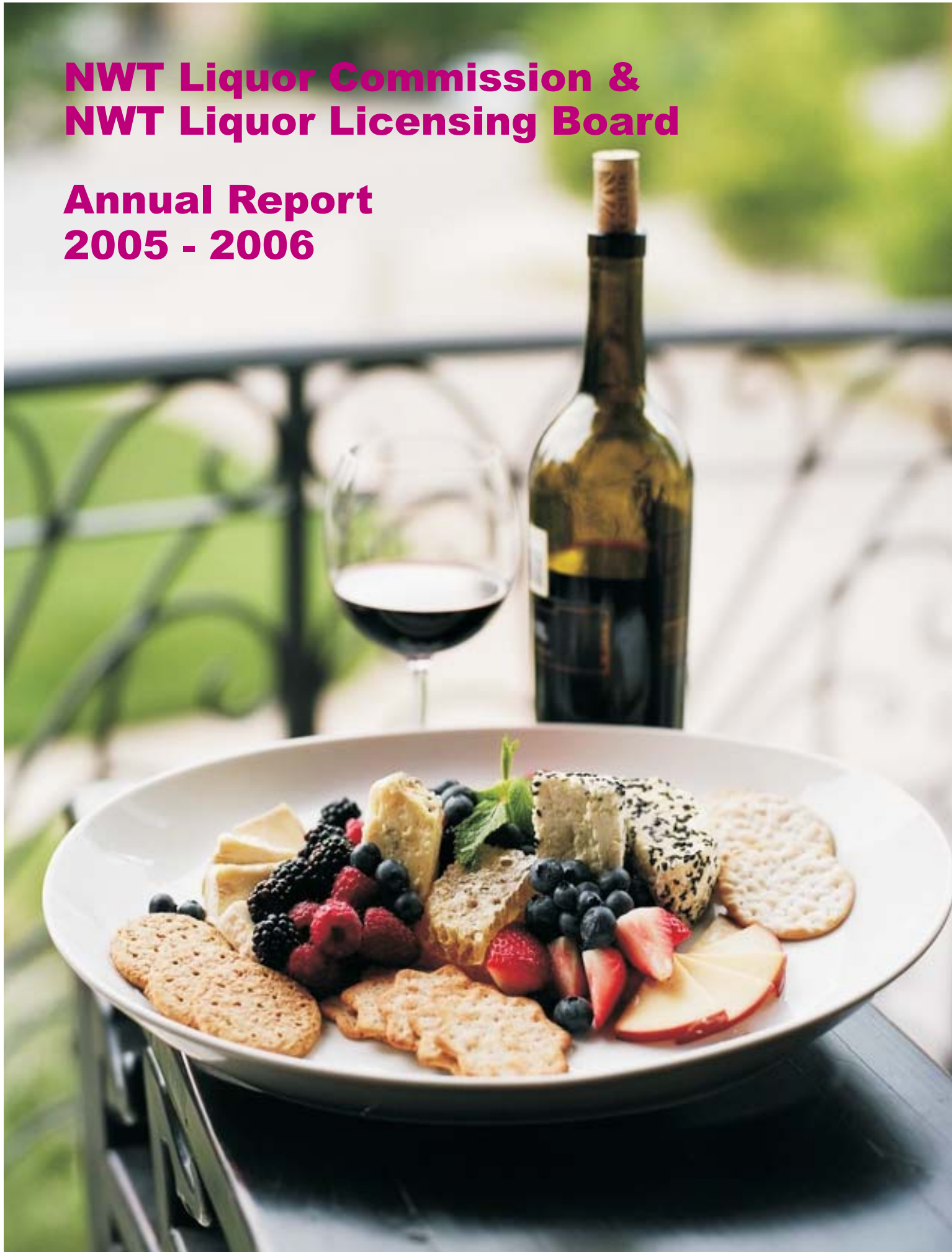


# **NWT Liquor Commission & NWT Liquor Licensing Board**

## **Annual Report 2005 - 2006**



MEMBERS OF THE LEGISLATIVE ASSEMBLY

**NWT Liquor Commission and NWT Liquor Licensing Board Annual Report**

I am pleased to present, for the information of the Members of the Legislative Assembly, the fifty-second Annual Report for the Northwest Territories Liquor Commission and Northwest Territories Liquor Licensing Board for the fiscal year ended March 31, 2006.

A handwritten signature in blue ink, appearing to read 'Floyd K. Roland', written over a horizontal line.

Floyd K. Roland  
Minister Responsible for the  
NWT Liquor Commission and  
NWT Liquor Licensing Board

THE HONOURABLE FLOYD K. ROLAND MINISTER OF FINANCE

**NWT Liquor Commission and NWT Liquor Licensing Board Annual Report**

Pursuant to Subsections 9(1) and 61(1) of the Liquor Act, we are pleased to submit the fifty-second Annual Report for the NWT Liquor Commission and NWT Liquor Licensing Board for the fiscal year ended March 31, 2006.

We wish to express our thanks to our staff for all their support and contribution to the progress of the Commission and the Board during this past year.



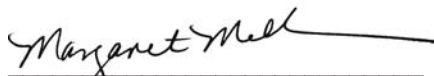
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Kyle Reid  
General Manager  
NWT Liquor Commission



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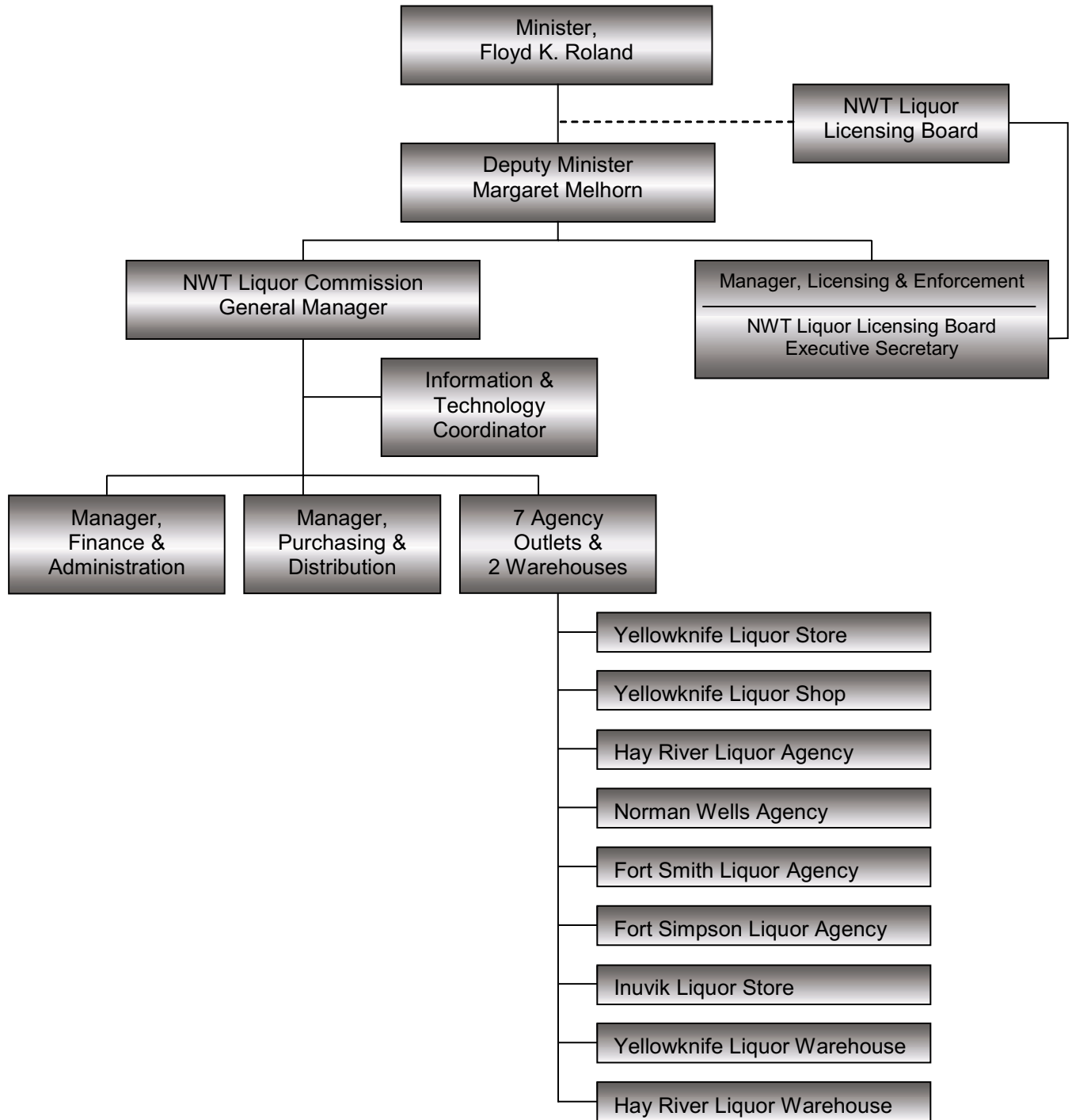
Don Kindt  
Chairperson  
Liquor Licensing Board



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Margaret Melhorn  
Deputy Minister of Finance

