LEGISLATIVE ASSEMBLY OF THE NORTHWEST TERRITORIES 7TH COUNCIL, 48TH SESSION

TABLED DOCUMENT NO. 2-48
TABLED ON JANUARY 19, 1973



LIQUOR CONTROL SYSTEM & LIQUOR CONTROL BOARD

Eighteenth ANNUAL REPORT

APRIL 1, 1971 TO MARCH 31, 1972



Yellowknife, N.W.T. December 1, 1972

COMMISSIONER S.M. HODGSON

Attached find the Eighteenth Annual Report of the Liquor Control System submitted in accordance with section 9 of the Liquor Ordinance.

This report contains a resume of the activities of the Liquor Control Board and the Liquor Control System. For the first time, in compliance with recent amendments to the Liquor Ordinance, an auditor's certificate is included.

A warm tribute should be paid to our employees throughout the Territories. Their efforts and cooperation have contributed to the successful operation of the System and Board throughout the past year.

Respectfully submitted

General Manager Liquor Control System

Approved by the Liquor Control Board

Chairman

LIQUOR CONTROL SYSTEM

SALES

Liquor sales increased 16.4% in 1971-72, a slight increase over the previous year and an increase of three percentage points over the average annual increase for the last ten years. Sales in the Fort Simpson area increased by 33%, by 18% in the Inuvik and Frobisher areas, 16% in Yellowknife and Fort Smith, and 7% in the Pine Point-Hay River area. In Cambridge Bay, an increase in sales of 17% was offset by the additional air freight required and a net loss in excess of three thousand dollars was incurred.

TABLE I

	Sales	Gross Profit	Gross Profit of Sales	Increase in Sales
1963 1964 1965 1966 1967 1968 1969 1970 1971	1,874,577 2,153,287 2,353,258 2,669,435 3,143,242 3,463,041 3,981,842 4,783,210 5,589,192 6,509,583	902,278 1,050,445 1,131,722 1,332,221 1,586,088 1,859,144 2,060,746 2,334,611 2,673,637 3,107,027	48.1% 48.7% 48.0% 49.9% 50.8% 53.7% 51.8% 47.6%	6.1% 14.8% 9.3% 13.4% 17.7% *10.2% 15.0% 20.1% 16.8% 16.4%

^{*}Selling price was increased 9% in this year.

STORES AND AGENCIES

As in the previous year, during 1971-72 the following stores and agencies were in operation:

Liquor Stores - 6 Liquor Agencies - 3 Beer Agencies - 2

BUILDINGS AND EQUIPMENT

The System continued to occupy six government-owned store buildings and routine maintenance only was carried out on these buildings.

PERSONNEL

There were 23 established positions within the Liquor System during this period and all positions were filled.

The Liquor System continued to provide administrative support for the Liquor Control Board.

GENERAL

In a previous report, it was pointed out that the operating costs shown in these reports could only be taken as a minimum, rather than the actual expenditures, due to various costs being absorbed in the general government structure. This condition still exists. For this reason, Table I now shows only gross profit as a percentage of sales, it being thought that this would provide a truer indication of the profit trend over the years. A gradual decline in this percentage in the main results from increased freight rates and the decision to supply northern outlets by air rather than build or lease additional warehouse facilities.



N.W.T. LIQUOR CONTROL BOARD

The N.W.T. Liquor Control Board has endeavoured to provide Regulations appropriate to and in accordance with the varied conditions and locations where licensed premises exist.

We find that our decision making is being affected by a feeling of responsibility regarding the consumer and his environment.

The Regulations will constantly be under review to stay abreast of the rapidly changing desires of our people and Government. The extent of the changes by a path that can do least damage would best be accomplished by more preventative maintenance. The Alcohol Education Program must accelerate its exposure of the damage and hazards of alcohol abuse.

The Liquor Control Board must develop a system of inspection whereby the licensee, as the professional operator, is kept under surveillance and kept conscious of his obligations and responsibilities which are vested in him when a licence is granted.

