

Northwest Territories Liquor Licensing Board
62nd Annual Report

ANNUAL REPORT 2015-16





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August 29, 2016

Honourable Robert C. McLeod
Minister Responsible for the NWT Liquor Licensing Board

Dear Honourable Minister:

In accordance with the *Liquor Act*, I am pleased to present the Northwest Territories Liquor Board's 2015 - 16 Annual Report.

Sincerely,

A handwritten signature in black ink, appearing to be "Colin Baile". The signature is fluid and cursive, with a long horizontal stroke at the end.

Colin Baile
Chairperson

Index

| | |
|--|-----------|
| Chairperson’s Message | 4 |
| Overview | 5 |
| Board Activity | 6 |
| Liquor Licences | 8 |
| Special Occasion Permits..... | 11 |
| Special Purpose Permits..... | 13 |
| Board Accomplishments | 13 |
| Board Intentions..... | 14 |
| Board Office..... | 15 |
| Appendix – Liquor Enforcement | 16 |
| Audited Financial Report Statements | 23 |

Chairperson's Message

This reporting period has seen many changes for the Board. Our General Manager / Registrar began working towards the Board's intention of improving our accessibility and administrative processes in order to better serve the Territory's Licence Holders and Permit Holders.

Some of the changes the Board has made include new online forms, improved communication strategies, and faster decision-making processes. The Board is working towards a fully online application, renewal, and payment process. The Board is also working towards a more effective licence management system.

The Board said goodbye to Albert Monchuk of Fort Smith. Albert served as a Board Member for many years. His conscientious service is very much appreciated. Three new Board Members were appointed.

I would like to take this opportunity to thank both our external stakeholders for their contributions as the Board moves forward with our changes, and the collaborative assistance by the Department of Finance for administrative support of the Board's activities.

Sincerely,



Colin Baile
Chairperson

Overview

The Northwest Territories Liquor Licensing Board (The Board) is established under Section 2(1) of the Northwest Territories *Liquor Act*. The Minister responsible appoints Board Members for a term of three years.

The Board is a regulatory and quasi-judicial administrative tribunal that is independent from government. The Board administers several parts of the *NWT Liquor Act* and the *NWT Liquor Regulations*.

The Liquor Licensing Board regulates:

- Liquor sales and service in restaurants, bars, and at special events, and
- The manufacture of liquor.

The Board also adjudicates alleged violations of specific liquor laws by Licence and Permit Holders.

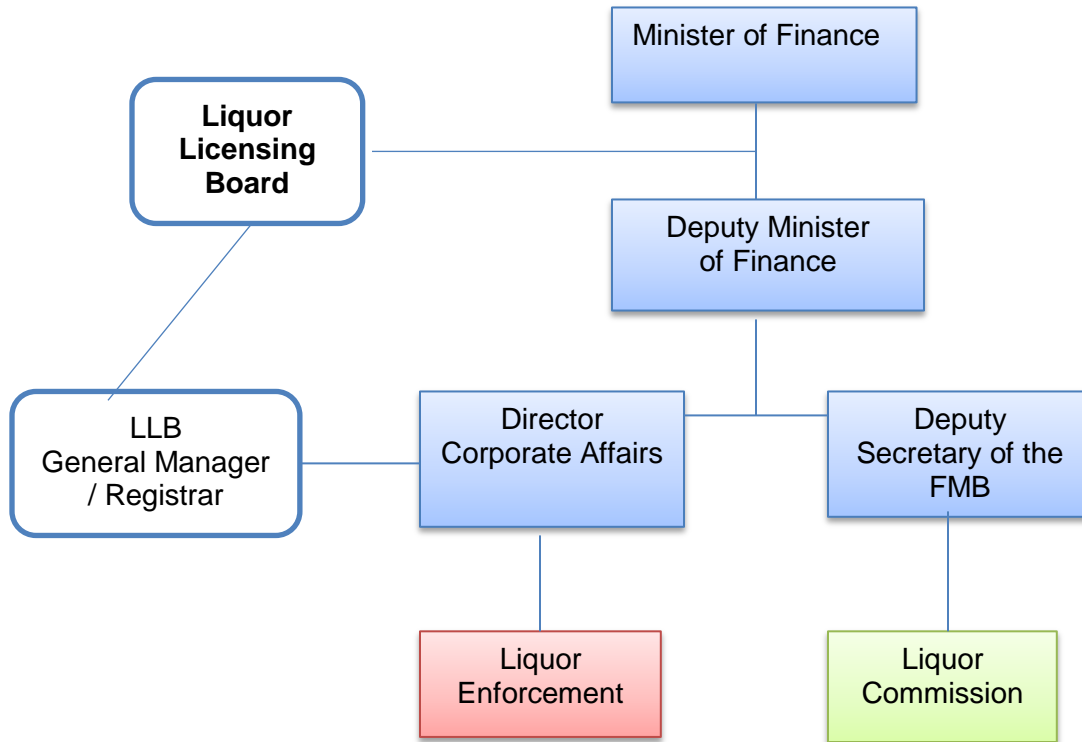
Board Members and Staff

Colin Baile – Chairperson (Yellowknife)
Adelle Guigon (Yellowknife)
Wayne Smith (Inuvik)
Heather Bourassa (Fort Good Hope)
Michael Hansen (Hay River)
Linda Martin (Fort Smith)
Jaimie Graham – General Manager / Registrar
Helene Maher – Administrative Assistant

In addition to the Liquor Licensing Board, the Northwest Territories liquor system also includes:

- Liquor Enforcement – Inspections and enforcement of licensed premises
- Liquor Commission – Purchasing and retail sales of liquor

Each agency fulfils a unique role. The Board, while arms length from the Liquor Commission and Enforcement, often interact on administrative and licensing matters.



Board Activity

The Board participated in several meetings and hearings during this reporting period.

Administration Meetings

Three administrative meetings were conducted focusing on identifying gaps in administrative processes, preparing suggested amendments to the *Liquor Regulations*, and orientation of new Board Members. Where possible, the Board meets by teleconference, or alternatively, in person where other business such as compliance hearings are scheduled.

Hearing of Licence Applications

The Board must consider each application for a liquor licence. Most often this is done by teleconference, however there are times the Board must meet in person and/or conduct a public hearing of the application. During this reporting period, the Board conducted 16 application hearings, one of which was a public hearing.

Compliance Hearings

Where Liquor Enforcement alleges a Licence Holder has failed to comply with the *Liquor Act* or a condition of their liquor licence, the matter may be brought before the Board for adjudication.

As with other administrative tribunals, the Board does not operate on a cost-recovery basis. To do so could impact people's rights to fair and unbiased decision-making. As there is no cost-recovery to policing and the Courts, the cost of administrating and enforcing the *Liquor Act* and its Regulations is always balanced against the requirements of procedural fairness.

One of the key requirements of administrative justice is that matters should be heard in a timely manner. A person accused of a statutory violation has the right to have the matter heard without undue delay. This can, on occasion, result in procedural fairness overriding financial considerations

Should the Board find a Licence Holder is noncompliant, a monetary penalty may be ordered. A licence may also be suspended for up to one year, or cancelled.