# ORGANIZATION CHART





## TABLE OF CONTENTS

I.	<b>NORTHWEST TERRITORIES LIQUOR COMMISSION</b>	
	General Manager's Report . . . . .	1
	Mandate . . . . .	2
	Operational Review . . . . .	3
	Strategic Objective . . . . .	3
	<b>FINANCIAL RESULTS AND GENERAL STATISTICS.</b> . . . . .	4
	Five year Performance History . . . . .	5
	Consolidated Operation (excluding Liquor Licensing Board) . . . . .	6
	Three year Dollar Sales by Trend . . . . .	7
	Three Year Sales by Category . . . . .	7
	Three Year Sales by Channel . . . . .	9
	<b>STORE OPERATIONS</b> . . . . .	10
	<b>STORE LOCATIONS</b> . . . . .	13
	<b>RECYCLING PROGRAM</b> . . . . .	15
II.	<b>LIQUOR LICENSING &amp; ENFORCEMENT</b> . . . . .	19
	Enforcement Report. . . . .	22
	Community Options . . . . .	24
III.	<b>LIQUOR LICENSING BOARD</b> . . . . .	27
	Liquor Licensing Board Report . . . . .	29
IV.	<b>AUDITED FINANCIAL STATEMENTS</b> . . . . .	37
	Auditor's Report . . . . .	39
	Management Responsibility for Financial Report . . . . .	42
	Balance Sheet . . . . .	43
	Statement of Income . . . . .	44
	Statement of Amount Due to the Government of the Northwest Territories . . . . .	45
	Statement of Cash Flow . . . . .	46
	Notes to Financial Statements . . . . .	47



# **NWT LIQUOR COMMISSION**

**Suite 201, 31 Capital Drive  
Hay River, NT X0E 1G2  
PH: (867) 874-8700 FAX: (867) 874-8720**







## GENERAL MANAGER'S REPORT

The Northwest Territories Liquor Commission (the Commission) is administered through the Government of the Northwest Territories, Department of Finance. The Minister has delegated the following duties to the Commission under Part II of the *Liquor Act*:

- a) Operate liquor stores
- b) Purchase, classify, sell and distribute liquor in the Territory
- c) Administer Part II of the Liquor Act

The year was a success financially with liquor sales reaching \$39 million, the highest level in the history of the Commission, and over \$1 million in excess of the previous year. Over \$20 million was transferred to the Territorial treasury, and budget targets were achieved.

Sales and distribution are carried out through a network consisting of seven retail outlets and two warehouses, contracted to private sector operators.

The strategic plan of the Commission focuses on three key areas for measuring performance:

1. Efficient operations, and compliance with legislation, regulation and policy
2. Social responsibility
3. Financial income targets

These areas serve as a guideline for incorporating our mission statement into day to day activities. The success of the organization should not be measured in financial performance alone, and the responsibility of the Commission includes ensuring performance as a responsible industry partner, and as a socially responsible member of society. The Commission was fully successful in meeting the goals established in the strategic plan.

During the year the Commission renewed its strategic plan and committed to a project that will modernize its information systems and allow more efficient operations and reporting, as well as improve customer service. This project is part of a renewed commitment to improve our service, processes, policies and systems.

In my new position as General Manager of the Northwest Territories Liquor Commission, I have grown to deeply appreciate the commitment shown by our staff, agents and the Executive, to create a renewed Commission — one that is a modern, innovative retailer with strong commitment to client service, social responsibility and a strong vision for the future.

A handwritten signature in black ink, appearing to read "Kyle Reid".

Kyle Reid  
General Manager

## MANDATE

### Corporate Vision

Our customers will have a healthy and responsible attitude toward alcohol consumption and we will provide them the opportunity to discover, enjoy and share a wide variety of beverage alcohol.

### Mission Statement

We will be an innovative, efficient and profitable organization, dedicated to the retail and wholesale distribution of beverage alcohol, and promote the development of a healthy and responsible drinking culture.

### Values

- We value our customers and employees
- We encourage and support the responsible use of alcohol
- We will be efficient and cost effective
- We will be responsible for our actions and will be honest and fair
- We will treat others with dignity and courtesy
- We will support one another to achieve our goals



Yellowknife Liquor Shop

## OPERATIONAL REVIEW

The Northwest Territories Liquor Commission has a number of stakeholders including the people of the Northwest Territories, our customers, employees, private sector contractors, suppliers, industry partners, and all those who share our concern for social responsibility and public safety. Our customer base includes the public who access our products through our retail network, as well as commercial clients such as restaurants and bars.

To respond to the needs and concerns of our customers and stakeholders in the fiscal year 2005 — 2006 we:

- Delivered a wide variety of quality beverage alcohol products through our network of retail stores.
- Promoted safe and responsible use of beverage alcohol.

## STRATEGIC OBJECTIVES

### Goal #1

Operations are managed efficiently and comply with legislation, regulation and policy.

### Performance Highlights

The operational structure of the Liquor Commission is designed to deliver optimal service levels for the best possible costs, and consists of a headquarters administrative staff of eight and a network of seven stores and two warehouses, operated by private contractors. Five of the private agency stores operate with inventory on consignment from the Commission and the two Yellowknife stores purchase inventory directly from the Yellowknife warehouse. Sales to consumers and licensees are incurred through sales by the consignment stores. Sales to private stores are realized through their purchase of stock from our warehouse. The cost to deliver the sales and administration throughout the year was 10% of sales revenue, of which 7% was paid to private liquor store and warehouse contractors.

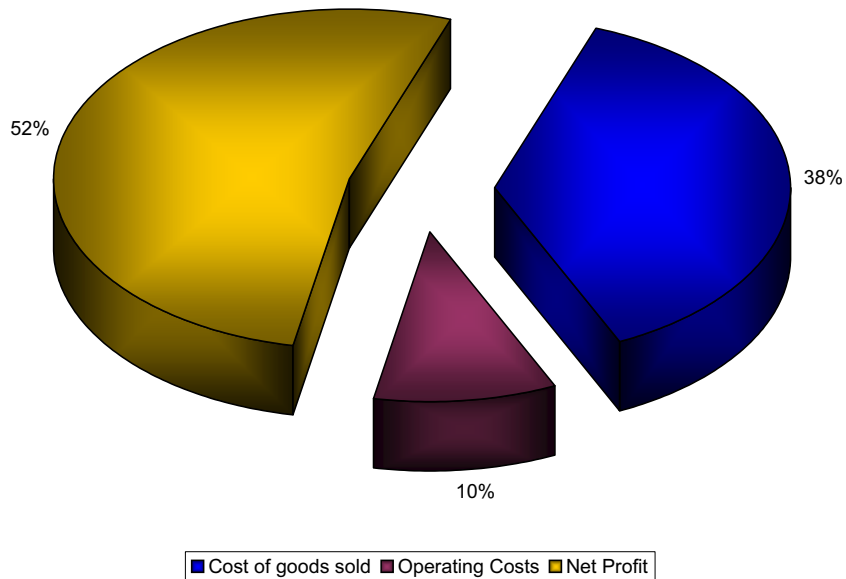
Operational compliance with contracts, regulation and legislation by the store and warehouse operators was outstanding throughout the year. No significant irregularities, complaints or violations were registered. The operations of all liquor outlets are monitored monthly and visited periodically by headquarters management.

The Commission wound up the Bottle Recycling Program at the end of October 2005, as a result of the initiation of the Container Recycling Program by the Government of the Northwest Territories, Department of Environment and Natural Resources. The new program is a more comprehensive approach to the beverage container recycling challenge in the Northwest Territories and the Liquor Commission is proud to support the initiative.



*Fort Smith Liquor Agency*

### Application of Revenues 2005 - 2006



### Goal #2

Actively and continuously promote the responsible use of alcohol.

### Performance Highlights

The NWT Liquor Commission continues to support the responsible use of alcohol through various awareness programs. During the fiscal year a number of social responsibility and awareness programs were promoted.

Warnings messaging with regard to the dangers of alcohol consumption during pregnancy were delivered to all retail customers, in the form of warning labels on all beverage containers and paper bags used at the point of sale.

In conjunction with Educ' Alcool, a booklet titled "Be Prepared To Talk To Your Children About Alcohol" was distributed through the liquor stores and sent to medical clinics, schools and drug and alcohol committees throughout the Northwest Territories.

The Commission participated in the Canadian Association of Liquor Jurisdictions' national "By-ways" poster and radio campaign program targeting alcohol related injuries with off-road and marine vehicles.

In support of MADD Canada, all liquor stores participated in the Red Ribbon Program, "It's Time to Change the meaning of Tie one on, Drive Safe, Drive Sober".

The Commission participates on the Canadian Association of Liquor Jurisdictions' Social Responsibility Committee and strives to provide products that are socially responsible and incorporates responsible messaging into product sales.

### Goal #3

#### Meet financial income targets

The NWT Liquor Commission achieved financial targets in the 2005-2006 fiscal year. Gross sales were \$38.8 million, an increase of \$1.1 million over 2004-2005. Net income of over \$20.3 million, was \$0.25 million higher than 2004-2005 levels.

