

ANNUAL REPORT

NUNAVUT LIQUOR LICENSING BOARD

2014 – 15

July 31, 2015, revised December 31, 2015

Submitted to:

THE HONOURABLE KEITH PETERSON

MINISTER OF FINANCE

MINISTER RESPONSIBLE FOR

The Nunavut Liquor Licensing Board

GOVERNMENT OF NUNAVUT

Annual Report of the Nunavut Liquor Licensing Board: 2014 - 15

On behalf of the Nunavut Liquor Licensing Board, I am pleased to submit the Annual Report for the Nunavut Liquor Licensing Board and the audited financial statements for the Board's operations for the fiscal year ended March 31, 2015.

This report is submitted pursuant to section 9(1) of the Nunavut *Liquor Act*.

JOHN MAURICE, Chairperson

Nunavut Liquor Licensing Board

MISSION STATEMENT:

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

Duties and Powers of the Nunavut Liquor Licensing Board

1. All Board decisions must be made and business conducted in a manner consistent with the Nunavut Liquor Act and Regulations, other applicable legislation, and the policies of the Board.
2. The Minister is authorized to set out guidelines not inconsistent with the Act, and the Board must act in accordance with those guidelines.
3. The Board must control:
 - a. the conduct of licence holders;
 - b. the management and equipment of licensed premises;
 - c. the conditions under which liquor may be sold or consumed on licensed premises.
4. The Board may:
 - a. issue, renew and transfer licences;
 - b. after a hearing, cancel or suspend licences;
 - c. generally advise the Minister on all matters of policy, legislation and administration relating to the sale, distribution and consumption of liquor;
 - d. make rules or orders governing its proceedings.

Authority: Nunavut Liquor Act, s.6

Members of the Nunavut Liquor Licensing Board: 2014 - 15

Dr. David Wilman, Chairperson, Iqaluit,

Appointed: October 2005

Reappointed: November 2007 *

Reappointed: November 2009

Reappointed: September 2011

Reappointed: September 2013

Leesa Sowdluapik, Member, Pond Inlet,

Appointed: December 2007

Reappointed: November 2009

Reappointed: September 2011

Reappointed: September 2013

John Maurice, Member, Iqaluit,

Appointed: September 2011

Reappointed: September 2013

Appointed Chairperson, October 5, 2015

Joseph Kaviok, Member, Arviat,

Appointed: March 2014

Notes:

* Dr. Wilman served as a member of the Board from November 2007 - 2009.

ANNUAL REPORT 2014-2015 (as of December 31, 2015)

The Nunavut Liquor Licensing Board (NLLB) is a public regulatory body established under the Nunavut *Liquor Act*. The Board's mission, duties and powers are outlined on page 2 of this report and are set out in Section 6 of the *Liquor Act*. The Board is responsible for the control of the conduct of licensees, the management and equipment of licensed premises, and the conditions under which liquor may be sold or consumed in licensed premises. In order to carry out these responsibilities, the Act provides the Board with the power to issue, renew and transfer licences, and to hold show cause hearings that might lead to suspension or cancellation of a licence. The Board reports to the Minister Responsible for the Nunavut Liquor Licensing Board and provides advice to the Minister on all matters of policy, legislation and administration relating to the sale, distribution and consumption of alcohol.

The Board's mission is 'to foster an environment that guides and regulates the legal and responsible use of alcohol' in Nunavut. In pursuing this mission, the Board takes the position that licensees share the responsibility for this mission, and endeavours to maintain a positive relationship with the businesses and organizations to which it grants licences.

The Board normally holds four regular meetings each fiscal year in order to handle the business, requests, applications and issues that come before it. One meeting is scheduled in March each year to approve licence renewals for the following fiscal year, which is also the licensing year. During 2014 - 15, meetings were held in June and September 2014, and January and March 2015. Between meetings, ongoing business such as the frequent requests for changes in hours of operations, approval to purchase types of alcohol not stocked by the Government's liquor warehouses, and the approval of special occasion permits are handled by email on an almost daily basis.

Application for Brewery Permit

During 2014, the NLLB was contacted by a group expressing interest in opening and operating a brewery in Iqaluit. While the Nunavut *Liquor Act* is generally rather archaic, it does deal with the establishment of breweries in some detail, and allows for them to be licensed by the Board. Under Section 16.4(1) of the Act, a very significant condition for licence approval is that the proponents must seek and have the approval of the Council of the municipality in which they propose to operate. Without this Council approval, the Board cannot approve a Brewery Permit.

The Board provided the proponents with information about the relevant legislation and the requirements set out in the Act. Anticipating that a formal application might soon be submitted and that any such application will certainly become a highly controversial issue, the Board also decided to inform the Council of each community in Nunavut about the legislation pertaining to the establishment of breweries so that they have the information they require in order to make informed decisions.

Development of Nunavut Liquor Licensing Board Website

While it is still under development with new information being added regularly, the Nunavut Liquor Licensing Board's new website is currently in the final stages of development. The Board's objective is to have the website up and running at www.nllb.ca before the end of 2015. The website contains a wide range of information about the Board's members, duties and responsibilities, copies of the Nunavut *Liquor Act* and Regulations, all of the Board's interpretive directives and decision papers, and all of the forms and documents individuals or businesses might need to use in making applications to the Board. These forms are being developed in fillable PDF format and it is hoped that it will soon be possible to submit them electronically from the website.