During this reporting period, three matters were set for hearing with one proceeding. Two matters were withdrawn prior to hearing. This is a marked reduction in the number of compliance hearings from previous reporting periods.

| Year | Number of Compliance Hearings |
|-----------|-------------------------------|
| 2013-2014 | 7 |
| 2014-2015 | 3 |
| 2015-2016 | 1 |

| Board Meetings and Hearings | | | | |
|-----------------------------|--|-----------------|---------------------|---------------------------|
| Administrative | Hearing of Applications/Board Requests (Teleconferences) | Public Hearings | Compliance Hearings | Total # of Board Meetings |
| 3 | 15 | 1 | 1 | 20 |

Professional Development

Board training and professional development plays an important part in assuring decisions are qualitative and fair. Similarly, interaction with other Canadian licensing authorities promotes best practices and the sharing of resources.

It is our goal for all Board Members and staff to obtain the *Foundation of Administrative Justice's* certification for tribunal members and staff. This program consists of several 1-3 day courses such as Decision-making, Evidence, and the Principles of Administrative Justice. Two Board Members have completed the certification program while other Members and staff began the training this past year.

As a member of the *Association of Liquor Authorities of Canada*, the Board Chairperson and Registrar attend biannual meetings. This presents an opportunity to exchange information and trends.

Liquor Licences

The Liquor Licensing Board regulates liquor sales and service in restaurants, bars, and special events. The Board also regulates liquor manufacturers. A person, company or organization that holds a Liquor Licence is known as a Licence Holder.

There are six types of Liquor Licences:

Class A (liquor primary) - allows a Licence Holder to sell patrons liquor in a bar or similar business. The business must generate revenue primarily from the sale and service of liquor.

Class B (food primary) - allows a Licence Holder to sell patrons liquor in a restaurant or similar business. The business must generate revenue primarily from the sale and service of meals.

Class C (mobile) - allows a Licence Holder to sell and serve liquor under one of three circumstances:

- Catering – where someone other than the Licence Holder at various locations hosts events, and the Licence Holder's primary source of revenue is from catering food.
- Ship – where the Licence Holder operates a ship that generates revenue primarily from the sale and service of food, entertainment or services related to tourism.
- Special Events – where the Licence Holder organizes special events from time to time and revenue is primarily generated from the sale and service of entertainment.

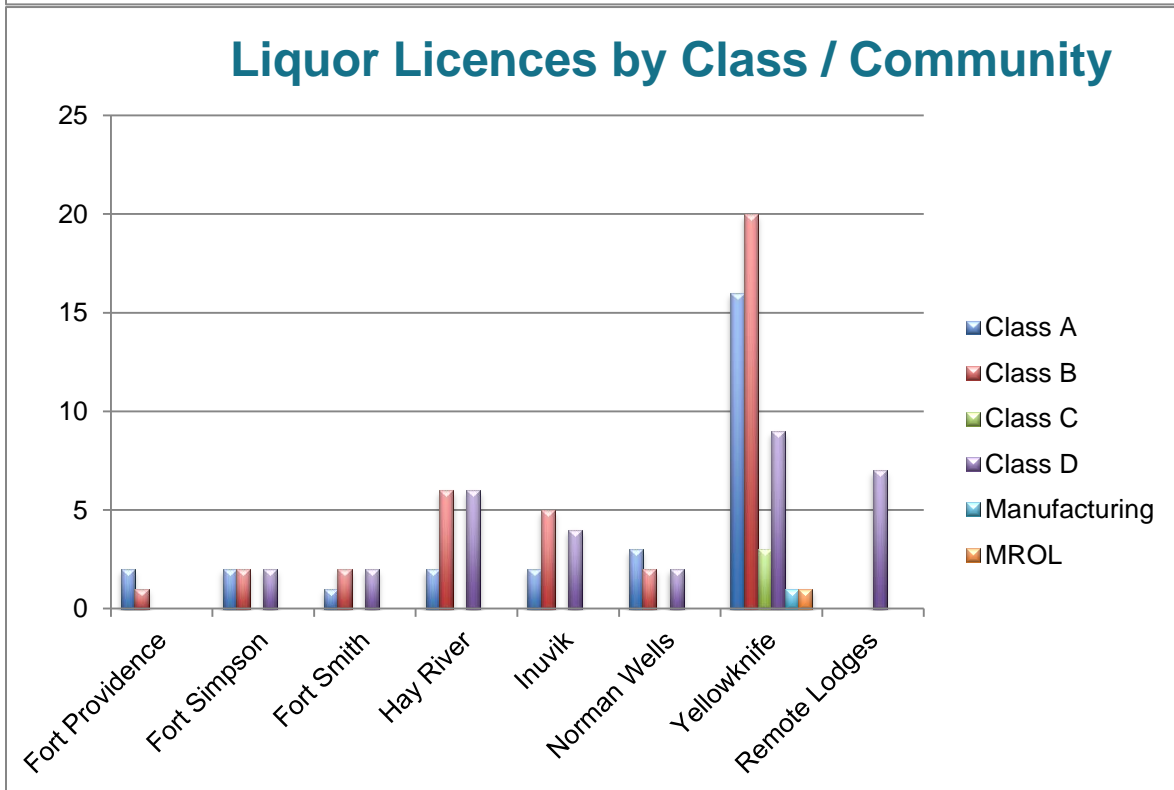
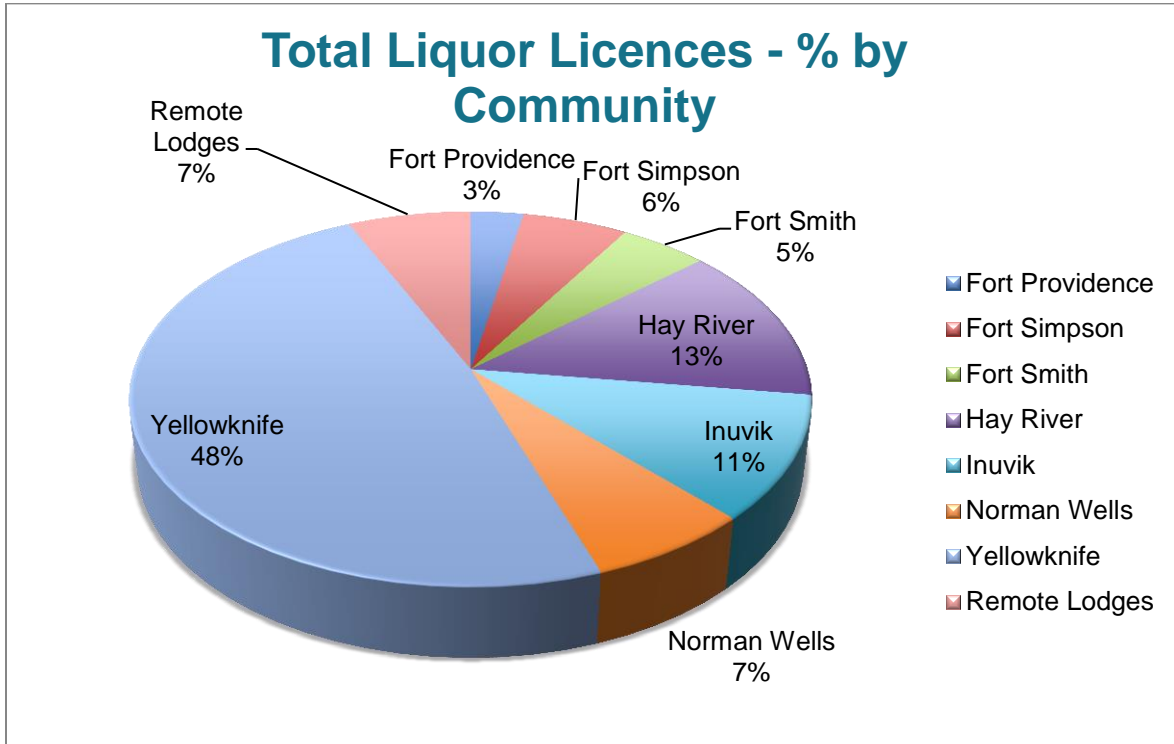
Class D (liquor incidental) - allows a Licence Holder to sell and serve liquor under one of four circumstances:

- Canteen – The Licence Holder is an authorized organization operating a canteen for its authorized patrons. An authorized organization includes a division of the military, RCMP, and a fire department.
- B & B, Lodge – The Licence Holder operates a bed & breakfast or a remote lodge and the sell or use of liquor is for its authorized patrons.
- Community, Recreational, Cultural Activities – the Licence Holder operates a facility that provides benevolent, philanthropic, charitable, religious, scientific, artistic, musical, literary, social, educational, recreational, sporting or other like activities, and the sell or use of liquor is for its authorized patrons.
- Tourist Facility – The Licence Holder operates a tourist facility without a licensed premises but may have a mini-bar extension.

Manufacturing Licence - authorizes the Licence Holder to manufacture a specified type of liquor. The holder of a Manufacturing Licence may only sell its manufactured liquor to the NWT Liquor Commission or a liquor commission or other similar authority outside the Northwest Territories.

Manufacturer's Retail Outlet Licence - A Manufacturer's Retail Outlet Licence may only be issued to a person who holds a Manufacturing Licence. A Manufacturer's Retail Outlet Licence authorizes the Licence Holder to operate a retail outlet within the manufacturing facility in order to sell its own liquor to the public.

| Community | Class of Licence | | | | | | Total Licences |
|-----------------|------------------|-----------|----------|-----------|---------------|------------------------------|----------------|
| | A | B | C | D | Manufacturing | Manufacturer's Retail Outlet | |
| Fort Providence | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| Fort Simpson | 2 | 2 | 0 | 2 | 0 | 0 | 6 |
| Fort Smith | 1 | 2 | 0 | 2 | 0 | 0 | 5 |
| Hay River | 2 | 6 | 0 | 6 | 0 | 0 | 14 |
| Inuvik | 2 | 5 | 0 | 4 | 0 | 0 | 11 |
| Norman Wells | 3 | 2 | 0 | 2 | 0 | 0 | 7 |
| Yellowknife | 16 | 20 | 3 | 9 | 1 | 1 | 50 |
| Other (Lodges) | - | - | - | 7 | - | - | 7 |
| Total | 28 | 38 | 3 | 32 | 1 | 1 | 103 |



Special Occasion Permits

Special Occasion Permits are issued in communities at Liquor Stores, the Department of Education, Culture and Employment's French Language Services, and the Board office. The Board oversees the issuance of Permits.

There are three types of Special Occasion Permits:

Class 1 - Anyone 19 years of age or older may apply for a Class 1 Permit. There may not be an admission charge for the event. Liquor may not be directly or indirectly sold. A Class 1 permit is intended for events where liquor is given to guests such as a business meet & greet where wine is served, or a wedding reception with an open bar.

Class 2 (resale) - Anyone 19 years of age or older may apply for a Class 2 Permit. Liquor may be sold, but not for a profit. The Board sets the maximum a Permit Holder may charge for liquor. Presently that amount is \$3.00 per drink. This class of permit is intended for events where the organizer wants to provide liquor but does not want to give it away. The per-drink limit is intended to offset some of these costs.

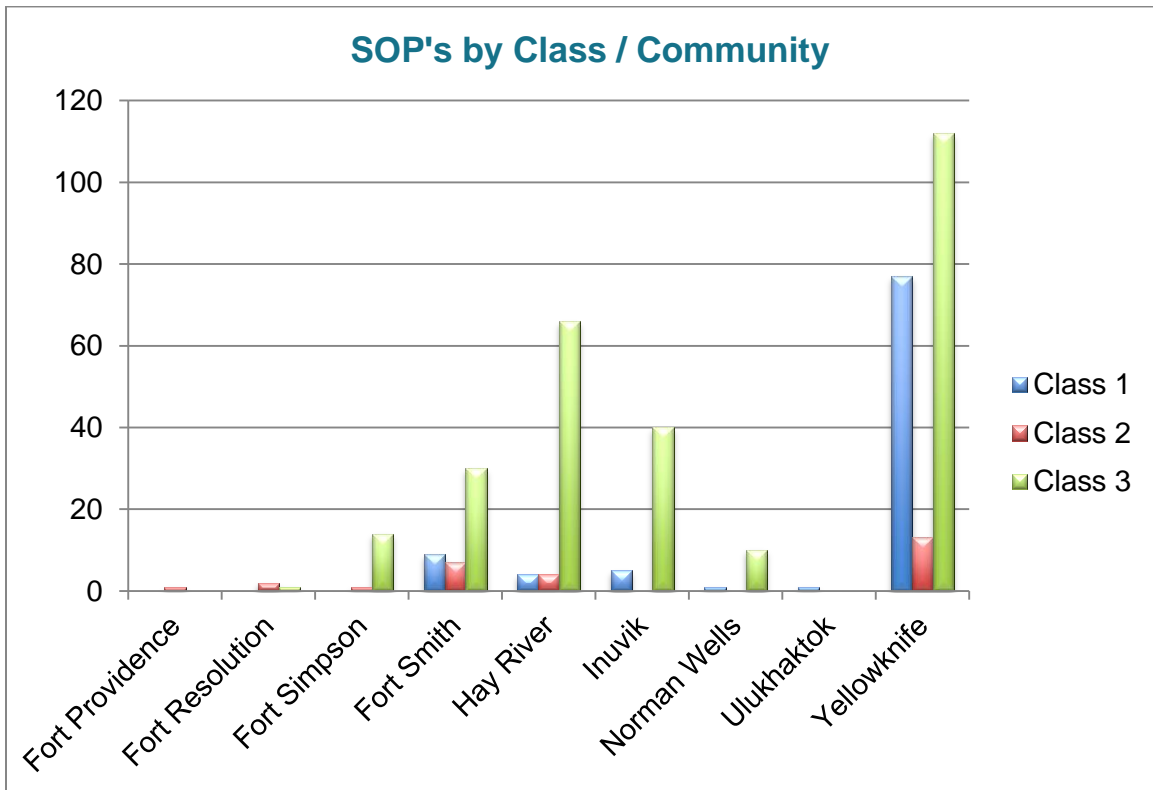
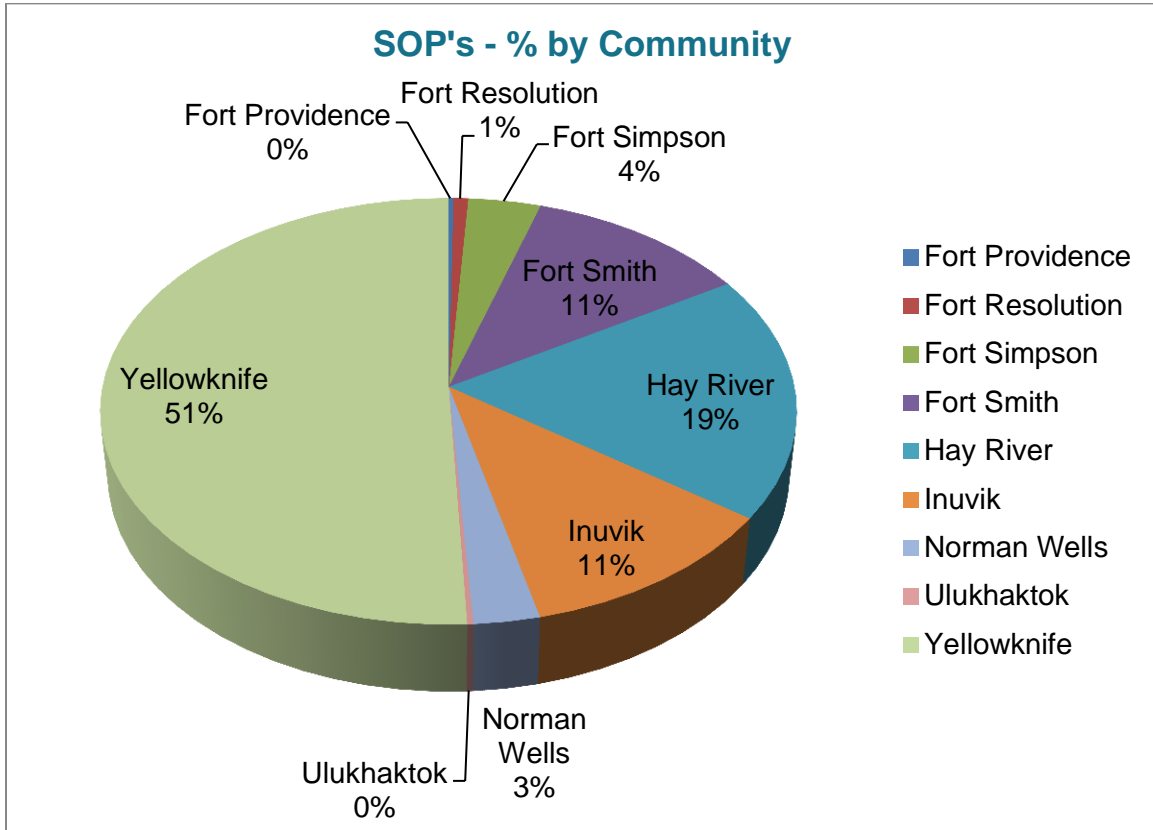
Class 3 (fundraising) - Class 3 - Resale Permits are available to organizations only, and not to individuals. Organizations that are eligible for a Class 3 permit include:

- A society incorporated under the Societies Act;
- A body incorporated under Part II of the Canada Corporations Act (non-profit);
- A service club that holds a premises licence; or
- an unincorporated group of persons that:
 - has been in existence for a period not less than six months before the date of application,
 - has an executive elected by its members, and
 - conducts a community, recreational or cultural activity and does not carry on a trade or business for the pecuniary gain of its members;

After the event, a Class 3 Permit Holder must provide the Board with a statement of account, which reflects the profit from liquor sales and the purpose to which it will be used.

| Community | Class of Permit | | | Total Permits |
|------------------|-----------------|-----------|------------|---------------|
| | Class 1 | Class 2 | Class 3 | |
| Fort Providence* | 0 | 1 | 0 | 1 |
| Fort Resolution* | 0 | 2 | 1 | 3 |
| Fort Simpson | 0 | 1 | 14 | 15 |
| Fort Smith | 9 | 7 | 30 | 46 |
| Hay River | 4 | 4 | 66 | 74 |
| Inuvik | 5 | 0 | 40 | 45 |
| Norman Wells | 1 | 0 | 10 | 11 |
| Ulukhaktok* | 1 | 0 | 0 | 1 |
| Yellowknife | 77 | 13 | 112 | 202 |
| Total | 97 | 28 | 273 | 398 |

*Permits for Fort Providence, Fort Resolution and Ulukhaktok are issued from Hay River.



Special Purpose Permits

A Special Purpose Permit authorizes a Permit Holder to possess and use liquor for a medicinal, scientific or other special purpose.

All applications for Special Purpose Permits require the approval of the Liquor Licensing Board.

The Liquor Licensing Board may issue a Special Purpose Permit to:

- a medical practitioner, dentist, nurse practitioner, registered midwife or a veterinarian;
- a person requiring liquor for a legitimate scientific or research purpose; or
- a person in charge of a health facility or nursing home.

There are presently four such Permits issued.

Board Accomplishments

During this reporting period, the Board and staff have accomplished several projects, including:

- A complete update and redesign of all Board forms;
- Board website with access to all forms and information publications;
- Conducted a Needs & Wants assessment of Permit Holders;
- Hiring of a General Manager / Registrar;
- Extensive administrative process review and reorganization;
- Developed Special Occasion Permit Guidelines;
- Approved a Statement of Direction;
- Published a newsletter for Licence and Permit Holders.



Working with NWT Licence & Permit Holders

"During the past several months, the Liquor Licensing Board has made several changes. It is our intention to improve our accessibility and administrative processes in order to better serve the Territory's Licence Holders and Permit Holders. Many of you have already communicated with the Board's recently hired General Manager/Registrar, Mrs. Jaimie Graham. We encourage you to contact Jaimie should you have any questions about liquor Licences or Special Occasion Permits. Some of the changes we have made recently include new forms, which are available online. We are working towards a fully online application, renewal, and payment process. We are also working towards a more effective licence management system. We hope you will experience this change by improved response and decision-making times. One example of this change is our new general email account: LLBinfo@gov.nt.ca. Please use this email address for all your electronic correspondence with the Board. Should you have any topic suggestions for future newsletters, please let us know. Colin Balle, Chairperson, Liquor Licensing Board

Inside This Issue:
What's new? – Board introduces new forms available online
Operating hours – Important information about changing your hours
Renovations – Before you start the work, read this
On-site Managers – Information for when you hire a new manager
Licence renewals – Many licences are up for renewal soon
Asking for your input – We want to hear from you
Special Occasion Permits – Applying for a Permit



