

**ANNUAL REPORT**

**NUNAVUT LIQUOR LICENSING BOARD**

**2014 – 15**

**July 31, 2015**

THE HONOURABLE GEORGE KUKSUK  
MINISTER OF 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*.

David Wilman  
Chair  
Nunavut Liquor Licensing Board

***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

<b>David Wilman</b>	<b>Chair</b>	<b>Iqaluit</b>	<b>Appointed: October 2005</b> <b>Reappointed: November 2007 *</b> <b>Reappointed: November 2009</b> <b>Reappointed: September 2011</b> <b>Reappointed: September 2013</b>
<b>Leesa Sowdluapik</b>	<b>Member</b>	<b>Pond Inlet</b>	<b>Appointed: December 2007</b> <b>Reappointed: November 2009</b> <b>Reappointed: September 2011</b> <b>Reappointed: September 2013</b>
<b>John Maurice</b>	<b>Member</b>	<b>Iqaluit</b>	<b>Appointed: September 2011</b> <b>Reappointed: September 2013</b>
<b>Joseph Kaviok</b>	<b>Member</b>	<b>Arviat</b>	<b>Appointed: March 2014</b>

Notes:

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

## Chair's Report

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.

### Follow-up on the Report of the Ministerial Task Force Reviewing the Nunavut *Liquor Act*

Because of the Chair's involvement as a member of the Task Force and because the NLLB is directly and frequently involved with the application and interpretation of the *Nunavut Liquor Act*, the Board has a particular interest in the development of new liquor legislation designed to 'reflect the dynamic needs of Nunavummiut' and 'to positively promote the responsible use of alcohol' in Nunavut. In addition, given its responsibility under Section 6 of the *Nunavut Liquor Act* to 'generally advise the Minister on all matters of policy, legislation and administration relating to the sale, distribution and consumption of liquor,' the Board believes that it has a public responsibility to comment on the Government's response to the recommendations made by the Task Force. In this report we comment on bootlegging, the ongoing problem of the uncontrolled supply

of illegal alcohol in Nunavut, and on the Government's proposal to open a beer and wine store in Iqaluit.

### Bootlegging: The Uncontrolled Supply of Alcohol in Nunavut

During the public meetings held by the Liquor Task Force in every Nunavut community in 2010 and 2011, Nunavummiut were asked to describe what the goals of any new liquor laws should be. Invariably, they replied that they wanted their communities to be healthier and safer places and frequently described a situation where the drinking culture has changed, and alcohol-related harm has been significantly reduced because:

- Bootleggers have been shut down;
- Communities have meaningful input and effective control over local decisions;
- Well-resourced Alcohol Education Committees exist in every community;
- There is an effective and efficient control and distribution system in place;
- Penalties and deterrents are working; and
- Appropriate and resourced education and treatment programs are readily available in Nunavut.

In its Final Report, which was tabled in the Legislative Assembly in November 2012, the Task Force supported the wishes of Nunavummiut by stressing the need to:

- Target special measures to stop bootlegging and the illegal sale and distribution of alcohol;
- Strengthen community empowerment to deal with alcohol related issues;
- Change the drinking culture;
- Improve the alcohol control, supply, and distribution system; and
- Increase efforts to help individuals and families struggling with the outcomes of addiction.

Given that the problem of bootlegging was a major concern raised in every community in Nunavut, the Task force recommended that the Government of Nunavut should eliminate the use of liquor import permits that allow Nunavummiut to import alcohol from other provinces, and establish itself as the sole supplier of alcohol in Nunavut (Halting the Harm, p.113/ 153). The elimination of import permits is an essential step in cutting off the supply of alcohol to bootleggers who are known to use government issued import permits to obtain most of their supplies.

Many bootleggers use the import permit system to bring their supplies into Nunavut legally, frequently placing orders that are far too large to possibly be for the purposes of personal consumption. The nature of these orders; for example, an order for 48, 40-ounce bottles of vodka or large quantities of mickeys of vodka, also indicate that the

liquor is being brought into the Territory for illegal sale. These examples are not isolated orders by individuals, but occur frequently and on a regular basis. The bootleggers' activities only become illegal when they then sell the alcohol but, as the Task Force heard in every community in Nunavut, bootlegging is big business. While a few bootleggers have been charged over the last three or four years, illegal sales of alcohol continue almost unabated in most communities and continue to be a major contributor to the social problems facing our communities, a factor in most criminal offences, and a major drain on Nunavut's financial resources. This criminal activity is, without any doubt, taking food off of tables in Nunavut and much needed clothing off of the backs of children.