The Board's website will provide links to reports, documents and news articles on alcohol related issues in Nunavut and to the Government of Nunavut's website, and will soon be linked to the Association of Canadian Liquor Licensing Authorities' website, thereby providing a link to all other licensing jurisdictions in Canada.

Show Cause Hearings

From time to time the Board deals with complaints brought to it by Liquor Enforcement through the Department of Justice when infractions of the Act or Regulations by licensees have been reported. In these cases, pursuant to its obligation under section 6(2)(a) of the *Liquor Act* which directs the Board to control the conduct of licence holders, the Board requires the licence holder to appear and show cause as to why their licence should not be suspended, cancelled or have conditions and/or fines imposed on it pursuant to sections 35 to 37 of the Nunavut *Liquor Act*. Over the last several years, the number of violations by licensees that have been brought before the Board has declined significantly. During fiscal year 2014 - 15, the Board did not have to schedule any hearings for violations of the *Liquor Act* or Liquor Regulations by its licensees. The Board believes that this significant improvement is a direct result of the positive working relationship that it has fostered with licence holders over the last several years.

The Association of Liquor Licensing Authorities of Canada

The Association of Liquor Licensing Authorities of Canada (ALAC) is a national association of liquor licensing jurisdictions with representation from each province and territory. The Association meets twice a year and the Chair represents Nunavut as the voting delegate on decisions made by the Association. Topics at the meeting in St. John's, Newfoundland, in June 2014 included enforcement of liquor laws and regulations, inspector training and safety, and social responsibility initiatives.

In February 2015, the Chairperson, Dr. David Wilman, attended the annual meeting of the Winter ALAC Meeting in Toronto. The major topics at this meeting were bootlegging and a review of the modernization of liquor legislation that is currently underway in several provinces

Respectfully submitted,

John Maurice, Chairperson,

Nunavut Liquor Licensing Board

Organization of the Nunavut Liquor Licensing Board

2014 - 15

Organization Chart:

NUNAVUT LIQUOR LICENSING BOARD

MINISTER RESPONSIBLE FOR THE NUNAVUT LIQUOR LICENSING BOARD

Executive Secretary, Government of Nunavut, Department of Justice

Iqaluit

Liquor Licences Approved for 2014 - 15

Under subsection 13(1) of the Nunavut *Liquor Act*, the Nunavut Liquor Licensing Board has absolute discretion in the granting of new liquor licences and in the renewal of existing licences.

On March 12, 2014, the Board approved renewal of the following licences:

Licence #001

Operating As The Granite Dining Room – DINING ROOM - Arctic Resources Ltd., Discovery Lodge Inn

Licence #002

Operating As The Bathurst Inlet Lodge – SPECIAL - Bathurst Inlet Development Ltd.

Licence #003

Operating As B.P.O. Elks Lodge – CLUB- B.P.O. Elks Lodge, Branch # 570, Iqaluit

Licence #004

Operating As The Arctic Club & Wolf's Den – SPECIAL- CFSAlert

Licence #005

Operating As The Trading Post – CANTEEN- CFSAlert

Licence #006

Operating As The Fort Eureka Canteen – CANTEEN - CFSAlert

Licence #008

Operating As The Frobisher Racquet Club –PRIVATE RECREATIONAL FACILITY-Frobisher Racquet Club Ltd.

Licence #009

Operating As The High Arctic Lodge, Victoria Island –SPECIAL- High Arctic Sports Fishing Camps

Licence #011

Operating As The Chartroom Lounge – COCKTAIL- 994459 Nunavut Ltd

Licence #012

Operating As The Captain's Table Dining Room – DINING ROOM - Chan's Family Investments Inc.

Licence #014

Operating As The Royal Canadian Legion –CLUB- Royal Canadian Legion Branch # 168. Iqaluit

Licence #015

Operating As The Sniktarvik Hotel –GUEST ROOM - Kissarvik COOP, Rankin Inlet

Licence #017

Operating As The Frobisher Inn – GUEST ROOM- 902776 NWT Ltd. Frobisher Inn

Licence #018

Operating As The Gallery Dining Room – DINING ROOM - 902776 NWT Ltd. Frobisher Inn

Licence #019

Operating As The Storehouse Bar & Grill – COCKTAIL- 902776 NWT Ltd. Frobisher Inn

Licence #020

Operating As The Arctic Watch, Somerset Island –SPECIAL- Canadian Arctic Holidays Ltd

Licence #021

Operating As The Waters' Edge Seafood and Steakhouse –DINING ROOM - Donna & Kim Waters

Licence #022

Operating As The Waters' Edge Kickin' Caribou Lounge – COCKTAIL LOUNGE- Donna & Kim Waters

Licence #023

Operating As L' Association des Francophones du Nunavut – CLUB- L' Association des Francophones du Nunavut

Licence #024

Operating As The Granite Dining Room Discovery Inn. –GUEST ROOM – Arctic Resources Ltd.

