

LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
8TH COUNCIL, 58TH SESSION

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NORTHWEST TERRITORIES

**LIQUOR CONTROL SYSTEM
and
LIQUOR LICENSING BOARD**

**TWENTY-FIRST
ANNUAL REPORT**

APRIL 1, 1974 to MARCH 31, 1975



Yellowknife, N.W.T.
4 December 1975


COMMISSIONER S.M. HODGSON

Attached find the Twenty First Annual Report of the Liquor Control System submitted in accordance with section 11 of the Liquor Ordinance.

This report contains three sections, Part I covering the Liquor Control System, Part II the Liquor Licensing Board and Part III being the Auditor's Report.

I wish to express my sincere thanks to the staff of the System for their continued support and loyalty. This was particularly evident in the latter part of the year when the severe fiscal restrictions necessitated considerable initiative on their part to maintain operations.

Respectfully submitted,


T.C. Robinson
General Manager
Liquor Control System

PART I

LIQUOR CONTROL SYSTEMTABLE I

	<u>Sales</u>	<u>Gross Profit</u>	<u>Gross Profit of Sales</u>	<u>Increase in Sales</u>
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%
1975	9,574,266	4,864,861	50.8%	***9.9%

* Selling price was increased 9%.

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

*** Selling price was increased 15% in January 1975.

The state of the general economy was reflected in the liquor industry as in all other industries during 1974-75.

Cumulative cost increases during the first nine months necessitated a retail price increase of approximately 15% effective 1 January 1975 to maintain forecast revenues.

Notwithstanding the fact that this increase was in effect during the last quarter it will be noted from Table I that the percentage increase in sales revenue was only 9%, considerably lower than the previous ten year average increase of 15%. In the first six months of 1975 the average increase in sales was 12%. Considering the price increase of 15% it will be realized that liquor sales are in effect declining.

Schedule 3 of the Financial Statement (Part III) was originally designed as an information item whereby the members could readily compare the revenue and cost of operation of the various stores and agencies. It has now become part of the formal financial statement and in its transition has lost much of its simplicity. Some explanatory notes seem warranted.


- (i) When comparing the cost to the Government of the various Agencies, line A should be read in with line "B".
- (ii) To compare the total cost of operation of individual outlets lines A,C, and D must be totalled.

An increasing awareness of the problems arising from the abuse of alcohol is evidenced by the decision of several communities to exercise the provisions of the Ordinance whereby the quantity of liquor a person may purchase or possess within a given period is restricted. While Fort Resolution was the only settlement with such restrictions in effect at the end of the 1974-75 fiscal year, Pond Inlet and Fort Rae followed suit early in 1975-76.

Tenders were called for the conversion of the Fort Smith Store to an Agency and the change was effective 1 April 1975.

A shortage of warehouse space in Cambridge Bay and Rankin Inlet necessitated frequent re-supply by air resulting in a small net loss in the operation of the former and a break even situation in the latter.

It was with deep regret that the System and Government lost through retirement and then death the services and personal intercommunication of George Gordon. He joined the Liquor System in 1952 and from that date on proved to be a most dedicated and trusted employee.


F.C. Robinson
General Manager
Liquor Control System

PART II

LIQUOR LICENSING BOARD

It is with tempered optimism I can report that licensed premises throughout the Territories are being maintained at a reasonable standard.

Co-operation of the N.W.T. Hotel Association members established a more favourable working atmosphere for the inspection staff.

The legal drinking age continues to be widely debated with some feeling being expressed that the age should be increased to twenty one.

The program of issuing identification cards has developed as rapidly as limited manpower resources will permit. Through the co-operation of the Department of Indian Affairs and Northern Development, the camera crew accompanied the Treaty Party and issued Cards to all Treaty Indians over eighteen who requested one. This proved of inestimable assistance when the rationing system was put into effect in the Rae-Edzo area.

The Chief Inspector has done an excellent job with the limited resources at his disposal. In addition to the I.D. Card Program, he has held meetings with the licensees and staff members at irregular intervals in all communities, and administered written tests on the Ordinance and Regulations as well as maintaining a schedule of inspections.

The Board considers an adequate inspection force as basic to the development of an adequate control system. To this end they have continued to seek the appointment of at least two more full-time inspectors. It is with mixed feelings that at time of writing we can report that the positions have been established, but at a pay level that will in all probability eliminate the recruitment of personnel with adequate training or experience in this field.

