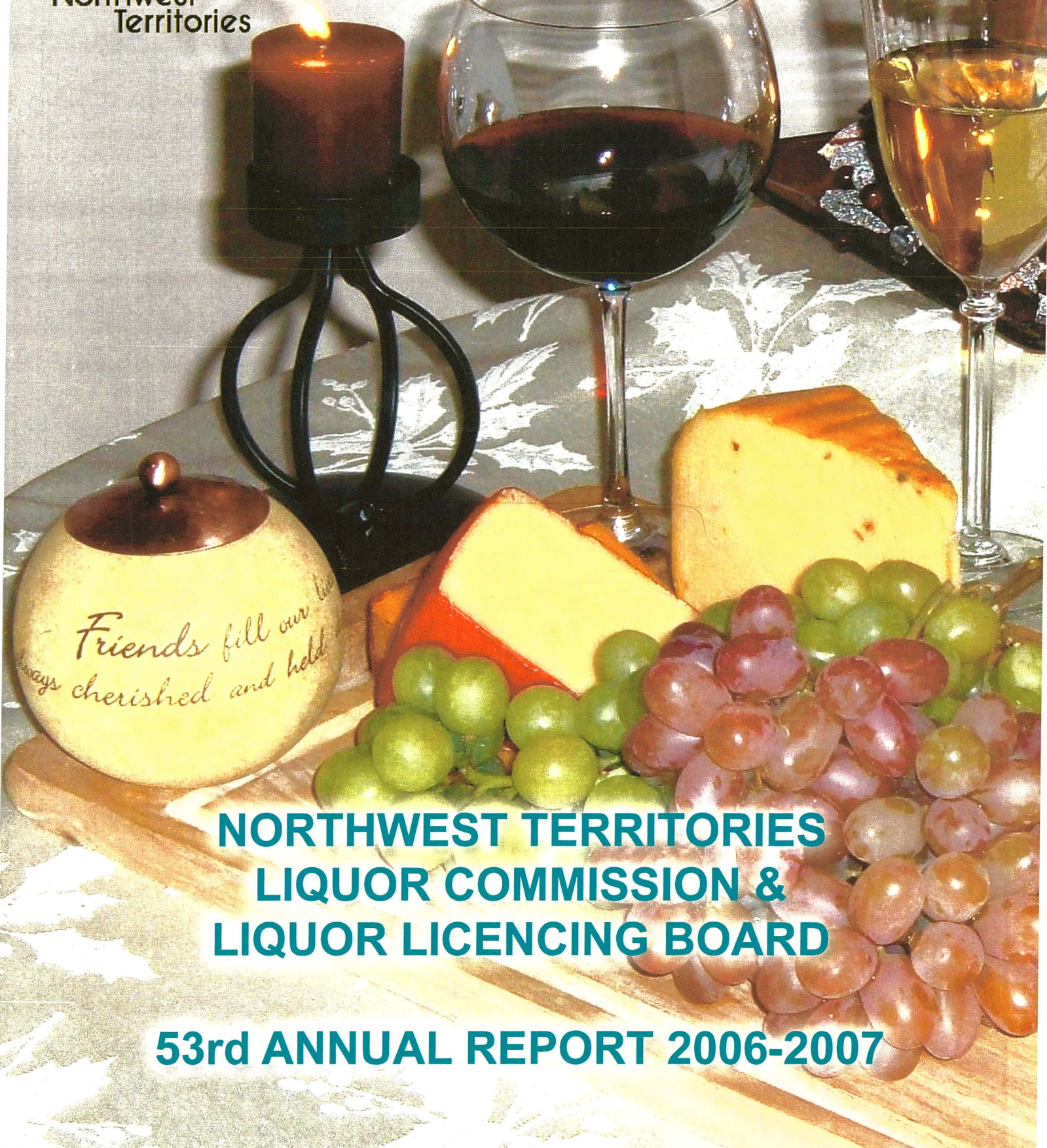




Northwest
Territories



**NORTHWEST TERRITORIES
LIQUOR COMMISSION &
LIQUOR LICENCING BOARD**

53rd ANNUAL REPORT 2006-2007

MEMBERS OF THE LEGISLATIVE ASSEMBLY

[NWT Liquor Commission and NWT Liquor Licensing Board Annual Report](#)

I am pleased to present, for the information of the Members of the Legislative Assembly, the fifty-third Annual Report for the Northwest Territories Liquor Commission and Northwest Territories Liquor Licensing Board for the fiscal year ended March 31, 2007.



Floyd K. Roland
Minister Responsible for the
NWT Liquor Commission and
NWT Liquor Licensing Board

THE HONOURABLE FLOYD K. ROLAND
MINISTER OF FINANCE

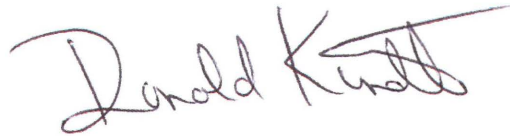
[NWT Liquor Commission and NWT Liquor Licensing Board Annual Report](#)

Pursuant to Subsection 9(1) and 61(1) of the *Liquor Act*, we are pleased to submit the fifty-third Annual Report for the Northwest Territories Liquor Commission and Northwest Territories Liquor Licensing Board for the fiscal year ended March 31, 2007.

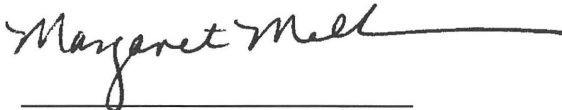
We wish to express our thanks to our staff for all their support and their contributions to the progress of the Commission and the Board during this past year.



