

LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
8TH COUNCIL, 56TH SESSION

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NORTHWEST TERRITORIES

LIQUOR CONTROL SYSTEM

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LIQUOR LICENSING BOARD

**Twentieth
ANNUAL REPORT**

APRIL 1, 1973 to MARCH 31, 1974



Yellowknife, N.W.T.
7 January 1975


COMMISSIONER S.M. HODGSON

Attached find the Twentieth 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 Licensing Board. The financial statement has been audited by the Territorial Auditor.

I wish to express my sincere thanks to the staff of the System for their continued co-operation and loyalty.

Respectfully submitted,


T.C. Robinson
General Manager
Liquor Control System

LIQUOR CONTROL SYSTEM

TABLE I

	<u>Sales</u>	<u>Gross Profit</u>	<u>Gross Profit of Sales</u>	<u>Increase in Sales</u>
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%
1974	8,704,012	4,252,030	48.8%	**16.1%

* Selling price was increased 9%.

** Selling price was increased 10% in October 1973.

The fiscal year of 1973-74 was a difficult year in the spirits and wine trade, with particularly grave problems being experienced in the imported wine field.

Faced with the general inflation of all production costs and an unprecedented demand for their products, the foreign wine producers increased prices by such a degree a number of the more popular wines could not be provided in the Northwest Territories at realistic prices.

Labour disputes, both internally and in the transport field, combined to extend the delivery time of imported products from four months to six months.

Both these factors resulted in short supply of foreign wines and scotch whiskeys.

A general price increase was put into effect on 29 October 1973. Basically this was intended to compensate for price increases announced by all suppliers during the previous twelve months. At the same time, adjustments were made to the basic percentage mark up to be applied to the various categories whereby those containing a higher percentage of alcohol were subject to a higher percentage mark up.

Sales to the public through the government liquor store in Yellowknife ceased at the end of October 1973 with the opening of the Yellowknife Liquor Agency. This Agency was granted to A & A Distributors following a public call for tenders. The government warehouse continued to supply this Agency and licenced premises, with a staff reduced from six to three men.

The Agency is the first self service type of liquor store in the Northwest Territories and has been very well received by the public.

LIQUOR LICENSING BOARD

During the year, the Board held twenty meetings and issued licences as shown in Table II.

Five public hearings were held resulting in the suspension of three licences, the issuance of thirteen new licences and the refusal of two applications.

The local option plebiscite was held in Rankin Inlet in October 1973 and the residents decisively rejected any expansion of liquor services in the community.

Considerable concern continued to be expressed by the public about the supplying of liquor to minors. The Board drafted regulations providing for the issuance of identification cards to persons 19 years and over and the Government had the necessary equipment on order at the end of the year.

TABLE II

	<u>72/73</u>	<u>73/74</u>
Cocktail Lounge	- 19	21
Club	- 12	13
Canteen	- 7	11
Dining Lounge	- 19	20
Dining Room	-	1
Tavern	- 3	3
Off Premises	- 13	13
Guest Room	- 16	14
Aircraft and Ship	- 4	4
Annual Special	- 23	23
Special Occasion Licences-	1233	1225
Permit to Brew Beer	- 48	38
Permit to Make Wine	- 71	68



J.A. Severn
Chairman
Liquor Licensing Board



T.C. Robinson
General Manager
Liquor Control System



Yellowknife, N.W.T.

COMMISSIONER

AUDITOR'S 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, 1974 and the related Statement of Income for the year then ended. Our examination included a general review of accounting procedures and such tests of the accounting records as we considered necessary in the circumstances.

In our opinion, except as stated in Note 4, the accompanying Balance Sheet and Statement of Income present fairly the financial position of the Northwest Territories Liquor System at March 31, 1974, 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,
Audit Bureau,
Executive Secretariat.

