Committee Report #: 65-19(2) Date: September 28, 2023

Standing Committee on Government Operations



# Report on Bill 83: *Liquor*Act

19<sup>th</sup> Northwest Territories Legislative Assembly

Chair: Mr. Rylund Johnson

# MEMBERS OF THE STANDING COMMITTEE ON GOVERNMENT OPERATIONS

Rylund Johnson MLA Yellowknife North Chair

> Frieda Martselos MLA Thebacha Deputy Chair

Caitlin Cleveland MLA Kam Lake

Richard Edjericon MLA Tu Nedhé-Willideh Lesa Semmler MLA Inuvik Twin Lakes

Alternates:

Jackie Jacobson MLA Nunakput Kevin O'Reilly MLA Frame Lake



September 28, 2023

#### SPEAKER OF THE LEGISLATIVE ASSEMBLY

Mr. Speaker:

Your Standing Committee on Government Operations is pleased to provide its *Report on Bill 83: Liquor Act* and commends it to the House.

Mr. Rylund Johnson

Chair, Standing Committee on Government Operations

# STANDING COMMITTEE ON GOVERNMENT OPERATIONS

#### Report on Bill 83: Liquor Act

#### **TABLE OF CONTENTS**

INTRODUCTION	1
PUBLIC ENGAGEMENT	1
Committee heard range of views in three communities	1
Committee received limited written feedback	2
DEPARTMENTAL INPUT	3
New information from the department	3
More changes in 2024 with new Liquor Regulations	4
AMENDMENTS	5
Committee approved two department-driven amendments	5
CONCLUSION	5
NOTES	
APPENDICES	

# STANDING COMMITTEE ON GOVERNMENT OPERATIONS REPORT ON BILL 83: *LIQUOR ACT*

#### INTRODUCTION

Bill 83: *Liquor Act*<sup>1</sup> (Bill 83) received second reading on March 30, 2023, and was referred to the Standing Committee on Government Operations (Committee) for review.

Bill 83 repeals and replaces the existing *Liquor Act* (*Act*). The Bill follows a two-year Liquor Legislation Review that considered how to modernize and streamline liquor laws in the Northwest Territories.<sup>2</sup> The Review results were released in fall 2022 and made 66 recommendations to improve legislation, regulations, and operating policies and procedures.<sup>3</sup> Bill 83 aims to implement the recommendations that were legislative in nature, including changes to:

- Streamline how the liquor industry is regulated;
- Ensure safe public access to liquor;
- Increase community control over liquor; and
- Modernize liquor enforcement.4

This report outlines Committee's engagement with the public and the government on Bill 83. The government provided substantial background information in support of Committee's review, which is included in the appendices to this report. This report also explains a pair of department-driven motions to amend Bill 83 that were adopted at the clause-by-clause review.

#### PUBLIC ENGAGEMENT

#### Committee heard range of views in three communities

Committee hosted three public meetings on Bill 83 in Inuvik,<sup>5</sup> Norman Wells – TłegóhtĮ,<sup>6</sup> and Yellowknife – Sòmbak'è.<sup>7</sup> Thirteen residents participated in these meetings. Several common themes of interest emerged, including:

- **Alcohol addictions**. Many participants expressed dismay at the personal and societal harms of alcohol addictions and maintained the need for more local treatment and wellness supports, especially for youth.
- Bootlegging. Committee heard strong agreement to tackle bootlegging with

specific liquor retail sales controls and enforcement actions. Multiple participants suggested requiring liquor retailers to keep data on the volume of sales to each purchaser and be allowed to share that data to law enforcement. They also suggested prohibiting retailers from selling liquor to likely bootleggers.

- Streamlining regulations. Committee heard strong agreement on streamlining how the industry is regulated. Participants wanted to see less onerous application requirements and lower fees for special occasion permits and licensing more generally. One specific suggestion was to waive the fee on special occasion permits for a Class D license event organizers are often not-for-profit, and after paying for liability insurance and other costs, their liquor event may not break even.
- Sales model. Committee heard some agreement on allowing more different types
  of liquor retail stores, including private liquor sales and off-sales.
- Registrar. Committee heard cautious support for moving licensing and penalties functions from the Liquor Licensing Board to a new "Registrar" position. Some participants were concerned that the "wrong person" in the position could impose unreasonable and onerous requirements on license-holders and applicants. Committee heard support for proper oversight of the new Registrar.
- Local decision-making body. Committee heard mixed views on the proposed change on which body makes decisions about community control of liquor. Some participants supported the proposal to leave decisions with a single "local authority". Others were concerned this approach left out important voices and preferred a committee system approach including leaders from the local public government and local Indigenous Governments.
- **Public places**. Committee heard mixed views on continuing to prohibit liquor consumption in public. Those against the prohibition suggested maintaining the prohibition in certain areas, like schools.
- Server training. Committee heard mixed views on making server training mandatory. Some participants felt this requirement was excessive, especially for one-time events under a special occasion permit. Others shared examples of disorder when servers did not have adequate training and supported mandatory training.

Committee thanks all residents who participated in the review. Committee recognizes the difficult balance between those who want more access to liquor and those who want less.

#### Committee received limited written feedback

Committee also sought written submissions on Bill 83.8 We sent close to 300 targeted engagement letters to:

- Indigenous Governments and Organizations;
- Municipal and community governments;
- Public agencies;
- Liquor retailers, manufacturers, and licensees; and
- Advocacy organizations;

Committee only received one written submission in response, from Big River Service Centre. Big River's written submission primarily addressed a private licensing issue, rather than Bill 83. Committee forwarded the letter to the appropriate departmental officials.

#### **DEPARTMENTAL INPUT**

#### The department shared new information to support Committee's review

On May 29, 2023, the Minister of Finance and departmental officials provided a public briefing on Bill 83.<sup>9</sup> The department's presentation is included in Appendix A. The department also provided an extended summary of the Bill, included in Appendix B.

At the public briefing, the Minister responded to Committee's questions and concerns. Some key pieces of information include:

#### Hay River jobs impact

Bill 83 transforms the Hay River-based Liquor Licensing Board into an appeals board and shifts its licensing and penalty functions to a new Registrar position. Committee was concerned the changes could result in job losses in Hay River. The Minister reported that she is not anticipating any significant human resources changes, and no changes to the number or location of positions. Committee is pleased the new Registrar position and the new appeals board will be in Hay River.