Kyle Reid
General Manager
NWT Liquor Commission



Don Kindt
Chairperson
NWT Liquor Licensing Board



Margaret Melhorn
Deputy Minister of Finance

ORGANIZATION CHART

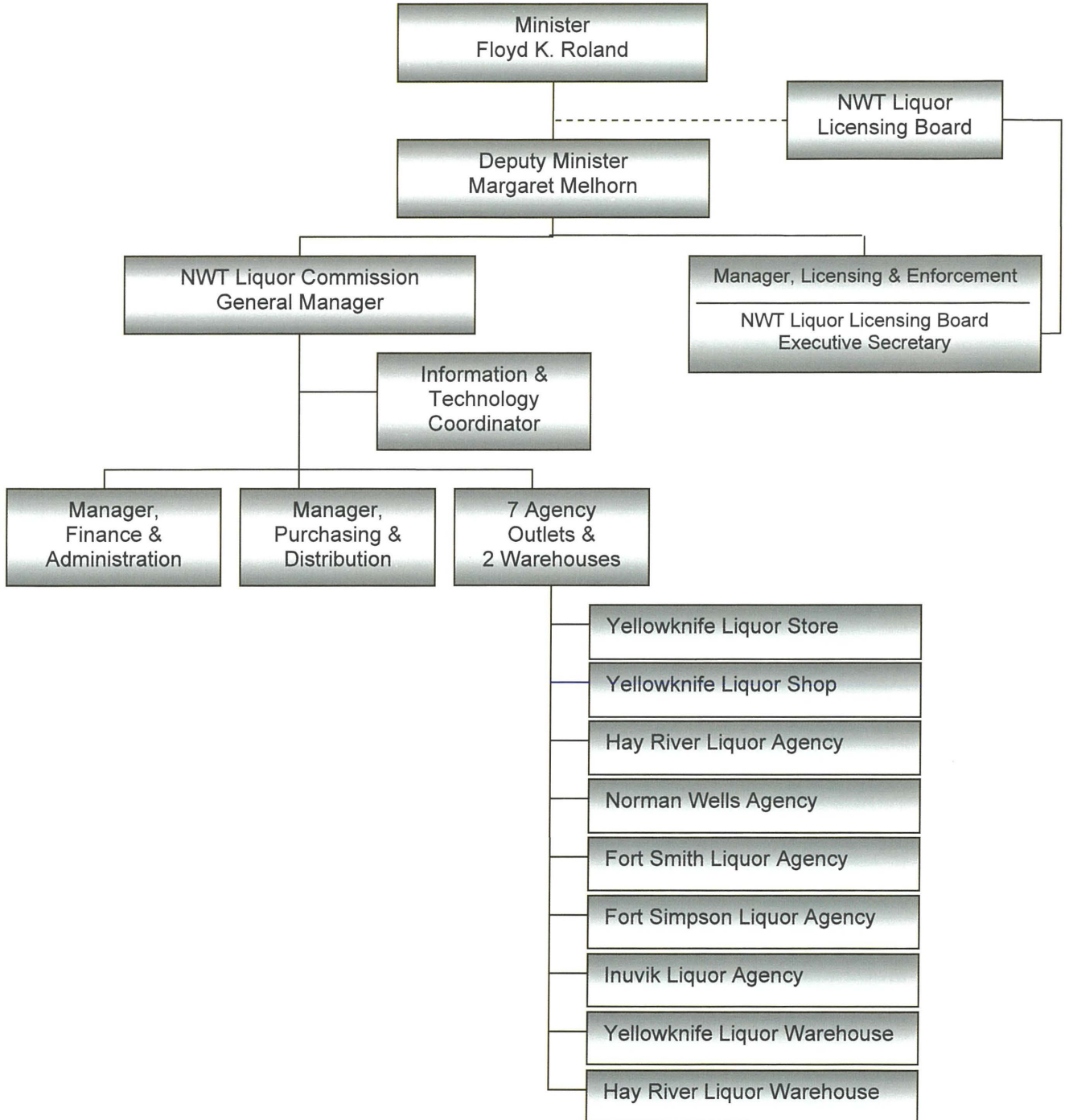


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NORTHWEST TERRITORIES LIQUOR COMMISSION

Suite 201, 31 Capital Drive
HAY RIVER NT X0E 1G2
PH: (867) 874-8700 FAX: (867) 874-8720



GENERAL MANAGER'S REPORT

The Northwest Territories Liquor Commission (the Commission) is administered through the Government of the Northwest Territories, Department of Finance. The Minister has delegated the following duties to the Commission under Part II of the *Liquor Act*:

- a) Operate liquor stores
- b) Purchase, classify, sell and distribute liquor in the Territory
- c) Administer Part II of the *Liquor Act*.

The year was a success financially with liquor sales over \$39 million. Sales increased over the previous year by nearly \$1 million. Over \$20 million was transferred to the Territorial treasury, and budget targets were achieved.

Sales and distribution are carried out through a network consisting of seven retail outlets and two warehouses, contracted to private sector operators.

The strategic plan of the Commission focuses on three key areas for measuring performance:

1. Efficient operations, and compliance with legislation, regulation and policy
2. Social responsibility
3. Financial income targets

These areas serve as a guideline for incorporating our mission statement into day to day activities. The success of the organization should not be measured in financial performance alone, and the responsibility of the Commission includes ensuring performance as a responsible industry partner, and as a socially responsible member of society. The Commission was fully successful in meeting the goals established in the strategic plan.

During the year the Commission implemented modern sales, inventory and financial information systems that will improve customer service at the point of sale and improve inventory and financial management. This project is part of a renewed commitment to improve our service, processes, policies and systems.

I would like to thank our staff, agents, customers and partners for another successful year.

Kyle Reid
General Manager

MANDATE

Corporate Vision

Our customers will have a healthy and responsible attitude toward alcohol consumption and we will provide them the opportunity to discover, enjoy and share a wide variety of beverage alcohol.

Mission Statement

We will be an innovative, efficient and profitable organization, dedicated to the retail and wholesale distribution of beverage alcohol, and promote the development of a healthy and responsible drinking culture.

Values

- We value our customers and employees
- We encourage and support the responsible use of alcohol
- We will be efficient and cost effective
- We will be responsible for our actions and will be honest and fair
- We will treat others with dignity and courtesy
- We will support one another to achieve our goals.



Fort Simpson Beverages Photo: Ian Laws

OPERATIONAL REVIEW

The Commission has a number of stakeholders including the people of the Northwest Territories, our customers, employees, private sector contractors, suppliers, industry partners, and all those who share our concern for social responsibility and public safety. Our customer base includes the public that accesses our products through our retail network, as well as commercial clients such as restaurants and bars.

To respond to the needs and concerns of our customers and stakeholders in the fiscal year 2006 – 2007 we:

- Delivered a wide variety of quality beverage alcohol products through our network of stores and warehouses.
- Promoted safe and responsible use of beverage alcohol.

STRATEGIC OBJECTIVES

Goal #1

Operations are managed efficiently and comply with legislation, regulation and policy.

Performance Highlights

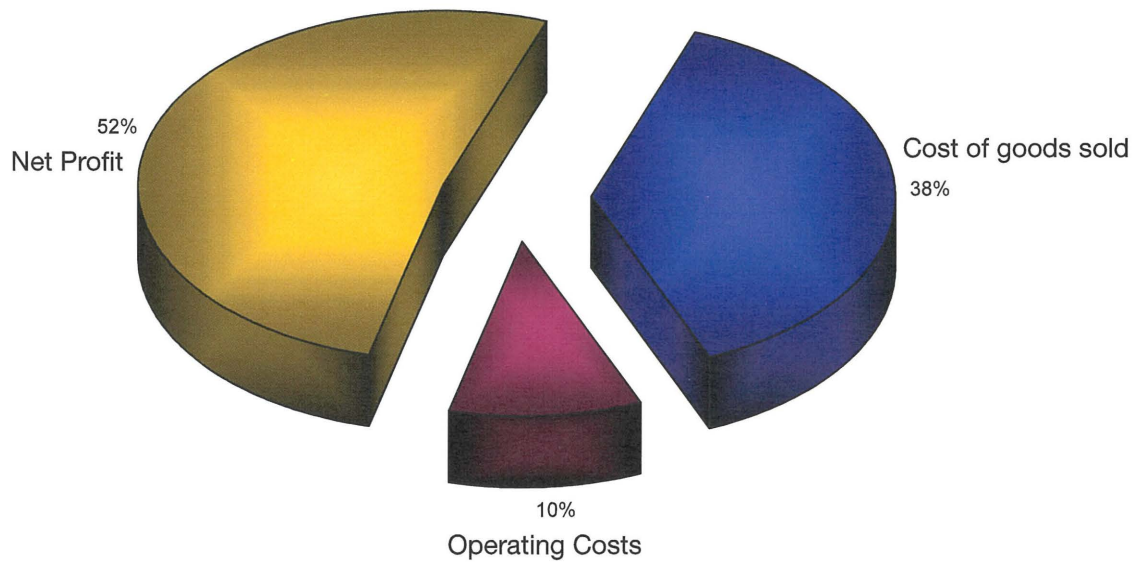
The operational structure of the Commission is designed to deliver optimal service levels for the best possible costs, and consists of a headquarters administrative staff of nine and a network of seven stores and two warehouses, operated by private contractors. Five of the private agency stores operate with inventory on consignment from the Commission and the two Yellowknife stores purchase inventory directly from the Yellowknife warehouse. Sales to consumers and licensees are carried out through sales by the consignment stores and warehouses. Sales to private stores are realized through their purchase of liquor products from our Yellowknife warehouse. The cost to deliver the sales and administration throughout the year was 10% of sales revenue, of which 7% was paid to liquor store and warehouse contractors.

Operational compliance with contracts, regulation and legislation by the store and warehouse operators was good throughout the year. The operations of all liquor outlets are monitored monthly and visited periodically by headquarters management.



Sun Dog North Inc., Fort Smith, NT Photo: Ian Laws

Application of Revenues 2006 - 2007



Goal #2

Actively and continuously promote the responsible use of alcohol.

Performance Highlights

The Commission supports the responsible use of alcohol through various awareness programs and initiatives. During the fiscal year, a number of social responsibility programs were promoted and one new program was developed.

The Check 25 program was developed and implemented during the year. It is intended to strengthen controls in place concerning service to minors. The program conditions our customers to expect to be asked for proof of identification if they appear to be under the age of 25. The specific forms of identification allowed have been standardized.

Warning messaging about the dangers of alcohol consumption during pregnancy were delivered to all retail customers in the form of warning labels on all beverage containers and paper bags used at the point of sale.

In conjunction with Educ' Alcool, a booklet entitled "Be Prepared To Talk To Your Children About Alcohol" was distributed through the liquor stores and sent to medical clinics, schools and drug and alcohol committees throughout the Northwest Territories.

In support of MADD Canada, all liquor stores participated in the Red Ribbon Program, "It's Time to Change the meaning of Tie one on, Drive Safe, Drive Sober".

