



2023

Annual General Meeting
Chair's Report



FANZ

FRANCHISE ASSOCIATION
OF NEW ZEALAND

Chair's Report

Dear Members

As I am about to conclude my second 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.

It will be very easy to see how incredibly busy and effective the FANZ team have been, as this report takes you through updates on finances, membership, the complaints service, education, sponsorships/partnerships, Westpac New Zealand Franchise Awards, the National Franchise Conference, ASSK Sessions, scrutineering and our relationship with Franchise New Zealand media, our Honorary Solicitor and international representation. On behalf of the FANZ Board and members I would particularly like to thank the FANZ team of Robyn, Susan, Stevie, Lexi, and Birke who have helped deliver a great year of member support and continued advancement, always seeking new and improved ways to manage and deliver FANZ services to our members.

I would also like to thank your Board members for their work and support of FANZ this year which at times is considerable; namely, Brad Jacobs – Vice Chair, Callum Floyd, Darryl King, Scott Jenyns, Greg Paget and Michelle van Gaalen.

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

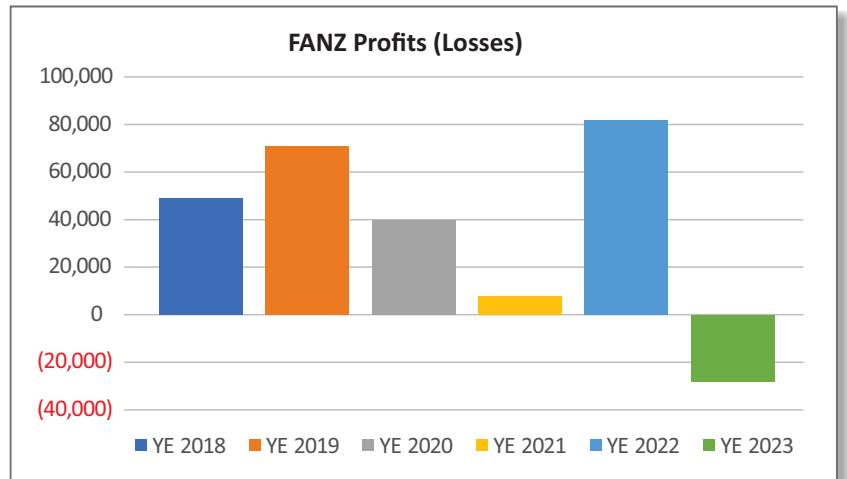
The 5 years before this latest one has delivered the Association ongoing operating profits. This has enabled us to build up a “cash war chest” for when times are not so good. The Board predicted last year that going forward with continuing uncertainty in the short to medium term that it would be likely that the Association could sustain operating losses. For the year to 31 March 2023, the Association indeed has sustained a loss of \$27,597. This reflects our challenging business environment.

However, our key numbers (cash position, working capital, and reserves) are still strong. The accounts continue to be well managed, with good systems and processes in place. We have good continuity in management and accounting.

This last year, we appointed BDO as our auditors, and accordingly the Association's financial statements include their audit report.

Acting for FANZ, Craig Weston of Inspired Accountants will provide an overview of the 2022-2023 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. The team at Inspired continue to go above and beyond with their support of FANZ and in this most recent year we particularly thank them for supporting the FANZ admin role as staffing changed mid-year.