#### Interaction with the Alcohol Strategy

In March 2023, the Department of Health and Social Services released *An Alcohol Strategy for the Northwest Territories*. <sup>10</sup> The *Alcohol Strategy* aims to reduce alcohol-related harm. Committee asked whether the *Alcohol Strategy* informed Bill 83. The Minister confirmed that policymakers working on the two projects were talking to each other. She also said the *Alcohol Strategy* informed several proposals in Bill 83, including minimum prices for standard drinks, lower prices for lower-alcohol content, and increasing community control.

#### Defining and publicly identifying the 'local authority'

Bill 83 requires community decisions about liquor control to be made by one body called

the local authority. This authority for each community will be designated by the Minister. Committee was concerned that Bill 83 does not require the department to be transparent about which government or council the Minister designates as the local authority. The Minister said she had no problem making public the designated local authority. Committee expects the department to make this information public. Any decisions to change the local authority should also be communicated to the public.

#### Streamlining special occasion permits

Committee asked whether plans to streamline the special occasion permitting (SOP) process would involve the Office of the Fire Marshall (OFM). The OFM currently reviews occupancy load applications for each special occasion permit and may also require a site inspection. The Minister committed to discussing this issue with the OFM. Committee encourages the department and the OFM to collaborate on streamlining special occasion permitting as much as possible.

#### More changes in 2024 with new Liquor Regulations

At the public briefing, Members asked how Bill 83 fits within the broader work to implement the recommendations from the Liquor Legislation Review. The Minister explained that of the 66 recommendations, 20 percent related directly to the *Liquor Act* and were being addressed in Bill 83. The remaining 80 percent affected the *Liquor Regulations* and would be dealt with after Bill 83 receives assent.

Committee requested additional detail on this matter. In response, the department provided a high-level overview indicating where each recommendation would be addressed: in Bill 83; in the *Liquor Regulations*; or in separate operating procedures. This overview is included in Appendix C.

The Minister also provided a timeline for updating the *Regulations*. Once Bill 83 receives assent, drafting work will start. The drafting is expected to be completed by fall 2024. The new *Regulations* are expected to be finalized before the end of the 2024 calendar year. Some of the changes coming forward include:

- Streamlining licensing requirements if an applicant or a premises is already licensed, allowing for bundling of applications, and putting permitting applications online;
- Removing sales restrictions related to Sundays, Christmas Day, Good Friday, and election days.
- Creating new licences for local liquor delivery and ferment-on-premises;
- Creating a vendor designation for licensed manufacturers in the Northwest Territories; and
- Making server training mandatory.

The Minister indicated that the department would not do additional public consultation,

given that the public was already consulted during the Liquor Legislation Review. In this case, Committee encourages the department to be transparent about its progress updating the *Liquor Regulations*.

#### **AMENDMENTS**

#### Committee approved two department-driven amendments

The department requested two motions to amend Bill 83. The first motion fixed a typo. The second motion made consequential amendments so that five other laws would be consistent with the new *Liquor Act*. The motions are included in Appendix D and Appendix E, respectively.

Committee was satisfied with these amendments and approved them at the clause-by-clause review, held on July 28, 2023. Committee then passed a motion to report Bill 83, as amended, to the Legislative Assembly as ready for consideration in Committee of the Whole.

#### CONCLUSION

This concludes the Standing Committee on Government Operations' review of Bill 83.

#### **NOTES**

<sup>&</sup>lt;sup>1</sup> Bill 83 is available at: https://www.ntassembly.ca/sites/assembly/files/bill 83 - public version.pdf.

<sup>&</sup>lt;sup>2</sup> The *What We Heard* report on the NWT Liquor Legislation Review is available at: <a href="https://www.ntassembly.ca/sites/assembly/files/td">https://www.ntassembly.ca/sites/assembly/files/td</a> 595-192.pdf.

<sup>&</sup>lt;sup>3</sup> The 66 recommendations from the NWT Liquor Legislation Review are available at: https://www.ntassembly.ca/sites/assembly/files/td 751-192.pdf.

<sup>&</sup>lt;sup>4</sup> A plain language summary for Bill 83 is available at: https://www.ntassembly.ca/sites/assembly/files/td 920-192.pdf.

<sup>&</sup>lt;sup>5</sup> Committee's public hearing on Bill 83 in Inuvik took place on June 6, 2023.

<sup>&</sup>lt;sup>6</sup> Committee's public hearing on Bill 83 in Norman Wells – Tłegóhtı took place on June 7, 2023.

<sup>&</sup>lt;sup>7</sup> Committee's public hearing on Bill 83 in Yellowknife – Sǫmbak'e took place on June 26, 2023. Video of the hearing is available at: <a href="https://www.youtube.com/watch?v=xEyvLIN17e0">https://www.youtube.com/watch?v=xEyvLIN17e0</a>.

<sup>&</sup>lt;sup>8</sup> Committee developed an engagement guide with 22 specific questions to support the public consultation. The guide was provided at each public hearing and in each targeted engagement letter. Available at: <a href="https://www.ntassembly.ca/sites/assembly/files/images/bill">https://www.ntassembly.ca/sites/assembly/files/images/bill</a> 83 liquor act - guide - final.pdf.

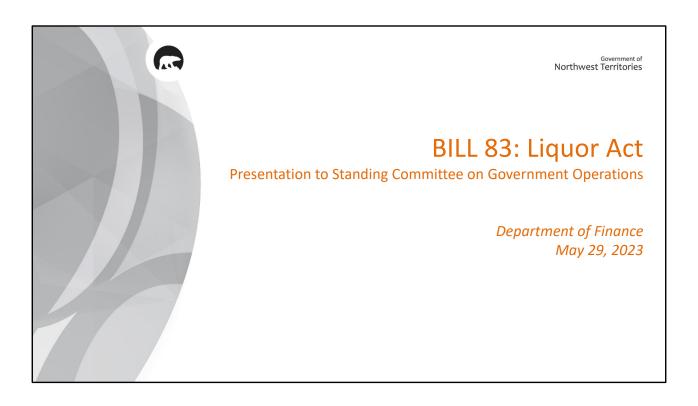
<sup>&</sup>lt;sup>9</sup> Video of the May 29, 2023, public review of Bill 83 is available at: <a href="https://www.youtube.com/watch?v=tkULDTesj9M">https://www.youtube.com/watch?v=tkULDTesj9M</a>.