The Commission participates on the Canadian Liquor Jurisdictions' Social Responsibility Committee and strives to provide products that are socially responsible and incorporate responsible messaging into product sales.



Goal #3

Meet financial income targets

Performance Highlights

The Commission achieved its financial targets in the 2006-2007 fiscal year. Gross sales were \$39.7 million, an increase of 2% over 2005-2006. Net income of \$20.5 million was 1% higher than 2005-2006 levels.

Five Year Performance History

(\$000's)

For the year ending	2007	2006	2005	2004	2003
Gross sales	39,654	38,776	37,673	36,677	35,959
Gross profit as a % of sales	24,584 62.0	24,201 62.4	23,457 62.3	22,917 62.5	22,282 62.0
Net profit as a % of sales	20,520 51.7	20,333 52.4	20,101 53.4	19,873 54.2	19,231 53.5
Operating expenses as a % of sales	4,068 10.3	3,871 10.0	3,598 9.6	3,323 9.1	3,278 9.1



Inuvik Liquor Agency Photo: Ian Laws

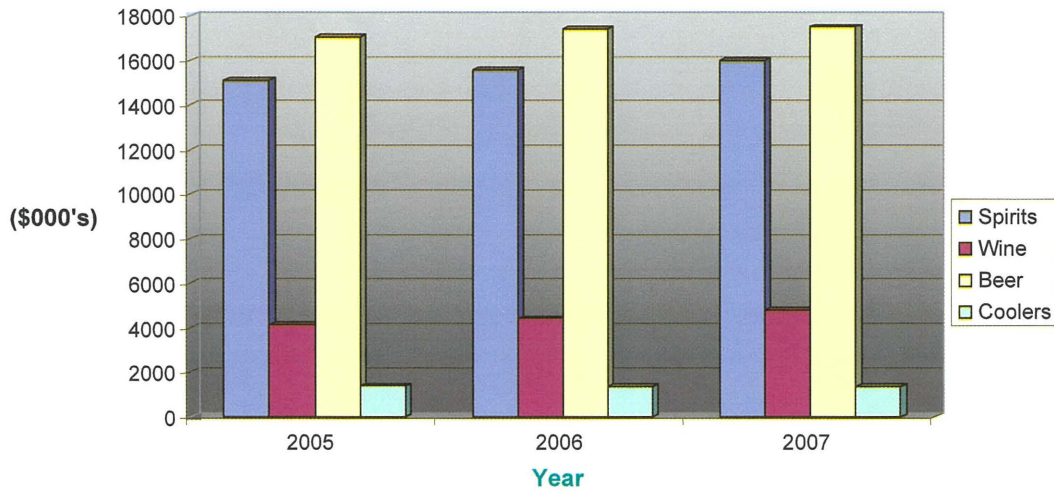
NWT Liquor Commission (excluding Liquor Licensing Board)

Statement of Operations

for the year ended March 31, 2007 with comparative figures for 2006

(\$000's)	Budget 2007	2007	2006
Sales			
Private Stores	\$ 16,691	\$ 17,635	\$ 16,611
Consumers	14,902	14,730	14,352
Licensees	8,327	7,289	7,813
	<u>39,920</u>	<u>39,654</u>	<u>38,776</u>
Cost of Sales			
Beginning Inventory	2,954	2,954	2,658
Purchases	13,727	13,102	13,620
Freight	1,243	1,236	1,251
Ending Inventory	(2,954)	(2,222)	(2,954)
	<u>14,970</u>	<u>15,070</u>	<u>14,575</u>
Gross Margin	<u>24,950</u>	<u>24,584</u>	<u>24,201</u>
Other Income			
Import Permits	2	1	-
Other	3	3	4
	<u>5</u>	<u>4</u>	<u>4</u>
Expenses			
Commissions to agents	2,635	2,735	2,660
Salaries, wages & employee benefits	785	839	762
Bank service charges	152	174	161
Amortization of capital assets	103	73	37
Travel	37	33	38
Rent	56	65	40
Office supplies	62	55	103
Computer services	41	42	17
Communications	16	30	15
Professional fees	10	10	11
Advertising	10	4	12
Losses due to breakage, spoilage and theft	13	8	13
Miscellaneous	-	-	2
	<u>3,920</u>	<u>4,068</u>	<u>3,871</u>
Net Income	<u>\$ 21,035</u>	<u>\$ 20,520</u>	<u>\$ 20,333</u>

Three Year Dollar Sales Trend by Category



Three Year Dollar Sales by Category for the year ending March 31st

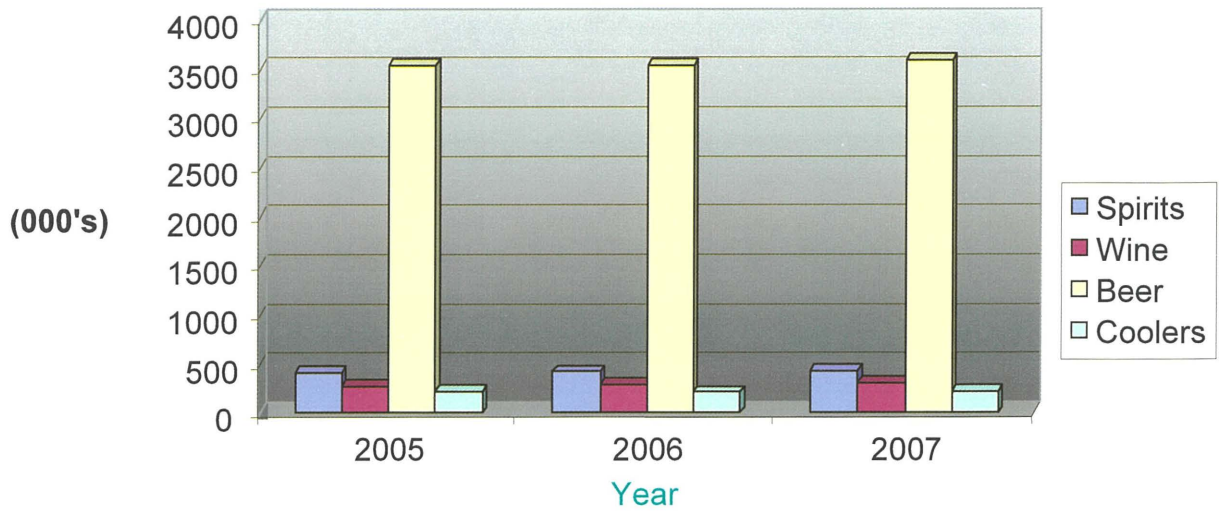
(\$000's)

	Spirits	Wine	Beer	Coolers	Total
2005	15,089	4,157	17,046	1,381	37,673
2006	15,592	4,404	17,418	1,362	38,776
2007	15,981	4,803	17,515	1,355	39,654



The Liquor Shop, Yellowknife, NT Photo Donna Smith

Three Year Litre Sales Trend by Category

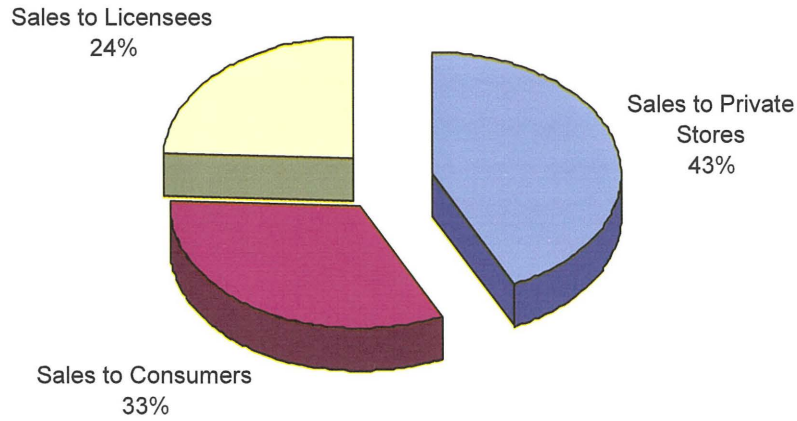


Three Year Litre Sales by Category for the year ending March 31st

(000's)

	Spirits	Wine	Beer	Coolers	Total
2005	409	276	3,531	213	4,429
2006	419	291	3,541	210	4,461
2007	431	308	3,585	213	4,537