Membership

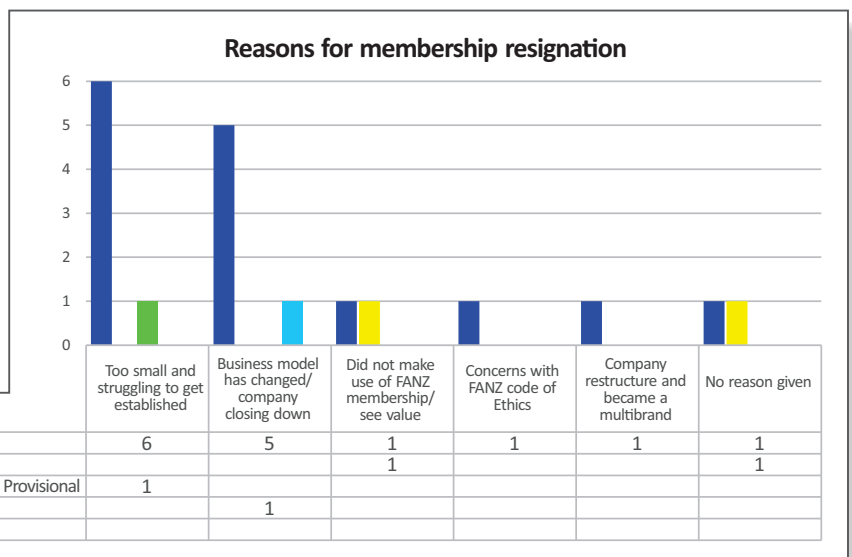
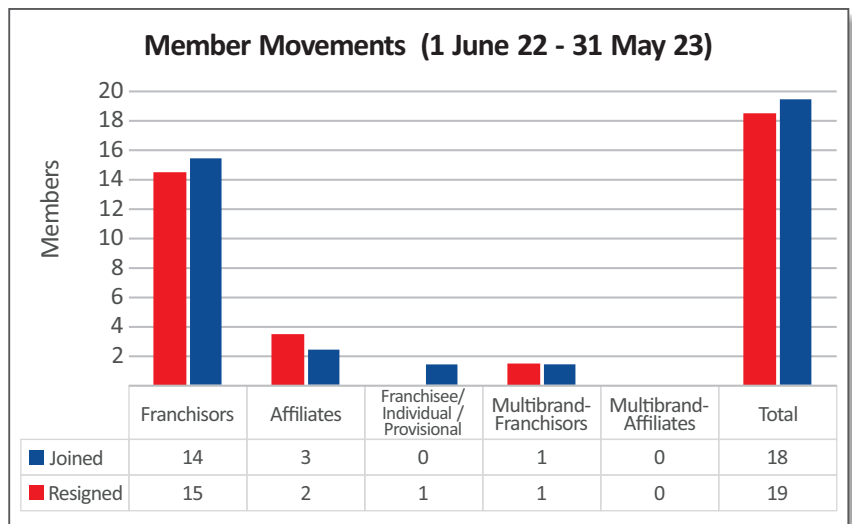
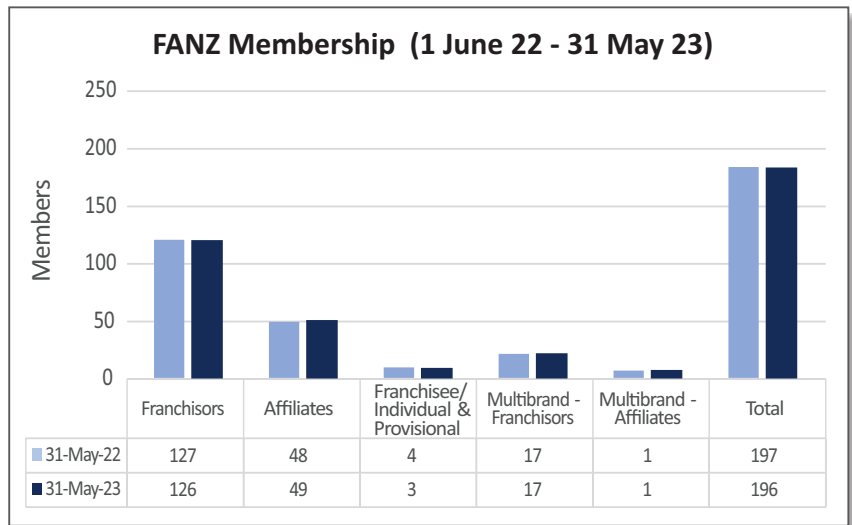
The charts below present FANZ membership numbers and key movements as of 1 June 2022 and 31 May 2023.

