



FAIRTRADE
AUSTRALIA
NEW ZEALAND

THE CHANGING FACE OF TRADE

ANNUAL REPORT 2018/19

3.6 MILLION
KG OF FAIRTRADE COFFEE



EQUIVALENT TO
> 51 MILLION
CUPS OF COFFEE

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FAIRTRADE TEA =
334,000 KG
167 MILLION
TEA BAGS

ABOUT FAIRTRADE

FAIRTRADE VISION

A world in which all producers can enjoy secure and sustainable livelihoods, fulfill their potential and decide on their future

FAIRTRADE MISSION

To connect disadvantaged producers and consumers, promote fairer trading conditions and empower producers to combat poverty, strengthen their position and take more control over their lives.

FAIRTRADE AUSTRALIA AND NEW ZEALAND HAS THREE KEY OBJECTIVES:

1. Make Trade Fair
2. Empower Producers
3. Foster Sustainable Livelihoods

To achieve these objectives we are transforming trade to better support people, the planet and prosperity for all.

Fairtrade supports the development of thriving, empowered farming and worker communities. We do this by creating fairer trading conditions; improving access to international markets; increasing the capacity of producer organisations to operate well-managed and democratic businesses; and supporting workers' access to fair pay and negotiating power.

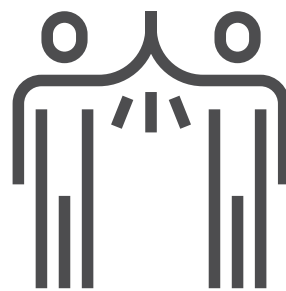
We work with business partners along the entire supply chain to promote and advocate for fair trade, and provide consumers with sustainable and ethical options. When people choose to buy Fairtrade products they are empowering producers to take more control over their futures, and protect the environment where they live and work.

Fairtrade Australia and New Zealand (Fairtrade ANZ) is a full and active member of Fairtrade International and has the sole right to license the use of the international Fairtrade Mark in Australia and New Zealand.

Fairtrade International receives 30% of Fairtrade ANZ's licensing income. This money supports producer services, standard setting, market-facing activities, monitoring and evaluation and governance.

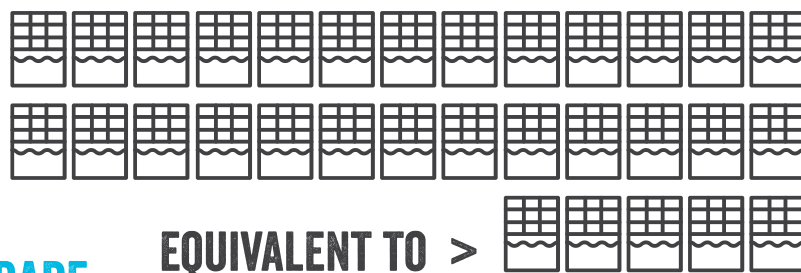
AU\$327M
RETAIL SALES OF
FAIRTRADE PRODUCTS IN
 **AUSTRALIA & NEW ZEALAND**

1 IN 2 AUSSIES
RECOGNISE
THE
FAIRTRADE
MARK



3.5 MILLION
KG
OF FAIRTRADE CHOCOLATE

EQUIVALENT TO >
23 MILLION BLOCKS



REPORT FROM THE CEO

CHANGING THE FACE OF TRADE HAS NEVER BEEN MORE IMPORTANT

The world today faces major challenges: modern slavery occurring throughout supply chains, extreme poverty experienced by hundreds of millions of farmers and workers, and a climate crisis threatening to fatally compromise the systems that sustain life on earth.

While it has been heartening to witness a new generation take to the streets in huge numbers to demand change as part of the School Strike for Climate Action, it's also important to ask the question: How did we get here? Why has it fallen to children to walk out of the classroom and begin marching in a cause we all urgently stand to benefit from?

The answer is that a broken, unsustainable system of commerce and trade has us rushing headlong towards a bleak future, economically, socially and environmentally.

