

MANITOBA LIQUOR & LOTTERIES

PRICING INFORMATION

Last updated: February 21, 2020

(Subject to change without notice)

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2020

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UPDATES

The following pricing components have been **updated**:

- List Types: Seasonal and Buy Now
- Product categories and definitions
- 2020/21 Price Change Schedule
- List types eligible for price changes
- Certificates of Origin
- Social Reference Pricing for Limited Time Offers
- Update to Cottage Winery markup and surcharges

LIST TYPES

At the time of listing, the Listing Committee will assign a list type to all products. List types may change based on sales performance and availability. The following is a basic definition of each list type.

A Items (General List)

A Items or *General List* represent the top 70% of profitability within each category's shelf group, all *General List* items will be forecasted and inventoried. *General List* products must be represented by a local agent to be active in the market. *General List* products have the greatest store distribution and the highest in stock service level.

B Items (Specialty Core)

B Items or *Specialty Core* represent the next 25% of profitability within each category's shelf group, *Specialty Core* items will be forecasted and inventoried. *Specialty Core* products do not require representation by a local agent. These products have significant store distribution and the second highest in stock service level.

C Items (Specialty Fringe)

C Items or *Specialty Fringe* represent the final 5% of profitability within each category's shelf group, *Specialty Fringe* items are forecasted and inventoried. *Specialty Fringe* products are unique or rare products and are typically higher-priced. They do not require representation by a local agent. These products have limited store distribution and a lower in stock service level.

One Time Buy (formerly Seasonal)

One Time Buy products are items that are purchased in limited quantities for a specific season (Holidays, Summer, Harvest, etc.) They are generally flavoured or labeled for a specific season or occasion. *One Time Buy* products are ordered only once per season and will be run out or delisted and do not require representation by a local agent. *One Time Buy* products are included in the Product Information Bulletin and are available for order by all customer types.

Limited Release (formerly Buy Now)

Limited Release products are items that are purchased in limited quantities usually for a specific season (Holidays, Summer, Harvest, etc.) They are generally flavoured or labeled for a specific season or occasion. *Limited Release* products are ordered only once per season and will be run out or delisted and do not require representation by a local agent. *Limited Release* products are made available to Commercial Customers through pre-commitment and are distributed to a pre-determined group of Liquor Marts.

PRODUCT DEFINITIONS AND CATEGORIES

MBLL does not maintain definitions for specific products and categories. Instead MBLL uses a combination of [Canada Revenue Agency](#) (CRA), Canadian Food Inspection Agency (CFIA) [Labelling Requirements for Alcoholic Beverages](#) and permitted [Food Additives](#) and Food and Drug Regulations (FDR): [Foods – Division 2 Alcoholic Beverages](#) to define and categorize products.

MBLL reserves the right to determine markup and surcharges on unstandardized alcoholic beverages that do not meet CRA, CFIA or FDR standards or definitions.

PRICING INFORMATION

Contact Information

For questions regarding pricing, trial pricing calculators or price change applications please contact Product Management Coordination at ProductManagementCoordination@mbll.ca or call 957-2500 x. 4998.

Minimum Markup

Markups are calculated on a percentage basis of the duty paid landed cost of a particular product. The percentage calculated depends on the product category. A minimum dollar markup structure is employed in conjunction with the percentage markup. Markup applied is based on the greater of the percentage or the minimum markup value.

The minimum dollar markup is determined as being the most recent gross profit per package size for the most commonly priced products in each product category. The minimum markup may be adjusted annually dependent on the Manitoba Consumer Price Index (CPI [all items]) for the previous year. (See Markup Schedule).

Social Reference Pricing

Social Reference Pricing (SRP) refers to the minimum retail price, before taxes, that liquor must be sold at in Liquor Marts, liquor vendors, specialty wine stores, and hotel beer vendors in Manitoba. No liquor product sold in the province can be priced lower than this established threshold, including special promotions, LTO's or if delisted.

The SRP can be found on our MBLL Partners website and may be adjusted annually dependent on the Manitoba Consumer Price Index (CPI [all items]) for the previous year.

