



Third Session - Thirty-Fifth Legislature
of the
Legislative Assembly of Manitoba

STANDING COMMITTEE

on

ECONOMIC DEVELOPMENT

39-40 Elizabeth II

*Chairperson
Mr. Bob Rose
Constituency of Turtle Mountain*



VOL. XLI No. 3 - 10 a.m., TUESDAY, APRIL 21, 1992



MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

Members, Constituencies and Political Affiliation

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	Liberal
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHEEMA, Guizar	The Maples	Liberal
CHOMIAK, Dave	Kildonan	NDP
CONNERY, Edward	Portage la Prairie	PC
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Selkirk	NDP
DOER, Gary	Concordia	NDP
DOWNEY, James, Hon.	Arthur-Virden	PC
DRIEDGER, Albert, Hon.	Steinbach	PC
DUCHARME, Gerry, Hon.	Riel	PC
EDWARDS, Paul	St. James	Liberal
ENNS, Harry, Hon.	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Clif	Interlake	NDP
EVANS, Leonard S.	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen, Hon.	Springfield	PC
FRIESEN, Jean	Wolseley	NDP
GAUDRY, Neil	St. Boniface	Liberal
GILLESHAMMER, Harold, Hon.	Minnedosa	PC
HARPER, Elijah	Rupertsland	NDP
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	NDP
LAMOUREUX, Kevin	Inkster	Liberal
LATHLIN, Oscar	The Pas	NDP
LAURENDEAU, Marcel	St. Norbert	PC
MALOWAY, Jim	Elmwood	NDP
MANNESSE, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	NDP
McALPINE, Gerry	Sturgeon Creek	PC
McCRAE, James, Hon.	Brandon West	PC
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MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold	Rossmere	PC
ORCHARD, Donald, Hon.	Pembina	PC
PENNER, Jack	Emerson	PC
PLOHMAN, John	Dauphin	NDP
PRAZNIK, Darren, Hon.	Lac du Bonnet	PC
REID, Daryl	Transcona	NDP
REIMER, Jack	Niakwa	PC
RENDER, Shirley	St. Vital	PC
ROCAN, Denis, Hon.	Gladstone	PC
ROSE, Bob	Turtle Mountain	PC
SANTOS, Conrad	Broadway	NDP
STEFANSON, Eric, Hon.	Kirkfield Park	PC
STORIE, Jerry	Flin Flon	NDP
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WOWCHUK, Rosann	Swan River	NDP

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON ECONOMIC DEVELOPMENT
Tuesday, April 21, 1992

TIME – 10 a.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Bob Rose (Turtle Mountain)

ATTENDANCE - 11 – QUORUM - 6

Members of the Committee present:

Hon. Messrs. Downey, Enns

Messrs. Evans (Interlake), Helwer, Hickes, Lamoureux, Penner, Reimer, Mrs. Render, Messrs. Rose, Storie

APPEARING:

Reg Alcock, MLA for Osborne

Marcel Laurendeau, MLA for St. Norbert

J. Frank Johnson, Deputy Chairperson, Venture Manitoba Tours Ltd.

Herb LeGrange, Manager, Venture Manitoba Tours Ltd.

Dennis Brears, Comptroller, Venture Manitoba Tours Ltd.

Bill Podolsky, Executive Director, Administrative Services, Venture Manitoba Tours Ltd.

MATTERS UNDER DISCUSSION:

Auditor's Report and Financial Statements, Venture Manitoba Tours Ltd., for the years ended March 31, 1989; March 31, 1990; and March 31, 1991

* * *

Mr. Chairperson: Order, please. Will the Committee on Economic Development please come to order? This committee will consider the annual reports of Venture Manitoba Tours Ltd. for the fiscal periods ending March 31, 1989, 1990 and 1991.

I understand that the Annual Report for Manitoba Mineral Resources was to be considered today. However, this corporation will be rescheduled for another date.

For the committee's information, copies of the three annual reports for Venture Manitoba Tours are available at the back table.

Does the Minister responsible for Venture Manitoba Tours have an opening statement for 1989, 1990 and 1991 annual reports?

* (1005)

Point of Order

Mr. Jerry Storie (Flin Flon): I have mentioned this in the House previously that there seems to be a new precedent being developed where these committees are called to consider Crown corporations without consultation of the opposition critics or the opposition House leaders. We have certainly, I do not think, ever stood in the way of a committee being called, but again we hear today that the MMR is not going to be considered at committee. It was part of the notice, and as a courtesy it is not following previous tradition.

I would ask the government, perhaps the minister can relay the message, that we be notified when there are changes affecting the committees. It would be unfortunate if someone delayed or did not travel to their constituency or some other meeting, anticipating that the committee was going to deal with a matter when it did not. I just put that on record twice now where we do not seem to have any consultation and it is unfortunate, to say the least.

Mr. Chairperson: Thank you. The member did not have a point of order. Did the minister wish to respond to his comments?

* * *

Hon. Harry Enns (Minister responsible for Venture Manitoba Tours Ltd.): Mr. Chairperson, I will undertake to pass on those concerns expressed by the honourable member for Flin Flon to my House leader. My understanding is that while I do not accept his contention that it is a matter of consultation with respect to committee business, that is clearly the prerogative of the House leader.

I do agree with him though that honourable members opposite have every reason to be

concerned when they come prepared to deal with a particular Crown corporation that is then withdrawn from the schedule. I think the member does make a point, a matter of courtesy and one of enabling opposition parties to have their people in place prepared for discussion on a particular Crown corporation. I will raise the matter with the government House leader when we caucus later on today, Mr. Storie, and will certainly suggest to him that we do a better job at the scheduling of these hearings.

Mr. Chairperson: Before we proceed, I should point out to the committee that there is a reception for Roberta Bondar at 10:45, and I will be asking direction of the committee at that time as to whether to recess or rise or perhaps we will be finished by then.

The honourable minister for his opening statement on the Venture Manitoba Tours.

Mr. Enns: Mr. Chairman, committee members, we will be dealing with the annual reports, '89, '90, '91 of Venture Tours Limited. For those new members who may not be that fully familiar with that appropriate title for the Crown corporation we are dealing with, we are of course talking about the Gull Harbour Resort, its hotel, what is happening on Hecla Island.

I have with me Mr. J. Frank Johnson, vice-chairman of the board, as representative of the board. He will introduce other people with him from Venture Tours. I do not have any particular statement to make at this time other than to say that the facility continues to provide premier vacation and recreation opportunities for Manitobans and growing numbers of tourists.

* (1010)

I think I will leave this to the chairman of the board. We have had some serious financial situations with the corporation for some years in the past, but despite the ongoing costs and burden of some accumulated debt, the corporation under the current management and board has operated pretty successfully.

I would ask Mr. Johnson to add to these few comments some further perspective from the board and more properly introduce the general manager of Gull Harbour Resort.

Mr. J. Frank Johnson (Deputy Chairperson, Venture Manitoba Tours Ltd.): Thank you, Mr. Chairperson, Mr. Minister, honourable members.

I would like to introduce to you at this time Mr. Herb LeGrange, who is the general manager of Venture Tours; and Mr. Dennis Brears, who is our comptroller. I believe between the three of us we, hopefully, will be able to answer all your questions.

I just want to be very brief. Now you all know the lodge is something that is in a tremendously fine spot in the province of Manitoba and has a potential for being a resort for tourists and a resort for the people of Manitoba to benefit from the lodge.

