

July 21, 2025



**Canadian
Franchise
Association®**

Growing Together

Hon. Todd McCarthy
Minister of Environment, Conservation and Parks
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Re: Proposed Amendments to the Resource Recovery and Circular Economy Act, 2016

Dear Minister,

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 "**Resource Recovery and Circular Economy Act, 2016**." As the Ministry evaluates potential changes to Ontario's waste management and recycling framework, we ask that it carefully consider the operational impact on both franchisors and franchisees across the province.

Franchising is a business format that enables individuals to own and operate their own business while benefiting from the support of a larger, established system. Most franchise locations in Ontario are independently owned and operated by local franchised small business owners who contribute directly to the communities in which they work and live. While many of these businesses carry well-known brand names, they are, in fact, small businesses.

Franchised business owners are small business owners who are in business for themselves, but not by themselves. Each franchise location operates under a licensing agreement that strikes a balance between local ownership and system-wide standards. Franchisees manage day-to-day operations and are responsible for complying with local regulations, staffing, and customer service. Franchisors offer mentorship, operational guidance, and brand resources to support franchisees' success. This shared responsibility forms the foundation of the franchise business model and is essential to its long-term success.

Franchising is also a key driver of Ontario's economy. In 2025, nearly 33,000 franchised businesses are expected to operate in Ontario, employing approximately 900,000 people and contributing around \$67 billion to the provincial GDP.

Leadership by the Franchise Industry

Franchise systems across Ontario have consistently demonstrated leadership in advancing environmental compliance and promoting sustainable operations. Across a wide range of sectors, franchised businesses have taken proactive steps to shift away from single-use plastics, improve waste sorting, and reduce their overall environmental footprint.

Many franchised brands transitioned away from designated plastic items well in advance of government deadlines. Others have implemented greenhouse gas reduction strategies to support national emissions targets. Several franchise systems have also played an early role in preparing for the transition to Extended Producer Responsibility (EPR) under the Blue Box program. These actions demonstrate a comprehensive commitment to responsible business practices and a willingness to invest in long-term environmental objectives.

Proposed Amendments

The CFA supports the government's proposed amendments to strengthen oversight of Ontario's circular economy framework, particularly the expanded authority for the Minister to direct the Resource

Productivity and Recovery Authority (RPRA) to collect detailed operational and cost data from Producer Responsibility Organizations (PROs). These tools are essential to improving system transparency, identifying inefficiencies, and ensuring that obligated producers receive value for their money.

However, we are concerned that these enhanced oversight powers may unintentionally increase reporting and administrative burdens on franchised small businesses, particularly where they are required to supply data, track packaging volumes, or respond to audits. While the Franchisor is required to act as the obligated producer under current regulations, the reality is that the franchisees are required to perform compliance tasks without the staffing, expertise, or systems to manage them efficiently. Every hour a franchisee spends on additional regulatory burdens is an hour not spent serving customers, training staff, or growing their franchised small business.

Concurrent Regulatory Changes

The CFA also supports the work of the Ministry in proposing amendments to Ontario's **Blue Box Regulation under the Resource Recovery and Circular Economy Act, 2016**, particularly the proposed delay in the enforceable Blue Box recovery targets until 2031. This phased-in approach would provide a much-needed relief to franchised small businesses, which are facing rising operational costs and limited capacity to adapt. Additionally, maintaining the "best efforts" standard would allow franchised small businesses to participate in recycling programs without incurring unsustainable compliance costs that the current regulations would impose.

The CFA also urges the Ministry to remove Section 12 of the regulations, which designates the franchisor as an obligated producer. This structure poses legal and operational risks, including joint employer liability and conflicts with other existing provincial legislation. It also creates a competitive disadvantage for many franchised small businesses compared to their non-franchised counterparts, as it prevents them from otherwise qualifying for the small producer exemption. Removing Section 12 would restore fairness and respect the independence of franchised business owners in Ontario.

Conclusion

Since its establishment in 2016, RPRA has encountered higher-than-expected costs, drawing criticism from producers concerned about the fees being charged. The proposed amendments to the Resource Recovery and Circular Economy Act, 2016, if implemented, would be a significant step towards making Ontario's EPR system more transparent, removing inefficiencies, and ensuring that obligated producers get value for their money. The CFA cautions the Ministry to exercise the proposed Ministerial Order authority carefully, ensuring it does not impose additional regulatory burdens on both franchised and non-franchised small businesses across the province.

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 legislative amendments promote transparency in the Extended Producer Responsibility system, while not adding further administrative burdens on small business owners, who are the cornerstone of Ontario's economy.

Sincerely,



Derek Robertson
Head of Government Relations & Strategic Partnerships
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.