



Annual General Meeting 2022 Chair's Report



FANZ

FRANCHISE ASSOCIATION
OF NEW ZEALAND

Chair's Report

Dear Members,

As I am about to conclude my first year as FANZ Chairperson, I have taken the opportunity to reflect on the year that was.

I would like to start by thanking you for your continued support of FANZ and its objects, and your continued engagement in FANZ activities. The past year has been yet another year where the COVID-19 pandemic and its impacts were strongly felt by many of our members. FANZ responded with support (particularly in relation to the regular PAFAT and subsequent ASSK sessions) and ongoing advocacy.

It will be very easy to see how incredibly busy and effective the FANZ team has been as this report takes you through updates on finances, membership, the Complaints service, education, sponsorships/ partnerships, our relationship with Franchise New Zealand Media, Westpac New Zealand Franchise Awards, the National Franchise Conference, PAFAT Gold and ASSK Sessions, scrutineering, our Honorary Solicitor, and international representation. On behalf of the FANZ board and members I particularly thank the FANZ team of Robyn, Susan, Lauren, and Adelina and Birke who have helped deliver a great year of member support, continued advancement, and a positive financial outcome in a year with so much ongoing uncertainty. I also acknowledge and welcome Stevie Wheatley to the FANZ team, taking responsibility for the delivery of the awards for 2022.

I would also like to thank your Board members for their work and support of FANZ this year; namely, Nathan Bonney – Vice Chair, Callum Floyd, Brad Jacobs, Darryl King, Scott Jenyns, Greg Paget, Michelle van Gaalen and Dean Madsen, who recently retired from his role on the Board.

There are many other organisations and people to thank, as you will see in the different sections of this report.

I would like to conclude this introductory note by thanking you again for your support of FANZ and its objects, which are becoming ever more important today as we not only seek to do all that we do better, but also undertake an increasingly important and time-consuming advocacy role to ensure a) franchising is better understood and b) the franchising business model (essential to franchisor and franchisee long-term sustainability) is preserved and protected.

Finance

The year to 31 March 2022 has seen another good return for FANZ despite a deficit being budgeted for. It was extremely hard to predict how Covid-19 and alert level protocols would impact FANZ, but as it turned out, whilst in-person events were generally not possible, there was a very fortunate window of opportunity in which FANZ was able to hold the 2021 conference, at Claudelands Event Centre, Hamilton. The combination of a highly successful and profitable conference combined with the government wage subsidy and resurgence support packages and solid member retention; has once again seen FANZ achieve a surplus. From a forecast deficit to a net profit of \$82,751.00, this has been an extraordinary result.

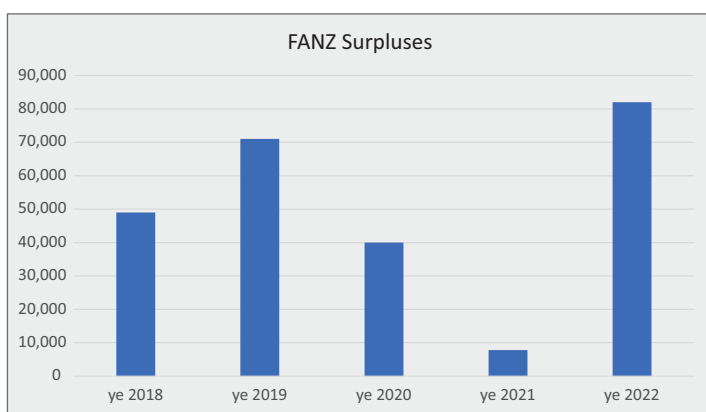
Our cash position, working capital and reserves at year end, show we are still in a strong position. We may need this strength however, as the future is anything but certain, and we may need to draw on our reserves as we respond to continuing uncertainty for the short to medium term.

For the 2021-2022 year, the board has decided not to conduct an audit. The board's view is the costs associated with an audit are best saved at this time. The accounts are being managed well and we have good systems and processes in place. We also have good continuity in management and accounting, now going back several years. The Board has however, appointed BDO to audit the 2022-2023 financial report.