<sup>&</sup>lt;sup>10</sup> An Alcohol Strategy for the Northwest Territories is available at: https://www.hss.gov.nt.ca/sites/hss/files/resources/alcohol-strategy-nwt-final-report.pdf.

<sup>&</sup>lt;sup>11</sup> Office of the Fire Marshall – *Occupancy Load Application Procedure*. Available at: <a href="https://www.maca.gov.nt.ca/sites/maca/files/resources/ofm-occupancy-load-application-procedure">https://www.maca.gov.nt.ca/sites/maca/files/resources/ofm-occupancy-load-application-procedure</a> 04212017.pdf.

<sup>&</sup>lt;sup>12</sup> Video of the July 28<sup>th</sup>, 2023, clause-by-clause review of Bill 83 is available at: <a href="https://www.youtube.com/watch?v=puNmRtoN1G8">https://www.youtube.com/watch?v=puNmRtoN1G8</a>.

#### **APPENDIX A**



# Introduction

- Existing Liquor Act in force 2008
- Out of sync:
  - Best practice
  - Public expectation



Government of Northwest Territories

- The current *Liquor Act* came into force in 2008, 15 years ago.
- While it was relevant for the Northwest Territories at that time, in has become out of sync with
  - o Best practice across Canada
  - o Public expectation
  - o And even out of sync with more modern NWT legislation

# Liquor Legislation Review

- Two year project
- Methods:
  - Jurisdiction Scan
  - Literature Review
  - Engagement



Northwest Territories

- Recognizing the NWT's aging approach to liquor, the Department of Finance began a Liquor Legislation Review in 2020.
- The aim of the Review was to make the Northwest Territories liquor legislation more modern, streamlined and responsive
- This two-year project involved a
  - jurisdiction scan
  - literature review and

• Engagement with industry, the public and other governments.

# Liquor Legislation Review

- Recommendations
  - 80% Liquor Regulations or Operations
  - 20% Liquor Act



Northwest Territories

- By 2022, the Liquor Legislation Review was complete.
- It made several <u>recommendations</u> that spanned a number of topics
- 80% of those recommendations affected the Liquor Regulations or the operations that support them.
- 20% of the recommendations related directly to the Liquor Act.

# **Liquor Legislation Review**

- Recommendations
  - 80% Liquor Regulations or Operations



Bill 83 was drafted in direct response to the 20% of recommendations that pertained to the Liquor Act.

### **Objectives:**

- 1. Streamline how the industry is regulated
- 2. Ensure safe public access to liquor
- 3. Enhance community control over liquor
- 4. Modernize liquor enforcement



Northwest Territories

- Bill 83 proposes to achieve several objectives:
- 1. It will streamline how the industry is regulated
- 2. It will ensure safe public access to liquor
- 3. It will enhance community control over liquor
- 4. It will modernize liquor enforcement
- For the remainder of my presentation, I will give examples of how Bill 83 achieves each of these

objectives

- 1. Streamline how the industry is regulated:
  - New licensing approach
  - Updated compliance scheme
  - Appeals process



Government of Northwest Territories

1

- Bill 83 will streamline how the industry is regulated
  - By introducing a new licensing approach overseen by a new Registrar position
- The Act will also be streamlined by introducing a new compliance scheme using monetary penalties
- And Bill 83 will also introduce an appeals process that is largely absent from the existing Act

- 2. Ensure safe public access to liquor:
  - Different types of retail outlets



- For the 2<sup>nd</sup> objective, Bill 83 will ensure safe public access to liquor:
  - Mainly by allowing different types of retail outlets.
  - This means that communities may choose from more options than the existing full-service liquor stores

- 3. Enhance community control over liquor:
  - Control over introduction of sales
  - Control over closing sales
  - Clarity on who makes community decisions
  - Types of liquor systems



Government of Northwest Territories

- Bill 83 will enhance community control over liquor in many ways. Some examples are:
  - By increasing community control over how and when licensed sales and retail sales are introduced
  - By increasing community control over the closure of retail sales, if this is the wish of residents
- Bill 83 will also enhance community control by clarifying who makes decisions on behalf of all community members
  - Andy by updating the types of liquor systems a community may vote for in a plebiscite

- 4. Modernize liquor enforcement:
  - Inspections, investigations and searches
  - Public intoxication



- For the final objective, Bill 83 will modernize liquor enforcement:
  - By updating how inspections, investigations and searches will be done, bringing the Liquor Act more in line with more recent NWT legislation
- Liquor enforcement will also be modernized by
  - Updating the rules around public intoxication by focusing on the safety of the individuals involved and by giving peace officers more options to help them.

# Thank You Government of Northwest Territories 11

- Ultimately, Mr. Chair, these changes will make the *Liquor Act* more modern and streamlined.
- That concludes my presentation
- I am prepared to answer any questions that Members of the Committee may have regarding Bill 83.
- Thank you



#### Government of Gouvernement des Northwest Territories Territoires du Nord-Ouest

APPENDIX B

#### Bill 83 Liquor Act - Extended Summary

#### Introduction

The Government of the Northwest Territories (GNWT), Department of Finance, wants to modernize the Northwest Territories (NWT) Liquor Act. The Department is proposing to replace the existing Liquor Act with Bill 83, which was introduced to the 19th Legislative Assembly in March 2023. The purpose of this Extended Summary is to provide an overview of the changes being proposed in the Bill and the reasons for them.

#### Background

The current *Liquor Act* is nearly fifteen years old and is out of sync with changes that have occurred in technology, best practice and public expectations.

To address this, the Department of Finance conducted a study called the Liquor Legislation Review (Review). The Review was a two-year process that included a jurisdiction scan, literature review and public engagement. The Liquor Legislation Review made 66 recommendations to modernize the legislation and the policies that support it.

Based on the recommendations of the Liquor Legislation Review, Bill 83 has been drafted to:

- 1. Streamline how the industry is regulated;
- 2. Ensure safe public access to liquor;
- 3. Enhance community control over liquor; and
- 4. Modernize liquor enforcement.

The Bill also creates a solid base for new regulations.

