

LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
7TH COUNCIL, 46TH SESSION

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Yellowknife, N.W.T.
December 2, 1971

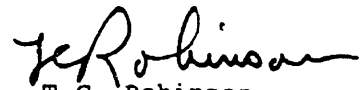
COMMISSIONER S.M. HODGSON

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


This report contains for the first time a resume of
the activities of the Liquor Control Board.

Again I wish to express my sincere appreciation of
the support given by all members of the staff of the Liquor
Control System and of the manner in which they discharged
their duties.

Respectfully submitted


T.C. Robinson
General Manager
Liquor Control System

Approved by the Liquor Control Board


per: A.J. Severn
Chairman

LIQUOR CONTROL SYSTEM

SALES

Revenue from liquor sales increased 16.8% in 1970-71, an increase somewhat higher than the average 13.3% established over the past ten years but less than the record 20% set in 1969-70.

This year, as in the preceeding year, Inuvik showed the sharpest increase (28%) and became the second store in the Territories to record annual sales in excess of one million dollars.

No expansion to existing government owned liquor warehouse facilities has been authorized for eight years. As a result of the steadily increasing sales volume the shortage of such facilities has become acute in those areas not accessible by year round surface transport, and it is now necessary to re-supply all such outlets by air during the winter.

The higher cost of air freight is reflected in the steadily declining ratio of net profit to sales. In the year under report the percentage of net profit to sales was 43%, in 1968-69 it was 47.7%.

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	\$1,765,366	\$ 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%	14.8%
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%	44.9%	20.1%
1971	5,589,192	2,404,086	47.6%	43.0%	16.8%

*Selling price was increased
9% in this year.

STORES AND AGENCIES

During the 1970-71 fiscal year the following stores and agencies were in operation:

Liquor Stores	6	(7)
Liquor Agencies	3	(2)
Beer Agencies	2	(2)

During the year the operation of the Fort Simpson outlet was changed from a government operated liquor store to a liquor agency.

BUILDINGS AND EQUIPMENT

The System continued to occupy six government owned stores.

The Yellowknife Store public area was renovated and enlarged. Routine maintenance only was carried out on the other buildings.

PERSONNEL

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

Under the collective agreement signed between the Public Service Association and the Government the work week of store employees was reduced from six to five days and it became mandatory to give each employee two consecutive days off each week. With Sunday automatically being one of those days off, it necessarily followed that all employees had to be given either Saturday or Monday off. This created major problem in the stores staffed by two men and in Inuvik in particular it was only because of the dedication of the manager and his clerk that a major breakdown in service to the public did not occur.

LICENCES

The following licences were issued during the year prior to the formation of the Liquor Control Board:

Cocktail Lounge:	Commercial	14	(10)
	Clubs	11	(11)
	Canteen	1	
Dining Lounge:		19	(16)
Beer Parlour		3	(3)
Guest Room		12	(13)
Annual Special		26	(27)
Special Licences		1573	(1304)
Permit to Brew Beer		57	(92)
Permit to Make Wine		74	(57)

LOCAL OPTION PLEBISCITES

Two Local Option votes were held, with the following results:

Rankin Inlet, 29 May, 1970: Two questions only were asked, and both were rejected.

Dining Lounge - 24% in favour

Cocktail Lounge - 30% in favour

Rae/Edzo, 20 July, 1970: Five Questions were asked. Rejected were beer parlours, cocktail lounges and special licences. Approved were dining lounges and a liquor store.

LIQUOR CONTROL BOARD

GENERAL

The formation of the Liquor Control Board was authorized under the revised Liquor Ordinance passed in June, 1970 and the appointment of the Board was announced by the Commissioner at the opening of the 44th Session of Council in February, 1971.

The members of the first Liquor Control Board were J.A. Severn, Chairman and Members Bishop H.G. Cook, R.D.S. Ward and T.C. Robinson. Messrs. J. Tetlichi of Fort McPherson and S. Alainga of Frobisher Bay were named advisors to the Board concerning any matters pertaining to the Board that might arise in their areas.

In the two and a half months following its establishment the Board held four meetings comprised of thirteen sessions, issued ten Board Orders and wrote and issued the Special Occasion Licence Regulations and the Liquor Regulations governing all licensed premises.

PERSONNEL

No staff having been allotted to the Board, administrative support was provided by the System.

GENERAL COMMENTS

The financial statement forming part of this report is comprised in the main of two parts, the trading account and the operations and maintenance account.