FANZ annual financial report has been presented as a compilation by chartered accountants, Inspired Accountants Limited.

Acting for FANZ, Craig Weston of Inspired Accountants, will provide an overview of the 2021-2022 accounts at the AGM.

I would like to extend a vote of thanks to Craig and the Inspired team who ably support FANZ and respond quickly to our needs. Craig, personally put in much additional effort during COVID-19 to support FANZ with budget projections and verify applications for wage subsidies and resurgence payments. FANZ greatly appreciates the high level of support Craig provided over this time.



Membership

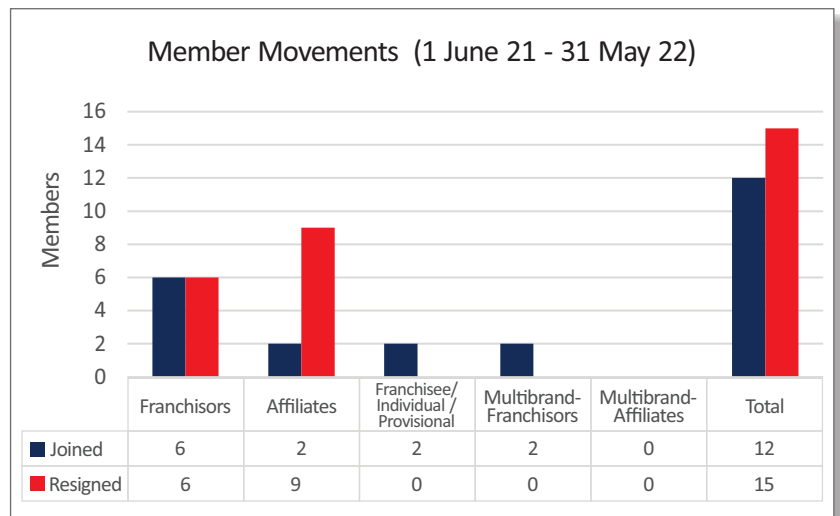
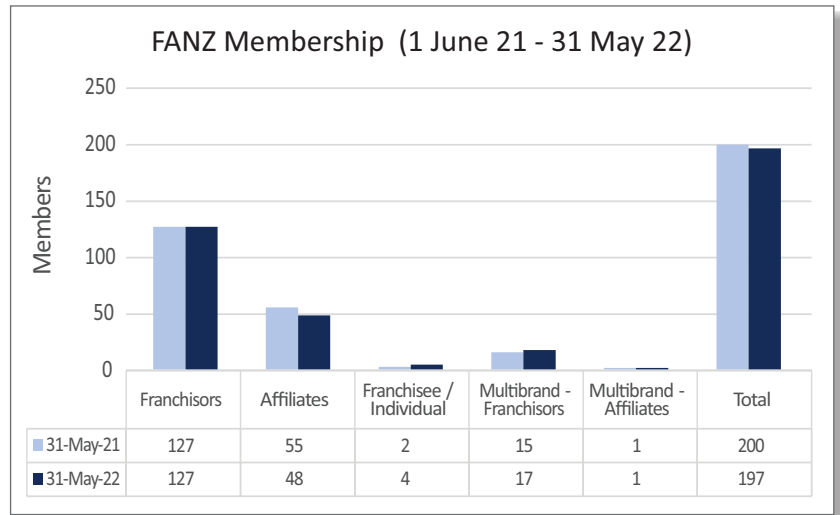
The charts to the right present FANZ membership numbers and key movements as of 1 June 2021 and 31 May 2022. As of May 31st FANZ had 197 members, down three on the same time last year. Once again as in 2021 the loss of membership has mostly been from Affiliates resigning. Six Franchisors have resigned, and their reasons were either business closures or the impacts of Covid on their ability to continue membership. The loss of the six franchisors has been offset by six new franchisors joining. The Board is very appreciative of FANZ members' continued support and welcomes the new members who have joined over the 2021/22 year. FANZ would welcome any support current members can offer with respect of encouraging potential members to join FANZ.

