



A 68498

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

STANDING COMMITTEE

on

ECONOMIC DEVELOPMENT

41 Elizabeth II

*Chairman
Mr. Jack Reimer
Constituency of Niakwa*



VOL. XLII No. 1 - 10 a.m., THURSDAY, MARCH 18, 1993

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, Gulzar	The Maples	Liberal
CHOMIAK, Dave	Kildonan	NDP
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
GRAY, Avis	Crescentwood	Liberal
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
MANNES, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	NDP
McALPINE, Gerry	Sturgeon Creek	PC
McCRAE, James, Hon.	Brandon West	PC
McINTOSH, Linda, Hon.	Assiniboia	PC
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold	Rossmere	PC
ORCHARD, Donald, Hon.	Pembina	PC
PALLISTER, Brian	Portage la Prairie	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
SVEINSON, Ben	La Verendrye	PC
VODREY, Rosemary, Hon.	Fort Garry	PC
WASYLYCIA-LEIS, Judy	St. Johns	NDP
WOWCHUK, Rosann	Swan River	NDP
<i>Vacant</i>	Rupertsland	

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON ECONOMIC DEVELOPMENT
Thursday, March 18, 1993

TIME – 10 a.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Jack Relmer (Niakwa)

ATTENDANCE - 9 – QUORUM - 6

Members of the Committee present:

Hon. Mr. Enns

Mrs. Dacquay, Messrs. Evans (Interlake),
Helwer, Lamoureux, McAlpine, Reimer, Storie,
Sveinson

APPEARING:

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

Bob Sparrow, Chairperson, Venture Manitoba
Tours Ltd.

MATTERS UNDER DISCUSSION:

Annual Report of Venture Manitoba Tours Ltd.
for the year ended March 31, 1992

* * *

Mr. Chairperson: Will the Committee on Economic Development please come to order? This committee will be considering the annual report of Venture Manitoba Tours for the fiscal year ended March 31, 1992. For the committee's information, copies of the annual report are available at the front table.

I would like to introduce the honourable minister to make his opening comment statements and to introduce the staff present this morning.

Hon. Harry Enns (Minister of Natural Resources): Thank you, Mr. Chairperson, I am pleased to provide this opportunity for members of the committee to examine the affairs of Venture Manitoba Tours Ltd., I suppose more commonly known as the Gull Harbour Resort at the northern tip of Hecla Island.

Mr. Chairperson, my remarks will be brief. I would like to introduce some new people who are responsible for the future operations at Gull Harbour. To begin with, our new chairperson, Mr.

Bob Sparrow. Bob Sparrow is familiar to Winnipeggers and Manitobans as the owner and operator of the Norwood Hotel facility just across the bridge from us. Mr. Jim Baker is also with us. Mr. Baker has a chartered accountancy background, I believe, and joins the board of directors for Venture Tours. In addition to that, we have a Mr. Harvey Nairn from the Viscount Gort Hotel as a new director on the board. Members will remember Mr. J. Frank Johnson, a former colleague and a former director of the board who continues as director of Venture Tours and acting as vice-chairman. An additional member of the board is Mr. Michael Leipsic from Winnipeg and Mr. Allan Phillips from the Holiday Inn Hospitality Operations.

Mr. Chairperson, it will be noted and, I am sure, commented upon that I have relied heavily on those who have experience in the hospitality industry to help guide the future of Venture Tours in the hope that we can, with their good management and with some co-operation from the weather, provide a brighter economic future for that facility that many visitors and many Manitobans have come to appreciate and enjoy.

I would like to take this opportunity, Mr. Chairperson, if I may, to acknowledge and express on behalf of the government of Manitoba, certainly my own personal thanks, the appreciation of the past board of directors that served, and served with distinction, including its chairperson, Mr. Mickey Levine. It was not for want of effort and dedication that changes have been made, but in the ensuing difficulties of this past year with the general downturn in business, the board over the years had become, in my opinion and in the opinion of others who had looked into the affairs, as being somewhat heavy in numbers. It became even a cost factor in terms of trying to trim the sales of the operating costs of Venture Tours, that I took the decision that it was time for a change and a very substantial reduction in the size of the board.

The previous board stood at some 12, 13 members. We are now operating with half of that board. Hopefully, we will take this opportunity to

question Mr. Sparrow about his visions and his ideas for the future operations of this important facility in Manitoba. I realize that as a committee we are dealing with the '91-92 financial report. That shows essentially somewhat of a deteriorating position from '91, roughly a loss on the books of some \$200,000. I am certain some members will appreciate that includes carrying some very substantial interest costs on accumulated debts. In actual operations for the year that the committee is actually studying the report, we are very close to a break-even situation.

I do not hide from honourable members, colleagues, the fact that this past year was, of course, a much more difficult year, and I do not object if members wish to overlap and come into a more current situation and take this opportunity to question myself and/or the board of directors on that situation and its immediate future. I regret to inform you that we are looking at upwards of half a million dollar loss of the facility in the year '93. That information is not before you, but I have, in addition to Mr. Sparrow, whom I just introduced as the new chairperson, my deputy minister, Mr. Umendra Mital. I have asked him to join us this morning because in that interim period between the old board and the new board, Mr. Mital, along with a representative of Crown Councils, Mr. Doug Sherwood and a representative of Treasury Board formed an interim group of senior administrators who were responsible for the affairs of Venture Tours. In addition to that, Mr. Bill Podolsky is with us, the chief financial administrator from the Department of Natural Resources, and a long-time member of the Venture Tours board, and I have already introduced Mr. Baker earlier.

So, Mr. Chairperson, with those few comments, I welcome the committee's questions.

Mr. Chairperson: I thank the minister for his comments. Does the critic for the official opposition have any opening statements?

Mr. Cliff Evans (Interlake): Thank you very much. I too welcome the new board members, Mr. Sparrow especially whom I have had the pleasure of knowing for many years. I worked alongside him in the hotel association and other parts.

As far as Gull Harbour goes—and, yes, I realize that this statement that we are dealing with does not really give us the wide picture of what is happening or what is going to be happening with the end of the

fiscal year '93. However, if I just may start with a comment as to the financial statement, there is no schedule of operating expenses in this statement, and I am wondering why, first of all, before I go on further.

Mr. Enns: Mr. Chairperson, I would ask Mr. Podolsky, who has been with Venture Tours, over the years whether or not this particular report, '91-92, the one before the committee, is in any way different in its presentation than previous reports.

Mr. Bill Podolsky (Executive Director, Administration Services, Venture Manitoba Tours Ltd.): I think it does differ in that the schedules are not present. This is at the suggestion of Arthur Andersen who made the report similar to what is provided in the hospitality industry.

