

LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
7TH COUNCIL, 51ST SESSION

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NORTHWEST TERRITORIES

LIQUOR CONTROL SYSTEM

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LIQUOR LICENSING BOARD

Nineteenth
ANNUAL REPORT

APRIL 1, 1972 to MARCH 31, 1973




Yellowknife, N.W.T.
3 December 1973

COMMISSIONER S.M. HODGSON

Attached find the Nineteenth Annual Report of the Liquor Control System submitted in accordance with section 9 of the Liquor Ordinance. This report contains a resume of the operations of the Liquor System and Liquor Licensing Board and the financial statement has been audited by the Territorial Auditor.

At this time I would like to express my sincere thanks to all the staff in the Liquor System for their continued co-operation in all aspects of the operation of the System.

Respectfully submitted,


T.C. Robinson
General Manager
Liquor Control System



N.W.T. LIQUOR LICENSING BOARD

The Liquor Licensing Board having served its third year has achieved some maturity and stabilization. However, one of our strongest independent thinkers, H.G. Cook, Bishop of the District of Mackenzie, has resigned. I wish to convey the Board's appreciation to Bishop Cook for the service he contributed by his consistent presentation of an opinion that had evidence of hours of homework and a never ceasing consideration for the environment and people he served. Bishop Cook's years of knowledge involving the people of the Northwest Territories will be difficult to replace. For your consideration I would desire to see the appointment of a person knowledgeable in either accounting or law, or both.

The Liquor Licensing Board Inspection Department is maturing in knowledge and I would like to express our thanks for their interest in improving the relationship between the Liquor Licensing Board and the many licensees and their employees, as well as the clientele. I believe there is a built-in appreciation for the old cliché "being judged by one of your peers". The licensees in outlying settlements and hamlets would have a greater insight for the necessity of carrying on their business in accordance with the Ordinance and Regulations if they were being enlightened by an Inspector from their own immediate environment. I would appreciate a concerted effort for at least one year to appoint local inspectors.

The newly developed self-service store operated by private enterprise in Yellowknife, could be allowing a weakness in the profit motivated establishment. Mail orders and packaging for shipment are being neglected in comparison with the government's previous treatment of these particular customers.

Many varied and drastic changes are being implement by the liquor licensing jurisdictions from coast to coast in the provinces. We shall continue to observe and try to set the pace where necessary in this, an ever controversial area of our daily lives.

J.A. Severn
Chairman
Liquor Licensing Board

3 December 1973

LIQUOR CONTROL SYSTEM

During 1972-73 spirits, wine and beer were made available to the public through six government operated liquor stores, three liquor agencies, and two beer agencies.

The annual increase in sales revenue stood at 15.2%, down one percentage point from the previous year but still in line with the ten year average of 14.9%. While the total sales throughout the Territories increased this 15%, the increase varied considerably from area to area, with Fort Simpson showing the highest increase at 40% and Fort Smith showing the smallest increase at 5%.

TABLE I

	<u>Sales</u>	<u>Gross Profit</u>	<u>Gross Profit of Sales</u>	<u>Increase in Sales</u>
1964	2,153,287	1,050,445	48.7%	14.8%
1965	2,353,258	1,131,722	48.0%	9.3%
1966	2,669,435	1,332,221	49.9%	13.4%
1967	3,143,242	1,586,088	50.8%	17.7%
1968	3,463,041	1,859,144	53.7%	*10.2%
1969	3,981,842	2,060,746	51.8%	15.0%
1970	4,783,210	2,334,611	48.8%	20.1%
1971	5,589,192	2,673,637	47.6%	16.8%
1972	6,509,583	3,107,027	47.7%	16.4%
1973	7,496,179	3,585,040	47.7%	15.2%

*Selling price was increased 9% in this year.

Of the total sales of almost seven and one-half million dollars, sales to the public totalled approximately four and one-half million and to licensees three million - 61% and 39% respectively.

The Inuvik store was enlarged by the addition of 2,000 square feet, and construction of a 1600 square foot extension to the Frobisher Bay store was started. Routine maintenance only was carried out at the other government stores.

There were 24 established positions within the Liquor System and all but one were filled at the year's end.

In the latter part of March Mr. George Gordon, store manager at Fort Smith who joined the System in 1952, became incapacitated and was forced to go on sick leave. At time of writing it appears he will return to work in early 1974.

All breweries increased their prices effective 1 January 1973 and all distillers increased their prices to the government effective 1 October 1972. An adjustment of the retail price of beer followed as soon as existing stocks were sold, which in most centres was within two months. An increase in the retail price of liquor was withheld until existing inventories were depleted. This did not occur during the 1972-73 fiscal year.