GOVERNMENT OF THE NORTHWEST TERRITORIES

LIQUOR CONTROL SYSTEM

BALANCE SHEET

AS AT 31 MARCH 1974

(With comparative figures as at 31 March 1973)

	<u>31 March 1974</u>	<u>31 March 1973</u>
<u>ASSETS</u>		
<u>Current</u>		
Cash	\$ 257,119	\$ 863,994
Accounts Receivable	1,562	14,835
Inventory	<u>1,643,810</u>	<u>1,181,829</u>
	<u>\$ 1,902,491</u>	<u>\$ 2,060,658</u>
 <u>LIABILITIES</u>		
<u>Current</u>		
Accounts Payable	\$ 151,871	\$ 167,667
Deferred Income	<u>3,187</u>	<u>2,350</u>
	<u>\$ 155,058</u>	<u>\$ 170,017</u>
 <u>Due to Government of the Northwest Territories</u>		
Revolving Fund April 1 1973	\$ 1,890,692	\$ 903,593
Gross Profit for year	<u>4,206,791</u>	<u>3,737,110</u>
	<u>\$ 6,097,433</u>	<u>\$ 4,640,703</u>
Transferred to Treasury (Note 1)	<u>\$ 4,350,000</u>	<u>\$ 2,750,062</u>
Revolving Fund March 31/74	<u>1,747,433</u>	<u>1,890,641</u>
	<u>\$ 1,902,491</u>	<u>\$ 2,060,658</u>

NOTES

Note 1 Transfer to Treasury includes \$600,000.00 made in April 1973, balance of Old Year Funds. Not included is \$100,000.00 transferred in April 1974.

GOVERNMENT OF THE NORTHWEST TERRITORIES

LIQUOR CONTROL SYSTEM

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 1974

(With comparative figures for year ended
31 March, 1973)

	<u>1974</u>	<u>1973</u>
SALES:		
Spirits	\$4,356,904.00	\$3,626,024.00
Wine	812,374.00	686,486.00
Beer	<u>3,534,734.00</u>	<u>3,183,669.00</u>
	<u>\$8,704,012.00</u>	<u>\$3,869,707.00</u>
COST OF GOODS SOLD (Schedule 1)	<u>\$4,451,982.00</u>	<u>\$3,869,707.00</u>
GROSS PROFIT ON SALES (Before other expenses)	\$4,252,030.00	\$3,626,472.00
OTHER LIQUOR SYSTEM EXPENSES (Schedule 2)	<u>\$ 209,580.00</u>	<u>\$ 41,432.00</u>
GROSS PROFIT (Before Administrative expenses)	\$4,042,450.00	\$3,585,040.00
ADMINISTRATIVE EXPENSES (Schedule 3)	<u>\$ 454,624.00</u>	<u>\$ 441,661.00</u>
OPERATING PROFIT	\$3,587,826.00	\$3,143,379.00
OTHER REVENUE (Schedule 4)	<u>\$ 164,341.00</u>	<u>\$ 152,070.00</u>
NET PROFIT	<u>\$3,752,167.00</u>	<u>\$3,295,449.00</u>

SCHEDULE 1

<u>COST OF GOODS SOLD</u>	<u>1974</u>	<u>1973</u>
Opening Inventory	\$1,181,829.00	\$ 712,921.00
Purchases:		
Spirits	2,295,872.00	\$1,720,980.00
Wine	341,058.00	278,549.00
Beer	1,501,318.00	1,614,858.00
Freight	<u>782,629.00</u>	<u>745,558.00</u>
Cost of Goods Available for sale	\$6,102,706.00	\$5,072,866.00
Less:		
Closing Inventory	\$1,643,810.00	\$1,181,829.00
Claims and Refunds	<u>6,914.00</u>	<u>21,330.00</u>
<u>Cost of Goods Sold</u>	<u>\$4,451,982.00</u>	<u>\$3,869,707.00</u>

SCHEDULE 2

OTHER LIQUOR SYSTEM EXPENSES	<u>1974</u>	<u>1973</u>
Discounts and Commissions	\$ 163,880.00	-----
Stock Insurance	27,622.00	21,931.00
Warehouse Rental (Note 2)	8,169.00	13,217.00
Storage Allowance	9,209.00	6,148.00
Miscellaneous	<u>700.00</u>	<u>136.00</u>
	<u>\$ 209,580.00</u>	<u>\$ 41,432.00</u>

