

FAQ FOR BRAND OWNERS

Extended Producer Responsibility Beverage Containers Program in New Brunswick



Effective April 1, 2024

What is the difference between a CRF and a deposit?

A "CRF" stands for *Container Recycling Fee*. It is an environmental handling/management fee charged to beverage industry product brand owners to cover the estimated net costs of recovering and recycling the containers for their products. The exact amount set for each container depends on how cost-effective a container's material type is to recycle. CRFs are a common and proven financing mechanism used successfully in many other Canadian provinces to fund the recycling of beverage containers. As of April 1, 2024, the New Brunswick Beverage Containers Program will transition to a full extended producer responsibility (EPR) model, with a CRF set by container type to cover the estimated net costs of recycling each material stream.

A "deposit" is a refundable fee that consumers pay when they purchase a ready-to-drink beverage product in a sealed container, in addition to the item's price. It is intended to encourage consumers to return the empty beverage container for recycling or refilling instead of disposing it in a landfill or as litter. New Brunswickers are accustomed to paying a 10-cent deposit on some containers and a 20-cent deposit on others. Starting April 1, 2024, as required by the New Brunswick *Designated Materials Regulation*, they will receive a full refund for these deposits when they return empty beverage containers to used beverage container (UBC) return facilities, known as "redemption centres."

Will tax be applied to the CRF?

Yes, the CRF will be subject to New Brunswick's Harmonized Sales Tax (HST), regardless of whether the beverage itself is taxable or non-taxable. HST will be calculated at 15% on top of the CRF amounts.

Won't the CRF be just another form of taxation?

No, Encorp Atlantic/Encorp Atlantique ("Encorp") is a not-for-profit producer responsibility organization operated by the beverage industry in New Brunswick. None of the CRFs or the deposits will go to any level of Government. The CRFs will be charged by Encorp directly to beverage industry product brand owners to cover the estimated net costs of recycling their containers. CRFs are common in many other provinces and reflect the growing movement towards eco-packaging and producers taking full responsibility for the lifecycle of their products. There are costs involved in recycling beverage containers, and charging a CRF is necessary to ensure our beverage container recycling system in New Brunswick remains financially sustainable.

Are there any types of beverage containers that are not included in the Beverage Containers Program?

Only sealed containers for ready-to-drink beverage products that fit the Regulation's definition of "beverage" are included in the Beverage Containers Program and considered deposit-bearing. This definition and a list of exclusions can be found on pages 5-6 of the *Brand Owner Information Package*. Brand owners should also ensure that deposit-bearing beverages are packaged in containers using material types from Encorp's list of accepted materials (pages 13-14 of the *Brand Owner Information Package*).

Additionally, containers greater than 5 L or containers that consumers can bring back to a retailer to be refilled (such as flagons/growlers) are not part of the Beverage Containers Program and are not subject to deposits or CRFs.



Why not raise the deposit amount on beverage containers in New Brunswick, especially when some other provinces may have higher deposits?

Encorp aims to enhance customers' UBC return and redemption experience in collaboration with local redemption centres over the next few years, improving access and convenience to UBC recycling across the Province before considering any potential increases in beverage container deposits.

New Brunswickers are accustomed to paying a 10-cent deposit and receiving a 5-cent refund on most beverage containers. Until now, a 20-cent deposit (with a 10-cent refund) has only been applied to alcohol beverage containers over 500 ml (up to a maximum of 5 L). Starting April 1, 2024, this 20-cent deposit will be exclusively applied to alcohol non-refillable glass containers over 500 ml (up to a maximum of 5 L). As a result, other types of alcohol beverage containers that previously had a 20-cent deposit will see their deposit reduced to 10 cents. New Brunswickers will also receive the full 10- and 20-cent refunds on deposits when they return their UBCs to redemption centres.

Will tax still be applied to a portion of the beverage container deposits?

No. Tax is only applied to deposit portions that are not refunded to consumers. Because the Beverage Containers Program is moving to a fully refundable deposit system on April 1, 2024, deposits will no longer have a taxable component.

Previously, I paid a security deposit to Encorp when I signed a *Distributor Agreement* with Encorp. Will this deposit be refunded after March 31, 2024?

Yes. Your existing *Distributor Agreement* will expire on March 31, 2024, and security deposits will be returned upon expiration of the agreement. The *Brand Owner Agreement*, which will be effective April 1, 2024, does not require a security payment.

I am accustomed to reporting my deposit-bearing beverage container sales to Encorp every four weeks (i.e., a 13-month reporting cycle). Will I be able to continue doing so?

Yes, you will be able to continue doing so. However, for the months of March and April 2024, you will need to respect the month-end cut-off date of March 31, 2024.