For more than 30 years, Fairtrade has recognised these serious failings and has sought to transform trade and transform lives, with the needs of people, the planet and our collective prosperity integral to this goal.

Our work is also vital to achieve the United Nations Sustainable Development Goals (SDGs) in the next ten years. We are working collaboratively with partners to accelerate achievement of the SDGs; using Fairtrade's transparency, audit and impact systems as a key driver.

Despite the deep and lasting positive impact we have achieved to date, there is much work to do to ensure living incomes sufficient to maintain sound agricultural practices, feed and clothe families, educate children, pay for medical care, put money aside for unforeseen circumstances and enable producers, later in life, to retire with dignity.

With this goal paramount, Fairtrade ANZ's vital work has continued apace in 2018-19.

We have been delighted to welcome four new producer organisations to the Fairtrade family: Alang Daom Coffee Estate and Komkul Coffee Cooperative in Papua New Guinea (PNG), and Untpina Cooperative Society and Labuhilla Coffee Farmers Association in Solomon Islands.

We hosted Fairtrade International CEO Dario Soto Abril ahead of staging 'Reshaping the Future', the first meeting of its kind between Fairtrade producers and market representatives for the Asia Pacific region.

I spoke at the World Economic Forum on transforming trade, and Fairtrade ANZ was again invited to address the World Trade Organisation.

We hosted Lord Mark Price, chairman of Fairtrade Foundation in the UK, at the inaugural 'Future of Trade' event, a forum for industry leaders and policy decision-makers to explore the challenges business, governments and non-profit organisations face as we seek to meet the opportunities of the future, sustainably and ethically.

Our impactful partnerships with Australia's Department of Foreign Affairs and Trade (DFAT) and New Zealand's Ministry of Foreign Affairs and Trade (MFAT) continue to enable our Producer Relations team to engage in significant collaboration with producer organisations in PNG, Timor-Leste and the Pacific islands, where impact is measurable across key thematic areas. This year we have seen an increase in governance and business capabilities, a deepening of our focus on quality, enhanced gender mainstreaming and the beginning of our journey to integrate climate change adaptation across all of our activities. In the past five years - with the great work of the Business Development, Producer Support and Relations, and Marketing and Community Team - we have increased the volume of Fairtrade certified products from the Indo-Pacific region by nearly 200 percent helping regional producer organisations to benefit from greater



Molly Harriss Olson

access to global markets, as well as increased brand, retailer and consumer demand.

Campaigns such as Fairtrade Fortnight and partnerships with leading brands, including Ferrero and Nespresso, have served to generate awareness of Fairtrade and understanding of its importance among new audiences.

Fairtrade is honoured to continue our important collaboration with individuals, brands, retailers, producers, governments, non-governmental organisations and communities to further our shared objectives. We thank you for your partnership and look forward to working with you to achieve even greater positive impacts in the years to come.

Finally, everything we achieve here at Fairtrade ANZ depends on our terrific team, whom I particularly wish to thank and acknowledge. Working with our retiring chair, Valentina Tripp, over these past five years has been a real delight and I want to thank her for one of the most effective, impactful and transformative partnerships Fairtrade has enjoyed anywhere in our global system. Our exceptional Board and I are most fortunate to welcome our new Chair, Katherine Rich, CEO of the New Zealand Food & Grocery Council, whose brilliant expertise, networks and support will help us achieve even more impact in the coming years. Together, we can make trade fair and empower farmers and workers to achieve sustainable livelihoods.

MOLLY HARRISS OLSON
CEO Fairtrade Australia
and New Zealand

REFLECTIONS FROM THE CHAIR

AN EXCITING NEW CHAPTER

It's a privilege and an honour to be asked to serve as Chair after two years as a member of the Board of Directors.

I would like to pay tribute to my predecessor Valentina Tripp, who served as a director for six years, five of them as Chair. During that time, Valentina worked closely with Molly and the other board members to help the CEO transform Fairtrade ANZ into an organisation well equipped to achieve its mission of making trade fair.

Markerita Poutasi and Gareth Edgecombe have also completed their service, and we are very grateful for the time and energy they have dedicated to Fairtrade ANZ.

