



Forty-Fourth Report

OF THE

LIQUOR CONTROL BOARD

OF

ONTARIO

APRIL 1st, 1969 TO MARCH 31st, 1970

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OF THE
LIQUOR CONTROL BOARD
OF
ONTARIO

FROM APRIL 1st, 1969 TO MARCH 31st, 1970

PRINTED BY ORDER OF
THE LEGISLATIVE ASSEMBLY OF ONTARIO
SESSIONAL PAPER No. 43, 1970



ONTARIO

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LIQUOR CONTROL BOARD OF ONTARIO

55 Lake Shore Boulevard East,
Toronto 2, Ontario,
November 2nd, 1970.

The Honourable W. Ross MacDonald, P.C., C.D., Q.C., LL.D.,
The Lieutenant-Governor of the Province of Ontario,
Parliament Buildings,
Queen's Park,
Toronto, Ontario.

May It Please Your Honour,

The Forty-fourth Report of the Liquor Control Board of Ontario is submitted herewith in accordance with Section 14 of the Liquor Control Act. Included in the report are details of the Board's operations and activities. During the period under review, the Board continued to discharge its responsibilities under the Act. Particular emphasis is given to the control and distribution of the products of the distilleries, wineries and breweries, both in Canada and abroad.

A total of five new stores were opened during the year. Four stores were moved to new locations and a number of stores were renovated. This is consistent with the Board's policy to maintain its property in excellent condition and to provide the purchasing public with modern facilities.

The concept of self service has been most favourably received by the public and the operation has proven economical. It is planned that some new stores and renovations both in metropolitan areas and smaller communities will be operated as self serve stores.

Sales through the 422 Board stores decreased by \$32,914,995.09 during the year to \$382,815,677.85. This expected reduction was the result of the abnormal increase of the previous year due to the labour dispute in the Quebec Liquor Board.

The growth of the Board over the past decade is shown on the graphs included in this report. Sales and net profits paid to the Treasurer of Ontario have increased 224% and 234% respectively during the ten-year period.

The use of electronic data processing was expanded to include the delivery system used in Metropolitan Toronto. As a result the deliveries from two stores were combined into one distribution depot, thus providing a more efficient operation. To provide for future growth and greater efficiencies, the Board has recently ordered a larger computer system.

The Board continues to have a number of people on the interdicted list. This area of control remains an essential deterrent for the abuse of alcohol.

There were 2645 permanent employees during the year. Periodically the Board employs part-time people, the majority of whom are working in the stores. The use of temporary help ensures continued customer service at peak periods and at the same time ensures stability of salary costs.

An orientation course for new employees in Metropolitan Toronto was introduced two years ago. This course has proven so successful that the program has been expanded to include the stores throughout the Province. This program is one of basic indoctrination that will assist in the development of trained employees in the future.

A warm tribute should be paid to our employees throughout the Province. Their efforts and co-operation have contributed to the successful operation of the Board over the past year.

I also extend my thanks to Mr. R. J. Harris, Deputy Chief Commissioner, the Reverend A. Walter Downer, M.P.P., Mr. J. S. Abra, General Manager and all the executives of the Board for their help and co-operation.

I have the honour to be, Sir,

Your obedient servant,

G. HARRY SHEPPARD,
Chief Commissioner.

SALES

The sales of spirits, wine and beer from liquor stores during the twelve months amounted to \$382,815,677.85. Sales in Ontario, of Canadian wine made direct to customers from licensed retail wine stores and wineries amounted to \$8,864,317.55. The net value of beer sold in Ontario, from breweries and brewers' retail stores, exclusive of any charge for containers, totalled \$255,770,227.90.

The following comparative sales statistics are given for the fiscal period under review and also for the preceding twelve months:

SALES BY VALUE

	Twelve months ending March 31, 1970	Twelve months ending March 31, 1969	Increase	
Sales by Board Stores				
Canadian Spirits	\$270,509,190.33	\$299,181,565.57	\$ 28,672,375.24	Dec.
Imported Spirits	53,912,321.91	60,260,244.19	6,347,922.28	Dec.
Canadian Wines	24,669,392.37	24,215,032.06	454,360.31	
Imported Wines	21,801,942.52	21,325,636.46	476,306.06	
Canadian Beers	10,444,884.40	8,695,014.52	1,749,869.88	
Imported Beers	1,477,946.32	2,053,180.14	575,233.82	Dec.
Total Sales by Board Stores	\$382,815,677.85	\$415,730,672.94	\$ 32,914,995.09	Dec.
Sales by Ontario Wineries and Winery Stores	\$ 8,864,317.55	\$ 8,867,037.31	\$ 2,719.76	Dec.
Sales by Breweries and Brewers' Retail Stores (exclusive of container value)	\$255,770,227.90	\$229,902,101.32	\$ 25,868,126.58	

