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

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GOVERNMENT OF THE NORTHWEST TERRITORIES

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), havik 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 Profi</u> t	Gross Profit of Sales	Net Profit of Sales	Increase in Sales
1962	\$1,765,366.	\$ 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%	14.3%
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%	491/9% 44.4	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:		LO (8) L1 (11)	
Dining Lounge	1	.6 (14)	
Beer Parlour		3 (3)	
Guest Room	1	(13)	
Annual Special	2	(26)	
Special Licences	130	(1048)	
Permit to Brew Beer	9	(54)	
Permit to Make Wine	5	7 (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 526,289 899,576

LIABILITIES

CURRENT

Accounts Payable	\$ 234,277
Deferred Income	6,583
	240,860

Due to the Government of the Northwest Territories:

Revolving Fund, April 1, 1969	\$ 750,000
Gross Profit for the Year	2,409,211
	3,159,211
LESS: Fund Transferred	2,500,495
Revolving Fund, March 31, 1970	

658,716

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

SALES:			Previous Year 1968-69	Percentage Increase or Decrease
Spirits		** ** ***		
Wines		\$2,397,859	\$1,960,007	+22.3
Beer		392,323 1,993,028	323,633 1,693,202	+21.2 +17.4
COST OF GOODS SOLD:		4,783,210	3,981,842	+20.0
Opening Inventory, April 1, 1969 Purchases:	\$ 637,679		718,626	
Spirits	973,005		716 400	
Wines	117,771		716,299	
Beer	834,650		90,722 780,987	
Freight	338,826		235,350	
Discount and Allowances	39,179		25,570	
Stock Insurance	16,077		12,448	
	2,977,188		2,530,012	
LESS:				
Closing Inventory, March 31, 1970 \$ 526,289			637,679	
Claims and Refunds 2,300			21,237	
	5 28 ,589		<u>658,91</u> 5	
		<u>2,443,599</u>	1,921,096	
OPERATING GROSS PROFIT:		2,334,611		
LESS: Commissions				
		20,690	0.040 =44	
OTHER DELEMENT.		2,313,921	2,060,746	+12.3
OTHER REVENUE:				
Import Permits	54,460		51,024	
Commercial Licences	25,731		24,535	
Special Licences	6,520		5,240	
Claims (1968-69) Bank Interest Earned	2,775		3,222	
Club Licences	2,624			
Rentals	2,100			
Miscellaneous Revenue	880		960	
Annual Special Licences	142		25	
•	58	95,290		
GROSS PROFIT:			85,006	+12.1
		2,409,211	2,145,752	
LESS: Administration Costs				
Store Operating	202,923		185,243	+ 9.6
Head Office	57,990		52,163	+11.2
NRW DOADTO		260,913	$\frac{237,406}{}$	+ 9.9
NET PROFIT:		\$2,148,298	\$1,908,346	+12.6

