



**First Session - Thirty-Sixth Legislature**

**of the**

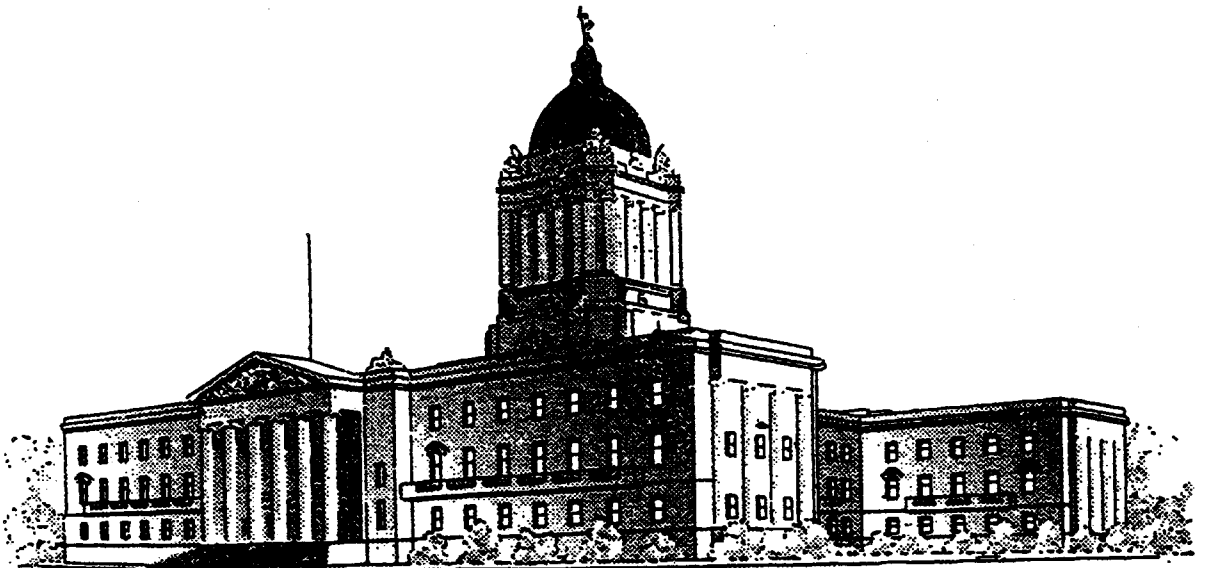
**Legislative Assembly of Manitoba**

**Standing Committee**

**on**

**Economic Development**

*Chairperson*  
*Mr. Mike Radcliffe*  
*Constituency of River Heights*



**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Sixth Legislature**

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**LEGISLATIVE ASSEMBLY OF MANITOBA  
THE STANDING COMMITTEE ON ECONOMIC DEVELOPMENT**

**Tuesday, October 17, 1995**

**TIME -- 10 a.m.**

**LOCATION -- Winnipeg, Manitoba**

**CHAIRPERSON -- Mr. Mike Radcliffe (River Heights)**

**ATTENDANCE - 10 -- QUORUM - 6**

*Members of the Committee present:*

Hon. Mr. Driedger

Messrs. C. Evans, Laurendeau, McAlpine, Newman, Penner, Radcliffe, Sale, Struthers, Tweed

**APPEARING:**

Mr. Kevin Lamoureux, MLA for Inkster

Mr. Bob Sparrow, Chairman of the Board, Venture Manitoba Tours Ltd.

**MATTERS UNDER DISCUSSION:**

Financial Statements of Venture Manitoba Tours Ltd., for March 31, 1993 and 1992

Financial Statements of Venture Manitoba Tours Ltd., for March 31, 1994 and 1993

Financial Statements of Venture Manitoba Tours Ltd., for March 31, 1995 and 1994

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**Mr. Chairperson:** Good morning. Would the Standing Committee on Economic Development please come to order. We have before us three reports for consideration this morning. They are the Financial Statements of Venture Manitoba Tours Ltd. for March 31, '93 and '92; March 31, '94 and '93; and March 31, '95 and '94. Do all members have copies of the reports? If not, you are more than welcome to pick up a copy. The reports are available on the table behind me, and the Page can provide you with one.

At this time, I would invite the minister responsible for Venture Manitoba Tours Ltd. to make his opening statement and to introduce staff present with us this morning.

**Hon. Albert Driedger (Minister of Natural Resources):** Mr. Chairman, I am very pleased to provide some brief opening comments on the performance of this Crown corporation in the Venture Tours, which is responsible for the operation of Gull Harbour Resort and Conference Centre and the Hecla Golf Course.

Some very positive things have occurred during this fiscal year ending March 31, 1995, in comparison to the previous fiscal year. During the '94-95 fiscal year, there were some many renovations that took place in order to maintain the resort and golf course at acceptable industry standards. Items that were undertaken were recarpeting the new wing of the resort, replacement of chairs in the dining room, new television sets, basic painting and decorating, golf course drainage, cart paths, markers, repair of fire-damaged laundry room, purchase of room linen, repair of water supply system.

We also, in the last year, have been operating under a new manager for the Gull Harbour. I am very pleased with the performance of the present board of directors who are held responsible for operations for keeping the hotel at acceptable industry standards.

With that, I would like to introduce Mr. Bob Sparrow, who is the chairman of Venture, and my deputy minister, Dave Tomasson. Those are my remarks, Mr. Chairman.

**Mr. Chairperson:** Mr. Evans, do you have an opening statement?

**Mr. Clif Evans (Interlake):** Mr. Chairman, yes, I will just be also very brief and hopefully positively also make some comments with regard to Venture Tours and the resort itself. I personally have seen some positive things happening out at Gull Harbour, and I certainly hope that they continue.

I would also like to comment on the new board's responsibilities and the job that they are entertaining. I will certainly ask some questions of the board

particularly and of the minister with respect to the Gull Harbour and plans they have for the resort, future marketing, and certainly the upkeep and maintaining the resort, as the minister has indicated, at a quality that we can all be very proud of. Gull Harbour is also a very important part of the community in the Interlake around Riverton and Arborg with respect to employment.

I certainly will be asking questions with respect to the staffing and many other aspects of the resort, Mr. Chairman, so really we can see Gull Harbour moving in a direction of being and maintaining itself as being one of the finest resorts in the province, and of course, in Canada.

With those few words, I would like to continue.

**Mr. Chairperson:** Thank you, Mr. Evans. Mr. Minister, do you wish to have any of your staff make any remarks this morning?

**Mr. Driedger:** No.

**Mr. Chairperson:** No, very good, thank you.

At this point, I would canvass the committee to determine what is the will of the committee, that the committee would rise today. Gentlemen?

**Mr. Clif Evans:** Well, Mr. Chairperson, I think if we get all the right answers to the right questions, we can do this by noon, I think. I would hope so.

**Mr. Chairperson:** That is the will of the committee? Fine, I determine that is the will of the committee and thank you very much, Mr. Evans.

I would appreciate some guidance from the committee. How would the committee like to consider the reports. Shall they be considered one at a time or as a group? What is the will of the committee?

**Mr. Clif Evans:** I think one at a time would be appropriate.

**Mr. Chairperson:** Good. Hearing that, I think that would be the way we will proceed. All right, Mr.

Evans, would you like to proceed then with the questioning starting I guess with the earliest report?

**Mr. Clif Evans:** The '92-93?

**Mr. Chairperson:** Yes.

**Mr. Clif Evans:** On I guess it would be page 4 in the '92 year and in the previous years that I looked back at the financial statements, we were hovering around a \$3-million mark of revenue. In '92, we were at 2.9; '93, we were down at 2.7, and I will also bring that up for the '93-94, '94-95 statements.

Can the minister—

**Mr. Chairperson:** Mr. Evans, excuse me for interrupting, sir, but I notice that these reports are not numbered. Could you perhaps for clarity when you are referring to a page just give us the title. Like I am sure you are looking at the Statements of Operations and Deficit.

**Mr. Clif Evans:** Yes, on the Statement of Operations page, can the minister indicate—it is only a \$200,000 drop, if you want to call it that in revenue, but when we look back previous to '92 we were over the \$3-million mark—why are we seeing a drop in revenues over this year?

**Mr. Driedger:** Mr. Chairperson, you know I will let the chairman of Venture answer it right away. I just want to make a general comment about the fact that the member raises a question as to why there is a variance, a downturn. We have had variances take place from year to year depending on weather conditions. For example, the year before last we had a very cold summer. The bookings were down. There were cancellations on the golf course, et cetera, et cetera. So this has a bearing on it we think.

I do not want to take and jump ahead, but, for example, the last summer has been just an exceptional year for us throughout the province in terms of all resorts and golf courses. The weather has just been great; it was a great summer. It has been a great fall, and in the resort business it makes a big difference. Having said that, I would like to have Mr. Sparrow answer the variance.

**Mr. Bob Sparrow (Chairman of the Board, Venture Manitoba Tours Ltd.):** To clarify the question, the question was, why is there a decrease in revenue between 1992 and this year? I am going to presume the question was between '92 and '93, not to this year.

In '92 we were still in a recession. The resort industry as a whole through North America was devastated through the years '91, '92 and '93 and started to show some improvement in '94, but that was North American-wide, if not worldwide. We saw resort assets being sold for 30 cents on the dollar throughout North America, and that is indicative in these statements also. We were no different than any other operating resort in the rest of Canada or the U.S. However, when we get into more current years, we will see where, again, it is cyclical.

We are on an upswing and the resort industry as a whole has greatly improved, but we really had hit the bottom of the cycle during those years. I think that is where we saw the bottoming out.

\* (1010)

**Mr. Clif Evans:** Yes, and I certainly hope that that trend is—and we will see in the future statements that the trend is climbing somewhat hopefully to a level that will satisfy all members and of course the resort itself in operation.

On the page of Statements of Changes in Financial Position for '92-93, the additions to capital assets, as the minister had indicated in his opening remarks, renovations were being done. In '92 we see \$862,000 of course, which was renovating all the rooms, if you want to call it, on the old side, and \$403,000 in '93. Was that the continuation of the renovations from '92?

**Mr. Sparrow:** Some of it would have been overlapped. Also, however, in that there would have been equipment replacement and those sort of things, particularly in the water treatment plants. There was considerable deterioration in the resort over the years, and of course that was mainly due to lack of capital. We had to expense a lot of things through just to keep it in decent shape so we could keep operating.