It is our intention to provide more inspection and rigid controls. Finances permitting, additional part-time resident inspectors or a full-time inspector available for extensive travel must be provided in the very near future.

> 5. A. Severn, Chairman N.W.T. Liquor Control Board

LICENCES

1971-72 was the first full year's operation of the Board. During that year the Board held 19 meetings and 3 public hearings. They renewed 91 licences, granted 12 new licences and suspended two licences for short periods. Table II, hereunder, shows a breakdown of the licences in effect at the end of the period under report.

TABLE II

Cocktail Lounge	-	17
Club	-	10
Canteen	-	6
Dining Lounge	•	17
Tavern	-	3
Off Premises	•	10
Guest Room	-	10
Aircraft and Ship	-	4
Annual Special	-	26
Special Occasion Licences	-	1323
Permit to Brew Beer	•	57
Permit to Make Wine	-	83

LOCAL OPTION PLEBISCITES

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

Fort Simpson, 17 January, 1972:

Three questions were asked and all three were approved.

Cocktail Lounge - 79% in favour Tavern - 68% in favour Off Premises Sales - 70% in favour

Norman Wells, 17 January, 1972:

Two questions were asked; one was rejected, one was approved.

Cocktail Lounge - 73% in favour Off Premises Sales - 38% in favour



Commissioner Government of the Northwest Territories

AUDITORS' REPORT

We have examined the balance sheet of the Northwest Territories Liquor Control System as at March 31, 1972, the consolidated statement of profit and loss and the stores and agencies statement of profit and loss for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the System as at March 31, 1972 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

C. E. Callas Territorial Auditor

Yellowknife, N.W.T. 2 November, 1972.

GOVERNMENT OF THE NORTHWEST TERRITORIES

LIQUOR CONTROL SYSTEM

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 1972

SALES:	
--------	--

Spirits	\$3,152,274
Wines	564,925
Beer	2,792,384
	6,509,583

COST OF GOODS SOLD:

Opening Inventory, April 1, 1971 \$ 857,475

PURCHASES:

Spirits Wines Beer	1,170,674 183,978 1,269,974
Freight	612,737
Storage Allowances	3,465
Stock Insurance	22,245
	4,120,548

LESS:

Closing Inventory, March 31, 1972	\$712,921
Claims and Refunds	5,071

717,993	_
	3,402,556

OPERATING GROSS PROFIT: 3,107,027

OTHER REVENUE:

Import Permits	50,893
Commercial Licences	48,857
Bank Interest Earned	8,464
Special Occasion Licences	5,868
Club Licences	1,637
Annual Special Licences	1,200
Rental	960
Wine Permits	166
Revenue Received in Treasury	117
Miscellaneous Revenue	24

	118,186
GROSS PROFIT:	\$3,225,213

LESS: Administration Costs -

Head Office and Store Operation 407,928

NET PROFIT: \$2,817,285

GOVERNMENT OF THE NORTHWEST TERRITORIES

LIQUOR CONTROL SYSTEM

BALANCE SHEET

MARCH 31, 1972

ASSETS

CURRENT:

Cash \$ 495,515 Accounts Receivable 941 Inventory 712,921 \$1,209,377

LIABILITIES

CURRENT:

Accounts Payable \$ 302,826 Deferred Income 2,958

DUE TO THE GOVERNMENT OF THE NORTHWEST TERRITORIES:

Revolving Fund, April 1, 1971 \$ 778,497

Gross Profit for the Year 3,225,213

4,003,710

LESS: Transferred to Territorial Treasury 3,100,117

Revolving Fund, March 31, 1972

903,593

\$1,209,377

GOVERNMENT OF THE NORTHWEST TERRITORIES LIQUOR CONTROL SYSTEM STORES & AGENCIES STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 1972