In January a plebiscite was held in the Dog Rib communities in the Great Slave Lake area at the request, and under the supervision of, the Chief and Council. As a result of this plebiscite a rationing system was implemented by order of the Commissioner. His willingness to implement the wishes of the majority at the risk of personal criticism is to be commended and the results of the program appear to justify this action.

Two plebiscites were held under Section 115 of the Ordinance, neither of which resulted in a change in the status of liquor outlets in the community. Frobisher Bay voted in favour of the continued operation of all outlets while Aklavik voted against the establishment of a liquor store.

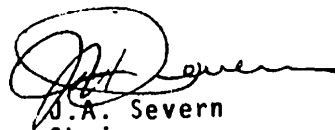
During the year the Board held ten meetings and issued licences as shown in Table II.

Composition of the Board is as follows:

J.A. Severn - Yellowknife - Chairman
 W. Erasmus - Fort Simpson - Member
 D. McNabb - Hay River - Member
 J. Robertson - Inuvik - Member
 T.C. Robinson - Yellowknife - Member

TABLE II

	<u>73/74</u>	<u>74/75</u>
Cocktail Lounge	- 21	24
Cocktail Lounge Cabaret	-	1
Club	- 13	13
Canteen	- 11	12
Dining Lounge	- 20	19
Dining Room	- 1	1
Tavern	- 3	2
Off Premises	- 13	13
Guest Room	- 14	17
Aircraft and Ship	- 4	5
Annual Special	- 23	23
Special Occasion Licences	- 1225	1187
Permit to Brew Beer	- 38	30
Permit to Make Wine	- 68	16



J.A. Severn
 Chairman
 Liquor Licensing Board

PART III

GOVERNMENT OF THE NORTHWEST TERRITORIES
LIQUOR CONTROL SYSTEM
FINANCIAL STATEMENTS
MARCH 31, 1975

C.E. CALLAS,
TERRITORIAL AUDITOR,
AUDIT BUREAU,
PLANNING & PROGRAM
EVALUATION

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PLEASE QUOTE

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GOVERNMENT OF THE NORTHWEST TERRITORIES
CANADA

Yellowknife, N.W.T.
XOE 1HO

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, 1975 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 Notes 3 and 4, the accompanying Balance Sheet and Statement of Income present fairly the financial position of the Northwest Territories Liquor System at March 31, 1975, 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,
Planning & Program
Evaluation

June 14, 1975

GOVERNMENT OF THE NORTHWEST TERRITORIES
LIQUOR CONTROL SYSTEM
BALANCE SHEET
AS AT MARCH 31, 1975
(with comparative figures as at March 31, 1974)

	<u>1975</u>	<u>1974</u>
ASSETS		
Cash	\$ 615,395	\$ 257,119
Accounts receivable	549	1,562
Inventory, at cost	<u>2,029,379</u>	<u>1,643,810</u>
	<u>\$2,645,323</u>	<u>\$1,902,491</u>
LIABILITIES		
Accounts payable	\$ 430,120	\$ 151,871
Deferred revenue	<u>4,603</u>	<u>3,187</u>
	<u>434,723</u>	<u>155,058</u>
Due to the Government of the Northwest Territories		
Revolving Fund, beginning of year	1,747,433	1,890,642
Income before expenses incurred by the Government of the Northwest Territories on behalf of the Liquor Control System	<u>4,663,167</u>	<u>4,206,791</u>
	6,410,600	6,097,433
Less transfers to Territorial Treasury during the year (Note 5)	<u>4,200,000</u>	<u>4,350,000</u>
Revolving fund, end of year	<u>2,210,600</u>	<u>1,747,433</u>
	<u>\$2,645,323</u>	<u>\$1,902,491</u>

Approved _____

General Manager

See accompanying notes to Financial Statements

GOVERNMENT OF THE NORTHWEST TERRITORIES
LIQUOR CONTROL SYSTEM
STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 1975
(with comparative figures for the year ended March 31, 1974)

	<u>1975</u>	<u>1974</u>
Sales		
Spirits	\$4,983,589	\$4,356,904
Wine	904,751	812,374
Beer	<u>3,685,926</u>	<u>3,534,734</u>
	9,574,266	8,704,012
Discount on sales	<u>145,533</u>	<u>57,544</u>
Net sales	9,428,733	8,646,468
Cost of goods sold (Note 1)	<u>4,709,405</u>	<u>4,451,981</u>
Gross profit on sales	4,719,328	4,194,487
Expenses incurred by the Liquor Control System (Note 2)	<u>225,942</u>	<u>152,037</u>
Other revenue	<u>4,493,386</u>	<u>4,042,450</u>
	169,781	164,341
Income before expenses paid by Government of the Northwest Territories	4,663,167	4,206,791
Expenses incurred by the Government of the Northwest Territories for the Liquor Control System (Note 3)	<u>365,290</u>	<u>454,627</u>
Net Income	<u>\$4,297,877</u>	<u>\$3,752,164</u>