I take the responsibility for carrying on that work very seriously, and I'm delighted to have the support of a refreshed and committed Board.

We have been joined by Terence Jeyaretnam, John Buttle, John Thwaites, Christopher Davis and Margaret Zabel, who will complement the knowledge and insight of the existing Board with a range of additional skills and expertise.

This year I retired from the APAC Business Council after five years and during that time it became crystal clear to me why Fairtrade matters, not just in the APAC region but globally.

One of the reasons that Fairtrade is so important is that it genuinely does transform lives in communities.

I particularly want to celebrate the licensees who have partnered with Fairtrade, and who work so hard to put Fairtrade certified products on the shelf. They understand how Fairtrade can make a difference to the lives of farmers, workers and families in developing countries.

I've visited a number of Fairtrade licensees during the year and spoken to them about their reasons for partnering with Fairtrade. They feel part of something bigger than themselves, part of an extended organisation. Because of our work, companies and the consumers purchasing these products have the confidence of a fair and robust system that stands behind the Fairtrade Mark. We will always welcome additional participants to come forward and to be part of Fairtrade.



Katherine Rich

I'd like to note and celebrate Molly's invitation by the New Zealand government to participate in the Trade for All Advisory Board, an appointment she thoroughly deserves because of her knowledge and experience of Fairtrade.

It is fantastic to see recognition levels of Fairtrade grow, as we saw in research published in the last year - Fairtrade is the number one, most trusted ethical label in New Zealand, while in Australia more than one in two people recognise the Fairtrade Mark.

I greatly look forward to working with the Board and Molly during the year ahead to support Fairtrade ANZ in achieving yet more positive impact on behalf of the producers who are at the heart of everything we do.