**Mr. Clif Evans:** I would like to go on to the second last page. In some of the other statements I have noticed that we have had a bit of a breakdown of your capital leases and lease obligations. Well, the lease obligations, we understand what that part is, but the equipment under capital leases, in the '92-93 statement, there does not seem to be any breakdown that I see as to the years that it is costing and what it is costing for capital leases and what the capital leases are, besides just the straight equipment if there is more than just straight equipment being leased.

**Mr. Sparrow:** The question is to why you do not have the information, why are you not provided with the information? My impression is that this is the detail that is normally provided, but we can get that further detail for you if you so require it.

**Mr. Driedger:** I just want to indicate to the critics by and large that we have much information here, but we do not have all the detailed information here. If there is some detailed information that is required, both the chairman and myself will undertake to provide the more broken-down detail on any question that basically is there, if we do not have it here.

**Mr. Clif Evans:** I guess this goes back to the last time when the previous minister was responsible for Venture Tours. When I brought up the topic of the way the statement is presented to committee, you know, when you have just a general statement of expenses or general statement of capital lease costs or whatever, then you are forced to ask the questions. You are forced to have to request detailed information.

Where I really think that the way the financial statement is presented—I made this comment last time—I would like to see more detail in the financial statement when it comes to breaking it down when you are looking at income, expenses, month-per-month type of operation. You know, when I look at a statement I expect to see a little bit more of a breakdown. I would like to know and will ask of course, but I think it would be a lot easier if the statement itself presented to the committee showed us some of the detail information, accounting information, so that we do not have to ask the questions, we can see right before us.

I hope that this minister looks into, if you want to say that, the fact that perhaps the accounting firm does present a more detailed financial statement in the future. Since the time that, I believe, they have gone over to a private auditor, we see less and less in the statements as far as information goes.

**Mr. Driedger:** Yes, Mr. Chairman, well, you know, I do not have any big difficulty in terms of seeing whether we can get more detail. I am talking with my deputy here and I will discuss it with the chairman as well to make sure. We will raise it with the accountants that basically do the financial statement and request that we get into more detail.

To what extent, you know, whether we start putting on there how much toilet paper we buy or stuff of that nature, I do not know how far the member would want to go, but I understand what he is saying, and on the capital end of it we will raise it with them and see whether we can get a better breakdown of it.

**Mr. Clif Evans:** Well, then, does the chairman or the minister have under Equipment under Capital Leases what it is costing on the '92-93 statement? What is the capital lease? What is the amount that we were putting out for '92-93?

**Mr. Sparrow:** We do not have that information just readily available here, but I can certainly provide that for you.

**Mr. Clif Evans:** Under Capital Assets, Equipment under Capital Leases and the Cost and the Depreciation, basically, would that be the amount for '92-93 that we have spent?

**Mr. Sparrow:** Yes, it is.

**Mr. Clif Evans:** On page 3, the last page, management was given notice as of October 1, '93, to terminate the existing collective agreement with employees of the company.

Can the minister indicate just where this department is with that?

**Mr. Sparrow:** That matter was resolved. A contract was signed at that time for a year. Would you like also

the current situation as of today? As of today the contract has expired again and negotiations will start again as to further contract.

**Mr. Clif Evans:** The Contingent Liability, I notice that this heading or this statement does not come up in the '93-94 and '94-95 statement. Can the minister indicate to us just what has happened with this statement of claim that has been filed against the company?

**Mr. Sparrow:** That matter has been resolved.

**Mr. Clif Evans:** In which way?

**Mr. Sparrow:** In fact, the claim was withdrawn.

**Mr. Clif Evans:** Oh, the claim was withdrawn. There was no capital payout whatsoever to the contractor?

**Mr. Sparrow:** No.

**Mr. Clif Evans:** Mr. Chairman, unless someone else has some questions on '92-93, I think we could probably pass this statement and go on to the latest ones.

\* (1020)

**Mr. Chairperson:** The suggestion before the committee is to pass the Financial Statements of Venture Manitoba Tours Ltd. for the years March 31, 1993 and 1992. Shall the report pass—pass.

**Mr. Clif Evans:** The '93-94 statement, I would like to possibly go and ask some questions, Mr. Chairman, on pretty well just about every page just for the information side of it. Having been away from the industry for a couple of years, I have lost touch with some of the things that have to occur in the industry but feel that I still know it fairly well.

Accounts receivable, and going back to some of the other statements on your balance sheet, assets, at the end of '93, looking at \$150,000 accounts receivable; \$195,000 in '94.

Could the minister indicate to us just—that amount I find is rather high. Accounts receivable, I can

understand at the time of the financial statement or the year-end, you are looking at large companies or groups who have been billed. But is this specifically the only line under that accounts receivable? Would it be just specifically those types of groups?

**Mr. Sparrow:** Yes. Basically, that indicates an increase in the corporate traffic that we have had and it really is a result of our marketing initiatives that were geared towards the corporate sector.

**Mr. Clif Evans:** Mr. Chairman, inventories. Now, the previous years we have seen inventories over \$100,000; at the end of '94 we see \$87,000. Again, is that just a lull of the time of the statement that does not require a larger amount of inventory to be kept at the resort or for sales, if you want to call it that? How is the inventory determined for the year-ends?

**Mr. Sparrow:** Well, for inventory management it is in our best interests, seeing that it is not our own cash, that we reduce our inventories as much as possible mainly for efficiencies is why that would be reduced, particularly at year-end too.

**Mr. Clif Evans:** Capital assets, Note 2 and then of course the question is, and I guess it is through the different accounting, we see a significant—not a significant, a \$200,000 drop in total. I would question then or make comment that that is due to the ongoing depreciation of the company and its assets.

**Mr. Sparrow:** Yes.

**Mr. Clif Evans:** Staying on that page and going down to Liabilities and Shareholder's Deficit, could the chairman explain just the increase of the bank loan from Note 3 to us?

**Mr. Sparrow:** The increase in the bank loan was necessary to cover the losses from the previous year.

**Mr. Clif Evans:** Accounts payable and accrued liabilities, that has increased by 90-plus thousand dollars—an explanation on that line.

**Mr. Sparrow:** From ongoing repairs and maintenance, some capital expenditures that were ongoing at the time, outstanding bills.

**Mr. Clif Evans:** The advance from the province, the \$250,000, that number has been pretty steady over the last few years, I believe. Just out of memory—I will have to look whether that has increased in '94-95, and it has not—basically could the chairman or the minister just explain to the committee just why the \$250,000, is it a set number? Will it always be a set number? Just tell the committee, why is this at \$250,000?

**Mr. Sparrow:** You are right. That has been there for the last number of years, and it is a good question. I cannot give you the accurate answer for that as to why that is there.

**Mr. Clif Evans:** Mr. Chairman, perhaps the minister then—if the minister would indicate to us, why the \$250,000 year in, year out?

**Mr. Driedger:** Mr. Chairman, I am trying to get the information from my deputy here. He is not quite sure either. He says it has been a figure that has been there over the years. I will try and get a clarification as to why we use that standard figure all the time. It has been set aside that way at one time for—

**Mr. Clif Evans:** Maybe we should make it \$500,000.

**Mr. Driedger:** Well, maybe we should make it \$50. Whatever the case may be, but I will find out how they initially established it and whether there are some opportunities to take and change that.

**Mr. Clif Evans:** As perhaps not on record, the minister indicated that maybe it should be \$50,000, and, for whatever, I guess, advances from the government of Manitoba, perhaps we should look at increasing that if it is being used for the right thing as far as the resort goes, but I would certainly appreciate—and I guess, over the past four years or so, I have not thought of that myself as to why it is the same and would certainly appreciate the minister or his deputy getting back to me on that.

**Mr. Driedger:** Yes, we will take a note of it, and we will get back to the member on that.

**Mr. Clif Evans:** Next page, Statement of Operations and Deficit, I see that revenue has pretty well stayed

the same from '93. I believe it pretty well stayed the same from '92. Mr. Chairman, I will probably get into this further for the '94-95 statement, but \$2.7 million as a revenue—and we are looking at further down the page at a net loss for this year of \$586,000. I guess I will question in the next statement as far as what we are doing to increase the revenues.

Now, on your operating expenses for '94 and '93, can the minister indicate just what percentage of these operating expenses are wages?

**Mr. Sparrow:** Well, we operate along the industry standards, generally between 28 and 32 percent. We try to, however, for other reasons, they do tend to go a little higher, and it might be based on salary levels as set by the MGEU. However, through negotiations, we have actually been able to correct some of that, and we are now, currently, closer to what you might expect in the industry.

**Mr. Clif Evans:** The chairman has indicated around 20 or 30 percent. About a third of the operating expenses would be wages?

**Mr. Sparrow:** But not for this particular year. That was our target but, again, due to the contract and, again, the business is still soft. Our fixed wage costs are still there, whether there are people spending money or not so, unfortunately, it drives your wage costs up.

The wage costs in the resort over the three years '91 through to '94, part of '94, were relatively high to what you would expect in standards. That has since stabilized.

**Mr. Clif Evans:** In that percentage that Mr. Sparrow indicates, that would be management wages, management expenses, would it not, not just your staffing but the whole wage scheme for the resort?

**Mr. Sparrow:** I am combining front line staff and management, all the total salaries.

**Mr. Clif Evans:** So, just quick calculation, you are looking at about \$300,000 to \$400,000 of your operating expense being wages?

\* (1030)

**Mr. Sparrow:** If you are using the 30 percent number. However, this 30 percent did not apply in those years. It would be much higher than that. It would probably be closer to 40.

**Mr. Clif Evans:** Now, there has been some talk, not positive talk, about the resort itself due to the losses, ongoing losses, that have been incurred over the many years that the resort has been there.

We see a drop of almost \$100,000 in net loss for the resort from '93 to '94. I notice for the '94-95 statement there is, hopefully, a further drop in net loss. But the net losses that we are seeing, how is it affecting the capital assets of the company, of the resort, and what can we attribute the net loss to specifically? Is it through your operating? Is it through your revenues, lack of? Through your expenses?

You know, I know it is an accounting number, but what I am trying to get to is that I feel that \$586,000 is not really a net loss when it comes to revenues, expenses and assets, but accounting-wise it shows with your depreciations and your interest expenses. Then that is the ongoing part of operating a property such as this.

But I look to favourable changes in that line and, hopefully, that with the numbers that have been indicated for your increases of upgrading and renovating the resort, would the minister agree that \$586,000 in '94 and a drop, hopefully, in future years would indicate that the resort can make money in the next two or three years and start being in the black?

