

LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
8TH ASSEMBLY, 61ST SESSION

TABLED DOCUMENT NO. 1-61

TABLED ON Jan. 22, 1977

NORTHWEST TERRITORIES



LIQUOR CONTROL SYSTEM
and
LIQUOR LICENSING BOARD

TWENTY-SECOND ANNUAL REPORT

APRIL 1, 1975 to MARCH 31, 1976

Tabled Document No. 1-61

Tabled Jan. 28/77.



PLEASE QUOTE

FILE

GOVERNMENT OF THE NORTHWEST TERRITORIES
CANADA

December 6, 1976

S.M. Hodgson
Commissioner of the N.W.T.
YELLOWKNIFE, N.W.T.

Dear Sir:

Attached find the Twenty-Second Report of the Liquor Control System submitted in accordance with Section 11 of the Liquor Ordinance.

This report contains 3 sections, Part I covering the Liquor Control System, Part II the Licensing Board with Part III being the Auditor's report.

Respectfully

A handwritten signature in cursive script that reads "T.C. Robinson".

T.C. Robinson
General Manager
Liquor Control System

TCR: fkm

PART I

LIQUOR CONTROL SYSTEMTABLE I

<u>Year Ending 31 March</u>	<u>Sales</u>	<u>Gross Profit</u>	<u>Gross Profit of Sales</u>	<u>Increase in Sales</u>	<u>Retail Price Increase</u>
1967	3,143,242	1,586,088	50.8%	17.7%	
1968	3,463,041	1,859,144	53.7%	10.2%	9%
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%	10% Oct. 1973
1975	9,574,266	4,864,861	50.8%	9.9%	15% Jan. 1975
1976	10,981,708	5,081,679	46.3%	14.7%	8% Jan. 1976(beer)

TABLE IIGALLONAGE SALES 1975 - 76
(1974 - 75)

	<u>Domestic</u>	<u>Imported</u>	<u>Total</u>	<u>Increase/Decrease</u>
Spirits	86,827 (86,966)	12,661 (9,766)	99,488 (96,732)	+ 3%
Wine	31,504 (45,520)	16,496 (12,180)	48,000 (57,700)	- 17%
Beer	738,148 (652,161)		738,148 (652,161) 885,636 (806,593)	+ 12% + 9.8%

Gallon of alcohol Sold 1975-76	81,724
(1974-75)	78,413
Increase	3,311
	+ 4.2%

Table II indicates a marked shift in customer preference in 1975-76 from 1974-75. Presumably as a result of the discontinuance of the sale of domestic fortified wines sales in this category declined 17%, while at the same time the beer gallonage increased 12%.


The lower mark up applied to beer is reflected in the decline in the percentage of gross profit of sales as shown in Table I.

Similarly, while the liquid gallonage sold increased 10%, the increase in gallons of pure alcohol sold was only 4%.

Considerable difficulty in obtaining better quality imported wines at a non-prohibitive price has been experienced over the past few years. Trial purchases from the Alberta Board have resulted in several brands being given general listing status. Purchases are now being made directly from supplier and are starting to appear in the larger outlets.

Staff morale throughout the System reached an all time low, presumably as a result of a re-classification study completed in January 1976. This low morale appears to be reflected in a staff turnover of 40% compared with previous annual averages in the neighbourhood of 5%. It is expected that a further re-classification study presently underway will remedy this problem.

I wish to express my appreciation to the 23 permanent employees of the System as well as the Agents and their staffs. Their understanding and loyalty were an essential part of the success of this year's operations.


J. Q. Robinson,
General Manager,
Liquor Control System.

PART II

LIQUOR LICENSING BOARD

The Board held fourteen meetings in 1975-76, twelve in Yellowknife and two in Fort Simpson. Resulting from these meetings six licences were suspended and three restricted.

One new Cabaret Licence was issued and three commercial licences were transferred as a result of change in ownership.

Two liquor inspectors positions were established in 1974-75 but only one had been filled at the end of the year under report. The control and supervision of licenced premises is contingent upon an adequate inspection force and the work being done by the present staff is having results.

Circumstances change with time, and the Board must be receptive and retain enough flexibility to introduce changes in line with the wishes of the people.

At the end of the year the Board were undertaking an overall review of its Regulations to determine if and where they should be amended to more effectively combat the excessive use of alcohol. A variety of inquiries received from the Settlements indicate a growing concern about the problems related to alcohol consumption and abuse. Numerous remedies are being suggested and some put into effect at the request of the residents. Situations do arise, as did in Fort Simpson, where the decision of the Board was considered to be morally correct but legally wrong.