<b>Five Year Performance History</b>					
(\$000's)					
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Gross sales	38,776	37,673	36,677	35,959	33,082
Gross profit	24,200	23,457	22,917	22,282	21,910
as a % of sales	62.4%	62.3%	62.5%	62.0%	66.2%
Net profit	20,333	20,101	19,873	19,231	17,072
as a % of sales	52.4%	53.4%	54.2%	53.5%	51.6%
Operating expenses	3,872	3,598	3,323	3,278	4,145
as a % of sales	10.0%	9.6%	9.1%	9.1%	12.5%



Fort Simpson Liquor Agency

**NWT Liquor Commission (excluding Liquor Licensing Board)**

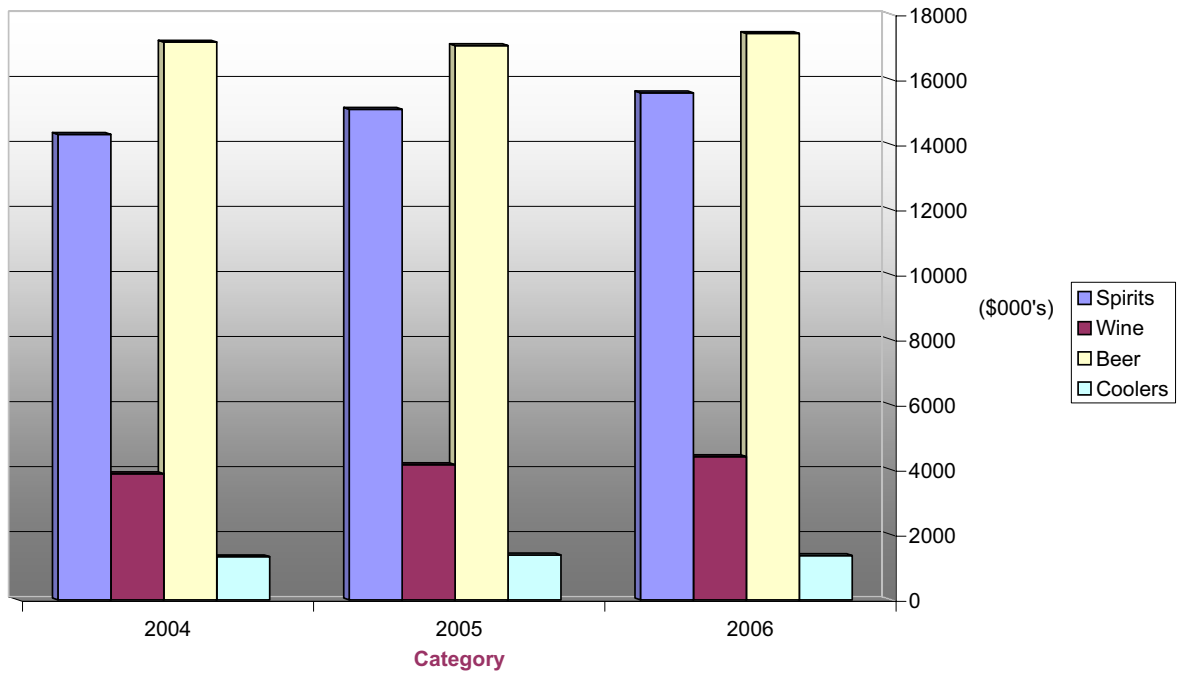
Sales / Cost of Sales / Gross Margin

for the year ended March 31, 2006 with comparative figures for 2005

(\$000's)

	<b>Budget</b>		
	<b>2006</b>	<b>2006</b>	<b>2005</b>
<b>Sales</b>			
Private Stores	16,733	16,611	16,300
Consumers	12,914	14,352	13,416
Licensees	9,110	7,813	7,957
	<b>38,757</b>	<b>38,776</b>	<b>37,673</b>
<b>Cost of Sales</b>			
Beginning Inventory	2,657	2,658	2,848
Purchases	13,345	13,620	12,878
Freight	1,188	1,251	1,148
Ending Inventory	(2,657)	(2,954)	(2,658)
	<b>14,533</b>	<b>14,575</b>	<b>14,216</b>
<b>Gross Margin</b>	<b>24,224</b>	<b>24,201</b>	<b>23,457</b>
<b>Other Income</b>			
Import Permits	2	-	2
Bottle Deposit Program	-	-	203
Other	3	4	37
	<b>5</b>	<b>4</b>	<b>242</b>
<b>Expenses</b>			
Commissions to agents	2,563	2,660	2,489
Salaries, wages & employee benefits	758	762	734
Bank service charges	118	161	131
Amortization of capital assets	130	37	21
Travel	37	38	31
Rent	48	40	45
Office supplies	51	103	41
Computer services	32	18	34
Communications	16	15	22
Professional fees	10	11	27
Advertising	10	12	12
Losses due to breakage, spoilage and theft	11	13	9
Miscellaneous	-	2	1
	<b>3,784</b>	<b>3,872</b>	<b>3,596</b>
<b>Net Income</b>	<b>20,445</b>	<b>20,333</b>	<b>20,103</b>

**Three Year Dollar Sales Trend by Category**



**Three Year Dollar Sales by Category**

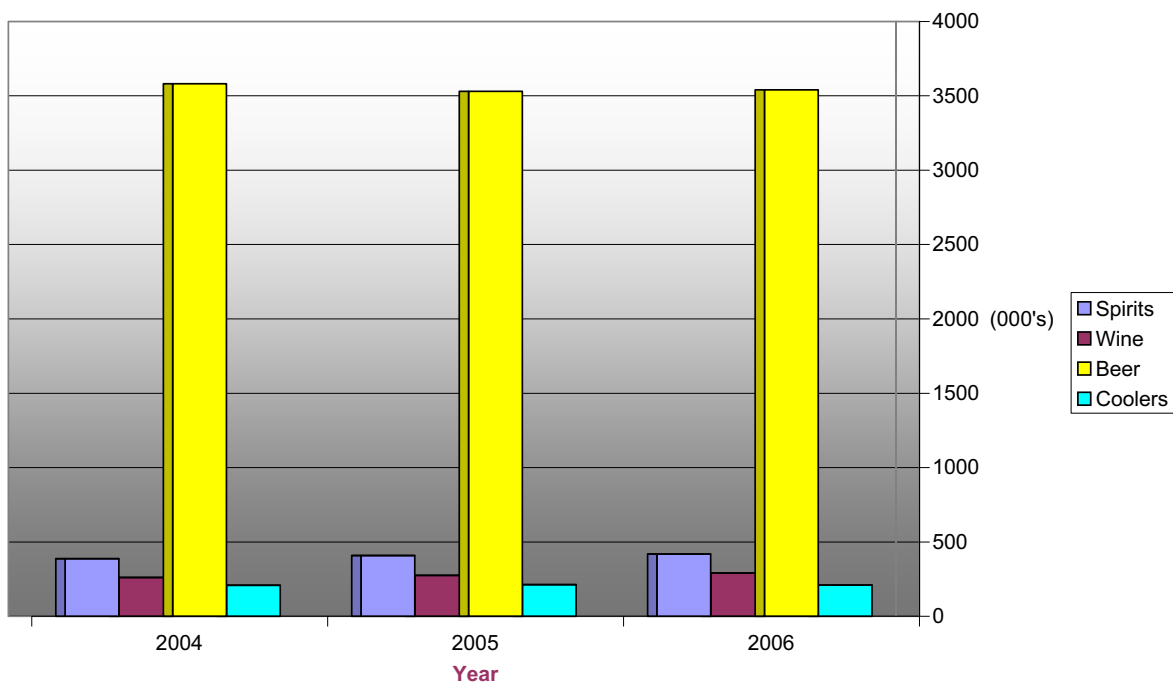
for the year ending March 31st

(\$000's)

	Spirits	Wine	Beer	Coolers	Total
2004	14,317	3,879	17,153	1,328	36,677
2005	15,089	4,156	17,046	1,381	37,673
2006	15,592	4,404	17,418	1,362	38,776



### Three Year Litre Sales Trend by Category



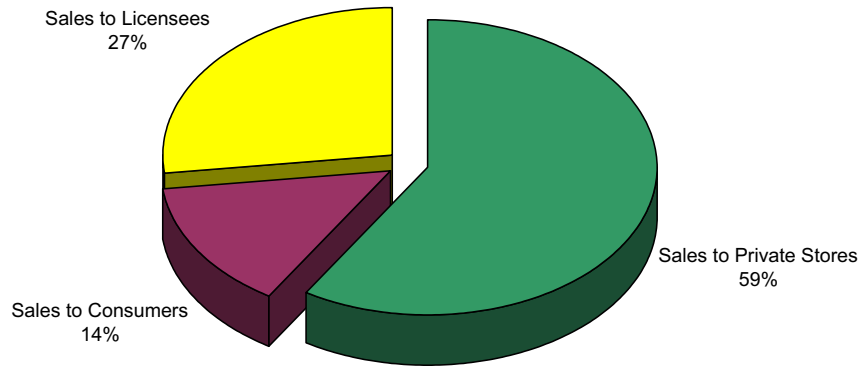
### Three Year Litre Sales by Category

for the year ending March 31st

(000's)