See accompanying notes to Financial Statements

GOVERNMENT OF THE NORTHWEST TERRITORIES
LIQUOR CONTROL SYSTEM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1975
(with comparative figures for the year ended March 31, 1974)

	<u>1975</u>	<u>1974</u>
NOTE 1 Cost of Goods Sold		
Inventory at beginning of year	\$1,643,810	\$1,181,829
Purchases	4,125,698	4,138,248
Freight	977,583	782,628
	<u>6,747,091</u>	<u>6,102,705</u>
Inventory at end of year	2,029,380	1,643,810
Claims and refunds	8,306	6,914
	<u>2,037,686</u>	<u>1,650,724</u>
	<u>\$4,709,405</u>	<u>\$4,451,981</u>
 NOTE 2 Expenses incurred by the Liquor Control System		
Commissions	\$ 111,672	\$ 106,336
Stock insurance	28,797	27,622
Warehouse rental	1,962	8,170
Storage allowances	7,125	9,209
Travel *	23,940	
Transportation and communication	8,072	
Professional & special service	15,197	
Office stationery & supplies	4,997	
Materials & supplies	1,945	
Utilities & maintenance	21,406	
Miscellaneous	829	700
	<u>\$ 225,942</u>	<u>\$ 152,037</u>

Note:

As of April 1, 1974, the Liquor Control System paid all of the operation and maintenance expenditures from the Revolving Fund except for salaries and casual wages.

* Travel expenses include duty travel, employee travel assistance, medical and dental travel assistance.

GOVERNMENT OF THE NORTHWEST TERRITORIES
LIQUOR CONTROL SYSTEM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1975
(with comparative figures for the year ended March 31, 1974)

NOTE 3 Expenses incurred by the Government of the Northwest Territories for the Liquor Control System.

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 these expenses.

NOTE 4 Other Expenses

Expenses do not include amounts incurred by other Government Departments or amounts spent on capital items.

NOTE 5 A transfer of \$150,000 was made to the Territorial Treasury in April, 1975.

NOTE 6 Comparative Figures

The 1973-74 comparative figures have been adjusted to reflect the financial presentation adopted for 1974-75.

GOVERNMENT OF THE NORTHWEST TERRITORIES
LIQUOR CONTROL SYSTEM
SUPPLEMENTARY SCHEDULES
YEAR ENDED MARCH 31, 1975
(with comparative figures for the year ended March 31, 1974)

	<u>1975</u>	<u>1974</u>
<u>Schedule 1</u>		
Other Revenue		
Licence fees	\$ 70,337	\$ 69,908
Special occasion licences	5,406	5,287
Import permits	60,362	43,983
Wine permits	77	135
Rent	960	960
Bank interest	31,770	43,890
I.D. card revenue	480	
Miscellaneous	389	178
	<u>\$169,781</u>	<u>\$164,341</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES
LIQUOR CONTROL SYSTEM
SUPPLEMENTARY SCHEDULES
YEAR ENDED MARCH 31, 1975
(with comparative figures for the year ended March 31, 1974)

	<u>1975</u>	<u>1974</u>
<u>Schedule 2</u>		
Expenses incurred by the Government of the Northwest Territories for the Liquor Control System		
Personnel	\$365,130	\$373,635
Travel and communication	4	29,842
Professional and special services	85	18,291
Office stationery & supplies	(254)	10,229
Materials & supplies	272	867
Rentals		90
Utilities & maintenance	53	18,448
Miscellaneous		3,225
	<u>\$365,290</u>	<u>\$454,627</u>

Note:

As of April 1, 1974 the Liquor Control System paid all the operation and maintenance expenditures from the revolving fund except salaries and casual wages. Other items shown as being paid by the Government of the Northwest Territories were processed in error and were not adjusted at the year end.

