



Multi-Material Recycling Program (MMRP) Policy Interpretation: Franchisor Responsibility

Objective

This document provides an explanation of *The Household Packaging and Paper Stewardship Program Regulations* (the Regulations) reporting obligations regarding franchise systems.

Background

The Household Packaging and Paper Stewardship Program Regulations were proclaimed on February 15, 2013, requiring businesses that sell or distribute packaging and printed paper to Saskatchewan residents to adopt a product management plan in respect of these materials. The resulting Multi-Material Recycling Program (MMRP) was launched January 1, 2016, by Multi-Material Stewardship Western (MMSW), the non-profit corporation representing the majority of businesses selling or distributing packaging and printed paper.

The ministry amended the regulations in 2016 to clarify the responsibility of a franchisor and a franchisee. Where a franchisor and a franchisee are operating under a franchise agreement, the franchisor is responsible to carry out the duties imposed through the Regulations.

Regulatory Obligations for Franchise Systems

Franchise agreements typically allow an operator, or a franchisee, to utilize the supplier's trademark and distribute the supplier's goods.

Section 5(4) of the Regulations states that "if a franchisor and a franchisee operating under a franchise agreement are stewards in relation to the

same product, the duty set out in subsection (1) shall be carried out by the franchisor". Placing the regulatory responsibilities with the franchisor is more appropriate given that most consumer packaging and marketing materials for the entire franchise system are often designed, supplied and distributed by the parent corporation, with the franchisee playing less of a role in regards to packaging. Therefore, the franchisor is in the best position to make decisions regarding packaging materials and paper products supplied.

The Regulations apply equally to franchisors with headquarters located inside or outside of Saskatchewan. If a franchisor that has its headquarters located outside of Saskatchewan is doing business through a franchise agreement with individual franchisees in the province, the franchisor has a substantial connection to the province and is therefore assigned responsibility under the Regulations.

Franchisors are therefore encouraged to contact the program operator, MMSW, to further understand the registration and reporting requirements to the MMRP for its franchisees – mmsk.ca.

This document is provided as guidance only and in the event of any inaccuracy or inconsistency with *The Household Packaging and Paper Stewardship Program Regulations*, the Regulations will prevail.