SALES BY GALLONS

	Twelve months ending March 31, 1970	Twelve months ending March 31, 1969	Increase	
Sales by Board Stores				
Canadian Spirits	8,352,067	9,250,050	897,983	Dec.
Imported Spirits	1,427,352	1,585,857	158,505	Dec.
Canadian Wines	3,122,981	3,127,906	4,925	Dec.
Imported Wines	1,551,759	1,529,235	22,524	
Canadian Beers	3,936,532	3,230,064	706,468	
Imported Beers	247,255	366,215	118,960	Dec.
Total Sales by Board Stores . .	18,637,946	19,089,327	451,381	Dec.
Sales by Ontario Wineries and Winery Stores	1,181,659	1,204,232	22,573	Dec.
Sales by Breweries and Brewers' Retail Stores	118,991,175	107,062,233	11,928,942	

Revenue payments totalling \$429,964,714.90 were received by the Treasurer of Ontario, the Government of Canada and by 249 Ontario Municipalities, as a result of levies on beverage alcohol sold in Ontario during the year. This amount is exclusive of Corporation, Realty and Business Taxes paid to these Governments and Municipalities by the distilleries, wineries, breweries and licence holders. It is also exclusive of Ontario Retail Sales Tax collected by licence holders and agency stores on their sales of beverage alcohol.

A summary of the aforementioned revenue payments follows:

TREASURER OF ONTARIO

Remitted by the Board—

On account of profits, licence fees, etc \$178,740,575.77

Ontario Retail Sales Tax on sales through
liquor stores 34,264,772.15

213,005,347.92

Remitted by others—

Ontario Retail Sales Tax on sales through
retail wine stores and brewers' retail stores 18,907,397.78

\$231,912,745.70

GOVERNMENT OF CANADA

Paid by the Board—

Customs and Excise Duties 100,979,411.29

Federal Sales Tax on spirits, wines and
imported beers 21,233,334.27

122,212,745.56

Paid by others—

Malt duties and taxes on domestic beers and
wines 73,376,881.14

\$195,589,626.70

ONTARIO MUNICIPALITIES

Paid by the Board—

Rebates of a proportion of fees received from licencees	1,526,815.69	
Grants in lieu of realty and business taxes	935,526.81	
		\$ 2,462,342.50
		<u>\$429,964,714.90</u>

SALES BY BREWERIES TO OTHER PROVINCES AND COUNTRIES

	1966 Gallons	1967 Gallons	1968 Gallons	1969 Gallons	1970 Gallons
Sales to other Provinces	12,441,860	14,653,759	1,122,986	1,383,050	1,137,053
Export Sales	2,889,919	2,931,541	2,525,208	2,656,871	3,050,946
	<u>15,331,779</u>	<u>17,585,300</u>	<u>3,648,194</u>	<u>4,039,921</u>	<u>4,187,999</u>

All brands of beer produced by the Ontario Breweries and by the Quebec and Manitoba Breweries which were sold in this province were periodically analyzed as in previous years, thus ensuring that beer sold in Ontario is in conformity with the Regulations passed pursuant to the Food and Drugs Act of Canada and the standards set by the Board.

The Board receives from its Laboratory, at the Toronto Warehouse, current analytical reports on all brands of spirits, wine and beer.

WINERIES

During the year, the locations of three retail wine stores were changed as follows:

The Parkdale Wines Limited	From 427 Spadina Avenue, Toronto to Shoppers World, Highway No. 10 and Steele's Avenue, Brampton.
Jordan Wines Limited	From 26 Queen Street East, Toronto to Greater Hamilton Shopping Centre, Barton Street and Kenilworth Avenue, Hamilton.
	From 68 Cumberland Street to 33 Cumberland Street, Thunder Bay.

On February 4, 1970 Andres Wines (Canada) Limited purchased the business of Beau Chatel Wines Limited and surrendered the licence of that company. At March 31, 1970, there were eight wineries and fifty-one retail wine stores in operation.