As of May 31st, 2023, FANZ had 196 members, down one on the same time last year. There have been 14 new franchisor members join FANZ, but 15 franchisor members have also resigned. In reviewing the resignations, we note that 11 of the resignations are either because the franchisor is small and struggling to get established, or the business model has changed, and they are no longer franchising. The below table provides a breakdown of reasons.

As of April 1st, 2023, a new membership fee structure was introduced, replacing the flat fee structure to a sliding scale based on the number of franchisees. This change had been considered over a number of years, after researching many other associations around the world. The Board saw this as an important change to support the future proofing of FANZ. This change has been well supported and we thank you for this.

The Board has been working on strategies to increase membership and is considering the appointment of a membership manager in 2024, to focus on growing membership, with a particular focus on contacting CEOs of several brands who are not currently members.

The Board is very appreciative of FANZ members' continued support and welcomes the new members who have joined over the 2022/23 year. FANZ would welcome any support current members can offer with respect to encouraging potential members to join FANZ, or e-introducing FANZ to potential members.



Advocacy & Legislation

Advocacy continues to be a critical area of FANZ work.

The Advocacy Team is chaired by Darryl King, FANZ 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 Vice Chair), and Robyn Pickerill (FANZ CEO). Greg Paget, Michelle van Gaalen and Scott Jenyns (FANZ Board Members) have also been involved and provided support at critical times.

Since last year's report the sentiment has not changed, in that, there continues to be legislative change, and a gradual increase of focus on the franchising business model, as a component of many changes. However, with the change in Prime Minister and a change in priorities, the relentless pace of change in legislation, thankfully slowed dramatically in the last year. There were fewer proposed new laws impacting on franchising, and a noticeable slowdown in the progress of new laws through the legislative process. This has allowed our Advocacy Team to consider its strategic priorities and get advice on improving FANZ's engagement with government and government departments.

AEWVisa Accreditation and requirements for franchisees to achieve higher standards

One of the recent areas that has occupied the Advocacy Team of late has been the introduction of the AEWVisa Accreditation process, on 4 July 2022. The specific requirements for franchisees are as follows:

Over and above the requirements of a regular business a franchisee must:

- Have been operating for at least 12 months as a franchisee; and
- Confirm that at least 15% of their workforce are New Zealanders or residents who are guaranteed at least 30 hours per week (unless the company has only one employee)
- Pay fees significantly higher than a non-franchised business. \$1980 per annum for a franchisee versus \$780 every 2 years for a non-franchised business.

It should be noted that FANZ did make considerable efforts to have the fee reduced from its original amount of \$3331.00. While we were still concerned at the level of the fee, it is indeed much better than it might have been. FANZ is continuing to make efforts to address the unfairness in fees, and I will mention this in a moment.

Submission re Modern Slavery and Worker Exploitation - 6 June 2022

In last year's annual report, we reported on discussions and 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 did raise concerns that the proposed legislation will result in onerous and disproportionate impact on many SMEs and franchisors for things outside their control.

The Ministry of Business, Innovation and Employment is working away behind the scenes. As New Zealand is committed to reduce modern slavery and worker exploitation in New Zealand and elsewhere, further legislation is expected in the future that will impact on franchising.

Improving our impact with government on behalf of franchising in NZ

In recognition of the continued creep in legislation driven by government bureaucrats and the desire of FANZ to improve our engagement, FANZ engaged a professional advocacy support business 'Capital Government Relations' to provide guidance on the best direction for FANZ to approach government and legislative change for the future. To date, Capital have provided some great insights and the FANZ Board believes that their support will help optimise FANZ's effectiveness.

Recommendations from Capital include ensuring consistent messaging along the lines of 'FANZ and franchising are an asset to New Zealand, and we want to achieve outcomes that the Government can support'. Capital encourages FANZ to engage more consistently with Government and opposition stakeholders in order to educate personnel on franchising, as this is likely to have a more positive impact for positive policy outcomes.

FANZ continues to work on these issues and currently has a briefing paper before ministers as per the advice of Capital, to highlight the positives of franchising but also to particularly focus on the concerns of the uneven playing field of the AEWVisa Accreditation requirements for franchisees. As the accreditation system has now been in place for one year, some of the genuine issues that these higher standards are creating for franchisee businesses, are becoming more evident.