The pages that follow identify how the Bill achieves each of the above actions

#### Proposed Changes to the Liquor Act

#1 Streamline How the Industry is Regulated

#### 1.1 Licensing

#### Existing

The Liquor Licensing Board (Board) is authorized to issue, transfer and renew licences and to impose terms and conditions on those licences. This is done by holding a hearing each time someone applies. In practice, the Board has delegated its licensing role to the Executive Secretary who is a GNWT employee. The Board only gets involved if there is a complication or if the Executive Secretary has questions.

#### New

A Registrar position will be created. This person will be a GNWT employee and will be authorized to issue, transfer and renew licences and to impose terms and conditions. An applicant for a licence who disagrees with the Registrar's decision will have the right to appeal the decision.

#### Reason

Licence applications are fairly standard and easily administered by a government employee. There is rarely a need for a board to hold a hearing to decide these rather routine matters. Having the government issuing, transferring and renewing liquor licences and imposing terms and conditions on them is consistent with how licensing works across Canada.

#### 1.2 Compliance

#### Existing

Currently, when a liquor licence holder violates the *Liquor Act*, the regulations or the terms of their licence, one of *two* options is available:

- 1) an inspector gives a warning; or
- 2) the Liquor Licensing Board holds a compliance hearing.

If there is a compliance hearing, the Board may order a fine, suspend or cancel the licence. The only appeal is to the Supreme Court and only if the Board made a legal error.

If a retail vendor violates the terms of their agreement with the Minister, the violation is dealt with in accordance with that agreement. Otherwise, for violations of the *Liquor Act* or the regulations, the only option (outside of the court system) is a warning.

#### New

In the Bill, licence holder violations will be dealt with in one of three ways:

- 1) an inspector gives a warning; or
- 2) the Chief Inspector issues an administrative monetary penalty (fine); or
- 3) the Registrar suspends or cancels the licence.

Options 2 or 3 can be appealed.

For retail vendor violations, the options will be a warning or the Chief Inspector issues an administrative monetary penalty (fine). The penalty decision can be appealed.

#### Reason

Most licence holder violations are low-risk matters that could be addressed more quickly and efficiently than convening the Board, and yet there are no steps between a warning and a full hearing. Not only is this a gap, but licence holders have no sense of what action the Board might take, which could range from dismissing the matter to cancellation or a heavy fine. Under the new approach, there will be a system of graduated steps. If a warning is insufficient, the Chief Inspector will be authorized to issue a fine based on a set of guidelines that will specify what fine amounts are suitable for which violations. These guidelines will be publicly available so licence holders know in advance approximately what to expect. Only if the violation is serious (or frequent) enough will a violation proceed to the Registrar level.

For retail vendors, there is currently no step above a warning except to deal with a violation as a contract violation or in court. The new approach allows provides a new tool.

The new approach is common across liquor jurisdictions in Canada.

#### 1.3 Appeals

#### Existing

The Liquor Licensing Board may review its own decisions if circumstances have changed or if new evidence becomes available. Beyond this, appeals may only be to the Supreme Court and only on the grounds that the Board erred in law or exceeded its jurisdiction.

#### New

Unlike existing appeals that are limited to errors in law or jurisdiction, appeals to the Liquor Appeals Board will not have this limitation. The Liquor Appeals Board will be the name for the existing Liquor Licensing Board. The new name reflects that this board will now only hear appeals. Decisions of the Board will still be appealable to the Supreme Court on matters of law or jurisdiction.

#### Reason

Adding appeals processes for people who are subject to decisions of the Registrar or Chief Inspector adds a step that is largely absent from the existing *Act*. As well, an appeal process is especially important where decisions are being made by one individual.

#### 1.4 General Updates - Administration

The existing *Liquor Act* requires the Liquor Licensing Board to prepare an annual report. Because the Board's existing role in licensing and compliance will be shifting to the GNWT, the Bill will expect the Minister (not the Board) to submit an annual report.

#### #2 Ensure Public Access to Liquor

#### 2.1 Retail Classes and Outlets

#### Existing

The existing *Act* authorizes the Minister to designate vendors to operate liquor stores. For decades, the Minister has designated only one type of vendor–a business that is capable of operating and, in some cases providing a building for, a full-service liquor store.

#### New

The Bill will allow the Minister to designate different classes of vendors for different types of retail liquor outlets. To clarify, any change to the existing retail model in an NWT community would involve community consultation, and any introduction of retail liquor services where there is currently none would first need to be requested by the community. However, once this was done, and if the Minister determines there is economic viability, there will be more options to choose from. The options themselves will be set out in Regulations, not the Bill. The Bill does, however, change the terminology from the term "liquor store" to a broader term "retail liquor outlet".

#### Reason

During the GNWT's Liquor Legislation Review, engagement participants requested that there be more retail options. Options would allow communities with no retail liquor service to have something other than a full-service liquor store. Options might also allow communities that already have full-service liquor stores to add something like a specialty outlet or outlets located in different types of locations than in a stand-alone store.

#### 2.2 Permits During Prohibition

#### Existing

Special purpose permits are issued for medicinal or scientific purposes. For example, these permits are used by healthcare workers to administer liquor to people with addictions under a managed alcohol program. The existing *Act* does not allow special purpose permits to be issued in a community that has a prohibited liquor system.

#### New

The Bill allows special purpose permits to be issued in a community that has prohibition.

#### Reason

Prohibition is generally not meant to cut off access to liquor for people who are under a physician's care or who are clients of a healthcare program.

#### 2.3 Transportation

#### Existing

The existing *Act* covers a small number of transportation and delivery scenarios. These include how an individual can transport the liquor they purchase at a liquor store and how regulated persons (licence holders, permit holders and vendors) can transport liquor between themselves.

#### New

The Bill relocates most transportation provisions to the Regulations.

#### Reason

This change was made to recognize that transportation/delivery details will need to be updated over time as new licence classes are added, particularly the proposed liquor delivery licence. Relocating these details in regulations allows the Minister to keep these provisions up to date as necessary.

#3 Enhance Community Control Over Liquor

#### 3.1 Local Authority

#### Existina

The existing *Act* allows either the municipal council or the band council in a community to make decisions regarding community control of liquor.

#### New

The Bill requires community decisions to be made by one body called the local authority. In communities that are municipalities, the local authority will be the municipal council. In communities that are not municipalities, the local authority will be the authority with primary responsibility for delivering municipal services in that community. This authority will be designated by the Minister as the local authority for the purposes of the *Liquor Act*. This is similar to the approach taken in other NWT legislation such as the *Emergency Management Act* and *Smoking Control and Reduction Act*.

