

NWT LIQUOR COMMISSION

NWT LIQUOR LICENSING BOARD



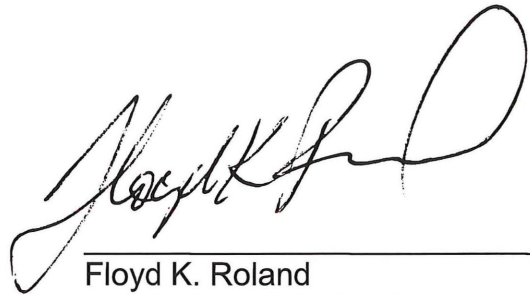
51st ANNUAL REPORT

2004 - 2005

MEMBERS OF THE LEGISLATIVE ASSEMBLY

NWT Liquor Commission and NWT Liquor Licensing Board Annual Report

I am pleased to present herewith, for the information of the Members of the Legislative Assembly, the fifty-first Annual Report for the Northwest Territories Liquor Commission and Northwest Territories Liquor Licensing Board for the fiscal year ended March 31, 2005.



Floyd K. Roland
Minister Responsible for the
NWT Liquor Commission

Photo on Cover: Nahanni Plateau
J.F. Bergeron/GNWT

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-first Annual Report for the NWT Liquor Commission and NWT Liquor Licensing Board for the fiscal year ended March 31, 2005.

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



RJ Courtoreille
General Manager
NWT Liquor Commission



Don Kindt
Chairperson
Liquor Licensing Board



Margaret Melhorn
Deputy Minister of Finance

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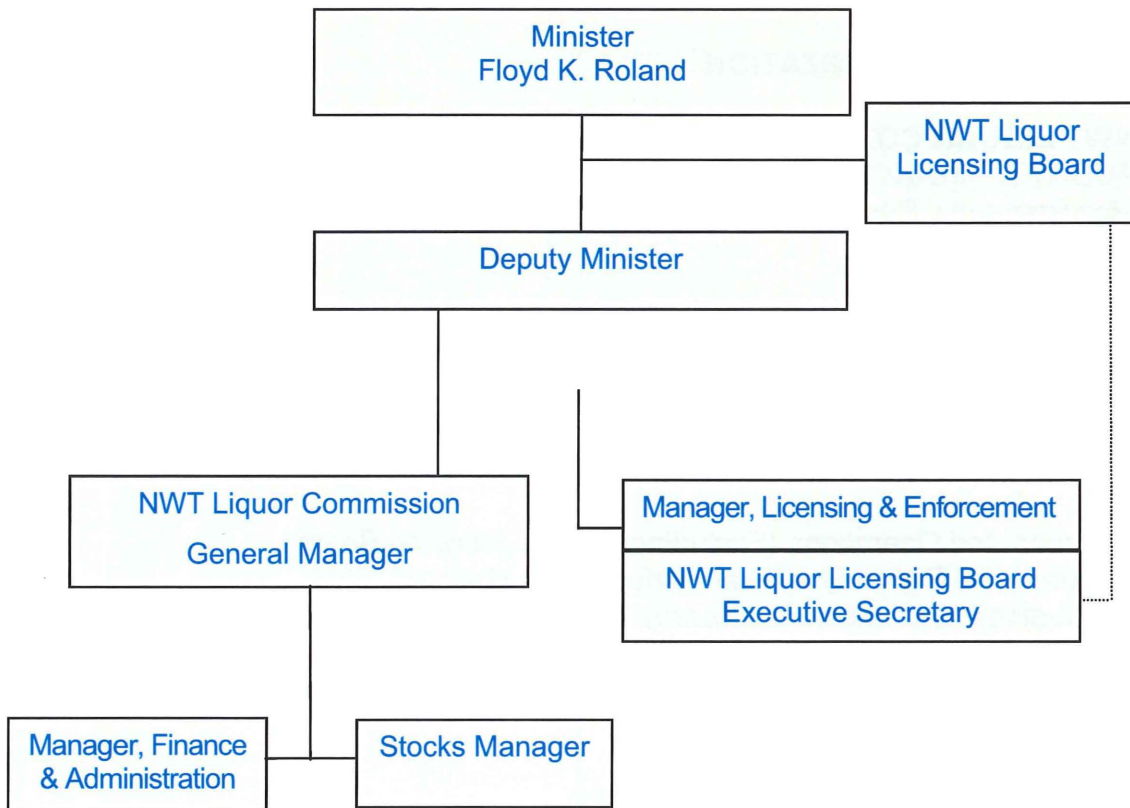
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LIQUOR LICENSING BOARD

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EXECUTIVE ORGANIZATION



AUDITED FINANCIAL STATEMENTS



Photo: Fat Lake near Treeline North Slave
L. Leong/GNWT



AUDITOR'S REPORT

To the Minister of Finance

I have audited the balance sheet of the Northwest Territories Liquor Commission as at March 31, 2005 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, 2005 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.

Roger Simpson, FCA
Principal
for the Auditor General of Canada

Edmonton, Canada
May 18, 2005



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.

R.J. Courtoreille
General Manager

Ruth Boden
Manager, Finance & Administration

May 18, 2005



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Chartered Accountants
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AUDITORS' REPORT

To the Office of the Auditor General

We have audited the balance sheet of Northwest Territories Liquor Commission ("the Commission") as at March 31, 2005 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. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2005 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, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

We further report that, in our opinion, proper books of account have been kept and the financial statements are in agreement therewith, and the transactions of the Commission that have come to our notice during our 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style. Below the signature is a horizontal line that starts under the 'K' and extends to the right, ending under the 'P'.

Chartered Accountants

Edmonton, Canada
May 18, 2005

NORTHWEST TERRITORIES LIQUOR COMMISSION

Financial Statements

Year ended March 31, 2005

Management's Responsibility for Financial Reporting

Auditor's Report

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NORTHWEST TERRITORIES LIQUOR COMMISSION

Balance Sheet
(In thousands)

March 31, 2005, with comparative figures for 2004

| | 2005 | 2004 |
|------------------------------------|-----------------|-----------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 3,387 | \$ 4,639 |
| Accounts receivable | 2 | |
| Inventories (note 3) | 2,657 | 2,848 |
| Prepaid expenses | 10 | 20 |
| Due from Nunavut Liquor Commission | - | 23 |
| | <u>6,056</u> | <u>7,530</u> |
| Capital assets (note 4) | 69 | 43 |
| | <u>\$ 6,125</u> | <u>\$ 7,573</u> |

Liabilities

| | | |
|---|-----------------|-----------------|
| Current liabilities: | | |
| Accounts payable | \$ 2,373 | \$ 2,071 |
| Due to the Government of the Northwest Territories (note 7) | <u>3,646</u> | <u>5,434</u> |
| | 6,019 | 7,505 |
| Employee future benefits (note 5) | 106 | 68 |
| Commitments (note 9) | | |
| | <u>\$ 6,125</u> | <u>\$ 7,573</u> |

See accompanying notes to financial statements.

Approved by Management:



R.J. Courtoreille, General Manager



Ruth Boden, Manager, Finance & Administration

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Income
(In thousands)

Year ended March 31, 2005, with comparative figures for 2004

| | 2005 | 2004 |
|---------------------------------------|---------------|---------------|
| Sales: | | |
| Beer | \$ 17,046 | \$ 17,153 |
| Spirits | 15,089 | 14,317 |
| Wine | 4,156 | 3,879 |
| Coolers and ciders | 1,382 | 1,328 |
| | <u>37,673</u> | <u>36,677</u> |
| Cost of goods sold: | | |
| Beer | 7,414 | 7,406 |
| Spirits | 4,331 | 4,114 |
| Wine | 1,847 | 1,656 |
| Coolers and ciders | 624 | 584 |
| | <u>14,216</u> | <u>13,760</u> |
| Gross profit on sales | 23,457 | 22,917 |
| Other income: | | |
| License fees and permits | 465 | 535 |
| Import fees and other income | 247 | 291 |
| | <u>712</u> | <u>826</u> |
| | 24,169 | 23,743 |
| Expenses: | | |
| Commissions to agents | 2,489 | 2,302 |
| Salaries, wages and employee benefits | 1,043 | 950 |
| Administration | 364 | 328 |
| Travel | 118 | 153 |
| Board member honoraria | 88 | 72 |
| Inspectors' fees | 66 | 45 |
| Rent | 60 | 59 |
| Amortization on capital assets | 21 | 18 |
| | <u>4,249</u> | <u>3,927</u> |
| Net income | \$ 19,920 | \$ 19,816 |

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, 2005, with comparative figures for 2004

| | | 2005 | 2004 |
|---|----|--------|----------|
| Balance, beginning of year | \$ | 5,434 | \$ 4,667 |
| Net income | | 19,920 | 19,816 |
| Salaries, wages and benefits incurred by the Government | | 1,071 | 958 |
| | | 26,425 | 25,441 |
| Net transfer of funds to the Government | | 22,779 | 20,007 |
| Balance, end of year | \$ | 3,646 | \$ 5,434 |

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Cash Flows
(In thousands)

Year ended March 31, 2005, with comparative figures for 2004

| | 2005 | 2004 |
|---|-----------|-----------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 38,406 | \$ 37,581 |
| Cash paid to suppliers | (16,832) | (16,864) |
| Net cash provided by operating activities | 21,574 | 20,717 |
| Cash flows from investing activities: | | |
| Purchase of capital assets | (47) | (9) |
| Cash flows from financing activities: | | |
| Cash transferred to the Government of the Northwest Territories | (22,779) | (20,007) |
| Increase (decrease) in cash position | (1,252) | 701 |
| Cash position, beginning of year | 4,639 | 3,938 |
| Cash position, end of year | \$ 3,387 | \$ 4,639 |

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements
(In thousands)

Year ended March 31, 2005

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, 2005

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 equipment | 33% |
| Recycling equipment | 10% |

Computer equipment includes hardware and software.

(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, 2005

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, bottle returns and amortization of capital assets.

