



Canadian Beverage Association  

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Association canadienne des boissons

# Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget

BY: CANADIAN BEVERAGE ASSOCIATION

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## **List of Recommendations**

- **Recommendation 1:** Take a responsible approach to labelling changes that:
  - a) Ensures all labelling transitions that are currently underway reach compliance deadline before introducing additional labelling changes.
  - b) Provides a 60-month transition period for any new labelling changes.
- **Recommendation 2:** Work with the provinces and territories to establish harmonized, outcomes-based extended producer responsibility for beverage container recycling across Canada.

The Canadian Beverage Association (CBA) is the national voice for more than 60 brands of non-alcoholic beverages. Most of the beverages sold by our members across the country are made and shipped within Canada. CBA members are committed to maintaining and growing their contributions to the Canadian economy and the communities in which they operate. For every production dollar we earn, 88 cents are retained in the Canadian economy, supporting local businesses, hardworking families – the majority of which are middle class – and the communities where they live and work.

The non-alcoholic beverage sector is a major economic driver, contributing over \$5.37 billion in GDP and directing over \$977.3 million in federal tax revenue. In fact, according to the Conference Board of Canada, between 2017 and 2021, the overall investment in the non-alcoholic beverage sector amounted to more than \$500 million.<sup>1</sup>

The beverage sector is also an engine of job creation across Canada. The sector's economic activities generated \$3.4 billion in labour income and supported 55,868 full-time-equivalent (FTE) jobs across Canada in 2019. More than 90 percent of those jobs were concentrated in Ontario, Quebec, British Columbia, and Alberta, with 46 percent in Ontario alone.<sup>2</sup> The sector supported employment across various industries, including manufacturing, finance, transportation and warehousing.

Our sector is creating a circular economy for beverage containers in Canada. As an established leader in extended producer responsibility (EPR) programs, the beverage sector shares the Government of Canada's goal of advancing the circular economy and achieving zero plastic waste. CBA members support the harmonization of EPR systems and have been actively working toward this goal through producer-led beverage container recycling programs, such as Encorp Pacific in British Columbia, the Alberta Beverage Container Recycling Corporation (ABCRC), the Canadian Beverage Container Recycling Association (CBCRA), the Quebec Beverage Container Recycling Association (QBCRA) and Encorp Atlantic.

Recycling beverage containers creates jobs. For example, it is estimated that around 17 full-time-equivalent (FTE) direct jobs are created per 1,000 tonnes of beverage containers recovered from Alberta's deposit-return system (DRS) program. In Ontario, the current Ontario Blue Box curbside collection system creates 7,105 direct FTE jobs and a further 5,471 indirect and induced jobs for 12,576 FTE.<sup>3</sup>

The beverage sector is committed ensuring a health-conscious approach to the consumption of all their products and continue to provide a range of options and information so that consumers can choose what is best for them. Low-calorie non-alcoholic beverage servings have outstripped their full-calorie counterparts and become mainstream over the past decade. Between 2009 and 2021, the share of low-calorie servings of total non-alcoholic beverage volumes has steadily increased from 44 percent to 58 percent.<sup>4</sup> This shift toward low-calorie servings has been driving the reduction in the overall amount of daily calories consumed from beverages per person.

CBA and its members implement proactive voluntary initiatives to reduce sugar consumption from non-alcoholic beverages, establish responsible marketing guidelines, and demonstrate leadership in the

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<sup>1</sup> <https://www.conferenceboard.ca/product/nonalcoholic-beverage-sector-canada-june-2023/>, pp. 15

<sup>2</sup> <https://www.conferenceboard.ca/product/nonalcoholic-beverage-sector-canada-june-2023/>, pp. 11

<sup>3</sup> <https://www.conferenceboard.ca/product/nonalcoholic-beverage-sector-canada-june-2023/>, pp. 22

<sup>4</sup> <https://www.conferenceboard.ca/product/nonalcoholic-beverage-sector-canada-june-2023/>, pp. 36

stewardship of beverage containers. For example, the Balance Calories Initiative aims to reduce the number of calories Canadians consume from non-alcoholic beverages by 20% by 2025, a target the industry is on track to meet. In addition, we are signatories to the Code for the Responsible Advertising of Food and Beverage Products to Children which came into effect June 28, 2023<sup>5</sup>, have established guidelines for CBA members regarding the sale of beverages in schools<sup>6</sup>, and provide consumers with calorie information at their fingertips through our industry-leading Clear on Calories<sup>7</sup> front-of-pack labelling program.