**GOVERNMENT OF THE NORTHWEST TERRITORIES
LIQUOR CONTROL SYSTEM
STORES AND AGENCIES STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 1975**

	Yellowknife	Fort Smith	Hay River	Inuvik	Norman Wells	Frobisher Bay	Fort Simpson
Sales	<u>\$3,107,554</u>	<u>\$ 855,060</u>	<u>\$1,191,946</u>	<u>\$1,980,118</u>	<u>\$ 301,305</u>	<u>\$ 883,412</u>	<u>\$ 539,443</u>
	(2,569,872)	(632,807)	(1,191,445)	(1,803,107)	(288,833)	(875,643)	(661,715)
Discount on sales to Yellowknife Retail Agency	(A) <u>145,533</u>						
Net Sales	<u>2,962,021</u>	<u>855,060</u>	<u>1,191,946</u>	<u>1,980,118</u>	<u>301,305</u>	<u>883,412</u>	<u>539,443</u>
Cost of goods sold							
Inventory, April 1, 1974	302,928	223,102	326,940	230,603	30,555	350,420	127,374
Purchases for year	1,478,918	334,585	581,060	754,838	191,713	313,978	211,852
Freight	237,020	50,655	74,044	284,241	32,907	155,063	33,044
Stock transfers - net	(80,215)	(14,000)	(132,265)	25,545	6,804	(22)	4,909
	<u>1,938,851</u>	<u>594,342</u>	<u>829,779</u>	<u>1,285,027</u>	<u>281,779</u>	<u>819,439</u>	<u>377,179</u>
Inventory, March 31, 1975	528,474	308,340	259,147	264,810	129,395	309,314	136,407
Claims and refunds	3,116	639	486	828	186	199	227
	<u>531,590</u>	<u>308,979</u>	<u>259,633</u>	<u>265,838</u>	<u>129,581</u>	<u>309,513</u>	<u>136,634</u>
	<u>1,407,081</u>	<u>285,363</u>	<u>570,146</u>	<u>1,029,389</u>	<u>132,198</u>	<u>509,926</u>	<u>240,545</u>
Gross profit on sales	<u>1,654,980</u>	<u>369,697</u>	<u>621,800</u>	<u>950,729</u>	<u>169,107</u>	<u>373,486</u>	<u>298,898</u>
	<u>1,341,297</u>	<u>(339,135)</u>	<u>(637,925)</u>	<u>(834,986)</u>	<u>(140,589)</u>	<u>(386,007)</u>	<u>(290,964)</u>
Expenses incurred by the Liquor Control System							
Commissions	(B)						34,183
Stock insurance	8,727	1,530	3,226	8,889	986	3,089	1,656
Warehouse rental	884			900		178	
Storage allowances	2,169	189	3,066				1,701
Travel						36	
Transportation and communication	370	429	487	1,280	659	707	
Professional and special services	332	980	566	3,392	300	2,025	
Office stationery and supplies	46	215	105	876	143	124	
Materials and supplies	127	91	538	593	456	119	
Utilities and maintenance	1,083	949	3	9,581	2,832	6,958	
Miscellaneous	209						
	(C) <u>13,947</u>	<u>4,383</u>	<u>7,989</u>	<u>23,311</u>	<u>5,376</u>	<u>13,236</u>	<u>37,540</u>
	<u>1,541,013</u>	<u>365,314</u>	<u>613,811</u>	<u>927,418</u>	<u>163,731</u>	<u>360,250</u>	<u>261,358</u>
Other revenue							
Income (loss) before expenses paid by Government of the Northwest Territories	<u>1,541,013</u>	<u>365,314</u>	<u>613,811</u>	<u>927,418</u>	<u>163,731</u>	<u>360,250</u>	<u>261,358</u>
	(1,274,119)	(335,932)	(630,637)	(827,597)	(139,622)	(375,350)	(254,298)
Expenses incurred by the Government of the Northwest Territories for the Liquor Control System							
Personnel	51,267	46,017	68,558	57,476	11,392	39,269	
Travel and communication		4					
Professional and special services		85					
Office stationery and supplies	(254)						
Materials and supplies	15	242				15	
Utilities and maintenance					53		
	(D) <u>51,028</u>	<u>46,348</u>	<u>68,558</u>	<u>57,476</u>	<u>11,445</u>	<u>39,284</u>	
Net Income (Loss)	<u>\$1,489,885</u>	<u>\$ 318,966</u>	<u>\$ 547,253</u>	<u>\$ 869,942</u>	<u>\$ 152,286</u>	<u>\$ 320,966</u>	<u>\$ 261,358</u>
	(1,197,732)	(289,576)	(584,926)	(754,319)	(128,389)	(320,472)	(252,771)

* comparative figures for the year ended March 31, 1974.

