



Annual General Meeting 2021 Chairman's Report



FANZ

FRANCHISE ASSOCIATION
OF NEW ZEALAND

Chairman's Report

Dear Members,

I would like to start by thanking you for your continued support of FANZ and its objects, and your engagement in FANZ activities. At the time of writing last year's report, we were just six months into 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 sessions) and advocacy. In turn, many members, demonstrated appreciation for the FANZ teams' efforts and attended the special one-day Westpac Franchise Summit, held in place of our normal two-day National Conference. Thank you.

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 to Westpac Franchise Summit, PAFAT Gold Sessions, branch meetings, the Franchising New Zealand Survey, scrutineering, our Honorary Solicitor, and international representation. On behalf of FANZ board and members I particularly thank the FANZ team of Robyn, Susan, Lauren, and Adelina 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 the addition of our two new part timers, Birke, and Tina, who you will hopefully meet soon.

I would also like to thank your Board members for their work and support of FANZ this year; namely, Brad Jacobs, Sarah Archibald, Nathan Bonney, Dawn Engelbrecht, Darryl King and Dean Madsen. In addition, I would like to thank Greg Paget of Cleantastic, who was co-opted onto the board in October 2020. And finally, special thanks to Sarah Archibald of Business Franchise Group who is stepping aside after four years valuable contribution to the Board.

Related, I now conclude my third and final allowable (under FANZ's Rules) consecutive year as FANZ Chairperson. It has been an honour to undertake the position during this time of uncertainty and I would like to make special thanks to the two Vice Chairs, Deirdre Watson and Brad Jacobs, and our CEO Robyn Pickerill, as well as all FANZ board members during that time, for their considerable support. I remain committed as ever to supporting FANZ in the years ahead – however I can.

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 2021 has seen a year of massive change. As covered in last year's report, COVID-19 was forecast to affect our finances hugely. Indeed, our forecasts this time last year indicated we would incur an operating annual deficit of around \$30,000 for the year to 31 March 2021.

However, we maintained a good level of membership, and along with the Government wage subsidy and prudent financial management, we were able to generate a year-end surplus of \$7,816. So, despite losing our two-day annual conference and other activities, this was a pleasing result.

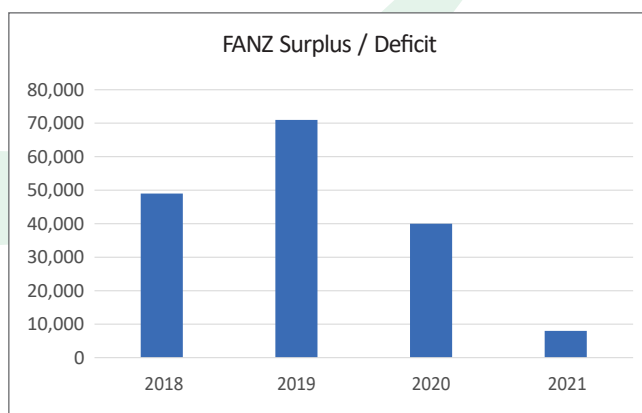
Our cash position, working capital and reserves at year end, show we are still in a strong position. We may need this strength as the future is anything but certain, and we may need to draw on our reserves as we respond to continuing uncertainty for the short to medium term.

For the second year running, the board has decided not to conduct an audit for this, the 2021-2022 year. 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.

Our annual financial report has been presented as a compilation by chartered accountants, Inspired Accountants Limited. The Board's intention is to reinstate an audit for the 2022-2023 year.

Acting for FANZ, Craig Weston of Inspired Accountants, will provide an overview of the 2020-2021 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 budget projections, which FANZ greatly appreciated.