SALES BY WINERIES TO OTHER PROVINCES AND COUNTRIES

	1966 Gallons	1967 Gallons	1968 Gallons	1969 Gallons	1970 Gallons
Sales to other Provinces	3,136,449	3,476,788	3,373,191	2,957,728	3,536,132
Export Sales	3,406	13,245	16,652	21,955	34,414
	3,139,855	3,490,033	3,389,843	2,979,683	3,570,546

The tonnage of grapes and cherries used by the various wineries during the past five years was as follows:

Years ended March 31:	1966 Tons	1967 Tons	1968 Tons	1969 Tons	1970 Tons
Grapes used in the manufacture of wine	30,128	34,223	35,057	34,453	36,417
Grapes used in the manufacture of concentrates	2,639	2,127	2,954	1,681	2,015
Cherries used in the manufacture of wine	65	154	65	154	292
	32,832	36,504	38,076	36,288	38,724

PERSONNEL

The number of Board Members and permanent employees of the various departments of the Board as at March 31, 1970, was as follows:

Board Members	3	Legal	3
Staffs of Departments—		Licencee Accounting	12
Chief Commissioner	2	Permit	7
General Manager	5	Personnel	11
Accounting	78	Purchasing	7
Brewery Audit	8	Realty and Maintenance	18
Customs	4	Stock Administration	21
Distribution Depot	27	Stores	2,174
Garage	4	Store Audit	20
Internal Audit	9	Store Operations	29
Laboratory	6	Traffic	7
		Warehouses	190
			2,645

BOARD STORES

The number of board stores operated during the year was 423, which figure includes five additional stores opened at the following locations:

May	10, 1969	*Highway 17	Bruce Mines
May	23, 1969	*41 Main Street	Erin
May	30, 1969	*702 Main Street	Shelburne
June	13, 1969	Onaping Shopping Centre	Onaping
March	16, 1970	*1090 The Queensway	Toronto

*Board-owned Properties

In addition, four stores moved to new locations as follows:

Store	From	To
85	17 Madawaska Street West	*Daniel and William Streets, Arnprior
101	41 Main Street West	*25 Elm Street, Grimsby
125	99 Laurier Street	*Rockland Shopping Plaza, Rockland
153	160 Talbot Street East	Erie Shopping Plaza, 275 Erie Street, Leamington

*Board-owned Properties

The operations of the two delivery stores in Metropolitan Toronto were combined into one distribution depot located at 9 Tippet Road, Downsview. The delivery store at 53 Freeland Street, Toronto was closed and was converted to a sales office.

The Board was therefore operating 422 stores including the distribution depot at March 31, 1970.

AGENCY STORES

During the year there were four new agency stores established at the following locations:

July	23, 1969		Lake Despair
August	1, 1969		Raith
October	31, 1969		Pass Lake
March	1, 1970		Sultan

In January 1970 the agency store at Searchmont ceased operation and the licence was cancelled. There were, therefore, thirty-five agency stores in operation at March 31, 1970.

BREWERIES AND BREWERS' RETAIL STORES

On March 31, 1970, there were eighteen breweries licensed to sell their products in Ontario. Ten of these breweries were located in Ontario, five in Quebec and three in Manitoba.

Four brewers' retail stores opened during the twelve-month period, being located at the following addresses:

April	16, 1969	499 Mohawk Road East	Hamilton
September	24, 1969	Elmvale Shopping Centre, St. Laurent Boulevard and Smyth Road	Ottawa
November	3, 1969	Brampton Shopping Centre, 160 Main Street South	Brampton
November	26, 1969	1125 Bloor Street East	Mississauga

Two brewers' retail stores moved to new locations:

From	To	
3241 Lundy's Lane	2757 Lundy's Lane	Niagara Falls
348 Ontario Street	1107 Confederation Street	Samia

The number of brewers' retail stores in operation at March 31, 1970 was 367.

PERMITS

A classification of permits and licences issued during the year follows:

PERMITS 1969-1970

Physicians	31
Druggists	107
Dentists and Veterinarians	44
Mechanical and Scientific	390
Manufacturers	142
Kitchen	52
Hospitals	269 (Free)
First Aid	21 (Free)

LICENCES 1969-1970

Breweries	15
Wineries	8
Sacramental Wine Vendorships	14
Non-potable Alcohol, Storage Warehouses	1

FINANCIAL STATEMENTS

Current Assets totalling \$45,417,466.39 consisted of the following:

Cash on hand and in banks.....	\$10,439,004.27
Accounts Receivable; Licence holder fees, beer levies, duty recoverable items, freight claims, hospital charge sales, etc.....	4,010,686.96
Inventories of liquors and supplies.....	30,967,775.16
	<u>\$45,417,466.39</u>

Prepaid charges for insurance, taxes, etc., amounted to \$192,737.53.