Schedule 3

Pine Point	Canada Tungsten	Cambridge Bay	Rankin Inlet	Fort McPherson	Fort Churchill	Eastern Arctic Mail Orders	Liquor Licencing Board	Head Office	Total
\$ 467,225 (422,744)	\$ 90,184 (61,290)	\$ 124,354 (128,894)	\$ 94,853 (87,768)	\$ 76,757 (57,604)	\$ 13,484 (7,858)	\$ 48,571 (24,834)	()	()	\$9,574,268 (8,704,012)
<u>467,225</u>	<u>90,184</u>	<u>124,354</u>	<u>94,853</u>	<u>76,757</u>	<u>13,484</u>	<u>48,571</u>			<u>145,533</u> <u>9,428,733</u>
46,603	4,697	588							1,643,810
88,281	70,602	21,086	43,926	19,066	8,456	29,527			4,125,698
18,598	2,323	48,178	33,772	10,735	(995)				977,583
<u>121,092</u>	<u>77,622</u>	<u>110,092</u>	<u>77,698</u>	<u>55,913</u>	<u>7,461</u>	<u>29,527</u>			<u>6,747,091</u>
272,582	77,622	110,092	77,698	55,913	7,461	29,527			2,029,380
70,808	10,504	1,314		11,087					8,308
2,540	52	33							2,037,686
<u>73,148</u>	<u>10,556</u>	<u>1,347</u>		<u>11,087</u>					<u>4,709,405</u>
189,434	67,068	108,746	77,698	44,848	7,461	29,527			4,719,328
267,791	23,118	15,609	17,155	31,911	6,023	19,044			(4,252,031)
(218,481)	(12,843)	(16,662)	(17,514)	(9,117)	(2,188)	(4,343)			
28,522	3,608	18,853	14,228	11,478					111,672
1,137	502	580	371	304					28,797
							5,668	18,238	1,982
							28	4,112	7,125
							5,391	2,211	23,940
							1,858	1,630	8,072
							23		15,197
									4,997
									1,946
									21,406
								820	829
<u>30,658</u>	<u>4,110</u>	<u>19,233</u>	<u>14,599</u>	<u>11,782</u>					
237,132	19,008	(3,624)	2,556	20,129	6,023	19,044	12,968	26,809	225,042
							(12,968)	(26,809)	4,493,386
								169,781	169,781
<u>237,132</u>	<u>19,008</u>	<u>(3,624)</u>	<u>2,556</u>	<u>20,129</u>	<u>6,023</u>	<u>19,044</u>	<u>(12,968)</u>	<u>142,972</u>	<u>4,663,167</u>
(187,370)	(10,088)	(3,288) loss	(3,934)	(258)	(2,188)	(4,343)	(11,787)	(152,554)	(4,206,791)
								83,151	365,130
									4
									86
									(254)
									272
									53
								83,151	365,290
<u>\$ 237,132</u>	<u>\$ 19,008</u>	<u>\$ (3,624)</u>	<u>\$ 2,556</u>	<u>\$ 20,129</u>	<u>\$ 6,023</u>	<u>\$ 19,044</u>	<u>\$ (12,968)</u>	<u>\$ 49,821</u>	<u>\$4,297,877</u>
(185,871)	(9,798)	(4,577) loss	(2,569)	(258)	(2,188)	(4,343)	(2,352) loss	45,883	3,752,164

B OCT. W	B NOV. L	B DEC. L	B JAN. L
L W	W W	W W	W W
B SEPT. W	<p>MONTHLY RATION:</p> <p>12 Beer and 25 oz. liquor</p> <p>or</p> <p>6 btl. of wine (25 oz.)</p>		W FEB. B
L W			W L
B AUG. W			W MAR. B
L W			W L
B JULY W	W JUNE W	W MAY. W	W APRIL W
L W	B L	B L	B L

Government of the Northwest Territories
Liquor Ration Card No. 1000

Name _____
of _____
Residence _____

is entitled to purchase and possess quantities of liquor as set out in the Rae-Edzo Liquor Restriction Regulations made by Commissioner's Order No. 292-75.

This card expires 12 months after date of issue.
Yellowknife, N.W.T., _____
Date _____

I.D. Card

No. _____

General Manager
Liquor Control System

Signature of Card Holder

This card will not be replaced if lost.