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

	YELLOW- KNIFE	FORT SMITH	nay <u>river</u>	<u>inuvik</u>	norman WELLS	FROBISHER BAY	FORT SIMPSON	CHURCHILL	CANADA TUNGSTEM	CAMBRIDGE BAY	PINE <u>POINT</u>	RANKIN INLET	MAIL ORDERS	HEAD OFFICE	TOTAL
SALES: COST OF GOODS SOLD:	\$ <u>1,528,046</u> *(1,335,276)	\$ <u>453,159</u> (398,814)	\$ <u>693,381</u> (758, 33 5)	\$ <u>879,418</u> (700,844)	\$ <u>141,454</u> (101,448)	\$ <u>491,864</u> (427,041)	\$ <u>166,129</u> (133,097)	\$ 15.751 (18,891)	\$ <u>41,899</u> (43,451)	\$ 87,285 (17,126)	\$217,255	\$ 50,649 (42,356)	\$ 16,920 (5,163)		\$4,783,210
Opening Inventory 1 Purchases Store Transfers - In Freight Sales & Delviery Discoun		65,015 154,052 10,860 32,100 3,773	106,238 375,615 7,761 42,676 10,198	113,201 309,777 28,275 71,625 10,738	13,744 57,094 2,265 10,366	122,933 209,408 31,383	18,731 40,465 34,217 7,712	9,974 613	4,677 32,790 951	4,200 40,687 24,463	58,581 44,284 10,128 3,779	1,051 22,821 12,333	10,477 18		637,679 1,945,427 179,357 338,826 39,179
Stock Insurance	5,158 973,577	$\frac{1,504}{267,304}$	$\frac{1,870}{544,358}$	$\frac{3,100}{536,716}$	509 83,978	$\frac{1,609}{365,333}$	$\frac{608}{101,733}$	10,587	$\frac{232}{38,650}$	539 69,889	$\frac{751}{117,523}$	197 36,402	10,495		$\frac{16,077}{3,156,545}$
Closing Inventory Claims and Refunds Store Transfers - Out	173,822 783 32,034	48,838 136 5,059	76,474 759 142,158	67,666 2 62 44	13,398 17 62	120,705 230	10,014		5,738	4	9,634 58	51			526,289 2,300
	206,639	54,033	219,391	67,972	13,477	120,935	10,014		5,738	4	9,692	51			179,357 707,946
Total Cost of Goods Sold.	766,938	213,271	324,967	468,744	70,501	244,398	91,719	10,587	<u>32,912</u>	69,885	107,831	<u>36,351</u>	10,495		2,448,599
GROSS PROFIT	<u>761,108</u> (595,986)	239,888 (211,459)	368,414 (406,651)	$\frac{410,674}{(351,762)}$	<u>70,953</u> (53,386)	247,466 (224,973)	$(\frac{74,410}{74,196})$	(5,164)	8,987 (8,337)	(3,716)	109,424	14,298 (20,969)	6,425 (3,329)		2,334,611
STORE OPERATING COSTS:															
Salaries & Wages Travel and Removal Postage Telephone and Telegrams Office Stationery,	39,442 3,531 10 151	18,761 372 24 238	30,683 705 24 343	18,874 1,563 27 294	5,027 345 32 198	14,466 1,282 25 158	4, 549 97 6	500						50,966 2,225 665 985	182,768 10,620 813 2,367
Supplies & Equipment Material & Supplies Purchase Municipal or	812 3,988	215 1,412	394 849	372 1,087	80 333	405 2,475	92 269	105 30	5		17			2,711 244	5,208 10,687
Public Utility Service Insurance-Building, Bond Rental of Land - Building	ing 614	666 679	2,329 2,776	4,927 309	1,063 693	1,124 1,758	21		14		7			8 70	11,653 6,941
and Works Sundries Commissions	400						2,950		1,557	13,093	24,833	7,597		116	2,950 516 47,080
	50,484 (52,239)	22,367 (21,658)	38,103 (40,703)	27,453 (25,878)	(8,113)	21,693 (17,868)	$(\frac{7,984}{8,023})$	(<u>635</u> (33)	1,576 (1,806)	13,093 (2,569)	24,857	7,597 (6,353)		57,990 (52,163)	281,603
STORE NET PROFIT:	\$ <u>710,624</u> (<u>643,747</u>)		\$ <u>330,311</u> (365,948)	\$ <u>383,221</u> (325,884)	\$ <u>63,182</u> (<u>45,273</u>)	\$ <u>225,773</u> (207,105)	\$ <u>66,426</u> (66,173)	$(\frac{5,529}{5,949})$	s <u>7,411</u> (6,531)	\$ <u>4,307</u> (<u>1,147</u>)	\$ <u>84,567</u>	\$ <u>6,701</u> (14,616)	\$ <u>6,425</u> (<u>3,329</u>)		2,110,998
											Other Reve	nue			95,290
	"The figures	in brackets	indicate 19	968 - 69 f i sc	al year						Less· Hea System's N	d Office Ex et Profit	penditures		2,206,288 57,990 \$2,148,298