3. Inventories:

| | 2005 | 2004 |
|--------------------|-----------------|-----------------|
| Spirits | \$ 1,116 | \$ 1,237 |
| Wine | 450 | 496 |
| Beer | 940 | 954 |
| Coolers and ciders | 151 | 161 |
| | \$ 2,657 | \$ 2,848 |

4. Capital assets:

| | 2005 | | 2004 | |
|------------------------|---------------|-----------------------------|-------------------|-------------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Furniture and fixtures | \$ 57 | \$ 33 | \$ 24 | \$ 10 |
| Computer equipment | 539 | 494 | 45 | 18 |
| Recycling equipment | 150 | 150 | - | 15 |
| | \$ 746 | \$ 677 | \$ 69 | \$ 43 |

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements (continued)
(In thousands)

Year ended March 31, 2005

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:

| | 2005 | 2004 |
|----------------------------|-------|-------|
| Commission's contributions | \$ 99 | \$ 80 |
| Employees' contributions | 46 | 37 |

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:

| | 2005 | 2004 |
|---|--------|-------|
| Accrued benefit obligation, beginning of year | \$ 68 | \$ 50 |
| Cost for the year | 38 | 18 |
| Benefits paid during the year | - | - |
| Accrued benefit obligation, end of year | \$ 106 | \$ 68 |
| Short-term portion | \$ - | \$ - |
| Long-term portion | 106 | 68 |
| Total accrued benefit obligation | \$ 106 | \$ 68 |

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements (continued)
(In thousands)

Year ended March 31, 2005

6. Liquor Licensing Board of the Northwest Territories:

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

| | 2005 | 2004 |
|------------------------------|----------|---------|
| Revenues: | | |
| Licensee fees | \$ 387 | \$ 450 |
| Special occasion licenses | 43 | 48 |
| Annual license fees | 35 | 36 |
| Other | 4 | 15 |
| | 469 | 549 |
| Expenses: | | |
| Salaries, wages and benefits | 300 | 283 |
| Honoraria | 88 | 72 |
| Other | 264 | 249 |
| | 652 | 604 |
| Net loss | \$ (183) | \$ (55) |

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 \$22 (2004 - \$29) for legal services provided by the Department of Justice, and \$10 (2004 - \$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, 2005

8. Service agreement:

The Commission provided various corporate and program delivery services to the Nunavut Liquor Commission and Nunavut Liquor Licensing Board until November, 2004. It received \$31 (2004 - \$131) in fees for the services rendered. This amount is included in import fees and other income on the statement of income.

9. Commitments:

The Commission has a five year lease agreement ending August 31, 2005 for its office premises and has office equipment under operating leases through to 2007. The minimum annual lease payments are:

| | | |
|-----------------------|----|----|
| Year ending March 31: | | |
| 2006 | \$ | 27 |
| 2007 | | 5 |
| | \$ | 32 |

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.

10. Fair value of financial assets and financial liabilities:

The fair values of the Commission's cash, accounts receivable, due from Nunavut Liquor Commission, 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.

Financial Results & General Statistics



Photo: Sunset On Great Slave Lake
D. Pilson/GNWT

Year In Review

Liquor sales in the Northwest Territories for the fiscal year ending March 31, 2005 were \$37,673,000 with net income from liquor sales increasing to \$20,103,000 in 2004/2005 from \$19,871,000 in 2003/2004. The increased revenues of \$232,000, or 1.2% over the previous year, are due primarily to increased liquor sales to consumers over sales to licenses.

The total volume of liquor sold decreased by 10,000 litres. The decreased volumes are due primarily to lower liquor sales to licensed premises, most notably beer sales to licensed premises.

Consumer sales for Yellowknife are comprised of sales made to the two retail liquor stores from the liquor warehouse and do not reflect actual retail sales made by the store operators. The two stores in Yellowknife are required to purchase their inventory from the liquor warehouse and are allowed to establish their own retail prices for the liquor products they sell.

Mark – Ups

The Northwest Territories is one of two liquor jurisdictions in Canada that utilizes a flat rate per litre mark-up to generate a specific level of revenue from the sale of liquor.

The flat rate mark-up ensures revenues generated from the sale of liquor products remain constant while retail prices vary from community to community. In addition to product cost, freight, container deposit, GST, retail, warehousing and administrative costs, the flat rate mark-up generates the liquor prices at which residents and licensed premises purchase liquor in each community.

Current mark-ups per litre were used for the period ending March 31, 2005.

| | |
|---------|---------|
| Spirits | \$25.84 |
| Wine | \$ 7.69 |
| Coolers | \$ 3.00 |
| Ciders | \$ 1.96 |
| Beer | \$ 1.91 |

Import Permits

A person who is eligible to purchase and consume liquor in the Northwest Territories may personally import 1140ml of spirits or wine or twelve 355ml containers of beer. An import permit is required to import quantities greater than the allowable amounts.

Import permit fees per litre are as follows:

| | |
|----------------|--------|
| Spirits | \$8.77 |
| Wine | \$7.02 |
| Coolers/ciders | \$1.72 |
| Beer | \$.77 |

Container deposit and GST are in addition to the listed fees. Twelve permits were issued in 2004/2005, which generated \$2,000 in additional revenue.

Retailing and Warehousing

Private sector contractors operate our retail outlets and warehouses. During part of 2004/05 the Liquor Commission operated the Nunavut Liquor Commission under a contracting agreement between the Government of the Northwest Territories and the Nunavut Government. This agreement concluded Oct 31, 2004.

Contractors and expiry dates of each contract are as follows:

| Agency: | Contractor: | Expiry Date: |
|------------------------------|--|---------------------|
| Fort Simpson Liquor Store | 974173 NWT Ltd | Aug. 31, 2014 |
| Fort Smith Liquor Store | Martselos Services Ltd. | Nov. 30, 2011 |
| Hay River Liquor Warehouse | Hay River Liquor Retailers (1991) Ltd. | Mar. 31, 2007 |
| Hay River Liquor Store | Hay River Liquor Retailers (1991) Ltd. | Mar. 31, 2007 |
| Inuvik Liquor Store | Stanton Group Ltd | Sep. 30, 2014 |
| Norman Wells Liquor Store | Norman Wells Liquor Agency Ltd. | Aug. 31, 2014 |
| Yellowknife Liquor Stores | 913007 NWT Ltd | Jan. 20, 2012 |
| | 4898 NWT Ltd | Jan. 20, 2012 |
| Yellowknife Liquor Warehouse | Hay River Liquor Retailers (1991) Ltd. | Feb. 28, 2008 |

Resupply

The Liquor Commission uses water and road transportation modes to resupply liquor products to its liquor agencies and warehouses.

Approximately 95% of all liquor sold in the Northwest Territories is readily supplied by the highway system with little or no service interruptions caused by freeze up or break up of river crossings. Due to the reliance on ferry service or winter ice crossings, Yellowknife, Inuvik and Ft. Simpson liquor facilities must warehouse greater quantities of liquor to last over the freeze up or break up periods. Similarly, the Norman Wells liquor outlet is resupplied by barge with

spirits, wine and beer during the summer months and again by winter road during the winter months.

The Liquor Commission purchases all domestic liquor products directly from the distillery, brewery or winery, while imported liquor products are purchased from the British Columbia Liquor Distribution Branch in Vancouver and some from the Alberta Gaming and Liquor Commission in Edmonton. Some domestic suppliers have arranged to ship their product from warehouse facilities in Alberta, which enables the Liquor Commission to order on a more frequent basis. Resupplies from British Columbia and Alberta enable the Liquor Commission to purchase smaller quantities of liquor more frequently and reduce the amount of money tied up in inventories.

Recycling

In 1991, the Liquor Commission initiated a deposit refund program on all liquor containers except beer bottles from Molson and Labatt breweries. These breweries have a deposit refund program in place on their beer bottles sold in the Northwest Territories. In communities where the Liquor Commission has an outlet, liquor containers can be returned to local bottle depots for a full deposit refund.

During 2004/2005, 7,120,000 liquor containers were sold, while 4,061,000 containers, or 57%, were returned to NWT bottle depots for a refund.

In addition, approximately 3.9 million beer bottles from Labatt and Molson breweries were also sold. Approximately 80% of the Molson and Labatt beer bottles are returned to Brewers Distributing through their deposit refund program. Residents could return Labatt and Molson beer bottles to the local bottle depot for a refund determined by the local depot operator. These refunds varied from community to community.

Legislation to regulate the recycling of all beverage containers, including liquor, pop and juice containers was enacted in 2004. On the effective date, the Liquor Commission's program will become part of the GNWT waste reduction and recovery program. The new program to recover, recycle and reuse beverage containers will be implemented by the Department of Environment and Natural Resources, Environmental Protection Division on November 1, 2005.

Consolidated Operations (Excluding Liquor Licensing Board)

Sales / Cost of Sales / Gross Margin

March 31, 2005

(\$000's)

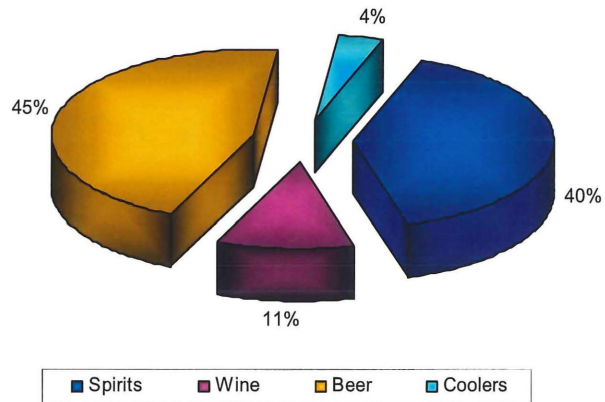
| | Spirits | Wine | Beer | Coolers | 2005 | 2004 |
|--|---------|-------|--------|---------|---------|---------|
| Sales | | | | | | |
| Consumers | 13,356 | 3,592 | 11,678 | 1,049 | 29,675 | 27,384 |
| Licensees | 1,733 | 565 | 5,368 | 332 | 7,998 | 9,292 |
| | 15,089 | 4,157 | 17,046 | 1,381 | 37,673 | 36,676 |
| Cost of Sales | | | | | | |
| Beginning Inventory | 1,237 | 496 | 954 | 161 | 2,848 | 2,308 |
| Purchases | 4,062 | 1,695 | 6,572 | 549 | 12,878 | 13,087 |
| Freight | 148 | 107 | 829 | 64 | 1,148 | 1,212 |
| Ending Inventory | (1,116) | (451) | (940) | (151) | (2,658) | (2,848) |
| | 4,331 | 1,847 | 7,415 | 623 | 14,216 | 13,759 |
| Gross Margin | 10,758 | 2,310 | 9,631 | 758 | 23,457 | 22,917 |
| Other Income | | | | | | |
| Import Permits | | | | | 2 | 1 |
| Bottle Deposit Program | | | | | 203 | 144 |
| Other | | | | | 37 | 132 |
| | | | | | 242 | 277 |
| Expenses | | | | | | |
| Commissions to agents | | | | | 2,489 | 2,302 |
| Salaries, wages & employee benefits | | | | | 734 | 675 |
| Bank service charges | | | | | 131 | 131 |
| Amortization of capital assets | | | | | 21 | 18 |
| Travel | | | | | 31 | 37 |
| Rent | | | | | 45 | 44 |
| Office supplies | | | | | 41 | 39 |
| Computer services | | | | | 34 | 27 |
| Communications | | | | | 22 | 16 |
| Professional fees | | | | | 27 | 2 |
| Advertising | | | | | 12 | 25 |
| Losses due to breakage, spoilage and theft | | | | | 9 | 7 |
| Miscellaneous | | | | | - | - |
| | | | | | 3,596 | 3,323 |
| Net Income | | | | | 20,103 | 19,871 |

