

TO: All Liquor Agents, Suppliers, Marketing Representatives, and Local Manufacturers

FROM: Brad Fulham

DATE: June 10, 2020

RE: Program changes for liquor products retailed in Manitoba

Manitoba Liquor & Lotteries (MBLL) remains committed to supporting small producers of liquor. As part of MBLL's ongoing review of its liquor operations, changes to the Small Producer Mark-up Program will be coming into force effective July 1, 2020.

New Program for Ciders

MBLL is introducing small producer rates based on annual worldwide production for small craft producers of cider where all production, fermentation and packaging take place at the manufacturing facility.

LEVEL	LITRES	MARKUP TO RETAIL	SURCHARGE
1	<7,000	40%	\$0.2100
2	7,001-15,000	50%	\$0.2100
3	15,001-30,000	65%	\$0.2100
4	30,001-50,000	80%	\$0.6900
5	>50,001	95%	\$0.8511

New Program for Refreshment Beverages

Craft refreshment beverages using spirits, beer (malt spirits) or wine produced by you are now eligible for reduced markup and surcharges based on annual worldwide production. The use of Neutral Grain Spirits (NGS), or other base alcohol that is acquired rather than produced is not eligible for small producer markup.

LEVEL	LITRES	MARKUP TO RETAIL	SURCHARGE
1	<7,000	40%	\$0.2100
2	7,001-15,000	50%	\$0.2100
3	15,001-20,000	65%	\$0.2100
4	20,001-25,000	80%	\$0.6900
5	>25,001	95%	\$0.8511

New Program for Mead and Wine

Small producers of mead and wine will now qualify for small producer markup based on annual worldwide production levels below. All production, fermentation and packaging must take place at the manufacturing facility.

LEVEL	LITRES	MARKUP TO RETAIL	SURCHARGE
1	<7,000	40%	\$0.4300
2	7,001-15,000	50%	\$0.4300
3	15,001-20,000	65%	\$0.4300
4	20,001-25,000	80%	\$1.3800
5	>25,001	95%	\$1.7401

Program Changes for Brewers

To cut red tape, MBLL is streamlining beer markups into a singular rate based on annual worldwide production. Small breweries no longer need to track production of packaged beer and draught beer separately, nor are there separate graduated markups based on package format. As a result, the microbrewery program is simplified to five production levels from the current twelve.

LEVEL	HECTOLITRES (hL)	MARKUP TO LICENSEE	MARKUP TO RETAIL	MARKUP TOTAL	SURCHARGE
1	<5,000	10%	26%	36%	\$0.1070
2	5,001-12,000	15%	26%	41%	\$0.1070
3	12,001-18,000	24%	26%	50%	\$0.1070
4	18,001-25,000	36%	26%	62%	\$0.3013
5	>25,001	49%	26%	75%	\$0.4179

The new microbrewery thresholds, markups and surcharges based on annual worldwide production level take effect July 1, 2020 for any currently approved product or producer whose production threshold is below 25,000 hL.

For currently approved product or producer whose production threshold is above 25,000 hL the approved markup and surcharge are grandfathered until April 15, 2021. Effective April 16, 2021 all products and producers are subject to the new thresholds, markups and surcharges.

Program Changes for Distillers

In order to further support small distilleries MBLL is amending the production thresholds, markup and surcharge rates for producers at the lowest production levels based on annual worldwide production. The use of Neutral Grain Spirits or purchased bulk spirits, and grape-based spirits are excluded from the small producer program:

LEVEL	LITRES	MARKUP TO RETAIL	SURCHARGE
1	<7,000	50%	\$0.2700
2	7,001-15,000	75%	\$0.2700
3	15,001-20,000	100%	\$0.2700
4	20,001-25,000	125%	\$0.8900
5	>25,001	153%	\$1.1240

The new small distillery thresholds, markups and surcharges will take effect July 1, 2020 for any currently approved product or producer whose production threshold is below 25,000 L.

For currently approved products or producers whose production threshold is above 25,000 L the approved markup and surcharge are grandfathered until April 15, 2021. Effective April 16, 2021 all products and producers are subject to the above thresholds, markups and surcharges. Reporting of Annual Declaration of Production takes place annually in January.

CONTACT & RESOURCES

If you have any questions about the program changes outlined above, please contact:

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