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<sup>5</sup> <https://www.canadianbeverage.ca/industry-initiatives/guidelines/code-for-the-responsible-advertising-of-food-and-beverage-products-to-children/>

<sup>6</sup> <https://www.canadianbeverage.ca/industry-initiatives/guidelines/>

<sup>7</sup> <https://www.canadianbeverage.ca/industry-initiatives/clear-on-calories/>

**Recommendation 1: Take a responsible approach to labelling that:**

- a. Ensures all labelling transitions that are currently underway reach compliance deadline before introducing additional labelling changes.**
- b. Provides a 60-month transition period for any new labelling changes.**

Several labelling changes mandated by the federal government are currently underway (i.e. Front-of-Package Nutrition Labelling and Supplemented Foods regulations), while the industry is simultaneously participating in new public consultations (i.e. environmental labelling requirements). There are significant cost and time investments in making a label change. Label development is costly, and predictability in changes to label requirements is critical to balancing the cost of producers. These costs present challenges to all our members, large and small.

Given the complexities associated with label changes, the beverage sector requires a minimum of 60 months to implement any given mandatory labelling change(s). At all times, the deadlines should be established in a reasonable manner aligned with the impacted stakeholders. Similarly, it is critical that regulatory changes are allowed to properly transition before implementing new labelling updates in order to capture the real-world impact on consumer behaviour and ensure effective best-in-class labelling practices.

**Recommendation 2: Work with the provinces and territories to establish harmonized, outcomes-based extended producer responsibility for beverage container recycling across Canada.**

The beverage sector has a history of leadership in establishing and supporting highly effective recycling programs and developing sustainable packaging. Our sector's plastic beverage containers are made of polyethylene terephthalate (PET), a high-quality, valuable, durable, 100% recyclable plastic material. PET is collected at high rates in well-established recycling programs nationwide and is an important plastic in our economy. PET packages many food and beverage products Canadians buy every time we go to the grocery store.

CBA is a leader in Canadian stewardship efforts, and, as an Implementation Partner of the Canada Plastics Pact (CPP), we are active in key forums that unite with business across the plastics value chain, government, non-governmental organizations, in establishing solutions that keep our packaging out of the environment and in the circular economy, where they belong. Through the CPP, we are working toward ensuring 100% of plastic packaging is designed to be reusable, recyclable, or compostable; working towards 50% of all plastic packaging being effectively recycled or composted; and aiming for 30% recycled content to be used across all plastic packaging (by weight).

Our association is also working closely with provincial governments and industry stakeholders to build efficient and sustainable extended producer responsibility (EPR) regulations and programs across the country. We share the Government of Canada's desire to include effective performance measurements and believe that a reporting system (including planning, targets, and result verification) is crucial to EPR program success.

Given that the provinces and territories have jurisdiction over EPR across Canada, the federal government should prioritize collaboration with its provincial and territorial partners on key environmental policies, including a 90% plastic beverage container collection target and recycled content standards for plastic bottles. Harmonization of these EPR programs across provinces would allow beverage producers to harmonize materials categories, establish consistent reporting and closed-loop mechanisms to return recycled material back to producers to reincorporate into their products and packaging as recycled content.

The beverage sector stands apart from other packaging producers with highly recyclable materials that are collected and recycled at high rates in beverage container recycling programs across the country. Canada has 10 deposit-return programs, four led by producers and six operated by governments or public agencies. ABCRC, for example, has consistently delivered a high level of recycling performance over the years, with return rates exceeding 80% since 2011.<sup>8</sup> Nationally, Canada's beverage container recycling programs are achieving about a 75% recovery rate each year. However, this national recovery rate is not precise because of differences in the way each program collects and reports data.

Tracking the progress made to increase beverage container collection and management is a high priority for beverage producers. The sector works toward meeting provincial recovery rate targets, including 80% by 2030 in Ontario and 80% by 2028 in Quebec. Starting in 2030, Quebec's beverage-container-specific targets will increase by 5% every two years until they reach 90%.<sup>9</sup> To standardize reporting, the CBA has initiated discussions with the Recycling Affiliates Network (RAN), which includes the operators of Canada's beverage container recycling programs. Our vision is a producer-created and operated shared services platform to support the harmonization and operation of beverage container recycling programs in Canada.

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<sup>8</sup> ABCRC. 2021, p. 28. <https://www.abcrc.com/assets/Uploads/ABCRC-2021-Sustainability-Report.pdf>

<sup>9</sup> Government of Quebec. 2022. Section 99.