Board Intentions

There are areas of Board business for which the work to improve continues. These include:

| BOARD OFFICE OPERATION | Board Intentions |
|---|--|
| <p>Licence Holder/Special Occasion Permit information Board Policies</p> | <p>The Board requires current, complete, and accurate information about each Licence Holder and Special Occasion Permit Holder. The absence of this information can lead to inappropriate, biased, or appealable decisions.</p> <p>The Board will have its revised policies in place by the end of 2016.</p> |
| <p>Online Services</p> | <p>The Board intends to work towards a “paperless” office. This includes offering the public liquor licence application and renewal online, including acceptance of monies. In order to provide services to a broader segment of the public, the Board will also work towards online SOP applications.</p> <p>One of the largest elements of moving in this direction is the establishment of an integrated management software system capable of allowing for managing online services and administrative tasks.</p> |
| <p>Special Occasion Permit Issuer Program</p> | <p>The Board intends to establish a system of appointment recommendation and monitoring; Permit Issuer training, permit review, and greater Enforcement interaction.</p> |
| STAKEHOLDER INTERACTIONS | |
| <p>Licence Holders</p> | <p>A quarterly newsletter informing Licence Holders of recent compliance hearings, reminders of selected statutory obligations, reporting requirements, licence renewal information, and Enforcement issues.</p> <p>Regular meetings for the informal exchange of information. Being an adjudicative tribunal, the Board must be careful in the nature of this exchange. The Board cannot be seen to be “pre-judging” issues, which may come before it. There is merit however to giving Licence Holders the opportunity to discuss issues with the Board. Meetings will likely start with semi-annual meetings in Yellowknife (where the majority of Licence Holders operate). Meeting could be webcasted for Licence Holders in other communities.</p> |
| <p>Major Permit Applicants</p> | <p>Contact major permit applicants several months prior to their anticipated annual event with permit application information.</p> <p>Expand the contact list in order to make regular proactive contact with organizations, which have repeatedly applied for a liquor permit or have sponsored large events.</p> |

Board Office

The Liquor Licensing Board office is located in Hay River, Northwest Territories.

The Board office is staffed by one full-time General/Manager and one part-time Administrative Assistant.

NWT Liquor Licensing Board
Suite 204-31 Capital Drive
Hay River, NT X0E 1G2

Toll-free: 1-800-351-7770

Email: LLBinfo@gov.nt.ca

Website: www.fin.gov.nt.ca/services/liquor/liquor-licensing-board

Appendix – Liquor Enforcement

Liquor Enforcement is not a part of the Liquor Licensing Board.

This appendix is intended for reporting purposes only and should be considered an independent report. Information requests regarding Liquor Enforcement should be directed to their office.

NORTHWEST TERRITORIES ENFORCEMENT

SUITE 204 – 31 CAPITAL DRIVE
HAY RIVER NT X0E 1G2
PH: 867 874 8715
FAX: 867 874 8722
TOLL FREE: 1 800 351 7770

ENFORCEMENT ACTIVITY

The Liquor Enforcement Division is responsible superintending liquor inspectors, conducting liquor inspections, and administering community options on behalf of communities. Contracted liquor inspectors monitor the activities of licensed premises by doing liquor inspections at irregular intervals at licensed premises and at licensed special occasion permit functions where liquor is being served or sold. The inspection program strives for voluntary compliance through regular liquor inspections, training courses, newsletters and on-site visits from the Manager of Enforcement. The inspections program targets high risk premises (those most likely to offend) for inspections more frequently than those considered to be a lower risk (e.g. Restaurants).

The RCMP also conducts walkthroughs at licensed premises and at licensed special occasion permit functions. The number of times these types of inspections are done is not reported to Enforcement. However, violations are reported to Liquor Enforcement when found.

INSPECTION OF LICENSED PREMISES

| Community | Inspections | |
|-----------------|-------------|-------------|
| | 2015 - 2016 | 2014 - 2015 |
| Fort Providence | 2 | 1 |
| Fort Simpson | 0 | 3 |
| Fort Smith | 183 | 47 |
| Hay River | 131 | 133 |
| Inuvik | 144 | 164 |
| Norman Wells | 32 | 71 |
| Yellowknife | 591 | 802 |
| TOTAL | 953 | 1221 |

Fluctuations in the number of inspections performed are affected by the availability of the inspectors.

SERVER TRAINING

Enforcement offers and conducts server training courses free of charge to licence holders, their staff, the general public and special occasion permit holders. Attendance at these courses is voluntary. The Liquor Licensing Board can order licence holders and their staff to take the course as part of a penalty when a licence holder has been found in violation of the *Liquor Act* or at high risk events. The server training course educates the license and permit holders on their responsibilities under the *Liquor Act and Regulations* and on Board policy. The training covers recognizing intoxication, identifying minors, responsible serving, managing crowd control, providing a safe environment and liability issues.

Licence holders are provided with a newsletter on a quarterly basis and provided with up-to-date information to assist them in complying with the *Liquor Act and Regulations*.

Licence holders also have access to a toll-free line for assistance. Every licence holder has been provided with a licence holder handbook and a copy of the *Liquor Act* and *Regulations*. When a large number of persons are expected to attend an event such as a concert the permit holder is contacted and offered server training for persons working the event.

SERVER TRAINING COURSE PARTICIPANTS

| Community | 2015 – 2016 | 2014 - 2015 |
|-----------------|-------------|-------------|
| Fort Providence | 12 | 12 |
| Fort Simpson | 0 | 0 |
| Fort Smith | 8 | 8 |
| Hay River | 54 | 59 |
| Inuvik | 0 | 0 |
| Norman Wells | 0 | 0 |
| Yellowknife | 283 | 160 |
| Total | 357 | 239 |

COMMUNITY STATUS

Communities in the Northwest Territories have options available to them regarding their liquor status. Communities are either:

Unrestricted - there are no restrictions beyond those that are described in the *Liquor Act* or *Regulations*;

Restricted - a restriction may limit the quantity of alcohol and/or frequency that liquor can be brought into the community, the quantity of alcohol and hours of sale, or to seek approval to bring alcohol into the community from an Alcohol Education Committee; or

Prohibited - there is a complete ban on alcohol being brought into the community.

UNRESTRICTED COMMUNITIES INCLUDE

| | | |
|------------------|------------------|---------------|
| Aklavik | Fort Smith* | Kakisa |
| Colville Lake | Hay River* | Sachs Harbour |
| Enterprise | Inuvik * | Wrigley |
| Fort Providence* | Jean Marie River | Yellowknife* |
| Fort Resolution | Norman Wells* | |

*These communities have licensed premises and/or liquor store/liquor warehouses.

RESTRICTED COMMUNITIES INCLUDE

| | | |
|----------------|----------------|-------------|
| Déline | Fort McPherson | Ulukhaktok |
| Dettah | Fort Simpson* | Tuktoyaktuk |
| Fort Good Hope | Paulatuk | |
| Fort Liard | Tulita | |

*The restriction applies to the amount of liquor that can be bought at the liquor store.

Déline

The restriction prohibits an individual from bringing into the community in any 24-hour period or possesses at any time within a 25-km radius of the Déline Charter Community Office an amount of liquor that exceeds any one of the following combinations:

- (a) 1140 ml of spirits and 12 containers (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 12 containers (355 ml) of beer and two litres of wine; or
- (d) 24 containers (355 ml) of beer and one litre of wine.

The restriction regulations authorize the Déline Dene Council to bring into and possess in the restricted area greater quantities of liquor for consumption at a wedding, community dance or other special events.

Dettah

The restriction applies to the amount of liquor an individual can possess in any one-month. This is either;

- (a) 12 containers (355 ml) of beer and 1 container (750 ml) of spirits; or
- (b) 4500 ml of wine.

Fort Good Hope

The restriction applies to the amount of liquor an individual can possess in a seven-day period. An individual may possess one of the following quantities of liquor:

- (a) 1140 ml of spirits and one dozen (355 ml) containers of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) one dozen (355 ml) containers of beer and two litres of wine; or
- (d) two dozen (355 ml) containers of beer and one litre of wine.