Forecast

Early in 1973-74 it became apparent that the usual 15 percent increase in sales was not being maintained and an annual increase in the 7-10 percent range could be expected. This slowing down of sales coupled with increasing costs of all materials and supplies, would normally adversely effect the net profit for the coming year. This decline will be counteracted by the retail price increase effected 29 October 1973.

LIQUOR LICENSING BOARD

During 1972-73 the Licensing Board held 16 meetings and 2 public hearings. There were 107 licences renewed, 9 new licences were granted, 6 applications for licences were rejected, and one is presently being processed. Three existing licences were suspended.


TABLE II

Cocktail Lounge	-	19
Club	-	12
Canteen	-	7
Dining Lounge	-	19
Tavern	-	3
Off Premises	-	13
Guest Room	-	16
Aircraft and Ship	-	4
Annual Special	-	23
Special Occasion Licences-		1233
Permit to Brew Beer	-	48
Permit to Make Wine	-	17

A local option plebiscite was held at Fort McPherson on 5 April 1972 at which the residents approved the establishment of a liquor store.

The Chief Inspector developed the inspection service to the limit of the staff at his disposal and credit must be given to him and the store managers who acted as Liquor Inspectors beyond their terms of reference as managers.

APPROVED:


J.A. Severn
Chairman
Liquor Licensing Board


T.C. Robinson
General Manager
Liquor Control System



PLEASE QUOTE

FILE

GOVERNMENT OF THE NORTHWEST TERRITORIES
CANADA

Yellowknife, N.W.T.

COMMISSIONER

AUDITORS' REPORT

As required by Section 9 of the Liquor Ordinance we have examined the Balance Sheet of the Northwest Territories Liquor Control System as at March 31, 1973, the Statement of Profit and Loss for the System and the Statement of Profit and Loss for each store and agency for the year then ended. Our examination included a general review of accounting procedures and such tests of the accounting records and other evidence as we considered necessary in the circumstances.

Subject to the qualifications set out in Notes 1, 3 and 4, we are of the opinion that these Financial Statements present fairly the financial position of the System as at March 31, 1973 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.

A handwritten signature in cursive script, appearing to read "C. E. Callas".

C. E. Callas,
Territorial Auditor,
Audit Bureau,
Executive Secretariat.

GOVERNMENT OF THE NORTHWEST TERRITORIES

LIQUOR CONTROL SYSTEM

BALANCE SHEET

AS AT 31 MARCH 1973

(With comparative figures as at 31 March 1972)

	<u>31 March 1973</u>	<u>31 March 1972</u>
<u>ASSETS</u>		
Cash	\$ 863,994	\$ 495,515
Accounts Receivable	14,835	941
Inventory at Cost (Note 1)	<u>1,181,829</u>	<u>712,921</u>
	<u>\$2,060,658</u>	<u>\$1,209,377</u>
<u>LIABILITIES</u>		
<u>Current</u>		
Accounts Payable (Note 1)	\$ 167,667	\$ 302,826
Deferred Income	<u>2,350</u>	<u>2,958</u>
	<u>\$ 170,017</u>	<u>\$ 305,764</u>
<u>Due to Government of the Northwest Territories</u>		
Revolving Fund April 1	\$ 903,593	\$ 778,497
Gross Profit for the year	<u>3,737,110</u>	<u>3,225,213</u>
	\$4,640,703	\$4,003,710
Transferred to Territorial Treasury (Note 2)	<u>2,750,062</u>	<u>3,100,117</u>
Revolving Fund March 31	<u>\$1,890,641</u>	<u>\$ 903,593</u>
	<u>\$2,060,658</u>	<u>\$1,209,377</u>

NOTES (used throughout Financial Statement)

- Note 1 Accounts payable of \$63,857 in respect of goods in transit and not taken into inventory at 31 March 1973 are omitted from the statements.
- Note 2 A transfer to the Territorial Treasury of \$600,000 was made in April 1973
- Note 3 Warehouse rental does not include \$3,750 paid directly by the Government of the Northwest Territories.
- Note 4 As we have not performed a complete audit of the records of the Government of the Northwest Territories, we are unable to express an opinion on the validity of the administrative expense figure.

