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Nunavut Liquor and Cannabis Board

Nunavunmi Tanngaliqinirmut Higaarlungniklu Katimayiit

Société des alcools et du cannabis du Nunavut

Nunavut Liquor and Cannabis Board

Annual Report

2019-20

August 24, 2020

Submitted to:

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

2019-20 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, 2020.

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 and cannabis 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: 2019-20

Members of the Board are appointed for two-year terms.

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

Reappointed: September 10, 2019

Robert Jancke, member, Cambridge Bay

Appointed: May 18, 2016

Reappointed: May 18, 2018

Qilak Kusugak, member, Iqaluit

Appointed: October 5, 2017

Reappointed: September 10, 2019

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

Reappointed: September 10, 2019

Board Member Profiles

Terry Dobbin (chairperson)

A Nunavut resident for over 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 seventh term.

Qilak Kusugak

Qilak Kusugak appointed to the Nunavut Liquor and Cannabis Board in 2017, originally from Rankin Inlet, currently resides in Iqaluit. 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 and cannabis 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 2019-20, meetings were held in June and October 2019, and January and March 2020.

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 also conducted one public hearing in January 2020, concerning the application in Iqaluit for two new liquor licences.

Maintenance of Nunavut Liquor and Cannabis Board Website

In 2019-20, the Nunavut Liquor and Cannabis Board website was updated to include interpretive directives, Ministerial directives, records of decision for show cause hearings, and interactive instructions for obtaining permits.

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 2019-20, the Board held two show cause hearings and adjourned one hearing until October 2020.

B.P.O. Elks Lodge, Branch #570

The Nunavut Liquor and Cannabis Board held a show cause hearing on June 27, 2019, 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 plea of not guilty to two charges of contravening the liquor legislation by: 1) selling liquor to an intoxicated person, and; 2) permitting intoxicated persons to remain on the licensed premises. After due process, the Board determined that the Licence Holder was responsible for the offences as alleged.

On August 1, 2020, the Board accepted the joint submission by the Licence Holder and Liquor Enforcement regarding the appropriate penalty to be imposed. The Board imposed a two-week suspension of B.P.O Elks Lodge, Branch #570 and a requirement for all servers to re-certify and the Manager to complete 6 modules of training for Food and Beverage Managers.

5514 Nunavut Ltd. (o/a The Snack)

The Nunavut Liquor and Cannabis Board held a show cause hearing on June 27, 2019 to consider allegations of contraventions of the *Liquor Act* and *Regulations* made in respect of the operations of the 5514 Nunavut Ltd., in Iqaluit, holder of liquor licence #031.

The parties submitted agreed statements of facts with respect to one charge of contravening the liquor legislation by permitting intoxicated persons to remain on the licensed premises and, a joint submission on sentence which included a fine of \$2000, a requirement for the presence of a designated supervisor during evenings, and re-certification for all servers. The Board accepted the joint submission on sentencing.

The Board's Role in Cannabis

In 2019-20, Nunavut entered its second year under the new Cannabis Act. The Act, passed in the summer of 2018, set the legal age for possession at 19 and allowed for home cultivation of up to 4 plants.

In fiscal year 2019-20, the sale of cannabis in Nunavut was online only, and run through agents of the Liquor and Cannabis Commission. As of March 2019, the Commission had two agents delivering cannabis to Nunavummiut through their online stores

Under Nunavut's cannabis legislation, cannabis stores, remote sales stores and cannabis lounges require a cannabis licence, to be issued by the 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 impartial appeals body, 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.

Changes to the Liquor Licence Renewal Process

The Nunavut Liquor and Cannabis Board has continued its work of improving efficiency in its liquor licence renewal process.

As of March 2019, a requirement was introduced for all licence applicants to provide criminal record checks, bringing Nunavut in-line with other jurisdictions. The public health emergency resulting from Covid-19 did create barriers to applicants receiving their criminal record check documents. In these instances, the Board granted extensions until June 30, 2020.

The Board also maintained the requirement for all existing liquor licence holders in the territory wishing to renew their licenses 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 Board will continue to work with licence holders to improve its licensing processes and practices and looks 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

034	Chartroom	Cocktail Lounge Liquor Licence
BP001	Nunavut Brewing Company LTD	Brewery Permit

COVID Related Extension:

Extensions were granted to the following establishments with incomplete renewal applications which could not be addressed due to Covid-19 related closures.

Extended to June 30, 2020:

Licence Number	Establishment Name	Type of Licence
003	BPO Elks Lodge #570, Iqaluit	Club Liquor Licence
009	High Arctic Lodge	Special Liquor Licence
014	Royal Canadian Legion Branch #168, Iqaluit	Club Liquor Licence
026	Ikaluktutiak Elks Lodge #593, Cambridge Bay	Club Liquor Licence
033	Siniktarvik Hotel	Guest Room Liquor Licence
034	Chartroom	Cocktail Lounge Liquor Licence

NUNAVUT LIQUOR AND CANNABIS BOARD
STATEMENT OF EXPENDITURES
March 31, 2020

NUNAVUT LIQUOR AND CANNABIS BOARD

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March 31, 2020

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Independent Auditors' Report

To the Minister of Finance, Government of Nunavut of the Nunavut Liquor and Cannabis Board

Report on the Audit of the Statement Of Expenditures

Opinion

We have audited the statement of expenditures of the Nunavut Liquor and Cannabis Board (the Board), relating to the expenses connected with operating the Board in accordance with the Nunavut Liquor Act for the year ended March 31, 2020, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying statement of expenditures present fairly, in all material respects, the expenses connected with operating the Board for the year ended March 31, 2020 in accordance with the basis of accounting disclosed in Note 2 to the statement of expenditures.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Statement Of Expenditures* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the statement of expenditures in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the statement of expenditures which describes the basis of accounting.

Responsibilities of Management and Those Charged with Governance for the Statement Of Expenditures

Management is responsible for the preparation and fair presentation of the 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 are free of material misstatement, whether due to fraud or error.

In preparing the statement of expenditures, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

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 is 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 this 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 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*, that, in our opinion, proper books of account have been kept by the Board, the statement of expenditures is 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 15, 2020


Chartered Professional Accountants

NUNAVUT LIQUOR AND CANNABIS BOARD

STATEMENT OF EXPENDITURES

For the Year Ended March 31, 2020

	Budget 2020	Actual 2020	Actual 2019
	(Unaudited)		
Expenditures			
Advertising and promotion	\$ -	\$ -	\$ 2,112
Conferences and catering	-	400	159
Fees and payments	2,000	8,950	10,630
Purchased services	5,000	-	-
Materials and supplies	4,000	741	933
Permanent salaries	37,000	13,166	11,956
Service contracts	90,000	70,787	66,772
Travel and transportation	35,000	35,389	37,652
Other expenses	<u>2,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 175,000</u>	<u>\$ 129,433</u>	<u>\$ 130,214</u>

NUNAVUT LIQUOR AND CANNABIS BOARD
NOTES TO THE STATEMENT OF EXPENDITURES

For the Year Ended March 31, 2020

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.

3. Comparative Amounts

Certain 2019 financial statement amounts have been reclassified to conform to the financial statement presentation adopted in the current year.

4. Covid-19 Implications

The COVID-19 virus is affecting businesses in Nunavut and throughout the world. A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the disease makes it difficult to determine the length of time that the Board's operations will be impacted. Consequently, at the time of issuance of this statement of expenditures, the effect that the abrupt decline in economic activity will have on the Board's operations and expenses is not yet known.