To enable the Board to arrive at reasonable decisions and make appropriate changes to their Regulations, the residents of the various communities are encouraged to continue to make their feelings known. In areas beyond the Board's jurisdiction appropriate recommendations will be made to the Commissioner.

This being my last report, I extend my thanks to Commissioner Hodgson, other members of the Board and Staff of the Liquor System who gave their support and sometimes led the way during my term as Chairman. I believe we established a degree of confidence and respect from the people of the Territories.

This rapport will no doubt continue under the guidance of the new Chairman, Mr. R. P. Douglas. I wish him rewarding success during his tenure of office.

J. A. Severn, Chairman

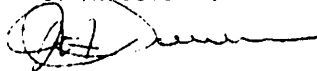


TABLE III

1975/76 FISCAL YEAR

<u>LICENCES ISSUED</u>	<u>74/75</u>	<u>75/76</u>
Cocktail Lounge	24	24
Cocktail Lounge (Cabaret)	1	2
Dining Lounge	19	18
Dining Room	1	0
Tavern	2	2
Off Premises	13	13
Club	13	12
Canteen	12	12
Guest Room	17	17
Aircraft & Ship	5	4
Annual Special	23	23
Special Occasion	1,187	1,116
Permit to Make Wine	16	18
Consent to Brew Beer	30	19

The following Licence transfers took place:

- 1 Cocktail Lounge Licence
- 2 Dining Lounge Licences
- 19 Special Annual Licences

14 Board Meetings were held (12 in Yellowknife, 2 in Fort Simpson).

SUSPENSIONS:

An indefinite suspension of three licences held by one hotel - lasting 9 days;

An indefinite suspension of a dining lounge licence - lasting 15 days;

Two club licences suspended for 2 days each;

A restriction of licenced hours to 5 p.m. - 9 p.m. of a licensee holding 3 liquor licences, for a period of 3 months.

In addition to the above the Board ordered two 2 day suspensions of all liquor licences in the community of Fort Simpson on request by the Band Council.

Ottawa, Ontario
K1A 0G6

The Commissioner
Government of the Northwest Territories
Yellowknife, N.W.T.

Sir,

I have examined the balance sheet of the Northwest Territories Liquor Control System as at March 31, 1976, and the statement of operations for the year then ended. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion, these financial statements give a true and fair view of the financial position of the Northwest Territories Liquor Control System as at March 31, 1976, and the results of its operations for the year then ended, in accordance with the accounting principles described in Note 1 to the Financial Statements which were applied on a basis consistent with that of the preceding year except for the accounting for certain operating expenses as described in Note 2.

I further report that, in my opinion, proper books of account have been kept by the Northwest Territories Liquor Control System, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers.

Yours sincerely,

Auditor General of Canada

GOVERNMENT OF THE NORTHWEST TERRITORIES
LIQUOR CONTROL SYSTEM
BALANCE SHEET AS AT MARCH 31, 1976

	<u>ASSETS</u>	<u>1976</u>	<u>1975</u>
Current Assets			
Cash		\$ 310,151	\$ 615,395
Accounts Receivable		369	549
Inventory - At cost		1,852,958	2,029,379
		\$ 2,163,478	2,645,323
<u>LIABILITIES</u>			
		<u>1976</u>	<u>1975</u>
Current Liabilities			
Accounts payable		\$ 192,653	\$ 430,120
Deferred revenue - licence fees		3,552	4,603
		196,205	434,723
<u>EQUITY</u>			
		<u>1976</u>	<u>1975</u>
Government of the Northwest Territories			
Balance at beginning of year		2,210,600	1,747,433
Net income from operations		4,477,661	4,297,877
Expenses paid by the Government of the Northwest Territories on behalf of the Liquor Control System		379,012	365,290
		7,067,273	6,410,600
Transfer of funds to the Government of the Northwest Territories		5,100,000	4,200,000
Balance at end of year		1,967,273	2,210,600
		\$ 2,163,478	\$ 2,645,323

The accompanying notes form an integral part of the Financial Statements

Approved on behalf of the Board

(Original signed by R. Douglas & T.C. Robinson)