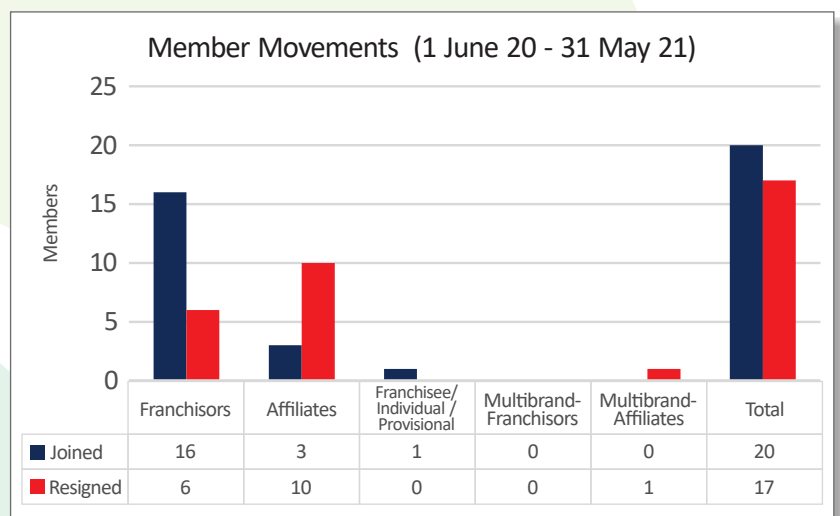
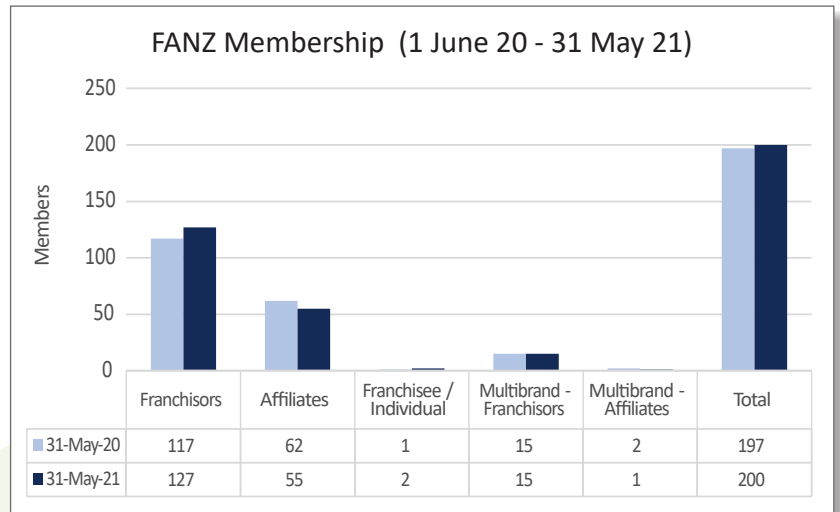


Membership

The charts adjacent present FANZ membership numbers and key movements as at 1 June 2020 and 31 May 2021. As of May 31st, FANZ had 200 members, up three on the same time last year. The interesting aspect to member changes this past year is that several Affiliate members chose to resign with reasons being monetary constraints during COVID-19. FANZ lost a net seven affiliates (i.e., 3 new members and 10 resignations). Meanwhile there was a net increase of 10 franchisors (i.e., 16 new members and 6 resignations). It is very pleasing in totality that membership has not only been stable in size but has in fact marginally increased during such a challenging time.

Overall, we are very grateful for FANZ members' continued support, which is much needed to consider FANZ work. Notwithstanding, the Board and management continue to look at ways to increase the membership.

Once again, we appeal to our own membership, particularly our affiliate members, to introduce clients to FANZ and to support the goals of FANZ to be *The Voice of Franchising*. FANZ has received several referrals from members over the past year and thank those of you who have assisted in this way. A strong membership body will be important for us all as franchising develops in New Zealand.



Complaints Service

There have been a small number of enquiries regarding complaints and the FANZ office makes a concerted effort to inform all enquirers of the different avenues the complainant might explore and ensures that they understand the process FANZ offers. Only a very small number follow through with a complaint and no complaints have been upheld.

We would like to thank Patrick Learmonth of Stace Hammond for his role of Chair for the Complaints panel. Patrick continues to be assisted by Hamish Walker of Duncan Cotterill and Peter Webster formerly of Columbus Café. Whilst there have been very few complaints over the last year, each complaint does take a considerable amount of time and for this we thank the panel for their dedication to ensuring a thorough process.

Education

FANZ's Franchisee Pre-entry online education programme has now been live for seven years. There have been 123 course completions in full over the last year which brings the total for the seven years to 884 completions. We continue to encourage all franchisors to refer and include a link to the online training on your own franchise recruitment website pages. It may also be very beneficial to request that prospective new franchisees to your groups complete the programme before joining your franchise group.

Advocacy

Advocacy continues to be an increasingly important area of FANZ work and does at times consume considerable resource. The early part of 2020 was extremely busy, however the latter part was not quite so hectic. That said, there are now ongoing discussions with various divisions of MBIE, as franchising seems to be increasingly on their radar and our input is needed more than ever.

The Advocacy Team is chaired by Darryl King, Board Member and Partner at Jackson Russell. The team includes Deirdre Watson Barrister, Michael Bright (Gaze Burt), Callum Floyd (Franchise Consultants and FANZ Board Chair), Brad Jacobs (The Coffee Club and Vice Chair FANZ), Greg Paget (Cleantastic and Board Member) and Robyn Pickerill (FANZ CEO).

Since the 2019 AGM, two submissions have been sent to Government.

- Submission in response to Fair Trading Amendment Bill - this bill is currently with Select Committee.
- Submission in response to consultation document "Addressing Temporary Migrant Worker Exploitation".

We have received some feedback on the Temporary Migrant Worker Exploitation submission and the Advocacy Team have met on two further occasions with MBIE officials and provided further written feedback. A follow up meeting to the FANZ feedback was held in May.

