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# Guiding your franchisees to successful employment practices

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Employment New Zealand  
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# What you can expect from our session

- Learn about who we are and what we do
- Red flags Labour Inspectors see in the marketplace
- Why we have a focus on franchising
- Labour Inspectorates approach to working with businesses and Franchisors
- Important legislative changes to be aware of
- Where to find free resources to share with franchisees
- Priority list of what Franchisors should cover off with Franchisees (i.e. checklist and template resources).



# Labour Inspectorate - Who are we?

- Regulate the employment market
- We ensure workplaces meet at least the minimum employment standards and requirements of employment law
- Investigate complaints relating to systemic issues and serious exploitation, including migrant exploitation
- Responsible for enforcement of a range of legislation, including
  - Employment Relations Act 2000
  - Holidays Act 2003
  - Minimum Wage Act 1983
  - Wages Protection Act 1983

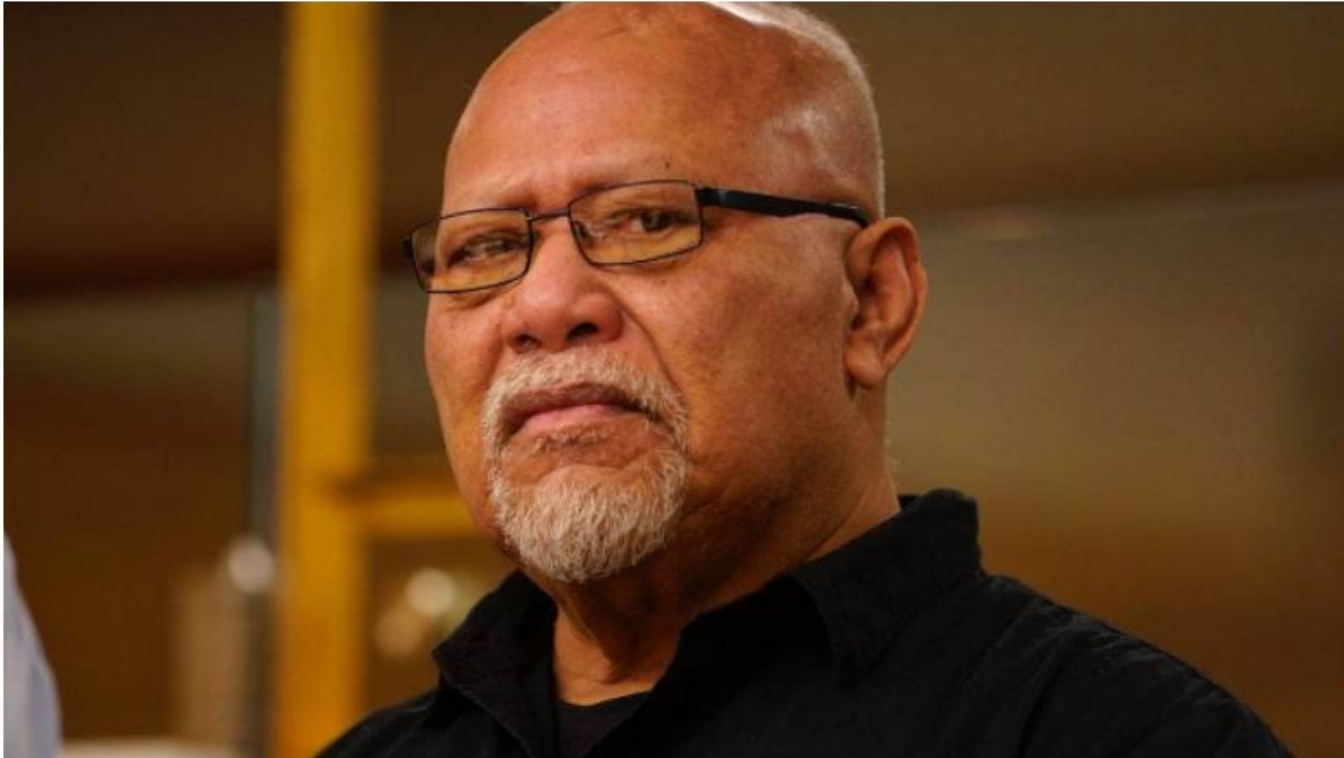


# Why compliance matters

- Fair days pay
- Level playing field
- Customers expect it



# Slave dealer Joseph Matamata jailed for 11 years ▶



JOHN COWPLAND/STUFF

Joseph Matamata appears for sentencing in the High Court at Napier on Monday.



