

LEGISLATIVE ASSEMBLY OF THE

NORTHWEST TERRITORIES

8TH ASSEMBLY, 64TH SESSION

TABLED DOCUMENT NO. 3-64

TABLED ON Jan. 20, 1978

NORTHWEST TERRITORIES
LIQUOR CONTROL SYSTEM
and
LIQUOR LICENSING BOARD
23rd.
ANNUAL REPORT
APRIL 1, 1976 to MARCH 31, 1977



December 1, 1977

S.M. Hodgson,
Commissioner of the Northwest Territories,
Yellowknife, N.W.T.

Dear Sir:

I take pleasure in submitting herein the Twenty-Third Annual Report of the Liquor Control System and the Liquor Licensing Board in accordance with Section 11 of the Liquor Ordinance.

It is noteworthy that Mr. T.C. Robinson, General Manager of the Liquor Control System during the 1976-77 fiscal year, retired in September 1977 after some twenty-five years service in the north, and thus was not available to sign this report.

Respectfully submitted,



General Manager,
Liquor Control System.

LIQUOR CONTROL SYSTEM

TABLE I

<u>Year Ending March 31</u>	<u>Sales</u>	<u>Gross Profit</u>	<u>Gross Profit % of Sales</u>	<u>Increase in Sales</u>	<u>Retail Price Increase</u>
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./73
1975	9,574,266	4,864,861	50.8	9.9	15% Jan./75
1976	10,981,708	5,081,679	46.3	14.7	8% Jan./76(beer only)
1977	11,280,747	5,061,090	44.9	2.7	

Gross Profit as a percentage of Sales decreased because landed costs of all products increased without a resulting increase in retail price to maintain profit margins.

The closure of the Frobisher Bay Liquor Store in May 1976 was a contributing factor to Gross Sales having increased only 2.7%.

TABLE II

GALLONAGE SALES 1976 - 1977
(1975 - 1976)

	<u>Domestic</u>	<u>Imported</u>	<u>Total</u>	<u>% Change</u>
Spirits	96,089 (86,827)	13,654 (12,661)	109,743 (99,488)	+10.3
Wine	25,984 (31,504)	22,468 (16,496)	48,452 (48,000)	+ 1.0
Beer	738,236 (738,148)		738,236 (738,148)	0.0
TOTAL			896,431 (885,636)	+ 1.2
	Gallons of Absolute Alcohol sold		86,139 (81,724)	+ 5.4

Imported wine sales showed a significant increase due to consumers preference for the enjoyment of better quality, reasonably priced table wines.

Because of the increase in domestic spirits and the virtual no growth in beer, gallons of absolute alcohol increased more so than last year's 4.2%.

Liquor Licensing Board

The Board held eight meetings during the period April 1, 1976 to March 31, 1977, six in Yellowknife and two in Frobisher Bay. During the period three licenses were suspended.

Six licenses were transferred because of a change in ownership and one license was changed from a cocktail lounge to cabaret license.

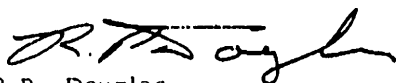
The matter of maintaining proper supervision in the operation of licensed premises is of concern to the Board. The inspection groups have been instructed to make certain the operators of licensed premises are aware of the rules in the Ordinance and Regulations. It is hoped that through this education program the standards of operation will continue to show improvement.

The Board is also concerned with instances where special occasion licenses have not received proper control. As a result applicants for special occasion licenses are receiving specific instructions on the need to observe the rules and regulations that go with the granting of such a license.

The Board's general philosophy is to upgrade the standard of operation in the licensed premises in the Northwest Territories by instruction and education and if necessary by punitive action if all else fails.

The Board was represented at four meetings of the Alcohol and Drug Coordinating Council. This liaison is necessary and of value in providing the Board with information in matters concerning the Alcohol programs.

The resignation of Mr. Jim Robertson, a Board member from Inuvik, was accepted with regret.