There seems to be a general direction within government to focus on defining 'franchising' and then reviewing policy to set specific standards for franchises within certain areas of law. The focus at this stage is on Temporary Migrant Worker Visas and it has been approved at cabinet, that franchises will be required to meet a higher standard of accreditation. FANZ continues discussions with MBIE to ensure that the standards are reasonable and achievable.

Efforts have persisted, with respect to rent relief negotiation for premise-based businesses. FANZ has continued to work with Retail NZ and Hospitality NZ to create awareness of the considerable issues faced by many businesses throughout the lockdowns, and that whilst those issues may now seem like history, there is still nothing in place to encourage landlord/lessee negotiation, should further lockdowns or circumstances beyond a business's control occur in the future.

One of FANZ primary goals through the advocacy, is 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, with a greater understanding that FANZ acts as the leader and "Voice of Franchising" and that our door is open should they have a requirement to better understand franchising or discuss any issues regarding amendments to bills or new legislation in the franchising space.

Our communications with MBIE's Labour Inspectorate have also continued well, over the last year. The Employment and Immigration arm will both be holding sessions at the Conference which you are encouraged to attend. It is important that they see FANZ members as taking their work seriously.

A special thanks to Darryl King for chairing this advocacy team and for some tremendous contributions (often under considerable time pressure), providing valuable input and feedback to various agencies.

Sponsorships / Partnerships

Funding is vital to the running of FANZ and our primary three avenues for funding are sponsors, membership, and events. In the COVID-19 climate all three areas have been challenging. So, to those sponsors who do choose to support FANZ, we truly do thank you.

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, and HR Assured who have continued to support us through these challenging times. A special thanks and welcome to the Strategic Partner line up, is extended to BDO, having joined as a Strategic Partner in November 2020.

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 has had huge challenges to deal with themselves, being a MIQ facility. However, due to their long-time association with FANZ, the fact that they do have other venues of interest to promote, and their desire to bounce back to their core offering once life returns to normal, they chose to continue their support of FANZ. We keenly await the time when we can resume the Southern Roundups at Waipuna and hold other events there. In the meantime, we sincerely thank Waipuna for their continued support of franchising and look forward to seeing them at the Westpac New Zealand Franchise Awards, as sponsor of the Community Awards.

In addition to Strategic and Platinum Partners, throughout the year, FANZ has many other supportive sponsors especially at conference and the awards, and whilst over the 2020-2021 year these opportunities have been far fewer, FANZ does appreciate you all.

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, so I would encourage you to consider this as a way to give back to franchising and gain some recognition for your business.

Franchise New Zealand Media - FANZ Media Partner

FANZ is delighted to continue a strong and highly beneficial collaboration with Franchise New Zealand Media and is delighted to announce that this arrangement has been renewed for a further five years. 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 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 good work they do for franchising by using this avenue to promote your own business.

Westpac New Zealand Franchise Awards to Westpac Franchise Summit

Due to COVID-19, FANZ made the tough decision to cancel the awards for the 2020 year and Westpac very generously took the opportunity to redirect their considerable support to the **Westpac Franchise Summit – Pulling together for the Future.**

FANZ was both delighted and extremely grateful at this very generous display of support for franchising. The Summit was a great success, with a day full of learning, sharing, and networking, with just under 120 delegates in attendance.

Our MC Jacqui Clarke kept us engaged and entertained throughout the day and into the evening. The standout session of the day based on delegate feedback was Jacqui Maguire – Clinical Psychologist with the topic, *Leading You Well: Supporting health and wellbeing through COVID-19.* This was probably not surprising, after the year everyone was experiencing.

It was truly magnificent and very fortunate, that the Westpac Franchise Summit proceeded in November 2020 without any Covid-19 lockdown disruption.



Mike Allsop speaking at the Westpac Franchise Summit

PAFAT Gold Sessions

The PAFAT Gold sessions had been a main stay feature earlier in 2020, however as the year moved on the need for calls subsided until more lockdowns were imposed. Further calls were held throughout August and September and then a welcome lull from COVID-19 over the summer months until March, when a couple more sessions were held.

The calls were well-received by all who participated and FANZ received great feedback. Members were extremely forthcoming, displaying great leadership and sharing of knowledge in support of other members. FANZ is very thankful to our membership for the support they extended to each other over this time.

The PAFAT GOLD sessions will be called upon again if the need arises.



A familiar view for many of us during the Covid lockdowns

Branch Meetings

There have only been three branch meetings since the 2020 AGM, due to ongoing difficulty of working around COVID-19 restrictions.

ASB continues to support FANZ with sponsorship of Auckland Branch events and whilst the events held at the ASB are normally the Twilight sessions, this year ASB have hosted a very successful Sunrise Session. We are very grateful to ASB for their support of these sessions. The value of accessing a superb venue such as the ASB, has been significantly highlighted in 2020 as venues in Auckland continue to be in short supply due to COVID-19.

