

Message from the Chair

October 11, 2023

Submitted to:

Hon. Lorne Kusugak
Minister Responsible for the Nunavut Liquor & Cannabis Board
Government of Nunavut

Dear Mr. Kusugak,

On behalf of the Nunavut Liquor and Cannabis Board, I am pleased to submit the annual report for the Nunavut Liquor and Cannabis Board and the audited financial statements for the Board's operations for the fiscal year ended March 31, 2023. This report is submitted pursuant to section 9(1) of Nunavut's *Liquor Act*.

Sincerely,



Valerie Inukpuk,
Chairperson,
Nunavut Liquor & Cannabis Board

About the NLCB

Accountable to the Minister responsible for the Nunavut Liquor and Cannabis Board (NLCB), the Board functions as an independent quasi-judicial tribunal under the *Liquor Act*. The Board is responsible for issuing all liquor licences and for ensuring that licence holders maintain and operate their licensed premises in accordance with the law. The Board is also authorized to issue special occasion permits (SOPs).

Under the *Act*, the NLCB issues, renews, transfers licenses and holds show-cause hearings that can lead to suspension or cancellation of a licence. The Board is also responsible for controlling the conduct of liquor licence holders, management and equipment of licensed premises, and conditions under which liquor may be sold or consumed in licensed premises.

Under the *Cannabis Act*, the NLCB acts as an impartial appeals body between the Superintendent of Licensing (cannabis) and the cannabis retailers. Unlike its role in liquor, the NLCB is not responsible for issuing cannabis licences.

Mission

The mission of the Nunavut Liquor and Cannabis Board is to foster an environment that guides and regulates the legal and responsible use of alcohol and cannabis in Nunavut.

The Board believes that licence holders share the responsibility for this mission, and endeavors to maintain a positive relationship with Nunavut's businesses and organizations.

Board Members

Chair

Designated by the Minister, the Board Chair is directly accountable for all operation of the Board and for ensuring that all responsibilities to outside groups and individuals are met. The Board Chair ensures the integrity of the Board's operations.

Members

Board members, appointed by the Minister, participate in the efficient and effective implementation of the *Liquor Act* and the *Liquor Regulations*, and in conducting appeals pursuant to the *Cannabis Act* and *Cannabis Regulations*. Board members are responsible for participating in a professional and ethical manner in Board activities.

In fiscal year 2022-23, the Board appointed a new Chair and two new members.

Position	Incumbent	# of Terms	End of Term	Community
Chair (Ended May 2022)	Terry Dobbin	3	May 18, 2022	Iqaluit
Chair (Began May 2022)	Valerie Inukpuk	2	January 16, 2025	Iqaluit
Member	Leesa Ikkidluak	8	October 4, 2023	Kimmirut
Member	Qilak Kusugak	3	October 4, 2023	Rankin Inlet
Member	Percy Kabloona	1	May 18, 2024	Whale Cove
Member	Samson Ford	1	May 18, 2024	Iqaluit

Duties and Powers of the Nunavut Liquor and Cannabis Board

All Board decisions and business is conducted in a manner consistent with the Nunavut *Liquor Act* and the *Liquor Regulations*, other applicable legislation, and the policies of the Board.

Liquor

For liquor, the Board controls:

- the conduct of licence holders;
- the management and equipment of licensed premises;
- the conditions under which liquor may be sold or consumed on licensed premises;

and is authorized to:

- issue, renew and transfer liquor licences;
- after a hearing, cancel or suspend liquor licences; and,
- generally, advise the Minister on all matters of policy, legislation and administration relating to the sale, distribution and consumption of liquor.

Cannabis

For cannabis, the Board:

- acts as an independent tribunal for appeals from decisions made by the Office of the Superintendent; and,
- the Board may make rules or orders governing its proceedings.