Performance Ratios

March 31, 2005

| Sales ratios | Spirits | Wine | Beer | Coolers | 2005 | 2004 |
|-----------------------------|----------------|-------------|-------------|----------------|-------------|-------------|
| Category to Total Sales | 40.1% | 11.0% | 45.2% | 3.7% | | |
| Consumer Sales to | | | | | | |
| Total Category | 88.5% | 86.4% | 68.5% | 76.0% | 78.8% | 74.7% |
| Licensee Sales to | | | | | | |
| Total Category | 11.5% | 13.6% | 31.5% | 24.0% | 21.2% | 25.3% |
| Profitability ratios | | | | | | |
| % Gross Margin to Sales | 71.3% | 55.6% | 56.5% | 54.9% | 62.3% | 62.5% |
| % Net Income to Sales | | | | | 53.4% | 54.2% |
| Efficiency ratio | | | | | | |
| Inventory Turns | 3.68 | 3.90 | 7.83 | 3.99 | 5.16 | 5.34 |

Sales - Category to Total Sales

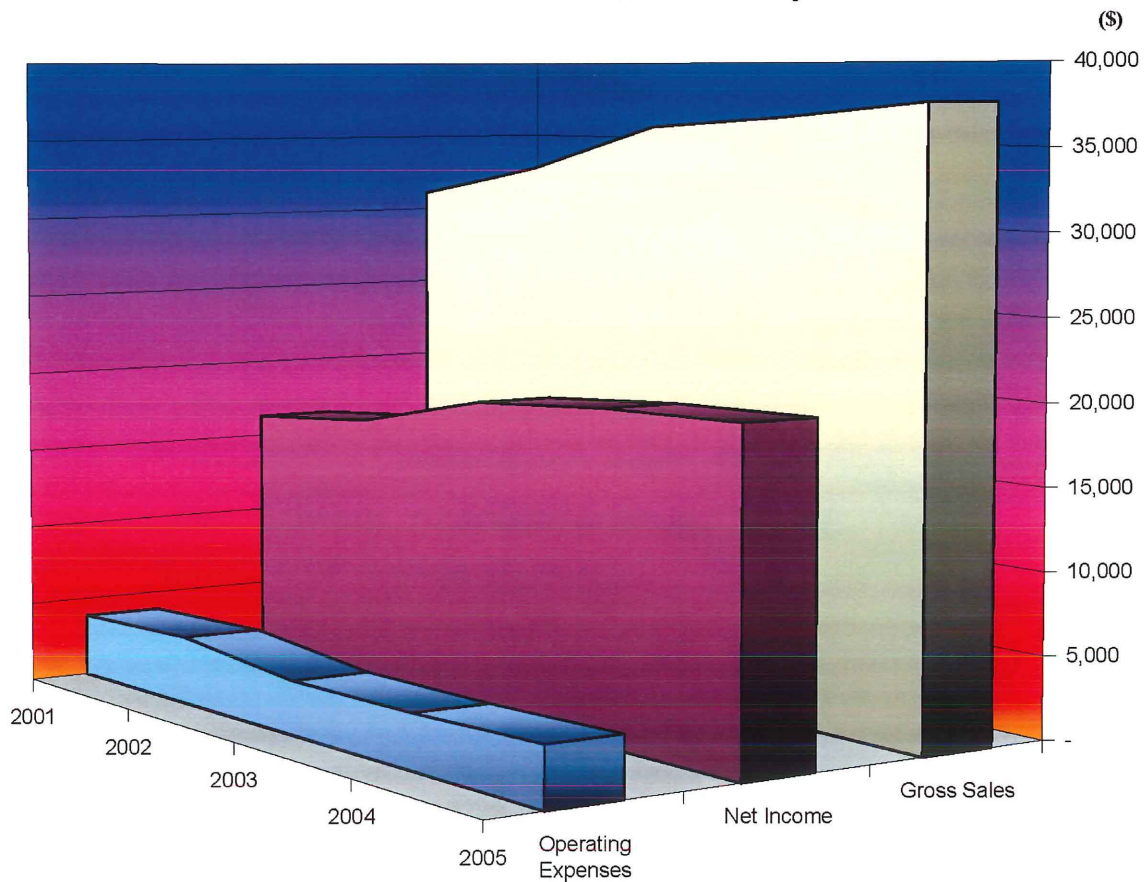


Five Year Performance History

(\$000's)

| Year ended March 31st | Gross Sales | %Change In Sales | Net Income | Net Income as % of Sales | Operating Expenses |
|-----------------------|-------------|------------------|------------|--------------------------|--------------------|
| 2001 | 31,101 | 5.0% | 16,292 | 52.38% | 3,851 |
| 2002 | 33,082 | 6.4% | 17,072 | 51.61% | 4,145 |
| 2003 | 35,959 | 8.7% | 19,231 | 53.48% | 3,278 |
| 2004 | 36,677 | 2.0% | 19,873 | 54.18% | 3,323 |
| 2005 | 37,673 | 2.7% | 20,101 | 53.36% | 3,598 |

Five Year History

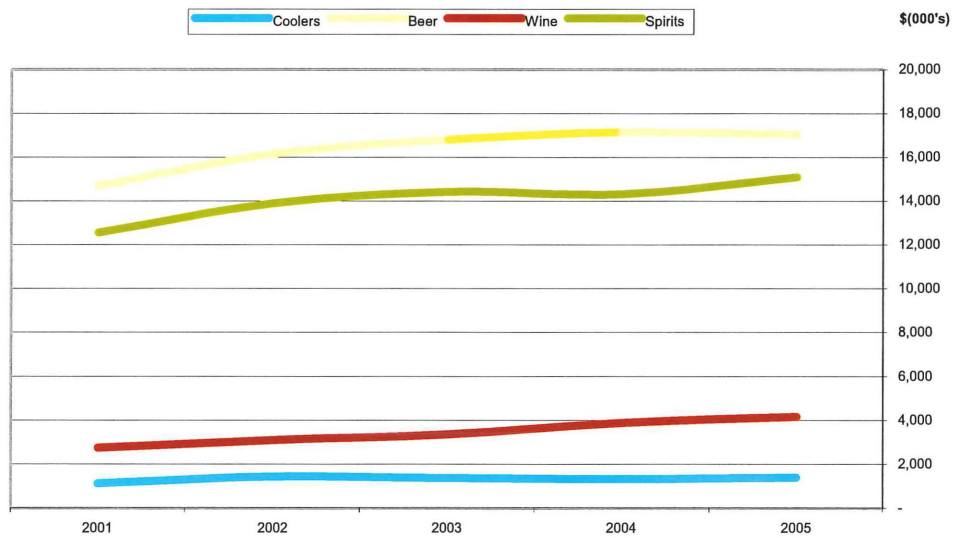


Five Year Trend by Category

(\$000's)

| Year ending March 31st | Spirits | Wine | Beer | Coolers | Total |
|------------------------|---------|-------|--------|---------|--------|
| 2001 | 12,553 | 2,745 | 14,684 | 1,119 | 31,101 |
| 2002 | 13,899 | 3,088 | 16,163 | 1,430 | 34,580 |
| 2003 | 14,418 | 3,364 | 16,800 | 1,377 | 35,959 |
| 2004 | 14,317 | 3,879 | 17,153 | 1,328 | 36,677 |
| 2005 | 15,089 | 4,157 | 17,046 | 1,381 | 37,673 |

Five Year Trend by Category

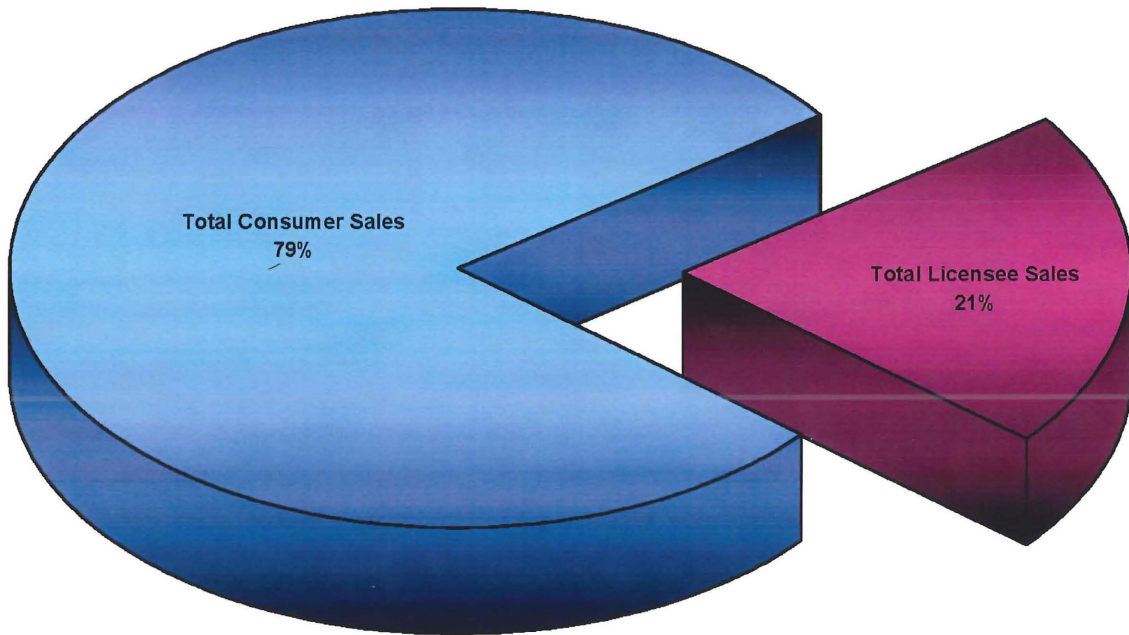


Liquor Sales by Customer Type

for the year ended March 31, 2005

| (\$000's) | 2005 | % of Total Sales |
|-----------------------------|---------------|------------------|
| Sales to Consumers | | |
| Spirit | 13,361 | 35.5% |
| Beer | 11,685 | 31.0% |
| Wine | 3,594 | 9.5% |
| Cooler | 1,051 | 2.8% |
| Total Consumer Sales | 29,691 | 78.8% |
| Sales to Licensees | | |
| Spirit | 1,723 | 5.7% |
| Beer | 5,355 | 14.2% |
| Wine | 573 | 1.5% |
| Cooler | 331 | 1.1% |
| Total Licensee Sales | 7,982 | 21.2% |
| Total Sales | 37,673 | 100.0% |

Sales by Customer Type (\$)

