

LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
8TH ASSEMBLY, 67TH SESSION

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NORTHWEST TERRITORIES
LIQUOR CONTROL SYSTEM
and
LIQUOR LICENSING BOARD
24th.
ANNUAL REPORT

APRIL 1, 1977 to MARCH 31, 1978



November 16, 1978

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

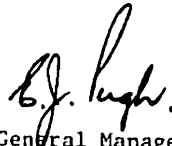
Dear Sir:

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

This report contains three sections, Part 1 covering the Liquor Control System, Part 11 the Liquor Licensing Board, and Part 111 being the Auditor's Report.

I wish to express my thanks to the staff of the System for their cooperation and support, during a year of change.

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>
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)
1977	11,280,747	5,061,090	44.9	2.7	
1978	12,150,944	5,241,284	43.1	7.7	13% Jun/77 (beer) 6% Dec/77 (beer) 5% Dec/77 (domestic) 13% Jan/78 (imported)

Gross Profit as a percentage of Sales decreased because of increased landed cost of all products.

The increased costs from suppliers, both domestic and overseas resulted in four price changes being implemented.

TABLE II

GALLONAGE SALES 1977 - 1978
 (1976 - 1977)

	<u>DOMESTIC</u>	<u>IMPORTED</u>	<u>TOTAL</u>	<u>% CHANGE</u>
SPIRITS	90,341 (96,089)	16,649 (13,654)	106,990 (109,743)	-2.5
WINE	23,977 (25,984)	32,928 (22,468)	56,905 (48,452)	+17.4
BEER	742,186 (738,236)		742,186 (738,236)	+ .5
TOTAL			906,081 (896,431)	+ .1
Gallons of Absolute Alcohol Sold			86,164 (86,139)	0

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

Because of the slight downward trend in the use of spirits, and virtual no growth in beer consumption, the change in absolute alcohol consumed remained relatively unchanged.


Liquor Licensing Board

The Board held seven meetings during the fiscal period April 1, 1977 to March 31, 1978, with six in Yellowknife and one in Frobisher Bay. During the period five licences were suspended for periods of up to two weeks and included one suspension for an indefinite period for infractions of the Liquor Ordinance.

Eleven additional licences were issued and two licences were transferred because of a change in ownership.

The Board continued the practise of holding public meetings if objections were received from the public opposing the granting of a new licence. These meetings have provided a forum for interested parties to present their views to the Board.

Mr. Gerry Reimann from Yellowknife was appointed to the Board. Mr. Bill Erasmus' resignation from the Board was accepted with regret.



R. P. Douglas,
Chairman

R.P. Douglas/ck
December 1, 1978

LIQUOR LICENSING BOARD

TABLE III

<u>Licenses Issued</u>	<u>1977-78</u>	<u>1976-77</u>
Cocktail Lounge	28	26
Cocktail Lounge - Cabaret	1	2
Dining Lounge	20	18
Dining Room	0	0
Tavern	1	2
Off Premises	13	13
Club	15	12
Canteen	15	13
Guest Room	21	18
Aircraft & Ship	5	4
Annual Special	21	21
Special Occasion	1084	1409
Wine Permit	26	15
Beer Permit	40	13
Import Permit	485	454

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Meetings:

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

Suspensions:

One Club License suspended indefinitely.

One Club License suspended for two weeks.

One Club License, one Tavern License, held by the same hotel, suspended for six days.

One Club License suspended for six days.

Report to the Commissioner of the
Northwest Territories
on the examination of the
accounts and financial statements
of the

NORTHWEST TERRITORIES LIQUOR CONTROL SYSTEM

for the year ended March 31, 1978



AUDITOR GENERAL OF CANADA

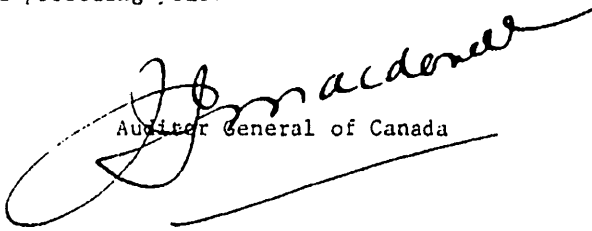
VÉRIFICATEUR GÉNÉRAL DU CANADA

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

I have examined the statement of assets and liabilities of the Northwest Territories Liquor Control System as at March 31, 1978 and the statements of operations and equity 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, no cost is included in the financial statements for the use of fixed assets and which are owned by the Government of the Northwest Territories and provided without charge.