The briefing paper seeks to acquire meetings with key government officials to voice our concerns further and assist in developing their knowledge of franchising.

A special thanks to Darryl King for chairing the Advocacy and Legislation committee and for his tremendous contributions, 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 has been just one complaint over the last year, however, there have been more enquiries than usual, and frequently these are from franchisees of non-members.

The complaints panel is led by Patrick Learmonth of Stace Hammond and supported by Hamish Walker of Duncan Cotterill and Peter Webster (independent). During 2022 FANZ recognised a need for a further panel member and called for interest from franchisors, as it is preferred to have a pool of four people to call on. Jason Hill of Green Acres has since been appointed to serve on the panel.

I sincerely thank, Patrick, Hamish, Peter, and Jason for making themselves available as this can be a very time consuming and complex area to deal with.

Education - Pre-entry online franchisee training

FANZ's Franchisee Pre-entry online education program has now been live for nine years. There have been 154 course completions in full over the last year which brings the total for the nine years to 1260 completions. Over the April and May 2023 months we have recorded our highest ever completion rates. It is not clear as to why this is, although the FANZ team have been posting more on LinkedIn, and Facebook, so this may be assisting awareness. FANZ continues to encourage all franchisors to 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 system complete the program before joining your franchise.

Education - ASSK Sessions (Affiliates Sharing Specialist Knowledge)

These online sessions have continued during 2022 and 2023 and have been most appreciated by those who attended. FANZ very much appreciates the time and effort provided by Affiliate members to deliver these sessions. All four sessions over the past year have been led by legal affiliates from Duncan Cotterill, Jackson Russell, and Wynn Williams. A thanks too, to Callum Floyd for facilitating these sessions.

The ASSK sessions are a great way for Affiliate members to share expertise, and FANZ would welcome other Affiliate members to submit topics for future sessions.

FANZ LinkedIn Member Hub

This was an initiative by the FANZ team to provide a platform for member interactions on issues related to franchising. I encourage you to get involved in this group. <https://www.linkedin.com/groups/14189841>



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 is 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

Strategic Partners continue to provide a great resource for FANZ and equally we aim to give them the recognition and exposure they deserve. This year we farewelled Green Acres as a Strategic Partner. Green Acres supported this initiative from day one and FANZ is incredibly grateful for their contributions and support over the six years of their commitment.

In April 2023 FANZ welcomed Bunnings Trade as our newest Strategic Partner. Bunnings Trade have seen an opportunity to support our wide range of FANZ members, across many different industries, by offering their extensive product range at discounted pricing through the PowerPass Account. Bunnings Trade will be available to meet members at the Conference Trade Stands. It should be noted that the Bunnings Trade discount offerings are also available to all franchisees of FANZ members.

FANZ's strong relationships continue with Westpac, Crombie Lockwood, HR Assured, BDO and Aramex and we sincerely thank them all for their support.



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.



Platinum Partner

In addition to Strategic Partners, we also have our Platinum Partner, Waipuna Hotel and Conference Centre. Waipuna is back to full strength, and we look forward to welcoming them back to conference this year.



It was very pleasing to be able to hold the FANZ 2022 Christmas function back at Waipuna, and we plan to hold more functions there again this year. Please consider Waipuna as a venue for your events in the future. You can always be sure that the Waipuna Team will look after you.

Media Partner

Franchise New Zealand media and FANZ continue a strong and highly beneficial collaboration. Franchise New Zealand media 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 media for their support and collaboration with FANZ.