Mr. Cliff Evans: Mr. Chairperson, I do not see how we can deal with the full scope of the issue without the schedule of operating expenses. It does not make any sense, not to me. I do not know if it makes any sense to anybody else, but it does not make sense to me not to have the operating expenses in this report so we can look at it, so we can compare it to the other years and talk about it.

Mr. Enns: Mr. Chairperson, I would have to bow to the advice of the accountants of the Auditor's report that the presentation with respect to its form is one that is accepted in the presentation of these kinds of annual reports.

I think if you wish to ask specific operating questions, we could probably provide those for you. It is obviously not on my recommendation that the report appears before you as it is. I am not an auditor and I am not the accountant looking after the affairs of Venture Tours. I am advised that we could certainly provide honourable members with a statement of operating expenses of the kind that he asks, but we do not have that with us here on this occasion.

* (1010)

Mr. Cliff Evans: I have the last three or four years that were done by the Provincial Auditor's office. I really do not see a reason, regardless of changing accounting procedures, why, I feel, an important part of the financial statement would be eliminated with the change of accounting companies. My question is, why did the minister go from the Provincial Auditor to a private accountant, and what was the saving or the cost difference to the change? Why the change?

Mr. Enns: The practice of using outside auditing is well established in government practice. I suspect, as is the case, in virtually all the facets and departments of government, the Provincial Auditor has not escaped some of the downsizing that has taken place which probably encouraged the use of additional outside auditing firms to assist us in providing the required audits that you have before you.

But, Mr. Chairperson, we, certainly this government, see that as a very acceptable method of ensuring that appropriate financial year-end statements and presentations to use the good services of outside auditing firms. That should come as no surprise to any members of this committee. Previous administrations have done the same, some to a lesser extent than others. Certainly this administration has, if I am not mistaken, asked the services of outside auditors other than the Provincial Auditor for a number of its major Crown corporations. If I am not mistaken, most of our sister Crowns, such as Manitoba Hydro, Manitoba Telephone and MPIC are audited by outside auditing firms.

Mr. Clif Evans: That still does not answer my question as to savings or the cost, going to a private accounting firm to do the financial statements for Venture Tours. If I also may add, regardless of what the minister has said as far as different practices and different procedures go, we can very well see—I do not know if it is a lead-in to this—that the past performance in the last six months by the minister's department with the operation of Gull Harbour just perhaps might show where he is going when it comes to the accounting part of it. So my question is, why and how much?

Mr. Enns: As to the why, it was at the specific request of the board of Venture Tours, the outgoing board. The board was responsible for the affairs of Venture Tours. The board recommended that an outside audit firm be engaged, and my understanding is that specifically the Arthur Andersen company be engaged. I would like Mr. Podolsky to shed any further light on these questions.

Mr. Podolsky: The main reason there was a move to an outside auditor was cost. The Provincial Auditor's projection for doing audits was constantly increasing on a year-to-year basis, and as a result a tender was issued for outside audits, and also the Provincial Auditor was invited to tender. The lowest

bidder was Arthur Andersen, and I can tell you the cost savings were significant. The saving is equivalent to about 60 percent of the previous cost for auditing.

Mr. Clif Evans: The minister indicated that it was at the request that Arthur Andersen be appointed. You are saying it was on a tender basis.

Mr. Enns: The request from the board was that we tender out the auditing services. That request came from the board, and then I believe the response that Mr. Podolsky gave you then naturally follows.

Mr. Clif Evans: You did say that it was requested, not the tender, but requested that Mr. Andersen be appointed.

Mr. Enns: It is too early in the morning to be splitting these kinds of hairs. I could get snarly with you, Mr. Evans. I am concerned about my cattle and my calves in this weather. I am waiting for spring. I will withdraw that comment and I will correct myself, the difference between the wording that we are using here.

Put it this way. The board, realizing that the fiscal affairs of Venture Tours were serious, were looking, as you would expect them to look—and I am referring to the former board—they were examining every possible way of reducing and containing costs. One of them was in their auditing expenses, and the board reached the decision that they should not simply accept the increasing fees that the Provincial Auditor was charging them, but that they should tender out the auditing service, which they did. It resulted as Mr. Podolsky said in the low tender of Mr. Arthur Andersen's company being accepted by the board.

Mr. Clif Evans: Okay, we do not want to split hairs with words and that, but still it leads back to the fact that there is no schedule for operating expenses, and to me that is a very important part of a statement in a report to be able to look to see what the changes, what the differences and where the spending is going, not just putting down operating expenses a million-plus and not giving an explanation for it.

I feel that we should, in fact, have that schedule before us. I cannot see any reason whatsoever.

Mr. Chairperson: Can I just interject at this time? Opening comments are usually reserved for opening comments and then we get into the questions. I have allowed the questions to proceed in the opening with the official opposition. I would

now ask the critic for the second opposition whether he has any opening comments.

Mr. Kevin Lamoureux (Inkster): Mr. Chairperson, I would be quite content just to let the member for the Interlake (Mr. Clif Evans) continue on with his statements and questions, and I will do likewise after he has completed.

Mr. Chairperson: Mr. Evans then to continue.

Mr. Clif Evans: Yes, just to finish on a few more comments with regard to the previous board. I too felt that the board was rather heavy and actually rather stagnant in their operation of Venture Tours. I am pleased to see that the board has now been brought down to the numbers it has, and I am pleased to see some of the people who are on the new board be a part of Venture Tours. I am not necessarily pleased with all of the appointments, but I would like to express my best wishes to the board, and I hope that they will take a direction that will improve Gull Harbour.

I know we discussed last year the three previous reports. There were questions that I had asked and will ask again this time to see what direction the minister and the board are going towards. It is rather hard to just deal with a statement, again, when you do not have a complete statement. I would hope that we would be able to secure the operating expenses as quickly as possible from this minister. I also feel, as I said before, that Gull Harbour was mishandled and mismanaged in the past before Mr. Sparrow was appointed. I indicated that to the minister when we discussed Gull Harbour, and he promised me that a board and a chairperson and a manager would be in place by the first of the new year. We had discussed with his deputy minister the fact that we wanted people there as quickly as possible who knew the industry. He agreed, and never did make, except for Mr. Sparrow, any formal announcements as to the board and never did make any announcements as to a manager as yet. I understand it is before the board now.

I just feel and hope that this new board will take a different direction on its own perhaps and have more hands off by the minister to provide a first-class quality operation at Gull Harbour. I think the people are there to do it. I would say to the minister and the staff that with proper direction that can be achieved, I feel, with this board. I think the full opportunity

should be given to them to keep Gull Harbour open, viable and successful.