We took the golf course over, and it was transferred to ourselves in 1988. I will start just briefly. The 1989 statement shows a loss after depreciation and interest of \$141,933. You will notice that that loss in 1989 is down over \$100,000 from '88.

In 1990, the loss of Venture was \$81,477, and in 1991, our loss was \$2,454 and those figures are all after we have paid our interest charges and our depreciation.

During the past year, we did not have quite as good a financial picture and I cannot give you the exact figures because our year end was just March 31, as you know. We had some new competition and of course the economic situation did not give us as good a year as we had last year or had in '91. Also, we had a little bit of down time with the construction, and I might add, we have redone the 60 original rooms that were built in the lodge. They had not been touched for over 15 years, so that was all done during the 1991-92 period. We, to date, have not got our financial figures off, but I might add, I think we are pretty well on forecast.

The people still seem to enjoy our lodge. We are one that has winter sports, summer activities, and as I said to you, at a very beautiful setting with what we believe with the renovations we have done will continue to be that way.

Thank you, Mr. Chairperson, and as I said, hopefully, we can answer any questions the honourable members may have.

Mr. Chairperson: Does the critic of the official opposition have an opening statement? Mr. Evans, Interlake.

Mr. Enns: Just for clarification of doing business, I have no objection if we wish to—I appreciate committee members have three annual reports before them. If we want to deal with them coterminously, I think it may be just as well so that any questions or directions that the members have,

you know, could cover all three reports and indeed into the present and the future.

* (1015)

Mr. Cliff Evans (Interlake): Mr. Chairperson, we have no problem with that.

First of all, I would like to welcome the three members here from Gull Harbour: Mr. Johnson, Mr. LeGrange, Mr. Brears. Welcome to the Legislative Assembly and the committee today.

My personal feeling on Venture Tours, being a resident of the nearby Riverton and Interlake, Gull Harbour in the last four or five years has been a very important part of the Interlake. It has been a very important part of the community of Riverton, the community of Arborg, Gimli, not only for economic development but for employment, for the future of tourism for the Interlake. I think that Gull Harbour, under the right avenue of going towards a certain direction, can provide in the future a tremendous amount more of development for the Interlake and certainly employment for our area.

As we are all aware, the situations throughout Manitoba are fairly low, and we feel in our area in the Interlake, Gull Harbour has to be one of the mainstays and one of the leaders as far as providing the employment for the Interlake. On that, I would like to again welcome everybody, and I guess we may as well continue.

Mr. Chairperson: Thank you. Does the critic for the second opposition party have an opening statement?

Mr. Kevin Lamoureux (Inkster): Mr. Chairperson, I did want to express a couple of concerns. No one questions the beauty and the benefits of having Gull Harbour, but there are some concerns that I have in regard to the process, if you will. We have before us three reports and have no problem in terms of dealing with all three in terms of general questions and answers and in passing the three reports, but one of the concerns I have is why is it that we are looking at three reports today as opposed to one every year, so that each report can be questioned independently? One would like to think that it will not be another three years before we have the board back to the Legislative Chamber.

That is one of the concerns that I have personally. I am not the critic for the Liberal Party for it, but I did want to express that concern, and we will deal with all three reports this one time to pass.

Mr. Chairperson: Does the committee agree then to consider all three reports at the same time?

Some Honourable Members: Agreed.

Mr. Chairperson: Thank you.

Mr. Cliff Evans: Mr. Chairperson, I would like to begin by asking the minister: On the renovations as Mr. Johnson had indicated earlier over the past year, I am wondering what kind of a cost the renovations in the past year, year and a half, what is the total cost of these renovations that have been put into Gull Harbour?

Mr. Johnson: Just to briefly start out, you will notice the losses of the lodge had come down to a point where there was practically a break-even situation in 1991. Under that circumstance we approached the government on the basis of being able to revamp the original rooms that had not been done for a long time.

Now, the government gave us the authority which was already there, borrowing authority, which is \$2.4 million. We probably use during the year about \$1.7 million, and that fluctuates up and down, et cetera, to \$600,000. To make a long story short, we budgeted to do the renovations over a two-year period at a total of \$630,000.

The renovations were that the phase 1 was to do 23 rooms, phase 1 was to do 46 rooms, and we completed that by the end of February of this year. We were then left with 12 rooms. The whole building had been done except for 12 rooms, and because of the favourable interest rates that were available and the favourable quotations we had and the workers all being there and, by the way, the need for employment during the winter, we were able to get some exceptionally good quotations for the final 12 rooms, payment to be made at the end of June. So the total renovations to date, Mr. Evans, to be exact—I said \$630,000. We have spent \$620,000, there is \$10,000 left to be done.

* (1020)

Mr. Cliff Evans: I am under the understanding that there was one or two or three rooms that were not finished. Is that correct or have they all been done?

Mr. Johnson: They will all have had the construction done. The \$10,000 that is left is for chairs and, if I am not mistaken, bedspreads.

Floor Comment: Chairs and beds.

Mr. Johnson: No, chairs and beds. The rest of it has all been done.

Mr. Cliff Evans: The construction itself, over the period of time, can the minister tell us here how many people from within the area were employed with this construction?

Mr. Enns: I would ask either the chairman or Mr. LeGrange to feel free to answer these kinds of detailed questions.

Mr. Johnson: Your earlier statement, Mr. Evans, regarding the employment, we are close to the largest employer in the Interlake. When we do have our busiest times, we are working at probably 80 percent—if I am not mistaken, Mr. LeGrange—of Interlake personnel.

I have to defer to Mr. LeGrange regarding the construction. I am only aware that there were no less than three quotations on every phase of the construction that were presented to the board and in each case we took the lowest bid. As far as where they are from, I would have to ask Mr. LeGrange.

Mr. Herb LeGrange (Manager, Venture Manitoba Tours Ltd.): Most of the labour, the trades, were from Winnipeg. Our ongoing staff from Riverton serviced these trades.

Mr. Chairperson: Excuse me, could you bring your microphone a little closer, please? Thank you.

Mr. LeGrange: The staff from the hotel serviced the trades during the construction period. Some of the labour was from the Interlake and the electrical contract was from the Interlake.

Mr. Cliff Evans: Could you tell this committee who was the construction company that was involved with the general contracting on this?

Mr. LeGrange: There was no general, we did our own general contracting. We got our own quotes from the different trades and we supervised the construction ourselves.

Mr. Cliff Evans: Was an Olympia Construction involved in any of this?

Mr. LeGrange: No, definitely not.

Mr. Cliff Evans: Could you tell this committee really how many—I guess in periods of different times of the year, you say—I made my opening comments on the employment and, of course, with this construction. Through the year, from April 1 to March 31, could you tell me how many people the resort does employ, full and part time, and how many people are actually from the Interlake area?

Mr. LeGrange: Could I refer that question to Mr. Brears?

Mr. Chairperson: Certainly.

Mr. Dennis Brears (Comptroller, Venture Manitoba Tours Ltd.): Each August, we do up the report that you are asking for. Last August 30, we had 95 people employed there. Of that there were five from Winnipeg, roughly—

Mr. Chairperson: Excuse me, could you bring your microphones—just move them up a little closer to you, because you cannot be picked up.

Mr. Brears: Of the 95 people that we had employed at the hotel last August, five were from Winnipeg, approximately 60 percent of what was left was from Riverton, Arborg and the rest of it was from rural Manitoba.