**Mr. Driedger:** Mr. Chairman, I do not know whether the member wants to get into the future, the way we view it. Here and the next one which basically, I think, are some of the concerns that I would like to address related to the net loss, which basically involves depreciation as well as interest, and the question can be put, should government be collecting interest, the depreciation end of it? I am not an accountant. I will let the chairman deal with that. However, the cash flow position is a thing that I think is an important thing somewhere along the line and that is improving. I am



prepared to talk about the future or the way we view Venture at this point in time and Gull Harbour when we get to the current, you know, the last statement that we have there.

With that I would like to ask Mr. Sparrow whether he can clarify it a little further.

**Mr. Sparrow:** Within that net loss, as of the year-end 1994, again there were considerable repairs and maintenance done to upgrade the resort. Along with the fairly aggressive marketing plan, you will see again and if we look at the current year or last year ended that there was a considerable increase.

We are seeing some of the benefits. However, to clarify that a little bit also, I mentioned earlier that the resort industry is cyclical and we all see business rise and fall at the same time. It is just the way the industry happens to go, and a lot of it is tied into not only the economy, but a lot of it, especially on a golf-based resort, with the weather.

Through '93 we had some pretty miserable weather through that particular summer. In '92 we saw some marked improvement and then of course this year was phenomenal, and along with that goes phenomenal revenue, so it is all tied in together. We do our best to operate it at a high standard, but we really depend a lot on the weather as far as the golf revenue goes in particular.

**Mr. Clif Evans:** Mr. Chairman, I concur with Mr. Sparrow on that. Just what I am trying to indicate, in '92 we saw a net loss of \$210,000. Now over that period of time of course we saw the renovations, the costs, et cetera. Are we saying then basically the net loss from '92 or even from '91, if I may—'91 you are looking at, and I am sorry that I am going back to this but I just want to make a point or get to a question, I guess—you are looking at a net loss of \$2,000 at the year-end of '91?

**Mr. Chairperson:** That would be \$200,000. Oh, '91, sorry, excuse me, I was looking at '92.

**Mr. Clif Evans:** I am not an accountant either. So what I am trying to get to is, since '91 to our statements

at the end of '95, we have incurred these net losses, bottom-line losses and people are making waves with that, saying, well, we are losing big money at this resort, where in fact—if I am not correct, I would like to be corrected—since '91 the company and the resort have gone through major changes and a lot of them being renovations, being upgrading, taking over the golf course. So I feel and I hope I am right that eventually we can operate this resort.

Once we have completed all the necessary changes, we can significantly bring down this net loss amount to the numbers that we saw in '91 and to the plus side of it.

Can the chairman of the board concur with me that a lot of these net losses, the result of the net loss bottom line is basically the costs of the renovations, that you are using some of your capital that you are making through the year to going against your renovations? So it is one hand feeding the other.

Then we are having these people or whoever suggesting that the resort is losing just thousands of dollars and it is costing the taxpayer thousands and thousands of dollars to maintain, where in fact I see that this resort could probably get in the black without any future foreseeable problems with renovation or with changes that have to be made, that this resort could operate quite well at a plus side in that these losses should not be used as a fear-mongering type of attitude that we are getting from certain people that the resort is a white elephant.

**Mr. Driedger:** Mr. Chairman, again I will repeat I am prepared to take and talk about the future of the way we view it, of the Venture operations, Manitoba Tours Ltd. and the next one related to the philosophical approach to this thing. On the detail end of it, I would prefer to have the chairman maybe try to give an answer.

**Mr. Sparrow:** Well, historically, yes, we are looking now, we are going beyond '92, so we can talk about '91. I guess we can go back to when this marvellous idea was first raised to build the resort. Since that time, losses historically kept growing and growing as the years went by and, with that, accumulated debt. So, on the operations, you are right. On the operations, there

would be cash flow, but there is accumulated debt to service, and that is basically the problem. It is not from the operational side but more from the debt service.

**Mr. Clif Evans:** Yes, thank you, and I certainly do agree with Mr. Sparrow on that, but what I am trying to get to is that I hope that after we have done the '94-95 statement, we can see the resort in fact going on that upswing so that we can be using the bottom line to help offset some of the previous debt costs that the resort has had to incur over the many years. So, I think, what I am trying to do here is trying to be positive with the minister and the committee and Mr. Sparrow in saying that once we can get around that cycle, get down at low spot, we will see an operation that can sustain itself, to a certain level, of course. We do not know. We cannot foresee anything that might happen around the corner, but I appreciate the responses on that note.

On Statements of Changes of Financial Position, just a few questions on that. In accounts receivable, '93, we showed accounts receivable \$10,600. In accounts receivable we are showing—am I correct in assuming that is a minus \$46,000 in accounts receivable? Can the chairman explain that line?

**Mr. Sparrow:** I am sorry, I do not have the detail to back that actual number up as to why that would come up as a credit. I do not have the detail.

**Mr. Clif Evans:** Mr. Chairman, I hate to be picky, but, again, my earlier statements about the financial statements in the way they are put out to committee, not only to this committee but to the Assembly, just relates to what I said earlier. You see a line; you ask a question. We do not have details ready to us. Sure, we can get them, and I appreciate that I know I will get them, but I think, being repetitious, I am sure that we would probably do a lot better job here and a lot quicker job if we had more detail from the financial statement instead of this asking specific questions on a line that we are not sure of and not having an answer being able to be provided at the time of the committee.

\* (1040)

**Mr. Driedger:** Yes, Mr. Chairman, I gave the undertaking before that we would talk to the accountants to see whether we can broaden the

information base in the financial statement. To what extent—I do not know whether we would ever be able to give the detailed information that the member wants, but certainly, with the accounts receivable, where we have a credit here, we will get that information forward and we, like I say, will discuss the possibility of getting more clarification in the statements in the future.

**Mr. Clif Evans:** Mr. Chairman, I am not trying to be picky here, but I am just trying to make a point, and I am sorry that I am repeating myself on this. I think it is quite important, and I certainly concur with the minister that hopefully he will be able to convince the auditor or their accountant to provide those details in the future. How do we know really how it is operating if we do not know where money is coming in exactly or where it is going out exactly and why? So I certainly hope that the minister will in fact persuade the accountant to provide better details.

**Mr. Driedger:** We will tell the accountant. We do not necessarily have to persuade him, I do not think. If we want more information we can get it, I would assume.

**Mr. Clif Evans:** Mr. Chairman, I am glad that the minister put that on the record because the previous minister also put that on record that he will have, or indicated to me that he would try to get, the accounting firm to do that. We are looking at '93-94 and '94-95, in the same situation that we saw previously.

Still on that page, we look at additions to capital assets, from what I see from the previous couple of years, statements and from—you know, as high as \$862,000 on your additions to capital assets. We go down to \$73,000 for the year ending '94. Basically, are we saying then that most of the renovations were in fact already paid for, the \$73,000 perhaps would be just some minor details or taking care of the debt service to the renovations?

**Mr. Sparrow:** The \$73,000, you are right. It would be the major portion of the renovations that were dealt with in '93. In '94, that would be a lot of the unforeseen items that might come up with respect to heating and ventilation and those sort of equipment breakdowns that you generally might not expect, and unfortunately those are ongoing.

**Mr. Clif Evans:** On the same page, bank loan, we also look at a significant drop from \$790,000. We go back, I believe, it was over \$800,000 the previous year, down to \$250,000. That bank loan, is that the portion that is guaranteed by the province of Manitoba, and why the significant drop in the bank loan?

**Mr. Sparrow:** That is the portion from the province. I would think that would be the revolving line.

**Mr. Clif Evans:** The bank loan year-end, year after year, of course, that accumulates with your ongoing deficit, am I correct?

**Mr. Sparrow:** Yes.

**Mr. Tim Sale (Crescentwood):** Before we leave this page, Mr. Chairperson, the changes in financial position, Mr. Sparrow has said that the \$250,000 is the government loan, and yet in all the previous years it was \$250,000. In 1993, it is suddenly \$790,000, so there is something else here as well as a government loan. I wonder if the minister would also undertake to clarify that question.

**Mr. Driedger:** Mr. Chairman, I believe, and the chairman I will let reply to that, but it was my understanding that during the time when extensive renovations take place that more money is extended to the corporation to undertake those, I believe it will probably, if we look at the financial statement, the work in my opening statements made reference to the fact of all the things that have been undertaken in this last year, and that will probably, I believe, again reflect that somewhere along the line on the loan end of it, but I would like to see whether the chairman could possibly clarify that.

**Mr. Sparrow:** I would concur with the minister's remarks, that again we were coming through some heavy capital expenditures to that year, replacements and so forth in '93 which would have dropped down again at the end of the year ending 1994.

**Mr. Sale:** Mr. Chairman, I understand the response. All I am saying is that the comment of Mr. Sparrow was the \$250,000 was the \$250,000 that we referred to earlier that has been on the books every year. I am

suggesting that in fact it is not. I thought your remarks indicated that it was the same \$250,000, and I am just indicating that I do not believe that is the case.

**Mr. Sparrow:** I concur.

**Mr. Clif Evans:** On page 2 of the notes of the financial statement, it indicates on No. 4, Lease Obligations, that the company of course operates the resort and the golf course. If I read correctly, these leases, for a five-year term, are expiring April 30 of '94. Without looking at the '94-95 statement, has that lease obligation or the contract with the Province of Manitoba been renewed and for the five-year term?

**Mr. Sparrow:** The contract, again, that will be through Natural Resources and is handled through Natural Resources, not directly with Venture as much in the lease. The lease is ongoing, so it does not really change.

\* (1050)

**Mr. Clif Evans:** So then it is just a statement of fact. Is there a contract—then there is no contract or any kind of negotiated term or negotiated length of time then, it is just ongoing?

**Mr. Sparrow:** Yes, that was a lease. I cannot tell you when it was first negotiated, how many years ago, but it is just ongoing. When you say negotiate, from Venture's standpoint, I guess, we have some difficulties in paying that and, like any business, would like to negotiate any bills we receive payable. So that is ongoing from that standpoint, but the lease itself, when it originated, it does not change really from year to year.