R.P. Douglas
Chairman

R.P. Douglas/ad
December 8, 1977

LIQUOR LICENSING BOARD

TABLE III

<u>Licenses Issued</u>	<u>1976-77</u>	<u>1975-76</u>
Cocktail Lounge	26	24
Cocktail Lounge - Cabaret	2	2
Dining Lounge	18	18
Dining Room	0	0
Tavern	2	2
Off Premises	13	13
Club	12	12
Canteen	13	12
Guest Room	18	17
Aircraft & Ship	4	4
Annual Special	21	23
Special Occasion	1409	1116
Wine Permit	15	18
Beer Permit	13	19
Import Permit	454	100

License Transfers due to changes in ownership:

3 Cocktail Lounge
 1 Cabaret
 1 Dining Lounge
 1 Off Premise

License Change at request of owner:

1 Cocktail Lounge to a Cabaret

Meetings:

The Board held eight meetings - six in Yellowknife and two in Frobisher Bay. The Board was represented at four meetings of the Alcohol and Drug Co-ordinating Council.

Suspensions:

Cocktail Lounge, Dining Lounge, and Off Premise, held by one hotel, suspended indefinitely and lasted one week.

Cocktail Lounge suspended for one week.

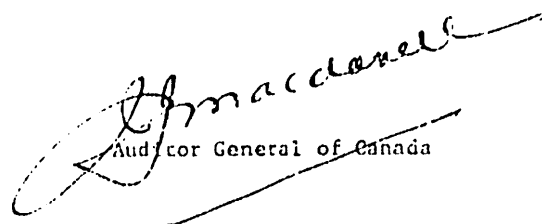
Tavern License suspended for 24 hours.

The Council of the Northwest Territories,
Yellowknife, N.W.T.

I have examined the balance sheet of the Northwest Territories Liquor Control System as at March 31, 1977 and the income statement, statement of equity, and statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

As stated in Note 2, the buildings, fixtures and fittings are provided without charge by the Government of the Northwest Territories and no cost is included in the financial statements for the use of these assets.

In my opinion, except that a fair charge for the use of the fixed assets is not recorded, these financial statements present fairly the financial position of the Liquor Control System as at March 31, 1977 and the results of its operations and changes in financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.


Auditor General of Canada

Ottawa, Ontario
June 10, 1977

GOVERNMENT OF THE NORTHWEST TERRITORIES
Liquor Control System
Balance Sheet
as at March 31, 1977

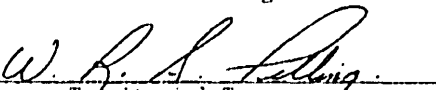
<u>ASSETS</u>			<u>LIABILITIES</u>		
	<u>1977</u>	<u>1976</u>		<u>1977</u>	<u>1976</u>
<u>Current</u>			<u>Current</u>		
Cash	\$ 369,827	\$ 310,151	Accounts payable	\$ 503,899	\$ 192,653
Accounts receivable	189	369	Deferred revenue - licence fees	<u>3,564</u>	<u>3,552</u>
Inventory - at cost	1,762,526	1,852,958		<u>507,463</u>	<u>196,205</u>
	<u>\$ 2,132,542</u>	<u>\$ 2,163,478</u>			
			<u>EQUITY</u>		
			Equity of the Northwest Territories	<u>1,625,079</u>	<u>1,967,273</u>
				<u>\$2,132,542</u>	<u>\$2,163,478</u>

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board:



 General Manager



 Territorial Treasurer



 Commissioner

GOVERNMENT OF THE NORTHWEST TERRITORIES

Liquor Control System

Income Statement

for the year ended March 31, 1977

	<u>1977</u>	<u>1976</u>
Sales	\$ 11,280,747	\$ 10,981,708
Less discount on sales	<u>204,604</u>	<u>185,889</u>
	11,076,143	10,795,819
Cost of goods sold	<u>6,015,053</u>	<u>5,714,140</u>
Gross profit	5,061,090	5,081,679
Operating expenses (Schedule 1)	<u>914,143</u>	<u>808,978</u>
	4,146,947	4,272,701
Other income (Schedule 2)	<u>281,386</u>	<u>204,960</u>
Income for the year	<u>\$ 4,428,333</u>	<u>\$ 4,477,661</u>

The accompanying notes are an integral part of the financial statements.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Liquor Control System

Statement of Equity

for the year ended March 31, 1977

	<u>1977</u>	<u>1976</u>
Equity at beginning of year	\$ 1,967,273	\$ 2,210,600
Income for the year	4,428,333	4,477,661
Expenses paid by the Government of the Northwest Territories on behalf of the Liquor Control System	<u>429,473</u>	<u>379,012</u>
	6,825,079	7,067,273
Transfer of funds to the Consolidated Revenue Fund	<u>5,200,000</u>	<u>5,100,000</u>
Equity at end of year	<u>\$ 1,625,079</u>	<u>\$ 1,967,273</u>