Mr. Cliff Evans: Mr. Chairperson, could you tell this committee, as far as times of the year for seasons, what in the last two or three years has been your busy times? Do you break down quarterly or do you have specific times of the year where you focus on to be able to bring on a low side or on a high side? What are the seasons there that predict to you how you should market, I guess, the resort to bring people in?

* (1025)

Mr. Johnson: Mr. Evans, I will ask Mr. LeGrange to comment when I am finished. Our experience is, right now we do not have a golf course, we do not have ski trails, we are in a hiatus, so this part of I guess from the end of the middle of March until usually the end of April is a down time or a slower time for us. The same thing applies in the fall when the golf course closes and the snow has not come, so we have that bad period in the fall as well. We always have very good Christmas seasons up there, but there is no question, and after I am finished Mr. LeGrange can tell you that we come into our year—our year end is March 31, but let us take it on a calendar period. January is usually pretty slow, February gets better, then we hit that period.

Dennis and Herb can tell you, the percentage of our income between the end of April to the end of September would be probably 70 percent or whatever it is during that time.

Mr. LeGrange: The income over that period of time would be approximately 70 percent—

Mr. Johnson: Our percentage of our income, a large percentage, is probably around 75 percent between the middle of April to the end of September. Our big time is June, July, August, September.

Mr. Brears: I think the easiest way to explain this to you is, we profit for five months of the year, starting in May, ending in September, October in some years. The rest of the months are losses, if that helps.

Mr. Cliff Evans: Looking through the reports, the income in the last two or three years, sales and other income have risen up to a point of \$3.4 million at the end of March '91. So you are saying that out of that \$3.4 million in those four or five months, the majority of that \$3.4 million is income for the resort.

Mr. Brears: Probably close to 80 percent.

Mr. Cliff Evans: Then if I may ask, what kind of direction do we have, or what can be done for the other four or five months, if anything?

Mr. Enns: Mr. Chairperson, I had the opportunity over the course of the year meeting with the board and individually with some of the board members. That is the constant challenge for any operation of the kind that we are discussing in Manitoba, that is, to fill in as best we can the months where vacancy rates are undesirable.

My own department, the Department of Natural Resources, I think can and should be more actively promoting the resort in these efforts, the maintenance and the encouragement of winter activities, better maintenance of ski-doo clubs and visitations. There are some interesting proposals in that direction utilizing other already existing ski trails.

Mr. Evans, you just would not believe how far people travel on those machines these days and the degree of sophistication that they have, developing regular runs that include the potential of crossing over from the southeastern part of the province to facilities that could receive them at Gull Harbour, along with other encouraging developments for the wintertime. Certainly, the general theme of making Gull Harbour a family resort is one that is always uppermost in the board's mind. I know that they promote and develop holiday specials, weekend specials, Christmas specials, New Year's weekend specials, and so forth. I think it has to be acknowledged, as the chairperson has indicated, this past summer they have a new competitor on the block, so as to say, at Gimli, and no doubt their marketing directions will take that into account.

* (1030)

However, what Hecla has, and what I think has more room for expansion and promotion, is the

combination of what can be done on the island. Possibly a better integration with the campground facilities, which is being run by my department, and the reservation systems that the hotel facility can accommodate could increase the usage.

These are some of the areas, Mr. Evans, that I know the board is very much aware of, that the management is very much aware of, and those are the kinds of things that we have to pursue.

Mr. Cliff Evans: Mr. Minister, I have also travelled from Riverton across the lake to visit Gull Harbour during wintertime on snowmobile and other times with friends and family. Yes, I agree on that note that something during those slow times has to be done, and perhaps there can be some sort of a mandate put in that the resort can concentrate not only on maintaining the summer busy times of five months; but, as we all know, not everybody can survive on five months worth of business. If there is room to be able to bring in that extra income during the other months, I feel that we should be dealing with that to improve that time of the year so that we can—competition or not, we still have the resources there; it is just a matter of bringing the people in. If anybody has a comment on that?

Mr. Johnson: Certainly your concern, because you are the MLA of the constituency, is one that we are very pleased is there, and let me just try to be brief because the minister has pretty well answered what we are doing. We are working with his department, but we have just—and I am kind of smiling at you because we are going to have an opening of the new section in May and we are going to do some announcing then. We have sort of taken a theme, now Hecla has it. We believe that the whole island is one that is not just golfing and ski-dooing. We think that there is animal watching; we think there is bird watching. We have done some pretty serious investigation and we have some information from Resources. I, as one, did not know the eagles that are in Manitoba pass through there every fall, which is something, so we will have a program of the Hecla experience type of thing. It is what we are going to try and have the year-round business.

The other thing that we have done is that we have sales personnel in Winnipeg going after conventions. We have done just one little thing that made all the difference in the world to us. We put a room down off our meeting rooms, and in it we have a coffee machine, we have a fax machine, we have

phones for the people who are at conventions, so that they can have their office there, get back and forth. It is amazing how that is.

We have entered into a contract with very much like a travel agent. We pay a percentage with a group called Prestige Resorts in Minneapolis. Now, they are not a travel agent; they only take on so many resorts as their clients and they go out and sell your place. In other words, the day of standing in a shopping centre handing out our pamphlets, that does not really fill your place, so they call on people and they have been up to see it. One of the gentlemen, when we took him out, said, you know, this wilderness experience is something we cannot have in Minnesota because all the lakes have cottages around them. He made the statement, I did not think there was a place I could sit down and light a fire in the wintertime and have a hot dog and what have you and not have anybody around me.

So we have also contracted with a person that is in the advertising business to give us a presentation of our new approach. He is being supervised by one of the members of the board, Paul Herriot, who is very experienced in advertising. Your concern of being year-round is the government's concern, and it has been expressed to us that, you know, we want to have as much business as we can in the off season as possible.

Mr. Cliff Evans: If I may, in referring then to the reports under sales and promotion, we have 1988 to '89, there was an increase of \$30,000 on advertising and promotion; '89-90, there was a drop of \$30,000, and then again there was an increase of \$42,000 in advertising and promotion in that category itself. So could you tell me exactly why the fluctuation from year to year—and if this is an American-based outfit that is assisting in the promotion for Hecla? Is this all part and parcel of it?

Mr. Johnson: They are not assisting. They are promoting but on the basis they get paid on production of results. Herb, Mr. LeGrange, can you explain the difference in the promotion figures?

Mr. LeGrange: I guess it was just for budgeting purposes. It was to try and make the bottom line what it was. We pulled back in promotion and marketing on the one year. The things were in place just because the figures fall in a particular year. The items are in place, the promotion now would take into effect six months later, so there is a discrepancy that way in the figures if you want to look at it on a year-round basis.

I would like to make a point. Gull Harbour is now represented in Minneapolis, Des Moines and Phoenix. Prestige Resorts has three offices with sales people, and we have our literature in those offices in the U.S. Prestige Resorts is big in incentive travel, and that is the market we hope to capture out of the Minneapolis area, marketing to the Fortune 500 companies as an incentive conference in Gull Harbour. As part of that conference possibly to golf or to go up north and see the polar bears, all the different packages that we are trying to promote within Manitoba. Hopefully, we will be part of all those packages.

Mr. Cliff Evans: I must apologize if I have missed it, but how long have you been in co-operation with this firm out of the United States—two years, three years, one year?

Mr. Johnson: Two months.

Mr. Cliff Evans: Oh, two months.