Per Package Surcharge

The Per Package Surcharge is made up of an environmental recycling component and a product administration component. This surcharge is calculated on a per litre basis and may be adjusted annually dependent on the Manitoba Consumer Price Index (CPI [all items]) for the previous year. (See Markup Schedule)

Package Equalization

The Package Equalization on the markup structure is intended to provide fairness and equity to consumers in the pricing of various product sizes. This surcharge is calculated on a per package basis unique to each size. (See markup schedule attached)

Commercial Consideration

Commercial Consideration is applied to import products sourced from outside Canada only. This warehousing fee is applied to offset the additional costs of warehousing products due to larger inventories (see markup schedule attached). Rates are applied to each product after the application of the appropriate markup rate.

Recycling Charge (MBLL Distributed Beer Only)

The containers from Manitoba Liquor & Lotteries distributed beer can be returned to beer vendors by customers for refund but cannot be reused. Manitoba Liquor & Lotteries has a contract with a private beer distributor to recycle these containers and adds a recycling charge to the price of Manitoba Liquor & Lotteries distributed beer to offset the cost of recycling the containers. The recycling charge is built into the landed cost of the product, called *Extra Cost*.

Current rates charged:

Containers	Charge added
24 bottles	\$1.68
24 cans	\$1.10
Each PET container	\$0.10

Handling Charges (Privately Distributed Beer)

Manitoba Liquor & Lotteries adds a charge to the price of privately distributed beer to offset the handling fee paid to beer vendors for accepting returns of privately distributed beer containers. This charge is added after the licensee markup but before the markup to the public. The current handling charge added to the price of privately distributed beer is \$0.34 per dozen on all package sizes.

Malt-Based Refreshment Beverages

As per the memo dated July 26, 2018 regarding Program Changes for Liquor Products Retailed in Manitoba:

Any newly-listed malt-based product with **over 4% residual sugar** content or sweetened with artificial sweeteners, stevia or other natural sweetening agents will be classified as a refreshment beverage and will have the standard refreshment beverage markup rate and retail commission applied.

Agents/Suppliers may be asked to provide a certificate of analysis in order to verify residual sugar content levels.

Trial Pricing Calculator

The Trial Pricing Calculator is available on the [MBLL Partners](#) website for agents/suppliers to calculate an approximate retail price or case cost for any new or listed MBLL distributed products with the current freight and exchange rates.

An updated Trial Pricing calculator will be posted to the MBLL Partners website in advance of the Price Change deadline with the upcoming freight and exchange rates.

MANITOBA LIQUOR & LOTTERIES CORPORATION MARKUP EFFECTIVE: April 16, 2020

(Sales Through Stores & Liquor Vendors)