	Spirits	Wine	Beer	Coolers	Total
2004	388	261	3,582	208	4,439
2005	409	276	3,531	213	4,429
2006	419	291	3,541	210	4,461

**Litre Sales by Distribution Channel 2005 - 2006**



**Three Year Litre Sales by Distribution Channel**

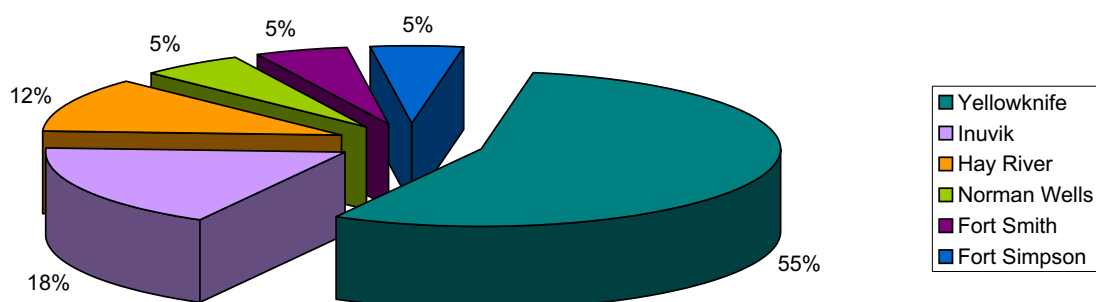
for the year ending March 31st

(000's)

	<b>2006</b>	<b>2005</b>	<b>2004</b>
Sales to Private Stores	2,622	2,522	1,769
Sales to Consumers	640	663	1,201
Sales to Licensees	1,199	1,244	1,469
<b>Total</b>	<b>4,461</b>	<b>4,429</b>	<b>4,439</b>

## STORE OPERATIONS

Location Sales 2005 - 2006



### Sales by Location 2005 - 2006

for the year ended March 31st

(\$'000's)

	2006	2005	Increase (decrease)
Yellowknife	21,348	20,517	831
Inuvik	6,849	6,730	119
Hay River	4,481	4,789	(308)
Norman Wells	2,078	1,884	194
Fort Smith	2,012	1,914	98
Fort Simpson	1,894	1,720	174
*Other	114	119	(5)
	38,776	37,673	1,103

\* Other consists of miscellaneous sales that do not conform to the prescribed commission sales.

**Statement of Operations by Location**

(for the year ended March 31, 2006 with comparative figures for 2005)

(excluding miscellaneous sales that do not conform to the prescribed commission sales)

<b>YELLOWKNIFE OPERATIONS</b>						
(\$000's)	<b>2005-2006</b>					<b>2004-2005</b>
	<b>Spirits</b>	<b>Wine</b>	<b>Beer</b>	<b>Coolers</b>	<b>Total</b>	<b>Total</b>
Sales						
Private Stores	7,185	2,486	6,379	561	16,611	16,300
Licensees	1,006	498	3,054	179	4,737	4,217
	8,191	2,984	9,433	740	21,348	20,517
Cost of goods sold	2,433	1,430	4,301	350	8,514	8,108
Gross margin	5,758	1,554	5,132	390	12,834	12,409
Other income					-	-
Operating expenses					729	655
Net income					12,105	11,754

<b>INUVIK OPERATIONS</b>						
(\$000's)	<b>2005-2006</b>					<b>2004-2005</b>
	<b>Spirits</b>	<b>Wine</b>	<b>Beer</b>	<b>Coolers</b>	<b>Total</b>	<b>Total</b>
Sales						
Private Stores	2,949	476	1,841	211	5,477	5,305
Licensees	281	51	958	82	1,372	1,425
	3,230	527	2,799	293	6,849	6,730
Cost of goods sold	900	191	1,163	120	2,374	2,419
Gross margin	2,330	336	1,636	173	4,475	4,311
Other income					-	-
Operating expenses					776	704
Net income					3,699	3,607

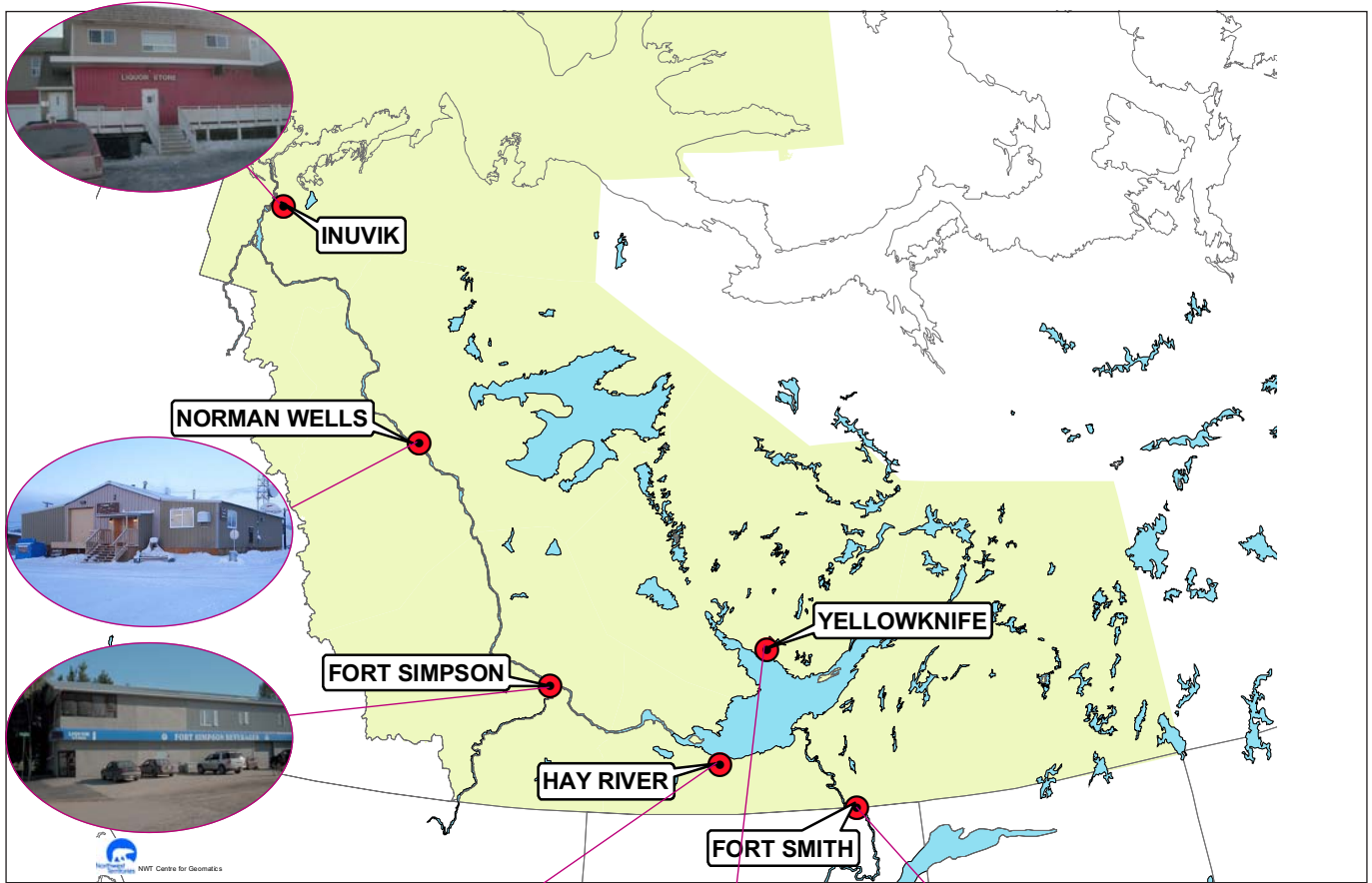
<b>HAY RIVER OPERATIONS</b>						
(\$000's)	<b>2005-2006</b>					<b>2004-2005</b>
	<b>Spirits</b>	<b>Wine</b>	<b>Beer</b>	<b>Coolers</b>	<b>Total</b>	<b>Total</b>
Sales						
Private Stores	1,548	353	1,745	129	3,775	3,551
Licensees	152	26	504	24	706	1,238
	1,700	379	2,249	153	4,481	4,789
Cost of goods sold	473	122	911	53	1,559	1,639
Gross margin	1,227	257	1,338	100	2,922	3,150
Other income					-	-
Operating expenses					606	592
Net income					2,316	2,558

<b>NORMAN WELLS OPERATIONS</b>						
(\$000's)	<b>2005-2006</b>					<b>2004-2005</b>
	<b>Spirits</b>	<b>Wine</b>	<b>Beer</b>	<b>Coolers</b>	<b>Total</b>	<b>Total</b>
Sales						
Private Stores	809	81	787	34	1,711	1,534
Licensees	81	20	259	7	367	350
	890	101	1,046	41	2,078	1,884
Cost of goods sold	252	42	419	16	729	754
Gross margin	638	59	627	25	1,349	1,130
Other income					-	-
Operating expenses					265	236
Net income					1,084	894