The accompanying notes are an integral part of the financial statements.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Liquor Control System

Statement of Changes in Financial Position

for the year ended March 31, 1977

	<u>1977</u>	<u>1976</u>
Funds provided		
Income for the year	\$ 4,428,333	\$ 4,477,661
Add: Item not requiring an outlay of funds:		
Expenses paid by the Government of Northwest Territories on behalf of the Liquor Control System	<u>429,473</u>	<u>379,012</u>
	4,857,806	4,856,673
Funds applied		
Transfers to the Government of the Northwest Territories	<u>5,200,000</u>	<u>5,100,000</u>
Decrease in working capital	342,194	243,327
Working capital, beginning of year	<u>1,967,273</u>	<u>2,210,600</u>
Working capital, end of year	<u>\$ 1,625,079</u>	<u>\$ 1,967,273</u>

The accompanying notes are an integral part of the financial statements.

GOVERNMENT OF THE NORTHWEST TERRITORIES
Liquor Control System
Notes to the Financial Statements
March 31, 1977

1. Authority of the Liquor Control System

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

2. Assets Used Without Charge

The buildings, fixtures and fittings used by the Liquor Control System are owned by the Government of the Northwest Territories. No charge is made to the Liquor Control System for the use of these assets.

3. Anti-Inflation Act

As a part of the Government of the Northwest Territories, the Liquor Control System is subject to and, in the opinion of management, is complying with Section 4 (1) of the Federal Anti-Inflation Act.

GOVERNMENT OF THE NORTHWEST TERRITORIESLiquor Control System

Schedule of Operating Expenses

for the Year ended March 31, 1977

	<u>1977</u>	
Salaries and wages	\$ 429,473	\$ 378,093
Commissions to agents	246,372	241,218
Insurance	43,927	23,321
Utilities	37,964	27,839
Duty-travel	32,419	16,446
Employee benefits	26,689	40,459
Warehouse rental	21,225	14,275
Repairs and maintenance	19,273	13,157
Office rent	12,400	12,840
Storage allowance	10,664	6,133
Grants in lieu of taxes	8,479	8,441
Stationery, materials, supplies	7,373	11,609
Postage and telephone	7,043	5,965
Board honoraria	3,826	2,957
Miscellaneous	7,016	6,225
	<u>\$ 914,143</u>	<u>\$ 808,978</u>

GOVERNMENT OF THE NORTHWEST TERRITORIESLiquor Control System

Schedule of Other Income

for the Year ended March 31, 1977

	<u>1977</u>	<u>1976</u>
Licence fees	\$ 81,137	\$ 73,158
Interest	70,843	46,079
Import permits	69,122	38,607
Licences	29,888	23,152
Rent	16,684	16,684
Land taxes collected	1,864	-
Miscellaneous	11,848	7,280
	<u>\$ 281,386</u>	<u>\$ 204,960</u>

STATEMENTS 76/77

SPREAD SHEET

N.W.T. LCS
STORES AND AGENCIES INCOME STATEMENT
FOR YEAR ENDED MARCH 31, 1977 (WITH COMPARATIVE FIGURES FOR MARCH 31, 1976)