Honoraria

Board members receive honoraria in accordance with the Financial Administration Manual directive 810. This directive was updated in January 2023, increasing honorarium rates to the following:

Duty	Chair	Member
Attendance at hearings for periods in excess of three hours (full day)	\$ 600.00	\$ 400.00
Attendance at hearings for periods of three hours or less (half-day)	\$ 300.00	\$ 200.00

Activities

Quarterly Meetings

The Board normally holds four regular meetings each fiscal year to handle business, inquiries, applications, and issues that come forward. The Board meets for one in-person meeting annually, typically in March of each year to approve liquor licence renewals for the following fiscal year. Due to scheduling conflicts in the previous fiscal year, the Board met for two in-person meetings in 2022-23. The following meetings were held in 2022-23:

- Meeting # 89 - June 21-22, 2022 (in person)
- Meeting # 90 - October 25, 2022 (video conference)
- Meeting # 91 - January 10-12, 2023 (video conference)
- Meeting # 92 - March 15-16, 2023 (in person)

Supplemental Application and Email Polling

Ongoing business such as requests for changes in hours of operations, approval to purchase alcohol outside the Nunavut Liquor and Cannabis Commission, and the approval of special occasion permits are handled by email on a regular basis. In fiscal year 2022-23, there were approximately **130** decisions required by the Board.

Supplemental Teleconferences

Occasionally an issue arises which are too complex to handle by email decisions. In these instances, a supplemental teleconference is held. No ad hoc meetings were required by the Board in 2022-23.

Show Cause Hearings

A Show Cause Hearing must be held whenever alleged infractions of the Act and/or the regulations, or breaches of any conditions that may be attached to licences indicate that a suspension or cancellation of the licence may be appropriate.

The licence holder must show cause to the Board why the licence should not be cancelled or suspended, or a lesser penalty imposed.

The Board shall ensure that all licence holders, applicants for a licence, and other parties involved in a hearing are provided with a fair and impartial process in accordance with the Act, Regulations, and policies.

Any proceedings before the Board for the cancellation or suspension of a licence must be held in accordance with the rules of natural justice, namely:

- the licence holder must know the nature of the accusation made;
- the licence holder must be given an opportunity to state their case; and
- the Board must act in good faith.

In Fiscal Year 2022-23, the Board held one show cause hearing. In January 2023, the Board found that 5437 Nunavut Ltd., operating as the Chartroom in Iqaluit and holder of licence #034 was in contravention of the Nunavut *Liquor Act* and *Liquor Regulations*.

The Licence Holder pled not guilty to two counts of contravening the liquor legislation by permitting intoxicated persons to remain on the licensed premises, and failing to take reasonable precautions to ensure that liquor sold on the licensed premises was not taken from those premises. On the basis of the evidence submitted by Liquor Enforcement and the Licence Holder, the Board found that both these charges were substantiated.

Public Hearings

Public hearings are required for new licences unless that requirement is waived by the Board, as required under section 28 of the *Liquor Act*.

There were no public hearings for new licences in fiscal year 2022-23.

Iqaluit Off-Premise Sales Plebiscite

The Board received a request from a licence holder for off-premises liquor sales in 2022-23. On October 24, 2023, Iqaluit residents voted against allowing breweries in Iqaluit to apply to sell beer from their premises. To pass, at least 60 percent of total votes must be in support of issuing of these licences in a community. Of the 374 total votes, 194 voters (51.9 percent) were against the motion. Voter turnout was 9.18 percent.

Another plebiscite on whether to issue off-premises sales licences in Iqaluit will not be able to take place for the next three years.

Liquor Licence Renewals

The Board continues to work with licence holders to improve its licensing processes and practices.

As per section 17 of the *Liquor Act*, all licences issued under the *Liquor Act* expire on March 31, unless otherwise specified. Licence holders must annually submit a licence renewal application to the Board, who will issue a renewed licence valid for the following fiscal year. The Board renewed the following liquor licences for 2022-23:

Licence Number	Establishment Name	Type of Licence
001	Granite Dining Room and Banquet Rooms, Discovery Boutique Hotel, Iqaluit	Dining Room Liquor Licence
003	BPO Elks Lodge #570, Iqaluit	Club Liquor Licence
004	Arctic Club and Wolf's Den (Canadian Forces Station, Alert)	Canteen Liquor Licence
008	Frobisher Racquet Club, Ltd, Iqaluit	Private Recreational Facility Liquor Licence
014	Royal Canadian Legion Branch #168, Iqaluit	Club Liquor Licence
017	Frobisher Inn, Iqaluit	Guest Room Liquor Licence
018	Frobisher Kitchen & Eatery, Iqaluit	Dining Room Liquor Licence
019	Storehouse Bar & Grill, Iqaluit	Cocktail Lounge Liquor Licence
020	Arctic Watch Lodge, Kuuganajuk	Special Liquor Licence
023	L'Association des francophones du Nunavut, Iqaluit	Club Liquor Licence
025	RCMP Headquarters - All Ranks Mess, Iqaluit)	Canteen Liquor Licence
026	Ikaluktutiak Elks Lodge #593, Cambridge Bay	Club Liquor Licence
028	Dorset Suites, Huit Huit Tours Ltd, Kinngait	Guest Room Liquor Licence
030	Royal Canadian Legion Branch #169, Rankin Inlet	Club Liquor Licence
034	Chartroom, Iqaluit	Cocktail Lounge Liquor Licence
035	Aqsarniit Hotel and Conference Centre, Iqaluit	Dining Room Liquor Licence
036	Aqsarniit Hotel and Conference Centre, Iqaluit	Cocktail Lounge Liquor Licence
037	Nunavut Brewing Company Ltd, Iqaluit	Cocktail Lounge Liquor Licence
BP001	Nunavut Brewing Company Ltd, Iqaluit	Brewery Permit

NUNAVUT LIQUOR AND CANNABIS BOARD
STATEMENT OF EXPENDITURES
March 31, 2023

NUNAVUT LIQUOR AND CANNABIS BOARD

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the statement of expenditures, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the statement of expenditures, including the disclosures, and whether the statement of expenditures represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

We further report in accordance with the *Financial Administration Act* of Nunavut that, in our opinion, proper books of account have been kept by the Board, the statement of expenditures is in agreement therewith and the transactions that have come under our notice have, in all significant respects, been within the statutory powers of the Board.

Iqaluit, Nunavut
September 13, 2023



Chartered Professional Accountants
Lester Landau Accounting Professional Corp.

NUNAVUT LIQUOR AND CANNABIS BOARD

SCHEDULE OF EXPENSES

For the Year Ended March 31, 2023

	<u>Budget</u> <u>2023</u> (Unaudited)	<u>Actual</u> <u>2023</u>	<u>Actual</u> <u>2022</u>
Expenses			
Advertising and promotion	\$ -	\$ -	\$ 5,727
Conferences and catering	-	937	871
Fees and payments	2,000	9,500	9,600
Materials and supplies	1,000	67	406
Purchased services	5,000	-	-
Permanent salaries	33,000	8,083	6,374
Service contracts	95,000	55,558	59,079
Travel and transportation	30,000	5,933	5,945
Other expenses	2,000	-	-
	<u>\$ 168,000</u>	<u>\$ 80,078</u>	<u>\$ 88,002</u>

NUNAVUT LIQUOR AND CANNABIS BOARD
NOTES TO THE STATEMENT OF EXPENDITURES

For the Year Ended March 31, 2023

1. Nature of the Organization

The Nunavut Liquor and Cannabis Board operates at arm's length from the Government of Nunavut under the Nunavut Liquor Act. The purpose of the Board is to adjudicate over liquor and cannabis licensing in Nunavut. The Board is a public agency and is exempt from income tax. The Board's continued existence is dependent upon the continuing support from the Government of Nunavut.

2. Significant Accounting Policies

The statement of expenditures has been prepared, on a going concern basis, in accordance with the Financial Administration Manual of the Government of Nunavut and includes the following significant accounting policies.

(a) Use of Estimates

The preparation of the statement of expenditures of the Board requires management to make estimates and assumptions based on information available as of the date of the statement of expenditures. Actual results could differ from those estimates.

(b) Expense Allocations

Expenses are reported on the accrual basis of accounting, which recognizes expenses as they are incurred and measurable, as a result of receipt of goods or services.

Expenses which are wholly attributable to the Board are charged directly to the Board. Where expenses are not wholly attributable to the Board these expenses are allocated amongst the Board and other cost centres of the Ministry of Finance based on the Ministry's estimates of the time, effort and resources required to support these activities.

(c) Accrual Basis

The statement of expenditures has been prepared on the accrual basis of accounting.