**Mr. Clif Evans:** On the last page, in what I referred to earlier, when we were discussing the '92-93 statement, we have here in the '93-94 statement, what I asked was where it was in the '92-93? That is your Lease Obligations and costs related. This agreement is to lease office space in Winnipeg for a two-year period ending April of '96 and, also, this equipment that is being leased, is that for the office in Winnipeg?

**Mr. Sparrow:** Yes.

**Mr. Clif Evans:** We are seeing that in '95-96, it will stay concurrent and in '97, of course, it will drop. I will certainly ask this in the next statement, that I have noticed the increases in Lease Obligations.

If I may ask on this, does the company intend on maintaining its Winnipeg office and its lease for longer than April '96? Is that in the plan?

**Mr. Sparrow:** This time it is in the plan.

**Mr. Clif Evans:** Is there any way that perhaps—or is it that necessary that the office be located in Winnipeg? Might it not be located out at the resort?

**Mr. Sparrow:** Considering that the largest market that we draw from is Winnipeg, it is imperative that we do have an office here. We have a full-time salesperson that is daily making sales calls, and he does generate a considerable amount of business from the Winnipeg market so, in saying that, I would strongly recommend that we keep an office in Winnipeg.

**Mr. Clif Evans:** Mr. Chairman, I do not have any further questions on '93-94 statement. I think a lot of what we want to find out about and say we can do during the '94-95, and I know that we will be able to refer back to these statements as references.

**Mr. Chairperson:** I believe Mr. Sale indicated that he might want some information.

**Mr. Sale:** Mr. Chairperson, I just wonder if Mr. Sparrow could shed some light on the sharp change from '93 to '94 in the capital lease obligations, in effect cash flow from—

**Mr. Chairperson:** Excuse me, Mr. Sale. You are looking at one particular page. Could you give us the title of the page?

**Mr. Sale:** I am looking at the Changes in Financial Position page in the 1994 statement.

In 1993, there was a net positive flow of \$53,000. In 1994 there was a negative flow of \$27,000, a very sharp change in that area in one year, and I am wondering if Mr. Sparrow could comment on that.

**Mr. Sparrow:** Again, we do not have the detail with us today to give you an accurate answer on that. I would rather if we could defer that question until we could give you the proper detail.

**Mr. Sale:** Mr. Chairperson, I assume the minister is agreeing to provide that information as well.

**Mr. Driedger:** I have indicated before that where my chairman does not have the details, I will undertake to give the details and seeing the member for Interlake shaking his head again, we will take and see whether we can have more detailed information.

**Mr. Sale:** One other question, Mr. Chairperson, it may be that my eyes are failing me, that is entirely likely. I cannot find the reference for Note 5, and that may be the answer, that the member for St. Norbert may be providing the correct information.

Where does the imputed interest cost information impact on the financial statement? I just may not be able to see that.

**Mr. Sparrow:** Notes on page 3, point 5? Page 3 of the Notes, financial statements?

**Mr. Sale:** Page 3 of the Notes. Where is Note 5 in the financial statement and for that point, where does the \$123,000—

**Mr. Chairperson:** Mr. Sale, excuse me, I believe we lost you on the record, sir. Could you readdress your remarks to the record?

**Mr. Sale:** Sorry, Mr. Chairperson. On page 3 of the Financial Statements Notes, there is a Note 5, entitled Imputed Interest Cost Information. The following information is presented, et cetera. The imputed cost is \$123,500. Does that imputed cost impact on this statement in any place? Where does Note 5 refer to?

**Mr. Sparrow:** Unfortunately my lack of accounting abilities would say that I cannot match that in either, so it is something, again, information I will have to get for you.

**Mr. Sale:** Mr. Chairperson, I suspect that it does not. I think that in likelihood this was in response to a

request to show the impact of something which does not, in fact, impact in an accounting sense on a statement. But I just make the point that this is a statement prepared by a reputable firm. I do not find it very helpful when you cannot find note references and when there is the lack of detail that is clearly evident in the Revenue and Expenditure lines. I simply find it unhelpful from an accountability perspective, and I think that the auditor should be here if—in normal situations, in the private sector at least, when a company's annual report is presented, the auditor is present, and I think that we might well ask that the minister in future years have the auditor present and able to answer questions. It would make a lot more sense than going through this year after year.

**Mr. Driedger:** Mr. Chairman, I will take that request on advisement certainly, and I really have no difficulty because it has always been my position, no matter what area I have been dealing with, that I will try to provide as much information as possible. Again, I am not trying to hide behind the fact that I am not an accountant myself either. I rely on people to basically give the information that they are required to do.

This has been raised now for the third time, basically by critics, rightfully so that more detail should be there. I am prepared to, in terms of asking for more detail, also ask that whoever does the accounting end of it should be here to take and give final responses. We will take and look at that for the future.

\* (1100)

**Mr. Clif Evans:** Mr. Chairman, on that same Note 5, I wonder—it is that note in the '93-94—I do not see it in the '92-93. Oh, I do. I am sorry. I do. It is under Note 7. Oh, I am sorry. I noticed that it is in the '92-93 statement under Note 7. We are looking at the same amount of investment in share capital. We are looking at a different interest rate. The point is that we do not see Note 7 anywhere in the statement of '92-93. So I think we do have a legitimate request on this note, that we are making statements in a statement, and it is not showing up anywhere.

I wonder, though, if—and this is just a thought, and perhaps the minister can respond to it or Mr. Sparrow

would—would this number or this cost of interest on the \$1.3 million in share capital be incurred through the Department of Finance perhaps and not against the company?

**Mr. Sparrow:** I cannot answer that question, I am sorry, as to where it was incurred, whether it be Finance or otherwise.

**Mr. Clif Evans:** Mr. Chairman, and I do not want to continue on that, but I think we would probably continue with it if once the minister does provide us with that answer. I would like to see the response to these questions from the minister as soon as possible.

**Mr. Chairperson:** Are there any further questions on the 1994, 1993 report?

It is agreed that the annual report for Venture Manitoba Tours Ltd. Financial Statements, March 31, 1994 and 1993 shall pass?

**An Honourable Member:** Agreed.

**Mr. Chairperson:** Okay, it is passed accordingly. Mr. Evans, we are now proceeding to the 1995-1994 report for Venture Tours capital. Mr. Evans, you have the floor now.

**Mr. Clif Evans:** As we discussed earlier, I think we would probably make more statements with respect to the '94-95 statement of operation that we have before us and certainly ask more questions in general as to the direction of Venture Manitoba Tours Ltd., and I will refer to it from now on as Gull Harbour Resort to make things easier for me.

I see the increase in revenue over '94, over '93, over '92. Basically, I say by looking at the net loss on the same page that we are going in the right direction.

If I could, could the chairman, Mr. Sparrow, indicate to this committee just what is the board and Gull Harbour Resort doing to improve that revenue line for the future?

**Mr. Driedger:** I am prepared to let the chairman respond, because if you—just a comment I want to make

at this point in time, because now we are down to the current situation pretty well. The current year, of which we have the financial statement before us, already showed an improving trend, which is based on the cycles that take place. I want to say that, but at that point in time, there was still major concern that government had related to the ongoing losses, and many options were looked at and considered.

In fact we were looking at a variety of things at that time, including whether the operation, Gull Harbour, should be sold, whether there should be times when it should be shut down. Challenges were put forward to the board to look at how it is possible to maybe come up with a financial picture. I have to say that the trend has changed, as you see in the financial statement here. Because our fiscal year-end is the same as the government's, this is to the end of March 31, 1995. For the current year, things are looking even much more positive. I want to indicate at this time that the government is not at the present time pursuing a potential sale.

We have looked extensively. We could not get any buyers that were basically prepared to give us what we considered fair value. The option of shutdowns, and I am going to just make these statements now, the option of shutting down for certain periods of time during the year to try and save costs also was an area that created difficulty for us, because just the shut-down process and the maintaining of the operation would save us very little money.

But many, many options have been looked at because of the ongoing losses that have basically been there. We feel encouraged by what has happened in this financial statement, the trend and with the good year that we have had this year.

I will let the chairman address the potential deficit or shortfall, basically, but we feel very confident that things are going in the right direction. We have looked at the employment impact on the Interlake.

Many people are working there. They are living at this resort out there. When we consider the pros and cons, at this time we would like to say that the sale of the operation is not an option that we are pursuing at

the present time. Hopefully, the board itself is going to be able to function in such a way through economic better times that this thing is going to be able to show that it is carrying itself. With that I would like to have the chairman maybe reply to that.

**Mr. Sparrow:** As far as the current and future direction, we are going to continue on with our aggressive marketing policies. Some of the significant changes we have made over this last year centred on the golf course operations with new management that is focusing on service, also on the quality of the course itself.

We have rebuilt some greens and improved upon the drainage on the fairways. We have also introduced food and beverage sales to a greater degree than we have before, which has resulted in increased revenue. Finally, we have taken over the rental of the golf carts, so all that revenue flows into Venture now which it did not otherwise.

From the service side we have tied the resort and the golf course closer together so that as an example tee times may be booked through the front desk. You have your shuttle service from the resort to the golf course; you can take your golf cart right to the resort—those sorts of things that people expect today, particularly when you look at the competition. The service levels had to be brought up to at least to match their competition, if not be better than what other courses were offering.

The 1994, the very aggressive marketing plan at that time, of course, we were going to reap the benefits of that in '95, which we have, which we have seen. Adding to that has been the positive response back from individuals and companies that have gone to the resort and experienced the golf course and the service and the food and those sorts of things—that word of mouth. The comments coming back now are much more positive.

Some of the competition also, there was a change in ownership in one of the resorts in another province, and I will name Minaki. As a result of their pricing structures and so forth, we have seen some gains there from that particular segment from another province.

\* (1110)

**Mr. Clif Evans:** Mr. Chairman, can the chairman indicate to us, with their marketing strategy basically—and we do not have a line here that tells us—what costs we are looking at, costing Gull Harbour for the marketing strategy, for staffing of the marketing department or what they are doing in the marketing area? What is the cost? Is there a specific budget line that you are working with for marketing strategy?

**Mr. Sparrow:** Budget line, I believe—again, I do not have the detail here—was around \$50,000 as far as the salaries and the office and that sort of thing go, and then it would increase up from that as far as the promotions. We have done some special promotions locally and in trade shows and those sorts of things.

**Mr. Clif Evans:** Then also are we looking at the U.S. market when you are talking about your marketing strategy and trade shows and going out? Does that include the U.S. market, be it there at all? If it is there, what efforts are we making to bring it in? If it is not there, are we making efforts to bring it in and costing unnecessary amount of money to market that U.S. market where we can focus our attention perhaps more on our local market and our neighbours to the east and west of us?