Mortgage Receivable \$27,667.50, represents the principal amount outstanding, of the mortgage taken on the old Thunder Bay warehouse property which was sold in 1965.

Fixed Assets are shown at a nominal valuation of \$1.00 for each parcel of land, and \$1.00 for each building, either completed or in process, plus \$1.00 for all furniture, fixtures, machinery, equipment and leasehold improvements in stores, warehouses and offices. The real estate consists of the land and buildings at 55 Lake Shore Boulevard East, Toronto, together with the adjacent land between Cooper Street and the Government building occupied by the Ontario Provincial Police; land and warehouse at Thunder Bay, land and warehouse at Ottawa; and land and warehouse at London. Also included in the real estate are 148 store sites on which completed stores are located; 18 store sites, against 12 of which charges have been made for costs of uncompleted store buildings and 1 store parking lot. The cost of all lands and buildings incurred during the year (less \$1.00 each unit), totalling together \$1,665,669.96 have been charged against Income. The accumulations of Reserve for Depreciation, have been increased by \$692,805.29, representing the purchases, less disposals of furniture, fixtures, machinery, equipment and alterations to owned and rented premises.

Current Liabilities of the Board totalled \$19,063,693.26 and consisted of accounts payable for liquors and supplies, accrued charges, deposits, deferred licence fees and licences, etc.

The Reserve for Insurance of \$1,000,000.00 and the Reserve for Contingencies of \$500,000.00 remained the same as at the end of the previous year.

Contingent Liabilities amount to \$37,133,000.00. These items represent the value of undelivered orders totalling \$28,526,000.00, the amount of \$8,500,000.00 for Customs Duties and Sales Tax which are payable on the goods which were in bond in warehouses on March 31, 1970, and the liabilities for property under option and uncompleted building contracts of \$107,000.00. These contingent liabilities have not been reflected in the trading profits of the Board.

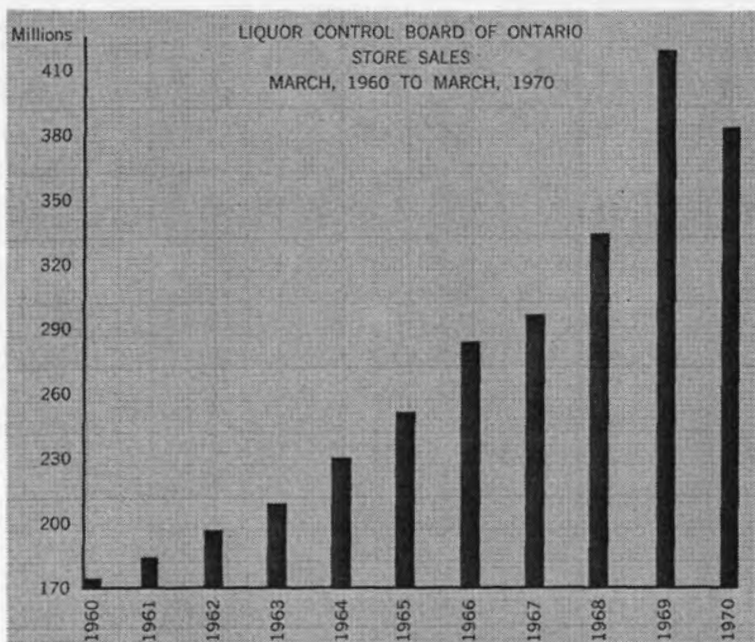
The Statement of Income shows that sales for the twelve months of spirits, wines and beer from Liquor Control Board stores amounted to \$382,815,677.85.

The same statement shows a gross trading profit of \$169,370,921.08 and other revenue of \$42,509,414.42 consisting of levies on brewers and wine manufacturers and their products, licence holders' fees, permit sales, transfer fees and miscellaneous income. Expenses for the year totalled \$33,139,759.73 consisting of administrative and operating expenses (including \$1,429,413.86 incurred by the Liquor Licence Board) and cost of additions to lands and buildings and furniture, fixtures, equipment and alterations. The net income carried forward to the Statement of Retained Income is \$178,740,575.77. After bringing forward the net income of \$178,740,575.77 a balance of \$25,074,515.16 remained in Retained Income.