SCHEDULE 3

ADMINISTRATIVE EXPENSES:	<u>1974</u>	<u>1973</u>
Personnel	\$ 373,635.00	\$ 313,751.00
Transportation and Communication	29,842.00	16,187.00
Professional and Special Services	18,291.00	84,355.00
Office Stationary and Supplies	10,229.00	10,535.00
Materials and Supplies	867.00	651.00
Rentals	90.00	30.00
Utilities and Repairs	18,448.00	15,542.00
Miscellaneous	<u>3,222.00</u>	<u>610.00</u>
	<u>\$ 454,624.00</u>	<u>\$ 441,661.00</u>

NOTES: (2) Warehouse rental does not included \$3,000.00 paid directly by Department of Public Works on behalf of the Liquor Control System

SCHEDULE 4

OTHER REVENUE:	<u>1974</u>	<u>1973</u>
Licence Fees	\$ 69,908.00	\$ 67,928.00
Special Licences	5,287.00	5,798.00
Import Permits	43,983.00	57,249.00
Rent	960.00	960.00
Wine Permits	135.00	130.00
Bank Interest Earned (Note 3)	43,890.00	19,903.00
Miscellaneous	178.00	102.00
	<u>\$ 164,341.00</u>	<u>\$ 152,070.00</u>

NOTES: (3) Bank interest earned includes interest from savings account, revolving fund account, and purchased term deposit

GOVERNMENT OF THE NORTHWEST TERRITORIES
LIQUOR CONTROL SYSTEM
STORES AND AGENCIES STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31 MARCH 1974
(WITH COMPARATIVE FIGURES FOR YEAR ENDED 31 MARCH 1973)