**Mr. Sparrow:** That is a good point, because you always have to measure your marketing initiatives. When you look at the U.S. we are very careful with marketing in the U.S. and there are mixed feelings there as to what type of business you can draw up from the U.S., particularly when you look at their resort industry, which is very competitive to ours. However, with the dollar that has been in our favour, the value of the dollar, and we have seen increased traffic from the U.S., but we do not focus a lot of attention on there due to the costs, tremendous costs attributed to it. Other than the Grand Forks area where we participated in one or two trade shows, we are not looking at investing a lot of money into the U.S.; we preferably stay locally in Manitoba and northwestern Ontario and Saskatchewan.

**Mr. Clif Evans:** Mr. Chairman, so over the last couple of years you are saying that the marketing dollar, the

promotional dollar—or budget, not dollar, but the budget itself for Gull Harbour pretty well stays level year to year when you are sitting down to see what has to be done in the marketing end of it and the promotional end of it, or do we look at a tremendously fluctuating amount of dollars budgeted or is it pretty well a steady amount? Do you foresee increasing that promotional dollar or the marketing dollar?

**Mr. Sparrow:** The marketing dollars actually have not stayed consistent. Again, looking through '94 and parts of '93, we are fairly aggressive and allowed a larger budget for marketing. We had to do something to draw the traffic away from some of our competitors, and there is a cost attributed to that, unfortunately. You reap the benefits of those, of course, a year later, and I am very pleased to report that we have had some very positive results from it. So, in other words, there was a definite payback from the extra dollars we expended on marketing at that period.

**Mr. Clif Evans:** Mr. Chairman, I am sorry, I have to take a few seconds here to find what I was reading. In previous committees when we were just talking about what we are discussing right now, this marketing in the United States, I believe it was in '92, the then board representative and members of staff had indicated that they were in some sort of an agreement with a company from the States that was allegedly doing promotional work for Gull Harbour Resort. I know it is here somewhere in Hansard. I was reading it last night, and I am sorry I cannot find it, but does the minister or does Mr. Sparrow know what happened with this agreement as such?

**Mr. Sparrow:** Actually, I do recall something about that as far as the previous board. There was some involvement with a marketing company, whether it was in the U.S. or locally that marketed in the U.S.; however, we never continued on with that. We are not associated with any outside marketing body in the U.S. or in Canada. Everything is done internally within the resort. We generate all our own advertising, all our own point-of-sale material.

**Mr. Clif Evans:** Mr. Chairman, as far as promotion and marketing strategy, with your advertising costs which relate, I would think, to a lot of promotion, do

we tie the advertising budget in with the marketing strategy budget? Do we have them separate? Basically, what are we seeing for '95-96 and '96-97 as far as your advertising, your promotion? What do we have in store for costs, and what are we going to do to promote Gull Harbour?

**Mr. Sparrow:** Based on the present-day budget, I do not foresee any increases in marketing. We will straight-line that for another year. As far as new initiatives, we will continue to go after—the senior market, for example, has been very good to us. We have seen an increase in traffic amongst seniors.

We have done some billboard work on the highway that you have not seen before. I will continue on with our direct mail plans. Direct mail has shown us some good response. The best response has come from major shopping centres in the area, where we set up our display booths. Of course, in the major shopping centres on a Saturday, you can appreciate the traffic that goes through there, so they have had excellent responses to packages.

We will do newspaper when necessary. We also have some radio campaigns, but we do not really spend a lot of money in radio and, of course, not on television.

**Mr. Clif Evans:** I just want to relate to something, back to what the minister spoke of at the beginning of the '94-95 statement, and that is the decision a couple of years ago about cut hours or closing. The minister remembers, even though he was not the minister responsible at that time, the resort was closed for over 30 days or around 30 days for really no apparent reason.

I know the minister indicated that there would not be any of that, and I know in statements that Mr. Sparrow made as the new board coming in when we discussed this at committee, he had indicated that the resort would stay open 365 days a year, 24 hours a day, and I want to concur with that.

I want to support that, because as the minister indicated earlier, cutting back or shutting down is really not going to save a substantial amount of money to the

resort, especially when we are seeing such an uptrend in revenue and in sales, a decrease in bottom line.

What I am trying to get around to is in previous statements and in reading Hansard from previous remarks, for example, at \$2.9 million through the year-end of '95, can Mr. Sparrow indicate to me—it is an average of \$25,000 a month. Again, we do not have it on a statement. Questions that I had asked before, where if you brought in \$2.5 million for the year, what months did you bring them in? And it was indicated to me back then, well, from April until mid-September, weather permitting.

Is that the case still? In the last—let us use '94 and '95, the full years, we are talking about pretty close to the same, an increase of \$200,000 revenue for Gull Harbour for '95, which is wonderful to see. Can Mr. Sparrow or the minister tell me, is the majority, the higher percentage of this income coming for five months a year, or is it being spread out more as I would like to see? Then also, I would also certainly like to see if it is not. Then let us start getting back to what I said in '91-92, and let us start promoting this resort in those months that the revenue is not coming in.

\* (1120)

**Mr. Sparrow:** Well, we tried the winter golf, but it did not quite work out. We can do it, but the bulk of the course—we call this a four-season resort because we can do things. You are right, in the winter there are markets there if you go after them properly, the snowmobile market, the cross-country ski market and those sorts of things, but you cannot match your income, of course, revenue, to the season. We have our season; we have our shoulder season; we have our off-season. Of course, the bulk of the revenue is going to come in the periods as you listed, more so May through end of September, mid-October.

However, we have seen the shoulder season increase to a certain extent, and the off-season, being January and February. November, historically, is not the best month because the golf course is closed down and we do not have snow yet for the snowmobilers and the winter sports enthusiasts. However, this year, for example, we would like to add a toboggan slide right at



the resort which would, again, attract families out and have something to do right at the resort rather than have to walk to it. Those sorts of things. Look at the corporate seminars and small conventions that take place through the winter periods and go after them a little more.

This year, also what we are doing this year differently than last year in our budgets is we are doing rolling forecasts.

When you do rolling forecasts, you can react. For example, we can look and take a picture of October and say October is not going to meet our budget. So we can react to that, whether it be through rates and special packages and those sorts of things, to encourage people to come out to the resort. The occupancy levels to date already booked for November and December have exceeded what our actual occupancies were last year. So we are anticipating good growth there.

**Mr. Clif Evans:** Mr. Chairman, yes, I agree with Mr. Sparrow. I mean, there are what we call downtimes, slow times if you want to use another term, and, of course, very difficult for certain properties to be able to attract because of distance or weather or whatever. I can appreciate that, but what I am trying to say is that I would like to see—and I would like to see the minister provide me with that—for '94-95, the months, the revenues broken down by months provided to me.

The same with the costs and operating expenses. I mean, I can appreciate operating expenses are going to be higher when you are busier. You have more staff, et cetera.

But I have been an advocate of Gull Harbour Resort for the winter season, for that slow time that we call it. You know, on a personal basis, except for going out golfing, most of our family's time is spent at Gull Harbour when there is snow on the ground or just prior to that. Those are the times that we go out. Those are the times that we enjoy it more.

I would also like to see a breakdown of the occupancy percentage month by month for the two years, '94 and '95. When Mr. Sparrow indicated that there are things that can be done, I would like to

indicate that this snowmobiling theory of—if I am correct the Minister of Natural Resources had put out a news release promoting snowmobiling across the province. In supporting that I think we should be looking at that market to the northern United States bringing people up.

Are we seeing this occurring for this year? Because I know last year management was a little leery about getting themselves too involved with the different organizations with snowmobiling. We had a lot of snow last year. If we have a lot of snow, especially in that area we have the lake, I think this market is one that we should be going after a lot stronger perhaps—slap my wrists if you are going to tell me, well, we are doing it—but I would like to see a response to that. Are we going to try, again it is weather permitting, but let us get that snowmobile thing into the resort.

**Mr. Driedger:** Mr. Chairman, not to take away from detailed information that the member is requesting, we will certainly try and see whether we can. I think we can probably get an account and get a breakdown of the vacancy rate or the occupancy rate, and to what extent we can do the cost breakdown month by month.

I do not want to belittle your requirements for detailed information, but in terms of the general overall picture which I think is basically the thing that I am concerned about and continually challenge the chairman and the board in terms of their marketing procedures to see whether we can make this viable, I take some comfort in the fact that year for year things are getting better, that even as the chairman announced that for November and December we are already over last year's bookings and last year was definitely a better year, it has been definitely a much better summer.

I think the board members by and large are looking at niches in the market, as you mentioned the corporations, the smaller conventions, the family aspect of it. Many people like to get away and instead of going to Grand Forks maybe they can go down to Hecla and enjoy a weekend there. I do not know where the member for Interlake basically spends his time. I thought I heard him say he liked to spend some time at Hecla. We should maybe check the details on that as well, but while we are at the details—

**Mr. Clif Evans:** There is not an American dollar in my pocket.

**Mr. Driedger:** But we will try to get the information unless there is some reason why—I hope we are not necessarily trying to create a time element in terms of getting the detail. I am sure it should be available, and I will challenge the chairman to provide that. However, I feel comfortable and this is the reason why we are not pursuing further at this time the option of a sale or the option of closing down for a period of time, because I think the board has been very active. Looking at the quality of the people we have on the board, good business people are looking at the options of seeing whether we can bring this thing to a level that it will carry itself, and that is why they are exploring markets within the area that they feel they can do that. With those comments I would like to have the chairman maybe reply as well.

**Mr. Sparrow:** With respect to the snowmobile market, yes, that is a good market. It is a growing market, and we have last year participated in a few rallies or poker derbies as they are called, as well as catering to some of the smaller clubs. But then you have to be careful too because you have to balance out the other side, the cross-country skiers. You do not want to interfere with that market either, so it must be carefully planned because the cross-country skiers and the snowmobilers are not a particularly good mix, so we want to be careful. We want to try to look to accommodate both groups and as long as the skiers are aware that there is a rally taking place at that particular time, then we are all right but we do not want to surprise anybody.