	Size/ml	Markup %	Per Package			Commercial Consideration	
			Minimum Markup \$	Per Package Surchage \$	Package Equalization \$	U.S. \$	Other \$
<u>Spirits</u>							
<i>*See Micro Distillery Markups on p.9 if applicable.</i>							
	50	153	1.1695	0.0562	0.2046	0.0190	0.0325
	200	153	4.0365	0.2248	0.3069	0.0760	0.1300
	375	153	7.4158	0.4215	0.4092	0.1425	0.2438
	700	153	12.5935	0.7868		0.2660	0.4550
	750	153	13.4930	0.8430		0.2850	0.4875
	1000	153	16.6868	1.1240		0.3800	0.6500
	1140	153	19.9154	1.2814	0.2558	0.4332	0.7410
	1750	153	30.1330	1.9670	0.3069	0.6650	1.1375
	3000	153	49.4551	3.3720		1.1400	1.9500
	3750	153	60.3750	4.2150		1.4250	2.4375
<u>Liqueurs</u>							
	50	153	1.1695	0.0562	0.2046	0.0155	0.0340
	200	153	4.0365	0.2248	0.3069	0.0620	0.1360
	375	153	7.4158	0.4215	0.4092	0.1163	0.2550
	700	153	12.5935	0.7868		0.2170	0.4760
	750	153	13.4930	0.8430		0.2325	0.5100
	1000	153	16.6868	1.1240		0.3100	0.6800
	1140	153	19.9154	1.2814	0.2558	0.3534	0.7752
	1750	153	30.1330	1.9670	0.3069	0.5425	1.1900
<u>Wines (Still, Fortified & Effervescent)</u>							
	50	95	0.2426	0.0870		0.0075	0.0220
	200	95	0.9738	0.3480		0.0300	0.0880
	375	95	1.8228	0.6525		0.0563	0.1650
	500	95	2.4327	0.8701		0.0750	0.2200
	750	95	3.0633	1.3051	0.2558	0.1125	0.3300
	1000	95	3.5061	1.7401	0.2558	0.1500	0.4400
	1500	95	5.0981	2.6102	0.5933	0.2250	0.6600
	2000	95	6.6759	3.4802	0.6650	0.3000	0.8800
	3000	95	9.5427	5.2203	0.7161	0.4500	1.3200
	4000	95	11.7743	6.9604	1.1969	0.6000	1.7600
	10000	95	25.3466	17.401	1.5550	1.5000	4.4000
	16000	95	41.1233	27.8416	5.8209	2.4000	7.0400
	18000	95	46.2639	31.3218	6.5472	2.7000	7.9200
<u>Refreshment Beverages</u>							
(Coolers & Ciders)							
	330	95	0.9877	0.2809	0.0512	0.0726	0.1353
	341	95	1.0203	0.2902	0.0512	0.0750	0.1398
	355	95	1.0625	0.3021	0.0512	0.0781	0.1456
	375	95	1.1227	0.3192	0.0512	0.0825	0.1538
	473	95	1.4161	0.4026	0.0716	0.1041	0.1939
	710	95	2.0389	0.6043	0.1023	0.1562	0.2911
	750	95	2.1647	0.6383	0.1125	0.1650	0.3075
	1000	95	2.8862	0.8511	0.1432	0.2200	0.4100
	1364 (4/341)	95	3.5391	1.1609	0.2048	0.3001	0.5592
	1420 (4/355)	95	3.6844	1.2086	0.2048	0.3124	0.5822
	1980 (6/330)	95	3.9504	1.6852	0.3072	0.4356	0.8118
	2000	95	3.9904	1.7022	0.2864	0.4400	0.8200
	2046 (6/341)	95	4.5296	1.7414	0.3072	0.4501	0.8389
	4260(12/355)	95	9.4310	3.6257	0.6144	0.9372	1.7466

MANITOBA LIQUOR & LOTTERIES CORPORATION MARKUP EFFECTIVE: April 16, 2020

(Sales Through Stores & Liquor Vendors)				Per Package			Commercial Consideration
	Size/ml	Markup	Minimum Markup	Per Package Surcharge	Package Equalization	U.S.	Per Package Other
<u>Beer</u>		%	\$	\$	\$	\$	\$
<i>*See Microbrewery Markups on p.9 if applicable.</i>							
	Per Litre <1 litre	1000	75	2.0833	0.4179	0.5700	0.6400
	Per Litre 1.001 - 3.000 litres	1000	75	1.8707	0.4179	0.5700	0.6400
	Per litre 3.001 - 13.000 litres	1000	75	1.8069	0.4179	0.5700	0.6400
<u>Beer (Kegs-All Sizes) Licensee Only</u>							
		1000	75	1.3818	0.4179	0.5700	0.6400
<u>Beer - Package Equalization</u>							
	24 bottle packages				0.3700		
	8 can packages				0.1500		
	15 can packages				0.1400		
	20 can packages				0.2000		
	30 can packages				0.2600		
	36 can packages				0.2600		

