

August 27, 2019

Submitted to:

THE HONOURABLE GEORGE HICKES
MINISTER OF FINANCE
MINISTER RESPONSIBLE FOR
THE NUNAVUT LIQUOR AND CANNABIS BOARD
GOVERNMENT OF NUNAVUT

2018-19 Annual Report of the Nunavut Liquor and Cannabis Board

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, 2019.

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



TERRY DOBBIN, Chairperson
Nunavut Liquor and Cannabis Board



MISSION STATEMENT:

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 in Nunavut.

Duties and Powers of the Nunavut Liquor and Cannabis 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 shall 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: *Liquor Act*, s.6

Members of the Nunavut Liquor and Cannabis Board: 2018-19

Members of the Board are appointed for a two-year term.

Terry Dobbin, chairperson, Iqaluit

Appointed: May 18, 2016

Reappointed: May 18, 2018

Appointed chairperson: October 5, 2017

Miranda Atatahak, member, Kuqłuktuk

Appointed: October 5, 2017

Robert Jancke, member, Cambridge Bay

Appointed: May 18, 2016

Reappointed: May 18, 2018

Qilak Kusugak, member, Iqaluit

Appointed: October 5, 2017

Leesa Sowdluapik, member, Pond Inlet/Iqaluit

Appointed: November 30, 2007

Reappointed: November 9, 2009

Reappointed: September 20, 2011

Reappointed: September 20, 2013

Reappointed: October 5, 2015

Reappointed: October 5, 2017

Board Member Profiles

Terry Dobbin (chairperson)

A Nunavut resident for 20 years, Terry brings a strong community commitment to the Nunavut Liquor and Cannabis Board. A former City of Iqaluit councillor, Terry has served on both City of Iqaluit and Government of Nunavut committees. He was co-chair of the city's economic development committee involved in the development of the City of Iqaluit Community Economic Development Plan and the city's strategic plan. His focus during his terms on council were improving city infrastructure and addressing the housing shortage concerns.

In his civic role, and from having travelled throughout Nunavut's Baffin, Kitikmeot and Kivalliq regions, Terry has extensive understanding of local community challenges and opportunities associated with responsible community development. Prior to joining the NWT and Nunavut Chamber of Mines, he was employed at Northern News Services based in Iqaluit. Additionally, Terry owns and operates a small business in the territory's capital.

Terry has a bachelor of arts from the University of New Brunswick in Fredericton, New Brunswick, a diploma in social sciences from Champlain Regional College in Lennoxville, Québec, and a legal studies diploma from Academy Canada in Corner Brook, Newfoundland. His hobbies include fishing, guitar and hockey.

Leesa Sowdluapik

Leesa was raised in Pangnirtung, Nunavut, but now resides in Iqaluit. In 2000, Leesa began her career with the Government of Nunavut. Since joining the GN, Leesa has served as a travel coordinator, staff development specialist and finance officer for the Department of Health and Social Services in Iqaluit, and as the staff relocation officer for the Department of Education, Qikiqtani School Operations in Pond Inlet. She now works for Nunavut Arctic College as human resources relocation and leave and administrative coordinator.

In Pond Inlet, Leesa served as a member of the hamlet council and of the health and social services committee, which monitors and approves liquor applications for the community. Leesa was appointed to the Nunavut Liquor and Cannabis Board in December 2007, and is currently serving her sixth term.

Qilak Kusugak

Qilak Kusugak, appointed to the Nunavut Liquor and Cannabis Board in 2017, currently resides in Iqaluit, but grew up in Rankin Inlet. Qilak has been the director of implementation for Nunavut Tunngavik Inc since 2015, and has also held positions with the Kivalliq Inuit Association, the Government of Nunavut and the Nunavut Planning Commission.

Qilak has over 12 years of Board experience, including work with the Nunavut Water Board, the Nunavut Broadband Development Corporation and the Kivalliq Mine Training Society. His career and community experience contribute greatly to the efficiency and effectiveness of the Nunavut Liquor and Cannabis Board. Qilak and his wife Denise have two teenage children; daughter Taylor and son Dylan.

Miranda Atatahak

Miranda Atatahak has been a director of the Nunavut Liquor and Cannabis Board since October 2017. Raised in Kugluktuk, Miranda has been a career development officer in the community for over seven years and is an active volunteer with a number of different activities, including the Nattiq Frolics and the Christmas committee. Miranda is currently serving as Deputy Mayor for the Hamlet of Kugluktuk. Some of her past board experience includes the Kugluktuk District Education Authority and the Kugluktuk Community Readiness Initiative.

Miranda's participation as a youth ambassador on the Nunavut Liquor Act Review Task Force from 2010-2012 has given her valuable experience and familiarity with the *Liquor Act*, making her an important contributing member of the Nunavut Liquor and Cannabis Board.

Robert Jancke

Bob Jancke has been a resident of the Kitikmeot region in Nunavut for over 35 years, and is the owner/operator of Nanook Woodworking Ltd. in Cambridge Bay; a construction, general contracting and property management company.