Fort Liard

The restriction applies to the amount of liquor an individual can transport into the community over a one-week period. An individual may transport either:

- (a) 1140 ml of spirits;
- (b) two dozen containers (355 ml) of beer; or
- (c) two containers (750 ml) of wine.

The restriction does not apply to the purchase, sale or transport of liquor by the municipal or band council where liquor shall be consumed at community dances.

Fort McPherson

The restriction prohibits an individual from:

- i. bringing into the restricted area, in any seven-day period, a quantity of liquor that is in excess of one of the following combinations:
- ii. operating within the restricted area a vehicle having two or more occupants and transporting a quantity of liquor that is in excess of two of the following combinations:
 - (a) 2280 ml of spirits and 24 containers (355 ml) of beer;
 - (b) 2280 ml of spirits and four litres of wine;
 - (c) 24 containers (355 ml) of beer and four litres of wine; or
 - (d) 48 containers (355 ml) of beer and two litres of wine.

Fort Simpson

The restriction applies to the quantity of liquor the vendor can sell to a person during a day in which the liquor store is open. The quantity is:

- (a) 1140 ml of spirits and 12 containers (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 2 litres of wine and 12 containers (355 ml) of beer; or
- (d) 24 containers (355 ml) of beer and one litre of wine.

Paulatuk

The restriction prohibits an individual from bringing into the restricted area in any seven-day period, and from possessing in the restricted area at any time, a quantity of liquor that is in excess of one of the following combinations:

- (a) 1140 ml of spirits and 12 container (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 12 containers (355 ml) of beer and two litres of wine; or
- (d) 24 containers (355 ml) of beer and 750 ml of spirits;
- (e) 1175 ml of spirits.

Trout Lake

The restriction prohibits an individual from bringing into the restricted area in any twenty-four hour period, a quantity of liquor that is in excess of one of the following combinations:

- (a) 750 ml of spirits and 12 container (355 ml) of beer;
- (b) 750 ml of spirits and two litres of wine;
- (c) 12 containers (355 ml) of beer and two litres of wine; or
- (d) 24 containers (355 ml) of beer and one litre of wine.

Tulita

The restriction prohibits an individual from bringing into the restricted area, in any 24 hour period, and from possessing in the restricted area, at any time, a quantity of liquor that is in excess of the following combinations:

- (a) 1140 ml of spirits and 12 container (355 ml) of beer;
-

- (b) 1140 ml of spirits and two litres of wine;
- (c) 12 containers (355 ml) of beer and two litres of wine; or
- (d) 24 containers (355 ml) of beer and one litre of wine.

Ulukhaktok

The restriction prohibits an individual from bringing into the community in any seven-day period, and from possessing at any time, a quantity of liquor that is in excess of one of the following combinations:

- (a) 1140 ml of spirits and 12 container (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 12 containers (355 ml) of beer and two litres of wine;
- (d) 24 containers (355 ml) of beer and one 750 ml bottle of hard liquor; or
- (e) 1775 ml of spirits of hard liquor.

The restriction regulations authorize the Ulukhaktok Hamlet Council to bring into and possess in the restricted area greater quantities of liquor for consumption at a wedding, community dance or other special events.

Tuktoyaktuk

The restriction prohibits an individual from bringing into the community at any time, and from possessing at any time a quantity of liquor that exceeds one of the following combinations:

- (a) 1140 ml of spirits and 24 containers (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 24 containers (355 ml) of beer and three litres of wine;
- (d) 2280 ml of spirits;
- (e) 6 litres of wine; or
- (f) 48 containers (355 ml) of beer.

The restriction authorizes the Hamlet Council to authorize a person to bring into and possess in the restricted area greater quantities of liquor for consumption at a wedding, community dance or some other special function.

PROHIBITED COMMUNITIES INCLUDE

Behchokö
Gamèti
Lutsel'Ke

Nahanni Butte
Tsiigehtchic

Whati
Wekweètì

COMMUNITY OPTIONS

Municipalities, settlements or bands may request to have the consumption, purchase, sale or transport of alcohol prohibited during a special event. An Order may not be made if it would require the temporary closure of any licensed premises or liquor store in the area. Liquor Enforcement liaises with local governments, Legislation and the

Department of Finance to assist communities in the process to obtain Temporary Prohibition Orders and Plebiscites.

Between April 1st, 2015 and March 31st, 2016 the Minister approved the following Temporary Prohibition Orders:

| <u>Community</u> | <u>Event</u> | <u>Duration</u> |
|------------------|----------------------------------|-----------------------|
| Tuktoyaktuk | 2015 Beluga Jamboree | 14- 20th April, 2015 |
| Fort Good Hope | 2015 Rampart Rendezvous | 6-10th August, 2015 |
| Fort Resolution | 2015 Cultural Awareness Week | 11-19th August, 2015 |
| Paulatuk | 2015 Iqalukpik Jamboree | 12-18th August, 2015 |
| Tulita | 2nd Annual Hand-Games Tournament | 30 Aug - 7 Sept. 2015 |

Communities are sent an information package in May of each year with instructions on how to apply for a Temporary Prohibition Order.

In requesting a Temporary Prohibition Order the municipality, settlement or band must send their request to the Minister no later than fifteen (15) days prior to the event.

If the Minister considers it appropriate in the circumstances, he may accept a request for a temporary prohibition order that is received less than 15 days before the commencement of the temporary prohibition if the request was unable to be given within the 15 day period because the event requiring the order is a crisis or an event that was not reasonably foreseeable prior to the 15 day period.

For greater certainty, the regulations stipulate that a failure to adequately plan for the request in a timely fashion does not constitute a reason to waive the 15 day period.

Liquor Enforcement assists communities in identifying Community Status Options for their unique needs. Choices are Unrestricted, Restricted and Prohibited. Status options and changes in status options are community driven by way of plebiscite. Enforcement assists in educating the leadership as to available options and steering the community through the plebiscite process, with the Departments of Finance and Justice. All legitimate expenses incurred by a plebiscite are managed by Liquor Enforcement and paid through the Revolving Fund.

During 2015 – 2016 there were no requests for plebiscites.

Audited Financial Report Statements

**NORTHWEST TERRITORIES LIQUOR LICENSING BOARD
AND LIQUOR ENFORCEMENT**

Financial Statements

Year ended March 31, 2016

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Index to Financial Statements

March 31, 2016

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| Management's Responsibility for Financial Reporting..... | 26 |
| Auditor's Report | 27 |
| Statement of Financial Position | 29 |
| Statement of Operations | 30 |
| Statement of Accumulated Surplus | 31 |
| Statement of Changes in Net Debt..... | 32 |
| Statement of Cash Flows..... | 33 |
| Notes to Financial Statements..... | 34 |

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the financial statements of the Northwest Territories Liquor Licensing Board and Liquor Enforcement (Board) is the responsibility of the Board's management.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Where alternative accounting methods are permitted, management has chosen those that are most appropriate. Where required, management's best estimates and judgments have been applied in the preparation of these financial statements.

Management fulfills its financial reporting responsibilities by maintaining financial management and control systems and practices which are designed to provide reasonable assurance that transactions are properly authorized, proper records are maintained, accurate financial information is prepared on a timely basis, assets are safeguarded, and the Board complies with all statutory requirements.