GOVERNMENT OF THE NORTHWEST TERRITORIES

LIQUOR CONTROL SYSTEM

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 1973

(With comparative figures for the year
ended 31 March 1972)

	<u>1973</u>	<u>1972</u>
SALES:		
Spirits	\$3,626,024	\$3,152,274
Wines	686,486	564,925
Beer	<u>3,183,669</u>	<u>2,792,384</u>
	\$7,496,179	\$6,509,583
COST OF GOODS SOLD (Schedule 1)	<u>3,911,139</u>	<u>3,402,556</u>
GROSS PROFIT	\$3,585,040	\$3,107,027
OTHER REVENUE (Schedule 2)	<u>152,070</u>	<u>118,186</u>
NET PROFIT (before Operating Expenses)	\$3,737,110	\$3,225,213
OPERATING EXPENSES (Schedule 3)	<u>441,661</u>	<u>401,928</u>
NET PROFIT	<u><u>\$3,295,449</u></u>	<u><u>\$2,817,285</u></u>

SCHEDULE 1

<u>COST OF GOODS SOLD</u>	<u>1973</u>	<u>1972</u>
Inventory, 1 April 1972	\$ 712,921	\$ 857,475
Purchases:		
Spirits	1,720,980	1,170,674
Wines	278,549	183,978
Beer	1,614,858	1,269,974
Freight	745,558	612,737
Storage Allowances	6,148	3,465
Stock Insurance	21,931	22,245
Warehouse Rental (Note 3)	13,353	-
Cost of Goods Available for Sale	<u>\$5,114,298</u>	<u>\$4,120,548</u>
Less:		
Inventory, 31 March 1973	\$1,181,829	\$ 712,921
Claims and Refunds	21,330	5,071
	<u>\$1,203,159</u>	<u>\$ 717,992</u>
Cost of Goods Sold	<u>\$3,911,139</u>	<u>\$3,402,556</u>

SCHEDULE 2

<u>OTHER REVENUE</u>	<u>1973</u>	<u>1972</u>
Import Permits	\$ 57,249	\$ 50,893
Licence Fees	67,928	48,857
Bank Interest Earned	19,903	8,464
Special Occasion Licences	5,798	8,705
Rent	960	960
Wine Permits	130	166
Revenue Received in Treasury	62	117
Miscellaneous	40	24
	<u>\$ 152,070</u>	<u>\$ 118,186</u>

SCHEDULE 3

<u>OPERATING EXPENSES</u>	<u>1973</u>	<u>1972</u>
Personnel	\$ 313,751	\$ 272,601
Transportation and Communications	16,187	15,941
Professional and Special Services	84,355	80,768
Office Stationery and Supplies	10,535	6,992
Materials and Supplies	651	8,534
Rentals and Leases	30	25
Building Maintenance and Utilities	15,542	16,644
Miscellaneous	610	6,523
	<u>\$ 441,661</u>	<u>\$ 407,928</u>

Note 3 Warehouse rental does not include \$3,750 paid directly by the Government of the Northwest Territories

GOVERNMENT OF THE NORTHWEST TERRITORIES
LIQUOR CONTROL SYSTEM
STORES & AGENCIES STATEMENT OF PROFIT & LOSS
FOR THE YEAR ENDED MARCH 31, 1973