Litre Sales by Distribution Channel 2006 - 2007



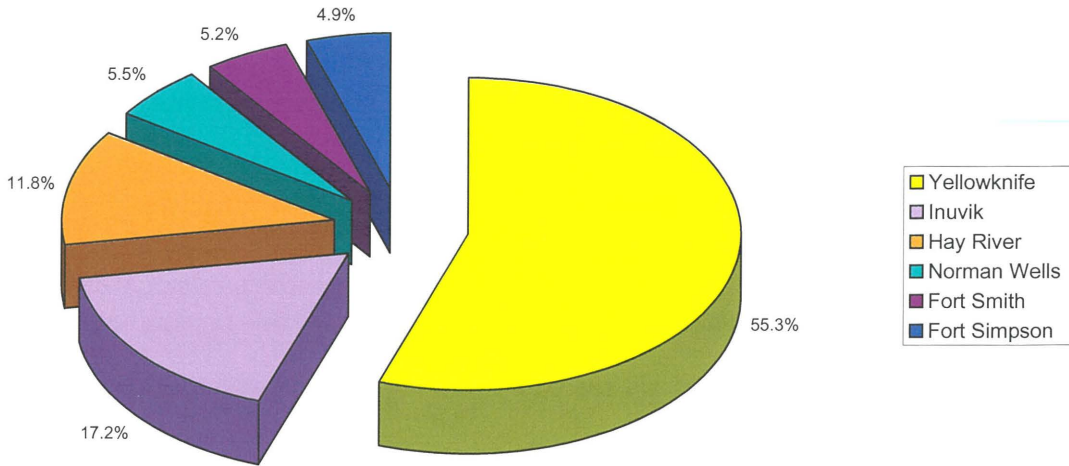
Three Year Litre Sales by Distribution Channel for the year ending March 31st

(000's)

	2007	2006	2005
Sales to Private Stores	1,939	1,861	1,851
Sales to Consumers	1,499	1,397	1,338
Sales to Licensees	1,099	1,203	1,240
Total	4,537	4,461	4,429

STORE OPERATIONS

Location sales 2006 - 2007



Sales by Location 2006 - 2007 for the year ended March 31 st (\$000)			
	2007	2006	Increase (Decrease)
Yellowknife	21,861	21,348	513
Inuvik	6,804	6,849	45
Hay River	4,659	4,481	178
Norman Wells	2,184	2,078	106
Fort Smith	2,074	2,012	62
Fort Simpson	1,923	1,894	29
*Other	149	114	35
	39,654	38,776	878

* Other consists of miscellaneous sales that do not conform to the prescribed commission sales.

Statement of Operations by Location

(for the year ended March 31, 2007 with comparative figures for 2006)

(excluding miscellaneous sales that do not conform to the prescribed commission sales)

YELLOWKNIFE OPERATIONS

(\$000's)	2006-2007					2005-2006	
	Spirits	Wine	Beer	Coolers	Total	Total	
Sales							
Private Stores	7,352	2,741	6,504	573	17,170	16,611	
Licensees	971	499	3,041	180	4,691	4,737	
	8,323	3,240	9,545	753	21,861	21,348	
Cost of goods sold	2,497	1,576	4,419	355	8,847	8,514	
Gross margin	5,826	1,664	5,126	398	13,014	12,834	
Other income					-	-	
Operating expenses					742	729	
Net income					12,272	12,105	

INUVIK OPERATIONS

(\$000's)	2006-2007					2005-2006	
	Spirits	Wine	Beer	Coolers	Total	Total	
Sales							
Consumers	3,000	531	1,906	206	5,643	5,477	
Licensees	222	61	803	75	1,161	1,372	
	3,222	592	2,709	281	6,804	6,849	
Cost of goods sold	896	244	1,125	119	2,384	2,374	
Gross margin	2,326	348	1,584	162	4,420	4,475	
Other income					-	-	
Operating expenses					759	776	
Net income					3,661	3,699	

HAY RIVER OPERATIONS

(\$000's)	2006-2007					2005-2006	
	Spirits	Wine	Beer	Coolers	Total	Total	
Sales							
Consumers	1,683	389	1,906	131	4,109	3,775	
Licensees	140	26	363	21	550	706	
	1,823	415	2,269	152	4,659	4,481	
Cost of goods sold	466	142	924	48	1,580	1,559	
Gross margin	1,357	273	1,345	104	3,079	2,922	
Other income					-	-	
Operating expenses					625	606	
Net income					2,454	2,316	

NORMAN WELLS OPERATIONS

(\$000's)	2006-2007				2005-2006	
	Spirits	Wine	Beer	Coolers	Total	Total
Sales						
Consumers	896	84	830	35	1,845	1,711
Licensees	76	24	230	9	339	367
	972	108	1,060	44	2,184	2,078
Cost of goods sold	270	48	442	20	780	729
Gross margin	702	60	618	24	1,404	1,349
Other income					-	-
Operating expenses					277	265
Net income					1,127	1,084

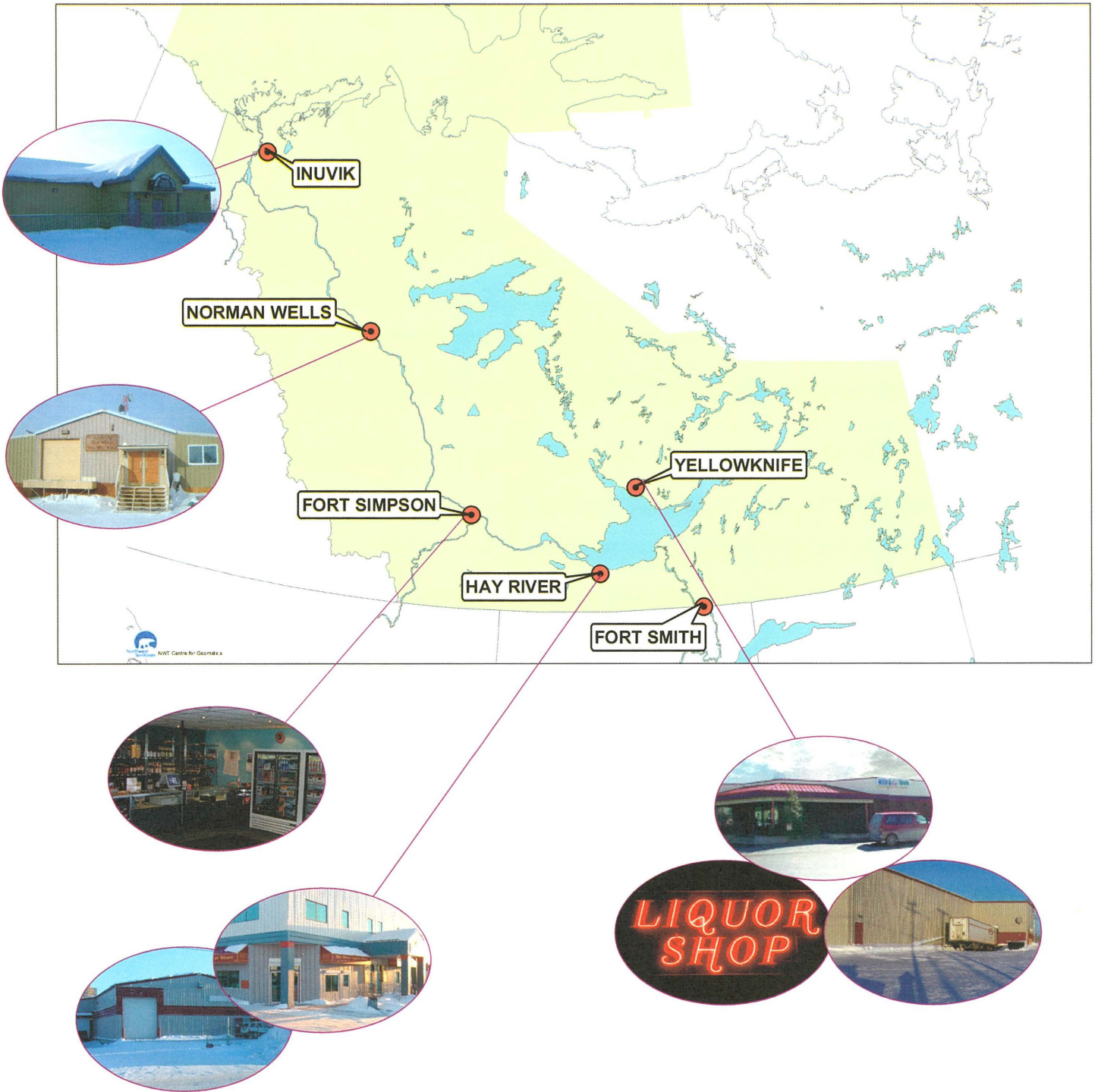
FORT SMITH OPERATIONS

(\$000's)	2006-2007				2005-2006	
	Spirits	Wine	Beer	Coolers	Total	Total
Sales						
Consumers	597	233	867	55	1,752	1,599
Licensees	69	6	233	14	322	413
	666	239	1,100	69	2,074	2,012
Cost of goods sold	209	99	432	33	773	731
Gross margin	457	140	668	36	1,301	1,281
Other income					-	-
Operating expenses					262	250
Net income					1,039	1,031