Mr. Lamoureux: Maybe I just want to pick up just a bit from where Mr. Evans had talked about the Provincial Auditor. I know that there seems to be a move by this government to privatize the auditing process of government agencies, and it is somewhat interested in the terms—we know the Fleet Vehicles, the Lotteries and a couple of other agencies of government are going towards private auditors.

* (1020)

I am wondering if this is the first time that Venture Tours went to a private audit, and when were they instructed to go to it from the minister, to tender out, or was this something that was strictly speaking internal, that a decision was made and it had nothing to do with government direction?

Mr. Enns: Mr. Chairperson, I would ask Mr. Podolsky to respond directly to that, but I would just like to put on the record that I was unaware of the decision of the board of Venture Tours to request a tendering process and to employ outside auditors. I can appreciate, and I commend the past board for coming to that decision for the reasons that I earlier mentioned. They were charged specifically with the responsibility of trying to contain increasing costs charged to the operations at Gull Harbour and, I think, came to the appropriate conclusions. Certainly it was an action initiated entirely by the board of directors of Venture Tours.

Mr. Podolsky: With respect to the first part of your question, the resort was audited by outside auditors in the early 1980s, I think, for a period of three years but then went to the Provincial Auditor in 1991. As a result of increasing projected costs from the Provincial Auditor, the board made the decision to look for outside auditors and received permission from the province to do so and, as a result, did go to tender. The Provincial Auditor was asked to tender along with outside firms, and the lowest bidder received the job. That was Arthur Andersen.

Mr. Lamoureux: Just before I go on to ask you some questions specifically relating to Gull Harbour, I did want to make the point that in recent years, 1991-92 in particular, we have seen a number of government agencies going towards the private auditor. We have seen the public Provincial Auditor's resources dwindling. In fact, we have seen a cutback in staff in that particular office. That

does cause some concern for me in the sense that when the Provincial Auditor comes before us—and Mr. Evans makes reference to how nice it would be to have more detailed information.

These are the types of things that could be brought up if in fact it was the Provincial Auditor. So when government agencies and Crowns look in terms of tendering out for auditors, there are other things have to be taken into consideration than the dollar. One of the ways in which the Provincial Auditor assists in the Legislature is through questions that we might have in a committee forum or even outside of committee, in ideas that we might have in how we believe that we can better serve the constituents that we represent. In the most part, that means that they have to be able to know what is going on in the different agencies and so forth. But I am not going to belabour that particular point because the Minister of Finance (Mr. Manness) and I have had a number of discussions with respect to that.

I wanted to know about the building addition. I understand in Gull Harbour there is quite an increase in capital from '91 to '92, if the board members could actually go over that with me?

Mr. Podolsky: During the fiscal year in question, there was a substantial renovation that took place. The original 60-room wing was upgraded to, I guess what we call, competitive standards. The rooms had not been upgraded for a long period of time and, as a result of increasing pressure from other hotels in the area, the board felt that a substantial renovation had to take place. As a result, all 60 rooms were renovated.

Mr. Lamoureux: There are currently now 60 rooms at Gull Harbour.

Mr. Podolsky: The existing 60 rooms have been renovated and, in addition, there were 32 new rooms added I guess about four or five years ago. So the resort is up to a fairly high standard as of now.

Mr. Lamoureux: So that would have included the convention facilities or things of this nature?

Mr. Podolsky: (inaudible)

Mr. Lamoureux: Mr. Chairperson, I will try to be patient and wait for your recognition before I speak.

The impact of having the VLT machines put into the resort, what kind of impact has that had?

Mr. Bob Sparrow (Chairperson, Venture Manitoba Tours Ltd.): I can respond to that

question with, again, respect to the limited time I have been in place with the new board. The VLTs' performance are completely dependent upon the volume of the facility itself. The food and beverage sales this year have decreased dramatically for a number of reasons and, as a result, the traffic has not been moving through the resort as one might expect in better years. As a result of that, the VLTs have not performed as well as you might see in more heavily populated areas. I would account most of that to the isolation of the resort itself. It cannot draw on a large surrounding population base.

Mr. Lamoureux: Would you know offhand, Mr. Sparrow, if in fact the individuals that are playing the VLT machines are locals, or are they individuals that are coming to have a vacation or to participate in a convention?

Mr. Sparrow: We have found recently—in the visits I have paid to the resort, interestingly enough, I observed who was playing the VLTs at that time comprised mainly of hotel guests. The hotel was quite busy. Occupancies were up on that particular day, and there was a conference taking place at the resort. It appeared that it was mainly guests that were utilizing the VLTs.

However, over the last couple of months, through various initiatives with the community and so forth, the acting general manager has been successful in increasing the food and beverage sales within the resort. The month of February looked to be fairly strong. In fact, on one day alone it met the monthly budget as far as F and B sales go. We have found as a result of that, more of the community are now making use of the facility. They are coming down in the evening to either play the games or enjoy some of the food and beverage outlets within the resort. We have just seen that happen recently. We are optimistic that that trend will continue, and we will continue to market to the local area.

Mr. Lamoureux: I would be interested in knowing what the feelings are from the board, because ultimately, personally, I would like to see Gull Harbour privatized. Are there things that could be done, in your opinion, that would make Gull Harbour all that much more appealing to the private sector?

* (1030)

I know that the government has not had a plan dealing with VLTs or the whole gambling issue, and failing to come up with that plan, I have made a number of suggestions, at least to the membership

of the political party that I represent. One of them is to look at some of the resorts that we have in rural Manitoba, Gull Harbour being one of those resorts, a first-class facility, and the idea of potentially having some form of a casino of sorts primarily based on the fact that the individuals that attend that resort are there for convention purposes, holidays, that sort of thing. I am wondering if the board has looked into the possibility of having a casino at all?

Mr. Sparrow: The board—again I can just mention that the board was appointed, first of all, in the first week of February, and although I have been active for the last two and a half months, our first priority of course was to put in place a general manager. Most of our attention was really focused on doing that. We have not gotten into the details of the long-range plans, what may happen, what we should do with that resort to make it attractive.

If the government decides at some time that they feel it should be turned over to private enterprise, I would say that what we would want to do, the first step, would be to increase the operating revenues, notwithstanding the accumulated debt against the facility, but to make it attractive through the operating revenues. If you get that end up, of course it makes it more attractive for sale.

The gaming issue is certainly something that has to be looked at, and I know it has been discussed in years previously. It certainly is an attractive way to go to attract additional revenues, large revenues, to the area.

We have also been investigating and are investigating other uses, including looking at the facility as a training centre from entry level all the way up to upper management, corporate hotel management, and looking at it as a centre of excellence for that type of facility, as you may find in Guelph and some facilities I have had personal experience with in the U.S.—Cornell, Rhode Island and the educational institute at the University of Michigan. Those areas offer very comprehensive training plans, and again it deals from an entry level right up to management, short courses, 13 week courses and so forth.