## How the liquor store industry is riddled with worker exploitation

Steve Kilgallon · 05:00, Oct 06 2019



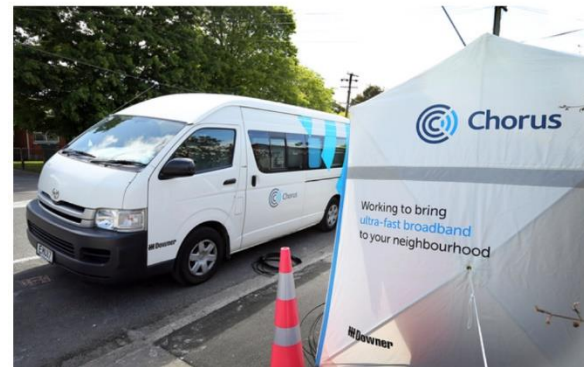
NEW ZEALAND

## Chorus subcontractors 'exploiting' immigrant workers

11:20 pm on 8 October 2018



Densets of Chorus subcontractors rolling-out ultra fast broadband have breached minimum employment standards.



## Migrant exploitation complaints jump more than 250 per cent

Benn Bathgate · 11:47, Jan 09 2022



This was the plywood box room constructed in a storeroom of a North Island liquor store that one migrant, known only as DS, called home.

## Mass breaches of employment laws by construction industry bosses, 1 NEWS uncovers

By Katie Bradford, 1News Reporter  
April 10, 2019 · Source: 1News



Inquiries by 1 NEWS have revealed mass breaches of employment laws by construction bosses.



## Former labour contractor and owner to pay more than \$250,000 over employment standard breaches

2:07 pm on 9 December 2020

## 'Modern-day slavery' liquor boss gets record \$1.55m in fines for migrant worker exploitation

NEW ZEALAND / WAIKATO

## Cleaning company fined \$37k for exploiting staff

1:35 pm on 7 November 2018



A Waikato company and its director have been ordered to pay \$31,600 for exploiting six members of its staff.



# Issues in the Franchise sector

- Current focus on retail, hospitality, and services sectors where we have seen non-compliance and high levels of exploitation.
- Exploitation happens when unscrupulous employers deliberately take advantage of vulnerable workers (lack of knowledge of their rights) – **it can happen in any business!**
- Some don't get the basics right
  - Employment agreements
  - Record keeping - Time & wage and holiday & leave records
- Holidays Act compliance



# Reflection – is your franchise at risk?

- Your reputation is integral to your business
- The customer sees one business, not separate legal entities
- One franchisee exploiter can bring down your whole business and Brand equity
- **Franchisors need to have oversight, or you run the risk of non-compliance**



# Resources

[www.employment.govt.nz](http://www.employment.govt.nz)

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[Starting employment](#)

[Hours and wages](#)

[Leave and holidays](#)

[Workplace policies](#)

[Resolving problems](#)

[Ending employment](#)



## Know your employment rights

[Coronavirus \(COVID-19\)](#)

[COVID-19 vaccines](#)

[Minimum rights of employees](#)

[Early Resolution](#)

[Dismissal](#)

[Misconduct and serious misconduct](#)

[Redundancy](#)

[Bullying](#)

[Sexual and racial harassment](#)

[Free learning modules](#)



# Resources

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## Franchisor's approach to assuring ethical and sustainable work practices

To reduce brand reputation risk, a franchisor should implement and ensure their franchisees operate using ethical and sustainable work practices.

[Home](#) > [Workplace policies](#) > [Ethical and sustainable work practices](#) > [Franchisors](#)

[Workplace policies](#)

[Franchising relies on a good relationship between a franchisor and its franchisees](#)

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### Franchisor's approach to assuring ethical and sustainable work practices



# Key stages of the franchise contract life cycle

1. Pre-contract preparation
2. Contract confirmation and documentation
3. Monitoring during the life of the contract



# PRE CONTRACT

- Risk assessment of applicants
- Ensure franchisee understands their employer obligations
- Create a franchise ethical and sustainable work practice policy or code of conduct



# Contract confirmation & documentation

Ensure the contract requires franchisee to:

- comply with employment related legislation throughout the life of the contract
- promptly inform the franchisor if they are investigated for, or found to have committed, a breach of employment related legislation.
- ensure all their employees are informed of their employment entitlements.



# Ongoing Monitoring

- Use employee voice tools
- Ensure franchisees inform employees of their rights and obligations
- Ensure issues are reported
- Provide staff with a confidential complaints process



# Modern Slavery & Worker Exploitation Legislation

## Responsibilities for different sized organisations

### Size of organisation

### Responsibility

Large and those in control of NZ employers



Due diligence

Medium and large



Disclosure statement

All



Take action if exploitation is found



# Other legislation of interest

Companies (Directors' Duties) Amendment Act 2023

Worker Protection (Migrant and Other Employees) Bill



# SERIOUS BREACHES

- Exploitation
- Systemic breaches
- Non compliant business models

## Contact Us

- [employment.govt.nz](https://employment.govt.nz) 0800 20 90 20
- Migrant exploitation 0800 20 00 88



# Useful Resources to support Franchisees

- Material on Employment New Zealand site:  
[employment.govt.nz](http://employment.govt.nz)



- On-line training resources – the [employment.govt.nz site](http://employment.govt.nz) has on line learning resources. These take 15 – 20 minutes each.
- [Employment agreement builder](#): a tool which will create tailored employment agreements (takes approx. 30 minutes).



