

Toronto

## Why the Ford government mixed deposit on soft drink cans, bottles

Ontario bowed to pressure from big supermarket chains, says Environmental Defence

[Mike Crawley](#) · CBC News · Posted: Jul 15, 2024 4:00 AM EDT | Last Updated: July 15



A supervisor sifts through mounds of blue box recycling delivered to the Cascades Recovery plant in Ottawa. Roughly 50 per cent of cans, plastic bottles and cartons of non-alcoholic beverages consumed in Ontario each year are recycled, the lowest rate in Canada. (Jennifer Chevalier/CBC)

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Ontario has the worst recycling rates in Canada for cans, plastic bottles and cartons of non-alcoholic beverages, with billions of these containers going to landfills and incinerators annually.

But for more than a year, momentum was building toward a key shift to try to improve things. Premier Doug Ford's government was seriously [considering](#) creating a deposit-return system for soft drink containers, a system that's already in place in eight other provinces and that already exists for beer, wine and spirits in Ontario.

That momentum began in June 2023, when Ford's then-minister of the environment, David Piccini, launched a working group to hammer out recommendations for such a system.

The working group included representatives from the beverage, retail and waste management industries, as well as environmental stakeholders and provincial officials.

Over the course of a year, its members researched how a deposit-return system could operate, be financially sustainable and achieve better recycling rates than Ontario's blue boxes.

Then suddenly, with zero advance notice and no public announcement — and with a potential [LCBO strike](#) dominating the news — senior government officials phoned the participants on the afternoon of July 4 to tell them the working group was being shut down, and plans for the deposit-return system [scrapped](#).

What follows is the inside story of how, in a battle with big financial implications for companies and big environmental implications for Ontario, Doug Ford's government sided with Big Grocery over Big Beverage.



The Canadian Beverage Association, whose members include the major drink producers such as Coke and Pepsi, is in favour of Ontario adopting a deposit-and-refund system for non-alcoholic drink containers. In a statement, the association said the government's decision to abandon that system is a 'significant setback' for the environment and the people of Ontario. (Sanjit Das/Bloomberg)

## The reaction

Reaction to the government's U-turn tells you plenty about where the key players stand on a deposit-return system. The retail industry was overjoyed. The beverage industry and environmental groups were outraged.

Ashley Wallis, an associate director of the non-profit advocacy group Environmental Defence and a member of the working group, says she was shocked and very disappointed.

- [Ontario rules out charging deposit on non-alcoholic cans, bottles](#)

"It's a huge step in the wrong direction," Wallis said in an interview. "This immediate decision to not only end the working group, but actually completely back away from deposit-return, it totally caught me by surprise."

The Canadian Beverage Association, whose members include the major drink producers such as Coke and Pepsi, called the cancellation a significant setback for the environment and the people of Ontario.

"I was very surprised and disappointed," said Krista Scaldwell, the association's president, in an interview. "We invested a year's worth of time and energy and really good research. To get that cancelled last minute without any consultation ... it isn't fair."

The Retail Council of Canada, whose members include the major grocery chains and big box stores such as Loblaws and Costco, welcomed the move to abandon plans for deposit-return.

"Retail Council of Canada fully supports the government's stance," said Michelle Wasylyshen, the organization's national spokesperson, in an email to CBC News. "We applaud the government's approach because it avoids cost to customers, while still holding companies to high targets."



The Retail Council of Canada, whose members include the major grocery chains and big box stores such as Loblaws, welcomed the government's move. (Doug Ives/The Canadian Press)

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## Big Beverage vs. Big Grocery

That difference of opinion illustrates the tug-of-war between the big companies that produce beverages and the big supermarket chains that sell them, over how to deal with all those containers of soda, juice and water once they're empty.

By abandoning deposit-return, the government bowed to pressure from the supermarket chains, said Wallis of Environmental Defence.

"It's frustrating the amount of power that they seem to have and the amount of influence that they seem to have over policy," Wallis said.

"These are companies that make money, lots of money from selling these drinks to us," she said. "Them refusing to participate in the kind of program that would actually keep these containers out of our environment is honestly shameful."

- [Big grocers, retailers want Ontario's recycling plan changed](#)

Scaldwell of the Canadian Beverage Association (CBA) accuses the big grocery chains of going "behind the backs" of the other industry groups and pressuring the government into its decision.

"Clearly one of the stakeholders was in there lobbying for it to be cancelled," Scaldwell said. "That left the rest of us going, 'What just happened?' It doesn't make any sense."

Wasylyshen of the Retail Council of Canada (RCC) said the beverage industry ignored retailers' input about their cost concerns.

"Twice now, CBA has proposed solutions that would see customers paying the recycling bills of companies like Coke and Pepsi, and this doesn't sit well with us," she said in her email.



Eight provinces already have a deposit-return system for non-alcoholic drink containers, typically charging a 10 cent deposit that's refunded when the consumer returns the empties. Ontario and Manitoba are the only provinces that don't. (Roger Cosman/CBC)

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## The context

When it comes to who pays for dealing with the more than five billion beverage cans, plastic bottles and cartons that Ontarians drink from each year, hundreds of millions of dollars are at stake.