FORT SIMPSON OPERATIONS

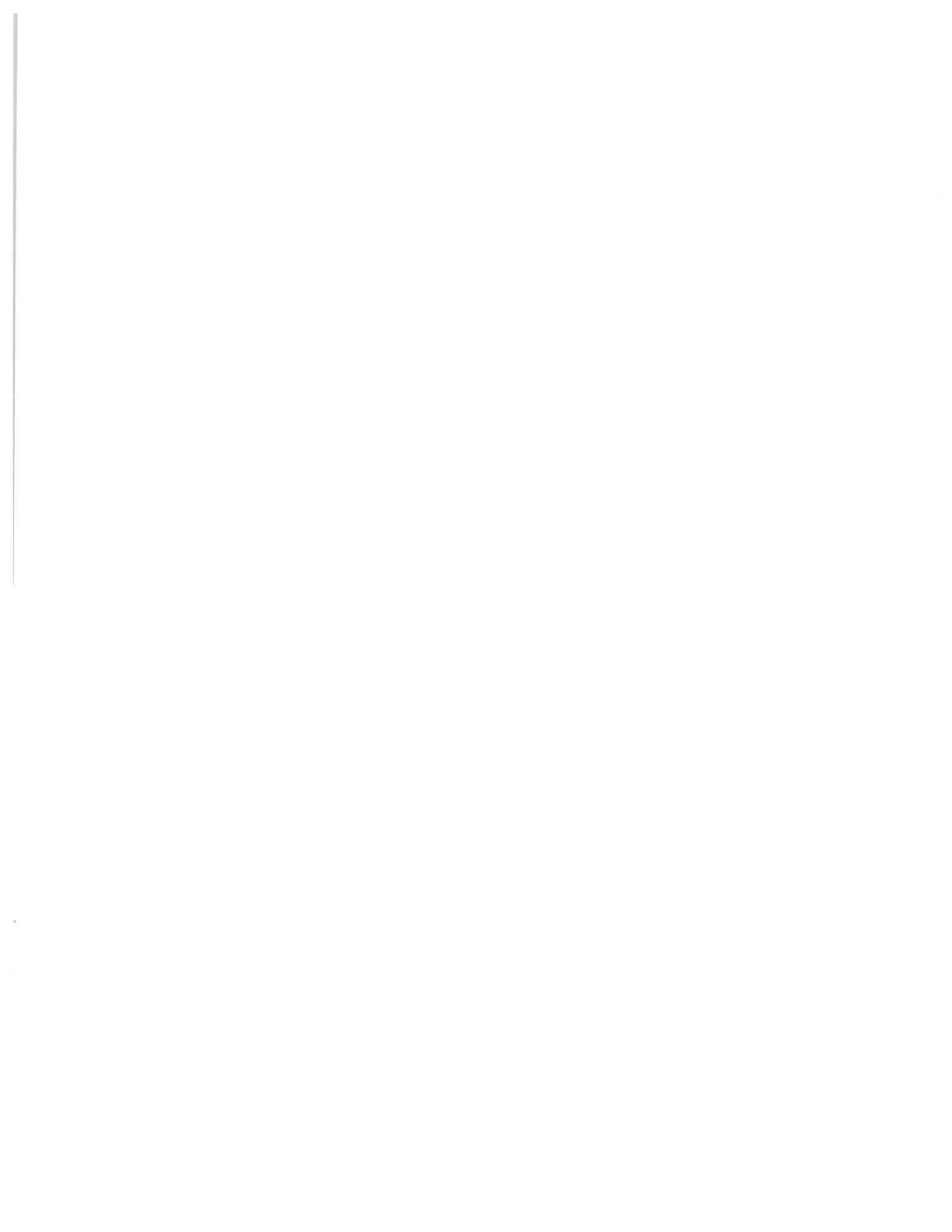
(\$000's)	2006-2007				2005-2006	
	Spirits	Wine	Beer	Coolers	Total	Total
Sales						
Consumers	933	80	689	45	1,747	1,670
Licensees	40	1	128	7	176	224
	973	81	817	52	1,923	1,894
Cost of goods sold	280	36	289	37	642	608
Gross margin	693	44	521	29	1,286	1,286
Other income					-	-
Operating expenses					238	238
Net income					1,048	1,048

STORE LOCATIONS



NORTHWEST TERRITORIES LIQUOR LICENSING & 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



NWT LIQUOR LICENSING BOARD and LIQUOR LICENSING and ENFORCEMENT

Statement of Operations

for the year ended March 31, 2007 with comparative figures for 2006

(\$000's)	2007	2006
Income		
Licensing Fees	372	388
Special Occasion Licenses	39	46
Annual License Fees	31	34
Other	37	4
Total Income	479	472
Operating Expenses		
Salaries	279	251
Travel	77	88
Inspections Contracts	49	70
Office Rent & Supplies	39	62
Honoraria	54	51
Training & Development	9	7
Advertising	5	6
Total Expenditures	512	535
Net Income (Loss)	(33)	(63)

LIQUOR ENFORCEMENT REPORT 2006 – 2007

ENFORCEMENT ACTIVITY

The Liquor Licensing and Enforcement Division is responsible for liquor inspection activities. Contract liquor inspectors monitor the activities of licensed premises by doing spot checks at irregular intervals at licensed premises and at licensed special occasion functions where liquor is being served or sold. The inspection program strives for voluntary compliance through regular spot checks, training courses, newsletters and on-site visits from the Enforcement Coordinator. The inspection program targets high risk premises (those most likely to offend) for inspection more frequently than those considered to be lower risk (e.g. dining rooms).

The RCMP also conducts walkthroughs in licensed premises and at licensed special occasion functions. However, the number of times these types of inspections are done is not reported to Enforcement unless there is a violation to report.

There are two inspectors in Yellowknife, and one each in Hay River, Inuvik, and Norman Wells. Fort Simpson and Fort Smith have been without an inspector for several months and recruitment efforts have been unsuccessful to date, however, the RCMP does have a presence in licensed premises in both communities on a regular basis.

INSPECTION OF LICENSED PREMISES

In 2006 - 2007 a total of 1,648 inspections were reported by the inspectors.

Community	Inspections	
	2005-2006	2006-2007
Fort Simpson	127	49
Fort Smith	121	47
Hay River	135	113
Inuvik	61	98
Norman Wells	186	268
Yellowknife	1,360	1,073
TOTAL	1,990	1,648

LICENSEE TRAINING

Enforcement offers and conducts server training courses free of charge to licensees, their staff, and special occasion permit holders. The course was offered in five of the seven communities; however, unless the Liquor Licensing Board orders the licensee and their staff to take the course as part of a penalty when a licensee has been found in violation of the *Liquor Act*, attendance at these sessions is voluntary. In 2005 – 2006, one licensee was ordered to take the course by the Board. The server training courses educate the licensees and permit holders on their responsibilities under the *Liquor Act* and *Regulations* and on Board policy. Some of the issues covered in the training include recognizing intoxication, identifying minors, managing crowd control, and liabilities.

Licensees are contacted on a regular basis and provided with up-to-date information, or sent written reminders of an ongoing nature that will assist them to comply with the *Liquor Act* and *Regulations*. Licensees also have access to a toll-free line for assistance if required. In addition, quarterly newsletters are published to assist in informing licensees of current issues and to educate them on various sections of the legislation.