Our auditor performs an annual audit on the financial statements in order to express an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the Liquor Licensing Board and Liquor Enforcement, the results of its operations, the change in its net financial resources and its cash flows for the year. During the course of the audit, he also examines transactions that have come to his notice, to ensure they are, in all significant respects, in accordance with the statutory authorities of the Board.



Colin Baile
Chairperson, NWT Liquor Licensing Board
August 29, 2016

Chris Polselli CPA, CA
5 Deer Park Point
Spruce Grove, AB, T7X 4N6

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Liquor Licensing Board and Liquor Enforcement

Report on the Financial Statements

I have audited the accompanying financial statements of the Northwest Territories Liquor Licensing Board and Liquor Enforcement, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Northwest Territories Liquor Licensing Board and Liquor Enforcement as at March 31, 2016, the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Independent Auditor's Report (Continued)

Report on Other Legal and Regulatory Requirements

I further report in accordance with the *Financial Administration Act* that, in my opinion, proper books of account have been kept by the Northwest Territories Liquor Licensing Board and Liquor Enforcement and the financial statements are in agreement therewith. In addition, the transactions of the Northwest Territories Liquor Licensing Board and Liquor Enforcement that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* of the Northwest Territories and regulations and the *Liquor Act* of the Northwest Territories and regulations.

A handwritten signature in dark ink, appearing to be 'C. R.', is written on a light green rectangular background.

August 29, 2016
Spruce Grove, Canada

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Financial Position

| As at March 31 (\$000) | 2016 | 2015 |
|--|-------------|-------------|
| Financial Assets | | |
| Accounts receivable | \$ 2 | \$ - |
| Pension and other employee benefits (note 4) | 15 | - |
| Due from NWT Liquor Commission (note 3) | 271 | 201 |
| | <u>288</u> | <u>201</u> |
| Financial Liabilities | | |
| Accounts payable | 274 | 169 |
| Pension and other employee benefits (note 4) | - | 12 |
| Deferred revenue | 16 | 23 |
| | <u>290</u> | <u>204</u> |
| Net debt | <u>(2)</u> | <u>(3)</u> |
| Non-financial Assets | | |
| Prepaid Expenses | 2 | 3 |
| Accumulated surplus | <u>\$ -</u> | <u>\$ -</u> |

Contractual obligations (note 7).

The accompanying notes are an integral part of the financial statements.

Approved by the Northwest Territories Liquor Licensing Board:



Colin Baile
Chairperson, Liquor Licensing Board

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Operations

| For the year ended March 31, (\$000) | 2016 | | 2016 | | 2015 | |
|---|---------------|--------------|---------------|--------------|---------------|--------------|
| | Budget | | Actual | | Actual | |
| Revenue | | | | | | |
| License fees and permits | \$ | 112 | \$ | 122 | \$ | 375 |
| Government contribution – services provided without charge (note 6) | | - | | 7 | | 11 |
| | | 112 | | 129 | | 386 |
| Expenses (notes 5 and 6) | | | | | | |
| Salaries, wages and employee benefits | | 486 | | 490 | | 379 |
| Honoraria | | 67 | | 71 | | 34 |
| Inspector's fees | | 47 | | 47 | | 45 |
| Rent | | 43 | | 43 | | 72 |
| Travel | | 30 | | 40 | | 25 |
| Professional fees | | 17 | | 35 | | 20 |
| Administration | | 33 | | 29 | | 26 |
| | | 723 | | 755 | | 601 |
| Annual loss | \$ | (611) | \$ | (626) | \$ | (215) |

The accompanying notes are an integral part of the financial statements.

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Accumulated Surplus

| For the year ended March 31, (\$000) | 2016 | 2015 |
|--|-------------|-------------|
| Accumulated surplus, beginning of year | \$ - | \$ - |
| Annual loss | (626) | (215) |
| Amounts transferred from the NWT Liquor Commission | 626 | 215 |
| Increase (decrease) in accumulated surplus | - | - |
| Accumulated surplus, end of year | \$ - | \$ - |

The accompanying notes are an integral part of the financial statements.

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Changes in Net Debt

| For the year ended March 31 (\$000) | 2016 | | 2016 | | 2015 |
|--|--------|----|--------|----|------|
| | Budget | | Actual | | |
| Net debt, beginning of the year | \$ (3) | \$ | (3) | \$ | - |
| Items affecting net financial resources: | | | | | |
| Increase (decrease) in accumulated surplus | - | | - | | - |
| Decrease (increase) in prepaid expenses | - | | 1 | | (3) |
| Net debt, end of year | \$ (3) | \$ | (2) | \$ | (3) |

The accompanying notes are an integral part of the financial statements.

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Cash Flows

| For the year ended March 31, (\$000) | 2016 | 2015 |
|---|-------------|-------------|
| Operating transactions | | |
| Cash received from customers | \$ 113 | \$ 383 |
| Cash paid to employees and suppliers | (669) | (525) |
| Cash provided by operating transactions | (556) | (142) |
| Financing transactions | | |
| Cash transferred from the NWT Liquor Commission | 556 | 142 |
| Decrease in cash | - | - |
| Cash, beginning of year | - | - |
| Cash, end of year | \$ - | \$ - |

The accompanying notes are an integral part of the financial statements.

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2016 (\$000)

1. Authority and operations

The Northwest Territories Liquor Licensing Board (the "Board") was established under the *Liquor Act* (the "Act") for the purposes of regulating the sale of liquor in licensed premises, issuing liquor licenses and overseeing the issuing of special occasion permits and other permits in the NWT. The Minister appoints a member of the Public Service to be the Executive Secretary to the Board. Liquor Enforcement is separate from the Liquor Licensing Board and is managed by different staff. The Liquor Commission (the "Commission") provides financial administrative support to the Board.

In accordance with the Act and the *Revolving Funds Act*:

- The operations of the Commission and the Board are accounted for through the Liquor Revolving Fund (the "Fund"). All monies received by the Commission and the Board must be deposited into the Fund and all expenditures incurred by the Commission and the Board must be paid out of the Fund. The Commission provides for the financial administrative support to the Board and may receive a working capital advance from the Consolidated Revenue Fund (the "CRF") of the Government of the Northwest Territories ("GNWT") to finance its operations.
- The authorized limit of the Fund, defined as the maximum amount by which the assets (cash, accounts receivable and inventories) exceed the liabilities, must not exceed \$6,500.
- The Commission must periodically transfer amounts from the Fund to the CRF to ensure that the Fund does not exceed its authorized limit. As at March 31, 2016, the Fund's assets exceeded the liabilities by \$3,752 (2015 – \$3,077).

Neither the Commission nor the Board are separate legal entities apart from the Department of Finance of the GNWT and neither are subject to the requirements of the *Income Tax Act*.

The operations of enforcement are managed separately from the Board. For the purpose of financial reporting the assets, liabilities, and expenses are combined in these financial statements as both are funded from the Liquor Revolving Fund. The Board is a Schedule A (Financial Administration Act) public agency and Liquor Enforcement is not.

2. Significant accounting policies

(a) Basis of accounting

The financial statements of the Board are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. These financial statements include the activities of the Enforcement Program which have been disclosed separately and combined with the activities of the Board in the statement of operations.