Sadly, little has been done in legislative terms since 2012 to address this issue, so bootlegging remains a major social problem in most communities in Nunavut. In consultation with the GN Liquor Commission, the Task Force estimated that the economic value of bootlegging in Nunavut was in excess of \$10,000,000 per year in 2011. It is probably more than that amount now, four years later in 2015. Currently, there are no statistics to show the socio-economic impact of uncontrolled alcohol on absenteeism and workplace and economic productivity in Nunavut. Regardless, one thing is clear: the issue will not go away without leadership by the Government of Nunavut to put in place a major, prolonged and determined initiative to rid Nunavut of this pernicious problem.

Components of such an initiative were set out in the Task Force Report, which recommended that the GN should shut down bootleggers by interfering with their supplies by:

- Where approved by the community, opening a government run or licensed beer and wine outlet (Halting the Harm, page 109);
- Liberalizing access to beer and wine and restricting access to hard liquor (Halting the Harm, page 110);
- Standardizing shipping costs for all communities (Halting the Harm, page 110);
- Abolishing Import Permits and establishing a monopoly over the importation, sale, and distribution of alcohol in Nunavut (Halting the Harm, page 114);
- Requiring mandatory disclosure of those who purchase large amounts of alcohol (Halting the Harm, page 117);
- Using special identification tags to identify alcohol legally acquired through the GN sale and distribution system (Halting the Harm, page 117);
- Strengthening search and seizure provisions under the *Act* and introducing strong civil forfeiture legislation to deter illegal sales of alcohol (Halting the Harm, page 119); and

- Significantly increasing fines and penalties for bootlegging and redirect revenues to harm reduction programs (Halting the Harm, page 119).

Under Sections 11 (j) and 54(c) & (o) of the current Nunavut *Liquor Act*, the Minister already has the authority to limit the amount of alcohol individuals can bring into Nunavut under import permits and the frequency at which they can place orders. In 2013, the Board wrote to the then Minister Responsible for the Nunavut Liquor Licensing Board recommending that a limit be placed on the quantity of alcohol that can be imported on any one import permit, and that the frequency at which any one individual may apply for an import permit also be limited. Unfortunately, the Minister did not act on the Board's recommendation and, consequently, even though the alcohol they import is supposed to be only for personal use, individuals can still obtain permits to import unlimited quantities of alcohol into Nunavut as frequently as they want. Although the GN does monitor the use of import permits for excessively large orders and for frequency of ordering, this process has had little discernable effect on the activities of Nunavut's thriving bootlegging industry.

#### Consultation on Opening a Beer and Wine Store

One of the final recommendations of the 2010 – 12 Ministerial Task Force on Liquor Legislation in Nunavut was that when a community wished to have one, a government operated beer and wine store could be opened in that community (Halting the Harm, page 109). This would follow a process of public consultation -- and possibly a plebiscite -- through which the residents of the given community would have input into the decision. Following receipt of a petition from some residents of Iqaluit asking for the opening of a beer and wine store, the GN Department of Finance called a public consultation meeting in Iqaluit in early October 2014. Unfortunately, the venue selected for the meeting was far too small, so the meeting was packed with well over 100 residents. Many other residents could not get into the meeting room and left, unable to voice their opinions.

At this meeting, the Deputy Minister of Finance presented the case for opening a pilot project beer and wine outlet in Iqaluit. The proposed beer and wine store would be open five or six days a week and customers would be allowed to purchase limited quantities of beer and wine each day. According to the Deputy Minister in response to questions at the October meeting, the limits had not been determined, but a daily limit of 12 bottles of beer and 2 bottles of wine per adult was suggested. The GN's position was that this direct sales approach would help to curb binge drinking and bootlegging by selling beer and wine at normal prices. No hard liquor would be available.

The majority of participants at this meeting were very strongly opposed to the proposed pilot project. Many Elders and long-term residents spoke of the social problems,



violence, abuse and drunkenness that occurred at the time that the liquor store was open in Iqaluit. That store was closed by order of the Commissioner of the NWT in 1976. Since then residents of Nunavut communities where alcohol is allowed have had to purchase their supplies either from one of the GN Liquor Warehouses in Rankin Inlet or Iqaluit, or to import it from the south using an import permit.

The Task Force did recommend the beer and wine store approach as a way to reduce alcohol related harm in Nunavut and to reduce or eliminate bootlegging. This approach has proved very successful in Greenland, a similar jurisdiction in many ways. As a member of the Task Force, I still endorse and support that recommendation. However, the Task Force also recommended other measures that the Government would have to take to in order to prepare for the opening of these stores. These included the establishment of alcohol and drug treatment and rehabilitation programs in Nunavut, the elimination of import permits and bootlegging, and the GN establishing itself as the sole supplier of any form of alcohol in Nunavut.