Mr. Johnson: This is very new for us. Our advertising was done by media, paper. We have a lot of pamphlets showing the different programs or different weekends we have, et cetera, but this is the first time we have—and we have always worked through travel agents, Mr. Evans, but this is not a travel agency as such. They just contract with certain people to sell their properties.

Mr. Cliff Evans: I guess we have to wait and see how they—

Mr. Johnson: We have had our first contact from them so far.

Mr. Cliff Evans: So you are looking to increasing the American tourist trade, and then it is going to take time for us to see just what direction it is going to go.

Mr. Johnson: Yes, we are looking to increase it. It will take time but still our major direction—we do not kid ourselves, and our largest customer is Manitobans. Certainly in my experience with sales, you do not neglect your regular customer. You try to get new ones, but you do not neglect the old ones.

Mr. Cliff Evans: The office itself for promotion, could you tell us just where the office is for Gull Harbour Resort and who is in charge of sales and promotion; if it is the general manager, is there a staff in place on a year-round basis, part-time basis right here in Manitoba?

* (1040)

Mr. Johnson: The general manager is in charge of the promotion, and he works with a committee of the

board which is called the marketing committee. That committee is chaired by Mr. Hildebrand from Winkler; Mr. Paul Herriot is on that committee, and I am on that committee, but I am on nearly all the committees, and Jean White is also on that committee.

The committee presents the promotional program to the board and it is approved, but it is put together by the manager with consultation. They have several meetings on it. I would wonder, Mr. Evans, if I could offer you sort of a package of what our presentation is going to be for the next year. It is kind of hard for me to make you visualize it like this, but we are quite willing to present that to you, to see that you have it.

Mr. Cliff Evans: Yes, I certainly would like to have that, Mr. Johnson. I would certainly appreciate it. Now you say you have a committee on marketing that the general manager and the board meet and deal with. I wonder if there would not be someone in the area that has direct part and parcel of Gull Harbour right from the Interlake itself, right from the Riverton-Arborg area. Would the committee then or the board look at perhaps having someone on that tourism committee, promotion committee right from within the area, someone who knows the area itself, too?

Mr. Johnson: We do not have the authority to put any more people on the board, but we just had Buddy Thorsteinson appointed to the board. He has been on the board since last fall. Your suggestion that he should be on that committee is a good one. He certainly, when any presentations are made to the board, is a very valuable member and has turned out to be a very valuable member.

Mr. Chairperson: As I mentioned at the opening of the committee meeting, there is a public reception for Roberta Bondar at 10:45. Is it the will of the committee to recess until 11:30? Is that agreed? Agreeable, Mr. Evans?

Mr. Cliff Evans: Well, Mr. Chairperson, no, I do not have a problem with that. It depends on how long. Perhaps we should give a time limit and then be back here to continue the committee and finish it. Half an hour?

Mr. Chairperson: Committee recess until 11:15. Thank you.

* * *

The committee took recess at 10:45 a.m.

After Recess

The committee resumed at 11:18 a.m.

(Mr. Edward Helwer, Acting Chairperson, in the Chair)

Mr. Johnson: If I may, to correct one small statement that I made, I said to Mr. Evans that the \$620,000 had been spent, \$620,000 is committed. We have some arrangements with contractors who finished the extra work to accept payment at the end of June.

Mr. Reg Alcock (Osborne): Mr. Acting Chairperson, I apologize to Mr. Johnson and the minister, and I would to the other two gentlemen if I knew their names, for missing—

Mr. Enns: Allow me. Mr. LeGrange is the manager of the Gull Harbour resort, and the comptroller, Dennis Brears.

(Mr. Chairperson in the Chair)

Mr. Alcock: Thank you. I just have some questions for clarification, looking at the 1991 statement, financial statements at the end of 1991, and maybe you can just tell me if I am reading this correctly. I am on the statement of operations and deficit for the year ended March 31, 1991. It is about three pages in or so. Sales and other income, Note 5, \$3,423,434 over a previous \$3,114,655—are you with me?

*(1120)

Mr. Johnson: Yes.

Mr. Alcock: You may not be after I ask the question, although I suspect you will be. Am I to understand when I read this that before depreciation you actually had an operating surplus?

Mr. Johnson: Yes, the income before depreciation and interest was \$340,000.

Mr. Alcock: Mr. Chairperson, then I see an advance from the province carried forward, \$250,000 on the previous page, I believe it is under Liabilities. Is this a carry forward of a former advance? Are you just carrying forward a liability?

Mr. Johnson: Yes, the \$250,000 was advanced to us in 1990, and it was advanced for the purpose of doing repairs that had to be done to the swimming pool mainly and other areas in the complex.

Mr. Alcock: So then on annual operations there is no ongoing subsidy from the province?

Mr. Johnson: The unknown subsidy from the province?

Mr. Alcock: There is no further subsidy.

Mr. Johnson: No, the only other subsidy that I believe—and, Dennis, please correct me if I am in error here—a little further back it states that we have about \$10,000 worth of, in your examples, and it is No. 2(e), where there is \$10,000 of work provided to us by the department. In other words, we use their board room, there is some mailing done by the department, and the legal help that we get from the province, et cetera.

Mr. Alcock: So that in terms of the cost to the government, the current treasury, it is either zero or nominal in kind. Is that correct?

Mr. Johnson: Dennis, am I correct there?

Mr. Brears: Yes.

Mr. Alcock: If I read the statement correctly, you have an increase in your sales of other income of about 10 percent, just a hair under 10 percent, during a time when I believe this province was entering into a rather severe recession, right?

Mr. Johnson: Yes, our 1991 year was a good year. We did have that increase. We have not experienced the same increase during '91-92 year which these statements are not quite complete yet.

Mr. Alcock: It is interesting, I mean I am actually delighted that I have had the time to read through this. It strikes me that a large very attractive facility in this area is operating in the black, showing an increase in sales, providing jobs for people in the area.

Mr. Enns: I interject and possibly I will regret doing it but, clearly, what we are seeing at Gull Harbour after having experienced back a number of years ago very substantial government subsidies, if you like, or losses ranging as high as \$600,000 and \$700,000 dating back, I believe, some six, seven years ago, I think it is an indication of the dedication of staff, management and the board that have brought the corporation to this point. They argue with some validity that the government perhaps ought to reconsider and look at the accumulated debt that is to some extent an ongoing cross that they have to bear.

In other words, the argument has been put to me by the board and by management that in many respects, given the confidence that they have, they could be financing some of the needed expansions and improvements to the facility to ensure the continued success of the operation out of their own earnings in the order of \$200,000 or \$300,000 a year

if it were not for the payment of interest on past accumulated debt.

I tend to support that position, quite frankly, although I have not succeeded in making these arguments past my Treasury Board. I welcome the support of both honourable members of the Liberal Party and New Democratic Party to support the Crown in this way.

It is not precedent setting for those of you that have maybe taken up time to investigate the financial affairs of another Crown corporation like McKenzie Seeds for instance. That precisely was done and subsequently puts the corporation in a more aggressive and, I think, morale-boosting position. It is of course a question for government to consider, but I think what you are driving at, Mr. Alcock, bears out that even though—certainly these last two years have not been the most robust years for their kind of business.

People tend to look a little longer and harder at the amount of recreational dollars they have to spend. We certainly know that our tourism industry is not where it ought to be, and that affects their operation. Nonetheless, they are coming in with pretty reasonable figures that would be all the more acceptable to committee and certainly to me as responsible minister if we could re-examine the accumulated debt that is carried and serviced by this Crown corporation.