#### Reason

The existing approach creates several problems. Not only is it unclear how disagreements between the municipal and band council would be handled, but it is unclear what happens if there is more than one band council in a community. The two-council approach is also a problem if there are multiple governments operating in a community. Having multiple authorities is confusing and inefficient. Topics that can be decided by the local authority affect all residents, regardless of cultural background. The Bill creates a focal point in one body, recognizing that, in most cases, the community members themselves will make the decisions by voting in a plebiscite. Nothing in the Bill prevents multiple governments from working together with the local authority to bring forward a request.

#### 3.2 First Instance of Retail Liquor Sales

#### Existing

The existing *Act* makes the Minister of Finance the initiator of retail liquor sales in communities that do not have a liquor store. While in practice, the Minister would never introduce retail sales without community consent, the *Act* is not clear about this.

#### New

The Bill gives communities the power to initiate the introduction of retail liquor sales. The final decision, however, will remain with the Minister because the Minister will need to determine if there is economic viability and operational support available for this.

#### Reason

Making communities the initiator of retail liquor sales enhances community control.

#### 3.3 First Instance of a Licence

#### Existing

The existing *Act* requires a plebiscite before liquor licences of certain classes can be issued in a community. The classes of liquor licences are ranked so that a plebiscite that allows one class of licence automatically allows classes in a lower rank. There is one exception. Liquor-incidental licences do not need a plebiscite. These are businesses outside the food or beverage industry.

#### New

The Bill will retain community control to allow each class of liquor licence, with one change. The Bill switches this from a plebiscite to a resolution by the local authority. If the local authority does not agree, no licences of that class can be issued. In regulations, the classes will be ranked in a similar fashion to the existing *Act*.

#### Reason

Matters related to businesses and what they can/cannot do are normally handled through the local authority. A full community vote adds a level of complexity that is unnecessary.

#### 3.4 Closing Licensed Liquor Sales

#### Existing

If a community no longer wants certain classes of liquor licences within its boundaries, community members may petition the Minister to hold a plebiscite on the matter. If residents vote to close a particular class of licence, the Minister must cancel the affected licences immediately. Liquor-incidental licences cannot be shut down.

#### New

The Bill will retain the existing approach except affected licences holders will be given notice. The amount of time for the notice period will be at the discretion of the Registrar but will not be less than six months.

#### Reason

Adding a notice period gives a level of protection for affected businesses that does not exist in the current *Act*. Giving the Registrar discretion to set the licence cancellation date allows the Registrar to consider factors such as the duration and status of all licences at the time of the plebiscite.

#### 3.5 Closing Retail Liquor Sales

#### Existing

The existing *Act* does not allow a community to close all retail liquor sales.

#### New

The Bill will allow a community to vote in a plebiscite to close retail liquor outlets but only if 20% of the voters in the community petition the Minister to hold the plebiscite. If residents vote to close retail liquor outlets, those results cannot come into effect until all vendor agreements in that community expire.

#### Reason

During the Liquor Legislation Review, this approach was identified as one way to increase community control. Specifically, some people wanted small communities to be able to try retail liquor sales without being bound to that decision. The requirement in the Bill for plebiscite results to wait for the expiry of existing agreements is meant to protect the financial investments and local jobs affected by the plebiscite results.

#### 3.6 Sahtu Retail Sales

#### Existing

In 2013, a private member's bill introduced a plebiscite approach for all Sahtu communities to have control over the quantities of liquor sold in Sahtu liquor stores. If the plebiscite results in new restrictions being added, those restrictions could be imposed on a Sahtu retail liquor outlet immediately.

#### New

The existing approach will remain with one exception. If the residents of the Sahtu vote for restrictions to be added to Sahtu liquor stores, the results of that plebiscite will not come into effect until one of the following:

- a) the expiry of existing vendor agreements
- b) the renewal of the vendor agreement with the new quantity restrictions
- c) the written consent of the vendor.

#### Reason

This change was considered necessary to ensure fairness to any vendor who would have entered into the vendor agreement with the quantities of sales a particular way. Adding restrictions to the amount of liquor that a vendor may sell midway through an agreement would be unfair.

#### 3.7 Options for a Plebiscite

#### Existing

NWT communities currently have the following liquor system options:

- Unrestricted only the general NWT liquor laws apply
- Restricted Quantities the quantity or type of liquor that persons may possess, purchase, transport or bring into the community is limited
- Committee a locally elected alcohol education committee decides the amounts of liquor that persons may possess, purchase, transport and bring into the community
- Prohibited consumption, possession, purchase, sale or transport within the community is prohibited.

Residents of a community may vote in a plebiscite to establish, replace, modify, or cancel one of the systems. The default position is an unrestricted system.

#### New

The Bill will retain options for communities but has removed the committee system.

#### Reason

The committee system has rarely, if ever, been selected by a community. Participants in the Liquor Legislation Review's engagement indicated that they would rather have all community members vote about quantity restrictions than to have a committee make those decisions on their behalf.

#### 3.8 Temporary Prohibition Orders (TPOs)

#### Existing

A municipal or band council that wishes to have temporary prohibition in a community may, by resolution, request the Minister to enact a Temporary Prohibition Order (TPO). A TPO means liquor is prohibited in the community for up to 10 days because special circumstances exist or for the purposes of a special occasion. A TPO must be requested with 15 days' notice, although the Minister may waive this in certain circumstances.

There can be no TPOs in communities that have a retail liquor outlet or licensed premises. There is no limit to the number of TPOs a community may request and it is not prohibited to request back-to-back TPOs.

#### New

The TPO rules will continue, however details will now be in regulations. This includes the number of days' notice required and the maximum number of days a TPO can be in force.

The Bill no longer allows back-to-back TPOs, with some exceptions that will be listed in regulations. The Bill does allow TPOs in communities that have retail liquor outlets and licensed premises with the written consent of those businesses and in accordance with Regulations.

#### Reason

Moving details to regulations allows for different notice periods and different maximum days depending on whether the TPO is for a special event or for special circumstances. Prohibiting back-to-back prohibition orders reflects the fact that the TPO is meant to be temporary. Allowing TPOs in communities with retail outlets and licensed premises, with their permission, provides a measure of flexibility while still protecting those businesses.