Advocacy & Legislation

Advocacy continues to be an increasingly critical area of FANZ work and does consume considerable resource, with many hours of input in particular by Darryl King, Callum Floyd, Michael Bright, and Deirdre Watson.

The Advocacy Team is chaired by Darryl King, Board Member and Partner at Jackson Russell. The full team includes Deirdre Watson (Barrister), Michael Bright (Gaze Burt), Dawn Engelbrecht (Director sKids and FANZ Chair), Callum Floyd (Franchise Consultants and FANZ Board Member), Brad Jacobs (The Coffee Club and FANZ Board Member), and Robyn Pickerill (FANZ CEO). Greg Paget, Michelle van Gaalen and Scott Jenyns (Board Members) have also been involved and provided support at critical times.

There has been an increase in legislative change over the last 2 years for business generally, and an increasing legislative focus on the franchising business model. As yet, there has been no specific franchise legislation, but it is very clear to FANZ that Australia is being viewed as a benchmark for much legislation for NZ. The landscape is changing for franchising



as policy makers increasingly view franchising as an area which requires a higher level of regulation – often with little evidence and with a limited understanding of the nature and dynamics of franchising. The new Accredited Employer Work Visa requirements for franchisees is an example of this change in policy.

Since the 2021 Chair's report, the Advocacy Team has been very active. The Advocacy Team have been involved in formal and informal consultation with the Ministry of Business, Innovation and Employment (MBIE) and written submissions on several proposed law changes. Members of the Advocacy team have also met with government ministers to try to influence Government policy and National MPs to build relationships with the opposition and to try to garner assistance with influencing policy initiatives.

FANZ is grateful to MBIE and its policy teams in particular for embracing FANZ as the peak body representing the franchising community. While FANZ has not always been able to influence policy direction (which is, of course, set by Government), FANZ has found the MBIE policy teams willing to devote considerable time and resource to consulting with FANZ about our concerns and comments. FANZ considers this consultation to be extremely important to not only FANZ members but also the wider franchise community.

Advocacy & Legislation *(continued)*

Some of the key initiatives the Advocacy Team have been involved in in the last year include:

Temporary Migrant Worker Exploitation and Immigration reset.

There have been considerable changes in Immigration NZ's visa settings with the AEWVisa (Accredited Employer Work Visa) being the one of the most interest to franchising. The Advocacy Team have met on several occasions with MBIE officials and the former Immigration Minister, Minister Faafoi and provided further written feedback to attempt to have the additional requirements and fees for franchisee accreditation for this visa category, to be reduced. FANZ had some success in achieving a reduction in fees which was a win for franchising, but the changes have otherwise proceeded, requiring franchisee employers to undergo more scrutiny and achieve a higher level of accreditation than most non-franchised businesses.

COVID-19 rent relief legislation

In October 2021, FANZ Advocacy Team made a Submission regarding the COVID-19 rent relief legislation. As you will all recall Rent Relief issues were top of mind for many throughout 2020 and 2021.

Modern Slavery and Worker Exploitation

The Advocacy Team also recently met with MBIE officials to discuss the likely impact on franchise systems of the proposed new laws to address modern slavery and worker exploitation. The team subsequently made a Submission on the proposals. FANZ considers that addressing modern slavery and worker exploitation in New Zealand is both the right thing to do, and overdue. However, FANZ has serious concerns regarding the feasibility, effectiveness, fairness, and consequences of the current proposals as they apply to SMEs and small franchisors in particular.

Other things we are doing in the advocacy space

Some MBIE officials are of the view that franchising is a higher risk business model with respect to employment matters. This view was formed partially as a result of research conducted by Auckland and Waikato Universities, on Temporary Migrant Worker Exploitation in NZ. In an attempt to address this perception, the FANZ Advocacy Team recently met with the researchers to get greater clarity around their findings, and they confirmed that while their study did find a degree of correlation it did not show franchising was the cause of worker exploitation (as MBIE suggests).