Bob has been an active volunteer in Cambridge Bay since 1994, including working as a volunteer firefighter, coaching minor hockey, and supporting and fundraising for many other youth and community activities. As a small business and property owner, Bob brings valuable business and community experience to the Board, and in May 2018 was appointed to his second term. Bob's interests include spending time with family, outdoor activities and carpentry.

Role of the Board

The Nunavut Liquor and Cannabis Board (NLCB) is a public regulatory body established under the Nunavut *Liquor Act*. The Board's mission, duties and powers are outlined earlier in this report and are set out in Section 6 of the *Liquor Act*. As of October 2019, the Board also has a role in cannabis licensing. Sections 13 and 16 of the *Cannabis Act* outline the role of the board (as detailed on p. 7 of this report).

Under the *Liquor Act*, the Board is responsible for the control of the conduct of liquor licence holders, 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 and Cannabis 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. The Board takes the position that licence holders 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 of each year to approve licence renewals for the following fiscal year, which is also the licensing year. In 2018-19, meetings were held in June and October 2018, and January and March 2019.

Ongoing business such as 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 a regular basis.

The Nunavut Liquor and Cannabis Board did not conduct any public hearings in 2018-19.

Development of Nunavut Liquor and Cannabis Board Website

In 2018-19 the Nunavut Liquor and Cannabis Board website was overhauled and is now merged with the existing Government of Nunavut website. The new site provides a more user friendly interface to improve the efficiency of the licensing and special occasion permit issuing processes.

Show Cause Hearings

Periodically, the Board deals with complaints brought to it by Liquor Enforcement, when infractions of the *Liquor Act* or *Liquor Regulations* by licence holders 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 *Liquor Act*.

Over the last several years, the number of violations by licence holders that have been brought before the Board has declined significantly. During fiscal year 2018-19, the Board held two show cause hearings.

Royal Canadian Legion 168

The Nunavut Liquor and Cannabis Board held a show cause hearing on October 3, 2018 to consider allegations of contraventions of the *Liquor Act* and *Regulations* made in respect of the operations of the Royal Canadian Legion 168, in Iqaluit, holder of liquor licence #014.

At the hearing, the Licence Holder entered a guilty plea to two charges of contravening the liquor legislation by permitting intoxicated persons to remain on the licensed premises.

The Board accepted the joint submission made by the Licence Holder and Liquor Enforcement regarding the appropriate penalty to be imposed, and imposed a total fine of \$8,000 and, in addition, suspended the licence of the Royal Canadian Legion 168 for one day on Wednesday, October 10, 2018.

B.P.O Elks Lodge, Branch #570

The Nunavut Liquor and Cannabis Board held a show cause hearing on October 3, 2018 to consider allegations of contraventions of the *Liquor Act* and *Regulations* made in respect of the operations of the B.P.O Elks Lodge, Branch #570, in Iqaluit, holder of liquor licence #003.

At the hearing, the Licence Holder entered a guilty plea to one charge of contravening the liquor legislation by permitting intoxicated persons to remain on the licensed premises.

The Board accepted the joint submission made by the Licence Holder and Liquor Enforcement regarding the appropriate penalty to be imposed, and imposed a total fine of \$4,000 and, in addition, suspended the licence of the B.P.O Elks Lodge, Branch #570 for one day on Wednesday, October 10, 2018.

The Board's Role in Cannabis

On October 17, 2018, Cannabis became legal for recreational use in Canada.

The Legislative Assembly passed Nunavut's *Cannabis Act* in summer 2018, setting the legal age for possession at 19, allowing for home cultivation of up to 4 plants, and assigning responsibility for sales and distribution to the Nunavut Liquor and Cannabis Commission.

Currently in Nunavut, the sale of cannabis is online only, and run through agents of the Liquor and Cannabis Commission. By March 2018-19, the Commission had two agents delivering cannabis to Nunavummiut through their online stores. The Commission is seeking to contract with other agents in the future to offer more diversity to consumers.

Under Nunavut's Cannabis legislation, cannabis stores, remote sales stores, and cannabis lounges require a cannabis licence, to be issued by a Superintendent of Licensing. Unlike its role in liquor licensing, the Nunavut Liquor and Cannabis Board will not be responsible for issuing cannabis licences, but instead will act as an appeal committee, hearing and ruling on appeals from licensees regarding renewals and sanctions.

The Commission and the Government of Nunavut are currently drafting the framework for licensing, and expect to see licenced establishments in the territory by 2020.

Association of Liquor Licensing Authorities of Canada

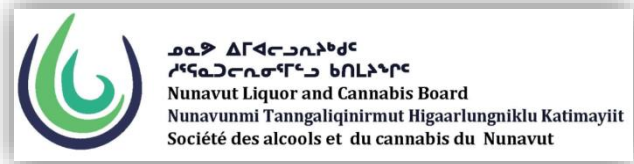
The Association of Liquor Licensing Authorities of Canada (ALAC) is a national association of liquor licensing jurisdictions with representation from each province and territory. The association meets twice a year and the chairperson of the Nunavut Liquor and Cannabis Board attends the meetings as a representative from Nunavut. Topics at these meetings include liquor laws and regulations, server training, licence renewal processes and social responsibility initiatives.