#### 3.9 Objections to Licence Applications

#### Existing

The existing *Act* allows anyone in a community to object to the issuance of a licence. The Board considers the objection and then makes a decision. The Board's decision is final.

#### New

The Bill retains the right of residents to object to the issuance of a licence but has two additions. First, the Bill contains more detail about how the Registrar's decisions are made. Second, if the Registrar has taken the appropriate steps to consider an objection but decides to issue the licence anyway, the objector may appeal to the Board.

#### Reason

Providing more detail gives the community a better understanding about what to expect. Also, allowing for the appeal of a decision made by the Registrar is in keeping with the new model of licensing.

#### 3.10 Wait Times

#### Existing

If a community has rejected the issuance of a particular class of licence, this decision stands for three years.

#### New

The Bill will change the existing wait time from 3 years to 2 years. The Bill will also add several new wait times following plebiscites related to cancelling licences or closing retail liquor outlets. A wait time is the amount of time the community's decision must be in effect and cannot be changed. The Minister will be authorized to waive wait times if there are compelling circumstances.

#### Reason

Adding wait times following community decisions ensures that the wishes of the community are upheld for a period of time. Allowing the Minister to waive the wait time recognizes that the community may wish to shorten the time in certain circumstances.

#### #4 Enhance Liquor Enforcement

#### 4.10 Chief Inspector

#### Existing

The existing *Act* is unclear about who is responsible to make enforcement decisions beyond general inspections.

#### New

The Bill creates a statutory position called the Chief Inspector. The Chief Inspector will be authorized to conduct inspections and to carry out investigations and designate other people to carry out investigations. The Chief Inspector will also be responsible for the proposed administrative monetary penalty (fine) system.

#### Reason

It is necessary to identify who carries out what liquor enforcement roles.

#### 4.2 Inspections

#### Existing

In the existing *Act*, inspectors have various powers including the right to inspect regulated premises (licensed premises, permitted premises and retail liquor outlets) and to seize false ID or liquor.

#### New

The Bill retains the existing powers for inspectors but modernizes them to include things like taking photographs and making digital copies of records. Inspectors will also be able to seize things other than liquor and the Bill provides detail about what inspectors must do with seized items. Inspectors will also be able to inspect licensed delivery vehicles where previously they could only inspect premises.

#### Reason

The existing *Act* is outdated regarding inspections. More modern NWT legislation, such as the *Cannabis Products Act*, includes the above changes.

#### 4.3 Investigations

#### Existing

Investigations involve searches with warrants and the seizing of items under a warrant. The *Act* does not allow for investigators to conduct warrantless searches, to search a person, to use force or to seize a vehicle.

#### New

The Bill updates and expands the powers of investigators including warrantless searches in specific circumstances, searching a person, the authority to use reasonable force, and to seize a vehicle associated with bootlegging.

#### Reason

The proposed changes are consistent with more modern NWT legislation.

#### 4.4 Peace Officers

#### Existing

Peace officers (e.g. RCMP) may investigate alleged offences, make arrests, seize liquor and vehicles and, depending on the circumstances, conduct searches with and without warrants.

#### New

The Bill allows peace officers to seize more things, including anything the officer believes has been used in committing an offence or that may be evidence of an offence. The Bill provides more details about matters such as arrests, how warrants work, and what is done with seized items.

#### Reason

The changes made are in keeping with more modern NWT legislation.

#### 4.5 Agreements and Inducements

#### Existing

The existing *Act* prohibits licence holders from entering into different types of agreements where the licence holder receives financial or other benefit from selling or promoting the liquor of one manufacturer over that of another. Licence holders who are also manufacturers are excluded from this.

#### New

The Bill broadens this ban to cover special occasion permit holders and, in one case, retail vendors. As in the existing *Act*, this will not apply to licence holders, permit holders or vendors who are also manufacturers.

#### Reason

When a person is rewarded for selling more liquor than they might normally do, this creates a conflict with their responsibility not to over-sell liquor.

#### 4.6 Minimum Penalties

#### Existing

The existing *Act* sets out minimum and maximum penalties that can be imposed by a judge when a person is convicted of the illegal sale of liquor.

#### New

The Bill removes minimum penalties but retains the maximum penalties.

#### Reason

Minimum penalties are not advisable because they remove a judge's discretion. Also, in practice, minimum penalties may mean that charges for relatively minor circumstances are simply not laid. Recently, a number of mandatory minimum penalties have been removed from the *Criminal Code* based on successful challenges.

#### 4.7 Public Intoxication

#### Existing

It is an offence to be intoxicated in public however the existing *Act* allows a peace officer (e.g. RCMP) to, instead of laying a charge, apprehend a person and keep them in custody up to 24 hours until one of two things occur: a) they regain sufficient capacity to take care of themselves or b) somebody who is capable of taking care of the person agrees to do so.

#### New

The Bill retains the existing provisions but clarifies that, in order for a peace officer to intervene, a person must be intoxicated to the point that their intoxication renders them likely to cause injury to themselves or be a danger or nuisance to others. The Bill also clarifies that peace officers must not take a person into custody if there is another person, who is at least 19 years old and not intoxicated, who is willing and able to take care of the intoxicated person.

#### Reason

Public intoxication is an offence so that peace officers have the legal authority to take intoxicated people into custody for their own protection or the protection of those around them. At times, however, there are caregivers (e.g. friends or an outreach program) that are able to take care of the person so the peace officer does not need to intervene. The proposed changes give more options to peace officers to help intoxicated people.

#5 Create a Solid Base for New Regulations

#### 5.1 Terminology for Licences

The existing *Act* speaks of only two types of licences 'premises licences' (where liquor may be consumed) and 'manufacturing licences' (where liquor may be manufactured). The Regulations will introduce at least two new licences which do not fall into the above categories. The Bill adjusts terminology and phrasing throughout the statute to recognize this. Examples are redefining the term "licensed premises" to include the premises of all licences, regardless of whether consumption is allowed there; introducing the term "licensed consumption premises" where the licence allows liquor consumption; and updating phrasing to allow for liquor delivery licences which do not have premises.