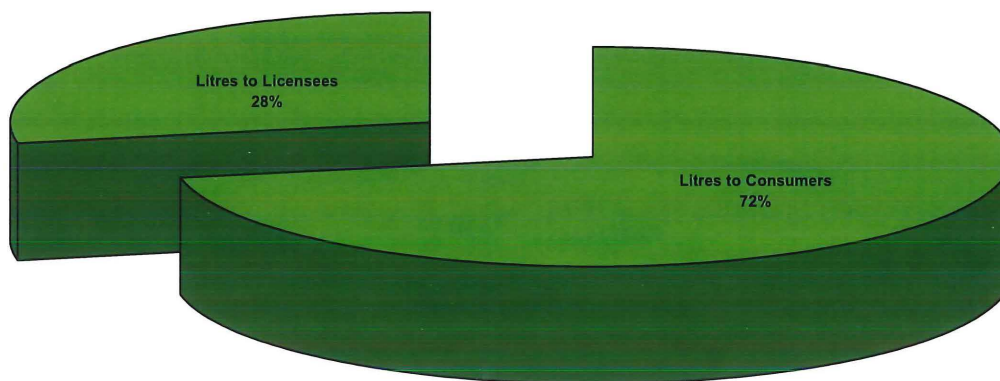


Litre Sales by Customer Type

for the year ended March 31, 2005

| (000's) | 2005 | % of Total Sales |
|-----------------------------------|--------------|------------------|
| Litres to Consumers | | |
| Spirit | 361 | 8.2% |
| Beer | 2,422 | 54.7% |
| Wine | 239 | 5.4% |
| Cooler | 163 | 3.7% |
| Total Consumer Litre Sales | 3,185 | 71.9% |
| Litres to Licensees | | |
| Spirit | 48 | 1.1% |
| Beer | 1,109 | 25.0% |
| Wine | 37 | 0.8% |
| Cooler | 50 | 1.1% |
| Total Licensee Litre Sales | 1,244 | 28.1% |
| Total Sales | 4,429 | 100.0% |

Litre Sales by Customer Type



STORE OPERATIONS

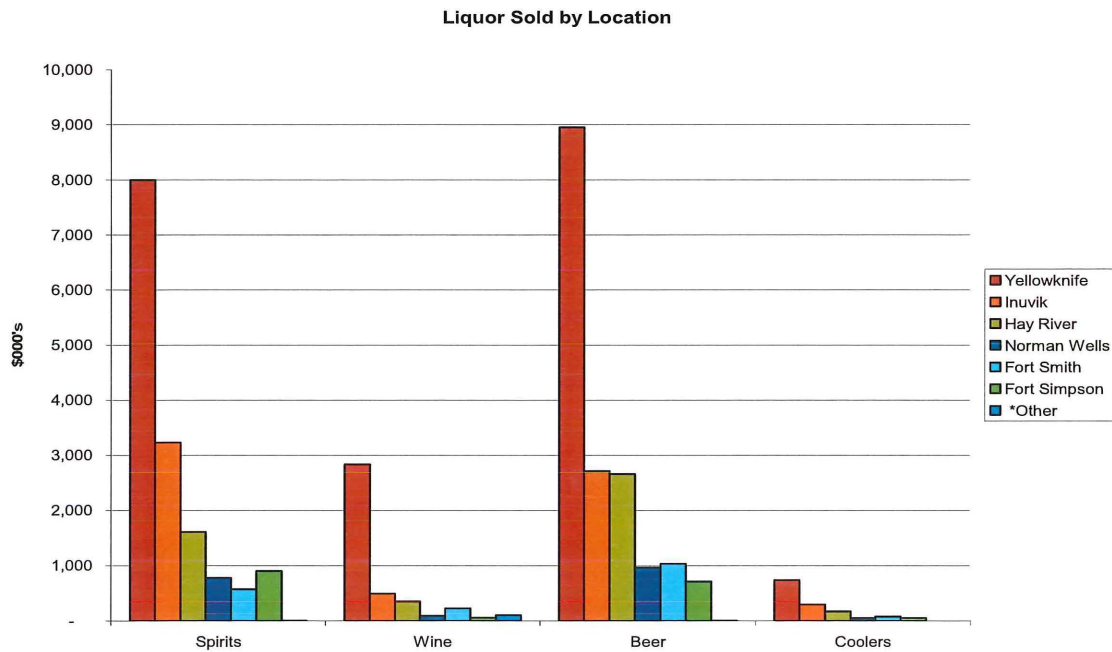


Photo: Katherine Creek
A. Veitech/GNWT

Liquor Sold by Location

| (\$000's) | Spirits | Wine | Beer | Coolers | 2005 | 2004 |
|----------------------------|-------------|-------------|--------------|-------------|-------------|-------------|
| Yellowknife | 7,996 | 2,831 | 8,953 | 737 | 20,517 | 19,832 |
| Inuvik | 3,231 | 492 | 2,711 | 296 | 6,730 | 6,490 |
| Hay River | 1,607 | 351 | 2,660 | 171 | 4,789 | 4,758 |
| Norman Wells | 775 | 91 | 969 | 49 | 1,884 | 1,870 |
| Fort Smith | 573 | 227 | 1,036 | 78 | 1,914 | 2,020 |
| Fort Simpson | 902 | 56 | 711 | 51 | 1,720 | 1,595 |
| *Other | 5 | 107 | 7 | - | 119 | 112 |
| Total 2005 | 15,089 | 4,155 | 17,047 | 1,382 | 37,673 | |
| Total 2004 | 14,317 | 3,879 | 17,153 | 1,328 | | 36,677 |
| Increase (Decrease) | 5.4% | 7.1% | -0.6% | 4.1% | 2.7% | 2.0% |

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

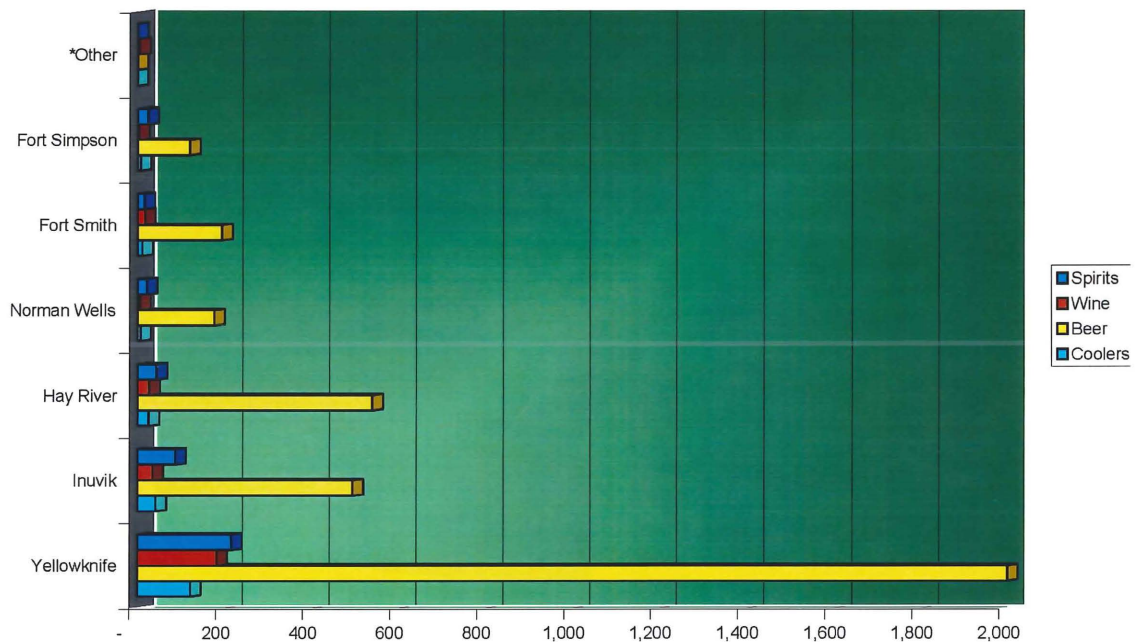


Litres Sold by Location

| (000's) | Spirits | Wine | Beer | Coolers | 2005 | 2004 |
|----------------------------|-----------|-----------|------------|-----------|-----------|------------|
| Yellowknife | 217 | 183 | 2,000 | 121 | 2,521 | 2,528 |
| Inuvik | 87 | 35 | 496 | 41 | 659 | 656 |
| Hay River | 44 | 27 | 540 | 26 | 637 | 646 |
| Norman Wells | 21 | 6 | 177 | 7 | 211 | 212 |
| Fort Smith | 16 | 17 | 195 | 11 | 239 | 250 |
| Fort Simpson | 24 | 3 | 121 | 7 | 155 | 143 |
| *Other | - | 5 | 2 | - | 7 | 4 |
| Total 2005 | 409 | 276 | 3,531 | 213 | 4,429 | |
| Total 2004 | 388 | 261 | 3,582 | 208 | | 4,439 |
| Increase (Decrease) | 5% | 6% | -1% | 2% | 0% | -3% |

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

Litres Sold by Location
(000's)



YELLOWKNIFE OPERATIONS

Statement of Operations for the year ended March 31, 2005

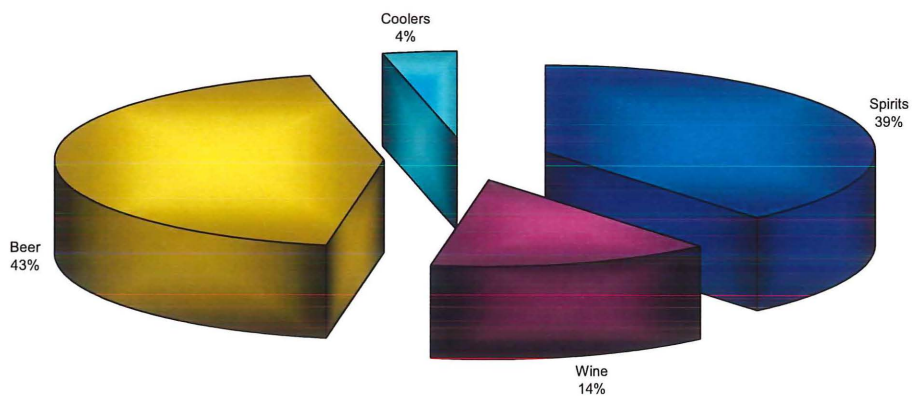
(\$000's)

| | 2005 | | | | 2004 | |
|------------------------------------|---------|-------|-------|---------|----------|----------|
| | Spirits | Wine | Beer | Coolers | Total | Total |
| Sales | | | | | | |
| Consumers* | 7,001 | 2,377 | 6,354 | 568 | 16,300 | 15,115 |
| Licenseses | 995 | 454 | 2,599 | 169 | 4,217 | 4,717 |
| | 7,996 | 2,831 | 8,953 | 737 | 20,517 | 19,832 |
| Cost of goods sold | | | | | | |
| Beginning inventory | 462 | 246 | 351 | 57 | 1,116 | 874 |
| Purchases | 2,222 | 1,261 | 3,734 | 312 | 7,529 | 7,512 |
| Freight | 54 | 58 | 354 | 21 | 487 | 511 |
| Cost of goods available for resale | 2,738 | 1,565 | 4,439 | 390 | 9,132 | 8,897 |
| Ending inventory | 383 | 228 | 356 | 57 | 1,024 | 1,116 |
| Cost of goods sold | 2,355 | 1,337 | 4,083 | 333 | 8,108 | 7,781 |
| Gross income | 5,641 | 1,494 | 4,870 | 404 | 12,409 | 12,051 |
| Other income | | | | | - | - |
| Operating expenses | | | | | 655 | 638 |
| Net income | | | | | \$11,754 | \$11,413 |