Licence #025

Operating As The RCMP Iqaluit Mess – CANTEEN - RCMP

Licence #026

Operating As The Ikaluktutiak Elks #593- CLUB- B.P.O. Elks Lodge, Branch # 593, Cambridge Bay

Licence #027

Operating As The Royal Canadian Legion – CLUB- Royal Canadian Legion Branch # 169. Rankin Inlet

Licence #028

Operating As Huit Huit Tours - Cape Dorset Suites Hotel – GUEST ROOM - Kristina Alariaq

Contact Information for Members of the Nunavut Liquor Licensing Board: 2014 -15

(at March 31, 2015)

David Wilman, Chairperson, P.O. Box 475, Iqaluit, Nunavut telephone: 867-979-1578

email: dwilman@xplornet.ca

Leesa Sowdluapik, Member, P.O. Box. 11175, Iqaluit, Nunavut, telephone: 867-979-2572

email: lsowdluapik77@hotmail.com

John Maurice, Member, P.O. Box 761. Iqaluit, Nunavut, telephone: 867-979-1226

email: jtmaurice@northwestel.net

Joseph Kaviok, Member, P.O. Box XXX, General Delivery, Arviat, Nunavut, telephone: 867-857-4510

email: josephkaviok@gmail.com

INDEPENDENT AUDITORS' REPORT

To the Minister of Justice, Government of Nunavut

We have audited the accompanying statement of expenditures of the Nunavut Liquor Licensing Board relating to the expenses connected with operating the Board in accordance with the Nunavut Liquor Act for the year ended March 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Statement of Expenditures

Management is responsible for the preparation and fair presentation of this statement of expenditures in accordance with the basis of accounting disclosed in Note 2 to the statement of expenditures, and for such internal control as management determines is necessary to enable the preparation of the statement of expenditures that is free of material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the statement of expenditures in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement of expenditures is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of expenditures. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the statement of expenditures, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the statement of expenditures 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluation of the overall presentation of the statement of expenditures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statement of expenditures of the Nunavut Liquor Licensing Board presents fairly, in all material respects the expenses connected with operating the Board in accordance with the Nunavut Liquor Act for the year ended March 31, 2015 in accordance with the basis of accounting disclosed in Note 2 to the statement of expenditures.

Report on Other Legal and Regulatory Requirements

We further report, in accordance with the *Financial Administration Act*, in our opinion, proper books of account have been kept by the Nunavut Liquor Licensing 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 Nunavut Liquor Licensing Board.

Under section 100(1) of the *Financial Administration Act* of Nunavut, the Nunavut Liquor Licensing Board is required to submit its annual report to the appropriate Minister no later than 90 days after the end of its financial year, or an additional period, not exceeding 60 days that the Minister of Finance may allow. The Nunavut Liquor Licensing Board did not meet its statutory deadline for submitting its annual report.



Iqaluit, Nunavut
October 28, 2015

CHARTERED ACCOUNTANTS

NUNAVUT LIQUOR LICENSING BOARD
STATEMENT OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2015

	Budget <u>2015</u> (unaudited)	Actual <u>2015</u>	Actual <u>2014</u>
EXPENDITURES			
Advertising and publications	\$ 0	\$ 0	\$ 5,231
Computer hardware and software	0	1,375	0
Conferences and catering	0	0	1,266
Fees and payments	2,000	47,303	42,475
Materials and supplies	4,000	3,910	1,179
Salaries and honoraria	0	13,225	207,377
Service contracts	64,000	19,079	20,291
Travel and accommodation	<u>70,000</u>	<u>20,216</u>	<u>15,283</u>
	<u>\$ 140,000</u>	<u>\$ 105,108</u>	<u>\$ 293,102</u>

**NUNAVUT LIQUOR LICENSING BOARD
NOTES TO THE STATEMENT OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2015**

1. NATURE OF THE ORGANIZATION

The Nunavut Liquor Licensing 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 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 accounting policies followed by the Board are in accordance with the Financial Administration Manual of the Government of Nunavut and include 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. Therefore, actual results could differ from those estimates.

(b) Accrual Basis

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

(c) Allocation of Expenditures

Expenditures which are wholly attributable to the Board are charged directly to the Board. In circumstances where expenditures are not wholly attributable to the Board these expenditures are allocated amongst the Board and other cost centers of the Ministry of Justice based on the Ministry's estimates of the time, effort and resources required to support these activities.

**Contact Information for Members of the
Nunavut Liquor Licensing Board: 2014 - 15
(at March 31, 2015)**

David Wilman	Chair	P.O. Box 475 Iqaluit, NU X0A 0H0	867-979-1578	dwilman@xplornet.ca
Leesa Sowdluapik	Member	P.O. Box 11175 Iqaluit, NU X0A 0H0	867-979-2572	lsowdluapik77@hotmail.com
John Maurice	Member	P.O. Box 761 Iqaluit, NU X0A 0H0	867-979-1226	jtmaurice@northwestel.net
Joseph Kaviok	Member	P.O. Box XXX Arviat, NU X0C 0A0	867-857-4510	josephkaviok@gmail.com