In 2018-19, Board chairperson, Terry Dobbin attended the Summer ALAC meeting in June 2018 in Winnipeg, Manitoba, and the Winter ALAC meeting in February 2019 in Toronto, Ontario.

Notable topics at these meetings included: cannabis legalization; advertising and pricing practices; changes in licencing processes; and, presentations from various stakeholder organizations, including the Canadian Centre on Substance Use and Addiction.

Board Title Change

Following the legalization of cannabis in October 2018 – with the Board’s new role in cannabis licencing - the Board changed its name from the Nunavut Liquor Licensing Board, to the Nunavut Liquor and Cannabis Board. The Board continues to transition its public material, forms and website to incorporate its new title.



Changes to the Liquor Licence Renewal Process

In 2018-19 the Nunavut Liquor and Cannabis Board made significant efforts to improve efficiency in its liquor licence renewal process.

Beginning in January 2019, all existing liquor licence holders in the territory wishing to renew their licenses are now required to appear before the Board at a meeting (either in person or by teleconference) in advance of licence expiry.

The aim of the mandatory meeting is to ensure licence holders understand their requirements under the legislation, and to limit the need to extend licences beyond their expiry date to accommodate administrative delays.

The revised process proved successful and, unlike in previous years, no 2018-19 licences required extensions beyond the fiscal year.

The Board will continue to work with licence holders to improve its licensing processes and practices, and is looking forward to making further enhancements in the coming year.

Liquor Licences Approved for 2019-2020 year

Under section 6(3)(a)(i) of the *Liquor Act*, the Nunavut Liquor and Cannabis Board has the power to issue, renew and transfer liquor licences.

As per section 17 of the *Liquor Act*, all licences issued under the *Liquor Act* expire on March 31 of each year, unless there is a different date specified on the licence. 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 the 2019-2020 year, valid until March 31, 2020.

Licence Number	Establishment Name	Type of Licence
001	Granite Dining Room and Banquet Rooms, Discovery Boutique Hotel	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	Private Recreational Facility Liquor Licence
009	High Arctic Lodge	Special Liquor Licence
014	Royal Canadian Legion Branch #168, Iqaluit	Club Liquor Licence
017	Frobisher Inn	Guest Room Liquor Licence
018	The Frob Kitchen & Eatery	Dining Room Liquor Licence
019	The Storehouse Bar & Grill	Cocktail Lounge Liquor Licence
020	Arctic Watch Lodge	Special Liquor Licence
023	L'Association des francophones du Nunavut	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	Guest Room Liquor Licence
029	Arctic Haven Lodge, Canadian Arctic Holidays LTD	Special Liquor Licence
030	Royal Canadian Legion Branch #169, Rankin Inlet	Club Liquor Licence
031	The Snack	Dining Room Liquor Licence
032	Nunavut Brewing Company LTD	Brew Pub Liquor Licence
033	Siniktarvik Hotel	Guest Room Liquor Licence
BP001	Nunavut Brewing Company LTD	Brewery Permit

NUNAVUT LIQUOR AND CANNABIS BOARD
STATEMENT OF EXPENDITURES
March 31, 2019

NUNAVUT LIQUOR AND CANNABIS BOARD

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Auditors' Responsibilities for the Audit of the Statement Of Expenditures

Our objectives are to obtain reasonable assurance about whether the statement of expenditures as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these statement of expenditures.

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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the statement of expenditures or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the statement of expenditures, including the disclosures, and whether the statement of expenditures represent 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*, that, in our opinion, proper books of account have been kept by the Board, the statement of expenditures are in agreement with the records maintained by the Board and the transactions that have come under our notice have, in all significant respects, been within the statutory powers of the Board.

Iqaluit, Nunavut
July 19, 2019


Chartered Professional Accountants

NUNAVUT LIQUOR AND CANNABIS BOARD

STATEMENT OF EXPENDITURES

For the Year Ended March 31, 2019

	Budget 2019	Actual 2019	Actual 2018
	(Unaudited)		
Expenditures			
Advertising and promotion	\$ -	\$ 2,112	\$ -
Conferences and catering	-	159	-
Fees and payments	8,000	10,630	9,230
Purchased services	10,000	-	-
Materials and supplies	12,000	933	866
Permanent salaries	52,000	11,956	11,140
Service contracts	118,000	81,037	83,857
Travel and transportation	<u>50,000</u>	<u>23,387</u>	<u>19,931</u>
	<u>\$ 250,000</u>	<u>\$ 130,214</u>	<u>\$ 125,024</u>

NUNAVUT LIQUOR AND CANNABIS BOARD
NOTES TO THE STATEMENT OF EXPENDITURES

For the Year Ended March 31, 2019

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 have been prepared, on a going concern basis, 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 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 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 centers 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.