That would be a benefit back to the province. Those facilities enjoy students from all across the U.S. and Canada who will visit that facility for that particular period of time. So we are looking at that as a possible revenue generator and a good spinoff back to the province if it becomes feasible. The

University of Manitoba presently is actively investigating that on our behalf.

But, first things first, the board has mainly been preoccupied with getting new management in place, and we are now looking at a very strong director of sales who will operate out of the city of Winnipeg, which is the major market for the resort. That is where we do draw most of our business. We feel it is very important that we have a strong presence in the city itself and begin there by visiting the various corporate clients who are past clients of the resort and possible future clients, too. I think we really have to look at getting that in place as quickly as possible. In fact, we have a candidate in mind right now who has lots of experience within the industry and good solid contacts who could start in the job immediately.

Mr. Lamoureux: I am pleased to hear how aggressively the new board is approaching making some positive changes in trying to increase the activity. After all, I do not need to say how important it is. If the hotel facility and so forth is full, the chances or the likelihood of possibly privatizing it is that much greater. It is encouraging to see that there are a number of options out there.

I am wondering if Mr. Sparrow might be able to enlighten me. He made reference to the fact that the major clientele tends to come from the city of Winnipeg. What percentage, or does the corporation have a breakdown of percentages of where individuals are actually coming from to attend the facility?

Mr. Sparrow: I have not seen the statistics. I cannot give the exact statistics. To the best of my knowledge, I feel it is around the 85 percent mark that we receive from the Winnipeg market. The balance, of course, would come from other areas like Brandon, the western part of the province and so forth—very, very little U.S. that I have seen so far.

Mr. Lamoureux: Is there anything that is being done to market it into the U.S.? It is actually a wonderful facility. I have been out there on a number of occasions, and I would think that there would be a market even outside of the province of Manitoba.

Just recently, the other day, I received something in the mail from some resort in B.C. Now, they have a lot of natural wonders in B.C., as we all know, but here in Manitoba we do also. I am wondering what type of aggressive marketing strategy—or is there

someone who is looking at expanding the market outside of the province of Manitoba?

Mr. Sparrow: As I said, we will be looking at somebody who will be strong in that background, sales and marketing. I really have to question the viability of entering that U.S. market. It is highly competitive. The results we have seen in the industry, in the tourism industry overall and in the hospitality industry, has been dollars spent in the U.S., and from a personal perspective I sometimes question the return when we get into some of those areas.

The cut-off point seems to be Fargo. Now there is not a lot of population between Winnipeg and Fargo with the exception of Grand Forks. Fargo is midway between Minneapolis and Winnipeg, and any selling initiatives in that area have not really proven too successful for the industry as a whole, whether it is done privately or through Travel Manitoba or whatever. It is a real difficult market to crack mainly due to the high competition. If you look at the resort industry today—I have looked at their recent reports on their performance over the last year. The performance of the resort industry North America-wide has not been unlike we have seen. If you segregate Hecla and look at the way it has performed, it has performed in the way the industry has performed overall. It has been a very, very difficult year for a number of reasons, from the economy, in our case, the climate and so forth.

There are so many resorts between Hecla Island and Minneapolis. There is such a wide choice, I would think that we would like to go after our local market first and establish that, get the corporate end up again. If a company is looking to get away on a retreat, we know that the corporations that do get their employees away, out of the city and so forth and away from all the distractions that you find when you try to do it in the city, it is very beneficial for them to get out into a secluded area, which again brings in the training facility. It is secluded, you are not distracted, and for people who are up there learning, it is an ideal situation, both from the ambience of the area, the nature and so forth. It is just that you are disassociated from anything else that might draw you away, including your own business.

Mr. Lamoureux: I could probably go on and ask a number of different questions with respect to what is going on, what is happening, and throw in a few ideas myself. I am sure everyone has ideas of what

they feel would make it that much more of a successful operation.

* (1040)

I did want to comment also on the union negotiations. I know that there was an agreement struck with management and union. Management has continued to negotiate with union to agree to new contract terms. Is there anything that has been going on with the union negotiations? Is it something that has been finalized? I know the government has come down with a model, what they are expecting Crown corporations, civil servants, both at the school level and so forth, to at least look at.

Is there an agreement that was entered into through Venture Tours? Are they reviewing that agreement as a result of the government's request or suggestion? What is the current status?

Mr. Sparrow: Again, I may have to refer some of my answer to Mr. Podolsky, but I will give you my knowledge of it with respect to the union. Of course, the newly appointed board has sort of gotten into the middle of this after the union was served notice that the contract would not be renewed. What we wanted to do, our primary mandate, as I said before, was to improve the operating revenues in that resort. We have to get it up at least to where our competition is. Immediately it was recognized by looking at the statements—again, as somebody familiar with the industry—that we were at an unfair advantage with respect to our wage costs compared to our competition. We ran at anywhere between 40 percent to 60 percent higher than our competition within the province and northwestern Ontario. I refer to Minaki, I refer to Gimli, and I refer to Elkhorn as examples.

When we get a study in those comparisons, we are way above industry standards, making it quite difficult to achieve any viability out of the operation as it is. Negotiations were underway and nothing has happened so far, but with respect to the unions and the possible rollbacks, to give up some of the concessions within the contract, that will make the resort easier to operate. I am referring to callback times and those sorts of things. I think it is in the best interests of not only the resort, but the area, the constituency in that area that we keep people employed and put something back into the community that way and not get into some really heavy labour negotiations that you might find in the

larger corporations or within the government itself at the city level.

The resort is a different body really than any other Crown corporation. The competition today for the leisure dollar is fierce. We have to be competitive. People in our industry always have been a little more flexible. We are open seven days a week, 365 days a year, 24 hours a day. We do not close. It is not five days a week. We cannot have cutbacks. We cannot have four-day weeks. Our service is our business. Our employees are our major asset, the most important asset we have, and we have to work as a team up there. We cannot be nitpicking and arguing over minor things as to, what did I have for lunch? These sorts of thing.

We are looking for teamwork. We have seen an increase in the morale in the resort recently over the last few months, a very positive increase in morale. I use as an example, and Mr. Evans is aware of it, coming from the area. A few weekends ago there was the great Hecla Island snowmobile poker derby which drew hundreds of people from the area. It was an extremely successful weekend. In fact, that one particular day I referred earlier to, we broke our whole month's budget in one day in our food and beverage sales.