For comparative purposes, the percentages that the cost of stock sold, other revenue and expenses bear to sales and income are given for the twelve month period reported upon herein and the two preceding fiscal years.

The Statement of Source and Application of Funds summarizes how the funds were made available and how funds were disbursed during the year.

In addition, a statement showing the expenses of administration and operation for the twelve months is also attached. Individual percentages in comparison to the total sales are given for the twelve months and also for the preceding fiscal year.



LIQUOR CONTROL

BALANCE SHEET

(with comparative

ASSETS	1970	1969
	\$	\$
CURRENT		
Cash on hand, in transit and in banks.	10,439,004.27	10,994,474.49
Accounts receivable.	4,010,686.96	3,913,038.31
Inventories:		
Liquors in warehouses and stores, at cost. . .	30,764,152.03	27,311,476.91
Stationery, supplies, empties, etc.	203,623.13	254,417.73
	<u>30,967,775.16</u>	<u>27,565,894.64</u>
Total Current.	45,417,466.39	42,473,407.44
PREPAID INSURANCE AND OTHER CHARGES. .	192,737.53	350,676.31
MORTGAGE RECEIVABLE.	27,667.50	29,496.25
FIXED		
Land, at cost.	6,644,216.20	6,261,662.83
Buildings, at cost.	28,179,303.73	26,896,165.14
Furniture and equipment, at cost.	5,681,968.56	5,432,576.14
Alterations to owned and rented premises, at cost	5,614,632.46	5,171,219.59
	<u>46,120,120.95</u>	<u>43,761,623.70</u>
Less amounts written off.	<u>46,119,783.95</u>	<u>43,761,308.70</u>
	337.00	315.00
	<u>45,638,208.42</u>	<u>42,853,895.00</u>

Approved

J. S. ABRA,
General Manager.

F. A. MacINNIS,
Assistant General Manager—Finance.

BOARD OF ONTARIO

March 31, 1970

figures for 1969)

	LIABILITIES	
	1970 \$	1969 \$
CURRENT		
Accounts payable, accrued charges, etc	18,792,624.42	16,138,875.84
Deferred revenue	271,068.84	140,504.00
	<u>19,063,693.26</u>	<u>16,279,379.84</u>
RESERVE FOR INSURANCE	1,000,000.00	1,000,000.00
RESERVE FOR CONTINGENCIES	500,000.00	500,000.00
RETAINED INCOME	25,074,515.16	25,074,515.16
OUTSTANDING COMMITMENTS		
Duty on stocks in bond \$	8,500,000.00	
Liquors ordered but not delivered (including duty, freight, etc.)	28,526,000.00	
Property under option and uncompleted building contracts	<u>107,000.00</u>	
	<u>\$37,133,000.00</u>	
	<u>45,638,208.42</u>	<u>42,853,895.00</u>

AUDITOR'S REPORT

I have examined the balance sheet of the Liquor Control Board of Ontario as at March 31, 1970 and the statements of income, retained income and source and application of funds for the year ended on that date. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion these financial statements present fairly the financial position of the Board as at March 31, 1970 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

GEORGE H. SPENCE, F.C.A.,
Provincial Auditor.

Toronto, July 28, 1970.

LIQUOR CONTROL

STATEMENT OF

For the year ended

SALES

Sales of spirits, wines and beers.....	
Cost of Sales:	
Inventories at beginning of year.....	\$ 27,311,476.91
Purchases.....	216,897,431.89
	\$244,208,908.80
Less: Inventories at end of year.....	30,764,152.03
Gross Profit on Sales.....	

OTHER REVENUE

Brewers' licence fees.....	\$ 22,500.00
Brewery store and brewers' retail store licence fees.....	216,100.00
Gallonage fees on beer production—Ontario breweries....	29,797,024.63
Gallonage fees on beer sales—Extra-Provincial breweries..	1,817,953.21
Licences and fees—The Liquor Licence Act (net after deducting Municipalities' share).....	6,792,161.67
Ontario wine licence fees.....	928,343.48
Miscellaneous permits.....	1,312.00
Special occasion permits.....	1,250,820.00
Transfer fees.....	952,246.13
Interest on bank balances.....	152,134.60
Remuneration for collecting Ontario Retail Sales Tax.....	348,935.09
Miscellaneous receipts.....	229,883.61

INCOME.....