	YELLOW- KNIFE	FORT SMITH	HAY RIVER	INUVIAT	NORMAN WELLS	FROBISHER BAY	FURT SIMPSON	CHUREWILL (MAIL COODEP)	CANADA LURGEM	CAMBRIDGE BAY	PINE POINT	PANFIN MILL	EASTERN ARCTIC (MILITARY)	FORT HEPHER	LIQUOR LICENSING BOARD	ADMIN.	TOTAL	
SALES:	2,569,872.10 (2,143,666)	632,608.80 (606,617)	1,191,446.30 (978,185)	1,803,101.80 (1,676,388)	288,413.15 (273,518)	875,642.57 (769,199)	551,715.20 (415,401)	7,055.75 (20,271)	61,289.90 (37,731)	128,894.45 (120,602)	427,743.85 (363,215)	17,748.20 (71,546)	24,834.20 (49,774)	57,404.20 (4)			8,704,012.47 (7,496,179)	
COST OF GOODS SOLD:																		
Opening Inventory	315,747.31	136,984.05	237,712.10	156,993.65	25,381.74	743,415.61	22,761.59		2,895.44	18.00	31,590.15	3,679.40					1,181,829.13	
Purchases	1,094,820.42	362,605.72	953,791.51	803,189.01	99,718.80	486,432.36	104,311.70	5,159.52	48,509.68	25,754.00	84,271.13	35,820.00	20,491.00	13,931.40			4,138,874.31	
Freight	157,645.71	38,073.93	85,772.41	221,515.06	26,752.04	111,155.34	27,917.44	508.00	1,755.27		19,315.48	30,807.93		9,682.88			787,478.43	
Stock Transfer-In	50,038.27	17,447.72	4,159.89	45,936.36	31,057.05	233,152.76	233,152.76				35,374.80	110,807.54		24,872.40			548,182.14	
	<u>1,618,259.71</u>	<u>550,111.42</u>	<u>1,280,435.93</u>	<u>1,227,634.11</u>	<u>182,307.63</u>	<u>847,221.11</u>	<u>388,165.48</u>	<u>5,667.52</u>	<u>57,180.34</u>		<u>70,257.33</u>	<u>70,257.33</u>	<u>20,491.00</u>				<u>6,859,848.01</u>	
Closing Inventory	302,927.86	223,101.78	324,939.90	230,603.10	30,555.51	350,419.77	127,374.65		4,896.74	588.00	84,102.88						1,643,810.14	
Claims and Refunds	2,607.86	505.22	887.40	895.71	530.54	86.08	40.39		15.87		192.63	2.74					6,913.86	
Stock Transfer-Out	84,638.85	32,283.40	388,184.43	28,014.00	1,180.00	1,081.74											508,122.74	
	<u>391,174.53</u>	<u>255,890.40</u>	<u>726,166.73</u>	<u>258,512.81</u>	<u>34,886.05</u>	<u>351,587.06</u>	<u>127,315.04</u>		<u>4,712.61</u>	<u>747.50</u>	<u>84,295.51</u>	<u>2.74</u>					<u>7,118,811.74</u>	
Total Cost of Goods Sold	1,227,077.51	294,221.02	554,269.06	968,121.31	148,043.58	489,636.25	280,750.44	5,667.52	48,447.73	112,231.29	204,283.79	70,254.57	20,491.00	44,486.68			4,451,981.77	
GROSS PROFIT ON SALES (BEFORE OTHER EXPENSES)	1,342,794.59	338,387.78	637,176.24	834,980.47	140,369.57	386,006.32	270,964.76	2,168.23	12,842.17	16,663.16	218,460.06	17,513.63	4,343.20	9,117.52			4,252,030.70	
OTHER LIQUOR SYSTEM EXPENSES:																		
Discounts and Commissions	57,543.56						34,552.21		2,451.59	19,334.17	28,192.72	13,165.23		8,640.63			163,880.11	
Stock Insurance	8,237.73	2,113.56	3,081.53	6,135.72	907.15	1,040.00	1,637.34		303.87	614.72	857.14	415.13		218.19			27,521.88	
Warehouse Rental				1,252.64		6,927.00											8,189.64	
Storage Allowance	1,396.50	1,089.00	4,206.00			700.00	477.00				2,040.75						9,709.25	
Miscellaneous	67,177.70	3,237.58	7,287.93	7,368.36	567.15	16,757.00	36,666.55		2,755.46	19,444.38	31,050.61	11,580.36		8,858.82			208,580.18	
GROSS PROFIT (BEFORE ADMINISTRATIVE EXPENSES)	1,275,616.80 (1,112,481)	335,183.22 (294,527)	629,888.71 (497,621)	827,597.11 (737,669)	139,802.42 (109,066)	375,247.32 (377,143)	254,298.21 (227,185)	2,168.23 (5,556)	10,086.71 (7,933)	16,663.16 (16,719)	187,369.35 (224,746)	1,933.27 (14,310)	4,343.20 (21,258)	9,117.52 (8)	258.70			4,042,430.12 (3,585,401)
ADMINISTRATIVE EXPENSES:																		
Personnel	70,646.00	39,990.00	62,827.00	56,514.00	8,580.00	44,744.00	1,003.00										99,134.00	
Transportation and Communication	731.00	2,641.00	927.00	1,649.00	507.00	1,649.00											29,842.00	
Professional and Special Services	1,112.00	1,084.00	355.00	3,384.00	35.00	3,353.00			292.00	1,241.00	1,499.00	1,365.00		8,943.00			12,575.00	
Office Stationery and Supplies	1,483.00	1,231.00	1,305.00	2,431.00	291.00	427.00								787.00			18,291.00	
Materials and Supplies	43.00	311.00	214.00	24.00		255.00								94.00			10,229.00	
Rentals																	867.00	
Utilities and Repairs	2,372.00	1,059.00	3.00	4,876.00	1,447.00	4,451.00								90.00			30.00	
Miscellaneous	76,387.00	46,356.00	63,711.00	73,278.00	11,231.00	54,876.00	7,527.00		293.00	1,291.00	1,499.00	1,365.00		2,800.00			18,448.00	
	<u>178,015</u>	<u>137,639</u>	<u>153,043</u>	<u>147,541</u>	<u>119,704</u>	<u>143,516</u>	<u>25,728</u>		<u>1,716</u>	<u>17,719</u>	<u>25,126</u>	<u>4,667</u>		<u>14,315</u>			<u>164,341.10</u>	
OPERATING PROFIT:																		
OTHER REVENUE:																		
NET PROFIT:	1,199,229.80 (1,034,446)	288,622.22 (281,888)	564,177.71 (444,778)	754,315.11 (669,078)	128,189.42 (89,364)	370,471.32 (371,227)	252,771.23 (237,461)	2,188.23 (5,547)	9,794.71 (6,715)	1055 (11,010)	185,870.45 (178,478)	2,568.27 (4,931)	4,343.20 (21,258)	9,117.52 (8)	258.70	14,139	106,668	3,752,147.22 (3,735,745)