* Sales made to privatized retail liquor stores in Yellowknife

| efficiency ratio: | | | | | | |
|-------------------|------|------|-------|------|------|------|
| inventory turns | 5.57 | 5.64 | 11.55 | 5.84 | 7.58 | 7.82 |

Yellowknife Sales by Category



INUVIK OPERATIONS

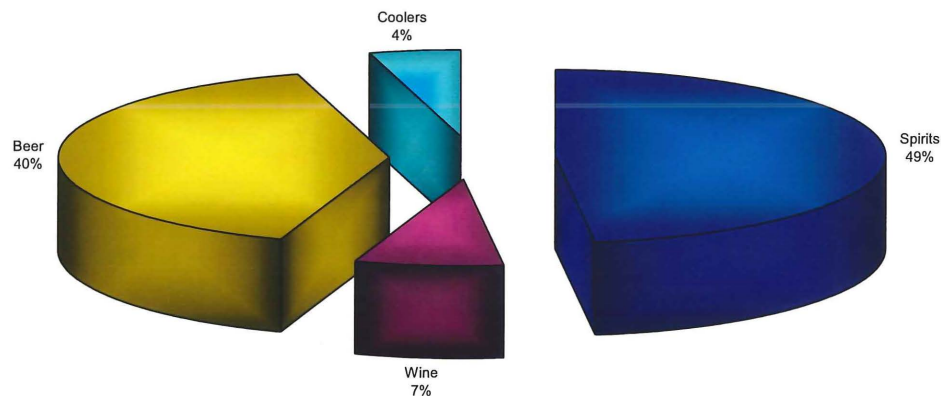
Statement of Operations for the year ended March 31, 2005

(\$000's)

| | 2005 | | | | 2004 | |
|------------------------------------|---------|------|-------|---------|----------|----------|
| | Spirits | Wine | Beer | Coolers | Total | Total |
| Sales | | | | | | |
| Consumers | 2,888 | 439 | 1,764 | 214 | 5,305 | 4,650 |
| Licensees | 343 | 53 | 947 | 82 | 1,425 | 1,841 |
| | 3,231 | 492 | 2,711 | 296 | 6,730 | 6,491 |
| Cost of goods sold | | | | | | |
| Beginning inventory | 261 | 73 | 276 | 37 | 647 | 546 |
| Purchases | 782 | 149 | 882 | 110 | 1,923 | 2,050 |
| Freight | 54 | 23 | 243 | 25 | 345 | 384 |
| Cost of goods available for resale | 1,097 | 245 | 1,401 | 172 | 2,915 | 2,980 |
| Ending inventory | 194 | 51 | 222 | 29 | 496 | 647 |
| Cost of goods sold | 903 | 194 | 1,179 | 143 | 2,419 | 2,333 |
| Gross income | 2,328 | 298 | 1,532 | 153 | 4,311 | 4,158 |
| Other income | | | | | - | - |
| Operating expenses | | | | | 704 | 596 |
| Net income | | | | | \$ 3,607 | \$ 3,562 |

| efficiency ratio: | | | | | | |
|-------------------|------|------|------|------|------|------|
| inventory turns | 3.97 | 3.13 | 4.73 | 4.33 | 4.23 | 3.91 |

Inuvik Sales by Category



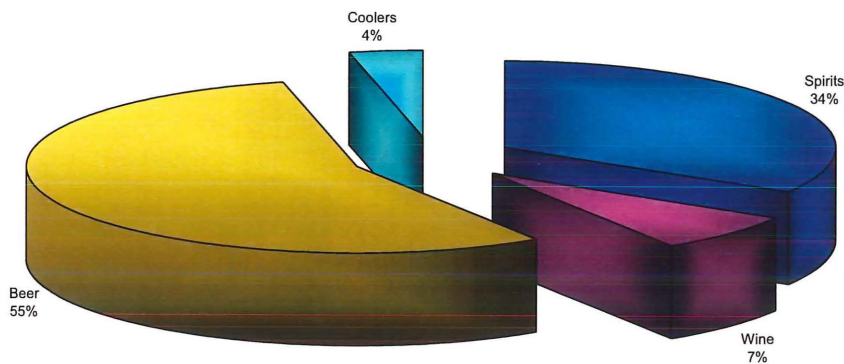
HAY RIVER OPERATIONS

Statement of Operations for the year ended March 31, 2005

| (\$000's) | 2005 | | | | 2004 | |
|------------------------------------|---------|------|-------|---------|----------|----------|
| | Spirits | Wine | Beer | Coolers | Total | Total |
| Sales | | | | | | |
| Consumers | 1,434 | 324 | 1,657 | 136 | 3,551 | 3,383 |
| Licensees | 173 | 27 | 1,003 | 35 | 1,238 | 1,374 |
| | 1,607 | 351 | 2,660 | 171 | 4,789 | 4,757 |
| Cost of goods sold | | | | | | |
| Beginning inventory | 332 | 113 | 108 | 54 | 607 | 545 |
| Purchases | 369 | 68 | 987 | 81 | 1,505 | 1,610 |
| Freight | 4 | 7 | 89 | 4 | 104 | 101 |
| Cost of goods available for resale | 705 | 188 | 1,184 | 139 | 2,216 | 2,256 |
| Ending inventory | 323 | 98 | 110 | 46 | 577 | 608 |
| Cost of goods sold | 382 | 90 | 1,074 | 93 | 1,639 | 1,648 |
| Gross income | 1,225 | 261 | 1,586 | 78 | 3,150 | 3,109 |
| Other income | | | | | - | - |
| Operating expenses | | | | | 592 | 532 |
| Net income | | | | | \$ 2,558 | \$ 2,577 |

| efficiency ratio: | | | | | | |
|-------------------|------|------|-------|------|------|------|
| inventory turns | 3.92 | 2.94 | 17.54 | 3.16 | 6.19 | 6.86 |

Hay River Sales by Category



NORMAN WELLS OPERATIONS

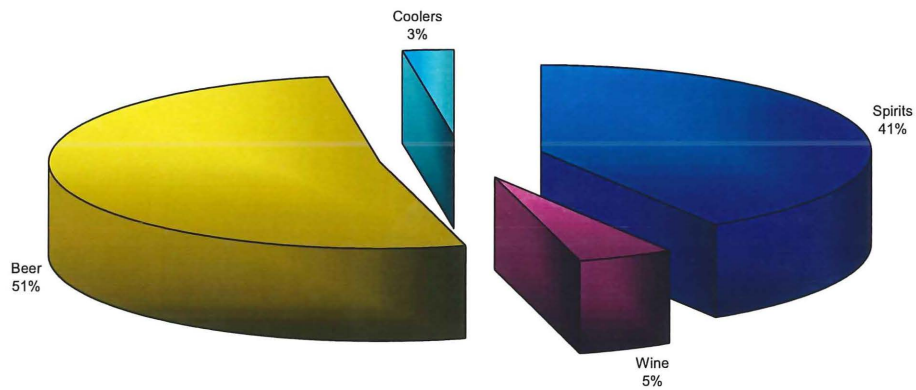
Statement of Operations for the year ended March 31, 2005

(\$000's)

| | 2005 | | | | 2004 | |
|------------------------------------|---------|------|------|---------|--------|--------|
| | Spirits | Wine | Beer | Coolers | Total | Total |
| Sales | | | | | | |
| Consumers | 690 | 72 | 736 | 36 | 1,534 | 1,463 |
| Licensees | 85 | 19 | 233 | 13 | 350 | 407 |
| | 775 | 91 | 969 | 49 | 1,884 | 1,870 |
| Cost of goods sold | | | | | | |
| Beginning inventory | 124 | 40 | 134 | 6 | 304 | 212 |
| Purchases | 213 | 45 | 328 | 21 | 607 | 646 |
| Freight | 12 | 4 | 71 | 5 | 92 | 97 |
| Cost of goods available for resale | 349 | 89 | 533 | 32 | 1,003 | 955 |
| Ending inventory | 139 | 49 | 142 | 12 | 342 | 305 |
| Cost of goods sold | 210 | 40 | 391 | 20 | 661 | 650 |
| Gross income | 565 | 51 | 578 | 29 | 1,223 | 1,220 |
| Other income | | | | | - | - |
| Operating expenses | | | | | 236 | 232 |
| Net income | | | | | \$ 987 | \$ 988 |

| efficiency ratio: | | | | | | |
|-------------------|------|------|------|------|------|------|
| inventory turns | 1.60 | 0.90 | 2.83 | 2.22 | 2.05 | 2.51 |

Norman Wells Sales by Category



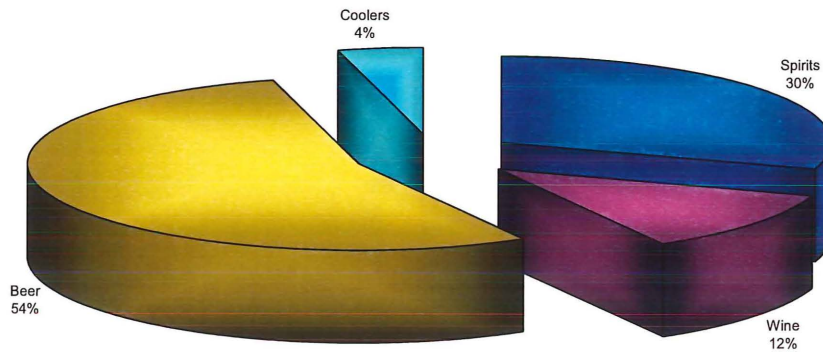
FORT SMITH OPERATIONS

Statement of Operations for the year ended March 31, 2005

| (\$000's) | 2005 | | | | 2004 | |
|------------------------------------|------------|------------|--------------|-----------|---------------|-----------------|
| | Spirits | Wine | Beer | Coolers | Total | Total |
| Sales | | | | | | |
| Consumers | 487 | 222 | 695 | 58 | 1,462 | 1,447 |
| Licensees | 86 | 5 | 341 | 20 | 452 | 573 |
| | <u>573</u> | <u>227</u> | <u>1,036</u> | <u>78</u> | <u>1,914</u> | <u>2,020</u> |
| Cost of goods sold | | | | | | |
| Beginning inventory | 31 | 17 | 25 | 4 | 77 | 67 |
| Purchases | 178 | 93 | 402 | 16 | 689 | 706 |
| Freight | 8 | 8 | 43 | 5 | 64 | 71 |
| | <u>217</u> | <u>118</u> | <u>470</u> | <u>25</u> | <u>830</u> | <u>844</u> |
| Cost of goods available for resale | | | | | | |
| Ending inventory | 31 | 13 | 49 | 4 | 97 | 78 |
| | <u>186</u> | <u>105</u> | <u>421</u> | <u>21</u> | <u>733</u> | <u>766</u> |
| Cost of goods sold | | | | | | |
| Gross income | 387 | 122 | 615 | 57 | 1,181 | 1,254 |
| Other income | | | | | - | - |
| Operating expenses | | | | | 230 | 246 |
| Net income | | | | | <u>\$ 951</u> | <u>\$ 1,008</u> |

| efficiency ratio: | | | | | | |
|-------------------|------|------|-------|------|------|-------|
| inventory turns | 6.00 | 7.00 | 11.38 | 5.25 | 8.43 | 10.57 |