In March 2015, the Department of Finance announced that a non-binding plebiscite would be held on beer and wine store issue on April 20, 2015. Even though technically this development fell in the 2015-16 fiscal year, since it was a part of an ongoing process of public consultation it is appropriate to report on it here. Organized by Elections Nunavut, the plebiscite was promoted as another phase in the public consultation process. The plebiscite question was very simple: "Are you in favour of a beer and wine store opening in the City of Iqaluit?" Anyone in Iqaluit aged 18 or over who had lived in the community for at least one year and was still a resident was eligible to vote.

The Department of Finance proposed that the new store will sell only beer and wine, no coolers or distilled alcohol, and that individual customers would have to establish an account, carry photo identification, and would be limited to purchase one case of twelve beer and two bottles of wine per day, each day from Monday to Saturday. Although they might appear reasonable, these quantities exceed, by at least three times, the daily limits recommended in the Canadian Safe Drinking Guidelines, which the Government of Nunavut has endorsed.

In the plebiscite, 1452 of 3658 eligible voters (39.8%) cast ballots. There were 1126 votes in favour of opening the store (77.5 %) and 326 against (22.4 %). This result is clearly very different from the opinions expressed at the October 2014 public meeting. It is obvious that there is still a great deal of disagreement regarding this issue within the community. Many Elders and long-term resident of Iqaluit have grave concerns about this initiative, and many still express fear about the negative social outcomes of

increasing the supply of alcohol in the community without first putting in place the legislation, alcohol addictions programs and facilities required to mitigate them.

In light of the extremely strong opposition expressed by many residents of Iqaluit, and despite the contrary indications of the plebiscite results, it is clear that a great deal more thought and planning is called for before any new outlet for alcohol is opened. It would be unconscionable to move ahead on the opening of a beer and wine store in Iqaluit, or in any other community in Nunavut, without first:

- establishing the alcohol addictions treatment programs and facilities that are needed to support individuals and families who are or become victims of alcohol misuse; and
- eliminating or severely limiting other sources of alcohol such as direct purchases from the GN's liquor warehouses or from other provinces using import permits, or from bootlegging.

#### Application for Brewery Permit

During 2014, the NLLB received from 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](http://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 directive 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 in fillable PDF format and 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 Chair 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