NOTES

1. Calculations of Per Package Surcharge for each category are done on a per litre basis but have been listed for each size.
2. Calculations of Package Equalization for each category are done on a per package basis unique to each size in the category.
3. Calculations of commercial consideration for each category are done on a per litre basis. Commercial Consideration is applied to all import products as well as beer distributed out of Manitoba Liquor & Lotteries Warehouse.
4. Retail prices are calculated by applying the greater of the minimum dollar markup as above or markup percentage as above, on the landed cost per bottle or per can cost. The Per Package Surcharge are added to this amount. For MBLL distributed, imported products, a fixed dollar-per-litre "commercial consideration" is then added. Provincial sales tax of 7% and Goods and Services Tax of 5% is then applied.
5. All alcoholic beverages, excluding beer, which are in non-deposit but recyclable containers, have an environmental protection tax built into the pricing structure.
6. Gift items (including liquor in special bottles, gift packs, special packaging, etc.) are priced by applying the full markup to the landed cost of the liquor. No markup is applied to the gift and/or packaging of the product.
7. Refreshment beverages include spirit, wine-based coolers, malt-based coolers over 4% residual sugar or sweetened with artificial sweeteners, stevia or other sweetening agents and ciders

MICRO DISTILLERY MARKUP AND SURCHARGE LEVELS

To qualify for the markup and surcharge rates, distilleries must have annual worldwide production of less than 50,000 litres of finished product. All products must be produced through active, on-site distillation through finishing and bottling at the same facility. All grape-based spirits and any products manufactured using Neutral Grain Spirits (NGS) either in whole, as part of a blending, bottling, dilution or re-distillation process will not qualify for Micro-Distillery Markup status.

Micro Distillery Markup and Surcharge Levels (Effective April 16, 2020)

Levels	Litres	Markup %	Surcharge \$/litre
Level 1	<10,000	85%	\$0.27
Level 2	10,001-25,000	100%	\$0.30
Level 3	25,001-50,000	105%	\$0.33
Level 4	>50,000	153%	\$1.12

MICROBREWERY MARKUPS AND SURCHARGE LEVELS

To qualify for the markup and surcharge rates, breweries must have annual worldwide production of less than 75,000 hectolitres, including product produced at or as a contract brewer.

Beer with greater than 4% residual sugar content will be classified as a cooler and will have the standard refreshment beverage markup rate and retail commission applied.

Microbrewery Markup and Surcharge Levels (Effective April 16, 2020)

Levels	Hectolitres	Markup %	Surcharge \$/litre
Level 1 - Draught	< 2,000	10%	0.107
Level 1	< 2,000	12%	0.107
Level 2 - Draught	2,001 - 4,000	15%	0.107
Level 2	2,001 - 4,000	16%	0.107
Level 3 - Draught	4,001 - 7,000	19%	0.107
Level 3	4,001 - 7,000	20%	0.107
Level 4	7,001 - 10,000	23%	0.107
Level 5	10,001 - 13,000	24%	0.107
Level 6	13,001 - 25,000	26%	0.107
Level 7	25,001 - 37,000	27%	0.156
Level 8	37,001 - 75,000	30%	0.188
Level 9	>75,000	49%	0.4179

Note: Markup indicated is a base markup (a markup to vendors for resale), the actual retail markup is the above indicated plus 26% of duty paid landed cost.

CUSTOMS AND EXCISE DUTY RATES

Effective April 16, 2020

Description	Customs Duty Rate	Excise Duty Rate
SPIRITS		
Gin	4.92/L	12.610/LAA
Rum	24.56/L	12.610/LAA
Vodka	12.28/L	12.610/LAA
Liqueur	12.28/L	12.610/LAA
Miscellaneous Spirits	12.28/L	12.610/LAA
Whisky(ey), Brandy, Tequila	N/A	12.610/LAA
WINE		
Vermouth & Aperitif Wine	N/A	0.665/L
Fortified Wine		
Exceeding 13.7% alc/vol but not 14.9% alc/vol	4.68/L	0.665/L
	AU/NZ 2.75/L	
Exceeding 14.9% alc/vol	N/A	0.665/L
Table/Still Wine		
Not exceeding 7% alc/vol and < 2litres	1.87/L	0.319/L
> 2litres	N/A	0.319/L
7% - 13.7 % alc/vol and < 2litres	1.87/L	0.665/L
> 2litres	N/A	0.665/L
Exceeding 13.7 % alc/vol	N/A	0.665/L
Sparkling Wine		
Not exceeding 7% alc/vol	N/A	0.319/L
Exceeding 7% alc/vol	N/A	0.665/L
REFRESHMENT BEVERAGES		
Not exceeding 7% alc/vol		
- Spirit Based	12.28/L	0.319/L
- Wine Based and Ciders	N/A	0.319/L
Beer and Malt Based Coolers		
(Rates may vary on supplier production levels)	N/A	0.3366/L