SERVER TRAINING COURSE PARTICIPANTS

Community	2005-2006	2006-2007
Fort Providence	0	8
Fort Simpson	10	0
Fort Smith	19	0
Hay River	7	4
Inuvik	23	23
Norman Wells	0	0
Yellowknife	22	8
Total	81	43

Licensees tend not to send their staff to courses unless they request a course themselves or they are ordered to attend by the Board, therefore attendance can vary from community to community or from year to year.

COMMUNITY OPTIONS 2005 – 2006

COMMUNITY STATUS

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

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

Restricted - meaning that 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 - meaning that there is a complete ban on alcohol being brought into the community.

UNRESTRICTED** COMMUNITIES INCLUDE

Aklavik	Hay River	Trout River
Colville Lake	Inuvik	Tuktoyaktuk
Enterprise	Jean Marie River	Tulita
Fort Providence	Kakisa	Wrigley
Fort Resolution	Paulatuk	Ulukhaktok
Fort Smith	Sachs Harbour	Yellowknife

RESTRICTED** COMMUNITIES INCLUDE

Behchokò	Fort Good Hope	Fort Simpson*
Deline	Fort Liard	Norman Wells*
Dettah	Fort McPherson	

* The restriction is in the amount of liquor that can be bought at a liquor store.

** As of March 31, 2007

Behchokò

The restriction applies to the amount of liquor an individual can possess or transport in any one month within a 25-km radius of the hamlet office. The amount of liquor permitted is one 750 ml container of spirits and either **(a)** 24 containers (355 ml) of beer; **(b)** 12 containers (355 ml) of beer and one 750 ml container of wine or **(c)** two 750 ml containers of wine.

Déline

An Alcohol Education Committee approves the eligibility of a person to purchase or possess liquor, to bring liquor into the restricted area or to make beer or wine in the restricted area.

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 one 750 ml container of spirits; or **(b)** 4,500 ml of wine.

Fort Good Hope

The restriction applies to the amount of liquor a person can possess in a seven-day period. A person may possess one of the following quantities of liquor **(a)** 1,140 ml of spirits and one dozen (355 ml) containers of beer; **(b)** 1,140 ml of spirits and 2 litres of wine; **(c)** one dozen (355 ml) containers of beer and two litres of wine; **(d)** two dozen (355 ml) containers of beer and one litre of wine.

Fort Liard

The restriction applies to the amount of liquor a person can transport into the community over a one week period. A person may transport either **(a)** 1,140 ml of spirits; **(b)** two dozen containers (355 ml) of beer; or **(c)** two 750 ml containers of wine. The restriction does not apply to the purchase, sale or transportation of liquor by the municipal or band council where liquor shall be consumed at community dances.

Fort McPherson

A person is prohibited from: **(a)** bringing into the restricted area, in any seven day period, a quantity of liquor that is in excess of one of the following combinations, and **(b)** 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. **Combination 1:** 2,280 ml of spirits (e.g. two 40 oz bottles of hard liquor) and 24 containers (355 ml) of beer (two dozen standard bottles or cans); **Combination 2:** 2,280 ml of spirits and four litres of wine; **Combination 3:** 24 containers (355 ml) of beer and four litres of wine; **Combination 4:** 48 containers (355 ml) of beer and two litres of wine.

Fort Simpson

Restrictions apply to the amount of liquor an individual can purchase at the liquor store and to the operating hours of the liquor store. On any given day a person may purchase either **(a)** 1,140 ml of spirits and 12 containers (355 ml) of beer; **(b)** 1,140 ml of spirits and 2 litres of wine; **(c)** 2 litres of wine and 12 containers (355 ml) of beer; **(d)** 24 containers (355 ml) of beer and 1 litre of wine. The liquor store hours are from 3:00 p.m. to 7:00 p.m. Monday to Wednesday and 3:00 p.m. to 8:00 p.m. Thursday to Saturday.

Norman Wells

Restrictions apply to the amount of liquor an individual can purchase at the liquor store and to the operating hours of the liquor store. On any given day a person may purchase either **(a)** 1,140 ml of spirits and 12 containers (355 ml) of beer; **(b)** 1,140 ml of spirits and 2 litres of wine; **(c)** 2 litres of wine and 12 containers (355 ml) of beer; **(d)** 24 containers (355 ml) of beer and 1 litre of wine. The liquor store hours are from 5:00 p.m. to 8:00 p.m. Tuesday to Thursday and from 3:00 p.m. to 7:00 p.m. on Saturday.

PROHIBITED COMMUNITIES INCLUDE**

Gamèti	Nahanni Butte	Wekweètì
Lutsel'Ke	Tsiigehtchic	Whatì

** As of March 31, 2007

LIQUOR PLEBISCITES

A community may initiate a change to their existing liquor status by having 20 qualified voters petition the Minister responsible for the *Liquor Act* to hold a liquor plebiscite. Before a change can be made to the existing liquor status, 60% of the votes cast at a plebiscite must be in favour of the change.

UPCOMING CHANGES

Up to January 31st 2008, the following communities will become restricted.

Tulita	Change effective November 18, 2007
Paulatuk	Change effective January 14, 2008

SPECIAL PROHIBITION ORDERS

Where a special occasion is to occur in a municipality, settlement, or area, and the council of the municipality, settlement or band wishes to have the consumption, purchase, sale, or transport of liquor prohibited, they may submit a written request to the Minister responsible to declare the area prohibited during the event. The request for a Special Prohibition Order must be submitted to the Minister 15 days prior to the event. The Minister may then declare the area prohibited for a period not exceeding 10 days.

The following communities had Special Prohibition Orders in place during various dates between April 1, 2006 and March 31, 2007:

Community	Event	Duration
Fort McPherson	Peel River Jamboree	Mar 29/06 - Apr 5/06
Kakisa	Deh Cho Assembly	Jun 23/06 - Jun 30/06
K'asho Got'ine	Signing of Agreement	Jul 10/06 - Jul 24/06
Sachs Harbour	White Fox Jamboree	Jul 28/06 - Jul 30/06
Déline	16 th Annual Spiritual Gathering	Aug 13/06 - Aug 18/06
Paulatuk	Ikhalukpik Jamboree	Aug 16/06 - Aug 21/06
Fort Resolution	Akaitcho Annual General Assembly	Aug 19/06 - Aug 27/06
K'asho Got'ine	National Additions Awareness Week	Nov 18/06 - Nov 26/07
Tulita	Tulita Unity Accord Ceremonies	Feb 10/06 - Feb 18/07
Fort McPherson	Youth Leadership Workshop	Mar 19/06- Mar 27/07

NORTHWEST
TERRITORIES
LIQUOR LICENSING
BOARD
2006-2007

LIQUOR LICENCING BOARD REPORT

NWT LIQUOR LICENSING BOARD MISSION STATEMENT

The mission of the NWT Liquor Licensing Board is to conduct business to the best of our ability in accordance with the *Liquor Act* and the principles of natural justice.

NWT LIQUOR LICENSING BOARD MANDATE

The Liquor Licensing Board controls the conduct of license holders, the management and equipment of licensed premises, and the conditions under which liquor may be sold or consumed on licensed premises.

As set out in Section 6(3) of the *Liquor Act*, the Board may

- (a) issue, renew and transfer licenses;
- (b) after a hearing, cancel or suspend licenses;
- (c) generally advise the Minister on matters of policy, legislation and administration relating to the sale, distribution and consumption of liquor and;
- (d) make rules or orders governing its proceedings.

BOARD MEMBERS (as of MARCH 31, 2007)

Board members are appointed for a two-year term by the Minister of Finance. As of March 31, 2007 the following persons were sitting as members of the Northwest Territories Liquor Licensing Board.

Chairperson	Mr. Don Kindt	Yellowknife
Members	Mrs. Sherry Hodgson	Norman Wells
	Mr. Stanley Jones	Hay River
	Mr. Albert Monchuk	Fort Smith
	Mrs. Lorna Skinner	Yellowknife
	Mr. Wayne Smith	Inuvik

MEETINGS/PUBLIC HEARINGS

During 2006-2007 the Board held meetings in Yellowknife, Fort Smith, Inuvik and Norman Wells.

The Board holds hearings to consider new applications for liquor licenses or to transfer existing liquor licenses, as well as to consider requests from licensees for exemptions to the liquor *Regulations* where it is in the Board's power to do so.