Thank you, Mr. Chairperson.

Mr. Alcock: Well, I thank the minister for those remarks. I certainly would have no difficulty supporting him in that. I think this is rather a remarkable statement, given the history and the impression that one has had of that particular facility. It is a beautiful facility, but it has always been seen as one that requires a considerable infusion from the public purse. The fact that it is able to operate in the black so successfully I think is a credit to the management.

One question: I note the depreciation allowance, \$181,966. How is that being utilized? I mean, where does the cash from that show up here?

Mr. Brears: I am sorry?

Mr. Alcock: You are showing a depreciation allowance of \$181,966. What is that going toward?

Mr. Brears: If you are asking how it is made up, if you see the fixed assets note, a lot of that—

Mr. Chairperson: Could you bring your microphone up a little bit please? Thank you.

Mr. Alcock: I understand how the figure is arrived at, but that \$181,966 represents cash.

Mr. Brears: Yes. It represents capital improvements that we have undergone over the last four years. That \$250,000 was spent repairing basically the entire wrecked wing of the hotel that was rotting. Most of it is building additions or building repairs, and that is accumulated over, as I said, the last four or five years.

Mr. Alcock: I have no further questions. We can pass this right away.

Mr. Cliff Evans: Just to reiterate the minister's comments on the financing of the whole picture of the resort, of course, making reference to the past six or so years, as the minister always makes us and everybody aware of things in the past.

Mr. Enns: Only as they affect the future, Mr. Evans.
* (1130)

Mr. Cliff Evans: Well, we are in the present day, and we do have the future to look at. If I may, on the minister's comments, what type of study or what type of co-operation has the minister received on the suggested plan that he has brought to the government to look at the bottom-line deficit, and what is the plan for the future on that? Is there a plan? Has he brought it to the cabinet and discussed that?

Mr. Enns: It is not just a question of myself. I know that it is an issue that the board raises with Finance and Treasury Board fairly regularly, when they have an opportunity to appear before that group. In essence, it is a bookkeeping account as far as that the money has been spent, the money has been borrowed, and somebody is servicing cost.

The Minister of Finance, I think he can be quite correct in stating that it should continue to be carried by the corporation inasmuch as the expenses that monies were spent by the corporation. I just, perhaps ill advisedly, suggest to you that I for one will continue to take that position within my own group, that periodically we should re-examine that position whether or not we would not be well advised to clean the slate. What has happened to some extent now, and I think there was a question asked of the board member here just a moment ago, Mr. Johnson, about a \$250,000 advance or \$200,000 advance to do necessary repairs, or something like that.

I have been led to believe in past discussions with the Chair that some of these expenses, some of

these improvements could in fact be carried on by the corporation with funds internally generated and not have to come to Treasury Board for that advance. It seems to me then, if we could come to terms with the about \$200,000 interest bill that the corporation is carrying, why not do it that way? It makes, I think, for eventually a more accurate portrayal of the existing and current affairs of the corporation. That is the point that I am making. I just suggest that to you, and I know that has been done in a few other instances.

Mr. Cliff Evans: I have to agree with the minister on that point and only on that point. As the minister is aware, and I am not afraid to say what is what, it shows that over the past three or four years sales have gone up.

I have the Auditor's Report from 1986-87. I feel that the minister and the corporation and cabinet should seriously look at that. Now with the expansion or the renovation, the direction that Gull Harbour seems to be taking, and the government seems to be taking with it and the board, I feel that we should look at, and the minister should look at, some way where this choking effect of the payments that are being made by Gull Harbour—as each and every year the sales are increasing and improving, I think that the minister himself, along with the co-operation of the board and everybody within, the employees and the whole Interlake, should seriously consider going that avenue to be able to promote. I think it would be a tremendously viable situation, of course take away the \$2.7 million that each and every year we are paying interest on.

Mr. Enns: Mr. Chairperson, I appreciate the support that is being expressed by honourable members opposite. I do want to underline what Mr. Johnson already indicated in his opening remarks. I would not want to in any way indicate to the committee that this in fact was not publicly discussed. We are dealing with the reports before you.

I think Mr. Johnson expressed some concern about the year that we are now in or just ending, that in fact with the ongoing economic situation—and I think the management will acknowledge the new hotel and facility at Gimli has to be taken into account in their marketing of their facilities. I believe that there is lots of room. The kind of opportunities presented at Gull Harbour are quite different, are quite unique, but I think it should be noted that the

board representatives here did indicate some reservations with respect to the year just ending.

Mr. Johnson: If I may, Mr. Evans, you certainly are aware of the lodge. The original rooms had not been touched for 15 years, and I assure you when you see what is being done you will be—we had to make that decision in order to be competitive. We just could not carry on with rooms that you could hear between one another. Let me just briefly say the rooms were taken apart completely. They are now soundproofed. The drapes, rugs, new wallboard, new bathroom fixtures—in other words, they are completely new rooms. We could do nothing about the size, but we have made them a tremendously acceptable room.

As I said, our financial statement is not off, but because of our increased borrowing to do the renovations that we have, we estimate—and I can say we are going to be very close to our projection of \$175,000 loss this past year. The future year we project to be in the area of 52 and in three years come back to this break-even point again after the renovations.

Now, just to briefly mention the competition, we are not afraid of competition; in fact the more people that come to the Interlake the better off we will all be. We do know that \$100,000 worth of business that regularly came to our lodge, we contacted people and they basically told us very straightforwardly they were trying the new facility.

I say we are not afraid of that competition because we think that they have a very nice facility, but they do not have what we have. They have a beautiful beach; they do not have the grounds around it. We are already finding that people who have tried it are not being what you would call critical of what they tried; they are saying that we have a better surrounding and more beautiful facilities, so we are not afraid of the competition. We just know that we have to work hard to get these sales up again.

Mr. Cliff Evans: If I may, Mr. Chairperson, thank you, just a question on Note 7, Contingent Liability. I see going back through the reports that it has been an ongoing thing. I would like to know more about it. What is the liability, the contractor involved, why and what is being done about this?

Mr. Brears: It goes back to the new section that was built on the hotel. At the time that it happened, the contractor was told there would be no extras unless it was signed by, I believe, either a member of the board or the general manager at that time.

There was in the end \$148,000 worth of extras. There was no signed work order. The two principals, i.e., who knew anything about this, are now both deceased. It has never made it to court, and the company, as far as I understand, feels that it never would, but it is still on the books.

Mr. Cliff Evans: Mr. Chairperson, so it is on the books, but what direction is it taking? Is it something that is going to be just ongoing and ongoing? Is it in court?

Mr. Brears: It has been stale now for over four years with nothing further happening.

* (1140)

Mr. Cliff Evans: Mr. Chairperson, a few questions on the golf course itself. The golf course has been under the control, I guess, of the resort. Can you sort of tell us where the golf course itself is going? How much revenue as compared to expenses? Is it a viable entity within the resort? Is it something that has been moved to take it over? Is it something that the resort or the board is going to encourage to increase the revenues at the golf course there and improve the golf course even more? I say that, even more, because I think it is one of the finest golf courses in the province of Manitoba, and I have been to many golf courses. I support the fact, but as we all know, as Mr. Johnson has indicated, there has been need for improvements within the resort itself. Are there any plans for the future to improve the golf course? How are the revenues against expenses for the last three years?