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 Northwest Territories Liquor Control System as at March 31, 1978 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.


Auditor General of Canada

Ottawa, Ontario
June 17, 1978

NORTHWEST TERRITORIES LIQUOR CONTROL SYSTEM
 (Established by the Liquor Ordinance, 1970(2nd)c.12,s.1.)

Statement of Assets and Liabilities
as at March 31, 1978


ASSETS

LIABILITIES

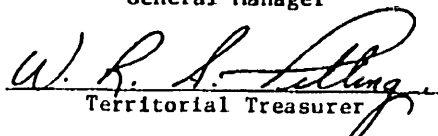
	<u>1978</u>	<u>1977</u>		<u>1978</u>	<u>1977</u>
Cash	\$ 414,896	\$ 369,827	Accounts payable	\$ 562,942	\$ 503,899
Accounts Receivable	599	189	Deferred revenue - licence fees	<u>2,915</u>	<u>3,564</u>
Inventory - at cost	1,711,817	1,762,526		565,857	507,463
			<u>EQUITY</u>		
			Equity of the Government of the Northwest Territories	<u>1,561,455</u>	<u>1,625,079</u>
	<u>\$ 2,127,312</u>	<u>\$ 2,132,542</u>		<u>\$ 2,127,312</u>	<u>\$ 2,132,542</u>

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

Approved by:



 General Manager



 Territorial Treasurer

NORTHWEST TERRITORIES LIQUOR CONTROL SYSTEM

Statement of Operations
for the year ended March 31, 1978

	<u>1978</u>	<u>1977</u>
Sales	\$ 12,150,944	\$ 11,280,747
Less discount on sales	<u>236,491</u>	<u>204,604</u>
	11,914,453	11,076,143
Cost of goods sold (Schedule 1)	<u>6,673,169</u>	<u>6,015,053</u>
Gross profit	5,241,284	5,061,090
Operating expenses (Schedule 2)	<u>1,072,570</u>	<u>914,143</u>
	4,168,714	4,146,947
Other income (Schedule 3)	<u>249,999</u>	<u>281,386</u>
Income for the year	<u>\$ 4,418,713</u>	<u>\$ 4,428,333</u>

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

NORTHWEST TERRITORIES LIQUOR CONTROL SYSTEM

Statement of Equity
for the year ended March 31, 1978

	<u>1978</u>	<u>1977</u>
Balance at beginning of the year	\$ 1,625,079	\$ 1,967,273
Income for the year	4,418,713	4,428,333
Expenses paid by the Government of the Northwest Territories on behalf of the Liquor Control System	<u>517,663</u>	<u>429,473</u>
	6,561,455	6,825,079
Transfer of funds to the Government of the Northwest Territories	<u>5,000,000</u>	<u>5,200,000</u>
Balance at end of the year	<u>\$ 1,561,455</u>	<u>\$ 1,625,079</u>

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

NORTHWEST TERRITORIES LIQUOR CONTROL SYSTEM

Notes to Financial Statements
March 31, 1978

1. Nature of operations

Under the Northwest Territories Liquor Ordinance, the Northwest Territories Liquor Control System is responsible for administering the purchase, sale and control of consumption of liquor in the Northwest Territories. In order to enable the Northwest Territories Liquor Control System to administer its operation, the Government of the Northwest Territories authorized advances of up to \$2,500,000.

2. Fixed assets

Buildings, fixtures and fittings owned by the Government of the Northwest Territories are provided for the use of the Northwest Territories Liquor Control System without cost.

3. Anti-Inflation Act

As part of the Government of the Northwest Territories, the Northwest Territories Liquor Control System is subject to and, in the opinion of management, has complied with the Anti-Inflation Act.