The Board holds show-cause hearings to determine if a licensee's liquor license will be suspended cancelled or a lesser penalty imposed when allegations of violations against the *Liquor Act* or *Regulations* are reported.

The Board also meets to discuss policy, draft regulations and other administrative matters.

NWT LIQUOR LICENSES

The following licenses were valid at the time this report was compiled. The numbers of licenses change throughout the year, as new licenses are approved or existing premises close.

LICENSES ISSUED FOR 2006-2007										
Community	Aircraft	Canteen	Clubroom	Cocktail Lounge	Cultural & Private Recreational Facility	Dining Room	Guest Room	Off Premise	Ship	Total per Community
Fort Simpson	0	0	2	2	0	2	0	1	0	7
Fort Smith	0	0	3	2	0	1	0	1	0	7
Fort Providence	0	0	0	2	0	1	0	2	0	5
Hay River	0	2	3	3	1	5	0	0	0	14
Inuvik	0	2	2	5	0	6	0	1	0	16
Norman Wells	0	0	2	4	0	4	0	0	0	10
Yellowknife	0	2	4	17	3	27	0	1	0	54
No Specific Community	1	0	0	0	0	0	10	0	1	12
Total Licenses Issued	1	6	16	35	4	46	10	6	1	125

LIQUOR LICENSING BOARD SHOW CAUSE HEARINGS

The Liquor Licensing Board is a quasi-judicial board that has the power to bring licensees to a Show Cause Hearing to determine why their liquor license should not be suspended, cancelled and/or have conditions imposed when allegations under the *Liquor Act* or *Regulations* are reported and brought forward to a show cause hearing.

The following licensees appeared before the Liquor Licensing Board at a show cause hearing during the period of April 1, 2006 to March 31, 2007. Dispositions vary according to the specifics of each case.

2006-2007 SHOW CAUSE HEARINGS

Date:	December 4th 2006
Location:	Inuvik
Licensee:	Amerk Investments o/a Mad Trapper Inn Pub
Violation:	Count 1: The licensee did allow drunkenness in the premise contrary to Section 98(2)(a) of the <i>Liquor Act</i> . Count 2: The licensee did supply liquor to a person in an intoxicated condition, contrary to Section 98(1) of the <i>Liquor Act</i>
Disposition:	The licensee's cocktail lounge liquor license was suspended from 10:00 a.m. on January 11, 2007 to 10:00 a.m. on January 15, 2007, and the licensee was ordered to pay a \$1,000.00 fine. The staff was ordered to take the Server Training Course.
Date:	September 12th, 2006
Location:	Yellowknife NT
Licensee:	Bradley Morrissey o/a The Wildcat Cafe
Violation:	The licensee exceeded the occupancy load set by the Board and contrary to section 41.1 of the <i>Liquor Regulations</i> .
Disposition:	The licensee's dining room liquor license was suspended from 10:00 a.m. on September 15, 2006 to 10:00 a.m. on September 18th, 2006 and the licensee was ordered to pay a \$500.00 fine.

Date:	August 14th, 2006
Location:	Yellowknife NT
Licensee:	Coyote's Bar & Grill Ltd.
Violation:	The licensee did unlawfully advertise liquor for sale contrary to Section 117 of the <i>Liquor Regulations</i> .
Disposition:	The licensee was ordered to pay a fine of \$750.00.

Date:	May 1st, 2006
Location:	Norman Wells NT
Licensee:	Yamouri Inn Ltd. o/a Driller's Tavern
Violation:	The licensee did not take reasonable precautions to ensure that liquor sold on the premises was not taken from the licensed premises except as authorized or required by the <i>Act</i> or <i>Regulations</i> contrary to Section 20.1 of the <i>Liquor Regulations</i> .
Disposition:	The licensee's cocktail lounge liquor license was suspended from 10:00 a.m. on May 24 th 2006 to 10:00 a.m. on May 29 th 2006. The licensee was also ordered to pay a fine of \$2,500.00.

SPECIAL OCCASION PERMITS

The Liquor Licensing Board is responsible for the issuance of Special Occasion Permits. There are two types of permits, an ordinary permit and a resale permit. Permits are issued through contractors in various privately owned companies, hamlets, and government departments.

An ordinary permit allows an individual to serve alcohol in a public setting. A resale permit allows a non-commercial organization, a recognized group (e.g. local sports or fund-raising groups) to resell liquor at a specific function.

In 2006-2007 there were 363 permits issued across the Northwest Territories.

PERMITS ISSUED				
Community	2005-2006		2006-2007	
	Resale	Ordinary	Resale	Ordinary
Hay River	42	20	72	14
Yellowknife	78	105	84	103
Fort Simpson	8	0	16	2
Fort Smith	9	5	11	6
Inuvik	21	0	27	2
Norman Wells	28	0	24	0
Ulukhaktok	3	0	0	2
Fort Liard	0	0	0	0
Total	189	130	234	129

ADMINISTRATION

The administrative offices for the Liquor Licensing Board, Licensing and Enforcement and Community Options are maintained in Hay River. The office maintains a toll free number (1-800-351-7770) for the benefit of the licensees and the general public.

AUDITED FINANCIAL STATEMENTS 2006-2007

The financial transactions for the operation of the Northwest Territories Liquor Licensing Board and Liquor Licensing and Enforcement are processed and administered through the Northwest Territories Liquor Commission. The audited financial statement is therefore a consolidation of the financial activities incurred to administer Part I as well as Part II of the *Liquor Act*.

Financial Statements of

**NORTHWEST TERRITORIES
LIQUOR COMMISSION**

Year ended March 31, 2007

NORTHWEST TERRITORIES LIQUOR COMMISSION

Financial Statements

Year ended March 31, 2007

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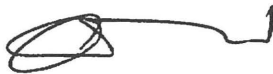
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Northwest Territories Liquor Commission ("the Commission") maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Commission acts in accordance with the laws of the Northwest Territories and Canada. The Commission's management recognizes its responsibility for conducting the Commission's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial agency.

The accompanying financial statements were prepared by management in conformity with Canadian generally accepted accounting principles appropriate in the circumstances.

To discharge the responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The Auditor General of Canada annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. She also considers whether the transactions which come to her notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.



Kyle Reid
General Manager



Ruth Boden
Manager, Finance & Administration

May 11, 2007



Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of Finance

I have audited the balance sheet of the Northwest Territories Liquor Commission as at March 31, 2007 and the statements of income, amount due to the Government of the Northwest Territories and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Commission and the financial statements are in agreement therewith and the transactions of the Commission that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, and the *Liquor Act* and regulations.

A handwritten signature in black ink, appearing to read 'Guy LeGras'.

Guy LeGras, CA
Principal
for the Auditor General of Canada

Edmonton, Canada
May 11, 2007

NORTHWEST TERRITORIES LIQUOR COMMISSION

Balance Sheet
(In thousands)

March 31, 2007


	2007		2006
Assets			
Current assets:			
Cash	\$ 3,626	\$	3,571
Accounts receivable	53		7
Inventories (note 3)	2,222		2,955
Prepaid expenses	11		13
	<u>5,912</u>		<u>6,546</u>
Capital assets (note 4)	472		179
	<u>\$ 6,384</u>	<u>\$</u>	<u>6,725</u>

Liabilities

Current liabilities:			
Accounts payable	\$ 2,638	\$	2,803
Current portion of employee future benefits (note 5)	-		51
Due to the Government of the Northwest Territories	3,695		3,823
	<u>6,333</u>		<u>6,677</u>
Employee future benefits (note 5)	51		48
Commitments (note 8)			
	<u>\$ 6,384</u>	<u>\$</u>	<u>6,725</u>

See accompanying notes to financial statements.