<b>FORT SMITH OPERATIONS</b>						
(\$000's)	<b>2005-2006</b>					<b>2004-2005</b>
	<b>Spirits</b>	<b>Wine</b>	<b>Beer</b>	<b>Coolers</b>	<b>Total</b>	<b>Total</b>
Sales						
Private Stores	530	243	759	67	1,599	1,462
Licensees	83	4	312	14	413	452
	613	247	1,071	81	2,012	1,914
Cost of goods sold	184	90	416	41	731	733
Gross margin	429	157	655	40	1,281	1,181
Other income					-	-
Operating expenses					250	230
Net income					1,031	951

<b>FORT SIMPSON OPERATIONS</b>						
(\$000's)	<b>2005-2006</b>					<b>2004-2005</b>
	<b>Spirits</b>	<b>Wine</b>	<b>Beer</b>	<b>Coolers</b>	<b>Total</b>	<b>Total</b>
Sales						
Private Stores	917	74	634	45	1,670	1,434
Licensees	46	2	167	9	224	286
	963	76	801	54	1,894	1,720
Cost of goods sold	271	32	280	25	608	595
Gross margin	692	44	521	29	1,286	1,125
Other income					-	-
Operating expenses					238	212
Net income					1,048	913

# STORE LOCATIONS





*Inuvik Liquor Agency*



## **RECYCLING PROGRAM**

This was the final year for the operation of the Commission's recycling program. The Government of Northwest Territories Department of Environment and Natural Resources (ENR) began a new program for territory-wide beverage container recycling on November 1, 2005. This program includes liquor beverage containers and as a result, operation of our recycling program was wound up and the surplus transferred to ENR.



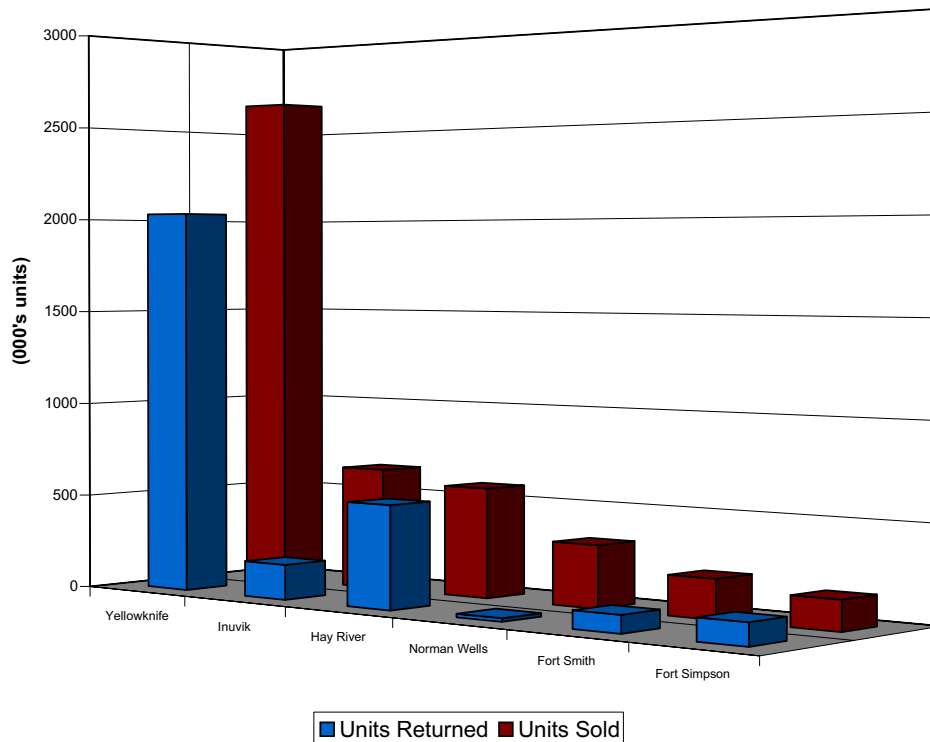


## Bottle Depot Operations

for the 7 month period ended October 31, 2005

(\$000's)	7 Months ending 10/31/2005	March 31 2005
<b>Income</b>		
Deposits collected on sales	537	836
Increase(decrease) in allowance for outstanding deposits	(13)	-
<b>Total income</b>	<b>524</b>	<b>836</b>
<b>Expenditures</b>		
Deposits reimbursed to agents on returns	368	503
Commissions paid to agents on returns	119	162
<b>Total Expenditures</b>	<b>487</b>	<b>666</b>
<b>Transferred to Environment and Natural Resources</b>	<b>37</b>	<b>-</b>
<b>Surplus</b>	<b>-</b>	<b>171</b>

### Deposit Units Sold & Returned



**Deposits Units Sold and Returned by Location**

(000's)	Spirits		Wine		Beer		Coolers		7 months Oct 31 2005		March 31 2005	
	Sales	Returns	Sales	Returns	Sales	Returns	Sales	Returns	Sales	Returns	Sales	Returns
Yellowknife	198	157	116	184	2,145	1,459	187	229	2,646	2,029	4,194	2,742
Inuvik	62	9	23	11	492	144	67	20	644	184	1,048	143
Hay River	43	34	17	18	476	454	43	31	579	537	878	843
Norman Wells	18	-	4	-	293	18	11	-	326	18	525	71
Fort Smith	14	6	13	13	160	57	18	15	205	91	294	112
Fort Simpson	19	38	3	-	121	59	13	17	156	114	181	150
Total 2006	354	244	176	226	3,687	2,191	339	312	4,556	2,973		
Total 2005	568	316	291	278	5,067	2,814	576	478			7,120	4,061
Change (%)	(37.7)	(22.8)	(39.5)	(18.7)	(27.2)	(22.1)	(41.1)	(34.7)	(36.0)	(26.79)		

**Ratio of Returns to Sales**

(%)	Spirits		Wine		Beer		Coolers		7 months October 31 2005		March 31 2005	
Yellowknife	79.3		158.6		68.0		122.5		76.7		65.4	
Inuvik	14.5		47.8		29.3		29.9		28.6		13.6	
Hay River	79.1		105.9		95.4		72.1		92.7		96.0	
Norman Wells	-		-		6.1		-		5.5		13.5	
Fort Smith	42.9		100.0		35.6		83.3		44.4		38.1	
Fort Simpson	200.0		-		48.8		130.8		73.1		82.9	
Total 2006	68.9		128.4		59.4		92.0		65.3			
Total 2005	55.6		95.5		55.5		83.0				57.0	
Change (%)	13.3		32.9		3.9		9.0		8.3			

# **LIQUOR LICENSING & ENFORCEMENT**



**NWT LIQUOR LICENSING BOARD and  
LIQUOR LICENSING and ENFORCEMENT**

**Statement of Operations**

for the year ended March 31, 2006 with comparative figures for 2005

(\$000's)	2006	2005
Income		
Licensing Fees	388	387
Special Occasion Licenses	46	43
Annual License Fees	34	35
Other	4	4
Total Income	472	469
Operating Expenses		
Salaries	251	300
Travel	88	107
Inspections Contracts	70	65
Office Rent & Supplies	62	73
Honoraria	51	88
Training & Development	7	7
Advertising	6	12
Total Expenditures	535	652
Net Income	(63)	(183)

## LIQUOR ENFORCEMENT REPORT 2005 — 2006

### ENFORCEMENT ACTIVITY

The Liquor Licensing and Enforcement Division is responsible for liquor inspection activities. Contract Liquor Inspectors monitor the activities of licensed premises in all communities. The inspection program strives for voluntary compliance through regular spot checks, training courses, newsletters and on-site visits from the Enforcement Coordinator. The inspection program will continue to target high risk premises, (those most likely to offend) for inspection more frequently than those considered to be lower risk (e.g. dining rooms).

The RCMP conducts walkthroughs in all licensed premises. However the number of times these types of inspections are done is not reported to enforcement unless there is a violation to report.

There are three inspectors in Yellowknife, and one each in Hay River, Fort Simpson, Inuvik, and Norman Wells. Fort Smith has been without an inspector for several months and recruitment efforts have been unsuccessful to date, however the RCMP does have a presence in licensed premises in Fort Smith on a regular basis.

### INSPECTION OF LICENSED PREMISES

In total, there were 1,990 inspections reported by the inspectors in 2005-2006

Community	2004-05 Inspections	2005-06 Inspections
Fort Simpson	195	127
Fort Smith	167	121
Hay River	270	135
Inuvik	144	61
Norman Wells	0	186
Yellowknife	1,417	1,360
<b>TOTAL</b>	<b>2,193</b>	<b>1,990</b>

### LICENSEE TRAINING

Enforcement offers and conducts Server Training courses free of charge to licensees, their staff, and permit holders. Attendance is voluntary, however, the Liquor Licensing Board may order licensees and their staff to take the course as part of a penalty when a licensee has been found in violation of the *Liquor Act*. The Server Training courses educate the licensees and permit holders on their responsibilities under the *Liquor Act* and *Regulations* and on Board policy. Some of the issues covered in the training include recognizing intoxication, identifying minors, managing crowd control, and liabilities.

Licensees are contacted on a regular basis and provided with up-to-date information, or sent written reminders of an ongoing nature that will assist the licensees to comply with the *Liquor Act*. Licensees also have access to a toll-free line for assistance if required. In addition, quarterly newsletters are published to assist in informing licensees of current issues and to educate them on various sections of the legislation.