LAA = Litre of Absolute Alcohol (**Formula:** Size of selling unit (L) x Alcohol by volume x applicable rate)

L = Litre (**Formula:** Size of selling unit (L) x applicable rate)

Domestic products are subject to Excise rates only

Products with Certificate of Origins submitted for Signed Trade Agreements will not have customs applied.

Additional information on custom rates can be found:

<https://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/2020/01-99/ch22-2020-eng.pdf>

And additional information on excise rates can be found:

https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/edrates/excise-duty-rates.html#_Toc505753867

SIGNED TRADE AGREEMENT RATES

In order to qualify for the lower trade agreement rates, each agent/supplier from the originating country must supply Manitoba Liquor & Lotteries with a Certificate of Origin. This certificate must be submitted on an annual basis or the duty rate on these products will lose the MFN (Most Favoured Nation) rate. These blanket certificates must indicate all products the agent/exports to Canada for one year (January 1 to December 31). A new certificate will be required for each calendar year.

Each year if a Certificate of Origin has not been received by the date required, the agent/supplier's products will revert to the higher tariff rate and the corresponding higher retail price will be implemented at the earliest convenient date after January 1.

Any Certificate of Origin received for listed products between November 1 and December 31 will be applied to the following calendar year. Certificate of Origin's submitted for new listings during this time will be applied immediately; please note that a separate Certificate of Origin must also be submitted for the following calendar year.

For more information on signed trade agreements, please contact Manitoba Liquor & Lotteries Customs Department:

Tonya Heilman
Phone: (204) 957-2500 ext. 5538
Fax: (204) 475-7686
tonya.heilman@mbl.ca

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PRICE CHANGE INFORMATION: MANITOBA LIQUOR & LOTTERIES DISTRIBUTED PRODUCTS AND PRIVATELY DISTRIBUTED PRODUCTS

Price Changes occur six (6) times annually for all eligible products. Manitoba Liquor & Lotteries initiated changes, such as freight rates, exchange rates, markups and/or other changes will occur as part of price changes. Where possible, two weeks prior to the price change submission deadline, industry will be notified of any freight, exchange, or other changes. All requests for price changes must be submitted by the deadline dates outlined on the following page. Absolutely no extensions will be allowed.

Suppliers and Agents will only be required to submit price changes for items they wish to have the retail price adjusted for. Changes to freight and exchange will be applied to case cost and previously submitted supplier retail will be maintained unless a price change request is submitted.

Note all price change requests must be submitted on the Manitoba Liquor & Lotteries Request for Price Change form:

- *All listed products are eligible for price changes with the exception of:*
 - *Distinctions*
 - *Allocations*
 - *Specialty Wine Store Exclusives*
 - *Special Orders*
 - *Limited Release*
- *Items included on price change submission must have a retail price change. **Do not** list any products that do not have changes to their prices, retail is maintained for all products and case cost is adjusted.*
- *All required fields (marked with *) must be completed with up-to-date information.*

Retail prices for all Allocations and Distinctions will be evaluated based on date of arrival per purchase order. These are “open” price changes, where suppliers (or their assigned agents/representatives) can submit new case costs/retails for any of their products. Submit all price change submissions to pricechange@mbl.ca

RETAIL PRICE REDUCTIONS

All supplier wholesale price quotation reductions must remain in effect for a minimum of two months (60 days).

Any request for a reduction in retail price will result in a chargeback to the supplier for all inventories on hand on the effective date of the price reduction. The chargeback for Liquor Stores and Distribution Centre inventory is calculated by taking the difference between the invoice cost that is required for the current retail price and the invoice cost required for the requested price multiplied by the total inventory on hand. The reduced quote will be in effect approximately one week prior to the reduced retail price to ensure that inventories received once the price change is in effect are at the same price. The date the quote is effective will be confirmed to suppliers.