	YELLOW- KNIFE	PORT SMITH	HAY RIVER	INUVIK	NORMAN WELLS	PROBISHER BAY	PORT SIMPSON	PORT CHURCHILL	CANADA TUNGSTEN	PINE POINT	RANKIN INLET	CAM- BAY	EASTERN ARCTIC MAIL ORDERS	LIQUOR LICENSING BOARD	HEAD OFFICE	TOTAL
SALES:	<u>2,143,666</u>	<u>606,617</u>	<u>976,185</u>	<u>1,676,380</u>	<u>223,518</u>	<u>769,199</u>	<u>415,401</u>	<u>20,291</u>	<u>27,791</u>	<u>383,215</u>	<u>73,540</u>	<u>120,602</u>	<u>49,774</u>			<u>7,496,179</u>
	*(1,962,155)	(579,071)	(839,883)	(1,320,954)	(190,671)	(711,462)	(295,889)	(21,567)	(42,423)	(332,058)	(57,996)	(114,840)	(40,614)			(6,509,583)
COST OF GOODS SOLD:																
Opening Inventory	231,537	87,288	113,588	111,578	29,640	77,027	31,483		6,539	24,241						712,921
Purchases	958,040	385,022	706,049	658,574	85,102	472,238	105,013	13,348	25,742	90,512	39,404	48,827	26,516			3,614,387
Stock Transfers-In	44,659	32,801	51,628	98,312	8,994	132	51,738			82,580						370,844
Freight	152,889	47,102	66,085	222,270	17,620	125,938	24,013	1,347	297	16,542	28,087	43,368				745,558
Storage Allowance	82		2,306		711	2,260	1,931			1,829						6,148
Stock Insurance	6,220	1,920	2,469	5,472	300	11,436	1,002		193	656	383	645				21,931
Storage Rental (Note 3)																13,353
	<u>1,393,427</u>	<u>554,133</u>	<u>942,125</u>	<u>1,097,642</u>	<u>142,367</u>	<u>689,212</u>	<u>215,180</u>	<u>14,695</u>	<u>32,771</u>	<u>216,360</u>	<u>67,874</u>	<u>92,840</u>	<u>26,516</u>			<u>5,485,142</u>
Closing Inventory	315,747	136,984	237,212	156,994	25,382	243,416	22,961		2,986	36,590	3,629	18				1,181,829
Claims and Refunds	3,277	6,277	1,032	1,724	103	3,740	3		17	33	5,015	109				21,330
Stock Transfers-Out	<u>43,218</u>	<u>98,782</u>	<u>225,517</u>	<u>213</u>	<u>2,452</u>					<u>662</u>						<u>370,844</u>
	<u>362,242</u>	<u>242,043</u>	<u>463,761</u>	<u>158,931</u>	<u>27,937</u>	<u>247,156</u>	<u>22,964</u>		<u>2,913</u>	<u>37,285</u>	<u>8,644</u>	<u>127</u>				<u>1,574,003</u>
Total Cost of Goods Sold	<u>1,031,185</u>	<u>312,090</u>	<u>478,364</u>	<u>938,711</u>	<u>114,430</u>	<u>442,056</u>	<u>192,216</u>	<u>14,695</u>	<u>29,858</u>	<u>179,075</u>	<u>59,230</u>	<u>92,713</u>	<u>26,516</u>			<u>3,811,139</u>
GROSS PROFIT:	<u>1,112,481</u>	<u>294,527</u>	<u>497,821</u>	<u>737,669</u>	<u>109,088</u>	<u>327,143</u>	<u>223,185</u>	<u>5,596</u>	<u>7,933</u>	<u>204,140</u>	<u>14,310</u>	<u>27,889</u>	<u>23,258</u>			<u>3,585,040</u>
	(1,004,041)	(304,955)	(435,313)	(622,994)	(91,128)	(255,041)	(153,431)	(7,449)	(8,858)	(172,570)	(16,819)	(13,887)	(20,540)			(3,107,027)
OPERATING COSTS: (Note 4)																
Personnel	71,158	29,197	50,515	40,535	17,445	35,799									69,102	313,751
Transportation and Communication	715	469	531	963	323	974							6,415		5,797	16,187
Professional and Special Services	2,111	935				232	25,728		1,218	25,162	9,667	16,799	2,500		3	84,355
Office Stationary and Supplies	1,654	835	874	1,935	586	1,019									3,632	10,535
Store Materials and Supplies	130	48	88	80	38	267										651
Rentals and Leases						30										30
Purchased Utilities and Equip/Bldg Maintenance	2,267	1,155	1,035	5,078	812	5,195										15,542
Miscellaneous															610	610
	<u>78,035</u>	<u>32,639</u>	<u>53,043</u>	<u>48,591</u>	<u>19,204</u>	<u>43,516</u>	<u>25,728</u>		<u>1,218</u>	<u>25,126</u>	<u>9,667</u>	<u>16,799</u>		<u>8,915</u>	<u>79,144</u>	<u>441,661</u>
	(77,224)	(29,920)	(51,166)	(44,446)	(12,726)	(33,115)	(23,064)	(450)	(1,696)	(24,107)	(8,699)	(17,226)		(10,013)	(74,076)	3,143,379
OPERATING PROFIT:																
OTHER REVENUE:																
																152,070
NET PROFIT:	<u>1,034,446</u>	<u>261,888</u>	<u>444,778</u>	<u>689,078</u>	<u>89,884</u>	<u>283,627</u>	<u>197,457</u>	<u>5,596</u>	<u>6,715</u>	<u>178,978</u>	<u>4,643</u>	<u>11,090</u>	<u>23,258</u>	<u>(8,915)</u>	<u>(79,144)</u>	<u>3,295,449</u>
	(926,817)	(275,036)	(384,147)	(578,548)	(78,402)	(221,926)	(130,367)	(6,999)	(7,162)	(148,463)	(8,120)	(2,000 3,339)	(20,540)	(10,013)	(74,076)	(2,817,285)

*The figures in brackets indicate the 1971-72 fiscal year.