KATHERINE RICH
Board Chair Fairtrade Australia
and New Zealand

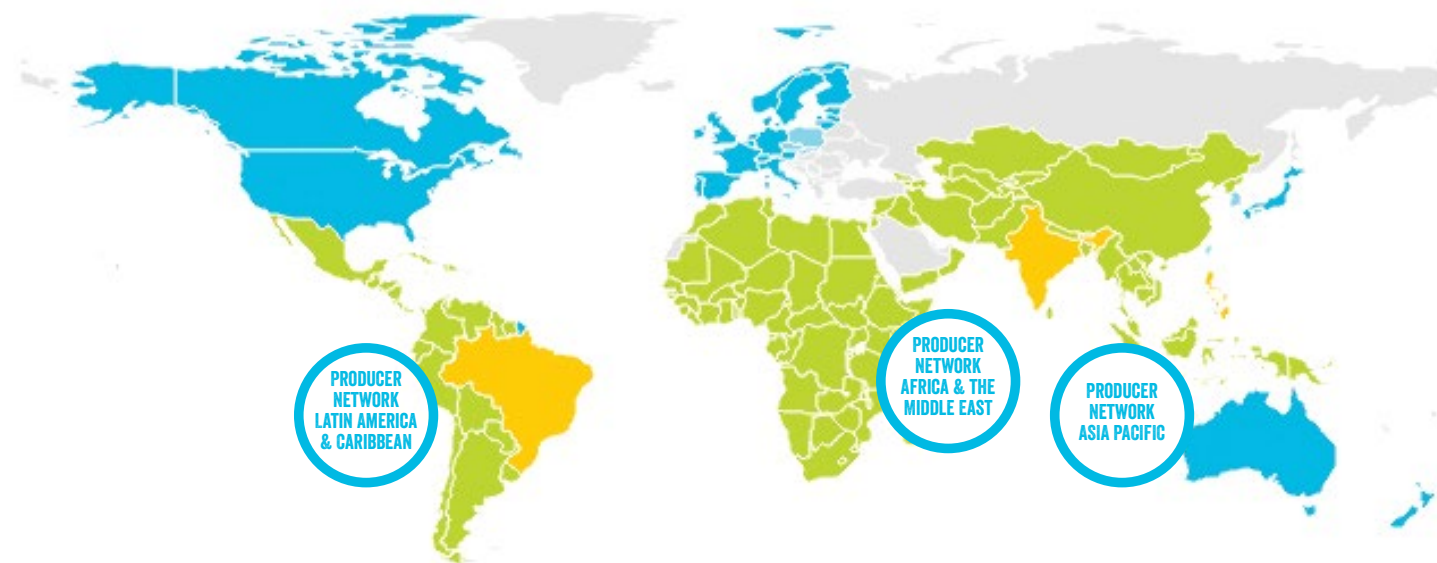




FAIRTRADE ANZ STRUCTURE



OUR REACH



■ Producer Network/Fairtrade Organisation
 ■ Countries with Producer Networks
 ■ Countries with National Fairtrade Organisations
 ■ Countries with Fairtrade Marketing Organisations

FAIRTRADE INTERNATIONAL

Fairtrade International is the organisation that coordinates Fairtrade at the global level. Based in Germany, Fairtrade International sets the internationally recognised Fairtrade Standards, organises support for producers around the world, develops the global Fairtrade strategy, and promotes trade justice internationally.

NATIONAL FAIRTRADE ORGANISATIONS

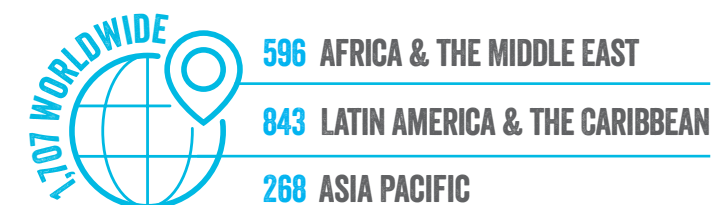
National Fairtrade Organisations license the use of the Fairtrade Mark on products and promote Fairtrade in their countries.

PRODUCER NETWORKS

Producer networks are regional associations that Fairtrade certified producer organisations may join if they wish. They represent more than 1.7 million small-scale farmers, workers and other producer stakeholders throughout Africa and the Middle East, Asia Pacific, and Latin America and the Caribbean.

Representatives of small-scale farmers and workers have a voting share of 50 percent in the General Assembly of Fairtrade International.

FAIRTRADE PRODUCER ORGANISATIONS



MORE THAN 1.7 MILLION FARMERS & WORKERS WORLDWIDE



FARMERS AND WORKERS WORLDWIDE INVESTED €176.5 MILLION (EUR) IN PROJECTS USING THEIR FAIRTRADE PREMIUM

OUR CAMPAIGNS

Fairtrade connects farmers and workers, their stories and products with existing and new consumer audiences through a variety of promotional, awareness and advocacy activities each year.



FAIRTRADE FORTNIGHT

In 2018, we used a thought-provoking and colourful creative execution linking to key thematic issues such as environmental concerns, gender equality and child labour to educate shoppers on how they could 'remove the shadow of doubt' behind the products they love - simply by choosing Fairtrade at the checkout.

Campaign highlights included:

- A social media reach of more than 3.5 million people across a range of channels.
- Print and online media coverage reaching an audience of more than 273,000 across Australia and New Zealand.
- Events held by community and commercial partners reaching thousands of people, including cinema screenings, markets, video broadcasts on office digital screens and art competitions.
- A large number of shoppers reached through retailers' in-store point-of-sale material, catalogues and digital activity.

The campaign consolidated and strengthened existing licensee and partner relationships, and laid a strong foundation to build on when it comes to working with the community and our commercial partners in the future.



MAKE THE SWITCH



12 DAYS OF CHRISTMAS

Fairtrade ANZ's digital channels were alive with a fun competition to mark the 12 days of Christmas, forming the central part of this campaign. We shared stories to help our audiences learn about why they should #choosefairtrade and how Fairtrade makes a difference to the lives of farmers and workers, particularly in relation to those who were behind the products featured as part of this campaign.