The province is in the midst of shifting the cost burden of trash away from municipalities (and municipal taxpayers), onto companies that make and sell products that generate waste.

For material that fills up blue boxes — including non-alcoholic drink containers — industry began paying an increased share of the costs last year and is to cover all of the costs from 2026.

- [Ontario considering deposit-and-return system like The Beer Store's for non-alcoholic drink containers](#)

How it works: companies pay fees, based on the amount of waste material they create, to organizations that manage their sector's recycling programs.

The theory of the system — known as extended producer responsibility — is that it gives companies an incentive to reduce their packaging waste and increase recycling rates. Otherwise companies have to absorb the fees as a cost of doing business or pass them on to consumers.

When the government kick-started work on the deposit-return system last year, Piccini said it would "enable consumers to receive a refund for returning used beverage containers."

The notion that consumers could face added costs under the deposit system is now the government's key justification for scrapping it.



Andrea Khanjin is Ontario's minister of the environment, conservation and parks. (andreamp.com)

## The government's take

CBC News requested an interview with Environment Minister Andrea Khanjin about why she nixed deposit-return. That request was declined, and her office provided a two-sentence statement.

"Following extensive consultation with stakeholders, it was made clear that creating a new, mandatory bottle deposit return system would add significant costs for small businesses and families," said the statement.

"Should producers and retailers wish to work collaboratively to implement a system that is both cost effective and increases recycling rates, we would welcome that, however we cannot support increased costs at a time when cost of living is so high."

- [Ontario finalizes plans to overhaul blue box program](#)

Scaldwell of the Canadian Beverage Association says the government did not do any consultation with her industry on its decision to abandon the plan.

Just two weeks before the cancellation, provincial government staff had presented the working group with a framework for how a deposit-and-refund system could be managed.

"That to me was the greatest signal that we were on track," said Scaldwell. "That's why it came as such a shock when I got that call."



Ontario is in the midst of a transition that will make producers of material that goes into the blue box cover 100 per cent of the cost of the collection and recycling systems. Until this transition, municipalities had split the cost with industry 50-50. (Martin Trainor/CBC)

The deposit-return system is actually the second proposal to try to achieve those targets that the Ford government has spiked in the past year.

In 2023, the beverage industry was preparing to fund the recycling program by [charging](#) non-refundable fees on every packaged drink purchased by Ontario consumers. The government rejected that idea, and instead launched the consultations on deposit-return.

## How other provinces handle soft drink containers

Ontario and Manitoba are the only provinces that don't have a deposit-return system for non-alcoholic drink containers. Some examples of provinces that do:

- **British Columbia** has a 10 cent deposit on non-alcoholic beverage containers, including aluminum cans, plastic bottles, cartons and drink boxes. The province recently **expanded** the program to include milk cartons and jugs. The most recently reported **recycling rates** exceeded 81 per cent for aluminum cans and 74 per cent for plastic.
- **Alberta** has a 10 cent deposit for containers up to one litre in size, and a 25 cent deposit for larger ones. The **Alberta Beverage Container Recycling Corp.** says people in that province returned more than 2 billion drink containers last year, for an 85 per cent recycling rate.
- **Quebec** has a 10 cent deposit on cans, plastic or glass bottles of soft drinks, juice and energy drinks, with retailers who sell the drinks obliged to accept empty returns and to refund deposits. The agency that runs the system, **Consignation**, says recent reforms mean that some 5 billion containers will be eligible for return each year.

Ontario has set mandatory targets for recovery and recycling of non-alcoholic beverage containers: 75 per cent by 2026 and 80 percent by 2030. The current rate is **about 50 per cent**. Based on industry data, this means some 1.7 billion plastic drink bottles end up in the trash each year.



Krista Scaldwell is president of the Canadian Beverage Association, the industry group that represents around 60 soft drink brands, including Coke and Pepsi. (Canadian Beverage Association)

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## Big Beverage's deposit plan

On Monday, the CBA is releasing a consultant's report it commissioned, which concludes that a 10-cent deposit-and-refund on bottles and cans is the most effective way for Ontario to hit its recovery targets.

The report looks at deposit-and-refund systems across Canada, in the U.S. and in Europe, then lays out six possible scenarios for Ontario, each featuring a different range of locations that would accept returns.