FANZ continues to create an awareness of franchising (including franchising's contribution to the economy and the successful business model of franchising) and the role of FANZ, including our Code of Practice, Code of Ethics and the standards required of our members, such that FANZ is included and invited to comment in areas which may impact franchising. We are pleased to be getting more traction in this area, however, despite our efforts franchising seems to be misunderstood, so the challenge

now is to educate MBIE better on the franchise business model. This is something we are continuing to work on.

The Board are currently looking into options for further support in the advocacy area as it is becoming increasingly demanding on our volunteers. Invariably requests for submissions and consultation have very short turnaround times and the frequency is increasing, as the Government proceeds with pace through its legislative agenda.

A special thanks to Darryl King for chairing the Advocacy and Legislation committee and for his tremendous contributions (often under considerable time pressure), providing valuable input and feedback to various agencies. Thanks too, to all our Advocacy and Legislation team members, your time and input are greatly appreciated.

Complaints Service

There have been no complaints over the last year, which is most pleasing. The complaints panel led by Patrick Learmonth of Stace Hammond and supported by Hamish Walker of Duncan Cotterill and Peter Webster, formerly of Columbus Café (now independent), remain available to address any complaints which may come through. FANZ thanks them for their continued willingness to be available, and for the time they commit when a complaint is in the system.

Education - Pre-entry online franchisee training

FANZ's Franchisee Pre-entry online education programme has now been live for eight years. There have been 127 course completions in full over the last year which brings the total for the eight years to 1064 completions. We continue to encourage all franchisors to refer to and include a link to the online training on your own franchise recruitment website pages. It may also be greatly beneficial to request that prospective new franchisees to your groups complete the programme before joining your franchise group.

Education - PAFAT Calls, ASSK Session and Information Sharing Sessions.

During the initial stages of Covid lockdowns in 2020, FANZ introduced the PAFAT (Positive Actions Franchisors are Taking) to share ideas and expertise from franchisors and affiliate members to assist our members in addressing the impacts on franchise networks, and to provide an environment for seeking clarifications and better understanding of fast changing Covid rules and government assistance packages. These calls proved most beneficial with great participation by all. Over the 2021 year these calls have been on an as needs basis. The format of these sessions is now changing to a new series called ASSK Sessions. (Affiliates Sharing Specialist Knowledge).

ASSK Sessions

FANZ has a very committed Affiliate membership base who have much expertise in specialist topics relevant to franchising, so these sessions are an opportunity for Affiliate members to provide relevant and helpful information to our franchisor membership. At the time of writing this report, two sessions had been held. The first session on immigration changes and the requirements for franchisees seeking accreditation for the AEWVisa was presented by Duncan Cotterill. This session was also open to franchisees of members and was very well attended. Darryl King of Jackson Russell and Michael Bright from Gaze Burt led the second ASSK session on Unfair Contract Terms and again this was extremely well attended. These sessions will continue throughout 2022 and Affiliate members are welcome to submit topics.

Information Sharing Sessions are similar to ASSK Sessions but are not led by members, but rather an organization like MBIE who have information they wish to share with our membership. The first of these was again on the Immigration AEWVisa introduction. MBIE requested FANZ to host a session as they wanted to ensure that franchisees were aware of the requirements. For FANZ to facilitate these requests it shows a willingness to MBIE policy makers that we are prepared to work with them and assists in further developing good relations. This was again a very well attended session.

Sponsorship - Strategic, Platinum and Media Partners

Funding is vital to the running of FANZ and our primary three avenues for funding are sponsors, membership, and events and as costs go up and inflation looking to be with us for a while yet, it is ever more challenging to have sufficient funds to meet our needs. So, to those sponsors who do choose to support FANZ when opportunities present, we truly do thank you. Sponsors come on board for primarily two reasons; one is to show their support for the franchising sector and the second being to seek exposure for their own brand and services. I encourage all members to first consider our sponsors when looking at products and services for your own businesses. FANZ always has opportunities for sponsors and welcomes new businesses to come on board in support of franchising.