EASTER

Easter is a key retail time for our cocoa licensees, and Fairtrade continues to build digital promotion year-on-year to drive awareness and sales of Fairtrade chocolate in the lead up to Easter. Promotion included an Easter buying guide blog post on Fairtrade's website, and social media posts promoting Easter chocolate brands, including Ferrero, who featured prominently. The Easter Buying Guide reached 87,000 people in Australia (compared with Fairtrade's average social media post which reaches 6,000) and 10,000 in New Zealand.

WORLD FAIR TRADE DAY

We know that when more Fairtrade products are bought, Fairtrade farmers and workers can be better supported. Which is why World Fair Trade Day was centered around a simple call to action: Make The Switch. The campaign encouraged consumers to switch to Fairtrade certified products in their workplace, faith group or community group kitchen. The digital and social media activity was reinforced with support from our licensees and community groups who adopted campaign-aligned messaging and helped significantly amplify its reach. The campaign was also an opportunity to develop and promote the Fairtrade Supporting Workplaces Program, to help workplaces understand the positive impact they can have as a result of their Fairtrade procurement decisions, and to provide them with resources to support them in telling their Fairtrade story.



STRATEGIC PARTNERSHIPS

At Fairtrade ANZ we are committed to creating change through the power of collaboration. We have partnered with producers, businesses, civil society, non-government organisations and governments to bring small-scale farmers and workers and modern slavery to the forefront of conversations about global trade. We believe in seeking and making the most of opportunities to connect with like-minded organisations to promote our values and encourage collaboration to achieve shared goals.

We have seen the evolution of our partnerships with both the New Zealand Ministry of Foreign Affairs and Trade (MFAT) and the Australian Department of Foreign Affairs and Trade (DFAT). These important partnerships will make for lasting results and sustainable impact due to their investment in the continuation of our producer support services, enabling further development of our work to create market access, improve livelihoods and foster economic growth for small-scale producer organisations across the wider Pacific.

Our approach to partnering has been further complemented by the appointment of Fairtrade ANZ CEO, Molly Harriss Olson, to the New Zealand Government's Trade for All Advisory Board.

IN PARTNERSHIP WITH MFAT

Our partnership with MFAT continues. Increasing *Market Access for PNG Coffee and Cocoa Farmers* is a three-and-a-half-year project and an important extension of our previous work in the region. Through this project we have the opportunity to focus on specific areas for improvement across PNG supply chains, deepening our work on producer development, quality improvement and cross-cutting issues, as well as creating new avenues for investment in rural communities in PNG through the Fairtrade Co-Investment Fund (CIF).

This project is also helping to strengthen our Offer to Business workstream, facilitating market linkages between commercial partners and Fairtrade producers and continuing to build the market for Fairtrade products. Through promotions and an approach that nurtures partnerships, we are working with key commercial partners to deepen their commitment to PNG as a speciality coffee and cocoa origin and encouraging consumers to discover the unique characteristics of these PNG products.

The initial outcomes of this project have already seen the Fairtrade Premium earnings for PNG producer organisations reach more than \$1 million (AUD), alongside 62% growth in Fairtrade coffee sales from PNG into Australia and New Zealand.

May 2019 saw the first CIF project launched, set to extend the benefits of Fairtrade to an additional 1,600 coffee producers in the Eastern Highlands Province of PNG. This achievement is the outcome of a partnership between Monpi Exports Limited, producer organisation Roots No. 1 Farmers Association and Fairtrade ANZ, and is promising a 35% increase in supply of high quality, PNG-grown Fairtrade and organic certified coffee for the global Fairtrade market.

IN PARTNERSHIP WITH DFAT

Over the past four years Fairtrade ANZ partnered with DFAT to implement the project *Fairtrade for Aid in the Indo-Pacific*. The project's primary focus was on increasing awareness of Fairtrade and boosting sales of Fairtrade products in the Australian market. The project concluded in May 2019, with DFAT's investment having enabled Fairtrade ANZ to increase the reach and impact of our activities through growth generated by licensing income on a scale that would otherwise not have been possible. The volume of Fairtrade products exported from the Indo-Pacific region has almost tripled from 528 to 1,579 metric tonnes between 2013-2018.