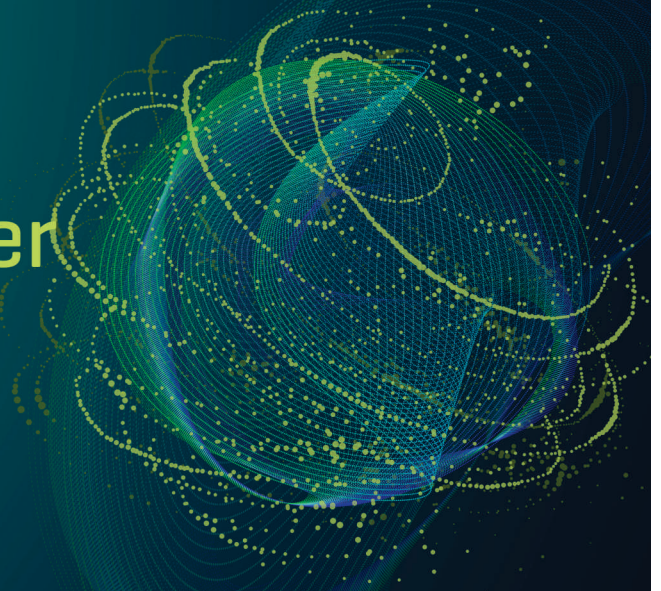
Franchise New Zealand magazine and website is the only magazine and website in New Zealand dedicated to franchising and continues to produce top quality news and stories with strong readership and click through rates, so please do show your support to Franchise New Zealand media for the excellent work 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 FANZ does appreciate you all.

NATIONAL FRANCHISE CONFERENCE 2022

Franchising » stronger together in a new normal

22-24 August | Wellington



FANZ National Franchise Conference 2022

The 2022 National Franchise Conference was held in Wellington at Te Papa and despite a few members being unfortunately kept away due to Covid, overall, we had a great turnout, and it was a most successful conference.

The theme for 2022 was “Franchising stronger together in a new normal”. With over 200 in attendance, this was once again a marvellous turnout. The impressive 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 address by Christopher Luxon, Leader of the Opposition, at the Welcome Function, and sponsored by Iridium Partners was warmly received and catapulted the conference off to a really positive start. For the international dimension, the attendance of Ned Lyerly of CKE Restaurants, visiting from the USA added a wealth of franchising insights. As always, our members stepped up, and contributed in many ways to ensure we had a vibrant and relevant program.

The Aramex Beehive Banquet Hall evening function was rated as a real highlight with humorous entertainment, superb food, wine, and company, providing a wonderful opportunity for networking.

A huge thank you to all the many supporters, speakers, sponsors, exhibitors, and delegates who contributed to the success of the 2022 National Franchise Conference. The conference sponsors are highlighted below.





Westpac New Zealand Franchise Awards 2022



Westpac New Zealand Franchise Awards 2022

The 2022 awards came upon us extremely quickly after our delayed 2021 awards, but none the less we had great participation, and it was once again a grand evening of celebration and great jubilation for many, as their names were read out as winners! Thanks to all our members who participated in the awards.

It was also a great privilege on the night, to induct three past members into Life Membership. Karen and David Dovey formerly from the Exceed franchise and David Foster, a long serving legal member. All three inductees have contributed hugely, over the years, to franchising and have made valuable contributions in support of FANZ. It is always a highlight for the FANZ Board to acknowledge the individuals who make franchising their lifelong passion. Our congratulations and thanks, go to Karen and David Dovey and David Foster.

The entertainment for the evening was exceptional with a stirring welcome by Lyrica known as The Calling. Our MC, Wendy Petrie did us proud with her warm manner, and kept proceedings flowing in a relaxed and professional way.

A tremendous thanks to Westpac who once again supported the awards with their generous sponsorship and to Daniel Cloete for facilitating this long-term sponsorship relationship with FANZ.

Congratulations of course to our Supreme Winners - Westpac Franchise System of the Year and Westpac Franchisee of the Year. A tremendous achievement!

The date for the 2023 awards gala dinner has been set for 11th November, at the Cordis Hotel and we once again look forward to an evening of franchise celebration.

PRINCIPAL SPONSOR



AWARD SPONSORS



STRATEGIC PARTNERS





**Westpac Franchise System of the Year
Rodney Wayne**



**Westpac Franchisee of the Year
Krista Conningham Caci Blenheim**

Branch Meetings

There have been three Auckland Twilight events since the 2022 AGM. All the meetings have been most informative and well worth attending. The franchisor leaders panel was particularly powerful due to the openness with which the leaders spoke.