Fort Smith Sales by Category



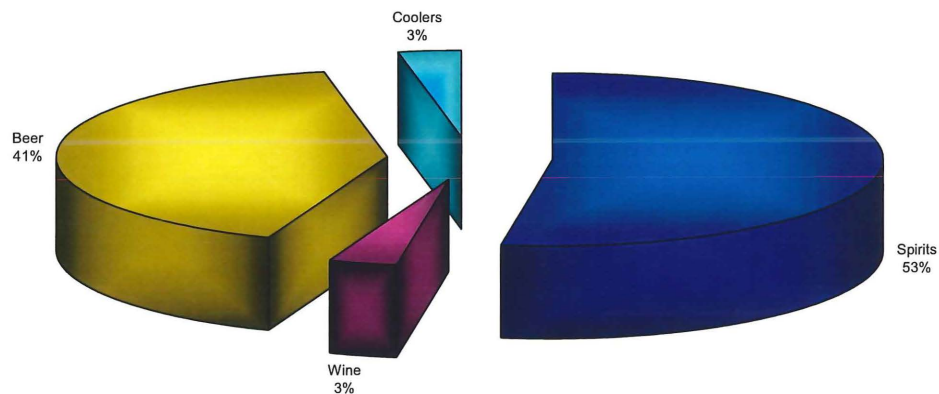
FORT SIMPSON OPERATIONS

Statement of Operations for the year ended March 31, 2005

| (\$000's) | 2005 | | | | 2004 | |
|------------------------------------|---------|------|------|---------|--------|--------|
| | Spirits | Wine | Beer | Coolers | Total | Total |
| Sales | | | | | | |
| Consumers | 861 | 55 | 479 | 39 | 1,434 | 1,216 |
| Licensees | 41 | 1 | 232 | 12 | 286 | 379 |
| | 902 | 56 | 711 | 51 | 1,720 | 1,595 |
| Cost of goods sold | | | | | | |
| Beginning inventory | 27 | 7 | 59 | 1 | 94 | 63 |
| Purchases | 296 | 27 | 236 | 10 | 569 | 519 |
| Freight | 17 | 2 | 30 | 4 | 53 | 48 |
| Cost of goods available for resale | 340 | 36 | 325 | 15 | 716 | 630 |
| Ending inventory | 46 | 11 | 61 | 3 | 121 | 94 |
| Cost of goods sold | 294 | 25 | 264 | 12 | 595 | 536 |
| Gross income | 608 | 31 | 447 | 39 | 1,125 | 1,059 |
| Other income | | | | | - | - |
| Operating expenses | | | | | 212 | 198 |
| Net income | | | | | \$ 913 | \$ 861 |

| efficiency ratio: | | | | | | |
|-------------------|------|------|------|------|------|------|
| inventory turns | 8.05 | 2.78 | 4.40 | 6.00 | 5.53 | 6.83 |

Fort Simpson Sales by Category



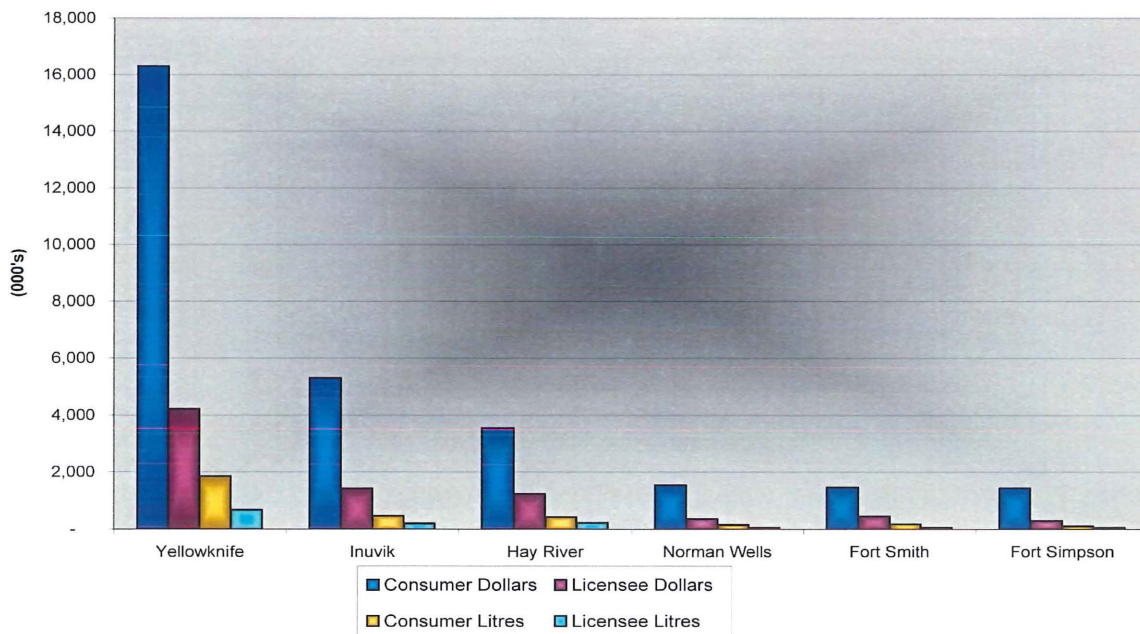
Sales to Licensees

| (\$000's) | Spirits | Wine | Beer | Coolers | 2005 | 2004 |
|-----------------------|---------|------|-------|---------|-------|-------|
| Yellowknife | 995 | 454 | 2,599 | 169 | 4,217 | 4,717 |
| Inuvik | 343 | 53 | 947 | 82 | 1,425 | 1,841 |
| Hay River | 173 | 27 | 1,003 | 35 | 1,238 | 1,374 |
| Norman Wells | 85 | 19 | 233 | 13 | 350 | 407 |
| Fort Smith | 86 | 5 | 341 | 20 | 452 | 573 |
| Fort Simpson | 41 | 1 | 232 | 12 | 286 | 379 |
| Other | 5 | 2 | 7 | | 14 | - |
| Total 2005 | 1,728 | 561 | 5,362 | 331 | 7,982 | |
| Total 2004 | 1,989 | 597 | 6,326 | 379 | | 9,291 |
| % Increase (Decrease) | (13%) | (6%) | (15%) | (13%) | (14%) | |

Sales to Licensees

| (000's litres) | Spirits | Wine | Beer | Coolers | 2005 | 2004 |
|-----------------------|---------|------|-------|---------|-------|-------|
| Yellowknife | 28 | 30 | 585 | 27 | 670 | 758 |
| Inuvik | 9 | 4 | 169 | 11 | 193 | 260 |
| Hay River | 5 | 2 | 202 | 5 | 214 | 244 |
| Norman Wells | 2 | 1 | 43 | 2 | 48 | 57 |
| Fort Smith | 3 | - | 64 | 3 | 70 | 88 |
| Fort Simpson | 1 | - | 44 | 2 | 47 | 62 |
| Other | | | 2 | | 2 | - |
| Total 2005 | 48 | 37 | 1,109 | 50 | 1,244 | |
| Total 2004 | 55 | 39 | 1,317 | 58 | | 1,469 |
| % Increase (Decrease) | (13%) | (5%) | (16%) | (14%) | (15%) | |

Sales by Customer Type



Sales to Licensees

| (000's litres) | Spirits | Wine | Beer | Coolers | 2005 | 2004 |
|-----------------------|---------|------|-------|---------|-------|-------|
| Yellowknife | 28 | 30 | 585 | 27 | 670 | 758 |
| Inuvik | 9 | 4 | 169 | 11 | 193 | 260 |
| Hay River | 5 | 2 | 202 | 5 | 214 | 244 |
| Norman Wells | 2 | 1 | 43 | 2 | 48 | 57 |
| Fort Smith | 3 | - | 64 | 3 | 70 | 88 |
| Fort Simpson | 1 | - | 44 | 2 | 47 | 62 |
| Other | | | - | | - | - |
| Total 2005 | 48 | 37 | 1,107 | 50 | 1,242 | |
| Total 2004 | 55 | 39 | 1,317 | 58 | | 1,469 |
| % Increase (Decrease) | (13%) | (5%) | (16%) | (14%) | (15%) | |

Sales to Consumers

| (000's litres) | Spirits | Wine | Beer | Coolers | 2005 | 2004 |
|-----------------------|---------|------|-------|---------|-------|-------|
| Yellowknife | 189 | 153 | 1,415 | 94 | 1,851 | 1,769 |
| Inuvik | 78 | 31 | 327 | 30 | 466 | 394 |
| Hay River | 39 | 25 | 338 | 21 | 423 | 402 |
| Norman Wells | 19 | 5 | 134 | 5 | 163 | 155 |
| Fort Smith | 13 | 17 | 131 | 8 | 169 | 163 |
| Fort Simpson | 23 | 3 | 77 | 5 | 108 | 81 |
| Other | | 5 | | | 5 | 6 |
| Total 2005 | 361 | 239 | 2,422 | 163 | 3,185 | |
| Total 2004 | 334 | 222 | 2,267 | 147 | | 2,970 |
| % Increase (Decrease) | 8% | 8% | 7% | 11% | 7% | |

Sales by Customer Type

| | (\$000's) | | Total 2005 |
|--------------|-----------|----------|---------------|
| | Consumer | Licensee | |
| Yellowknife | 16,300 | 4,217 | 20,517 |
| Inuvik | 5,305 | 1,425 | 6,730 |
| Hay River | 3,551 | 1,238 | 4,789 |
| Norman Wells | 1,534 | 350 | 1,884 |
| Fort Smith | 1,462 | 452 | 1,914 |
| Fort Simpson | 1,434 | 286 | 1,720 |
| Other | 105 | 14 | 119 |
| Total 2005 | 29,691 | 7,982 | 37,673 |
| Total 2004 | 27,386 | 9,291 | 36,677 |

| | (000's litres) | | Total 2005 |
|------------|-------------------|----------|---------------|
| | Consumer | Licensee | |
| | 1,851 | 670 | 2,521 |
| | 466 | 193 | 659 |
| | 423 | 214 | 637 |
| | 163 | 48 | 211 |
| | 169 | 70 | 239 |
| | 108 | 47 | 155 |
| | 5 | 2 | 7 |
| Total 2005 | 3,185 | 1,244 | 4,429 |
| Total 2004 | 2,970 | 1,469 | 4,439 |