The partnership with DFAT also enabled the delivery of two successful producer support pilot projects in Tonga and Timor-Leste. At the close of the project Vanilla Growers Association of Vava'u in Tonga were on a steady track towards independence, and in Timor-Leste, Cooperativa Comercio Agricola de Timor achieved Fairtrade certification in 2018 and successfully shipped its first container of Fairtrade certified coffee, destined for a buyer in Australia, in early 2019.



DFAT ONGOING PARTNERSHIP

In June 2019, we launched the next phase of our partnership with DFAT with the aim of fostering sustainable livelihoods for small-scale producers and their communities across the wider Pacific through enabling fair terms of trade. Support from DFAT will empower farmers to work collectively, democratically and without discrimination within the Fairtrade model of development and sustain the improvement of Fairtrade export industries throughout the wider Pacific.

Fairtrade ANZ launched an in-depth consultation phase with stakeholders across the region to identify gaps within the producer organisations, key thematic areas of focus and potential synergies with existing work being conducted. The findings will inform the final programme design for each of the focus countries and be streamlined within the four principal areas of our producer support services:

1. Business development
2. Quality and productivity
3. Cross-cutting themes (these include gender equality, child protection and youth engagement, environmental sustainability and climate change)
4. The Fairtrade Co-Investment Fund.



OUR LEADERSHIP



ROUNDTABLES WITH THE CEO OF FAIRTRADE INTERNATIONAL

Fairtrade International CEO Dario Soto Abril was our featured guest at roundtables convened with our commercial and donor partners. These roundtables explored opportunities to work together to achieve the United Nations

Sustainable Development Goals and to address the challenge of eradicating modern slavery from global supply chains using Fairtrade's framework for transparency and impact.

THE FUTURE OF TRADE: CAN IT WORK FOR EVERYONE?

Fairtrade broke new ground by bringing together exceptional thought leaders who are transforming trade in their own sectors to make business and global trade sustainable and profitable for all.

Lord Mark Price, former Trade Minister of the UK, CEO of UK retailer Waitrose, and now Chair of the Board of the Fairtrade Foundation UK, was a keynote speaker at the event. Lord Price was joined by a diverse group of leaders, including John Hewson AM, former Liberal Party Leader; David Pine, Chair of the New Zealand Government's Trade for All Advisory Board; as well as Fairtrade licensees, including Roberto Grasso, Chairman and Managing Director of Ferrero Australia and New Zealand, and Daniel Baker, Corporate Responsibility Director of ALDI Australia.



A holistic view of sustainability was taken and debates on critical topics were had. John Hewson AM spoke of the false dichotomy between 'free trade' and 'Fairtrade', noting that Fairtrade is the most transparent, free and accountable trading system in the world today.

FAIRTRADE AUSTRALIA NEW ZEALAND FEATURED IN 'THE COMMONWEALTH AT 70: FROM WESTMINSTER TO THE WORLD'

Fairtrade ANZ was proud to represent the wider Fairtrade system in 'The Commonwealth at 70: From Westminster to the World', a commemorative book that was launched at Westminster Abbey. We highlighted the value generated by Fairtrade ANZ's decade-long partnership with BP's Wild Bean Cafe, the largest retailer of Fairtrade certified coffee across Australia and New Zealand.

The collaboration between Fairtrade and Wild Bean has sold 122 million cups of coffee, which translates to AUD \$2.2 million in Fairtrade Premium going to producers in the Fairtrade system. We wish to express our thanks to BP and their customers for their ongoing support of Fairtrade. The positive impact for farmers and producers is clear to see.

We hope other BP businesses in other Commonwealth countries follow BP ANZ's great leadership and form Fairtrade partnerships of their own, accelerating inclusive growth, furthering achievement of the Sustainable Development Goals and improving outcomes for small scale coffee producers throughout the world.

Copies of 'The Commonwealth at 70: From Westminster to the World' can be found on publisher St James's House website.