The most important thing about that event was not the fact that it drew the community together. Everybody is working together to see the resort go. The community certainly recognizes the importance on the economy of that resort to that area. I will not allude to all those things, but I will mention to you though that the staff that were out there worked extremely hard for that weekend. When I say that, they actually ended up volunteering a lot of time. They wanted to see this thing go, they wanted it to be successful. It just says something for the morale and character of the employees.

They are not—and I really do not believe they are union people, if I can use that quote. They want jobs. They want to work. They want to support their families. They want to see the resort succeed. They realize it is in their best interests. That one weekend proved it. I cannot say enough as to the job that they did. They have to be commended from the management right down to the entry-level employees.

Mr. Lamoureux: Just by the response, I take it then that the collective agreement that is currently there will not change, that in fact a suggestion that

the government has made is not necessarily what the corporation is going to be doing and adhering to in its current collective agreement—I am not too sure when it expires—and they are going to work with the employees.

Mr. Chairperson, I guess the last question is more towards the minister responsible. I know I enjoy hearing from him and the government as to what they believe should be happening, not only this year or next year but in the future years. Would they like to be able to sell off Gull Harbour? Are there any plans in doing that? I would ask the minister to expand on that if possible.

Mr. Enns: Mr. Lamoureux raises a number of issues that do call on governments to make some policy decisions. The resort and the facility course is contained within a provincial park. Members will have an opportunity to discuss in some length future parks policy in this province when I introduce the new Park Lands Act into the Legislature. I raise this issue because that has been a conflict, if you like, to some extent. We heard from Mr. Sparrow a little while ago and the comments and questions from yourself, the importance of marketing and the importance of creating some volume, traffic for the future sustainability of the resource. But there are those within the parks concept who view any development of any kind as being an intrusion on the parks.

I know that previous managers, previous board chairpersons, have been at loggerheads with the parks officials as to what the parks officials will allow the Gull Harbour people to do and what they will not allow them to do. For instance, a relatively minor thing as signage, we have very rigid controls and regulations as to signage within our provincial park system. I quite frankly have trouble finding the resort, and I am the minister, because there is no sign up, and the parks officials will not let them put a sign up. That is stretching it a bit, but these are some of the issues that have to be resolved.

It has been recommended to me as minister from other board members that in order to attract the kind of corporate clients that the chairperson referred to—and I have had it expressed directly to me by senior CEOs of this city, and they say to me, Mr. Minister, if you would put in a very modest little airstrip in there, I would book that facility on many more occasions to bring in senior executives from other corporations and make use of the facilities, but my people do not have the time to spend the two

hours on the road, the last 20 miles being gravel, which means a four-hour time span spent on road travel, if they want to use the services of Gull Harbour for a senior executive meeting. But to talk about putting an airstrip within a provincial park, then I have another Oak Hammock on my hands.

So these are some of the conflicts that exist with respect to fully developing the potential from the point of a tourist destination, from the point of a viable premiere lodge with one of the finest golf courses in the country. I have no doubt that, properly marketed, it could probably sustain itself and not add to the difficulties of the public debt, particularly at a time when governments across this land are being pressed to provide the kind of prioritized social services, whether it is in Health or in Family Services or Education. To have to go to my Treasury Board, to my finance board for half a million dollars to run a bar at Gull Harbour or to provide a weekend's enjoyment for Manitobans is not easy, I say to Mr. Lamoureux, under these circumstances.

* (1050)

So the government certainly would like to, in the first instance—and these have been my instructions to the new board and the chair, and let me reiterate them—first of all to bring the expertise that I believe he and the new board of directors have to the operation of this facility, to examine the outer limits of what we can do. I must say I am very encouraged. The training program that Mr. Sparrow alluded to could be an exciting, stable component to that overall package. The concentration on making it a point of call, for instance, of Manitobans, I believe is the right track.

There is always the lure of spending the big dollars in far-off markets, and of course they are welcome, and we do get some of them. Of course, I am not a marketer. I happen to know that the major emphasis on the part of the board under this new chair will be in seeking out marketing skills in the person that we will eventually hire as the manager of the resort.

Well, Mr. Chairperson, I see my honourable friend from the Interlake (Mr. Cliff Evans) is getting impatient. To answer the honourable member's question directly, there are a number of these issues, including some very serious fiscal issues that have to be decided. We would have to come to terms with what to do with the accumulated debt

before serious consideration of privatization could be entertained. The facility is just not attractive to anybody carrying its present debt.

So these are some of the issues that have to be resolved by government, and I say by government because obviously they are beyond the immediate jurisdiction of the Department of Natural Resources. Quite frankly, it is more of a fiscal decision, a financial decision which would involve Treasury Board and the Minister of Finance (Mr. Manness).

Mr. Lamoureux: I was going to say, you can tell Mr. Enns is the dean of the Chamber because he did not even allude to the question of privatization, but in the last sentence he did include it, and I do appreciate that. At least, I have some sort of idea that he has not ruled it out, which is somewhat encouraging.

I want to comment very briefly on the comments he put onto the record. Yes, no doubt if you leave it up to some you will not have a road going into rural Manitoba in preservation of nature and so forth, but as someone who has lived in a city all of my life I found it was a real treat to be able to go out and experience nature. Out at Gull Harbour it gives you an excellent opportunity to get a good understanding of nature. I would suggest that we have not gone beyond that in Gull Harbour. I do not know if I would support an air strip going into a provincial park, but I do believe that there are things that can be done so that even the environmentalists will be happy, along with the individuals who want to get out there and get the experience.

I want to just conclude by saying that Venture Manitoba Tours is responsible for Gull Harbour. I trust and hope that they will continue to aggressively look at how they can make Gull Harbour that much more successful and less reliant on the taxpayers of the province. Hopefully, we will see if it is possible to allow it to go into the private sector where new dollars could be coming that are not tax dollars, and that we are not necessarily saying we are going to be building additional parking pads and things of that nature, but rather improving it and making more Manitobans and people outside of Manitoba better aware of some of Manitoba's natural wonders. Thank you very much.

Mr. Enns: Well, Mr. Chairperson, just very briefly, I do appreciate the member's comments. I look forward to his ongoing support in the development of Gull Harbour. I will just make this one point, I do

believe we can. In fact, that is the challenge. That really is the challenge that our Parks managers have in getting the best of both worlds, and the member will appreciate these comments as he sees The Park Lands Act develop. I believe we can by careful zoning, particularly in Hecla Island, the northern tip which includes the Gull Harbour Resort, which includes the golf course, which includes the marina, that can have a higher intensive use, if you like, recreational use, camping grounds, and perhaps some other services that would add to the total volume of recreational enjoyment in that park, whereas the bulk of the island would remain virtually in its current wilderness state for a more natural setting of a park for those. Regulation and legislation would not allow proliferation or intrusive development into that park. I think that is entirely possible to do, and I look forward to the member's comments when The Park Lands Act is introduced to the Legislature to remind ourselves of this conversation. Thank you, Mr. Chairperson.

