

LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
7TH COUNCIL, 44TH SESSION

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GOVERNMENT OF THE NORTHWEST TERRITORIES
CANADA


Yellowknife, N.W.T.
December 16, 1970

COMMISSIONER S.M. HODGSON

Attached find the Sixteenth Annual Report of the Liquor Control System.

I wish to express my appreciation of the loyal support given by the members of the staff of the Liquor System and the manner in which they discharge their duties to the public service in general and the Liquor System in particular.

Respectfully submitted,


T.C. Robinson,
General Manager,
Liquor Control System

GENERAL INFORMATION

Sales

Revenue from sales increased an unprecedented 20% and it will be seen in Table I that revenue and net profit have doubled in the past five years.

While the Yellowknife store still reported the largest volume of sales (32% of total), Inuvik has now replaced Hay River as the store reporting the second highest volume (18% of total). The sharp decline in sales at Hay River is a direct result of the opening of the Pine Point Liquor Agency.

The apparent 3% reduction in the ratio of gross and net profits to sales is attributable to several conditions,

- a) the re-supplying of Inuvik, Cambridge Bay and Rankin Inlet by air;
- b) the establishment of Agencies rather than opening Government owned stores;
- c) increased freight rates both on overseas and internal routes.

The decisions to establish Agencies, and re-supply certain outlets by airlift has eliminated such capital expenditures as building or purchasing stores and warehouses. These capital costs have never been shown in our financial reports whereas the Agent's commissions are included; thus, the variation between this and previous reports to a great extent reflects a change in operating procedure rather than a decrease in profit.

TABLE I

| | <u>Sales</u> | <u>Net Profit</u> | <u>Gross Profit of Sales</u> | <u>Net Profit of Sales</u> | <u>Increase in Sales</u> |
|------|--------------|-------------------|----------------------------------|--------------------------------|------------------------------|
| 1962 | \$1,765,356. | \$ 808,098. | 49.3% | 45.8% | 10.0% |
| 1963 | 1,874,577. | 848,552. | 48.1% | 45.3% | 6.1% |
| 1964 | 2,153,287. | 985,572. | 48.7% | 45.8% | 14.8% |
| 1965 | 2,353,258. | 1,059,927. | 48.0% | 45.0% | 9.3% |
| 1966 | 2,669,435. | 1,226,278. | 49.9% | 45.9% | 13.4% |
| 1967 | 3,143,242. | 1,440,521. | 50.8% | 45.8% | 17.7% |
| 1968 | 3,463,041. | 1,707,097. | 53.7% | 49.3% | *10.2% |
| 1969 | 3,981,842. | 1,908,346. | 51.8% | 47.7% | 15.0% |
| 1970 | 4,783,210 | 2,148,524. | 48.8% | 49.1% 44.9 | 20.1% |

*Selling price was increased 9% in this year.

Stores and Agencies

The following stores and agencies were in operation at the end of this period: (figures in brackets apply to previous period)

| | | |
|-----------------|---|-----|
| Liquor Stores | 7 | (7) |
| Liquor Agencies | 2 | (1) |
| Beer Agencies | 2 | (2) |

Licences

The following licences were issued in 1969-1970:

| | | | |
|---------------------|------------|------|--------|
| Cocktail Lounge: | Commercial | 10 | (8) |
| | Clubs | 11 | (11) |
| Dining Lounge | | 16 | (14) |
| Beer Parlour | | 3 | (3) |
| Guest Room | | 13 | (13) |
| Annual Special | | 27 | (26) |
| Special Licences | | 1304 | (1048) |
| Permit to Brew Beer | | 92 | (54) |
| Permit to Make Wine | | 57 | (28) |

Buildings and Equipment

The Liquor Control System continued to occupy six Government owned stores.

The Superintendent's Office was moved from the Yellowknife Liquor Store building to the Cunningham Building preparatory to enlarging the liquor store. These renovations are planned for 1970.

Major renovations to the Norman Wells store started in 1968-69 and were completed in this period.

Routine maintenance only was carried out in the other stores.

Personnel

There were twenty-two established positions within the Liquor System and all were filled during this period.

Local Options

One local option plebiscite was held in Tuktoyaktuk. The residents were asked to rule on the issuance of beer parlour, cocktail lounge or dining lounge licences or the establishment of a liquor store in the community. All were rejected.

Liquor Board of Inquiry

The Board presented its report in June 1969. Preliminary draft legislation based on this report was presented to and discussed by Council at its January 1970 session.