Strategic Partners continue to provide a great resource for FANZ and equally we aim to give them the recognition and exposure they deserve. Our sincere thanks go to Westpac, Crombie Lockwood, Green Acres, HR Assured and BDO who have continued to support us through these challenging times. A special welcome is extended to our newest partner Aramex who joined the Strategic Partner line up in April 2022.

I would encourage you all to acknowledge the support of our Strategic Partners and become aware of the areas where they may be able to assist your franchise and/or franchisees.

In addition to Strategic Partners, we also have our Platinum Partner, Waipuna Hotel and Conference Centre. Waipuna is about to return to being the Hotel and Conference Centre that we all know them for. It is heartening for FANZ that despite being an MIQ facility over the last two years, Waipuna have stood by their partnership with FANZ. We look forward to being able to hold functions there again and would encourage our membership to consider Waipuna Hotel and Conference Centre as an option for a conference or function in the future.

Franchise New Zealand Media, (FANZ's Media Partner) and FANZ continue a strong and highly beneficial collaboration. Franchise New Zealand continue to work proactively with FANZ to promote the Association and FANZ activities to their extensive readership. FANZ extends a big thank you to Franchise New Zealand, Simon, and Lorraine Lord, for their support and collaboration with FANZ.

Franchise New Zealand magazine and website is the only magazine and website in New Zealand dedicated to franchising and continues to produce top quality news and stories with strong readership and click through rates, so please do show your support to Franchise New Zealand for the excellent work they do for franchising by using this avenue to promote your own business.

In addition to Strategic, Platinum and Media Partners, throughout the year, FANZ has many other supportive sponsors especially at conference and the awards, and whilst over the 2021-2022 year these opportunities have been far fewer, FANZ does appreciate you all.



FANZ Conference 2021

The 2021 National Franchise Conference was very fortunate to sneak in between Covid lockdowns. The theme for 2021 was 'Shifting Gears – Prospering in a Changing World'. With over 200 in attendance, this was once again a marvellous turnout. The great range of speakers and informative topics, always serve to inspire people to return to their businesses, ready to try new ideas and take on new challenges. The Vilagrad Winery dinner, sponsored by Aramex was rated as a real highlight with superb food, wine and company, providing a great opportunity for networking.

A huge thank you to all the many supporters, speakers, sponsors, exhibitors, and delegates who contributed to the success of the 2021 National Franchise conference.



Westpac New Zealand Franchise Awards 2021

The 2021 awards saw a change to the awards question set, some new categories, and a new panel of judges. Entry numbers were exceptional and the processes behind the scenes were very streamlined. It has been a good move for FANZ to change to the new format, and we are looking forward to a continuation of increased participation. Media coverage both pre and post was also stronger than in other years.

Celebrating and acknowledging our finalists and winners did, however, succumb to the Covid uncertainty which hampered many events. The 2021 awards were planned to be celebrated in November 2021 but due to the lockdowns FANZ made an early call to move the awards to 6 March 2022. FANZ were ever hopeful of holding an in-person event however, as that date moved closer the opportunity to meet in person still looked unlikely, so just 6 weeks out FANZ moved the celebrations to an online event. And what an event it turned out to be! The evening was professional, ran to time, crossovers were seamless, and all the participants were recognized in as much style as one could, with an online event. Our MC, Wendy Petrie did us proud with her warm manner, chatting with and congratulating our winners. Thanks to all our members who participated in the awards.

A tremendous thanks to Westpac who once again supported the awards with their generous sponsorship and graciously accommodated the change to an online celebration. Thanks to Daniel Cloete for facilitating this long-term sponsorship relationship with FANZ.



Westpac Franchisee of the Year
Gary & Kirsten Camoin
Paramount Services - Christchurch



Westpac Franchise
System of the Year
CrestClean

Branch Meetings

There have been no branch meetings since the 2021 AGM, due to the ongoing difficulty of working around COVID-19 restrictions.