Recycle Program



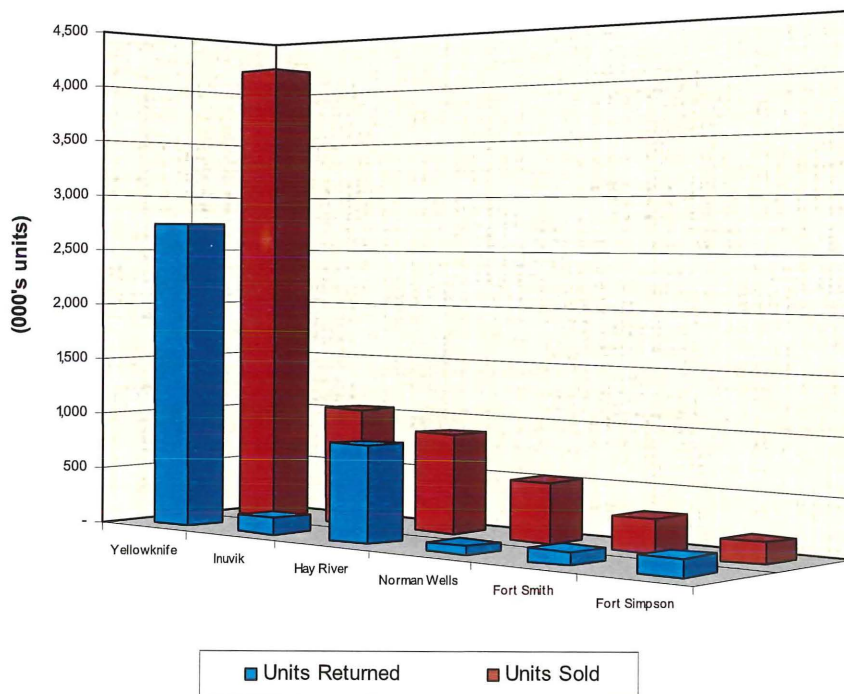
Photo: Dall's Sheep Rainbow Valley
A. Veitech/GNWT

Bottle Depot Operations

for the year ended March 31, 2005

| (\$000's) | | 2005 | 2004 |
|--------------------|--|------|------|
| Income | | | |
| | Deposits collected on sales | 836 | 779 |
| | Increase(decrease) in allowance for outstanding deposits | - | - |
| Total income | | 836 | 779 |
| Expenditures | | | |
| | Deposits reimbursed to agents on returns | 503 | 480 |
| | Commissions paid to agents on returns | 162 | 155 |
| Total Expenditures | | 666 | 635 |
| Surplus | | 171 | 144 |

Deposit Units Sold & Returned



Deposits Units Sold and Returned by Location

| (000's) | Spirits | | Wine | | Beer | | Coolers | | 2005 | | 2004 | |
|--------------|---------|---------|-------|---------|-------|---------|---------|---------|-------|---------|-------|---------|
| | Sales | Returns | Sales | Returns | Sales | Returns | Sales | Returns | Sales | Returns | Sales | Returns |
| Yellowknife | 343 | 187 | 208 | 276 | 3,310 | 1,951 | 333 | 328 | 4,194 | 2,742 | 3,857 | 2564 |
| Inuvik | 109 | 15 | 40 | 8 | 782 | 76 | 117 | 44 | 1,048 | 143 | 918 | 242 |
| Hay River | 73 | 49 | 30 | 27 | 704 | 706 | 71 | 61 | 878 | 843 | 820 | 803 |
| Norman Wells | 41 | 1 | 7 | - | 457 | 67 | 20 | 3 | 525 | 71 | 500 | 64 |
| Fort Smith | 23 | 8 | 21 | 15 | 219 | 70 | 31 | 19 | 294 | 112 | 265 | 98 |
| Fort Simpson | 30 | 49 | 4 | 1 | 128 | 80 | 19 | 20 | 181 | 150 | 142 | 115 |
| Total 2005 | 619 | 309 | 310 | 327 | 5,600 | 2,950 | 591 | 475 | 7,120 | 4,061 | | |
| Total 2004 | 568 | 316 | 291 | 278 | 5,067 | 2,814 | 576 | 478 | | | 6,502 | 3,886 |
| % change | 9.0% | (2.2%) | 6.5% | 17.6% | 10.5% | 4.8% | 2.6% | (0.6%) | 9.5% | 4.5% | | |

Ratio of Returns to Sales

| (%) | Spirits | Wine | Beer | Coolers | 2005 | 2004 |
|--------------|---------|-------|--------|---------|--------|------|
| Yellowknife | 54.5 | 132.7 | 58.9 | 98.5 | 65.4 | 66.5 |
| Inuvik | 13.8 | 20.0 | 9.7 | 37.6 | 13.6 | 26.4 |
| Hay River | 67.1 | 90.0 | 100.3 | 85.9 | 96.0 | 97.9 |
| Norman Wells | 2.4 | - | 14.7 | 15.0 | 13.5 | 12.8 |
| Fort Smith | 34.8 | 71.4 | 32.0 | 61.3 | 38.1 | 37.0 |
| Fort Simpson | 163.3 | 25.0 | 62.5 | 105.3 | 82.9 | 81.0 |
| Total 2005 | 49.9 | 105.5 | 52.7 | 80.4 | 57.0 | |
| Total 2004 | 55.6 | 95.5 | 55.5 | 83.0 | | 59.8 |
| % change | (5.7%) | 10.0% | (2.8%) | (2.6%) | (2.8%) | |

Deposits Collected and Paid by Location

| (\$000's) | Spirits | | Wine | | Beer | | Coolers | | 2005 | | 2004 | |
|--------------|-----------|--------|-----------|-------|-----------|------|-----------|------|-----------|------|-----------|------|
| | Collected | Paid | Collected | Paid | Collected | Paid | Collected | Paid | Collected | Paid | Collected | Paid |
| Yellowknife | 86 | 47 | 52 | 69 | 331 | 195 | 33 | 33 | 503 | 344 | 464 | 318 |
| Inuvik | 27 | 4 | 10 | 2 | 69 | 8 | 11 | 4 | 117 | 18 | 115 | 29 |
| Hay River | 18 | 12 | 8 | 7 | 70 | 71 | 7 | 6 | 103 | 96 | 96 | 93 |
| Norman Wells | 10 | 1 | 2 | 1 | 46 | 7 | 2 | 0 | 60 | 9 | 55 | 8 |
| Fort Smith | 6 | 2 | 5 | 4 | 15 | 7 | 3 | 2 | 29 | 15 | 29 | 13 |
| Fort Simpson | 8 | 12 | 1 | 0 | 13 | 8 | 2 | 2 | 24 | 23 | 20 | 18 |
| Total 2005 | 155 | 78 | 78 | 83 | 544 | 295 | 58 | 48 | 836 | 503 | | |
| Total 2004 | 143 | 80 | 73 | 71 | 506 | 281 | 57 | 48 | | | 779 | 480 |
| % change | 8.2% | (2.5%) | 6.2% | 16.5% | 7.5% | 5.0% | 2.1% | 0.0% | 7.4% | 4.8% | | |

Depot Fees Paid to Operators

| (\$000's) | Spirits | Wine | Beer | Coolers | 2005 | 2004 |
|--------------|---------|-------|------|---------|------|------|
| Yellowknife | 7 | 11 | 78 | 13 | 110 | 103 |
| Inuvik | 1 | 0 | 3 | 2 | 6 | 11 |
| Hay River | 2 | 1 | 28 | 2 | 34 | 32 |
| Norman Wells | 0 | - | 3 | 0 | 3 | 2 |
| Fort Smith | 0 | 1 | 3 | 1 | 4 | 4 |
| Fort Simpson | 2 | 0 | 3 | 1 | 6 | 3 |
| Total 2005 | 12 | 13 | 118 | 19 | 162 | |
| Total 2004 | 12 | 11 | 112 | 20 | | 155 |
| % change | 3.0% | 18.9% | 5.4% | (5.0%) | 4.8% | |

NWT LIQUOR LICENSING BOARD and LIQUOR LICENSING and ENFORCEMENT

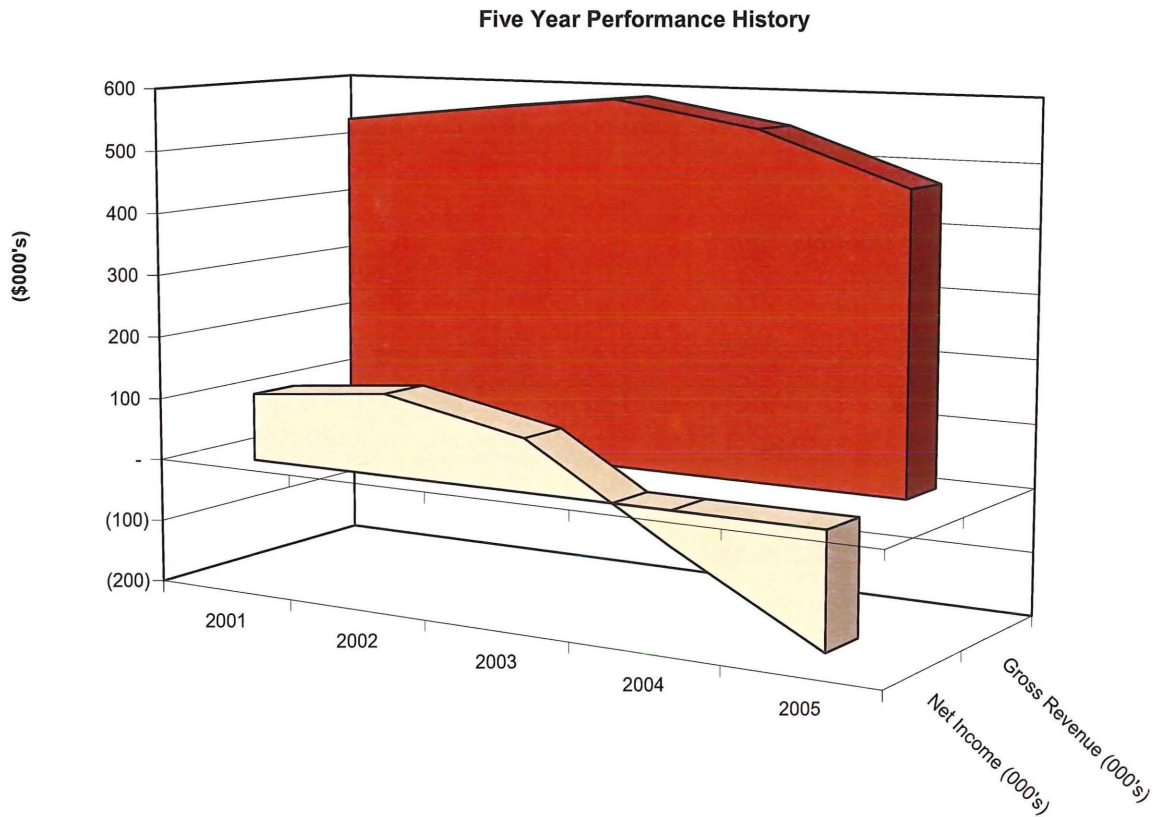
Statement of Operations

for the year ended March 31, 2005

| (\$000's) | 2005 | 2004 |
|---------------------------|-------|------|
| Income | | |
| Licensing Fees | 387 | 450 |
| Special Occasion Licenses | 43 | 48 |
| Annual License Fees | 35 | 36 |
| Other | 4 | 15 |
| Total income | 469 | 549 |
| Operating Expenses | | |
| Salaries | 300 | 283 |
| Travel | 107 | 116 |
| Inspections Contracts | 65 | 45 |
| Office Rent & Supplies | 73 | 76 |
| Honoraria | 88 | 72 |
| Training & Development | 7 | 1 |
| Advertising | 12 | 11 |
| Total Expenditures | 652 | 604 |
| Net Income | (183) | (55) |

