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**Canadian  
Franchise  
Association®**

**Growing Together**

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Hon. Andrea Khanjin  
Minister of Red Tape Reduction  
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Hon. Nina Tangri  
Associate Minister of Small Business  
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VIA EMAIL

**Re: Proposed Amendments to Ontario's *Blue Box Regulation* under the *Resource Recovery and Circular Economy Act, 2016***

Dear Ministers,

The Canadian Franchise Association (CFA) welcomes the opportunity to provide comments on the Ministry of Environment, Conservation and Parks' (the "Ministry's") proposed amendments to Ontario's "***Blue Box Regulation under the Resource Recovery and Circular Economy Act, 2016.***" As the Ministry works to review the topics covered in the proposed amendments, the CFA asks it to consider the impact any potential change may have on franchisors and franchisees across Ontario.

Franchising is a unique licensing model that gives everyday Canadians interested in owning their own business the chance to do so with the support of an established franchise system. Many franchise brands recognized in Ontario, across Canada, and around the world are owned and operated by franchised small business owners, "franchisees," who live, work, and contribute to the communities they serve.

Franchised business owners are small business owners who are in business for themselves, but not by themselves. By buying a franchise, the local franchisee gains access to a proven business concept, brand, and processes while running their own small business. In addition, the franchisor provides the franchisee with ongoing support and assistance to assure the long-term success of the franchise, which leads to the long-term success of the franchise system as a whole. The strength of the franchise model lies in this foundational franchisor-franchisee relationship.

Franchising also makes a significant contribution to Ontario's economy each year. In 2025, it is projected that there will be nearly 33,000 franchised establishments<sup>1</sup> in Ontario, employing nearly 900,000 Ontarians<sup>2</sup> and contributing an estimated \$67 billion to the provincial GDP<sup>3</sup>.

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<sup>1</sup> *Canadian Franchise Industry Economic Outlook 2025 at p 8 Table 2*

<sup>2</sup> *Ibid, Table 9*

<sup>3</sup> *Ibid, Table 6*

## Leadership by the Franchise Industry

Franchised businesses across Ontario have worked hard to lead in environmental compliance. Many franchised businesses across more than 60 sectors have switched from plastic products to paper, enhanced recycling, led the way in the shift to extended producer responsibility, and switched to environmentally friendly products for cleaning, among other notable changes, including:

- **Plastics ban** – Many brands have already phased out the products in question. In fact, some took leadership roles in phasing out products before the government moved forward with the ban.
- **Greenhouse gas (GHG) reductions** – The franchise industry is working to reduce its GHG emissions to help meet Canada's 2030 and 2050 emissions target reductions.
- **Waste reduction extended producer responsibility** – Many franchised brands have taken a leadership role in the transition of blue box programs toward extended producer responsibility. They are doing their part to reduce waste and create a circular economy that will help achieve Canada's waste reduction targets.

## Proposed Amendments

On behalf of the franchising industry in Ontario, the CFA supports the Ontario government's proposed amendments to the Blue Box Regulations, particularly in delaying the implementation of recovery targets until 2031. Franchisees across the province have faced significant cost and operational pressures over the past five years. The current regulation would impose enforceable recovery targets for materials such as paper, plastic, glass, and metal, beginning in 2026. Delaying these requirements offers much-needed relief and gives small businesses time to adapt, invest in the necessary infrastructure, and work with Producer Responsibility Organizations (PROs) to prepare for compliance in a more manageable and phased-in manner.

The original targets were set with good intentions, but have failed to anticipate the steep increases in collection and recycling costs caused by inflation, labour shortages, and infrastructure bottlenecks. The Government's revised timeline approach recognizes the disproportionate burden that significant regulatory changes can have on small businesses. By maintaining a "best efforts" standard in the interim, the proposed changes will enable small businesses to remain engaged in recycling initiatives without incurring punitive costs or penalties. We commend the government's responsiveness and urge continued dialogue with small businesses to ensure future regulatory changes strike the right balance between environmental responsibility and economic sustainability.

## Further Amendments

While the CFA commends the Ministry for ensuring that franchised small businesses have the necessary time they need to adapt and make necessary investments, we strongly urge you to remove section 12 of the current regulations to ensure that franchised and non-franchised small businesses are treated equitably under the extended producer responsibility (EPR) framework. Currently, Section 12 designates that a franchisor, which has franchisees operating in Ontario, is the producer and must report on their behalf. While this was surely done for administrative expediency, this designation ignores the fact that franchisors are, in many cases, small businesses themselves, and thereby places an unfair regulatory burden on them versus other small businesses and entrepreneurs who have chosen to employ another business model in expanding their enterprises.

Even more importantly, Section 12 treats franchisors and franchisees as a single entity for EPR purposes, thereby creating significant legal and operational concerns. By not recognizing franchisees as independent franchised small business owners, this structure increases the risk of common/joint employer

liability, conflicts with other provincial legislation that governs franchising, and potentially undermines the franchisor-franchisee relationship.

Finally, this approach imposes disproportionate administrative and financial burdens on franchised small business owners who would otherwise qualify for the small producer exemption under the \$2 million gross revenue threshold. Unlike their non-franchised counterparts, these franchised small business owners are required to provide detailed information to their franchisor, who must report to the Resource Productivity and Recovery Authority (RPRA). As stated above, this creates an unfair regulatory imbalance and penalizes franchised small businesses simply because of their business model – a model that has greatly benefitted the Ontario economy for many years.

Removing Section 12 would help restore regulatory fairness and uphold the legal independence of franchised small business owners across Ontario.

### **Conclusion**

Small businesses are the backbone of Ontario's economy, making up nearly 98% of all businesses across the province. The proposed amendments to the Blue Box Regulations, if implemented, will provide much-needed relief to both franchised and non-franchised small businesses across the province, giving them time to plan and adapt to the changing reporting requirements. While the CFA supports this change, it urges the Ministry to take further steps to reduce potential legal risks caused by the current rules and ensure clear regulatory requirements for franchised and non-franchised small businesses in Ontario.

The Canadian Franchise Association stands ready to support the Ministry in advancing these goals. We welcome the opportunity to work collaboratively with government officials to ensure that future regulations strike a balance between commitment to sustainability and economic resilience in Ontario.

Sincerely,

A handwritten signature in black ink, appearing to read "Derek Robertson". The signature is fluid and cursive, with the first name "Derek" being more prominent than the last name "Robertson".

Derek Robertson  
Senior Manager, Government Relations  
Canadian Franchise Association

## **About the Canadian Franchise Association**

The Canadian Franchise Association (CFA) is the national, not-for-profit association of more than 600 corporate members representing over 40,000 franchise small business owners of nearly 68,000 franchise establishments.

The CFA is the voice of the franchise community and the recognized authority on franchising in Canada. The CFA represents an industry that impacts the lives of every Canadian in every community across the country.

Canadian franchises contribute almost \$133 billion per year to the Canadian economy and create jobs for nearly 2 million Canadians. They enable 78,000 Canadians to be their own boss as the owner of their own franchised small business location, serving their neighbours in communities from coast to coast to coast. These enterprises contribute over \$33.4 billion in federal and provincial taxation revenue and pay nearly \$70 billion in wages each year.

CFA members represent a diverse cross-section of businesses and over 60 sectors in Canada. Our members range from large, established franchise systems, to smaller or emerging franchise brands. Members share the conviction that their commitment to excellence improves franchising for everyone involved, including franchisors, franchisees, suppliers, and everyday Canadians.