AGENTS SUBMITTING PRICE CHANGE REQUESTS ON BEHALF OF SUPPLIERS

Manitoba Liquor & Lotteries will accept price change submissions from Agents on behalf of their suppliers.

The following conditions must be met:

1. The Agent accepts full responsibility to inform the supplier of these changes and ensure that future invoicing is appropriate.
2. Should any chargebacks be involved, the Agent will be held responsible for all charges, in the event the supplier refuses payment.

PURCHASE ORDER ADJUSTMENTS FOR PRODUCTS AFFECTED BY PRICE CHANGE

Changes to case cost, as part of the normal Price Change process take effect seven (7) days before the price change. Purchase Orders placed seven days or less before the Price Change effective date will reflect the new case cost.

Purchase Orders placed more than seven days before the price change will not be revised to reflect the new case cost after the price change. If required, an inventory adjustment will be made upon arrival and the agent/supplier will be charged or credited the difference.

PRICE CHANGE DEADLINES - FISCAL 2020/2021

(Deadlines will be strictly enforced)

PRICE CHANGE SUBMISSION DEADLINE	PRICE CHANGE EFFECTIVE DATE*	NEW CASE COST EFFECTIVE DATE
-	No Price Change for March 2020	-
February 21, 2020	April 16, 2020	April 9, 2020
-	No Price Change for May 2020	-
-	No Price Change for June 2020	-
May 15, 2020	July 1, 2020	June 24, 2020
-	No Price Change for August 2020	-
July 17, 2020	September 1, 2020	August 25, 2020
-	No Price Change for October 2020	-
September 18, 2020	November 1, 2020	October 25, 2020
-	No Price Change for December 2020	-
November 20, 2020	January 1, 2021	December 25, 2020
-	No Price Change for February 2021	-
January 15, 2021	March 1, 2021	February 22, 2021

NOTES

All agent/supplier requested price reductions must remain in effect for a minimum of 60 days and will be subject to a chargeback on all inventory in the Warehouse and Liquor Stores. This chargeback for Liquor Stores and the Warehouse will be the calculated difference in invoice cost of the old retail and the new lower retail price.

* Price Change effective dates are subject to change. Every effort will be made to communicate any changes to all stakeholders.

PRICING POLICY FOR MARKETING PROGRAMS

Limited Time Offers, Hot Buy and Black Friday *NEW*

Manitoba Liquor & Lotteries does not participate in cost sharing of Limited Time Offers (LTO), Hot Buy and Black Friday promotions. Agent/Suppliers are charged back the full amount of the retail discount for the promotion, including the pre-buy period.

Retail pricing, including LTO, Hot Buy and Black Friday promotions cannot fall below Social Reference Pricing. Approved applications where prices fall below SRP will be revised to meet minimum pricing. SRP is adjusted annually in accordance with CPI.

Temporary Price Reduction

By agreement Manitoba Liquor & Lotteries may participate in cost sharing of Temporary Price Reduction (TPR).

For additional information on TPR's please contact the Category Manager responsible for the product in question.

Value – Add Program

The agent/supplier is responsible for 50% of the minimum markup, the per-package surcharge and the package equalization on all value-added beverage alcohol applied to parent brands.

For Marketing programs and information please refer to the [Marketing-at-Retail Manual](#)

DISCOUNTED PRODUCTS

Delisted products must be appropriately reduced in price to enable such inventory to be cleared through liquor stores, liquor vendors and licensees. There are four classifications of products which may be discounted to clear inventories:

1. Delisted general listings
2. Delisted specialty listings
3. Seasonal listings
4. Subsequent price reduction on products already delisted

Discount costs are borne by Manitoba Liquor & Lotteries, with the exception of general list products. For General listings, the agent/supplier shall be charged back 25% of the supplier invoice. The cost discounts over the 25% base shall be borne by Manitoba Liquor & Lotteries.