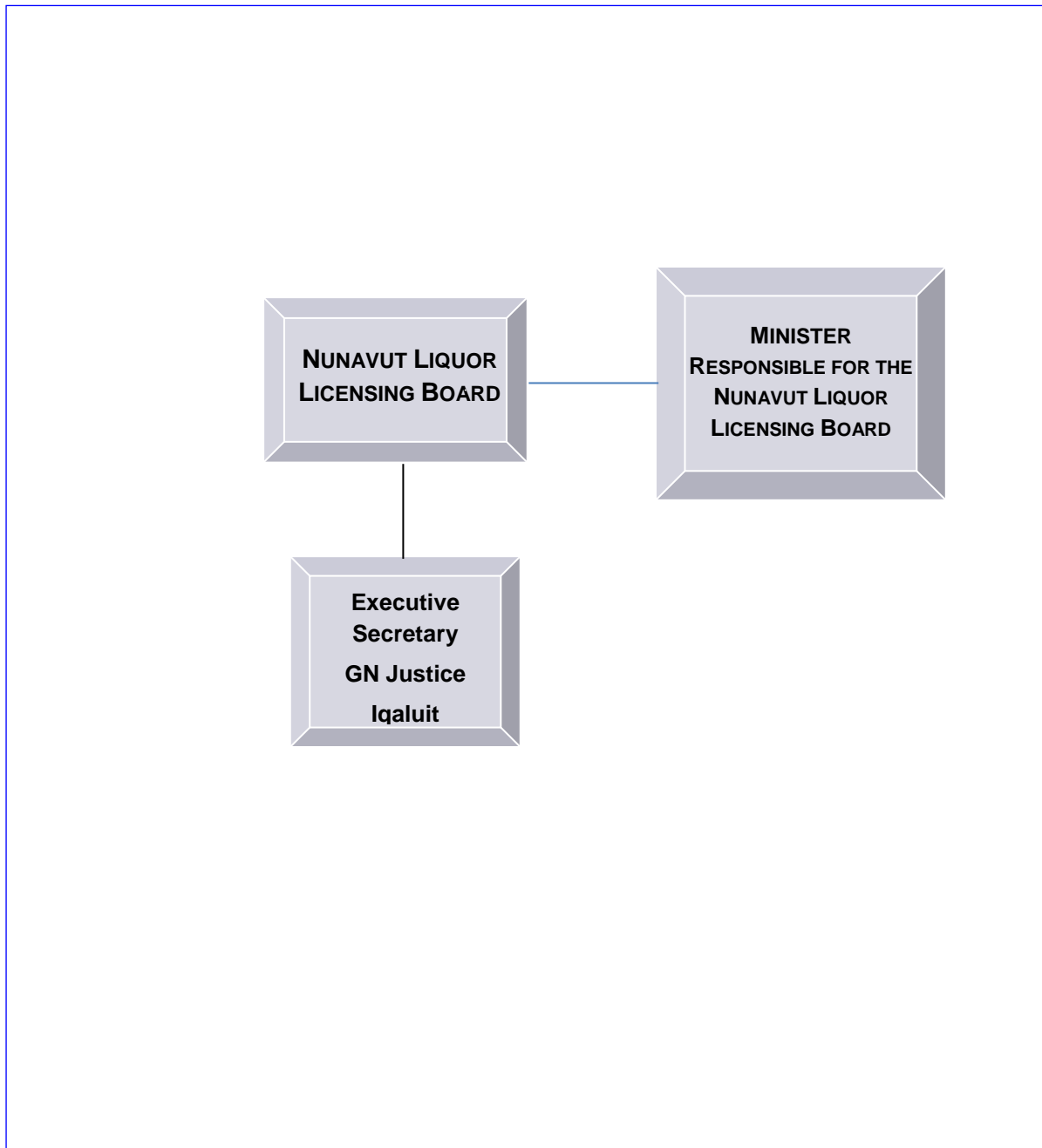
Respectfully submitted,

David Wilman

Chair,  
Nunavut Liquor Licensing Board

## Organization of the Nunavut Liquor Licensing Board

2014 - 15



## 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:

<u>Licence #</u>	<u>Operating As</u>	<u>Type of Licence</u>	<u>Licence Holder</u>
001	Granite Dining Room	Dining Room	Arctic Resources Ltd. Discovery Lodge Inn
002	Bathurst Inlet Lodge	Special	Bathurst Inlet Development Ltd.
003	B.P.O. Elks Lodge	Club	B.P.O. Elks Lodge, Branch # 570, Iqaluit
004	Arctic Club & Wolf's Den	Special	CFS Alert
005	Trading Post	Canteen	CFS Alert
006	Fort Eureka Canteen	Canteen	CFS Alert
008	Frobisher Racquet Club	Private Recreational Facility	Frobisher Racquet Club Ltd.
009	High Arctic Lodge Victoria Island	Special	High Arctic Sports Fishing Camps
011	Chartroom Lounge	Cocktail	994459 Nunavut Ltd
012	Captain's Table Dining Room	Dining Room	Chan's Family Investments Inc.
014	Royal Canadian Legion	Club	Royal Canadian Legion Branch # 168. Iqaluit
015	Siniktarvik Hotel	Guest Room	Kissarvik Coop Rankin Inlet

<u>Licence #</u>	<u>Operating As</u>	<u>Type of Licence</u>	<u>Licence Holder</u>
017	Frobisher Inn	Guest Room	902776 NWT Ltd. Frobisher Inn
018	Gallery Dining Room	Dining Room	902776 NWT Ltd. Frobisher Inn
019	Storehouse Bar & Grill	Cocktail	902776 NWT Ltd. Frobisher Inn
020	Arctic Watch Somerset Island	Special	Canadian Arctic Holidays Ltd
021	Waters' Edge Seafood and Steakhouse	Dining Room	Donna & Kim Waters
022	Waters' Edge Kickin' Caribou Lounge	Cocktail Lounge	Donna & Kim Waters
023	L' Association des Francophones du Nunavut	Club	L' Association des Francophones du Nunavut
024	Granite Dining Room Discovery Inn.	Guest Room	Arctic Resources Ltd
025	RCMP Iqaluit Mess	Canteen	RCMP
026	Ikaluktutiak Elks #593	Club	B.P.O. Elks Lodge, Branch # 593, Cambridge Bay
027	Royal Canadian Legion	Club	Royal Canadian Legion Branch # 169. Rankin Inlet
028	Huit Huit Tours Cape Dorset Suites Hotel	Guest Room	Kristina Alariaq

**NUNAVUT LIQUOR LICENSING BOARD**  
**STATEMENT OF EXPENDITURES**  
MARCH 31, 2015

**NUNAVUT LIQUOR LICENSING BOARD**  
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### **Basis for Qualified Opinion**

The Government of Nunavut - Department of Finance processes expenditures for the Board, the completeness of which is not susceptible to satisfactory audit verification. Further, sufficient support for allocations of some expenditures calculated by the Department of Finance was unavailable during our audit. Accordingly, our verification of these expenditures was limited to the amounts recorded in the records of the Board and we were not able to determine whether any adjustments might be necessary to expenditures.

### **Qualified Opinion**

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, 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, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, 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.



Iqaluit, Nunavut  
July 17, 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>
<b>EXPENDITURES</b>			
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)**

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John Maurice	Member	P.O. Box 761 Iqaluit, NU X0A 0H0	867-979-1226	jtmaurice@northwestel.net
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