## SERVER TRAINING COURSES

Community	2004-05 Participants	2005-06 Participants
Fort Providence	9	0
Fort Simpson	0	10
Fort Smith	10	19
Hay River	4	7
Inuvik	11	23
Norman Wells	7	0
Yellowknife	15	22
Total	56	81

Server Training courses were also conducted for a number of volunteers in Yellowknife prior to large functions such as concerts. In addition, the RCMP detachments requested training, which was provided to members in Hay River, Fort Smith and Norman Wells.



*Merv Hardie Ferry at the Mackenzie River Crossing, Fort Providence. Photo: Dave Buckerfield*



## COMMUNITY OPTIONS 2005 — 2006

### COMMUNITY STATUS

Communities in the Northwest Territories have options available to them regarding their liquor status. Communities are either:

**Unrestricted** - meaning that there are no restrictions beyond those that are described in the *Liquor Act* or *Regulations*;

**Restricted** - meaning that a restriction may limit the quantity of alcohol and/or frequency that liquor can be bought into the community, the quantity of alcohol and hours of sale, or to seek approval to bring alcohol into the community from an Alcohol Education Committee; or

**Prohibited** - meaning that there is a complete ban on alcohol being brought into the community.

### UNRESTRICTED COMMUNITIES INCLUDE

Aklavik	Hay River	Tuktoyaktuk
Colville Lake	Inuvik	Tulita
Enterprise	Jean Marie River	Wrigley
Fort McPherson	Kakisa	Ulukhaktok
Fort Providence	Paulatuk	Yellowknife
Fort Resolution	Sachs Harbour	
Fort Smith	Trout River	

### RESTRICTED COMMUNITIES INCLUDE

Behchokö	Fort Good Hope	Norman Wells*
Deline	Fort Liard	
Dettah	Fort Simpson*	

\* In Fort Simpson and Norman Wells the restriction is on the amount of alcohol that the liquor store may sell to an individual on any given day and/or the hours of operation that the liquor store may operate.

### PROHIBITED COMMUNITIES INCLUDE

Gamèti	Nahanni Butte	Wekweèti
Lutsel'Ke	Tsiigehtchic	Whatì

## SPECIAL PROHIBITION ORDERS

Where a special occasion is to occur in a municipality, settlement, or area, and the council or band of the municipality/settlement wishes to have the consumption, purchase, sale, or transport of liquor prohibited, they may submit a written request to the Minister responsible for the *Liquor Act* to declare the area prohibited during the event. The request for a Special Prohibition Order must be submitted to the Minister fifteen (15) days prior to the event. The Minister may then declare the area prohibited for a period not exceeding ten (10) days.

The following communities had Special Prohibition Orders in place during various dates between April 1, 2005 and March 31, 2006:

Community	Event	Duration
Sachs Harbour	Whitefox Jamboree	May 04 - May 09
Kakisa	Deh Cho Assembly	Jun 24 - Jul 01
Hay River West Point Reserve	Treaty Day	Jun 28 - Jun 29
Yellowknife River	Annual General Assembly	Jul 02 - Jul 10
Behchokö	14th Annual General Assembly	Jul 29 - Aug 07
Paulatuk	Ikhalukpik Jamboree	Aug 09 - Aug 15
Deline	Dene National Assembly	Aug 14 - Aug 19
Fort Good Hope	National Addictions Awareness	Nov 24 - Nov 27
Fort McPherson	National Addictions Awareness	Nov 24 - Nov 27

## LIQUOR PLEBISCITE

A community may initiate change to their existing liquor status by having 20 qualified voters petition the Minister responsible for the *Liquor Act* to hold a liquor plebiscite. Before a change can be made to the existing liquor status 60% of the votes cast at a plebiscite must be in favour of the change.

In January 2005, Tulita held a plebiscite to see if the community wished to change their liquor status from an unrestricted system to a restricted system. Tulita continues to retain their current unrestricted liquor status.



**NORTHWEST  
TERRITORIES  
LIQUOR LICENSING  
BOARD  
2005 — 2006**



## NWT LIQUOR LICENSING BOARD MISSION STATEMENT

The mission of the NWT Liquor Licensing Board is to conduct business to the best of our ability (including Hearing of Applications and Show Cause Hearings) in accordance with the *Liquor Act* and the principles of natural justice.

## NWT LIQUOR LICENSING BOARD MANDATE

The Liquor Licensing Board controls the conduct of license holders, the management and equipment of licensed premises, and the conditions under which liquor may be sold or consumed on licensed premises.

As set out in Section 6(3) of the *Liquor Act*, the Board may

- a) issue, renew and transfer licences;
- b) after a hearing, cancel or suspend licences;
- c) generally advise the Minister on matters of policy, legislation and administration relating to the sale, distribution and consumption of liquor and;
- d) make rules or orders governing its proceedings.

## BOARD MEMBERS (as of MARCH 31, 2006)

Board members are appointed for a two-year term by the Minister of Finance. As of March 31, 2006 the following persons were sitting as members of the Northwest Territories Liquor Licensing Board

Chairperson	Mr. Don Kindt	Yellowknife
Members	Mr. Albert Monchuk	Fort Smith
	Mr. Stanley Jones	Hay River
	Mr. Wayne Smith	Inuvik
	Mrs. Sherry Hodgson	Norman Wells
	Mrs. Lorna Skinner	Yellowknife

## MEETINGS/PUBLIC HEARINGS

The Board is responsible for issuing, renewing and transferring licenses. After a hearing the Board may cancel or suspend a license. During 2005-2006 the Board met 12 times with five meetings in Yellowknife, one in Fort Smith, one in Norman Wells, and five by teleconference.

The Board may hold public hearings in order to deal with applications where they deem the public may have an interest. During 2005-2006 there was one public hearing held in Fort Smith to permit the public to speak for or against a new application for a liquor license.

## NWT LIQUOR LICENSES

The following licenses were in place at the time this report was compiled. The number of licenses change throughout the year, as new licenses are approved or existing licenses close.

LICENSES ISSUED FOR 2005-2006										
Community	Aircraft	Canteen	Clubroom	Cocktail Lounge	Cultural & Private Recreational Facility	Dining Room	Guest Room	Off Premise	Ship	Total per Community
Fort Simpson			2	2		3		1		8
Fort Smith			3	4		2		2		11
Fort Providence			0	2		1		2		5
Hay River		2	3	4	1	4				13
Inuvik		2	2	4		5		1		14
Norman Wells			2	4		4				10
Yellowknife		2	4	16	2	24		1		49
No Specific Community	1						10		1	12
Total Licenses Issued	1	6	16	36	3	43	10	7	1	123

## LIQUOR LICENSING BOARD SHOW CAUSE HEARINGS

### 2005-2006 SHOW CAUSE HEARINGS

The Liquor Licensing Board is a quasi-judicial board that has the power to bring licensees to a Show Cause Hearing to determine why their liquor license should not be suspended, cancelled and/or have conditions imposed when allegations under the Liquor Act or Regulations are reported and brought forward to a Show Cause Hearing.

The following licensees appeared before the Liquor Licensing Board at a Show Cause Hearing during the period of April 1, 2005 to March 31, 2006. Dispositions vary according to the specifics of each case.

Date/Location	License Holder	Violation	Disposition
Oct. 12, 2005 Fort Smith	Royal Canadian Legion	Section 20(1) of the Liquor Regulations (permitted liquor to be taken off the licensed premises).	The liquor license was suspended for one day and the licensee was fined \$750.00
Nov. 21, 2005 Norman Wells	Rayuka Developments o/a Broiler House Lounge	Section 20(1) of the Liquor Regulations (permitted liquor to be taken off the licensed premises).	The liquor license was suspended for two days and the licensee was fined \$1000.00

## SPECIAL OCCASION PERMITS

The Liquor Licensing Board is responsible for the issuance of Special Occasion Permits. There are two types of permits, an ordinary permit and a resale permit. Permits are issued through contractors in various privately owned companies, hamlets, and government departments.

An ordinary permit allows an individual to serve alcohol in a public setting. A resale permit allows a non-commercial organization, a recognized group (e.g. local sports or fund-raising groups) to resell liquor at a specific function.

In 2005-2006 there were 319 permits issued across the Northwest Territories.

PERMITS ISSUED				
	2004-2005		2005-2006	
Community	Resale	Ordinary	Resale	Ordinary
Hay River	69	22	42	20
Yellowknife	131	131	78	105
Fort Simpson	12	1	8	0
Fort Smith	10	6	9	5
Inuvik	39	0	21	0
Norman Wells	29	0	28	0
Holman	0	2	3	0
Fort Liard	3	0	0	0
Total	293	162	189	130

The permits issued in the Northwest Territories continue to decline. Permit holders state that high insurance costs and a lack of volunteer workers are the reason.



Alexandra Falls on the Hay River, near Enterprise. Photo: Dave Buckerfield





*Slave River, Fort Smith. Photo: Dave Buckerfield*

## AMENDMENTS TO REGULATIONS

The Liquor Licensing Board, under Section 11 of the *Liquor Act* has the authority to amend, repeal or make new regulations.