Mr. Clif Evans: I would just like to start by asking Mr. Sparrow—I know he explained a few of the future plans that they have to my colleague. What specifics can he tell me about the future for Gull Harbour and the staff, the staffing, the marketing, the training program itself. Is the board and Venture Tours going to go after more—as far as staffing goes—local people to get involved if possible? The people are there. The work is needed within the area. Is he going to go after that basis of staffing?

Mr. Sparrow: It is in the best interest of the resort to consider, first and foremost, individuals who come from the area for a number of reasons, housing and transportation, those sorts of things. However, it is my personal belief that the qualified individual would come first. If persons from the area, however, are for some reason not suited for the hospitality industry—and there could be many reasons. You and I are both in the industry, Mr. Evans, and we have experienced that personally. If a person does not have the right attitude, as an example, you cannot create an attitude. Sometimes it is pretty difficult to do that.

We want quality. We want consistency and service in the products that we are going to offer our guests. We expect one thing from our employees and it is 100 percent commitment to guest service, nothing less than that, and enthusiasm. If the individual does not bring that to them in the interview process, they are not going to be hired. I do not care

whether they live next door to the resort. We are looking for quality qualified individuals to help us in making it a success.

I believe there are many of those individuals within the community as you said. There are some very fine people there who are qualified who want to put the effort into the job, into the industry. They are not just looking for a job, they are looking for a career. It is a good starting point. It is a terrific training opportunity for them, too. Providing they have the right attitude, we can provide the training for them. That is all we ask.

Mr. Clif Evans: Mr. Chairperson, Mr. Sparrow has indicated that if the people are not available right around the area, that he would have to go to outside sources. Can you tell me right now how many outside of the area itself—is there anybody travelling back and forth from Winnipeg to work at Gull Harbour Resort, not on a daily basis, but on any basis?

* (1100)

Mr. Sparrow: I am not aware of any employees that have travelled from Winnipeg to the resort area. To the best of my knowledge, I am not aware of anybody who lives in Winnipeg and works in the resort and travels back and forth. The exception would be the soon-to-be-appointed marketing director who should be located within the major market. That is where they will be shopping, and they should be located here for efficiencies. That is not to say they will not travel to the resort to look after the guests that will book into the resort, to greet them and to make sure everything is all right.

Mr. Enns: Well, Mr. Chairperson, I will just intercede at this point just very briefly. I meant to do it in my opening comments.

Members will, I hope, acknowledge that in seeking out Mr. Sparrow and his fellow directors I have attempted to find the kind of broad experience both in the industry and accountancy and insurance that this kind of a facility requires. I would like to put it on the record, particularly for the honourable member for Interlake's information, that it was my intention to add at least one more director to the board who would be representative of the Interlake region.

I am acutely aware that in addition to the kind of expertise that we look at from an industry or from the hospitality industry point of view, this facility, as we understand it—and I am an Interlaker as well—has

had a very specific and direct relationship to the Interlake and to its surrounding area. It is important, in my opinion, therefore to have that view and that representation expressed on the board as well, and that will be done in the not-too-distant future. I wanted to put that on the record.

Mr. Cliff Evans: The minister answered a future question as to why there was not someone locally on the board. I guess—[interjection] I am sure you did. With 25 years experience, perhaps, I will be able to do that in the future.

Community involvement—this is perhaps more of a comment than a question. It will turn into a question. I have had the pleasure and opportunity to live in Riverton for the last six years and be a part of Gull Harbour Resort for those six years. What I found from manager to manager, from board to board or board members, was there did not seem to be enough community involvement, enough sort of rapport with the community of Riverton, with the community of Arborg and the surrounding communities.

Will that improve? Because I think with the community spirit working alongside, the spirit itself is not only going to benefit the communities, the people, it is going to benefit Gull Harbour. If there is a good rapport between the people within the community, wherever they go they are going to say, or should say if there is a good feeling between the two, hey, if you come to Manitoba or if you come to Riverton or to the Interlake, Gull Harbour is the place to go, and stop in Riverton on the way, type of thing. Will that be encouraged?

Mr. Sparrow: Those are excellent comments, and I agree with you that we would certainly want to see good cohesion between the resort and the surrounding community, as I mentioned earlier. Our general manager, we have been very fortunate, has been active recently with the merchants' association from Riverton, I believe it is, and some of the surrounding areas. They have, in fact, been meeting on a regular basis strengthening those ties. In fact, they recently have just—I am sure you are aware of it, Mr. Evans—formed a hot line number, more or less, where you can call one number and find out what is happening within the area, whether it be at the marina, the campground, the resort or just any of the surrounding activities which is a great benefit to those who want to call and come out and visit.

The relationship, I feel, has really strengthened recently, and we are going to work at that. As the minister alluded to the fact that, hopefully, we will have a representative from the area on our board, that internal help will strengthen that relationship. We will be keeping in close contact with the community and making them aware of what we are doing up there with respect to promotions and so forth and doing cross promotions which I think is very important.

Mr. Cliff Evans: As Mr. Sparrow is aware, perhaps what I am also getting to is that the communities of Riverton and Arborg are very community conscious and do support the communities themselves. By having a good rapport with these communities from the Gull Harbour side of it would, in effect, prevent any overlapping of marketing and community events so that they can work together, not one side and the other and then one saying, well, why did we do this or why did you do that when we were doing this, type of thing. I feel that is necessary.

I do commend the board on that snowmobile party—that was that weekend we were away. I heard a lot of good things about it, not just from yourself today but from my constituents and friends in the area. Of course, there was that other side complaining about the fact that this community event was also taking place and Gull Harbour did not think of the community on that basis, did not get in touch.

That is why I feel that someone from within the community, within the Interlake, but more within the community should be on the board, so there is a closer relationship, and the board itself and the general manager should be dealing a lot more with the business association and with the community council, with the municipal councils, too.

Future plans on any type of renovation—are there any plans to upgrade any part of the hotel that you feel might be needed?

Mr. Sparrow: Well I would say there is—when it comes to spending money there are probably lots of things you can do. We are faced with tight budgets, though, both in private enterprise and certainly at all government levels.

The board would like to see—if we can refer to the renovations that were recently done in the old part of the hotel. The old wing of the hotel is now the new wing, and the new wing is the old wing, and the quality of the rooms, the soundproofing and so forth

in the old wing has now surpassed that of the new wing. In fact, they are beautiful. I was very impressed with the job that the previous board did in upgrading that end of the building. It is really quite nice.