Mr. Johnson: As far as improvements of the course is concerned, of course, we all know the layout is such that it is one of the finest golf courses around. It is a championship golf course. We have a greenskeeper who is very knowledgeable about golf courses. We have an excellent staff working up there on the course. In fact, most of the staff at the golf course have been there many years and know every drain and every blade of grass on it, and they are tremendously valuable to us. We are looking at the present time as to whether we need a new type of mower for the cutting, but as far as the quality of the golf course is concerned, we are very, very conscious that is a very, very important part of our operation during the summer season. If at any time we get any complaint whatsoever regarding the golf course, it is looked at immediately.

To answer your last question regarding the income of the golf course, Dennis, the golf course is—

Mr. Brears: Ten percent of our total sales and a bottom line of about \$100,000 profit.

Mr. Cliff Evans: Thank you, Mr. Chairman, that has answered a couple of my questions but, again, what I am referring to, to even make it a finer golf course, and like you say, Mr. Johnson, the golf course is a very important part of the resort, does the government in place have any plans to make it even better? Is the golf course on any future short- or long-term plan? There is always room for improvement on anything. I do not say that right now that there is need for any type of improvement for the golf course, but down the road does the board or the government in place have any plans for the golf course?

Mr. Johnson: Well, to be very accurate, I can say that the board has not looked at any structural changes to the golf course other than a couple of greens that we think need some help because of drainage, et cetera.

I do not think there are many people who spend much more time on a golf course than I do. I cannot really point to where I would like to see it changed. Mr. LeGrange here was going to say something.

Mr. LeGrange: There have been discussions of a new pro shop with a nice deck and enhanced, because right now the washroom facilities and pro shop could be improved. I think one of the things that this year you will find, I guess we will find, is that we are going to have a marshal. It has been on the books for a number of years and not taken any steps towards, but this year there will be a marshal.

Mr. Cliff Evans: Mr. Chairperson, that is encouraging. I know these six-and-a-half to seven-and-a-half-hour rounds do not exactly enhance people coming out, and I am sure there are other things that could be looked at as far as the golf course operation goes. But I think the marshal and improvements to the washroom facilities and such—what about a driving range of sorts or a practice range? I know that there is something there, but I think that, especially during the busy times of the year, something very close to that No. 1 tee box—some facilities—should be available for someone to walk a few feet, still be close to the tee box, to the starting, and yet still be able to hit balls. There is land there, I am sure. Are there any plans for that?

Mr. Johnson: Mr. Evans, we have probably one of the nicest practice and driving fairways that you have ever seen if you go back to where the

washrooms are and then walk directly back in there. We have a very large and nice driving range or practice fairway, if you want to call it that.

We have had discussions with the pro about that. We have had some discussions with other golf courses that do have that facility; and, you know, you are looking at a picking machine for golf balls, we are looking at mats, we are looking at taking care of the place where you hit the balls from.

The number of people that go over our golf course or play our golf course is, I think—am I right?—about half of what plays Falcon or less than half of what plays Falcon. Whether there would be a financial return—or not so much financial return—whether it would be a break-even situation is what we are looking at at the present time. It is just not as easy as I thought this would be, but we are now examining it very closely to see if it would be a break-even project. If it breaks even, it is an asset. If it does not, it is just a cost that we do not have money to play around with at the present time.

Mr. Cliff Evans: Mr. Chairperson, on the financial statements themselves, I was going to make mention of this earlier. The sales and other income and departmental expenses, now here within the report everything is generalized. I wonder whether I would not be able to ask for the statements from the hotel themselves breaking down the sales and other income and direct costs, if that can be made available to peruse for the last three years. Is there a problem with that in getting a breakdown?

Mr. Johnson: Mr. Minister, our year-end financial statements are public knowledge. We do have a very elaborate financial statement that is presented to the board each month, and, as I mentioned, our year end is March 31. Those financial statements year end are public knowledge; they are available. If I submit them to you?

Mr. Enns: I have no trouble undertaking to see that members opposite have those statements made available to them.

Mr. Cliff Evans: Mr. Chairperson, I notice, too, on administration costs, we have a facility here that is probably worth in the millions of dollars. As we all are aware, something like that has to be protected.

If I may get a reply to the fact that the insurance costs have in the last three or four years dropped quite a bit, from '89 to \$8,300 and going back on '87 and '86, I think it was over \$20,000 for insurance. Can you explain why the tremendous drop in

insurance costs? How are we getting protection through insurance for \$2,600 on a facility that size?

Mr. Brears: It is back to about \$8,000 now. This came about because our deductible increased, and we brought down our yearly costs. Our deductible went up to about \$10,000 from what it used to be, and I cannot remember the figure offhand, but we used to be paying \$20,000 a year.

Mr. Johnson: Mr. Chairperson, if I may, I just noticed that another member of the board is here, Mr. Podolsky. Bill, I think you could answer that question as to why our insurance—Bill is on the board as secretary-treasurer. I do not know why you were back there, but—

* (1150)

Floor Comment: He was my agent in place.

Mr. Bill Podolsky (Executive Director, Administrative Services, Venture Manitoba Tours Ltd.): The insurance costs were rationalized by the insurance and risk manager of the department of finance. He came out and gave us an assist in terms of the type of insurance we are carrying, and made some fairly important suggestions to us which we took, which in essence, I think, improved our insurance at a lesser cost. We were carrying, I think, a deductible of about \$1,000, and he made a suggestion to increase that deductible because of the type of situation we are in, and he made other suggestions to us.

The bottom line is that we have got, I think, better coverage at a lesser cost. So it was based on professional insurance and risk management advice.

Mr. Cliff Evans: Mr. Brears has indicated that the year '91-'92, there will be an increase, am I correct? There will be an increase in insurance? So again, the question is why? Are we going towards a certain level for insurance?

Now, I realize premiums and costs and deductibles are all involved in it, and if you have a particular insurance company that you deal with, I would certainly like to know the name of it. For that cost, for the type of facility that we have and for the deductible, that is a tremendous deal as such, but why are the costs going up again? Why are we not, sort of, trying to find a certain level that we can deal with on that?

Mr. Enns: Mr. Chairperson, the honourable member, who is in business himself, understands when you increase the value of your assets, you

know, you are insuring more. So even if the base rate remains the same, you will be paying more.

We have now put some additional, in excess of half a million dollars in improvements to the facility. No doubt they will be reflected in the insurance costs. However, I hasten to add, I am not an insurance expert. I will allow Mr. Podolsky or Mr. Brears to answer those questions more specifically.

But I know, Mr. Evans, if you put \$100,000, \$200,000 in improvements to your hotel at Riverton, where you do not allow that certain kind of dancing going on anymore, then, Mr. Evans, your insurance costs are going to go higher, are they not?

Mr. Cliff Evans: Mr. Chairperson, I see that—[interjection] Yes, I can appreciate that, and I do know the business end of it, and I must say that the asset was there. The asset has been there at a certain level, yet the insurance and such has dropped off.

Now, for an increase of the financial input that Gull Harbour has the input in, I just find it, I guess, not totally strange, but the difference is such a difference, such a drop when basically your asset is still there, the value of the building in the area is still there.

Floor Comment: It is not permanent; it changes.

Mr. Cliff Evans: Of course it changes. I am asking that if we are going down slowly, slowly, slowly where your value still is there—over the past three or four years, Mr. Minister, your income has improved, the value is still there, you have been able to get the insurance premiums down. Now they are going up. I am asking why?