It has been and remains, particularly challenging in the regions for FANZ to organise events, so we do thank Mark Sherry of Harmans Lawyers, for the Christchurch Region and Nathan Bonney of Iridium Partners, in the Bay of Plenty Region, for their efforts to co-ordinate events. I also acknowledge, Tristan Will of BDO Wellington, Hamish Walker of Duncan Cotterill and Mick Robinson of Westpac, who have organized several franchising events in Wellington, and whilst they are not FANZ official events, the flag for franchising is still being flown.

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. If you could all do this going ahead, it would be of great assistance to the regions.

A big thank you to all our Strategic Partners, sponsors and supporters who make these events possible. It goes without saying that the last 16 months have been particularly challenging and so we are even more grateful that our Strategic Partners and sponsors have been flexible in their support of FANZ and continue to help in whatever way they can.

Finally on events, I would most sincerely like to acknowledge and whole heartedly thank our very own Life Member and Hall of Fame inductee David McCulloch for his commitment to attending every Auckland branch event and voluntarily fulfilling the role of MC, over many years. David has now advised that he would like to step down from this post. Thank you David!

Date	Sponsor	Speaker	Topic
19 August AGM		AGM by Zoom followed by ASB – Nick Tuffley Chief Economist	Economy updates and forecast.
25 August		PAFAT Gold Call	
1 September		PAFAT Gold Call	
12 November Westpac Franchise Summit	Westpac	Full day of speakers and sessions	Pulling Together for the Future
9 December FANZ Christmas Function	Green Acres	Casual networking, Drinks and Pizza – Something and Social Newmarket	
4 March 2021		PAFAT Gold Call	
16 March		PAFAT Gold Call	
13 April Auckland Sunrise Session	ASB	ASB Chief Economist Nick Tuffley	Economy update, insights, and data
13 April Coffee and Buzstime		This session was by invitation to new members who had joined FANZ over the previous 12 months and was a chance to meet Robyn and Susan over a coffee and be introduced to other members.	
29 April Bay of Plenty Twilight Session	BDO	Panel Session facilitated by: Linda Finlay – BDO Panel: Nathan Bonney – Iridium Partners Paul Manning – BDO Craig McKenzie – Quest Apartments Facilitated by – Linda Finlay – BDO	Why now is a good time to be in franchising.
2 June Christchurch Twilight Session	Westpac Harmans Lawyers	Murray Trail – McDonald's Multi unit franchisees	The Secret Sauce of a McDonalds multi-unit franchisee.
30 June – 2 July National Franchise Conference	Westpac HR Assured Green Acres BDO Crombie Lockwood Waipuna Hotel Franchise New Zealand Jackson Russell Lawyers Link Stewart Germann Law Ecomist Franchise Accountants The Coffee Club Aramex Inspired Accountants	A range of Franchise and specialist topic speakers and breakout sessions	Shifting Gears – Prospering in a Changing World



Bay of Plenty Regional Branch Meeting, overlooking Mt Maunganui beach!

Franchising New Zealand Survey

The Franchising New Zealand Survey 2021 has been rescheduled to launch in July/August this year.

The survey does provide a very valuable source of data which is well utilized and supports FANZ in many activities, particularly when lodging submissions and lobbying government.

The survey is now directly contracted to Massey University, under the guidance of Professor Jonathan Elms. Dr. Susan Flint-Hartle has provided valuable assistance to officially handover the project to Massey University.

Our sponsors and supporters for the survey must also be acknowledged for their generous contributions, without which we could not run the survey. The sponsors and supporters for the upcoming survey are: Westpac, Nexia New Zealand (formerly Hayes Knight Chartered Accountants), The Franchise Coach, Stewart Germann Law Office, Franchise Consultants, Iridium Partners and Franchise New Zealand Media.

Scrutineering

The role of Scrutineering is now being 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 very important.

Honorary Solicitor

Gaze Burt – Michael Bright and this team deserve a huge vote of thanks for the ongoing support they provide FANZ. Michael not only plays a vital role in the Advocacy Team, but he answers many questions regarding FANZ rules and code documents that come his way. 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 them for updating FANZ Privacy Policies, particularly in respect to the Booking Rooster system which FANZ has implemented to manage events. This was a time-consuming exercise and the FANZ office could not have launched conference without this 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, scheduled meetings in Beirut, Lebanon and Seoul, South Korea have been postponed until further notice. In their place have been weekly and bi-weekly WFC Pandemic-focused webinars that we have attended. There has also been one APFC webinar call.

FANZ continues to be well-regarded in all of 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 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 2022 as you respond to a recovering economy.

Regards,



Callum Floyd | Chairperson.



FANZ

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