#### 5.2 Applications for Licences

The Bill makes the following adjustments to licence application provisions:

- Some classes of retail vendors will be eligible to apply for some classes of licence. This is currently prohibited. The change allows vendors to apply for new classes of licences.
- Providing false information will be a reason to ban a licence. The *Act* is currently silent on this. The change is consistent with other jurisdictions.
- The Registrar, not the licence applicant, will be responsible for notifying the public of licence applications. This brings consistency and streamlines the application process.
- When the Registrar asks the applicant for details about its on-site manager, directors, shareholders, etc, this will be for the purposes of determining eligibility. The current *Act* does not clarify the purpose of obtaining those details.

#### 5.3 Importation

#### Existing

The existing *Act* allows residents to import liquor into the NWT with and without a certificate. The Act is not clear about which rules apply to certificates and which do not.

#### New

The Bill will clarify which rules apply to importation with and without certificates. As well, the Bill will clarify that imported liquor must accompany the person when they enter the NWT but will specify that there might be circumstances when this would not be the case. In those circumstances, the importation certificate would specify exactly how the importation is to occur.

#### Reason

Clarifying what rules apply in what circumstances helps the public. Also, allowing for the importation certificate to recognize circumstances when the liquor may not accompany the person provides flexibility. An example might be when a person moves to the NWT from another province and their liquor importation certificate allows the liquor to be transferred from their previous residence to their new NWT address via a moving company.

#### 5.4 Relocate Details in Regulations

Some topics currently covered in the *Act*, will be relocated to the Regulations. The Bill does this because: 1) these items contain the types of details that would normally be in regulations; or 2) there is reason to believe these topics will morph over time due to changes in the industry, for example. The items to be relocated are:

- Lotteries in licensed premises
- Liquor-free events in licensed premises
- Methods of notifying the public of a licence application
- Details about how licence holders return liquor to the Commission
- Ranking of licence classes for the purposes of issuing licences/cancelling licences



## Government of Gouvernement des Northwest Territories Territoires du Nord-Ouest

#### **Bill 83 Liquor Act**

#### **APPENDIX C**

#### **Comparison with Liquor Legislation Review Recommendations**

#### Introduction

The Government of the Northwest Territories (GNWT) Department of Finance undertook a Liquor Legislation Review (LLR) to consider how to modernize and streamline liquor laws in the Northwest Territories (NWT). This was a two-year project involving a literature review, jurisdiction scan, review of historical documents and extensive engagement with other governments, industry and the public. The results of the LLR were released in fall 2022 as a set of 66 recommendations.

In March 2023, the Minister of Finance introduced <u>Bill 83</u> Liquor Act to the 19<sup>th</sup> Legislative Assembly. The Bill is based on the recommendations of the LLR

#### **Purpose of this Document**

The purpose of this document is to provide a high-level overview of how the 66 recommendations of the LLR were taken into consideration for Bill 83. In the table that follows, the 66 recommendations are listed with an indication of where each recommendation will be addressed, with the options being:

Bill - Items in this row are addressed primarily in Bill 83

**Regs** – Items in this row will be addressed primarily in new regulations

**Ops** – Items in this row are primarily matters of operation, policy or procedure

#### Comparison

		Bill	Regs	Ops
Re	commendations - GENERAL			
1.	Recognize that public safety is the primary, but not only, objective of liquor legislation.	*	*	*
2.	Change the mandate of the Liquor Licensing Board to an appeals board.	*		
3.	Make licensing and the issuance of penalties functions of the Registrar.	*		
4.	Create an administrative sanction system with the ability to appeal.	*		
5.	Remove the committee system of liquor restriction as an option for a plebiscite.	*		
6.	Seek community input before each new retail procurement process.			*
7.	Extend maximum days for temporary prohibition orders but prohibit sequential orders.	*	*	
8.	Allow special purpose permits in prohibited communities.	*		
9.	Increase access to liquor sold by authorized sellers.		*	
10.	Maintain current penalties for convicted bootleggers.	*		
11.	Give the Liquor and Cannabis Commission discretion to restrict sales on product		*	

	Bill	Regs	Ops
types/sizes.			
12. Strengthen search provisions for peace officers.	*		
13. Continue to prohibit liquor consumption in public but be flexible for the future.		*	
14. Extend federal advertising rules to all types of media.		*	
15. Create minimum prices per standard drink and increase them with inflation.			*
16. Prohibit promotions that encourage consumption based on price.		*	
17. Allow for mandatory social responsibility messaging,		*	
18. Create a sponsorship policy for liquor manufacturers.			*
19. Create an advertising-specific monitoring program.			*
20. Create a liquor delivery licence for local liquor deliveries.		*	
21. Create safety protocols and training for liquor deliveries.			*
22. Create a delivery-specific monitoring program.			*
23. Require a community plebiscite to issue liquor delivery licences.	*		
	Note 1		
Recommendations - RETAIL	Note 1		
24. Keep the retail sales model outside legislation.			*
25. Continue to require community consultation on numbers and types of retail outlets.	*		*
26. Continue to support communities interested in having a retail outlet.		*	
27. Continue to require retailers to be designated by the Minister.	*		
28. Create different classes of designated retail vendors.		*	
29. Create a vendor designation for licensed NWT manufacturers.		*	
30. Create a vendor designation for Class A and Class B licence holders.		*	
		Note 2	
31. Maintain maximum daily retail hours and maintain existing hours in each outlet.		Note 2	*
32. Continue to require community consultation if proposing extension of retail hours.	*		
33. Allow retail outlets to be open on Sundays and holidays.			*
34. Remove the restriction on election days, recognizing this remains in other legislation.		*	
35. Defer to the recommendations of the Liquor and Cannabis Commission's pricing review.			*
36. Consider including services related to social responsibility in retail contracts.			*
Recommendations - LICENCES			
37. Streamline requirements if an applicant or a premises is already licensed.		*	
38. Allow for bundling of applications.		*	