	YELLOW- KNIFE	HAY RIVER	INUVIK	NORMAN WELLS	FROBISHER BAY	FORT SMITH	FORT SIMPSON	PINE POINT	CANADA TUNGSTEN	CAMBRIDGE BAY	RANKIN INLET	FORT McPHERSON	EASTERN ARCTIC	ADMIN.	BOARD	TOTAL
SALES	4,173,574	1,474,554	2,172,312	348,868	545,333	720,551	605,059	610,404	124,006	164,707	143,928	142,692	54,759			11,280,747
Discount on sales to Yellowknife Retail Agency	(3,762,289)	(1,367,184)	(2,123,554)	(347,434)	(969,465)	(720,495)	(608,808)	(519,204)	(105,476)	(152,377)	(138,000)	(135,515)	(31,907)			(10,981,708)
	<u>204,604</u>															<u>204,604</u>
NET SALES	<u>3,968,970</u>	<u>1,474,554</u>	<u>2,172,312</u>	<u>348,868</u>	<u>545,333</u>	<u>720,551</u>	<u>605,059</u>	<u>610,404</u>	<u>124,006</u>	<u>164,707</u>	<u>143,928</u>	<u>142,692</u>	<u>54,759</u>			<u>11,076,143</u>
Cost of Goods Sold:																
Inventory April 1, 1976	395,248	249,720	321,614	184,652	216,347	257,645	153,112	58,602	7,122	824	1,283	6,789				1,852,958
Purchases	1,940,347	782,020	771,864	132,114	205,739	264,933	236,392	146,204	95,457	30,245	69,865	39,680	35,109			4,749,969
Freight	330,475	88,018	256,064	24,501	93,166	41,557	36,397	29,500	7,006	55,056	96,771	27,048				1,085,559
Stock Transfers - Net	66,099	(152,071)	5,666	(20,542)	(86,840)	(9,493)	1,318	103,845		66,122		25,896				0
	<u>2,732,169</u>	<u>967,687</u>	<u>1,355,208</u>	<u>320,725</u>	<u>428,412</u>	<u>554,642</u>	<u>427,219</u>	<u>338,151</u>	<u>109,585</u>	<u>152,247</u>	<u>167,919</u>	<u>99,413</u>	<u>35,109</u>			<u>7,688,486</u>
Inventory March 31, 1977	650,494	196,972	164,711	150,589	107,394	182,466	133,847	64,433	9,943	711	28					1,661,588
Claims & Refunds	5,991	800	3,245	96	204	1,070	338	66		29	6					11,845
	<u>656,485</u>	<u>197,772</u>	<u>167,956</u>	<u>150,685</u>	<u>107,598</u>	<u>183,536</u>	<u>134,185</u>	<u>64,499</u>	<u>9,943</u>	<u>740</u>	<u>34</u>					<u>1,673,433</u>
Cost of Goods Sold	<u>2,075,684</u>	<u>769,915</u>	<u>1,187,252</u>	<u>170,040</u>	<u>320,814</u>	<u>371,106</u>	<u>293,034</u>	<u>273,652</u>	<u>99,642</u>	<u>151,507</u>	<u>167,885</u>	<u>99,413</u>	<u>35,109</u>			<u>6,015,053</u>
Gross Profit on Sales	1,893,286	704,639	985,060	178,828	224,519	349,445	312,025	336,752	24,364	13,200	(23,957)	43,279	19,650			5,061,090
	(1,771,092)	(685,039)	(926,822)	(195,402)	(463,348)	(344,087)	(307,595)	(261,732)	(22,482)	(23,222)	(14,389)	(54,518)	(11,951)			(5,081,679)
Expenses Incurred by the Liquor Control System	45,980	32,475	44,492	5,481	18,602	68,213	50,866	71,808	5,759	24,467	22,176	17,794		44,329	32,228	484,670
	<u>1,847,306</u>	<u>672,164</u>	<u>940,568</u>	<u>173,347</u>	<u>205,917</u>	<u>281,232</u>	<u>261,159</u>	<u>264,944</u>	<u>18,605</u>	<u>(11,267)</u>	<u>(46,133)</u>	<u>25,485</u>	<u>19,650</u>	<u>(44,329)</u>	<u>(32,228)</u>	<u>4,576,420</u>
Other Revenue																281,386
Income (Loss) Before Expenses Paid by Government of N.W.T.	1,847,306	672,164	940,568	173,347	205,917	281,232	261,159	264,944	18,605	(11,267)	(46,133)	25,485	19,650	237,057	(32,228)	4,857,806
	(1,745,504)	(664,083)	(889,275)	(190,754)	(434,078)	(277,941)	(257,336)	(200,645)	(17,953)	(72)	(6,562)	(33,926)	(11,951)	(154,417)	(14,557)	(4,856,672)
Expenses Paid for by Government of N.W.T.	54,616	103,789	82,217	20,401	39,500											
	<u>1,792,690</u>	<u>568,375</u>	<u>858,351</u>	<u>152,946</u>	<u>166,417</u>	<u>281,232</u>	<u>261,159</u>	<u>264,944</u>	<u>18,605</u>	<u>(11,267)</u>	<u>(46,133)</u>	<u>25,485</u>	<u>19,650</u>	<u>108,107</u>	<u>(32,228)</u>	<u>4,428,333</u>
Net Income (Loss)	(1,694,372)	(586,735)	(826,523)	(174,515)	(386,472)	(277,941)	(257,336)	(200,645)	(17,953)	(72)	(6,562)	(33,926)	(11,951)	(30,483)	(14,557)	(4,477,661)
										(Loss)	(Loss)				(Loss)	