NORTHWEST TERRITORIES LIQUOR CONTROL SYSTEMSchedule of Cost of Goods Sold
for the year ended March 31, 1978

	<u>1978</u>	<u>1977</u>
Inventory at beginning of the year	\$ 1,762,526	\$ 1,852,958
Purchases	5,428,922	4,850,907
Freight	<u>1,193,538</u>	<u>1,073,714</u>
	8,384,986	7,777,579
Inventory at end of the year	<u>1,711,817</u>	<u>1,762,526</u>
Cost of goods sold	<u>\$ 6,673,169</u>	<u>\$ 6,015,053</u>

NORTHWEST TERRITORIES LIQUOR CONTROL SYSTEMSchedule of Other Income
for the year ended March 31, 1978

	<u>1978</u>	<u>1977</u>
Licence fees	\$ 88,330	\$ 81,137
Import permits	56,419	69,122
Interest	35,506	70,843
Licences	27,385	29,888
Rent	16,684	16,684
Land taxes collected	1,143	1,864
Miscellaneous	<u>24,532</u>	<u>11,848</u>
	<u>\$ 249,999</u>	<u>\$ 281,386</u>

	YELLOWKNIFE	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	4,777,800 (4,173,574)	1,533,368 (1,474,554)	2,331,165 (2,172,312)	355,167 (348,868)	524,569 (545,333)	819,951 (720,551)	596,349 (605,059)	608,403 (610,404)	177,012 (124,006)	178,248 (164,707)	196,805 (143,928)	(142,692)	52,107 (54,759)			12,150,944 (11,280,747)
Discount on sales to Yellowknife Retail Agency	236,491															236,491
NET SALES	4,541,309	1,533,368	2,331,165	355,167	524,569	819,951	596,349	608,403	177,012	178,248	196,805		52,107			11,914,453
Cost of Goods Sold:																1,762,526
Inventory April 1, 1977	662,166	196,972	253,977	150,589	107,394	182,466	133,847	64,443	9,943	711	28		33,710			5,428,923
Purchases	2,136,941	909,826	989,314	161,076	240,282	309,285	271,112	138,646	146,741	11,331	80,659					1,206,346
Freight	359,246	99,642	230,347	27,294	170,816	53,449	36,841	28,267	14,815	59,625	126,004					0
Stock Transfers - Net	(70,693)	(142,762)	29,268	(13,290)	(10,234)	1,299	(6,249)	127,779		84,882						
	3,087,660	1,063,678	1,502,906	325,669	508,258	546,499	435,551	359,125	171,499	156,549	206,691		33,710			8,397,795
Inventory March 31, 1978	611,224	275,809	231,528	148,944	83,585	151,219	140,372	49,826	11,146	4,896	3,268					1,711,817
Claims & Refunds	10,601	877	139	8		704	287	193								12,809
	621,825	276,686	231,667	148,952	83,585	151,923	140,659	50,019	11,146	4,896	3,268					1,724,626
Cost of Goods Sold	2,465,835	786,992	1,271,239	176,717	424,673	394,576	294,892	309,106	160,353	151,653	203,423		33,710			6,673,169
Gross Profit on Sales	2,075,474 (1,893,286)	746,376 (704,639)	1,059,926 (985,060)	178,450 (178,828)	99,896 (224,519)	425,375 (349,445)	301,457 (312,025)	299,297 (336,752)	16,659 (24,364)	26,595 (13,200)	(6,618) (23,957)	(43,279)	18,397 (19,650)			5,241,284
Expenses Incurred by the Liquor Control System	28,490 2,046,984	30,579 715,797	96,067 963,859	5,782 172,668	26,318 73,578	77,620 347,755	55,659 245,798	63,179 236,118	6,895 9,764	27,859 (1,264)	30,950 (37,568)	(14) (14)	18,397	64,802 (64,802)	40,693 (40,693)	554,907 4,686,377
Other Revenue														249,999		249,999
Income (Loss) Before Expenses Paid by Government of the NWT	2,046,984	715,797	963,859	172,668	73,578	347,755	245,798	236,118	9,764	(1,264)	(37,568)	(14)	18,397	185,197	(40,693)	4,936,376
Expenses paid for By the Government of the NWT	63,049	133,811	99,680	20,425	37,809									162,889		517,663
Net Income (Loss)	1,983,935	581,986	864,179	152,243	35,769	347,755	245,798	236,118	9,764	(1,264)	(37,568)	(14)	18,397	22,308	(40,693)	4,418,713

NOTE: Inv. Mar 31/77 increased to reflect prepaid expenses which changed inventory value from \$1,661,588 to \$1,762,525.