

Dear Special Advisors Mitchell and Murray:

Dean Heyl at the International Franchise Association asked that I send you comments on the Changing Workplaces Review Interim Report.

Our company assists U.S. franchisors to develop their business in other countries. Over the years we have had the opportunity to bring a number of U.S. franchise brands to Canada. We always advise our U.S. Clients that Canada is a different country with a different culture, different consumers and different laws and regulations than the U.S.

However, there are some similar aspects of franchising and its effect on the our two economies and citizens. Franchising is a way for an individual to own a proven business in the U.S., in Canada and Australia. All three are big franchising countries that have seen a huge number of jobs created when new franchises open. These jobs create taxes for the government. They also create more jobs to support those who work at franchises. And more taxes!

It is sometimes said in the media that profits are very high for individual franchisees and that they may not be sharing this 'wealth' with their employees. My almost 30 years as an international franchisee in five countries, a U.S. franchisor senior executive and for the past 15 years managing the international development of some 30 US franchisors tells another story. The individual franchisee has invested their savings in a franchise that they own. Their bottom line is based on the cost of goods sold, rent, admin costs and, of course, labor costs. If any of these categories increase when the prices charged by the franchisee do not grow at the same time the bottom line shrinks.

While close to the US, and attractive for a lot of obvious reasons (culture, abundant middle class, similar legal system, mostly English speaking, etc.) Ontario is one jurisdiction of 14 million people in a vast geographic area (Canada) of 36,000,000 people. At some point franchisors may look to other markets and easily avoid Ontario and Canada, if unfriendly regulations impact individual franchisee bottom lines in Ontario.

Personally, I am worried that an expansion of the joint employment standard would have a chilling effect on the growth and sustainability of franchising in Ontario. And the job creation such growth brings. Everyday we see franchisees in the field trying to figure out how they will continue in the businesses they put their life savings into when they may not be able to make enough annual EDITDA to keep their families fed.

If you have questions please contact me.

Best regards.

William Edwards  
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