We have to do something now to bring the other side into line and, again, try to do it in the most efficient way possible, but yet not compromising the quality of the room.

The other area that I think would be a priority would be the entrance into the resort itself. I am referring to the parking lots and the surrounding area. The circular roadway is gravel. It creates a lot of dust and dirt, and the guests' cars get filthy dirty. It tracks into the resort itself and increases the cleaning costs and so forth. It just takes away from the overall appearance.

If we are going to attract the quality individual we want to, and get our average daily rates up to where they become profitable and more to the bottom line, we are going to have to improve some of those things, do priority items and do not go overboard. I think we have to start now and look after some of those things. It is an investment and I believe it will be returned back.

* (1110)

Mr. Clif Evans: I do agree with you on that. I think if we looked back at Hansard and last year's committee meeting that we had, the minister had indicated—and I could be wrong as far as the wording goes because you never know with the minister, how he says it, whether he really means it or does not mean it, but I feel—we did ask about the road and finishing it up. I think he indicated—and I will check back at Hansard, but I think if the board pushes the minister and we provide you with Hansard, that perhaps we can, between the two of us, persuade the minister to do that part and portion of the road, not only for the guests and that, but it is a dangerous stretch, too, at night especially, the little couple of miles heading out of the resort. I would feel that would be on the mind of the minister and the board to provide, especially at night, to provide a better surface and better conditions to go back and forth on, so that you do not have people complaining.

I will also make a comment that we had the opportunity of being there at the resort on Sunday to have dinner with the family, and I will say publicly and openly that I was very impressed. Of course, we have been there many times over the six years,

but I found—and it is quite easy for me. Most of the staff in the building are perhaps friends and/or customers on the other side of the fence, so it is very easy to tell how they feel about things and how their reaction is. I was very impressed on Sunday, and my family was. So I hope that part continues. I feel it is very important to get these young people wanting to do the job for the resort, for themselves and for the people.

I also of course saw the new wing and had the opportunity to tour it. I guess I am going to go on a different tangent with that before I finish up. The minister indicated some 600-plus, almost \$800,000 worth of renovations were done. Am I correct in that?

Mr. Podolsky: It is probably closer to \$860,000. I think it shows up as \$862,245 on the statement.

Mr. Clif Evans: I would really—and it boggles my mind, not only my mind but it boggles the minds of people in the industry, people in the whole area as to why would you close that resort down during a time of the year that I feel, in talking to staff, was a good time of the year at the resort? Why would you close it for 30 days or 31 days during that time? Why then?

Mr. Enns: The sole reason for trying to contain the mounting deficit—I am well aware that in fact my office received some irate phone calls from long-standing customers who have made it a practice to spend some time at Gull Harbour during the holiday week, but the simple fact of the matter is, the occupancy figures for that period of time considered as a whole is the slackest, the lowest of the season, and when we were moving our deficit figure up to that half million mark, it was the recommendation of the—and I think to be absolutely certainly fair to Mr. Sparrow and the current board, the decision was made by the interim board at the strong recommendation of the Crown Council which is kind of the agency that oversees and who had a representative through the person of Mr. Sherwood on that three-man interim group that were responsible for the operations. They made the recommendations to us that it would help in the containment of the overall deficit.

Mr. Clif Evans: If I am wrong say so, or if you think I am wrong say so. Why in God's name would you spend \$800,000? You say that because at that point in time the occupancy rate had been down. You have had from May. Why would you not want

to emphasize the fact that you have spent the money, you have renovated? It was a great marketing tool, especially for that time of the season, to be able to showcase what you have done there and promote it further, even if you just went on a basis of what you have renovated and say market that. Say we have 60 or so odd rooms that have been done. Here it is, come and see what we have done during the Christmas season, during, to me, a very important time of the year.

You did not receive a call from me about it closing down, even though we had tried to make reservations for three or four days during that period of time that you shut down. The condition that it was shut down was also deplorable. For the guests to leave and the building to be left just as that, with no staff in there to clean it right away, that does not make any sense either.

I just have to say to you that I hope that this type of operation is not going to continue like that. I mean, we talked about it last year. I said in my statement and in my comments, the operation is dealing with four or five months of revenues. I am sure the board is going to take a new direction to this. My comments were, last year, turn this into a 12-month operation, not a five-month operation. By the actions of this minister from that December period of time, from December to January, it makes me wonder if that is really a direction that he is going to ask the new board to take. If he pulls off something like that and then, on the other hand, he wants to see it go, it does not make any sense.

I must say that is not good business sense. I would be very proud if I had the opportunity—even if it was on a 50 percent, 40 percent—I would be proud to want to showcase something that I had done to improve the resort. I think the minister was wrong or his people were very wrong. I do hope that does not occur again.

Mr. Enns: Mr. Chairperson, I think I cannot add anything more to it. I appreciate the ongoing strong endorsements for the resort from the member for Interlake.

I certainly—I would assume that under the direction of Mr. Sparrow and the current board that it is certainly their ambition to have a 12-month operational resort. I have some confidence, Mr. Chairperson, that is precisely what is going to happen.

Now we will need some co-operation. It has been alluded to, but at a resort like Gull Harbour the simple weather conditions of last summer were a very, very important element to our problems last year. We have one of the premier golf courses in the province at Gull Harbour. The golfing activity was in fact a money earner for the resort for the last few years. That was not the case last year, because we simply did not have people out golfing in anywhere near the numbers that we were accustomed to.

I will elaborate further on the fact that simply it was a—I am not a hotelier. I am not an accountant, but when hard advice was given to me that we either roll up an additional \$60,000 or \$70,000 of deficit, which I had trouble trying to get approval for in Treasury Board, it was not that difficult a decision to make, particularly when there were some additional final cleanups and renovations and some alterations changed that we could make during that period of time.

I will let Mr. Sparrow perhaps provide a few additional words in terms of how he hopes to foresee that this will in fact not happen necessarily on another occasion. Although I am charging Mr. Sparrow to make the best and appropriate business decisions, it is not for me as minister to interfere with them.

Mr. Sparrow: The key element to whether or not the resort remains open at down times will be the success of our marketing initiatives. We are going to be expecting the individual that will be selling the services of that resort will concentrate on the down times, as you mentioned, and try to fill them up through various ways, whether there is some discounting that will have to take place that does in the industry at slow periods, usually rates improve greatly for the consumer, the value improves. We will look at that.

* (1120)

We want to make sure that it is run in an efficient manner and that we do control the debt and hopefully eliminate any operating deficits at the end of that year. Sometimes you wonder whether or not—and we have looked at it briefly—the economies of scale end up between closing and remaining open. A lot of times when you close it is as costly as remaining open in some instances. However, you could look at it from the standpoint that it could be partial closing, it could be maybe of a section of

the hotel or a partial closing at very slow periods, maybe in January a short week when you do not have the major conferences in, those sorts of things.