ORIGINAL LEGISLATION	AMENDED, REPEALED OR NEW REGULATIONS
<p><b>25(4)</b> A person who has not attained the age of 19 years may enter and remain in a licensed premises if</p> <p>(a) the person is there for the purpose of providing entertainment;</p> <p>(b) the person has attained the age of 16 years, is employed to work in the kitchen of the licensed premises, and works only in the kitchen.</p> <p>(c) the licensed premises are a licensed dining room and the person</p> <p>(i) is accompanied by a responsible adult or</p> <p>(ii) has attained the age of 16 years and</p> <p>(a) is employed as a bus person or server but he or she does not serve liquor, or</p> <p>(b) is there for the purpose of having a meal as defined in subsection 43(1) but he or she does not consume liquor; or</p> <p>(d) the person is there for the purpose of attending a social function in accordance with a special authorization issued by the Board under section 25(1).</p>	<p><i>The following section was substituted to allow more flexibility for minors to enter a dining room and work in the kitchen of other classes of licensed premises.</i></p> <p><b>Subsection 25(4) is repealed and the following is substituted:</b></p> <p>(4) A person who has not attained the age of 19 years may enter and remain in a licensed premises if</p> <p>(a) the person is there for the purpose of providing entertainment;</p> <p>(b) the licensed premises is not a licensed dining room and the person is employed to work in the kitchen of the licensed premises and works only in the kitchen;</p> <p>(c) the licensed premises is a licensed dining room and the person is employed there, or is there for the purpose of having a meal as defined in subsection 43(1); or</p> <p>(d) the person is there for the purpose of attending a social function in accordance with special authorization issued by the Board under section 25.1.</p>
	<p><i>Section 25 (1) was added to permit minors to attend functions held in licensed premises with authorization from the Board.</i></p>
	<p><b>25.1(1)</b> A license holder may apply for a special authorization to permit persons under the age of 19 years to enter and remain in its licensed premises for the purpose of attending a social function held by a person or group or body of persons other than the license holder.</p> <p>(2) An application under subsection (1) must be in Form 7A of Schedule A.</p> <p>(3) The Board or the Executive Secretary under the authorization given the Executive Secretary by the Board may, on receipt of an application for a special authorization, issue a special authorization in Form 7B of Schedule A, authorizing the license holder to permit persons under the age of 19 years to enter and remain in its licensed premises for the purpose of attending a social function held by a person or group or body of persons other than the licence holder.</p>

ORIGINAL LEGISLATION	AMENDED, REPEALED OR NEW REGULATIONS
	<p><b>(4)</b> The Board or the Executive Secretary under the authorization given the Executive Secretary by the Board may, in a special authorization issued under subsection (3), establish conditions that apply respecting persons under the age of 19 years entering and remaining in the licensed premises.</p> <p><b>(5)</b> A licence holder shall comply with conditions established under subsection (4).</p>
	<p><i>Section 35(2) was added to differentiate between staff and entertainment.</i></p>
<p><b>Section 35(1) No person shall, while working in a licensed premise,</b></p> <p><b>(a)</b> smoke when preparing or serving food or drink;</p> <p><b>(b)</b> or Consume liquor.</p>	<p><b>The following is added after subsection 35(1)</b></p> <p><b>(2)</b> Paragraph (1)(b) does not apply to a person working in a licensed premises for the purpose of providing entertainment.</p>
	<p><i>Section 39(1) was added after section 39 to permit 30 minutes for patrons to consume liquor at closing time in a cocktail lounge.</i></p>
<p><b>39.</b> No person shall consume liquor on licensed premises except during licensed hours.</p>	<p><b>39.1(1)</b> Subject to subsection (2) no license holder shall permit any person to consume liquor on licensed premises except during licensed hours.</p> <p><b>(2)</b> No license holder shall permit a person to consume liquor more than 30 minutes after licensed hours in a premises licensed as a cocktail lounge.</p>
	<p><i>The following sections were amended to allow 15 additional minutes for patrons to vacate licensed premises after liquor service ceases.</i></p>
<p><b>40(1)</b> Unless authorized by the Board and subject to subsection 25(2) no person other than the licence holder or his or her employees or agents, shall be in the licensed premises of a cocktail lounge after 15 minutes from the expiration of licensed hours.</p> <p><b>(2)</b> Unless authorized by the Board, and subject to subsection 25(2), no licence holder shall permit any person other than the licence holder or his or her employees or agents, to be in the licensed premises of a cocktail lounge after 15 minutes from the expiration of licensed hours.</p>	<p><b>Subsection 40(1) and (2) are each amended by striking out “after 15 minutes” and substituting “after 30 minutes”.</b></p>
	<p><i>New legislation pertaining to minors on licensed premises was moved to section 25(4) of the Liquor Regulations</i></p>
<p><b>48.</b> A person who has not attained the age of 19 years may enter and be in a licensed dining room</p> <p><b>(a)</b> if accompanied by his or her parent or legal guardian;</p> <p><b>(b)</b> if he or she is over the age of 16 years and is employed as a bus person or service staff to serve meals only, but not to serve liquor; or</p> <p><b>(c)</b> if he or she is over the age of 16 years and is there for the purpose of having a meal, as defined in subsection 43(1) and not to consume liquor.</p>	<p><b>Section 48 is repealed.</b></p>
	<p><i>The following section was added after Section 86 to permit minors to attend a resale function with approval from the Board.</i></p>

ORIGINAL LEGISLATION	AMENDED, REPEALED OR NEW REGULATIONS
	<p><b>86.1</b> Unless approved by the Board or the Executive Secretary under the authorization given the Executive Secretary by the Board, no resale permit shall be issued which authorizes persons under the age of 19 years to enter and remain in the premises for the purpose of attending the social function in respect of which the permit is added.</p>
	<p><i>Section 95(1) is repealed and the following is substituted to permit more flexibility for minors to enter and/or work at social functions where a resale permit is in place.</i></p>
<p><b>95(1)</b> No permit holder shall permit a person under the age of 19 years to be on the premises in respect of which a resale permit has been issued other than to provide entertainment.</p>	<p><b>95(1)</b> No permit holder shall permit a person under the age of 19 years to enter or remain in the premises in respect of which a resale permit has been issued for a social function, and no person under the age of 19 years shall enter and remain in such premises, unless</p> <ul style="list-style-type: none"> <li>(a) the person is there for the purpose of providing entertainment;</li> <li>(b) the person is employed <ul style="list-style-type: none"> <li>(i) to work in the kitchen and works only in the kitchen, or</li> <li>(ii) as a bus person or server but does not serve liquor; or</li> </ul> </li> <li>(c) the resale permit <ul style="list-style-type: none"> <li>(i) has been approved by the Board or the Executive Secretary under the authorization given the Executive Secretary by the Board, and</li> <li>(ii) authorizes persons under the age of 19 years to enter and remain in the premises for the purpose of attending the social function, and the person is there in accordance with the terms of the permit.</li> </ul> </li> </ul>
<p><b>95(3)</b> No person under the age of 19 years shall attend a social function for which a resale permit has been issued, other than to provide entertainment.</p>	<p><b>Subsection 95(3) is repealed.</b></p>

## ADMINISTRATION

The administrative offices for the Liquor Licensing Board, Enforcement and Community Options are maintained in Hay River. The office maintains a toll free number 1-800-351-7770 for the benefit of the licensees and the general public.



# **AUDITED FINANCIAL STATEMENTS 2005-2006**

The financial transactions for the operation of the Liquor Licensing Board and Liquor Licensing and Enforcement are processed and administered through the Northwest Territories Liquor Commission. The audited financial statement is therefore a consolidation of the financial activities incurred to administer Part I as well as Part II of the Liquor Act.



Auditor General of Canada  
Vérificatrice générale du Canada

## AUDITOR'S REPORT

To the Minister of Finance

I have audited the balance sheet of the Northwest Territories Liquor Commission as at March 31, 2006 and the statements of income, amount due to the Government of the Northwest Territories and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Commission and the financial statements are in agreement therewith and the transactions of the Commission that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, and the *Liquor Act* and regulations.

Reger Simpson, FCA  
Principal  
for the Auditor General of Canada

Edmonton, Canada  
May 12, 2006

Financial Statements of

**NORTHWEST TERRITORIES  
LIQUOR COMMISSION**

Year ended March 31, 2006





# **NORTHWEST TERRITORIES LIQUOR COMMISSION**

Financial Statements

Year ended March 31, 2006

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Management's Responsibility for Financial Reporting

Auditors' Report

Balance Sheet.....	1
Statement of Income.....	2
Statement of Amount Due to the Government of the Northwest Territories.....	3
Statement of Cash Flows.....	4
Notes to Financial Statements.....	5


## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Northwest Territories Liquor Commission ("the Commission") maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Commission acts in accordance with the laws of the Northwest Territories and Canada. The Commission's management recognizes its responsibility for conducting the Commission's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial agency.

The accompanying financial statements were prepared by management in conformity with Canadian generally accepted accounting principles appropriate in the circumstances.

To discharge the responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The Auditor General of Canada annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. She also considers whether the transactions which come to her notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.