The trading account presents a precise record of the sales operations of the Liquor Control System, and it is from this account the gross profit is determined.

The operations and maintenance account as its name suggests was intended to present the normal operating expenses. With the growth of the Government in the Territories and a tendency to more closely integrate the operations of the Liquor System within the Government proper the figures in the operations account tend to become inaccurate and misleading.

Rather than present the actual operating expenses of the System, all that can be stated with certainty is that the amount shown is the minimum expenditure. Numerous other undetermined expenditures that should properly be charged to the Liquor System are absorbed in other Departments' expenditures. Such items include capital expenditures, grants in lieu of municipal taxes on store buildings, office rental, staff housing and other minor items.

It is recommended that if this report is to be taken as a true picture of what it costs the Government to operate the Liquor Control System and Board, their operations should be entirely divorced from the main government operation and a detailed statement be produced including such items as fixed and liquid assets and liabilities, as well as the expenses previously mentioned.

Alternately, if this is not acceptable or practical at this time consideration should be given to confining the statement to the trading account and eliminating the operations account lest it mislead the Government and Council.

GOVERNMENT OF THE NORTHWEST TERRITORIES

LIQUOR CONTROL SYSTEM

BALANCE SHEET

MARCH 31, 1971

ASSETS

CURRENT:

Cash	\$ 132,436
Accounts Receivable	6,604
Inventory	<u>857,475</u>
	<u>\$ 996,515</u>

LIABILITIES

CURRENT:

Accounts Payable	\$ 214,270
Deferred Income	3,748
Due to the Government of the Northwest Territories:	
Revolving Fund, April 1, 1970	\$ 658,715
Gross Profit for the Year	<u>2,769,782</u>
	3,428,497
LESS: Transferred to Territorial Treasury	<u>2,650,000</u>
Revolving fund, March 31, 1971	<u>778,497</u>
	<u>\$996,515</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

LIQUOR CONTROL SYSTEM

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 1971

SALES:

Spirits	\$ 2,694,905
Wines	484,316
Beer	<u>2,409,971</u>
	5,589,192

COST OF GOODS SOLD:

Opening Inventory, April 1, 1970 \$ 526,289

PURCHASES:

Spirits	1,400,532
Wines	181,377
Beer	1,099,525
Freight	512,249
Discounts and Allowances	40,646
Stock Insurance	<u>18,907</u>
	\$3,779,525

LESS:

Closing Inventory, \$857,475
March 31, 1971:

Claims and Refunds 6,495

863,970

2,915,555

Operating Gross Profit:

2,673,637

LESS: Commissions

22,710

2,650,927

OTHER REVENUE:

Import Permits	56,662
Commercial Licences	35,486
Miscellaneous Revenue	2,954
Bank Interest Earned	13,549
Special Licences	7,965
Club Licences	1,250
Rental	960
Annual Special Licences	28
Canteen Licences	<u>2</u>

118,856

GROSS PROFIT:

2,769,783

LESS: Administration Costs -

Head Office and Stores Operation

365,697

NET PROFIT:

\$2,404,086

GOVERNMENT OF THE NORTHWEST TERRITORIES
LIQUOR CONTROL SYSTEM
STORES & AGENCIES STATEMENT OF PROFIT & LOSS
FOR THE YEAR ENDED MARCH 31, 1971

