



January 2, 2018

TO: All Trade Partners

RE: Updates/Changes to Minimum Retail Prices, Beer Basic Fee, LCBO Beer Cost of Service Rates, Imported Spirits Pricing, LTOs, Spirits Price Bands; Logistics Average Freight Rates (LAFR) review

David Cacciottolo
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Please be advised of the following updates and changes:

Minimum Retail Price Increases – applicable to ALL products

On Thursday, March 1, 2018, the minimum retail prices for all beverage alcohol categories will increase in accordance with Ontario Regulation 116/10 under the Liquor Control Act (see attachment #1). These rates reflect recent amendments to the regulation governing minimum prices. Similar increases to minimum prices took place in past years. The regulation requires minimum prices to be increased by the three-year average of the Consumer Price Index.

For suppliers who wish to re-quote, please note the following key dates:

- Monday, January 15 - revised wholesale quote deadline
- Monday, January 29 - wholesale quote revisions effective
- Thursday, March 1 - retail price effective

Quotes must be e-mailed to pricing@lcbo.com.

Beer Basic Fee and LCBO Cost of Service Rates – applicable to ALL beer products

Increases to the Beer Basic Fee and LCBO in-store and out-of-store cost of service rates will also take effect Thursday March 1, 2018. The revised rates are listed in the table below.

Beer Fees (\$/Litre)	Current	March 1, 2018
Packaged Beer Basic Fee	\$0.8833	\$0.8974
Packaged Beer Basic Fee (micro)	\$0.3834	\$0.3975
Draught Beer Basic Fee	\$0.7131	\$0.7245
Draught Beer Basic Fee (micro)	\$0.3482	\$0.3596
In-store cost of service	\$0.6262	\$0.6362
Out of store cost of service	\$0.1695	\$0.1722
Out of store cost of service (draught beer)	\$0.1052	\$0.1069

To administer this change, the submission schedule for beer price changes will be modified by one week, as follows:

- Monday, February 5 – submissions and supplier quotes due by 4 p.m. for March 1 change
- Monday, February 12 – no price change submissions will be accepted



Monday, February 19 – no beer price changes; submissions accepted for March 5 change

Monday, February 26 – no beer price changes (except LCBO LTOs); submissions accepted for March 12 change

Thursday March 1 – new markup and retail prices in effect

For brewers of Ontario beer listed at TBS, LCBO or grocery

To maintain the current retail price, no action is required. The product will be re-priced to reflect the change in markup and the supplier quote will be reduced accordingly with no change to the retail price. If a change in price is desired, please submit the [Beer Price Submission](#) form.

For brewers of imported beer

To maintain the current retail price, a revised wholesale quote is required along with a completed [Beer Price Submission](#) form. The quote must state: “The supplier will pay to reduce the cost of inventory on hand and on order.” If no revised quote or Beer Price Submission form is received, the new fees will be applied to the current quote and the product will be re-priced accordingly. Please note: For products listed at TBS, no changes will be made to licensee prices or pack-up prices unless requested by the brewer on the Beer Price Submission form.

All quotes and price submissions must be submitted via email to pricing@lcbo.com by the deadline indicated above.

Imported Spirit Pricing (excluding liqueurs & ready-to-drink products)

To align with the new minimum retail prices, imported spirit suppliers may also re-quote. Use the template (attachment #2) and submit along with a new quote letter to merchandisingsupport@lcbo.com and pricing@lcbo.com by Monday, January 15, 2018. The new retail prices for these products will be forced up on Thursday, March 1, 2018. Upon purchase order receipt, prices will be recalculated based on revised quote and rates.

If the LCBO does not receive a revised quote, it will be assumed that the supplier does not wish to have the retail price forced up as stated above. The new retail price will be calculated according to the regular quote increase schedule based on purchase order receipt. Please note that in this latter circumstance, it is possible that any approved Limited Time Offers (LTO) will be cancelled should they fall below the new minimum retail prices.

Limited Time Offers (LTO)

LTO prices for products participating in the Period 13 Promotional Period will be based on the retail price in effect on Monday, January 29, 2018. Suppliers should review future LCBO promotional programs to ensure that they adhere to the new minimum prices.

Spirits Price Bands

Please find attached a list of the new corresponding spirits price bands (attachment #3). To ensure that your product is classified in the appropriate price band and/or to notify the Category Manager of any planned changes to retail price, contact alanna.bailey@lcbo.com for white spirits or peter.cloutier@lcbo.com for brown spirits by Friday, January 26, 2018.

Logistics Average Freight Rates (LAFR) Review

The quarterly review of the LAFR is complete and suppliers affected by this review have already received notification. Any supplier wishing to adjust their quote as a result of this review should consider all of the above changes when submitting a revised quote.

Questions may be directed to David Cacciottolo, Manager, Pricing Administration (416-365-5869 or david.cacciottolo@lcbo.com).

Thank you for your continued support and partnership.

Sincerely,

A handwritten signature in black ink, appearing to read 'D.C.', with a small dot at the end.

David Cacciottolo
Manager, Pricing Administration