Despite this, ASB continues to support FANZ with sponsorship of Auckland Branch events, and it is hoped that these events will resume in the latter quarter of 2022. We look forward to returning to the ASB Cube, which is such a superb venue for gatherings and presentation.

Events around the country are yet to continue but we do look forward to communicating with our colleagues in the regions, Mark Sherry of Harmans Lawyers, for the Christchurch Region and Nathan Bonney of Iridium Partners and Paul Manning of BDO, in the Bay of Plenty Region, to see how we can reignite these events.

In the Wellington region, whilst not FANZ official events, Tristan Will of BDO Wellington, Hamish Walker of Duncan

Cotterill and personnel from Westpac, self-organize franchise-based gatherings, but again these events have been thwarted due to Covid. FANZ is always represented at these events. This formula, for a regional presence for franchising works well, and one that could easily be duplicated by other keen Affiliate members around the country.

One of the key challenges in the regions is the database reach. FANZ does not have franchisees on their database and whilst we have members throughout the country the numbers are not enough to constitute an event and therefore, we like to encourage franchisee participation. The only way this can happen, is if our members circulate the invitations and encourage franchisees to attend.

A big thank you to all our Strategic Partners, sponsors and supporters who have made events possible in the past. We look forward to some returning in the future and thank you all for your ongoing support.

A summary of FANZ Events June 30, 2021 – July 1, 2022

Date	Event/Sponsor	Speaker	Topic
30 June to 2 July 2021	National Franchise Conference	Variety of Franchise speakers and topic experts.	Shifting Gears Prospering in a Changing World
24 Aug 2021	PAFAT Gold	Franchise Member Panel	Covid - 19 challenges and approaches
31 Aug 2021	PAFAT Gold	Franchise Member Panel	Covid - 19 Challenges and approaches.
3 Sep 2021	PAFAT Gold	Presentation by Greg Nathan	Keeping your Franchise network positive and resilient
7 Sep 2021	PAFAT Gold	Franchise Member Panel and specialist Affiliate	Covid - 19 challenges and approaches
14 Sep 2021	PAFAT Gold	Franchise Member Panel and specialist Affiliates	Covid - 19 Challenges and approaches. Resurgence payments update by BDO. Insurance issues during level 4 by Crombie Lockwood
28 Sep 2021	PAFAT Gold	Vaughan Granier HR Assured presentation. Member panel and specialist Affiliate	A discussion on Covid - 19 Vaccinations and Workplace relations. Lockdown challenges and Update on franchise sales and recruitment presented by Link
19 Oct 2021	PAFAT Gold	Immigration Visa Changes & Media -Dealing with media if franchise draws undue attention due to mishandling of Covid-19 protocols	Immigration Presented by Nicola Tiffen, Duncan Cotterill Media presented by Pete Burdon, Franchise Media Training
29 Oct 2021	PAFAT Gold	Update on Resurgence Plans & Preparing the Workplace for Vaccinations mandatory or not	Presentations by Linda Finlay, BDO and Vaughan Granier, HR Assured
26 Nov 2021	PAFAT Gold	Vaccinations & Franchisor Specific Issues	Presentation by Michael Bright and Shelley Eden of Gaze Burt
7 Dec 2021	Franchising Session Launch of Franchising NZ Survey Results	Dawn Engelbrecht, Callum Floyd, and Prof Jonathan Elms	Launch of Franchising NZ Survey Results
1 Feb 2022	PAFAT Gold	Mixed member presentation	Omicron Franchising Impact & Preparation
6 March 2022	Westpac	Westpac NZ Franchise Awards	Westpac New Zealand Franchise Awards
5 April 2022	Franchisor Funded by requested participants on behalf of their franchisees.	Jacqui Maguire	Staying Well During Tough Times
12 April 2022	ASSK Session	Presentation by Nicola Tiffen, Duncan Cotterill	Accreditation for Franchisees, to enable the hiring of migrant workers on AEWVISA
17 May 2022	ASSK Session	Presentation by Darryl King of Jackson Russell Lawyers and Michael Bright of Gaze Burt	Unfair Contract Terms and Franchisors
30 May 2022	Immigration session open to Members and Non-Members	Immigration New Zealand Carl Andrews and Nick Aldous	AEWVISA – an Immigration New Zealand presentation