**Mr. Chairperson:** Mr. Penner, did you have a question, sir?

**Mr. Jack Penner (Emerson):** Yes, I do. In listening to the discussion around the table with some interest, I would have hoped that the minister and the board might have been able to bring to the table a breakdown of operations. I would be interested in what the income and expenses of the golf course might have been, what the operation of the hotel might have been and/or other sundry incomes and expenditures that we might have had over the years, and what the incomes during the

winter months might have been versus the incomes during the summer months of the hotel operation.

\* (1130)

Having been the minister there for a short time, knowing what some of the discussions—

**Mr. Chairperson:** Order, please.

#### Point of Order

**Mr. Clif Evans:** I appreciate Mr. Penner's involvement in this and his questions that he is getting to or trying to get to. Since ten o'clock we have spent a certain portion of this committee asking the very same things that you are asking. If it is coming down to something that we can continue with the financial statement, then that is fine; but if we are just going to regurgitate what we have already been asking this minister and this board to do and provide us, then I do not see much sense.

**Mr. Chairperson:** Mr. Evans, I do not believe that is a point of order; however, I do appreciate the comments that you have made and I believe that Mr. Penner was just finishing up his question. If Mr. Penner could proceed and just finish up that would probably expedite the proceedings.

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**Mr. Penner:** I appreciate greatly Mr. Evans's concern about the time that we are going to be spending in discussing the operations and/or regurgitating questions. Although I have heard nothing yet from the opposition members that would satisfy me and, so far, in getting an answer from the operation as to what the exact incomes of the golf course have been and what the incomes of the hotel or the operations and how, the question is:

Has the board and the minister given any consideration in bringing in an element in partnership with a privatization and tour operators from outside of this country to discuss the filling of the hotel and/or selling golf packages to such countries as Japan, to sell snowmobile packages to Australians or those kind of

things, have there been those kind of discussions and how might that impact the income of those parts of the resort that I have mentioned?

**Mr. Driedger:** Mr. Chairman, again, we have the request for more detailed information related to the state of occupancy and the time of year. My understanding from my deputy and from the chairman is that this information we will make available to all members of the committee so that it can compare as to when the resort is doing its business.

The chairman has indicated that till now, basically, from May to the middle of October because the golf course affiliated with it has been the better time for us in terms of occupancy and more profitable, efforts are being made to try and market more for the off-season, if I can call it that. You know, the family components, the snow toboggan components.

Suggestions that are made here certainly will be taken under consideration in terms of whether we should expand our marketing. Mr. Chairman, I ask to maybe reply to that in terms of whether there is some potential for the off-shore markets, out-of-country markets, and how we do that. I would like to ask my chairman to reply to that.

**Mr. Sparrow:** Well, with respect to golf and the international golf marketing, based on our current occupancy levels during the full season, which are running approximately 84 percent, there is not a lot of room there to grow.

So, as far as expending any dollars for marketing internationally at this stage for that particular period, you would not get the return on it. In the off-season, in the snowmobile season, depending on the cost—now if you tie into operators that are coming here anyway, if that is the case, yes, I would say that without any considerable cost to the resort, we can do that.

Where our costs would come from the tour operators is through rates. The tour operators will buy a room, for example, locally in Winnipeg for \$25 and sell that room to their customers for \$75 or \$80. So I am not so sure that unless you really have to, it depends on what the—of course, if you are running empty, yes, take

advantage of the rates, but they generally want to come in at our high season, for example, at Christmas. You know, we are pretty well booked through Christmas, sold out through the New Year's period. So that area we do not want to market. I have not really heard of any considerable traffic coming from, we will say, Australia to Canada for snowmobiling. I have not heard that yet, but we should check that out just to see, but I am not aware of it as yet.

**Mr. Clif Evans:** Mr. Chairman, in relating to the revenues and what the honourable member had also indicated, you know, wanting to know just where the revenues are coming, how can they come, I would like to discuss the golf course a bit because I see that there is, again, an increase in additions to capital assets from the '94 year to the '95 year of pretty well almost half a million dollars or \$498,000. Those additions, if you want to call it that, and those costs, is that specifically done on the golf course to improve the quality of the golf course?

**Mr. Driedger:** Yes, Mr. Chairman, I will let the chairman answer right away, but, in my opening remarks, I outlined a list of all the capital improvements that basically had been dealt with. This was done in conjunction with the board coming forward and saying that in order to retain their rating as a resort centre, these are the things that had to be done, and that was reflected, I believe, in here to some degree. I will let the chairman answer on that.

**Mr. Sparrow:** A considerable amount of that did take place on the golf course. For example, installing or repairing the French drains and the fairways and rebuilding some of the greens. We built a food gazebo area by the pro shop. Within the resort itself, we refurbished the dining room. The chairs were, you know—I defy anyone to sit in those chairs for longer than 30 minutes. The carpeting, of course, was worn and torn, and we have replaced that. We improved the atmosphere over all the resort. So that is where most of those costs would have come into.

**Mr. Clif Evans:** Mr. Chairman, can Mr. Sparrow indicate, you know, your gross revenue is at 2.9, what kind of percentage are we looking at of that being golf course revenue?

**Mr. Sparrow:** Without having the breakdown in front of me, I would say that a third would be—I am sorry—\$750,000. We should confirm that with you, though. We are talking rounds, and I guess we can look at, the course has increased. We looked at '91-92 at an all-time low of 16,000 rounds, and that has improved too. This year we should be doing close to 23,000, so it is an improvement of 7,000 rounds. So their revenues from that standpoint have increased.

**Mr. Penner:** I was not finished with my questioning before, regardless of what Mr. Evans says. I have as much right around this table to ask questions as he does or anybody else does, so I think it is time we realized that.

The question I have is that it appears to me that there was a period of time when boards of directors and/or others were from time to time given some privileges at the hotel such as free rooms and even free rounds of golf at times during the operations. Is that still the case? Are board members given an opportunity to play the odd free round of golf or stay at the hotel without charge?

**Mr. Sparrow:** I will answer that. I will look at our board of directors and look at the time that they spend on this particular project. For \$50 a meeting, I am not so sure how much you really owe them if we are working on an hourly basis, the time that they actually put in.

\* (1140)

I encourage our board to go to the resort whenever they can from a time standpoint to experience it. It is important that you go out and check the quality of the rooms, of the food. You cannot do it unless you are a guest. They do not really do that on a regular basis. They will do it when we have board of directors meetings. That is the only time that rooms are provided to the board. It is the only time they have really taken me up on my offer, unfortunately.

I go out and visit the resort from time to time and of course I do not pay for my room, I do not pay for my meals, as is the case in my own operation. If you do not test the product you cannot improve upon it or you

cannot pass judgment on it, so from that standpoint the board of directors do not pay for their rooms or their meals when they are there on Venture business.

If they do travel, and some of our board have travelled out there with their families or have taken companies out there for their annual meetings and so forth, at that time they have paid their expenses.

**Mr. Penner:** Are other corporations and/or individuals given the opportunity or are given free passes to the golf course and/or to the hotel periodically?

**Mr. Sparrow:** We had this year issued a number of golf passes that we use for marketing purposes to various individuals. We wanted them to go out and experience the improvements we made to the resort. What happened with those, and we monitored them very, very carefully, and the 23,000 rounds that I had mentioned earlier do not include any passes that may have been given out, but now the important factor here is, we are controlling all of the revenue from the course. I am referring to the cart rentals. So when we gave a pass out to individuals that normally would not have gone out, and when you look at the competition that we are faced with today, we are trying to pull them away from Quarry Oaks and Larters and all the other courses that have recently sprung up.

They have gone out and used it to play a round of golf, of which there is no real cost to the resort, and in addition to that have rented carts, have used our food and beverage facilities in the resort or have stayed overnight. So it has really worked out to our favour in increasing the revenues.

#### Point of Order

**Mr. Clif Evans:** On a point of order, Mr. Chairman, I know that we had agreed to twelve o'clock earlier, and I think that to be able to finish with the '94-95 statement that we proceed to at least 12:30, if this is all right with the committee.

**Mr. Chairperson:** I think that I hear Mr. Evans' point that he has brought forward. I would rule that it is not a point of order, but I feel that under the circumstances that there is more information forthcoming and more

participants that it would be appropriate to sit until 12:30. Is that agreed? [interjection] I ruled that this is not a point of order, and now I am putting to the committee, to canvass the will of the committee, to extend the agreed time of sitting to 12:30.

You have a point of order, Mr. Penner?

**Mr. Penner:** Yes, Mr. Chairman. I find it rather interesting that the opposition members of this committee will want to prolong the debate based on discussions that are taking place, that is bringing information to the table simply for that reason. I mean, we have spent two hours, or almost two hours, discussing, yet we have not gotten to the crux of some of the issues.

I would suspect that Mr. Evans wants more time to himself to bring other issues to the table. That is fine with me. However, I think we agreed at the outset of the meeting to limit the discussions to twelve o'clock, and I think all members of this committee, regardless of whether they sit on the government side or the opposition side, have a right to answer questions and bring issues to this table, and if the agreements that we enter into at the outset of these discussions to limit the debates to a certain time are not valid now when government members start asking questions then I question the validity of agreeing to time limits.

**Mr. Chairperson:** Thank you very much, Mr. Penner, for your comments. I also rule that that is not a point of order, and I will recognize Mr. Lamoureux.

**Mr. Kevin Lamoureux (Inkster):** I am being recognized on a point of order, I take it, Mr. Chairperson.

**Mr. Chairperson:** Are you addressing, excuse me, for clarity, the point that Mr. Penner brought?

**Mr. Lamoureux:** Actually, it is going to be a point of order. It is on a point of order.

Yes, the previous speaker is in fact imputing motives on behalf of Mr. Evans when he says that he is being selfish in wanting to be able to ask questions. Mr. Evans had indicated to me that he was quite prepared

to allow some time for me to be able to ask questions. I do have questions that I was hoping to be able to ask.

What Mr. Penner does not point out is that at the beginning of the meeting there was a consensus to sit till twelve o'clock because at the time, I think, there was a good feeling that we would be able to get the questions asked from both the opposition party and other potential members.

To a certain degree individuals feel somewhat frustrated in opposition if they feel that government members, who have many other opportunities to be able to ask questions and so forth—

**An Honourable Member:** This is the place to be doing it, Kevin.

**Mr. Lamoureux:** This can be the case, but if Mr. Penner wanted to be consistent with his remarks, under no circumstances should he have any problem in terms of allowing us to sit to 12:30. It is not a question, and individuals should be more honest with what they are really saying. Mr. Chairperson, I—

**Mr. Chairperson:** Order, please. I have two more members of the committee that I would like to recognize, and I believe that Mr. Evans has indicated that he is eager to proceed with the line of questioning. I put that to the committee so that they are aware of where Mr. Evans is coming from. I am sorry I cut you off, Mr. Lamoureux. Do you have anything further to add to the topic?