As far as reference to any of my personal business, I would just have to explain to the minister that that is my business and not the government's business, nor is it this committee's business.

Mr. Enns: I think though, if we were listening carefully to Mr. Podolsky's answer, the insurance was fundamentally restructured, a different policy in fact written, one that was recommended to us by . . .

As we all know, for instance, if we have \$50 deductible on our automobiles or \$350 deductible on our automobiles, it makes a whale of a difference on our premiums. In effect that was what we were advised to do. Instead of having as low as a thousand dollars, that meant just about any little kitchen fire and then claims were put in, raised to a \$10,000 deductible, that makes a very substantial

difference. I suspect those are the kinds of structural changes to the insurance policy that have affected these figures.

Mr. Cliff Evans: If I may, Mr. Chairman, get Mr. Podolsky's answer to my previous question on why the increase now, and how is it being restructured so that there will be a \$16,000 increase for '91-92 as far as insurance. Am I correct on that, or is it—

Mr. Podolsky: I am not sure what the increase is this year, but we can certainly provide a breakdown from the movement from 1990 to '91 and also this year, if you like. We can certainly indicate the changes that have been made. We have not that information here, unfortunately.

Mr. Cliff Evans: If I may just revert back to a few points before we broke for the opening there. On the marketing end of it, and I think with all the money that is being spent, and the support that has been given to the operation of Gull Harbour in the past two or three years, whether the questions have been answered—I wonder if there is a mandate by this government right now, a short-term plan and all these little marketing things that are happening. I understand that there is this happening and that happening. Is there a plan? A ten-year plan, a five-year plan?

I understand that there have always been studies being done on Gull Harbour from time to time, and any movements that are going to be made by Venture Tours, that a study has to be done. But is there something in place, is there a mandate, is there a direction that the Crown corporation and Venture Tours has in place? What is the down-the-road future for Gull Harbour in the long term?

Mr. Enns: There are a number of things that are being considered at Hecla Island at this time, but specifically to the resort itself, the board met earlier, a year ago or a little more than that, partly as well with the assistance of the Crown corporation people who convinced the government that in the first instance the facility itself had to have the kinds of improvements that we have been talking about this morning.

Approval was given for those improvements; in fact they were accelerated. The original proposition, as Mr. Johnson indicated, had been that the improvements to the 60-odd rooms be phased in over a two-year period. That in fact is happening pretty well in one year, Mr. Chairperson. That is to place the facility itself in a position where

it could compete with any other facilities in the area and/or indeed other parts of the province.

Honourable members will be aware that there is an overall question of policy with respect to Hecla Park as such. There has been some interest, for instance, shown by federal government officials to look at Hecla as a potential additional park in their national park system representing Manitoba lowlands. Honourable members will be only too keenly aware of the ongoing interest and debate that takes place in the whole park system per se as to the kind of activity that should or should not take place in a park system.

I think that there will need to be a decision made soon with respect to the northern end of Hecla Provincial Park where the lodge is located, where more intensive recreational use of it is made, golf course facilities, camping facilities, potential for more expanded marine activities possibility. It has been suggested to me that what is missing by the lodge is availability to access it by air. We are told by some people that if it had a reasonable strip it would attract another kind of clientele to the facility.

All of this is, of course, taking place within a provincial park. That issue is one of concern to me as Parks minister that I will have to resolve. It is my hope that later on in the spring, perhaps on or about June 15, we will be entering into an extended process of public hearings and public information meetings in the Interlake and throughout the province on the overall question of Parks management, their designation and their long-term use, issues that have risen from such quarters as the Clean Environment Commission's most recent report with respect to the goings-on at another provincial park, Nopiming Provincial Park, and logging activities that take place.

* (1200)

I expect there will be a great deal of interest shown by many Manitobans from all walks of life, advising the government and the Parks minister, the Minister of Natural Resources, specifically as to what kind of activity, what kind of designation, what kind of zoning there ought to be established within the provincial parks.

Following that extensive public information and meetings that will take place, my Parks people are charged with the responsibility of drawing up a new Parks act, which I hope will address some of these issues.

That is kind of at the root cause though of some of the opportunities, or some of the obstacles, if you like, facing the management at Gull Harbour.

I do not know whether it is this management, but certainly the immediate past management, and certainly some members of this board can attest to the fact that there has always been some friction between the Parks administrators and how they view the running of their jurisdiction, which includes the entire island, the entire Hecla Provincial Park, and sometimes the best efforts are on the part of the management of the Gull Harbour Resort in running their operation. There are issues that arise from time to time that need to be resolved. I believe that some of it may come about with rezoning, if you like, of parts of the island, of enabling us to have what many people in growing numbers want, a pure and pristine wilderness setting for the parks, which, for instance, would enable it to be a candidate for designation in our Endangered Spaces Program that this government is committed to, and yet at the same time provide those economic opportunities, those recreational opportunities to the maximum in a place such as Gull Harbour and the immediate surrounding areas.

What this will lead to I cannot speculate at this time. I will be guided to a large extent by the advice that I hope will come from these public hearings that I just alluded to, but these are in the making. It is my intention to announce more formally, more specifically, the kinds of things that I have just talked about, but certainly that will bear on the long-term future, of what will be done in Hecla Provincial Park and, more specifically, with the Gull Harbour Resort.

Mr. Cliff Evans: Mr. Chairperson, I want to thank the minister for his input on the federal side of the Parks and the result for Hecla, perhaps, and the fact that there will be some studies done on it.

If I may ask on Energy and maintenance, I notice that the Maintenance services, Parks branch, over the years has been at a cost of around \$40,000, dropping down to \$6,500 in 1990 and being nonexistent in '91. Could the minister inform us as to what these services were, and why now are they no longer on the books?

Mr. Brears: They worked \$40,000 in the past. They were recruited at \$40,000 until such time that Parks worked out an agreement with us. When that agreement was finally worked out, it came out to \$6,546 a year and still is that.

The \$21,000 credit you see there in 1991 is because of the accrual from prior years that we have worked back into the system, but it is still \$6,500. For that, Parks takes the garbage out and cleans the roads.

Mr. Cliff Evans: Mr. Chairperson, on Maintenance I was noticing in 1990-91 that there has been a drop in wages of some \$20,000 under Energy and maintenance, Wages and benefits. Is that an indication that Maintenance services have been decreased, or is there a decrease of manpower? What area does that involve?

Mr. Johnson: I will ask Mr. LeGrange to answer that. I know that there was a change in his maintenance operation which he put into effect, and maybe he could bring that—

Mr. LeGrange: There was a decrease in Maintenance for a short period of time in wages.

Mr. Johnson: Did we go from two to one person or something of that nature?

Mr. LeGrange: From four to two.

Mr. Cliff Evans: Are you then going to maintain that two person—

Mr. LeGrange: Yes, that is the plan right now. With the new renovations, those 60 rooms will not require that much maintenance. They were to a point where it was virtually a full-time person trying to keep those rooms up. It is management's feeling that we will not need that much maintenance on that new section for some period of time. So two men should be able to handle the lodge.

Mr. Cliff Evans: Mr. Chairperson, on maintenance and services, what amount of the maintenance is actually done by hotel employees and staff, and how much is contracted out? You know, what I am asking is, anything that does go wrong within the resort, is there sufficient services, maintenance people, to be able to handle any major issues that come up, breakdowns as such, or are these on a contractual basis?