PERU CHOCOLATE INDUSTRY TRIP

Taking diverse groups on meaningful trips to origin is a highlight for us at Fairtrade. This March we hosted a trip to Peru involving Bennetto, Alter Eco and Pico chocolate brands along with representatives from Stop the Traffik and the Australian Industry Group.

A busy five days were spent hiking into the rainforest to meet farmers; learning about the benefits of composting, selective pruning and irrigation and how the impact of the Fairtrade Premium in supporting this training has helped boost production from below 800kg per hectare to above 2500kg.

It also provided a great opportunity to share knowledge with the cocoa farmers, who took us through the rigorous process that delivers fine flavour, organic, Fairtrade chocolate. A truly valuable experience for all.



PNG COFFEE TRADER TRIP

As part of our approach to supporting regional producers, we have focused on working with key partners sourcing coffee from PNG to deepen their engagement with this unique origin. In June we organised a trader trip with two of our partners, Grinders and Montville, to visit the Highland Organic Agriculture Cooperative in PNG.

As well as seeing the impact of Fairtrade Premium projects first hand, the visit gave our partners invaluable insights into the challenges that coffee producers face in growing and harvesting coffee. They also had the opportunity to participate in our coffee quality training programme, an initiative supported by MFAT.

NESPRESSO

Fairtrade ANZ is proud of the work we have done with Nespresso since becoming partners in 2013, including the creation of an innovative Pension Program for Colombian coffee farmers and the establishment of a new Fairtrade certified cooperative in Indonesia.

The launch of two lines of Fairtrade certified Master Origin coffee capsules in September 2018 - Master Origin Indonesia and VERTUO Master Origin Colombia - represents a mutual commitment to supporting small-scale coffee farmers to build better futures.



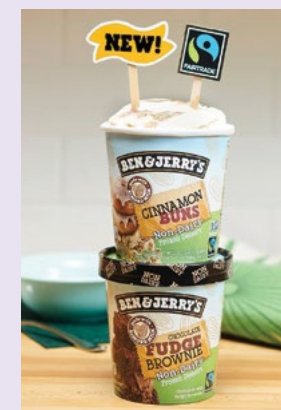
This work is taking place in the context of the coffee crisis, as the price of coffee globally had fallen as low as USD 88 cents per pound while the Fairtrade Minimum Price and Fairtrade Premium hold strong at USD \$1.60 protecting Fairtrade Farmers from below cost production.

MOSER ROTH

Early in 2019 ALDI switched its entire Moser Roth chocolate range, including Easter eggs, to be Fairtrade certified and now stocks the largest range of Fairtrade own-brand coffee and chocolate in Australia. Thanks to our partnership with ALDI, more Australian shoppers are aware of Fairtrade and are choosing to purchase Fairtrade certified products every day.

Z ENERGY

In late 2018 Z Energy joined the Fairtrade family, converting all their coffee to Fairtrade using coffees from Brazil, Costa Rica and Mexico. Z Energy's barista-made, Fairtrade certified coffee is available at over 140 Z Espresso stations across New Zealand, fueling Kiwis with an ethical choice on the go.



FUN NEW PRODUCTS

In 2018-2019 we saw the arrival of some new and exciting Fairtrade certified products, including Ben & Jerry's Non-Dairy Flavours and Serious Popcorn!



OUR IMPACT

FOCUSING ON COFFEE QUALITY IN PAPUA NEW GUINEA

“The areas that are being addressed in the training, like coffee picking and fermentation, are very helpful for Nenuma Cooperative. The first step to knowing how our actions affect the quality of coffee, is to think more scientifically about processing,” Badi Darepi, Secretary at Nenuma Coffee Growers Cooperative, Milne Bay, PNG.

To support farmers to understand their role in producing high quality and consistent coffee, and to create a high value global market, Fairtrade ANZ, in conjunction with the Coffee Quality Institute, facilitated a workshop on best practice for producer organisations in PNG. The program adopted a new approach to learning, by combining scientific knowledge with simple equipment and a participatory method.