**Mr. Lamoureux:** No, the point is made.

**Mr. Chairperson:** Order, please. Mr. Tweed, I believe we were discussing a point of order which originated with Mr. Penner and then was augmented by Mr. Lamoureux. Are you addressing your remarks to those issues?

**Mr. Mervin Tweed (Turtle Mountain):** Yes, I will address the issue of Mr. Lamoureux's point of order.

Just two things. At the start of the meeting we had agreed that twelve o'clock would be the deadline. Knowing that, I had made other arrangements. So

therefore twelve o'clock is where I feel that the deadline—whether we pass this or not is irrelevant. I think we set a time frame. The other thing is that I do have, I guess, a serious question as to the fact as to why members of the government side, when they ask questions, are often chastised by the opposition. We are in the same position. We are trying to find out as much information as you are and, whether we have access to that information, that is why we have been chosen to sit on these committees and to represent, and we will do so. I do not think that one side has any more right than the other to ask a question of the minister. [interjection]

**Mr. Chairperson:** Order, please. Thank you, Mr. Tweed.

Mr. Newman, did you have a remark on the point of order under discussion?

**Mr. David Newman (Riel):** I guess so. My sense is, let us get on with this meeting. I did not even consider it an agreement to finish at twelve o'clock. I thought it was a gesture in good faith to make an effort to do it. So why do we not get on with it and finish it as quickly as everyone feels is reasonable?

**Mr. Chairperson:** Gentlemen, and I see Mr. Penner has got his hand up, and I would like to address remarks because I believe we have just spent about 10 to 15 minutes pursuing a matter of process here, and I would urge the committee at this point in time to get on with the time allotment that significantly is allotted to the critic, although not exclusively, and I certainly think the committee recognizes that as a matter of status quo.

Nonetheless, I would respond to Mr. Newman's remarks by saying that I do not know that there was a motion made or that there was a ruling from the Chair that it would be a twelve o'clock rise, but I would perhaps urge the committee at this point to cut the procedure as quickly as possible and get to the chase. Having said that—

\* \* \*

**Mr. Penner:** Thank you very much, Mr. Chairman. I think that, if Mr. Evans would have had the endurance

to bear with me for another two minutes, I would have asked the next question, and we would have proceeded as normal.

The next question is, Mr. Chairman, of the board of Gull Harbour Resort, how many room days and how many rounds of golf are extended gratis to individuals, be they board members and/or otherwise, on an annual basis, and what would the cost of that have been had they been filled by paying clients?

**Mr. Sparrow:** The board makes an attempt to meet three times a year, possibly four, if we can, at the resort depending on availability. Our second board meeting this year is going to take place at the resort on Thursday. The resort is empty. That is why we are going this week. Otherwise, had the resort been sold out, we certainly would not hold our meeting up there. When we do go up to the resort, it gives us an opportunity to meet with some of the staff, as I said before, and tour the facilities.

\* (1150)

That is notwithstanding the time spent by the finance chairman on our board who is a chartered accountant and goes up on his own time, particularly at year-end and so forth, and sees that the procedures are being done properly. When he goes up at that time, which is usually about three nights a year, again it is usually at a time when it is not in the peak period, because you must spend a considerable amount of that period with the general manager and our controller.

In saying that, you are looking at approximately four nights per year per board member, of which there are seven, including myself. Again, as to what the cost is, what is the cost of an empty room? The cost of an empty room, not sold, that cannot otherwise be sold, is about a little over \$9.

**Mr. Clif Evans:** Mr. Chairman, if I may proceed on the revenue end of it. We discussed in the other two previous statements about the revenue, where revenue is coming from. We talked about the fact that the statement does not necessarily break down the revenue areas, the percentages, \$2.9 million for 1995. Mr. Sparrow has already indicated that the golf course is, I

would say, bringing in approximately 20 or 25 percent of the revenue for the total gross.

Can Mr. Sparrow indicate to me a further breakdown, if he has it at his fingertips today, what percentages of this \$2.9 million are in rooms or are in VLT revenues? Since the VLTs, pardon me, Mr. Chairman, have been in we have basically seen up until this year, since '92, a fairly steady gross revenue. We see an increase this year. Hopefully that is from other revenues besides. However, does the chairman, can he indicate to committee the percentage of revenue that we are taking in at Gull Harbour in rooms and in VLT revenues?

**Mr. Sparrow:** The breakdown would be as follows. We are, and I will round some of these numbers off; \$1.2 million in room sales, \$970,000 in food, \$245,000 in beverage, \$100,000 in gift shop, almost \$400,000 in the golf course and that is strictly greens fees, because this year we are adding in the cart rentals, the pro shop and the food, a considerable increase there. Now Other Income is where the VLTs fall into; the total Other Income is only \$84,000, so the amount from VLT revenues is negligible. The VLTs do not get the same type of play as you might see in busier locations in other rural areas or of course in the city. So it is really a negligible amount on the VLTs.

**Mr. Clif Evans:** Mr. Chairman, again I thank Mr. Sparrow for those answers, and again I want to make the minister aware that we have a statement that can answer those questions. Having the numbers in front of us, then we can certainly deal with it a lot better.

On Lease Obligations, in the '93-94 statement this same point here, we are looking at an increase from \$11,000 to \$70,000, to \$65,000 to \$64,000 for the next five years. I realize that that is for the lease costs of the carts, am I correct?

**Mr. Sparrow:** Yes.

**Mr. Clif Evans:** These are all new carts, leased.

**Mr. Sparrow:** Yes.

**Mr. Clif Evans:** So what you are telling me then is all the carts that were there before belong to the previous operator of the golf course?

**Mr. Sparrow:** That is correct.

**Mr. Clif Evans:** Was there any negotiation, did he offer to sell at a decreased price the existing carts?

**Mr. Sparrow:** Yes, he did.

**Mr. Clif Evans:** Would it have been in the best interest of the resort to incur the lease payments that we have here versus buying the existing carts that were there?

**Mr. Sparrow:** On the analysis we did between leasing new carts and purchasing the older carts and they ranged in age, of course, some of them required a great deal of maintenance and upkeep. So we thought after the analysis showed that it was much more cost-efficient and combined with the fact we did not have to outlay the capital, it was much more cost-efficient to lease brand new equipment.

**Mr. Lamoureux:** Mr. Chairperson, I have a couple of questions in terms of the future of Hecla or Gull Harbour. Has the board ever considered any form of gambling casino or anything of this nature brought in?

**Mr. Driedger:** Mr. Chairman, if I can take the liberty of answering that being the minister responsible, and this will be a policy decision, I mentioned earlier on in my comments and a few times since that time that many options have been looked at, in terms of closing it, in terms of selling it, in terms of making this the Vegas of the North.

Many options have been looked at, virtually everything that we could think of has been looked at in terms of can we do these things. I can assure the member that making this the Vegas of the North is not in the cards.

**Mr. Lamoureux:** My question is more so to Mr. Sparrow. Has the board ever requested or had discussions with the government regarding having a facility of this nature?

**Mr. Sparrow:** No.

**Mr. Lamoureux:** Currently, how many VLT machines are over at Gull Harbour?

**Mr. Sparrow:** I think, 12.

**Mr. Lamoureux:** I am curious as to having, I guess, more so just a confirmation that representatives of the board have not had any discussions in terms of expansion of that whole area in the past.

**Mr. Sparrow:** We have not because there really would not be a point to it from the standpoint of the moratorium on gaming and those sorts of things. We really have not addressed that. We would address the operational issues. That is more of an owner's issue. That would be a complete turnaround in direction.

Our mandate is to operate that facility as is, in the most efficient manner, with the highest quality in service and parks that we can possibly offer. So, when you get into those kinds of—we do not deal really with—that is more of a policy, and that would be a really dramatic change in the operation's overall capital costs and so forth.

**Mr. Lamoureux:** I guess the moratorium is something that is more recent. You know, when the Crystal Casino was opened up, I recall discussions or individuals had talked about where possibilities of having casinos—and Gull Harbour is one. I understand that. So there have not really been any discussions in the past regarding a casino, or does the board rule this out completely because they do not see any benefit?

\* (1200)

**Mr. Driedger:** Mr. Chairman, I would like to take the liberty of answering that question. I have to tell the member that there have been overtures made from time to time from organizations, nationally, provincially and internationally, you know, that would like to take and have full gambling concessions, who are prepared to talk of putting in an airstrip, et cetera. These things have all been rejected by government. There is no discussion taking place on that.

Basically, our position right now is that we are challenging the board, the chairman of the board to continue operating the Gull Harbour and everything under Venture Capital, Manitoba Tours Ltd. as efficiently as they can to try and make it pay.

**Mr. Lamoureux:** The minister indicated that in fact he has been approached. Could he indicate in terms of

who would have approached the minister for these projects?

**Mr. Driedger:** Mr. Chairman, no. I mean, I can walk down the street and somebody says, hey, listen, sell me Gull Harbour; we want to make a gambling resort out of it.

There have been some that have been more professional possibly in terms of making the overtures. It is just like at the time when we were seriously looking at the possibility of selling the resort. We have had occasions, and we got relatively serious with this, looking for people that would be interested in buying it. If you would say that somebody who offers a dollar for the whole area is a serious buyer, we do not consider it that way.

There is a pretty substantive investment there by the government of Manitoba. That is why I made the statement earlier on that these things, many things have been considered. They were ruled out. We will continue to operate the resort under Venture Manitoba Tours Ltd. The board understands what their mandate is, and they are very actively pursuing all avenues in terms of trying to make this into an efficient and economic operation.

**Mr. Lamoureux:** Mr. Chairperson, being very sensitive to the time, the other question that I had was regarding visibility, if you like, of Gull Harbour within the city of Winnipeg. Has there ever been any polling done to indicate just how visible, how many Manitobans, in particular Winnipeggers, would be aware of this particular facility?

**Mr. Sparrow:** No, there have not been any polls or surveys done with respect of visibility, and mainly due to costs, too. Because of the costs incurred to do that type of a survey, we really have not commissioned any pollsters to do that for us.