Five Year Performance History

| Year | Gross Revenue (000's) | % Change In Revenue | Operating Expenses (000's) | Net Income (000's) | % Change Net Income |
|------|--------------------------|------------------------|----------------------------------|-----------------------|------------------------|
| 2001 | 538 | 6.7 | 430 | 108 | 20.0 |
| 2002 | 564 | 4.8 | 434 | 130 | 20.4 |
| 2003 | 587 | 4.1 | 430 | 84 | (35.4) |
| 2004 | 549 | (6.5) | 503 | (55) | (165.5) |
| 2005 | 469 | (14.6) | 652 | (183) | 232.7 |



LIQUOR ENFORCEMENT REPORT

2004 – 2005

ENFORCEMENT ACTIVITY

Liquor Inspectors are hired on a contractual basis by the Department of Finance to carry out unscheduled inspections of licensed premises. The inspection program targets high-risk premises (those most likely to offend) with more inspections than those that are considered low-risk (e.g. dining rooms). The inspection program strives for voluntary compliance through regular spot checks, training courses, on-site visits from the Enforcement Coordinator and newsletters.

There are three Inspectors in Yellowknife and one in each of the following communities: Hay River, Fort Smith, Ft. Simpson and Inuvik. Recruitment efforts are still on-going for Norman Wells.

The RCMP in each community conducts a walkthrough program as part of their routine patrol. Although the RCMP make their presence known in all licensed premises in the NWT, most walkthroughs are no longer reported. The RCMP do report violations found during these walkthroughs to Enforcement.

Inspection of Licensed Premises

In total there were 2,193 inspections reported by the inspectors 2004/2005.

| Community | 03-04 | 04-05 |
|--------------|-------------|-------------|
| | Inspector | Inspector |
| Hay River | 218 | 270 |
| Fort Smith | 187 | 167 |
| Fort Simpson | 6 | 195 |
| Norman Wells | 0 | 0 |
| Inuvik | 177 | 144 |
| Yellowknife | 995 | 1417 |
| TOTAL | 1583 | 2193 |

LICENSEE TRAINING

Enforcement offers licensees, their staff and permit holders a Server-Training course free of charge. Attendance is voluntary, however; the Board may order that licensees, management and their staff take the course as part of a penalty when a licensee has been found in violation. The Server-Training course educates the licensees on their responsibilities under the *Liquor Act*, Regulations

and Board policy. Some of the issues covered in the training include recognizing intoxication, identifying minors, managing crowd control and liabilities.

Licensees are provided with on-going information and have access to a toll free line for assistance if required. In addition, quarterly newsletters are published to assist in informing the licensees of current issues and to educate them on various sections of the legislation.

**SERVER TRAINING COURSES
2004/05**

| Community | # of Participants |
|------------------|--------------------------|
| Yellowknife | 26 |
| Inuvik | 0 |
| Fort Providence | 18 |
| Hay River | 12 |
| Norman Wells | 10 |
| Ft. Smith | 16 |
| Ft. Simpson | 22 |
| TOTAL: | 104 |

COMMUNITY OPTIONS

2004 – 2005

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 and/or frequency, the quantity and hours of sale; or approval to bring liquor into the community must be approved by an Alcohol Education Committee; or

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

Unrestricted Communities include:

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

Restricted Communities include:

| | | |
|------------|---------------|----------------|
| Dettah | Deline | Fort Good Hope |
| Fort Liard | Fort Simpson* | Norman Wells* |
| Behchokö | Ft. Liard | |

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:

Nahanni Butte
Whati

Wekweèti
Gamèti

Tsiigehtchic
Lutsel'Ke

Special Prohibition Orders:

Where a special occasion is to occur in a municipality, settlement or area and the council of the municipality, settlement or band wishes to have the consumption, purchase, sale or transport of liquor prohibited they may request 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 15 days prior to the event. The Minister may then declare the area prohibited for a period not exceeding 10 days.

| Community | Event | Duration |
|------------------|---|----------------------|
| Sachs Harbour | Whitefox Jamboree | May 4 – 9/05 |
| Holman | Christmas Games | Dec. 23/04–Jan. 1/05 |
| Fort McPherson | National Addictions Awareness Week | Nov. 14 – 20/04 |
| Fort Good Hope | National Addictions Awareness Week | Nov. 14 – 20/04 |
| Fort McPherson | Inter-Community Youth Baseball Tournament | Aug. 20 – 23/04 |
| Paulatuk | Ikhalukpik Jamboree | Jul. 26 – Aug. 4/04 |
| Jean Marie River | Community Reunion | Jul. 7 – 13/04 |
| Yellowknife | Akaiicho Territory Government – AGM | Jun. 14 -17/04 |

Liquor Plebiscite:

A community may change the 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 sixty percent of the votes cast at a plebiscite must be in favor 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 liquor status.

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

2004 – 2005



**Photo: Fall Colours North Slave Region
F. Hurconb/GNWT**

NWT LIQUOR LICENSING BOARD MISSION STATEMENT

The mission of the NWT Liquor Licensing Board is to conduct business to the best of our abilities (including hearing of application 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. Subject to the *Liquor Act* the Board may also make Regulations.

BOARD MEMBERS (as of MARCH 31, 2005)

Board members are appointed for a two-year term by the Minister of Finance to uphold the *Liquor Act*. As of March 31st, 2005 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. Wayne Smith | Inuvik |
| | Mr. Stanley Jones | Hay River |
| | Mrs. Sherry Hodgson | Norman Wells |
| | Mrs. Lorna Skinner | Yellowknife |

BOARD ACTIVITY: 2004 – 2005

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 2004-2005 the Board met seventeen times with seven meetings in Yellowknife, four in Hay River and one in Inuvik and five by teleconferencing.

The Board may hold public hearings in order to deal with applications where they deem the public may have an interest. During 2004-2005 the Board made themselves available to meet with the public each time they were in the community for a meeting.

The general public and licensees are notified in advance that the Board was available to meet with them to discuss issues relating to Board activities/responsibilities.

NWT LIQUOR LICENSES

| LICENSES ISSUED FOR 2005-2006 | | | | | | | | | | |
|-------------------------------|----------|---------|----------|-----------------|--------------------------------|-------------|------------|-------------|------|---------------------|
| Community | Aircraft | Canteen | Clubroom | Cocktail Lounge | Cultural & Priv. Rec. 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 | 2 | 5 | 1 | 4 | | | | 14 |
| Inuvik | | 2 | 2 | 4 | | 3 | | 1 | | 12 |
| Norman Wells | | | 2 | 4 | | 4 | | | | 10 |
| Yellowknife | | 2 | 3 | 19 | 3 | 28 | | 1 | | 56 |
| No Specific Community | 1 | | | | | | 10 | | 1 | 12 |
| Total Licenses Issued | 1 | 6 | 14 | 40 | 4 | 45 | 10 | 7 | 1 | 128 |

LIQUOR LICENSING BOARD 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.

Between April 1, 2004 and March 31, 2005, the following licensees appeared before the Liquor Licensing Board at a Show Cause Hearing. Dispositions vary according to the specifics of each case.

2004-2005 Show Cause Hearings

| Date/Location | License Holder | Violation | Disposition |
|----------------------------------|---|--|--|
| October 13, 2004 Hay River | Jeff Brockway o/a The Caribou Lounge | Section 20.1 of the <i>Liquor Regulations</i> (liquor removed from the premises) | Four-day suspension and \$1,000.00 fine |
| October 13, 2004 | Royal Canadian Legion Branch #250 | Section 20.1 of the <i>Liquor Regulations</i> (liquor removed from the premises) | Four-day suspension |
| December 7, 2004 Yellowknife | 953781NWT Ltd. o/a After Eight Neighbourhood Billiard Room | Section 98 (2) (a) of <i>Liquor Regulations</i> (allowed drunkenness) | Six-day suspension |
| December 7, 2004 Yellowknife | The Black Knight Pub o/a The Top Knight Pub 2 nd Floor | Section 41.1 of the <i>Liquor Regulations</i> (permitted the number of persons in the licensed premises to exceed the occupant load.) | Fined \$2000.00 |
| January 18, 2005 Norman Wells | Yamori Inn Ltd. o/a Driller's Tavern | Section 98(2) of Liquor Act; (did allow drunkenness x2) Section 20 (4) (exceeded the maximum number of drinks that may be served) | Four-day suspension and a \$1500.00 fine |
| March 14, 2005 Ft. Smith | 984260 NWT Ltd. o/a The Landing Lounge | Section 35 (b) of the Liquor Regulations (permitted a person while working to consume liquor) | Three-day suspension, \$1000.00 fine and staff ordered to attend a Server Trainer Course |
| March 14, 2005 | 892642 NWT Ltd. o/a Pine Crest Hotel | Section 35 (b) of the Liquor Regulations (permitted a person while working to consume liquor) | Three-day suspension, \$1000.00 fine and staff ordered to attend a Server Trainer Course |

Special Occasion Permits:

Under the *Liquor Act* the Board is also 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 2004-2005 there were 454 permits issued across the Northwest Territories.

| Permits Issued | | | | |
|-----------------------|------------------|-----------------|------------------|-----------------|
| Community | 2003-2004 | | 2004-2005 | |
| | Resale | Ordinary | Resale | Ordinary |
| Hay River | 85 | 32 | 69 | 22 |
| Yellowknife | 98 | 138 | 131 | 131 |
| Fort Simpson | 100 | 38 | 12 | 1 |
| Fort Smith | 144 | 3 | 10 | 6 |
| Inuvik | 21 | 0 | 39 | 0 |
| Norman Wells | 2 | 3 | 29 | 0 |
| Holman | 15 | 1 | 0 | 2 |
| Fort Liard | 12 | 1 | 3 | 0 |
| | 477 | 216 | 293 | 161 |

The number of permits issued continues to decline. Reasons stated by permit holders include high insurance costs and a lack of volunteer workers.

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 for the benefit of the licensees and the general public.