	YELLOW- KNIFE	FORT SMITH	HAY RIVER	INUVIK	NORMAN WELLS	FROBISHER BAY	FORT SIMPSON	CHURCHILL	CANADA TUNGSTEN	CAMBRIDGE BAY	PINE POINT	RANKIN INLET	MAIL ORDERS	HEAD OFFICE	LIQUOR BOARD	TOTAL
SALES:	\$1,674,443 *(1,526,046)	499,533 (453,159)	783,698 (693,381)	1,127,061 (879,418)	139,491 (141,454)	600,735 (491,864)	221,642 (166,129)	17,226 (15,751)	41,105 (41,899)	97,540 (87,285)	308,677 (217,255)	53,862 (50,649)	24,179 (16,920)			5,589,192 (4,783,210)
COST OF GOODS SOLD:																
Opening Inventory	173,822	48,838	76,474	67,665	13,398	120,705	10,015		5,738		9,634					526,289
Purchases	654,363	194,637	837,360	436,836	70,034	249,738	30,219	9,120	31,957	47,143	77,549	26,478	16,000			2,681,434
Store Transfers - In	162,056	98,112	12,154	52,798	16,306		92,689				71,087					505,402
Freight	104,539	33,087	74,243	117,096	13,210	81,845	15,407	2,781	1,076	30,850	16,795	21,320				312,249
Sales & Delivery Discounts	12,671	4,681	11,208	8,149							3,937					40,646
Stock Insurance	5,670	1,694	2,113	4,055	489	2,018	755		230	594	1,079	210				18,907
	<u>1,113,121</u>	<u>381,049</u>	<u>1,013,552</u>	<u>686,599</u>	<u>113,637</u>	<u>454,306</u>	<u>149,085</u>	<u>11,901</u>	<u>39,001</u>	<u>78,587</u>	<u>180,081</u>	<u>48,008</u>	<u>16,000</u>			<u>4,284,927</u>
Closing Inventory	279,538	123,631	156,150	84,988	26,602	115,230	38,539		6,561		25,836					857,475
Claims and Refunds	2,621	298	858	439	131	1,953	13	100		32	24	26				6,495
Store Transfers - Out	14,689	13,614	468,720	8,379												505,402
	<u>296,848</u>	<u>137,543</u>	<u>625,728</u>	<u>85,427</u>	<u>35,112</u>	<u>117,183</u>	<u>38,552</u>	<u>100</u>	<u>6,961</u>	<u>32</u>	<u>25,860</u>	<u>26</u>				<u>1,369,372</u>
Total Cost of Goods Sold	<u>816,273</u>	<u>243,506</u>	<u>387,824</u>	<u>601,172</u>	<u>78,525</u>	<u>337,123</u>	<u>110,533</u>	<u>11,801</u>	<u>32,040</u>	<u>78,555</u>	<u>154,221</u>	<u>47,982</u>	<u>16,000</u>			<u>2,913,513</u>
GROSS PROFIT:	<u>858,170</u> (761,108)	<u>256,027</u> (239,888)	<u>395,874</u> (368,414)	<u>525,889</u> (410,674)	<u>60,966</u> (70,953)	<u>263,612</u> (247,466)	<u>111,109</u> (74,410)	<u>5,425</u> (5,164)	<u>9,065</u> (8,987)	<u>18,985</u> (17,400)	<u>154,456</u> (109,424)	<u>5,880</u> (14,298)	<u>8,179</u> (6,425)			<u>2,673,637</u> (2,334,611)
OPERATING COSTS																
Personnel	61,909	24,808	42,202	23,644	7,421	8,191	273							78,490		246,938
Transportation & Communication	2,486	410	1,576	1,599	402	5,328	27			5	9			15,846		27,688
Professional and Special Services	1,940	651	2,740	333	672	2,129	25,140		1,763	14,631	23,957	8,079	262		1,200	83,497
Office-Stationery Supplies	1,575	292	1,292	689	81	751	72		36		122		3,536		642	9,058
Materials and Supplies	2,630	275	905	1,393	267	2,475	12			5			3			7,965
Purchased Utilities and Building Maintenance	1,648	1,051	2,077	6,332	938	1,055										13,101
Miscellaneous						5								100		105
Rentals and Leases														25		25
	<u>72,188</u> (50,484)	<u>27,487</u> (22,367)	<u>50,792</u> (38,103)	<u>33,990</u> (27,453)	<u>9,781</u> (7,771)	<u>19,934</u> (21,693)	<u>25,524</u> (7,984)	<u>(635)</u>	<u>1,799</u> (1,576)	<u>14,641</u> (13,093)	<u>24,088</u> (24,857)	<u>8,079</u> (7,597)	<u>98,262</u> (57,990)	<u>1,842</u>		<u>388,407</u>
NET PROFIT:	<u>785,982</u> (710,624)	<u>228,540</u> (217,521)	<u>345,082</u> (330,311)	<u>491,899</u> (385,221)	<u>51,185</u> (63,182)	<u>243,678</u> (225,773)	<u>85,585</u> (66,426)	<u>5,425</u> (4,529)	<u>7,266</u> (7,411)	<u>4,344</u> (4,307)	<u>130,368</u> (84,567)	<u>(2,199)</u> (6,701)	<u>8,179</u> (6,425)	<u>(98,262)</u>	<u>(1,842)</u>	<u>2,285,230</u>

* The figures in brackets indicate 1969-70 fiscal year.

Other Revenue 118,356
System's Net Profit 2,404,086