There is no question in the off season that the workforce does drop. It does again in most operations. You also have to consider the costs of retraining, of losing valuable employees and then bringing them back and retraining them again. There are costs there. All of this has to be taken into consideration.

With respect to the last closure, I just had noticed from the revenue and expense side that in fact there was considerable savings at that time. That is in relation to the amount of business that had been booked. If the volumes are there, and the occupancy rates are there, the forecasts, then it would be foolish for us to close. If there is nobody planning on going to the resort, there is no point in leaving the lights on.

Mr. Cliff Evans: I can appreciate that.

My comment is directed to the fact that, even if, according to your figures, it was a down time, the opportunity during that season, to me, was a prime time to promote that building in that resort, even if it was at 50 percent. It was a prime time to promote it, a festive season, a lot of people, a break in the costs perhaps, a special of some kind

I can appreciate down time, up time and numbers and the occupancy rate and whatnot. I mean the minister claims he is not a hotelier, thank goodness, because those decisions are not good service business decisions that were made.

Having said that, certainly I can appreciate the saving or the costs or whatnot. I just felt that for the whole resort and for the whole community that was a—there were a lot of unhappy people within the area because of it, because of being shut down. Perhaps people that the minister himself never heard from, but a lot of people look forward during that period of time. So whether it be a down time of any—turn slow for a section or to do this or to do that, that is appreciated. I can appreciate that. If it is going to save a little to be able to improve on another hand, then that is the way it should be run. I am sure the board and yourself are well aware of that and will continue to go with that.

The golf course itself, I do not know if it was a promise as such, but it was a statement made in our last committee meeting, that the golf course would be looked at as far as improvement, and certainly I

do agree with the minister that the weather last year was just not the type that induces the people to go out and golf, but again it goes back to my saying that if we make this a 12-month operation and not a five-month operation, one can offset the other.

I mean, if you have a bad summer and do not do any marketing or bring any business in during the winter, then what have you got? You have got zero percent occupancy at certain times of the year, and that is not the way to run it. So these are comments from this past year and the previous year that, with Mr. Sparrow being here, I am going to make again.

The golf course, according to a lot of people who would go up there on a regular basis, who are people who belong to golf courses in Winnipeg, have indicated—and I have been out there—that the golf course is going downhill, and a lot of people refuse to come back until something is done with it.

Now, general maintenance, general upkeep, the beauty of the golf course, I mean we have something there that you cannot find in Manitoba and, I am sure, in a lot of other places. I think that a very important part of the resort is to maintain that golf course. Are there some plans within the board to do something with that golf course to improve its quality?

Mr. Sparrow: Yes, there are. We are very fortunate to have on our board a director of golf who is knowledgeable in that field. He was the past president of the Glendale Country Club for a number of years and certainly can bring a lot to our board and to the course in addressing some of those concerns you have just outlined.

Another initiative that was again as directed by the minister to the board was that the resort itself has to operate as an entity, and the latest reports and articles that I have read on the resort industry in North America have said exactly the same thing. You cannot operate a golf facility, as an example, a golf course separate from the resort. When you book your room, you should be able to book your tee time and have your clubs looked after. They should be delivered to the course for you. It is customer service. That is what it boils down to. That is what we are seeing in our competition. In other courses, it is guest service, and we are concentrating on that. The most important initiative is that the general manager will be responsible for the overall operation.

In other words, the golf pro, or the greenskeeper does not answer to the board, he answers to the general manager. They work together. He is responsible for the quality management of the resort, including the course. The board is a policy board rather than an operational board. It will be assuring that the quality of that overall operation is adhered to our standards that we are setting. That is what we are asking. That is the responsibility of the general manager.

So in what you are saying with respect to the overall operation of the course, we are looking at it. We are going to be looking at the overall condition in the spring. We are talking to our groundskeeper now on a regular basis and are just settling the contract issues and those sorts of things right now, the housekeeping issues more or less, but we are getting across to them all what we expect as far as guest service they have to improve on, at least match if not exceed, the best of our competition.

Mr. Cliff Evans: Yes, I totally agree with you on that. I would really like to see a new direction. Following what you indicated, I do hope that it works out, and I hope that between the board and staffing and community involvement, that we can all work together to market Gull Harbour and to bring it up to first class, and it is not far away. I do not feel it is far away from being the spot that we want to see it to be, and I know that.

* (1130)

I will say to Mr. Sparrow and to the board and to the minister that there will be absolute and total co-operation from this member to provide as much as I can. Whether it be in consultation with the minister or the opportunity to discuss anything with the board or my own community, you will get that from this member. I can guarantee that.

So I am just going to close by saying I want to thank you, Mr. Sparrow and the board, for coming. I am very disappointed about the financial statements, as you heard earlier, and I would like to also ask, as I did last year and waited and still have not received and promised the revenue breakdowns. I would also like to see a breakdown of the operating expenses. I did ask for them last year, and I was told in committee that there would

be no problem getting them and that I would be supplied them. So where are they? I would really appreciate right up to '92 on the operating side of it, too.

Mr. Enns: Mr. Chairperson, I know that Mr. Podolsky has taken note of that request. I have no difficulty in providing that information, and we will have that information to you in a very short few days. The member, of course, has the opportunity to ask me further questions on receipt of that information, either privately or within the Chamber.

Mr. Chairperson, I thank honourable members for the discussion we have had with respect to Venture Tours. I sense that they share with me some confidence that the operation of the resort at Hecla Island, under the direction of Mr. Sparrow and his new board, will be a positive one.

I ask the board through you, Mr. Sparrow, to take note of the concerns expressed about the make-up or the nature of the annual report. It is not my position to defend a change one way or another, although again, Mr. Chairperson, at this committee level, the issue is not really to determine how much Javex was used in the washing or what the dry cleaning bill was or how many Cokes versus Pepsi were sold at the bar.

I think the issue before this committee is the policy decision, the policy in overall operating expenses, and I think in the main most of the questioning was extremely legitimate. We will ask about the degree of detail that could or should be provided in terms of the past, and I expect the board will take note of that.

Mr. Chairperson, I would then ask committee members whether they would be prepared to approve the annual report of years '91-92.

Mr. Chairperson: Shall the Annual Report for Venture Manitoba Tours Limited for the fiscal year March 31, 1992, pass?

Some Honourable Members: Pass.

Mr. Chairperson: The annual report for the fiscal year is accordingly passed.

The time being 11:35 a.m., committee rise.

COMMITTEE ROSE AT: 11:37 a.m.