Franchising New Zealand Survey

The Franchising New Zealand Survey 2021 was completed and launched in December 2021. The response from the survey was pleasing, considering the Covid climate businesses were operating in. Franchising continues to thrive in NZ despite the results showing a slight reduction in system numbers. Total franchise systems in 2021 were 590, down from 631 in 2017. Total contribution to GDP is considerably greater at \$58.5 billion versus \$46.1 billion and numbers employed in franchising was higher at 156,820 in 2021 v 124,200 in 2017. The full report reveals a great deal of very valuable data and insights and can be downloaded from the FANZ website. The survey is a valuable resource for franchising and supports FANZ in many activities, particularly when lodging submissions and lobbying government. Thank you to all members who participated in the Franchising New Zealand 2021 survey.

FANZ sincerely thanks our survey sponsors and supporters for their generous contributions, without which we could not conduct the survey. A big thanks to: Westpac, Nexia New Zealand, The Franchise Coach, Stewart Germann Law Office, Franchise Consultants, Iridium Partners, and Franchise New Zealand Media.



Massey University is contracted to conduct the survey, under the guidance of Professor Jonathan Elms. FANZ would like to acknowledge the great work of Massey University and also note sincere thanks to Callum Floyd from the Board of FANZ, who has been a key driver of the survey and once again put in many hours to support Massey University in getting the 2021 survey prepared to launch. Massey University have acknowledged that they will be available to conduct the next survey, currently scheduled for 2024.

Scrutineering

The role of Scrutineering continues to be ably managed by Scrutineer Kevin Reilly. There has been a noticeable improvement in member response to the calling in of documentation, for which FANZ is most appreciative. Adhering to the FANZ codes is an important part of what we stand for at FANZ, and therefore to have this process completed in a timely manner is particularly important.

Honorary Solicitor

Gaze Burt – Michael Bright and his team deserve a huge vote of thanks for the ongoing support they provide FANZ. Michael not only plays a vital role in the Advocacy and Legislation Team, but he answers many questions regarding FANZ rules and codes. Gaze Burt also assist in the preparation of the AGM rule changes and the scrutineering for the election. This year FANZ have also called on Gaze Burt to support FANZ with terms and conditions updates for various events. The FANZ office is most appreciative of this generous support.

On behalf of the Board, the FANZ Office, and our membership – thank you very much Michael and the Gaze Burt team.

International Representation

FANZ has continued its World Franchise Council and Asia Pacific Franchise Confederation (APFC) representation in new ways this last year. With the ongoing travel restrictions, the previously postponed meetings in Beirut, Lebanon and Seoul, South Korea were ultimately cancelled. Likewise due to concerns around the Omicron outbreak the decision was taken by FANZ not to attend the WFC meeting in Buenos Aires in May of this year. In place of the face-to-face meetings, there have been monthly online WFC meetings that we have attended.

FANZ continues to be well-regarded in all these meetings and has a strong network of contacts with other international franchise associations. If you would like an introduction to any of these other associations, please do not hesitate to contact the FANZ office for details.

Concluding Note

Finally, thank you again to all FANZ members, Sponsors and Strategic Partners and my fellow Board members.

And on behalf of all FANZ members and the board, I thank Robyn Pickerill and the FANZ Office team once more for their incredible efforts in what has been another very challenging and uncertain year.

We wish you all the best for 2023.

Regards,

Dawn Engelbrecht | Chairperson.



FANZ

FRANCHISE ASSOCIATION
OF NEW ZEALAND

Franchise Association of New Zealand Inc.
4 Whetu Place, Rosedale, 0632, Auckland
PO Box 33-676 Takapuna 0740
Phone: + 64 9274 2901
info@franchiseassociation.org.nz
www.franchiseassociation.org.nz