Mr. LeGrange: We do whatever we can in house, and anything that we do not have the technology or manpower or knowledge to fix, it is contracted out.

Mr. Cliff Evans: Mr. Chairperson, basically in closing, I guess, a few more questions of Mr. Johnson and Mr. LeGrange. I have indicated earlier that there is that need, not only on a tourism committee. I understand that there are two board members now from within the Interlake region, one from Hodgson, one from Riverton.

How is Venture Tours and Gull Harbour Resort working alongside with the communities surrounding the resort? Is there a co-operation between the two or three entities? Is there ongoing dealings with them, any type of input besides the two board members? Do the communities involved in the surrounding area—is there input? Is there any kind of contact with these groups of people, whether they be chambers or business associations or councils or what not?

Mr. Enns: Mr. Chairperson, it has been my privilege to have had an association with a number of Crown corporations over the years. I have to really say to the honourable member that Gull Harbour and Venture Tours Crown corporation, in my judgment, go out of their way to interact with the immediate area, the region, the Interlake, which the member is obviously interested in, on an ongoing basis. I am always impressed when the resort extends an invitation to all surrounding reeves, mayors, chamber people, business people for an annual reception and dinner. I think the honourable member has been present at some of those in the past. I know that in my few years as the minister that is an occasion for tremendous interaction between a Crown corporation and the community. I take my hat off and compliment the board for their action on this part.

* (1210)

I quite frankly do not know of any other Crown corporation that does so on a regular and systematic way. I make reference to Crown corporations that I have had some association with in the past. I know that the board, no doubt, and management look forward to official opening of the newly renovated facilities, I believe, on May 9, at which I am sure there is a very broad list of persons who have been invited and, specifically, the kind of people that Mr. Evans is concerned about: immediate neighbours, whether it is in local government council or business community or just the general public. I think the corporation has, since its inception, been cognizant of the kind of special relationship that it has to the Interlake and is constantly cognizant of it.

Mr. Cliff Evans: Mr. Chairperson, I am aware of the input that Venture Tours and Crown corporations do with the public and with different councils and such. I am also aware that Venture Tours has joined the business association, merchant business association. Is there an ongoing input or meeting conversation between the two groups as to how the

business association and Venture Tours can work together on the future of the area? Does Mr. LeGrange meet, attend the meetings, or have any input with the business association?

Mr. Johnson: Mr. Chairperson, I personally went up and met with the business association because they had some concerns, and we were able to have a very good discussion on all of those concerns.

I believe Mr. LeGrange has joined the business association. We were talking about that a short while ago. I do not think they have been sending notices of meetings, which creates a problem because we certainly want to attend and we want to have any input they may have as far as we are concerned. I intimated to them at that time, and certainly Buddy—or I call him Buddy, you know who I mean—has been very close to the community and has given us a tremendous input as far as the relationships are concerned.

Let me just say this to you, that there are times when nothing happens at the lodge that is not talked about in Riverton within a half an hour at any given time. I mean, it is one of those things; you know it happens and I know it happens.

Let me give you an example. I think the minister was asked not too long ago why we were not taking reservations. Well, I had a call from Buddy within an hour of that happening around the town. There was never any time whether instructions were given not to take reservations, but there was a time when we had two days of only three people in in a very bad wintertime. We could handle it with our permanent staff, et cetera, but to take any more people in would have meant bringing in more staff for maybe another four or five couples. So for those two or three days, we decided, let us just hold off, because it would not have been a profitable situation.

We do work under a contract with the MGEA, and we do have a situation that is not really in any other contract that we know of. Our senior staff, if we bring them in for one hour, we pay them for 40. You know, we do live under that contract, and what have you, and so we have to be very careful at times in those situations.

There were never any instructions given to not take reservations, but for those few days—and by the way, part of our lodge was down for construction when that decision was made on those few days. So I say to you, Mr. Evans, we know that rumour—we

cannot live on rumours. We have pleaded with people, if they have a problem, please call us.

Mr. Cliff Evans: I would like to ask again, when it comes down to the marketing and promotion and that, exactly where is the office, if there is such? I know that you said there was some staff involved, if I can—

Mr. Johnson: Well, we used to have an office in the Convention Centre, but the people we leased it from decided to cancel it. We could not keep it, and it was a cost of \$500 a month. We, Mr. LeGrange, Mrs. LeGrange, do handle our sales in the province, and call on all of the corporations within the city.

I would like to follow up a little on that, in that Mrs. LeGrange has been working with her husband at Elkhorn for over eight years or 10 years, and in the hotel business for a very long time, and does an excellent job, very detailed reports on all of the calls, and everything is made. Mr. LeGrange, at no charge, has provided a very fine small office in his home, where there are connections with phone to the lodge, et cetera. When it does not ring there, it does not answer there, it is answered at the lodge.

We did not really gain a tremendous amount of benefit by having the presence within the Convention Centre, quite frankly. We thought we would, but it did not give us the type of exposure that we thought it would, so we just decided not to put that expense in another office in Winnipeg. Our person who is in charge of the sales at the lodge is Sandra Hokanson, who has been turning out to do an excellent job.

Mr. Marcel Laurendeau (St. Norbert): I have just one question. After you brought forward this initiative that you have on the \$40 minimum, have you ever done a cost study on your facility versus one of the private ones, say the Elkhorn or something else of comparison, on your cost of staffing between the two?

Mr. Johnson: Yes. Our cost of staffing, our salaries are probably double any other hotel in the province, and our cost in the golf course operation of maintenance for the golf course could be more than double than any other golf course in the province.

Mr. Laurendeau: Would that be on an hourly basis, the double?

Mr. LeGrange: Our wages across the board would be approximately 35 percent higher than a normal operation like that in the province.

Mr. Brears: Approximately \$1.5 million of our expenses are associated with wages and benefits. Now, I know from discussions Elkhorn is approximately \$600,000 a year for the same amount of sales.

Mr. Cliff Evans: In closing, I certainly appreciate the time and the effort that the minister and Mr. Johnson, Mr. LeGrange, Mr. Brears, Mr. Podolsky, have put into this committee, and was certainly encouraged with the avenue that Gull Harbour seems to be going and Venture Tours.

I would hope that there would be some future co-operation between all groups within Gull Harbour, counting labour, counting management, counting staff, counting Parks, that the resort do take on the—I guess what I am looking at is that increase from \$3.4 million and looking for an increase of not a four-or-five-month facility, but for a—I know we have to start somewhere, but I think that we should be going in a direction and with the co-operation of not only the people that I have mentioned, but the people from within the Riverton area and Arborg area and the whole Interlake, that that facility be utilized for more than 80 percent at five months of the year.

* (1220)

There are 12 months to the year, and I think with the continued promotion and marketing of Gull Harbour, and the continued hard work of everyone right from the government right down to the labour staff and everybody involved, that Gull Harbour be No. 1 as far as a tourist attraction and support for the province and for the people.

I want to thank you very, very much for attending today, and good luck.

Mr. Chairperson: The annual report for Venture Manitoba Tours Ltd. for the fiscal year ending March 31, 1989—pass.

The annual report for Venture Manitoba Tours Ltd. for the fiscal year ending March 31, 1990—pass.

The annual report for Venture Manitoba Tours Ltd. for the fiscal year ending March 31, 1991—pass.

I would like to thank the minister and the staff of Venture corporations limited and the committee for their contribution this morning.

Committee rise.

COMMITTEE ROSE AT: 12:21 p.m.