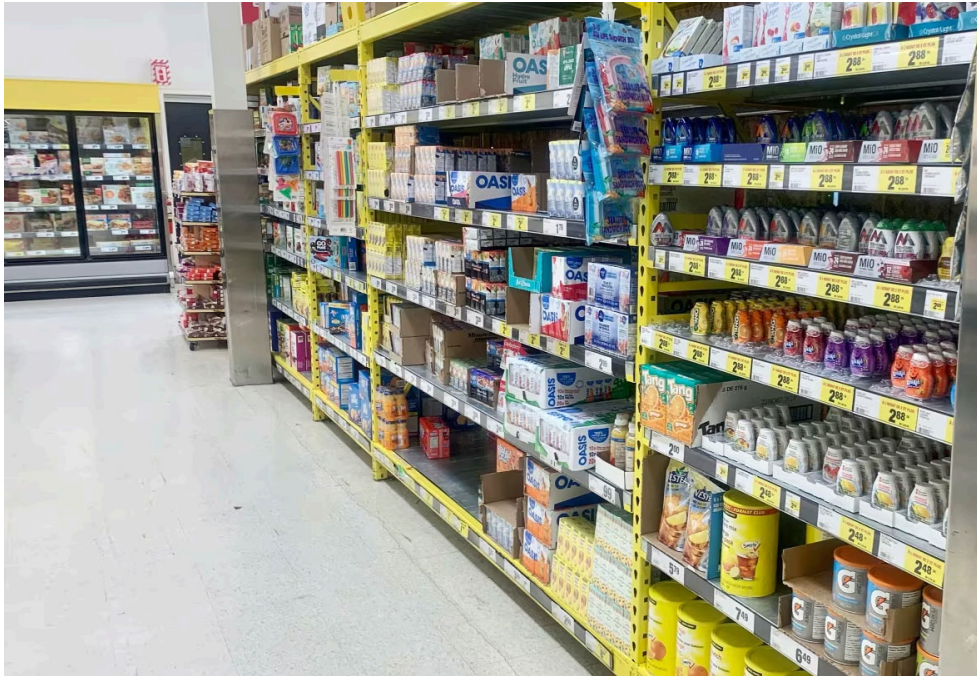
It recommends allowing customers to return empties of both alcoholic and non-alcoholic drinks to medium and large grocery stores, centralized depots and The Beer Store.

The report says the net cost of the system would be \$190 million annually, to be funded through producer fees.

- [Ontario is making companies pay for recycling. But will that keep waste out of landfills?](#)

"The more locations you have, the more efficient the system is, the higher the the return rates you get," said Scaldwell.

Wasylyshen describes the research as flawed, and says it "didn't line up with real cost data from other Canadian jurisdictions."



The beverage industry says the system that would produce the greatest recycling rates would involve all medium-to-large grocery stores accepting returns of empty alcoholic and non-alcoholic drink containers. (CBC / Radio-Canada)

## Why grocers — big and small — are balking

Wasylyshen, who served as a senior government adviser during Ford's first two years in office, focuses her arguments against deposit-return on the cost to consumers.

"If a system like this was in place, Ontarians would be stuck with an estimated 10 cent deposit on all beverage containers like bottled water or juice cartons, during an affordability crisis," she said in her email. "This is on top of a recycling cost per container, which is a fee that consumers don't get back."

Gary Sands, vice president of the Canadian Federation of Independent Grocers, representing the non-chain grocery stores, says it's the prospect of having to accept empties that causes the biggest problem for his members.

"We push back very aggressively on the idea that we have the space or the ability to be taking these dirty containers back into the store," Sands said in an interview.



"Understand the situation that independent grocers are in. Their space is smaller, their margins are smaller."

- [Few Ontario grocery stores sign on to Doug Ford's booze sale plan](#)

On a related note, grocers are also showing their reluctance to accept returns of cans and bottles of alcoholic beverages.

That's a condition for grocery stores to obtain one of Ontario's new licences to sell beer, wine and ready-to-drink cocktails, but it's not a condition for convenience stores.

CBC News [reported](#) last week that only 37 grocers across the province have obtained a licence so far, compared with 3,068 convenience stores. Sands says the obligation to accept empties is the reason why so few grocers have signed on.



A senior government official has told CBC News that the Ontario government will not bring in a deposit and return system on non-alcoholic drink containers such as pop cans and bottled water. (Evan Mitsui/CBC)

## Where do things go from here?

Environmental advocates and the beverage industry hope that if the government is serious about keeping down costs for consumers, that it will return to considering a deposit-return system, in part because the cost of the status quo blue box system is rising.

"The blue box is actually not that effective at managing our beverage containers," said Wallis. "Studies have shown around the world that deposit systems are, when you consider the number of containers that they actually manage, the most cost effective way to actually keep beverage containers out of the environment."

Scaldwell says the beverage industry cannot reach Ontario's recycling targets under the existing system.

"I'm optimistic about a solution," she said. "I think we need to get the stakeholders back to the table. I think the alcohol and non-alcoholic beverage sectors need to come together."

Wasylyshen takes a different approach.

"It's important to remember that we are in the middle of transitioning the blue box system," she said in her email. "Rushing into a new system when this transition is still underway is likely to needlessly cost Ontarians even more money."



**Ford has nixed a return system for pop cans. Here's what that means for the environment**

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CBC has learned that Doug Ford's government has decided to pass on a deposit return program for non-alcoholic beverage containers such as pop cans and bottled water. Metro Morning guest host Molly Thomas spoke to the associate director at Environmental Defense Canada Ashley Wallis about what this means for the environment.

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