Kyle Reid  
General Manager



Ruth Boden  
Manager, Finance & Administration

May 12, 2006

**NORTHWEST TERRITORIES LIQUOR COMMISSION**Balance Sheet  
(In thousands)

March 31, 2006

	2006	2005
<b>Assets</b>		
Current assets:		
Cash	\$ 3,571	\$ 3,387
Accounts receivable	7	2
Inventories (note 3)	2,955	2,657
Prepaid expenses	13	10
	<u>6,546</u>	<u>6,056</u>
Capital assets (note 4)	179	69
	<u>\$ 6,725</u>	<u>\$ 6,125</u>

**Liabilities**

Current liabilities:		
Accounts payable	\$ 2,803	\$ 2,373
Current portion of employee future benefits (note 5)	51	-
Due to the Government of the Northwest Territories	3,823	3,646
	<u>6,677</u>	<u>6,019</u>
Employee future benefits (note 5)	48	106
Commitments (note 8)		
	<u>\$ 6,725</u>	<u>\$ 6,125</u>

See accompanying notes to financial statements.

Approved by Management:



Kyle Reid, General Manager



Ruth Boden, Manager, Finance &amp; Administration

## NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Income  
(In thousands)

Year ended March 31, 2006

	2006	2005
<b>Sales:</b>		
Beer	\$ 17,418	\$ 17,046
Spirits	15,592	15,089
Wine	4,404	4,156
Coolers and ciders	1,362	1,382
	<u>38,776</u>	<u>37,673</u>
<b>Cost of goods sold:</b>		
Beer	7,498	7,414
Spirits	4,514	4,331
Wine	1,958	1,847
Coolers and ciders	605	624
	<u>14,575</u>	<u>14,216</u>
Gross profit on sales	24,201	23,457
<b>Other income:</b>		
License fees and permits	468	465
Import fees and other income	8	247
	<u>476</u>	<u>712</u>
	24,677	24,169
<b>Expenses:</b>		
Commissions to agents	2,660	2,489
Salaries, wages and employee benefits	1,017	1,043
Administration	385	364
Travel	126	118
Inspectors' fees	78	66
Rent	53	60
Board member honoraria	51	88
Amortization on capital assets	37	21
	<u>4,407</u>	<u>4,249</u>
Net income	\$ 20,270	\$ 19,920

See accompanying notes to financial statements.

## NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Amount Due to the Government of the Northwest Territories

(In thousands)

Year ended March 31, 2006

	2006	2005
Balance, beginning of year	\$ 3,646	\$ 5,434
Net income	20,270	19,920
Salaries, wages and benefits incurred by the Government	1,099	1,071
	25,015	26,425
Net transfer of funds to the Government	21,192	22,779
Balance, end of year	\$ 3,823	\$ 3,646

See accompanying notes to financial statements.

## NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Cash Flows

(In thousands)

Year ended March 31, 2006

	2006		2005
Cash flows from operating activities:			
Cash received from customers	\$ 39,282	\$	38,406
Cash paid to suppliers	(17,759)		(16,832)
Net cash provided by operating activities	21,523		21,574
Cash flows from investing activities:			
Purchase of capital assets	(147)		(47)
Cash flows from financing activities:			
Cash transferred to the Government of the Northwest Territories	(21,192)		(22,779)
Increase (decrease) in cash	184		(1,252)
Cash, beginning of year	3,387		4,639
Cash, end of year	\$ 3,571	\$	3,387

See accompanying notes to financial statements.

# NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements  
(In thousands)

Year ended March 31, 2006

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## 1. Authority and operations:

Northwest Territories Liquor Commission (the "Commission") is established under Part II of the Liquor Act (the "*Liquor Act*"). It is responsible for the operation of liquor sales and the purchase and distribution of liquor in the Northwest Territories through the Liquor Revolving Fund. The Department of Finance is responsible for the administration of the Fund through the Consolidated Revenue Fund. The Commission is authorized by the Legislative Assembly to receive interest-free working capital advances from time to time not exceeding \$6,500 to finance its operations.

Net income for the year is to be transferred to the Government of the Northwest Territories in accordance with the *Liquor Act*.

These financial statements include the operations of the Liquor Licensing Board of the Northwest Territories (note 6).

The Commission is non-taxable under the *Income Tax Act*, Canada.

## 2. Significant accounting policies:

### (a) Revenue recognition:

The Commission recognizes revenue when goods are shipped or services are provided and the customer takes ownership and assumes risk of loss, collection of any relevant accounts receivable is probable, persuasive evidence of an arrangement exists and the sale price is fixed or determinable.

### (b) Inventories:

Inventories are valued at replacement cost which is not materially different than cost. Cost includes invoiced cost, freight, duties and taxes.



# NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements (continued)  
(In thousands)

Year ended March 31, 2006

## 2. Significant accounting policies (continued):

### (c) Capital assets:

Capital assets are stated at amortized cost. Amortization is provided on cost less estimated salvage value using the straight-line basis, at the following annual rates:

Asset	Rate
Furniture and fixtures	20%
Computer hardware and software	33%

Computer hardware and software under development is not amortized.

### (d) Pension benefits:

Employees participate in the Public Service Pension Plan administered by the Government of Canada. The Commission's contribution to the plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Commission and are charged to operations on a current basis. The Commission is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

### (e) Employee severance benefits:

Employees are entitled to severance benefits, as provided for under labour contracts and conditions of employment. The cost of these benefits is accrued as the employees render the services necessary to earn them. Management determined the accrued benefit obligation using a method based upon assumptions and its best estimates of the accrued obligations at year-end. These benefits represent the only obligation of the Commission that entails settlement by future payment.

# NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements (continued)  
(In thousands)

Year ended March 31, 2006

## 2. Significant accounting policies (continued):

### (f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The most significant items where estimates are used are employee severance liabilities and amortization of capital assets.

## 3. Inventories:

	2006	2005
Spirits	\$ 1,128	\$ 1,116
Wine	468	450
Beer	1,228	940
Coolers and ciders	131	151
	\$ 2,955	\$ 2,657

## 4. Capital assets:

	2006		2005	
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 42	\$ 35	\$ 7	\$ 24
Computer hardware and software under development	147	-	147	-
Computer hardware and software	539	514	25	45
	\$ 728	\$ 549	\$ 179	\$ 69

# NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements (continued)  
(In thousands)

Year ended March 31, 2006

## 5. Employee future benefits:

Pension benefits:

The Commission and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the consumer Price Index. The commission's and employees' contributions in the Public Service Pension Plan for the year were as follows:

	2006	2005
Commission's contributions	\$ 102	\$ 99
Employees' contributions	45	46

Employee severance benefits:

The Commission provides severance benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Information about the plan, measured as at the balance sheet date, is as follows:

	2006	2005
Accrued benefit obligation, beginning of year	\$ 106	\$ 68
Cost for the year	9	38
Benefits paid during the year	(16)	-
Accrued benefit obligation, end of year	\$ 99	\$ 106
Short-term portion	\$ 51	-
Long-term portion	48	106
Total accrued benefit obligation	\$ 99	\$ 106

# NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements (continued)  
(In thousands)

Year ended March 31, 2006

## 6. Liquor Licensing Board of the Northwest Territories:

The activities of the Liquor Licensing Board of the Northwest Territories (the "LLB") are as follows:

	2006	2005
Revenues:		
Licensee fees	\$ 388	\$ 387
Special occasion licenses	46	43
Annual license fees	34	35
Other	4	4
	<u>472</u>	<u>469</u>
Expenses:		
Salaries, wages and benefits	248	300
Honoraria	50	88
Other	237	264
	<u>535</u>	<u>652</u>
Net loss	<u>\$ (63)</u>	<u>\$ (183)</u>

The activities of the LLB are administered by the Commission as agent for the LLB. The net income (loss) generated in the year represents amounts due to (from) the Government of the Northwest Territories. The LLB does not have separate banking facilities apart from the Commission.

## 7. Related party transactions:

The Commission is related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and corporations. The Commission enters into transactions with these entities in the normal course of business. At year-end, no material accounts receivable and accounts payable balances remained relating to these transactions.

The Government of the Northwest Territories provides the Commission with various administrative services, the value of which is not reflected in these financial statements. The cost of these services has been estimated to be \$11 (2005 - \$22) for legal services provided by the Department of Justice, and \$10 (2005 - \$10) for payroll services provided by the Financial Management Board Secretariat.

# NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements (continued)  
(In thousands)

Year ended March 31, 2006

## 8. Commitments:

Subsequent to year-end, the Commission signed a five year lease agreement ending April 30, 2011 for its office premises. The minimum annual lease payments are:

Year ending March 31:

2007	\$	76
2008		82
2009		82
2010		82
2011		82
Thereafter		7
	\$	411

Annual lease payments for the office premises include operating costs which are subject to annual increases based on the consumer price index and adjustments for property tax assessments.

The Commission is also committed to purchase a new information and point of sale system with an estimated total cost of \$403.

## 9. Fair value of financial assets and financial liabilities:

The fair values of the Commission's cash, accounts receivable, accounts payable and amount due to the Government of the Northwest Territories approximate their carrying amounts due to the relatively short periods to maturity of these items.