Furthermore, you should note that if your reporting period overlaps the months of March and April (for example, Sunday, March 24, 2024, to Saturday, April 20, 2024), you will need to submit two separate reports – one using Encorp's current *Deposit Remittance Forms* for all deposits collected up to March 31, 2024, and one at the end of your accounting period in April using Encorp's new online reporting system (*Brand Owner Portal*) for the deposits and CRFs collected from April 1, 2024, onward. You will only be required to submit one payment for both reports.





Does registering with Recycle NB and indicating "Encorp" as my Agent on their *Brand Owner Registration Form* automatically appoint Encorp as my Agent?

No. Registration with Recycle NB and registration with Encorp are two separate things.

You must sign a *Brand Owner Agreement* with Encorp to officially appoint Encorp as your Agent. The *Brand Owner Agreement* is available on Encorp's website at encorpatl.ca/epr.

Encorp can be appointed as an Agent to act on behalf of brand owners with respect to the brand owner's obligations under the Regulation. Encorp has established a methodology for determining obligated brand owners as follows*.

- a) *If the beverages are manufactured in New Brunswick for sale in the Province, the manufacturer of the beverages.*
- b) *If a) does not apply, and the beverages are manufactured or distributed in Canada, the manufacturer or distributor who sells the beverages **directly** into New Brunswick for sale in the Province.*
- c) *If a) and b) do not apply, the first person to import** the beverages into New Brunswick for sale in the Province.*

***If your company does not fit one of these categories, Encorp will not enter into a *Brand Owner Agreement* with your company. However, as the brand owner of your beverages, you must, to the best of your ability, ensure that the importer or distributor of your beverage products into New Brunswick is registered with Encorp.**

****Note that Alcool NB Liquor (ANBL) will not be considered the brand owner for alcohol beverages imported into New Brunswick from outside of Canada that have a Canadian agent, representative, or distributor, and are sold by ANBL in the Province of New Brunswick. These organizations will be considered the designated brand owners and will be required to enter into a *Brand Owner Agreement* with Encorp.**

I registered with Recycle NB, but I do not fit the categories of brand owners that need to enter into a *Brand Owner Agreement* with Encorp. What will happen with my Recycle NB registration?

Any entity that may have registered with Recycle NB in error for the EPR Beverage Containers Program can contact Recycle NB to request that their registration be cancelled.

I am a non-alcohol beverage brand owner. Can I transfer my obligations regarding reporting sales and remitting deposits and CRFs to another brand owner?

It is possible to assign another brand owner – if they are also registered with Encorp – the task of reporting your beverage container sales and remitting the deposits and CRFs to Encorp on your behalf. To do this, you will need to first contact Encorp at epr-rep@encorpatl.ca to obtain the *Remittance Agreement* document. The *Remittance Agreement* must be signed by both parties and submitted to Encorp for approval alongside the completed *Brand Owner Agreement*. Encorp will then review the submitted *Remittance Agreement*. If Encorp finds the arrangement acceptable, Encorp will also sign the agreement and return the executed document to both parties.



I am an alcohol beverage brand owner that sells to Alcool NB Liquor (ANBL). Can I transfer my obligations regarding reporting sales and remitting deposits and CRFs to another brand owner?

You can only transfer this responsibility to ANBL; however, you do not need to enter into a *Remittance Agreement* with them. Encorp will enter directly into an agreement with ANBL. ANBL will report sales and remit deposits and CRFs for all alcohol beverages sold through its distribution systems, including convenience and grocery agents.

However, if you are a craft alcohol producer, you should note that you will still have to report sales data to ANBL for the alcohol beverage products you manufacture and sell on your own premises in the Province of New Brunswick, and it will be your responsibility to report the sales and remit deposits and CRFs for these products directly to Encorp.

***Craft Alcohol Producer A* manufactures its own beverages in New Brunswick and sells them to *Craft Alcohol Producer B*, who sells them to consumers on its premises. Which of these brand owners is responsible for reporting sales and remitting deposits and CRFs to Encorp for *Craft Alcohol Producer A*'s beverage products?**

Craft Alcohol Producer A is responsible for reporting the sales and remitting the deposits and CRFs to Encorp for all the beverage products it manufactures and sells for consumption in New Brunswick. This includes all beverage products it sells on its own premises and those it sells to other establishments/retailers for consumption in New Brunswick (except ANBL and its distribution network), such as *Craft Alcohol Producer B*.

Therefore, *Craft Alcohol Producer A* must collect deposits from consumers for all deposit-bearing beverage products it sells on its own premises and remit these – along with the CRFs – to Encorp. For the beverages sold to *Craft Alcohol Producer B*, *Craft Alcohol Producer A* must also remit the deposits and CRFs to Encorp – and can recover these costs by including them on its business-to-business invoice to *Craft Alcohol Producer B* (both deposits and CRFs should always be indicated as separate line items on business-to-business invoices).