(b) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ significantly from those estimates. The more significant management estimates include the calculation of the liability for employee future benefits and deferred revenue.

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2016 (\$000)

2. Significant accounting policies (continued)

(c) Revenue recognition

License fees and permits are recorded in revenue in the year that the fee or permit relates. If cash is received in advance of the fee or permit period, it is recorded in deferred revenue.

(d) Services provided without charge

Liquor Enforcement records the estimated cost of the legal services it receives without charge from the Department of Justice. The services are recorded as a government contribution – services provided without charge and included in the expenses in the statement of operations.

(e) Tangible capital assets

The Board receives the use of tangible capital assets from the Commission without charge.

(f) Pension benefits

The appointed employees of the Board are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Board to cover current service cost. Pursuant to legislation currently in place, the Board has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Board.

(g) Other employee benefits

Employees are entitled to severance benefits, reimbursement of removal costs and other compensated absences, as provided for under labour contracts and conditions of employment, based upon years of service. The cost of these benefits is accrued as the employees render the services necessary to earn them. The cost of these benefits were actuarially determined using the projected unit credit valuation methodology and expected utilization methods. This change was implemented in 2015 and is accounted for in 2015 comparative figures.

3. Due from NWT Liquor Commission

As explained in note 1, The Commission provides financial administrative support to the Board. The Commission receives all amounts receivable to the Board and pays all amounts payable by the Board. The Board does not keep separate cash accounts nor does it directly own any tangible capital assets. Any amounts owing from the Board to the Commission (or vice versa) are settled through transfers to/from accumulated surplus.

The Commission provides tangible capital assets for the use by the Board without charge.

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2016 (\$000)

4. Pension and other employee benefits

a) Pension benefits

The employees of the Liquor Board & Enforcement participate in the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the plan. The basic benefit formula is 2% per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. Contributions are required by both the employees and the Board & Enforcement. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. As of March 31, 2016, the employer contribution rates for employees hired before January 1, 2013 is 1.15 (2015 - 1.28) times employee's contributions. The employer's contribution rate for employees hired after January 1, 2013 is 1.21 (2015 - 1.28) times employee's contributions.

The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation. The Board & Enforcement's employees' contributions to the Plan for the year were as follows:

| | 2016 | 2015 |
|--|-------------|-------------|
| Employer's contributions (recognized as expense) | \$ 30 | \$ 38 |
| Employee's contribution | 38 | 27 |

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2016 (\$000)

4. Pension and other employee benefits, continued

b) Other employee benefits

| | 2016 | | | 2015 | | |
|--|---|---|---------|---|---|-------|
| | Severance and Removal Obligation | Accumulated Sick & Special Obligation | Total | Severance and Removal Obligation | Accumulated Sick & Special Obligation | Total |
| Accrued benefit obligation, beginning of the year | \$ 8 | 4 | \$ 12 | \$ 28 | \$ - | \$ 28 |
| Current period benefit cost (note 1) | 0 | 4 | 4 | 7 | 24 | 31 |
| Accuarial Gains | (2) | 21 | 20 | - | - | - |
| Accretion in liability | 0 | 0 | 0 | 1 | - | 1 |
| Benefits paid during the year | (6) | (25) | (31) | (28) | (20) | (48) |
| | 0 | 5 | 5 | 8 | 4 | 12 |
| Unamortized net actuarial gain (loss) | 2 | (21) | (20) | - | - | - |
| Accrued benefit obligation (asset), end of the year | \$ 2 | (17) | \$ (15) | \$ 8 | \$ 4 | \$ 12 |

The Board provides severance benefits to its employees based on years of service and final salary. The Board also provides removal assistance to eligible employees, as provided under labour contracts. These benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The Board provides accumulating sick and special leave employee benefits. Sick leave accrues at a rate of one and one quarter days per month and special leave accumulates at a rate of one half day per month. These leave balances require funding in future periods when employees become sick or require special leave. Sick leave can only be used for paid time off for illness of the employee. Special leave can only be claimed in certain circumstances (e.g. sick family members, family deaths, marital leave) Sick and special leave taken is paid at the employee's normal rate of pay. Sick and special leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. Unused sick and special days accumulate and there are no limits to the accumulation.

An actuarial valuation for accounting purposes was prepared at March 31, 2016 for the Board's other employee future benefit plans using the projected benefits method prorated on services.

The actuarial valuation at March 31, 2016 reflects management's best estimate based upon a number of future orientated assumptions including:

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2016 (\$000)

4. Pension and other employee benefits, continued

| | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|
| Expected inflation rate | 2.0% | 2.0% |
| Discount rate used to determine the accrued benefit obligation | 3.2% | 2.5% |
| Expected average remaining service life of related employee groups (EARSL) | 8.6 | 8.8 |
| Expected age at termination | 58.3 | 58.6 |

Time of expected payments for other employee benefits are as follows:

| | |
|-----------------|------------|
| 2018 | \$ 1 |
| 2019 | 1 |
| 2020 | 1 |
| 2021 | - |
| 2022 and beyond | - |
| | <u>\$3</u> |

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2016 (\$000)

5. Expenses

(a) As explained in note 1, the liquor enforcement activities are included in total expenses as follows:

| For the year ended March 31, (\$000) | Enforcement | |
|---------------------------------------|-----------------|-----------------|
| | 2016 | 2015 |
| Expenses (notes 6 and 7) | | |
| Salaries, wages and employee benefits | \$ 281 | \$ 225 |
| Inspector's Fees | 36 | 45 |
| Rent | 25 | 42 |
| Travel | 10 | 4 |
| Professional Fees | 10 | - |
| Honoraria | - | - |
| Other | 8 | 16 |
| | 370 | 332 |
| Annual loss | \$ (370) | \$ (332) |

6. Related party transactions

The Board is related in terms of common ownership to all GNWT created departments, agencies and corporations. The Board enters into transactions with these entities in the normal course of business and these transactions are measured at the exchange amount.

The Board incurred \$490 (2015 - \$379) related to salaries, wages, and employee benefits for the Board's employees and \$71 (2015 - \$34) related to honoraria for Board members. The Board reimburses the Department of Finance for these costs.

The Department of Justice provides Liquor Enforcement with legal services without charge. The total cost of these services has been estimated to be \$7 (2015 - \$11). The cost of the services noted above has been recognized on the statement of operations.

Included in accounts payable and accrued liabilities is \$52 (2015 - \$104) for salaries, wages, employee benefits, and honorariums.

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2016 (\$000)

7. Contractual obligations

The Board has a five year lease agreement ending April 30, 2021 for its Office premises. The minimum annual lease payments for the leases over the next five year(s) are:

| | |
|---------|-------|
| 2016/17 | \$ 32 |
| 2017/18 | \$ 31 |
| 2018/19 | \$ 31 |
| 2019/20 | \$ 31 |
| 2020/21 | \$ 31 |

Annual lease payments for the office premises include estimated operating costs and property taxes.

8. Financial instruments

The Board's financial instruments consist of cash due from the NWT Liquor Commission, accounts payable and accrued liabilities, pension and other employee benefits. It is management's opinion that the Board is not exposed to significant interest or currency risks arising from these financial instruments.

The carrying value of the financial instrument approximates fair value.