**Mr. Lamoureux:** One of the things that I have found—and I have had the opportunity to be out to the resort, and it is a very impressive resort, and something which I take a great deal of pride in knowing that it is located in our province—is that there is a lack of knowledge about this particular resort. I know that you have very limited advertising dollars, no doubt, but I am curious



as to where you find the bulk of what limited resources you are going to have being advertised. Who is responsible for the marketing of Gull Harbour itself?

**Mr. Sparrow:** The responsibility lies with the actual sales department and under the direction of the general manager. From the board's standpoint, we have two individuals, and one is a hotelier involved with a major property in Winnipeg that has had a considerable amount of experience in marketing who also works with the marketing committee. When I say marketing committee, I mean marketing department of the resort itself. Included within the resort is the Winnipeg sales office, too. So combined, they are responsible for producing the plan, presenting the plan to the board for approval of that plan, and implementation of it. Then we monitor it on a regular basis through the year.

**Mr. Lamoureux:** Mr. Chairperson, how would you say that your advertising dollar would compare to other resorts of equal stature?

**Mr. Sparrow:** Not having access to what their marketing dollars are, but just based on visibility, comparable, if not more enhanced than what you might see in some of the other resorts. I mentioned before that, in Ontario, Minaki expended a number of dollars, I know, over this last year on marketing. We did not quite match that, but we certainly do compared to—we will use Gimli or Elkhorn as an example; we would compare to their budgets, I would think.

**Mr. Lamoureux:** Could you give some sort of indication—I have also been out to the Elkhorn Resort—in terms of how Gull Harbour has done compared to Elkhorn Resort in terms of overall profits and losses? Do you have any idea on that?

**Mr. Sparrow:** I cannot give you the comparison to Elkhorn. Again, it is a private corporation. We have not seen how well they are doing. Based just on word of mouth and trying a rough estimate, they also went through some tough times, as I said earlier, with the resort industry. They have improved this year. Again, it is weather related. So I would think—they are definitely our competition. We trade guests off. You know, we go after some of their clients and they come after ours. It is sort of, they go back and forth. Part of it gets into price competition too, and you have to be

very careful with that. You can only go so far in your negotiations on a convention, for example.

**Mr. Lamoureux:** Has Gull Harbour or Elkhorn ever taken the initiative of seeing if there are things that they could do jointly to promote both complexes, both resorts, because for me it was a question of, you know, it is just one other thing in which you can go to? If you find out one, you find out the other. I am interested in knowing for the simple reason that, as you point out, Elkhorn is private, and if it was not making money, no doubt it would not be around for any significant time period or it would be changing hands. So I am assuming that it is doing relatively well, and how that would compare with Gull Harbour definitely does interest me for the simple reason that we are spending tax dollars as opposed to letting the private sector go ahead.

I guess I am not entirely convinced that the marketing of Gull Harbour has been right on. I am not a marketing expert by no stretch of the imagination, but it just seems to me that very few people are actually aware of it. That is why—I guess the same thing could be said to a certain degree about the Elkhorn Resort. That is why there is no doubt a learning curve for even me to get a better understanding of this particular issue, but I am very much so concerned about the longevity of this particular resort, given the natural beauty in which the resort is set, and it could have, I believe, wonderful opportunities and would just leave that. If Mr. Sparrow would like to comment on that he can; otherwise, I know Mr. Evans has more questions.

**Mr. Clif Evans:** Just a few more questions, and then I would like to make a closing comment. Competition, it is a favourite word in certain areas of business and philosophy, competition being good at times. The minister and Mr. Sparrow are aware, of course, that—I believe it will be next year in the Gimli area—there is going to be a new golf course there, 18-hole golf course, very close to the resort. Does he anticipate, and it is hard to say, of course, but are we preparing for the opening of the golf course? In other words, for your marketing strategy, for your promotion, you are going to lose, I am sure, some traffic. What do we foresee for two years down the road as far as the golf course goes?

**Mr. Sparrow:** You are right. There is no question that competition has had a negative impact on the

resort, and I alluded to the various golf courses that opened up previously. You mentioned 1991 to '92, the dramatic swing. Gimli resort, when it opened, pulled a million dollars in revenue from Gull Harbour, and it is no secret. It happened, and you can imagine what that does to your bottom line when you see these losses increase. However, we are getting that back.

Now, with respect to the golf course, we have the advantage that it is fully developed. The Hecla Island golf course is one of the finest golf courses in the province, bar none, and I have looked and kept a close eye on Gimli. I went through it last fall, and, as far as the quality and the pristine ambience you get out of Hecla Island, it will never be in Gimli, so we can compete on that basis. We will just have to continue through the marketing and the servicing side and do our best to get the people to come up and utilize the Hecla course. We are trying to make it a course you have to play. I guess that is the way to put it. It is worth the trip to play the course.

\* (1210)

**Mr. Clif Evans:** Mr. Chairman, I wanted to, before I got into a verbal bish-bashing here earlier, when the minister and Mr. Sparrow made comment about the improvements of the golf course over the previous year or so and to the golf course, I just want to put it on record that in our previous committee this member brought that to the light of the then-minister and the then-board, the new board, that the golf course was in fact needing perhaps at that time a very serious upgrading and that I am glad to see, having the opportunity to be out there a couple of times this year, not as much as I would like, the improvements are very good for the course and, of course, good for the amount of traffic that is going there. People have noticed the changes, the improvements, and I hope that that helps us for Gull Harbour when it comes to the new golf course in Gimli opening and the changes that we are going to have, the less traffic that we might have to put up with. Having a fine golf course out there is very important.

Getting back to competition, can Mr. Sparrow or the minister indicate if there is any loss of potential revenue with the establishment of the marina with its rooms, its motel units that it has put up there?

**Mr. Sparrow:** No, not really. It is a different level. It has a particular market that it can sell to, but it is not the market we sell to. We are a higher-priced facility, of course. At least from the food and beverage side, I think the competition is good. I think the fact that choice is also good.

When you tend to travel and stay in a hotel, usually statistics show you have one meal there, one dinner there possibly if you are there for three or four days, then you go elsewhere. It is nice to have another facility that guests can walk over to the beach and go in and have—it is mainly short order—a bite to eat there.

**Mr. Clif Evans:** Mr. Chairman, too, with the facility being there as it is, would the resort itself probably get some spin-off from, as vice versa, people from the resort going over there to the marina part, to the restaurant there and vice versa for guests that are staying specifically there and not at the resort? Do you see some spin-off?

**Mr. Sparrow:** Well, due to the size of the marina operation, the spin-off is negligible really. I cannot say that we see a lot of traffic coming. The boaters, if you want to include them, will come over and use our food and beverage area.

**Mr. Clif Evans:** Mr. Chairman, I want to comment on the net loss line, down approximately \$230,000 over the previous year. I would also like to comment on the fact that the bank loan, item 3, has increased to \$4 million. Can the minister indicate the jump from, I believe it was 3.1 to 4? You are looking at a \$900,000 increase on that line.

**Mr. Sparrow:** I do not believe it was \$900,000. The bank loan went up just around \$400,000. If you look at the bank loan, if you look at the previous year's losses or adding to that, of course, and some of the capital expansion that we underwent.

**Mr. Clif Evans:** Mr. Chairman, I would like to just close out on this. I say that with the potential that is there, I understand that there has been further money put into the resort and into the golf course, a new board put in place a couple of years ago, a new general manager in place—I believe that really with responsible management and with responsible co-operation with staff out there, with the board, that hopefully we will be

able to see a turnaround, as is indicated here in the last two years that we are getting some sort of a turnaround.

I would like to see that \$353,000 be brought down very seriously this year. Hopefully the weather will permit good trade and traffic for the wintertime. I still strongly believe that those off months, those slow months—and I suggest to the board, whatever which way you can see fit in promoting that time as far as promotion, you cannot draw blood out of a rock and you just cannot force people to come out if there is nothing there to attract them.

I think part of it is that if we maintain the level of service, maintain the level of food, maintain the level of the facility and the golf course, and, you know, I feel—and I have to say to the member for Inkster (Mr. Lamoureux) and ask whether the city of Winnipeg knew about Gull Harbour or knows about Gull Harbour.

I think you can pretty well travel anywhere in this city and anywhere in this province and people know where Elkhorn is, what it is, and know where Gull Harbour is. [interjection] Perhaps the member for Inkster is not too sure, and perhaps he should stop in Riverton on the way and I will take him up the rest of the way if he gets lost.

**Floor Comment:** He could not find Riverton.

**Mr. Cliff Evans:** Well, that is a question I want to point out, and I want to make mention to the member for Inkster that when people ask me where I am from, where I am living now, I say I live in Riverton. They say, well, where is that? I say 40 minutes from Hecla. Oh, we know where that is.

So I think we have pretty good exposure in the general public as to where Gull Harbour is. I also want to make a very strong point—the chairman and I have discussed this—that it is very important for the management, the board to be not only involved as staff from Riverton, from the Arborg area, from the general area working at Gull Harbour.

I think there has to be as much, if not more, if it has not been there, increased, that co-operation with the community, that intermingling with the community, of being part of the community as management and as board members.

\* (1220)

I read in Hansard, comments made, that efforts were going to be made to tie in with the community a little bit more, as far as the board members, as far as maybe training programs, perhaps as tying in, that on your way to Hecla stop in at Riverton or vice-versa. That was mentioned in the previous committee.

I would like to see that happening. I would like to see if it has happened. I would like to see situations like that. I think that would be not only beneficial to the resort but also to the area before the resort and that being the Riverton area and the Arborg area.

The people can be made aware that there is something else that they can visit and see and be a part of, not only at the resort. I make that point with the chairman and must say there are some things that I do not necessarily appreciate, as far as when it comes to the statement and that.

I think that come the '95-96 statement, the time in committee that we have, there will be more specific questions. Hopefully the statements will be so that we will understand them. I just want to say that I wish Mr. Sparrow and the board well, the management and the staff at Gull Harbour.

I certainly hope that we see a continuous increase in revenue and a decrease on the bottom line as far as negative and an increase in positive on that. Hopefully we are at a point that we can promote Gull Harbour across North America and the world. Thank you for your time.

**Mr. Chairperson:** Are there any further questions?

The Financial Statements of Venture Manitoba Tours Ltd. for March 31, '95 and '94—pass.

This completes the business before the committee today. What is the will of the committee?

**An Honourable Member:** Committee rise.

**Mr. Chairperson:** Committee rise.

**COMMITTEE ROSE AT:** 12:22 p.m.