ASB continues to support FANZ with sponsorship of Auckland Branch events, for which we are most appreciative.



Events around the country have not yet resumed. Robyn has held a Coffee and Buzztime in Tauranga, to get members together over a coffee and an Auckland Southern Roundup, which is a get together over a wine. Both formats have been most successful, however it would be immensely helpful if we had some members step forward in the regions to assist with regional sessions.

A big thank you to all our Strategic Partners, sponsors and supporters who have made events possible in the past. We look forward to your continued support and welcome others who would like to get involved.



A summary of FANZ Events June 1 2022 – May 31 2023

Date	Event/Sponsor	Speaker	Topic
21 June 2022	ASSK Session (online) (Affiliate Sharing Specialist Knowledge)	Presented by: Shane Campbell (Partner) & Matt Rhodes (Associate) of Wynn Williams Facilitated by: Callum Floyd	Information Interference - Protecting Your Know -How and Enforcing Your Rights
28 June 2022	ASSK Session (online)	Presented by: Louisa Joblin (Senior Associate) of Duncan Cotterill Facilitated by: Callum Floyd	Data protection and privacy issues when collecting, storing, and using employees' and customers' information
6 Jul 2022	AGM (online)		FANZ Annual General Meeting
2 Aug 2022	Coffee & Buzztime		Networking with Tauranga Members
22-24 Aug 2022	FANZ Annual Conference 2022 At <i>Te Papa Wellington</i>	Variety of Franchise speakers and topic experts.	Franchising - Stronger Together in a New Normal
27 Sept 2022	Southern Roundup Sponsored by <i>Waipuna Hotel and Conference Centre</i>		Networking of members South of the Bridge Auckland
31 Oct 2022	Twilight Session Auckland Sponsored by ASB	Presented by: Callum Floyd of Franchise Consultants & Simon Lord of Franchise NZ media	2022 Franchisee Research what are franchise buyers looking for?
12 Nov 2022	Westpac Franchise Awards at the <i>Cordis Auckland</i>		Celebratory Awards ceremony and Gala evening
29 Nov 2022	ASSK Session (online)	Alastair Espie (Senior Associate) Duncan Cotterill	Fear or Fair? Getting ready for Fair Pay Agreements
7 Dec 2022	FANZ member Christmas Party Sponsored by Green Acres		
28 Feb 2023	ASSK Session (online)	Glenn Finnigan & Darryl King Partners of Jackson Russell Lawyers	Tips for Franchisors: Workplace Health & Safety Obligations
7 March 2023	Twilight Session Auckland Sponsored by ASB	Panel: Estelle Logan - V.I.P Darren Jacobs - Super Liquor Paul Bull – Signature Homes Brad Jacobs – The Coffee Club Facilitated by: Craig Weston Inspired Accountants	Franchisors Facing Challenge
21 April 2023	Awards workshop (online)	Gillian Taylor Convenor of Judges Facilitated by: Callum Floyd of Franchise Consultants	A workshop designed to help members with their entry into the Awards and to answer any questions they may have.
10 May 2023	Twilight Session Auckland Sponsored by ASB	Presented by: Nick Tuffley ASB Chief Economist Facilitated by: Craig Weston Inspired Accountants	NZ Economy with ASB Economist Nick Tuffley

Franchising New Zealand Survey

FANZ will shortly be getting activities underway to commence another Franchising New Zealand Survey for the 2024 year. We are once again liaising with Massey University to conduct the survey, under the guidance of Professor Jonathan Elms.

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 Committee, but he answers many questions regarding FANZ rules and codes and is a great support to our CEO and the FANZ team. On behalf of the Board, the FANZ team 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 this last year.

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 CEO and the FANZ team once more for their incredible efforts in what has been another particularly challenging and uncertain year.

We wish you all the best for the balance of 2023 and beyond.

Regards,



Dawn Engelbrecht | Chairperson.





FANZ

FRANCHISE ASSOCIATION
OF NEW ZEALAND

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