	Bill	Regs	Ops
39. Retain Class A (liquor-primary) and Class B (food-primary) licences.		*	
40. Remove Class C (mobile) licence and accommodate eligible businesses elsewhere.		*	
41. Expand the types of businesses eligible for a Class D (liquor-incidental) licence.		*	
42. Maintain existing licence extensions, with minor adjustments.		*	
43. Create new extensions to provide flexibility for licence holders.		*	
44. Maintain maximum licensed hours at 10am-2am daily.		*	
45. Allow for a "consumption only" period after licensed sale/service ends.		*	
46. Remove restrictions related to Sundays, Christmas Day and Good Friday.		*	
47. Remove the restriction on election days, recognizing this remains in other legislation.		*	
Recommendations - MANUFACTURING			
48. Maintain a generic manufacturing licence and allow for future classifications.		*	
49. Clarify that manufacturing facilities may operate 24 hours a day and employ minors.		*	
50. Allow for hospitality rooms in licensed manufacturing facilities.		*	
51. Accommodate manufacturers who hold premises licences without need for an extension.		*	
52. Create a Ferment-on-Premises licence.		*	
Recommendations - PERMITS			
53. Continue to allow permits for medical, scientific, research purposes.	*		
54. Allow permits for eligible organizations that provide services related to addictions.		*	
55. Streamline the process to obtain a special occasion permit (SOP).			*
56. Allow SOPs for "whole site" consumption under specific circumstances.		*	
57. Require a minimum price per standard drink for relevant SOPs.		*	
58. Provide for annual SOPs under certain circumstances.		*	
Recommendations - OTHER			
59. Consider the distribution recommendations related to the NTLCC pricing review.			*
60. Maintain existing importation rules.	*		
61. Create an online portal for obtaining an importation certificate and promote it.			*
Recommendations – EDUCATION + ENFORCEMENT			
62. Create an "education and enforcement" approach to liquor enforcement.			*
63. Make server training mandatory for the liquor industry.		*	
64. Provide the industry with resources on security matters.			*
65. Provide permit holders with information about creating safe event conditions.			*
66. Create and fund a more robust and comprehensive social responsibility program.			*

#### **Notes**

Note 1: Recommendation 23 – "Require a community plebiscite to issue liquor delivery licences"

Community control over whether liquor delivery licences can be issued will be addressed in regulations, however the method will change slightly. Bill 83 has changed the method for community control over licences to be via resolution of the local authority rather than a plebiscite.

Note 2: Recommendation 30 - "Create a vendor designation for Class A and Class B licence holders"

Regulations will create vendor designations for which Class A and B licence holders are eligible, but there will not be a vendor designation for which <u>only</u> Class A and B licence holders are eligible.

CJ\ML\DRAFT #01\JULY 10, 2023\MOTIONS\SECOND.19\Motion 1 - Subclause 51 (5) - typo DW VSTP/10 JUILLET/ÉB. 01

MOTION

**MOTION** 

LIQUOR ACT

LOI SUR LES BOISSONS ALCOOLISÉES

That the English version of Bill 83 be amended by striking out "ma" in subclause 51(5) and substituting "may".

Il est proposé que la version anglaise du projet de loi 83 soit modifiée par suppression de «ma» au paragraphe 51(5), et par substitution de «may». CJ\DW\VSTP\DRAFT #014\JULY 10, 2023\MOTIONS\SECOND.19\Motion 2- clause 148.1 consequential amendments DW/VSTP/11 JUILLET 2023/EB 01

#### **MOTION**

#### LIQUOR ACT

That Bill 83 be amended by adding the following after clause 147:

#### CONSEQUENTIAL AMENDMENTS

#### Cannabis Products Act

147.1. Subsection 5(3) of the *Cannabis Products Act* is amended by striking out "subsection 34(1) of the *Liquor Act*" and substituting "subsection 23(1) of the *Liquor Act*".

#### Elections and Plebiscites Act

- 147.2. (1) The *Elections and Plebiscites Act* is amended by this section.
- (2) Paragraph 121(a) is amended by striking out "no liquor store" and substituting "no retail liquor outlet".
- (3) Paragraph 121(b) is amended by striking out "at a licensed premises" and substituting "at a licensed consumption premises".
- (4) Subsection 309(1) is amended by striking out "liquor store" everywhere it appears and substituting "retail liquor outlet".

#### Financial Administration Act

- 147.3. Item 8 in Schedule A to the *Financial Administration Act* is repealed and the following is substituted:
- 8. The Liquor Licensing Board continued as the Liquor Appeals Board under the *Liquor Act*

#### **MOTION**

#### LOI SUR LES BOISSONS ALCOOLISÉES

Il est proposé que le projet de loi 83 soit modifié par adjonction, après l'article 147, de ce qui suit :

#### MODIFICATIONS CORRÉLATIVES

Loi sur les produits du cannabis

147.1. Le paragraphe 5(3) de la *Loi sur les produits du cannabis* est modifié par suppression de «paragraphe 34(1) de la *Loi sur les boissons alcoolisées*» et par substitution de «paragraphe 23(1) de la *Loi sur les boissons alcoolisées*».

Loi sur les élections et les référendums

- 147.2. (1) La *Loi sur les élections et les référendums* est modifiée par le présent article.
- (2) L'alinéa 121a) est modifié par suppression de «aucun magasin d'alcool» et par substitution de «aucun magasin d'alcool au détail».
- (3) L'alinéa 121b) est modifié par suppression de «dans un lieu visé par une licence» et par substitution de «dans un lieu de consommation visé par une licence».
- (4) Le paragraphe 309(1) est modifié par suppression de «magasin d'alcool» et par substitution de «magasin d'alcool au détail», à chaque occurrence.

#### Loi sur la gestion des finances publiques

- 147.3. Le numéro 8 de l'annexe A de la *Loi sur la gestion des finances publiques* est abrogé et remplacé par ce qui suit :
- 8. La Commission des licences d'alcool maintenue sous le nom de la Commission d'appel des alcools

#### Lotteries Act

147.4. Paragraph 2(c) of the *Lotteries Act* is amended by striking out "a licensed premise" and substituting "a licensed consumption premises".

#### Motor Vehicles Act

147.5. Section 121 of the *Motor Vehicles Act* is amended by striking out "section 128 of the *Liquor Act*" and substituting "section 118 of the *Liquor Act*".

#### Loi sur les loteries

147.4. L'alinéa 2c) de la *Loi sur les loteries* est modifié par suppression de «lieu visé par une licence» et par substitution de «lieu de consommation visé par une licence».

#### Loi sur les véhicules automobiles

147.5. L'article 121 de la *Loi sur les véhicules automobiles* est modifié par suppression de «l'article 128 de la *Loi sur les boissons alcoolisées*» et par substitution de «l'article 118 de la *Loi sur les boissons alcoolisées*».