Approved by Management:



Kyle Reid, General Manager



Ruth Boden, Manager, Finance & Administration

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Income
(In thousands)

Year ended March 31, 2007

	2007	2006
Sales:		
Beer	\$ 17,515	\$ 17,418
Spirits	15,981	15,592
Wine	4,803	4,404
Coolers and ciders	1,355	1,362
	<u>39,654</u>	<u>38,776</u>
Cost of goods sold:		
Beer	7,637	7,498
Spirits	4,618	4,514
Wine	2,204	1,958
Coolers and ciders	611	605
	<u>15,070</u>	<u>14,575</u>
Gross profit on sales	24,584	24,201
Other income:		
License fees and permits	441	468
Import fees and other income	41	8
	<u>482</u>	<u>476</u>
	25,066	24,677
Expenses:		
Commissions to agents	2,735	2,660
Salaries, wages and employee benefits	1,129	1,017
Administration	348	385
Travel	110	126
Rent	81	53
Amortization of capital assets	73	37
Board member honoraria	54	51
Inspectors' fees	49	78
	<u>4,579</u>	<u>4,407</u>
Net income	<u>\$ 20,487</u>	<u>\$ 20,270</u>

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Amount Due to the Government of the Northwest Territories
(In thousands)

Year ended March 31, 2007

	2007	2006
Balance, beginning of year	\$ 3,823	\$ 3,646
Net income	20,487	20,270
Salaries, wages and benefits and other costs incurred by the Government	1,197	1,099
	25,507	25,015
Net transfer of funds to the Government	21,812	21,192
Balance, end of year	\$ 3,695	\$ 3,823

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Cash Flows

(In thousands)

Year ended March 31, 2007

	2007	2006
Cash flows from operating activities:		
Cash received from customers	\$ 39,608	\$ 39,282
Cash paid to suppliers	(17,375)	(17,759)
Net cash provided by operating activities	22,233	21,523
Cash flows from investing activities:		
Purchase of capital assets	(366)	(147)
Cash flows from financing activities:		
Cash transferred to the Government of the Northwest Territories	(21,812)	(21,192)
Increase in cash	55	184
Cash, beginning of year	3,571	3,387
Cash, end of year	\$ 3,626	\$ 3,571

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

(In thousands)

Year ended March 31, 2007

1. Authority and operations:

Northwest Territories Liquor Commission (the "Commission") is established under Part II of the Liquor Act (the "*Liquor Act*"). It is responsible for the operation of liquor sales and the purchase and distribution of liquor in the Northwest Territories through the Liquor Revolving Fund. The Department of Finance is responsible for the administration of the Fund through the Consolidated Revenue Fund. The Commission is authorized by the Legislative Assembly to receive interest-free working capital advances from time to time not exceeding \$6,500 to finance its operations.

Net income for the year is to be transferred to the Government of the Northwest Territories in accordance with the *Liquor Act*.

These financial statements include the operations of the Liquor Licensing Board of the Northwest Territories (note 6).

The Commission is non-taxable under the *Income Tax Act*, Canada.

2. Significant accounting policies:

(a) Basis of presentation:

These financial statements were prepared in accordance with Canadian generally accepted accounting principles.

(b) Revenue recognition:

The Commission recognizes revenue when goods are shipped or services are provided and the customer takes ownership and assumes risk of loss, collection of any relevant accounts receivable is probable, persuasive evidence of an arrangement exists and the sale price is fixed or determinable.

(c) Inventories:

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Cost includes invoiced cost, freight, duties and taxes.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements (continued)
(In thousands)

Year ended March 31, 2007

2. Significant accounting policies (continued):

(d) Capital assets:

Capital assets are recorded at cost. Amortization is provided on cost less estimated salvage value using the straight-line basis, at the following annual rates:

Asset	Rate
Furniture and fixtures	20%
Computer hardware and software	20 to 33%
Leasehold improvements	5 years

Assets under development are not amortized. When the projects are completed, their costs will be amortized over their estimated useful life.

(e) Pension benefits:

Employees participate in the Public Service Pension Plan administered by the Government of Canada. The Commission's contribution to the plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Commission and are charged to operations on a current basis. The Commission is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

(f) Employee severance benefits:

Employees are entitled to severance benefits, as provided for under labour contracts and conditions of employment. The cost of these benefits is accrued as the employees render the services necessary to earn them. Management determined the accrued benefit obligation using a method based upon assumptions and its best estimates of the accrued obligations at year-end. The commission has no additional termination or post employment benefits owing to its employees.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements (continued)

(In thousands)

Year ended March 31, 2007

2. Significant accounting policies (continued):

(g) Use of estimates:

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 from those estimates. The most significant items where estimates are used are employee severance liabilities and amortization of capital assets.

(h) New accounting recommendations:

The Canadian Institute of Chartered Accountants issued a new accounting standard that will impact the Commission's inventory. This new standard will come into effect for the Commission for fiscal year beginning April 1, 2008 and will be applied prospectively.

Section 3031, Inventories, will effect the measurement and disclosure of inventory. The measurement changes include; the requirement to measure inventories at the lower of cost and net realizable value, the use of the specific cost method for inventories that are not ordinarily interchangeable or goods and services produced for specific purposes, the requirement for an entity to use a consistent cost formula for inventory of a similar nature and use, and the reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories. Disclosures of inventories will also be enhanced. Inventory policies, carrying amounts, amounts recognized as an expense, write-downs and the reversals of write-downs are required to be disclosed. The Commission is currently evaluating the impact of this new recommendation on its March 31, 2008 fiscal year.

NORTHWEST TERRITORIES LIQUOR COMMISSIONNotes to Financial Statements (continued)
(In thousands)

Year ended March 31, 2007

3. Inventories:

	2007	2006
Spirits	\$ 952	\$ 1,128
Wine	385	468
Beer	779	1,228
Coolers and ciders	106	131
	\$ 2,222	\$ 2,955

4. Capital assets:

	2007		2006	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 60	\$ 40	\$ 20	\$ 7
Computer hardware and software	577	142	435	25
Leasehold improvements	19	2	17	-
Computer hardware and software under development	-	-	-	147
	\$ 656	\$ 184	\$ 472	\$ 179

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements (continued)
(In thousands)

Year ended March 31, 2007

5. Employee future benefits:

Pension benefits:

The Commission and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the consumer Price Index. The Commission's and employees' contributions to the Public Service Pension Plan for the year were as follows:

	2007	2006
Commission's contributions	\$ 92	\$ 102
Employees' contributions	43	45

Employee severance benefits:

The Commission provides severance benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Information about the plan, measured as at the balance sheet date, is as follows:

	2007	2006
Accrued benefit obligation, beginning of year	\$ 99	\$ 106
Cost for the year	3	9
Benefits paid during the year	(51)	(16)
Accrued benefit obligation, end of year	\$ 51	\$ 99
Short-term portion	\$ -	\$ 51
Long-term portion	51	48
Total accrued benefit obligation	\$ 51	\$ 99

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements (continued)
(In thousands)

Year ended March 31, 2007

6. Liquor Licensing Board of the Northwest Territories:

The activities of the Liquor Licensing Board of the Northwest Territories (the "LLB") are as follows:

	2007	2006
Revenues:		
Licensee fees	\$ 372	\$ 388
Special occasion licenses	39	46
Annual license fees	31	34
Other	37	4
	479	472
Expenses:		
Salaries, wages and benefits	279	248
Honoraria	136	50
Other	96	237
	511	535
Loss for the year	\$ (32)	\$ (63)

The activities of the LLB are administered by the Commission as agent for the LLB. The net loss generated in the year represents amounts due to (from) the Government of the Northwest Territories. The LLB does not have separate banking facilities apart from the Commission.

7. Related party transactions:

The Commission is related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and corporations. The Commission enters into transactions with these entities in the normal course of business. Included in accounts receivable is \$50 (2006 - \$2) due from the Government of the Northwest Territories, Department of Public Works.

The Government of the Northwest Territories provides the Commission with various administrative services, the value of which is not reflected in these financial statements. The cost of these services has been estimated to be \$14 (2006 - \$11) for legal services provided by the Department of Justice, and \$10 (2006 - \$10) for payroll services provided by the Financial Management Board Secretariat.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements (continued)
(In thousands)

Year ended March 31, 2007

8. Commitments:

The Commission has a five year lease agreement ending April 30, 2011 for its office premises. The minimum annual payments for the lease and leasehold improvements over the next five years are:

Year ending March 31:

2008	\$	229
2009		82
2010		82
2011		82
2012		7
	\$	482

Annual lease payments for the office premises include operating costs and property taxes which are subject to annual increases based on the consumer price index and adjustments for property tax assessments.

9. Fair value of financial assets and financial liabilities:

The fair values of the Commission's cash, accounts receivable, accounts payable and amount due to the Government of the Northwest Territories approximate their carrying amounts due to the relatively short periods to maturity of these items.