GOVERNMENT OF THE NORTHWEST TERRITORIES
LIQUOR CONTROL SYSTEM

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 1976

	<u>1976</u>	<u>1975</u>
Sales	\$ 10,981,708	\$ 9,574,266
LESS: Discount on Sales	<u>185,889</u>	<u>145,533</u>
	10,795,819	9,428,733
Cost of Goods Sold	<u>5,714,140</u>	<u>4,709,405</u>
Gross Profit on Sales	5,081,679	4,719,328
Operating Expenses (Schedule 1)	<u>808,978</u>	<u>591,232</u>
	<u>4,272,701</u>	<u>4,128,096</u>
Other income		
Fees, permits and licences	134,918	136,182
Miscellaneous	<u>70,042</u>	<u>33,599</u>
	<u>204,960</u>	<u>169,781</u>
Net Income from Operations	<u>\$ 4,477,661</u>	<u>\$ 4,297,877</u>

The accompanying notes form an integral part of the Financial Statements

GOVERNMENT OF THE NORTHWEST TERRITORIES
LIQUOR CONTROL SYSTEM
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED MARCH 31, 1976

	<u>1976</u>	<u>1975</u>
Salaries and wages	\$ 378,093	\$ 365,130
Commissions to agencies	241,218	111,672
Employee Benefits	40,459	6,590
Utilities	27,839	17,913
Stock insurance	23,321	28,796
Travel	16,446	18,061
Warehouse Rental	14,275	1,952
Repairs and Maintenance	13,157	11,895
Office space rental	12,840	-
Stationery and supplies	11,609	6,943
Grants in lieu of taxes	8,441	-
Storage allowance	6,133	7,125
Postage, telephone, and telegraph	5,965	6,315
Board honorarium	2,957	2,563
Miscellaneous	<u>6,215</u>	<u>5,732</u>
	<u>\$ 808,976</u>	<u>\$ 591,232</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES
LIQUOR CONTROL SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 1976

1. Authority of the Liquor Control System and Accounting Policies

The Liquor Control System operates under the Authority of the Liquor Ordinance, Ch. L-7, 1970 (2nd), C12, S.1.

The Liquor Control System follows generally accepted accounting principles except for the following:

Fixed Assets.

All fixed assets for the Liquor Control System are purchased by the Government of the Northwest Territories. No charge for the use of these assets is provided for in the Liquor Control System financial statements.

2. Operating Expenses

The operating expenses of the current year include the following expenses charged back to the Liquor Control System for which similar chargebacks were not made in 1974/75.

Employee housing and recruiting services provided by the Government of the Northwest Territories	\$ 34,514
Office rent	12,840
Grants in lieu of taxes	8,440
Repairs and Maintenance	6,145
Utilities	<u>8,030</u>
	<u>\$ 69,969</u>

3. Federal Anti-Inflation Legislation

As a part of the Government of the Northwest Territories, the Liquor Control System is required to comply with this legislation.

STATEMENTS 75/76

SPREAD SHEET



N.W.T. LCS
STORES AND AGENCIES INCOME STATEMENT
FOR YEAR ENDED MARCH 31, 1976 (WITH COMPARATIVE FIGURES FOR MARCH 31, 1975)