Future Development

The Liquor Control System is given the responsibility of having available for the public a reasonable variety of liquors, wines and beers on a continuing basis. As the population increases the quantity in stock of any listed brand must necessarily be increased. At the same time the larger population generates a demand for a wider choice of listings.

This need for more stock and more variety has taxed the storage facilities to the limit in all stores. To relieve the situation, while still taking advantage of the financial savings resulting from bulk purchasing, serious consideration should now be given to the establishment of a central warehouse to supply the stores in the Mackenzie District. Such a warehouse must be located in an area continually accessible from the south, and be centrally located in respect to the stores it will service. The Hay River store has been rendering this service to a very limited degree for the past year and appears to meet all requirements other than size. Research on this is continuing.

GOVERNMENT OF THE NORTHWEST TERRITORIES
LIQUOR CONTROL SYSTEM
BALANCE SHEET
MARCH 31, 1970

ASSETS

CURRENT

| | |
|---------------------|-------------------|
| Cash | \$ 322,366 |
| Accounts Receivable | 50,921 |
| Inventory | <u>526,289</u> |
| | <u>\$ 899,576</u> |

LIABILITIES

CURRENT

| | |
|------------------|--------------|
| Accounts Payable | \$ 234,277 |
| Deferred Income | <u>6,583</u> |
| | 240,860 |

Due to the Government of the
Northwest Territories:

| | |
|--------------------------------|-------------------|
| Revolving Fund, April 1, 1969 | \$ 750,000 |
| Gross Profit for the Year | <u>2,409,211</u> |
| | 3,159,211 |
| LESS: Fund Transferred | <u>2,500,495</u> |
| Revolving Fund, March 31, 1970 | <u>658,716</u> |
| | <u>\$ 899,576</u> |

GOVERNMENT OF THE NORTHWEST TERRITORIES
LIQUOR CONTROL SYSTEM
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 1970

| | | Previous Year <u>1968-69</u> | Percentage Increase or Decrease |
|-----------------------------------|------------------|------------------------------------|---------------------------------------|
| <u>SALES:</u> | | | |
| Spirits | | \$1,960,007 | +22.3 |
| Wines | \$2,397,859 | 323,633 | +21.2 |
| Beer | 392,323 | <u>1,693,202</u> | +17.4 |
| | <u>1,993,028</u> | <u>3,981,842</u> | +20.0 |
| <u>COST OF GOODS SOLD:</u> | | | |
| Opening Inventory, April 1, 1969 | \$ 637,679 | 718,626 | |
| Purchases: | | | |
| Spirits | 973,005 | 716,299 | |
| Wines | 117,771 | 90,722 | |
| Beer | 854,650 | 780,987 | |
| Freight | 338,826 | 235,350 | |
| Discount and Allowances | 39,179 | 25,570 | |
| Stock Insurance | <u>16,077</u> | <u>12,448</u> | |
| | 2,977,188 | <u>2,580,012</u> | |
| <u>LESS:</u> | | | |
| Closing Inventory, March 31, 1970 | \$ 526,289 | 637,679 | |
| Claims and Refunds | <u>2,300</u> | <u>21,237</u> | |
| | <u>528,589</u> | <u>658,916</u> | |
| | | <u>1,921,096</u> | |
| | | <u>2,443,592</u> | |
| <u>OPERATING GROSS PROFIT:</u> | | | |
| | | 2,334,611 | |
| <u>LESS: Commissions</u> | | | |
| | | <u>20,690</u> | |
| | | <u>2,313,921</u> | +12.3 |
| <u>OTHER REVENUE:</u> | | | |
| Import Permits | 54,460 | 51,024 | |
| Commercial Licences | 25,731 | 24,535 | |
| Special Licences | 6,520 | 5,240 | |
| Claims (1968-69) | 2,775 | 3,222 | |
| Bank Interest Earned | 2,624 | | |
| Club Licences | 2,100 | | |
| Rentals | 880 | 960 | |
| Miscellaneous Revenue | 142 | 25 | |
| Annual Special Licences | <u>58</u> | | |
| | | <u>95,290</u> | +12.1 |
| <u>GROSS PROFIT:</u> | | | |
| | | 2,409,211 | |
| <u>LESS: Administration Costs</u> | | | |
| Store Operating | 202,923 | 185,243 | + 9.6 |
| Head Office | <u>57,990</u> | <u>52,163</u> | +11.2 |
| | | <u>260,913</u> | + 9.9 |
| <u>NET PROFIT:</u> | | | |
| | | <u>\$2,148,298</u> | +12.6 |
| | | <u>\$1,908,346</u> | |

