“Big Break” Golf Sale

The other day I passed a bright new heavy duty dump truck hauling a new asphalt spreader on a new low deck equipment trailer. I turned to see who this impressive gear belonged to and saw the PEI government’s logo front and centre. I called up one of my road-building buddies to taunt him about the competition only to learn what I saw was only a sample of what’s in the Province’s arsenal.

Seems I’ve been too busy competing against Crown agencies like the Charlottetown Area Development Corporation to notice our elected officials trying to become private enterprises – a mandate they weren’t elected to follow.

Our provincial government is into meat packing, apartment rentals, campgrounds and golf courses to name a few enterprises, all likely bleeding money without factoring in any capital return. I’m sure if we examined the origins of each of these endeavours, we might find a case for fiscal support from government among them. My instincts, however, suggest job creation from a patronage perspective was the prevailing factor above any long-term financial responsibility.

Look at Brudenell and Mill River golf resorts, each originally developed by government to foster Island tourism. Fair enough. But as golf became more popular, Crowbush Resort was added to reinforce PEI as Canada’s golf destination. Then Dunderave (at a cost in excess of \$10-million) somehow got added to what is now “Golf Links Prince Edward Island”, our very own public business enterprise, a decision that should’ve raised major red flags for taxpayers. Golf Links believes “their” courses are worth over \$30-million. But they’re consistently losing \$1.5-million a year without getting any capital return. In the real world a lender would have locked the gates long ago.

Their business solutions are not working and government courses are no longer leaders but competitors to more than 25 private operators they encouraged into the industry.

I’ve ventured into situations making investments that haven’t always worked out but was forced to face reality and cut my losses. With today’s ballooning public deficits, it’s time government considered doing the same.

In the 1990s, Joe Ghiz was faced with tough decisions regarding a broken Crown corporation, Georgetown

Shipyards, losing 600,000 taxpayers’ dollars annually. The shipyard had 40 employees, no business and was run by a politically appointed board. Ghiz sold the entire business to the Irvings for one dollar.

Employees cried foul, townsfolk talked devastation, the opposition had a field day and Islanders questioned how government could give away millions in assets to the wealthy Irvings who “would likely move the entire operation to Saint John.”

Well the world didn’t end, Joe got re-elected and 18 years later the rebranded East Isle Shipyard employs 120, the Irvings have invested millions in capital improvements and Holland College operates a successful welding institute working closely with the shipyard. Joe’s brilliance turned that “buck” into a cool \$30-million return that continues growing for Islanders. He was brave enough to give away a losing proposition knowing the entrepreneurial Irvings would stop the bleeding.

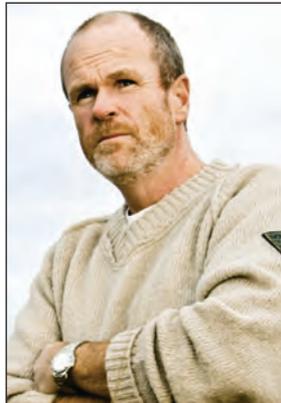
There is a serious lesson to be learned here.

Joe’s son Robert is now Premier and many think his tackling of health care and education will be his demise. But my money is on this young gun to come through with the tough creative changes we need our government focused on and I’m sure he’ll be re-elected. I’m hoping he’ll soon tackle issues he campaigned on, like our money-losing golf courses, to prove that tough decisions aren’t necessarily the end of the world as the media likes to play it. I like hearing the Premier talk about “short term pain for long term gain”, particularly if he can pass this message on to bureaucrats,

local governments and fellow premiers.

I’d like to see a provincial golf course blow out sale or possible lease opportunity. Governments should stick to their core duties: education and health. They should sell assets outside of this core, putting them into the hands of entrepreneurs who will run them well, then use the profits to reduce debt, and put an end to continual increases in taxes and other various fees. A government focused not on operating businesses but on increasing efficiency of core services would be fresh, welcome thinking.

I hope the next time I see that government asphalt spreader it’s on sale and my buddy is buying it so he can provide competitive prices to government instead of them trying to put him out of business. **I ABM**



TIM BANKS

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