Craft Alcohol Producer B will then recover these costs by collecting deposits from consumers (and the CRFs if passed on to consumers) for the beverage products it has purchased from *Craft Alcohol Producer A*. (On consumer receipts, deposits should be a separate line item; however, CRFs – if passed on to consumers – must be integrated into the total price of the product and thus never shown as a separate line item.) No reporting and remitting is required of *Craft Alcohol Producer B* to Encorp regarding *Craft Alcohol Producer A*'s products.



Are the labelling requirements for the new EPR Beverage Containers Program different from the former legislation's labelling requirements?

The labelling requirements outlined in the *Brand Owner Agreement* are the same as the former legislation's labelling requirements, with the exception of brand owners now being able to choose the size of the refund notice. Deposit-bearing beverage containers in New Brunswick must carry a refund notice advising that it carries a refund value, which must be in both English and French, and must be located on the container where it is readily visible and remain on the container when empty. Examples of appropriate labelling include but are not limited to the following - multiple variations of wording are acceptable provided the concept of a refund is evident.

- a) "Return for refund where applicable / Consigné là où prescrit"
- b) "Refund where applicable / Consigné là où prescrit"
- c) "Return for refund where applicable / Retourner pour remboursement là où applicable"

I read through the *Brand Owner Information Package*, what are the steps to compliance?

Follow these steps ONLY if you meet the definition of "Who Should Register With Encorp" provided on page 4 of the *Brand Owner Information Package*.

1. Complete and sign the Encorp *Brand Owner Agreement*

A *Brand Owner Agreement* and a *Brand Owner Contact Information Form* are available on Encorp's website at encorpatl.ca/epr. Please complete the requested information and send both signed PDF documents to Encorp at epr-rep@encorpatl.ca before January 31, 2024. Encorp will return the executed copy of the *Brand Owner Agreement* for your records, enter all your company information into its database, and assign you an Encorp brand owner number for reporting purposes.

2. Register your beverage containers

Register each of your containers/brands for the sealed, ready-to-drink deposit-bearing beverage products that you sell in New Brunswick. You can do this by filling out Encorp's *Beverage Product Registry Template* which can be downloaded via Encorp's website at encorpatl.ca/epr. Submit the completed file to Encorp at epr-rep@encorpatl.ca at the same time as your *Brand Owner Agreement* - before January 31, 2024.

Once your beverage containers have been reviewed, you will receive a confirmation letter indicating that your containers have been approved.

Brand owners will be contacted by Encorp and asked to update their list of products by filling out the *Beverage Product Registry Template* on an annual basis. You will thus not be required to register new products individually between these yearly updates.





3. Report your sales and remit deposits and CRFs to Encorp

You must report the sales and remit the deposits and container recycling fees (CRFs) for the deposit-bearing beverage containers you sell in New Brunswick to Encorp*. A few weeks before April 1, 2024, Encorp will contact you, offering username and login details and training on accessing and using an online reporting system (*Brand Owner Portal*) for the EPR Beverage Containers Program.**

- You must report all sales of ready-to-drink deposit-bearing beverage products sold and shipped into the Province of New Brunswick, detailing the container types and quantities. Based on this information, our reporting system will automatically calculate the deposits and CRFs that you must remit.
- Reports submitted to Encorp must only include products sold in New Brunswick, for consumption in the Province.
- All sales of deposit-bearing beverage products registered with Encorp must be reported monthly. A zero report needs to be filed in case of no beverage container sales recorded in a reporting period. (Note that depending on annual volumes, some brand owners may be given less frequent reporting schedules from Encorp – i.e., quarterly, semi-annually or yearly. Encorp will evaluate your sales volume annually and advise if you qualify for a different reporting schedule.)
- Reports are due within 10 days of the end of each calendar month for the previous calendar month's reporting period.
- Payments to Encorp must be made within 30 days of the end of each reporting period. Encorp accepts payments via electronic funds transfer (EFT) or cheque.

*Brand owners seeking to delegate the responsibility of reporting sales and remitting deposits and CRFs to Encorp through another brand owner need to provide Encorp with a completed *Remittance Agreement*. You must contact Encorp at epr-rep@encorpatl.ca to obtain this document. The *Remittance Agreement* must be signed by both parties and submitted to Encorp for approval alongside the completed *Brand Owner Agreement*. Encorp will then review the submitted *Remittance Agreement*. If Encorp finds the arrangement acceptable, Encorp will also sign the agreement and return the executed document to both parties.

**If your company is reporting sales to Encorp under the current Beverage Containers Program, please continue to do so using the same *Beverage Container Deposit Remittance Forms* available on our website for deposits owed up to and including March 31, 2024. Encorp's new online reporting system (*Brand Owner Portal*) must only be used to report deposits and CRFs collected on or after April 1, 2024.

MORE INFORMATION

For inquiries regarding reporting and remitting deposits and CRFs to Encorp:

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For inquiries regarding brand owner agreements/appointing Encorp as your Agent:

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