	YELLOW- KNIFE	FORT SMITH	HAY RIVER	INUVIK	NORMAN WELLS	FROBISHE BAY	R FORT SIMPSON	FORT CHURCHILL	CANADA TUNGSTEN	PINE POINT	RANKIN INLET	CAM- BAY	MAIL ORDERS	HEAD OFFICE	LIQUOR BOARD	TOTAL.
<u>Sales</u> .	*(1,674,443)	579,071 (499,533)		1,320,954 (1,127,061)	190,671 (139,491)	711,462 (600,735)	295,889 (221,642)	$\frac{21,567}{(17,226)}$	42,423 (41,105)	332,058 (308,677)	57,996 (53,862)	114,840 (97,540)	40,614 (24,179)			6,509,583 (5,589,192)
COST OF GOODS SOLD Opening Inventory Purchases Stock Transfers-In Freight Storage Allowance Stock Insurance	279,538 834,180 25,750 139,883 6,784 1,286,135	123,631 164,439 48,148 32,454 1,941 370,613	156,150 539,328 5,957 63,422 1,870 2,420 769,147	84,988 477,786 116,258 128,228 4,752 812,012	26,602 61,570 23,833 16,939 657 129,601	115,230 268,209 148,045 2,555 534,039	38,539 50,117 73,415 10,738 189 999 173,997	13,297 821	6,961 31,946 968 229 40,104	25,836 81,295 62,298 12,216 1,406 857 183,908	25,998 15,111 340 41,449	56, 387 43,912 711 101,010	20,074			857.475 2,624,626 355,659 612,737 3,465 22,245 4,476,207
Closing Inventory Claims & Refunds Stock Transfers-Out	231,538 1,160 95,323 328,021	87,288 60 9,150 96,498	113,588 1,727 249,262 364,577	111,578 550 1,924 114,052	29,640 418 30,058	77,027 591 77,618	31,482 57 31,539	- -	6,539 6,539	24,241 179 24,420	272 272	57 57				712,921 5,071 <u>355,659</u> 1,073,651
Total Cost of Goods Sold	958,114	274,115	404,570	697,960	99,543	456,421	142,458	14,118	33, 565	159,488	41,177	100,953	20,074			3,402,556
GROSS PROFIT:	1,004,041 (858,170)	304,956 (256,027)	435,313 (395,874)	622,994 (525,889)	91,128 (60,966)	255,041 (263,612)	153,431 (111,109)	7,449 (5,425)	8,858 (9,065)	172,570 (154,456)	16,819 (5,880)	13,887 (18,985)	20,540 (8,179)			$\frac{3,107,027}{(2,673,637)}$
OPERATING COSTS: Personnel Transportation and Communication Professional and	65,759 756 2,127	26, 087 302 775	45,238 868	34,021 945	8,023 530	27,005 423	6 23,001	450	1,696	4 24,103	8,699	17,226		66,368 4,974 72	6,683 3,055	272,501 15,941 80,768
Special Services Office Sationary & Suppli Materials & Supplies Rentals and Leases Purchased Utilities and		188 683	342 647	298 1,527	184 278	340 2,487	23,001		1,090	24,103	0,099	17,220		2,633 20	25	6,992 8,534 25
Building Maintenance Miscellaneous	2,229 511 77,224 (72,188)	1,297 588 29,920 (27,487)	1,547 2,519 51,166 (50,792)	7,457 198 44,446 (33,990)	3,045 666 12,726 (9,781)	1,069 1,782 33,115 (19,934)	23,064 (25,524)	450	1,696 (1,799)	24,107 (24,088)	8,699 (8,079)	17,226 (14,641)		9 74,076 (98,262)	250 10,013 (1,842)	16,644 6,523 407,928
NET PROFIT .	926,817 (785,982)	275,036 (228,540)	384,147 (345,082)	578,548 (491,899)	78,402 (51,185)	221,926 (243,185)	130,367 (85,585)	6,999 (5,425)	7,162 (7,266)	148,463 (130,368)	8,120 (2,199)	LOSS (3, 339) (4, 344)	20,540 (8,179)	(74,076)	(10,013)	2,699,099
											LOSS	C	THER REVE	Mie.		118,186
			_									\$	SYSTEM'S N	ET PROFIT		2,817,285

^{*} The figures in brackets indicate the 1970-71 fiscal year.