EXPENSES—(the Liquor Control Board and the Liquor Licence Board)

Administrative and operating expenses.....	\$ 30,704,215.52
Furniture and equipment and alterations to owned and rented premises written off.....	769,874.25
Additions to land and buildings during the year—written off.	1,665,669.96

NET INCOME.....

BOARD OF ONTARIO

INCOME

March 31, 1970

	Percentages to Sales			Percentages to Income		
	1969-70 %	1968-69 %	1967-68 %	1969-70 %	1968-69 %	1967-68 %
\$382,815,677.85	100.00	100.00	100.00			
213,444,756.77	55.76	55.63	55.95			
\$169,370,921.08	44.24	44.37	44.05	79.94	82.36	81.72
42,509,414.42	11.10	9.50	9.85	20.06	17.64	18.28
\$211,880,335.50	55.34	53.87	53.90	100.00	100.00	100.00
33,139,759.73	8.65	7.55	9.31	15.64	14.01	17.28
\$178,740,575.77	46.69	46.32	44.59	84.36	85.99	82.72

LIQUOR CONTROL BOARD OF ONTARIO

STATEMENT OF RETAINED INCOME

For the year ended March 31, 1970

Balance at beginning of year.....	\$ 25,074,515.16
Add:	
Net income for the year ended March 31, 1970.....	178,740,575.77
	<u>\$203,815,090.93</u>
Deduct:	
Payments to Treasurer of Ontario on account of profits.....	178,740,575.77
	<u> </u>
Balance at end of year.....	<u><u>\$ 25,074,515.16</u></u>

LIQUOR CONTROL BOARD OF ONTARIO

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended March 31, 1970

SOURCE OF FUNDS

Net Income.....	\$178,740,575.77	
Add: Items not requiring an outlay of funds—		
Provision for write off:		
Land and buildings..	\$1,665,669.96	
Furniture and equip- ment and altera- tions to premises..	769,874.25	
	<u>2,435,544.21</u>	
		\$181,176,119.98
Decrease in Prepaid Insurance and Other Charges.....		157,938.78
Decrease in Mortgage Receivable.....		1,828.75
		<u>\$181,335,887.51</u>

APPLICATION OF FUNDS

Investment in:		
Land and buildings.....	\$ 1,665,691.96	
Furniture and equipment and alterations to premises.....	769,874.25	
	<u>\$ 2,435,566.21</u>	
Payments to Treasurer of Ontario on account of profits.....	178,740,575.77	
Increase in Working Capital.....	159,745.53	
		<u>\$181,335,887.51</u>

LIQUOR CONTROL BOARD OF ONTARIO

ADMINISTRATIVE AND OPERATING EXPENSES

For the year ended March 31, 1970

		Percentage to Sales	
		1969-70	1968-69
Salaries.....	\$22,079,826.08	5.77	4.98
Superannuation and Retirement Funds..	896,329.64	.23	.20
Canada Pension Plan.....	264,147.73	.07	.06
Employees' insurance and health plan.	318,698.48	.08	.06
Workmen's Compensation and Unemployment Insurance.....	47,195.50	.01	.01
Rent.....	2,001,197.76	.52	.47
Light, heat and power.....	576,639.01	.15	.13
Premises protection.....	49,250.74	.01	.01
Repairs and maintenance.....	862,874.56	.23	.24
Insurance.....	69,598.95	.02	.02
Grants in lieu of business taxes	404,756.33	.11	.09
Grants in lieu of property taxes.....	530,770.48	.14	.11
Postage.....	80,937.27	.02	.02
Stationery.....	426,146.30	.11	.10
Telephone and telegraph.....	145,597.23	.04	.03
Packing material.....	408,546.30	.11	.10
Freight.....	6,361.66	.00	.00
Discounts.....	49,856.46	.01	.01
N.A.T.O. discounts.....	104,451.15	.03	.02
Agency commissions.....	181,504.87	.05	.04
Agency expenses.....	11,294.87	.00	.00
Breakages.....	65,645.99	.02	.02
Sundries.....	361,667.27	.09	.10
Travelling.....	403,140.88	.10	.10
Car and truck expenses	4,379.21	.00	.00
Tabulating equipment rental and supplies.....	216,854.94	.06	.04
Ontario Provincial Police— Reimbursement of certain adminis- trative and enforcement expenses.	136,545.86	.04	.02
	<u>\$30,704,215.52</u>	<u>8.02</u>	<u>6.98</u>