	YELLOW-KNIFE	FORT SMITH	HAY RIVER	INUVIK	NORMAN WELLS	FROBISHER BAY	FORT SIMPSON	PINE POINT	CANADA TUNGSTEN	CAMBRIDGE BAY	RANKIN INLET	FORT McPHERSON	EASTERN ARCTIC	ADMIN.	BOARD	TOTAL
SALES	3,762,289	720,495	1,367,184	2,123,554	347,434	969,465	608,808	519,204	105,476	152,377	138,000	135,515	31,907			10,981,708
Discount on sales to Yellowknife Retail Agency	(3,107,554)	(655,060)	(1,191,946)	(1,980,118)	(301,305)	(883,412)	(539,443)	(467,225)	(90,184)	(124,354)	(94,853)	(76,757)	(48,571)			(9,574,266)
	<u>185,889</u>															<u>185,889</u>
NET SALES	<u>3,576,400</u>	<u>720,495</u>	<u>1,367,184</u>	<u>2,123,554</u>	<u>347,434</u>	<u>969,465</u>	<u>608,808</u>	<u>519,204</u>	<u>105,476</u>	<u>152,377</u>	<u>138,000</u>	<u>135,515</u>	<u>31,907</u>			<u>10,795,819</u>
Cost of Goods Sold:																
Inventory April 1, 1975	528,474	308,340	259,147	264,810	129,395	309,314	136,407	70,608	10,504	1,314		11,067				2,029,380
Purchases	1,417,670	296,824	702,924	913,186	180,713	318,506	273,034	125,735	74,358	28,440	67,520	28,440	19,956			4,447,306
Freight	276,146	44,227	88,480	360,760	32,509	99,483	36,365	20,855	5,254	54,799	57,374	19,047				1,095,299
Stock Transfers - Net	(19,371)	(14,992)	(118,188)	(19,161)	(5,806)	(4,839)	8,713	98,902		45,510		29,232				0
	<u>2,202,919</u>	<u>634,399</u>	<u>932,363</u>	<u>1,519,595</u>	<u>336,811</u>	<u>722,464</u>	<u>454,519</u>	<u>316,100</u>	<u>90,116</u>	<u>130,063</u>	<u>124,894</u>	<u>87,786</u>	<u>19,956</u>			<u>7,571,985</u>
Inventory March 31, 1976	395,248	257,645	249,720	321,614	184,652	216,347	153,112	58,602	7,122	824	1,283	6,789				1,852,958
Claims & Refunds	2,363	346	498	1,249	127		194	26		84						4,887
	<u>397,611</u>	<u>257,991</u>	<u>250,218</u>	<u>322,863</u>	<u>184,779</u>	<u>216,347</u>	<u>153,306</u>	<u>58,628</u>	<u>7,122</u>	<u>908</u>	<u>1,283</u>	<u>6,789</u>				<u>1,857,845</u>
Cost of Goods Sold	<u>1,805,308</u>	<u>376,408</u>	<u>682,145</u>	<u>1,196,732</u>	<u>152,032</u>	<u>506,117</u>	<u>301,213</u>	<u>257,472</u>	<u>82,994</u>	<u>129,155</u>	<u>123,611</u>	<u>80,997</u>	<u>19,956</u>			<u>5,714,140</u>
Gross Profit on Sales	1,771,092	344,087	685,039	926,822	195,402	463,348	307,595	261,732	22,482	23,222	14,389	54,518	11,951			5,081,679
	(1,554,960)	(369,697)	(621,800)	(950,729)	(169,107)	(373,486)	(298,898)	(267,791)	(23,118)	(15,609)	(17,155)	(31,911)	(19,044)			(4,719,328)
Expenses Incurred by the Liquor Control System	25,588	66,146	20,956	37,547	4,648	29,270	50,259	61,087	4,529	23,294	20,951	20,592		50,543	14,557	429,967
	<u>1,745,504</u>	<u>277,941</u>	<u>664,083</u>	<u>889,275</u>	<u>190,754</u>	<u>434,078</u>	<u>257,336</u>	<u>200,645</u>	<u>17,953</u>	<u>(72)</u>	<u>(6,562)</u>	<u>33,926</u>	11,951	<u>(50,543)</u>	<u>(14,557)</u>	<u>4,651,712</u>
Other Revenue																204,960
Income (Loss) Before Expenses Paid By Government of N.W.T.	1,745,504	277,941	664,083	889,275	190,754	434,078	257,336	200,645	17,953	(72)	(6,562)	33,926	11,951	154,417	(14,557)	4,856,672
	(1,541,013)	(365,314)	(613,811)	(927,418)	(163,731)	(360,250)	(261,358)	(237,132)	(19,008)	(3,624)	(2,556)	(20,129)	(19,044)	(142,972)	(12,968)	(4,663,167)
Expenses Paid for by Government of N.W.T.																(Loss)
	<u>51,132</u>		<u>77,348</u>	<u>62,752</u>	<u>16,239</u>	<u>47,606</u>										<u>123,934</u>
Net Income (Loss)	<u>1,694,372</u>	<u>277,941</u>	<u>586,735</u>	<u>826,523</u>	<u>174,515</u>	<u>386,472</u>	<u>257,336</u>	<u>200,645</u>	<u>17,953</u>	<u>(72)</u>	<u>(6,562)</u>	<u>33,926</u>	<u>11,951</u>	<u>30,483</u>	<u>(14,557)</u>	<u>4,477,661</u>
	(1,489,985)	(318,966)	(547,253)	(869,942)	(152,285)	(320,966)	(261,358)	(237,132)	(19,008)	(3,624)	(2,556)	(20,129)	(19,044)	(49,821)	(12,968)	(4,297,877)
										(Loss)						(Loss)