The programme took place in June and brought together 41 participants from PNG's coffee sector. Farmers, exporters, government representatives and three commercial partners worked together to create a common language for communicating quality across supply chains. The training covered the topics of coffee cherry selection, fermentation, drying and storage, and allowed participants to experiment with different technologies for monitoring the development of their coffee. The results highlighted that PNG coffee has the potential to sit among the big names of global speciality coffee, but there is work to be done to ensure farmers are equipped with the knowledge and resources to fulfil this potential.

MAINSTREAMING GENDER EQUALITY

“I see that women have a lot of roles in the coffee. They plant the coffee, harvest the coffee, they process everything with the coffee. I want to change in the lives of my farmers, that's why they see me, that I can fight for their rights when I am in the coffee business,” Anita Gibson, women's representative for Highland Organic Agriculture Cooperative.

Gender equality continues to be a key focus of Fairtrade ANZ's work. With the support of DFAT, through the project *Strengthening Gender Equality in Fairtrade ANZ's Operations*, we have seen critical developments occurring within producer organisations in recognition of the important role women can play. In March, the General Assembly of the Savai'i Coconut Farmers Association amended its constitution to stipulate that two of its five board members must be women, while in PNG the percentage of female board members has increased to 10% over the last year. As a result of quotas for female participation in Fairtrade ANZ-led workshops, we



saw a significant rise in female attendance across the quality improvement training held in June, with 31% of participants being women. The knowledge gained from this training will be used by the participants and spread to families and the wider community, positioning women as active participants in their households' income generation.

Internally, Fairtrade ANZ's Gender and Action Learning Group is leading the mainstreaming of gender equality within Fairtrade operations. We are building capacity and mentoring Fairtrade ANZ staff to understand the relevance of gender in Fairtrade's work and maintaining an understanding of international best practice related to gender equality.



SCALING UP OUR WORK ON ENVIRONMENTAL MANAGEMENT AND CLIMATE CHANGE

“At the moment, even within the coffee industry itself, there haven't been any studies done on climate change [in PNG]...For me, by taking part and coming into this study, it's sort of paving the way within the industry,” Matilda Hamago, environmental management and climate change consultant.

For many of the communities in which Fairtrade ANZ works, the effects of climate change are becoming more apparent. Increased instability in agricultural outputs and more frequent weather-induced disasters are putting pressure on remote communities to adapt without the proper support or resources.

To strengthen Fairtrade ANZ's work on environmental management and climate change, we engaged the services of a consultant in PNG to carry out baseline surveys with four Fairtrade producer organisations. The findings of the data collection will be used to identify gaps in understanding among the producer organisations and inform future Fairtrade ANZ interventions on climate. This work follows our commissioned research on the impacts of climate change on coffee, 'A Brewing Storm', which can be found on The Climate Institute website.



EXPANDING OUR REACH IN THE PACIFIC

“Now that we are Fairtrade certified, our goal is to help farmers to sell their coffee so they can improve their family livelihoods and keep young people engaged in the rural sector,” Liston Brown, Manager of Labuhilla Coffee Farmers Association, Solomon Islands

We have expanded the number of Fairtrade certified producer organisations within the Pacific and extended Fairtrade's geographical reach across the region. Fairtrade ANZ is proud to have welcomed four new coffee producer organisations into the Fairtrade family, which brings the total number of Fairtrade certified producer organisations to seventeen.

Three of these producer organisations, Untpina Cooperative Society, Komkul Cooperative Society and Alang Daom Coffee Estate, are from PNG. June 2019 also saw Labuhilla Coffee Farmers Association, a group of 101 coffee farmers, become the first Fairtrade certified producer organisation in the Solomon Islands.

THE REGION AT A GLANCE

 **25,984**
FAIRTRADE HOUSEHOLDS
IN THE WIDER PACIFIC IN 2018

 **130,296**

FAIRTRADE BENEFICIARIES
IN THE WIDER PACIFIC IN 2018

 **USD \$2,039,133**
RECEIVED IN FAIRTRADE PREMIUM
BY PRODUCER ORGANISATIONS IN THE WIDER
PACIFIC IN 2018

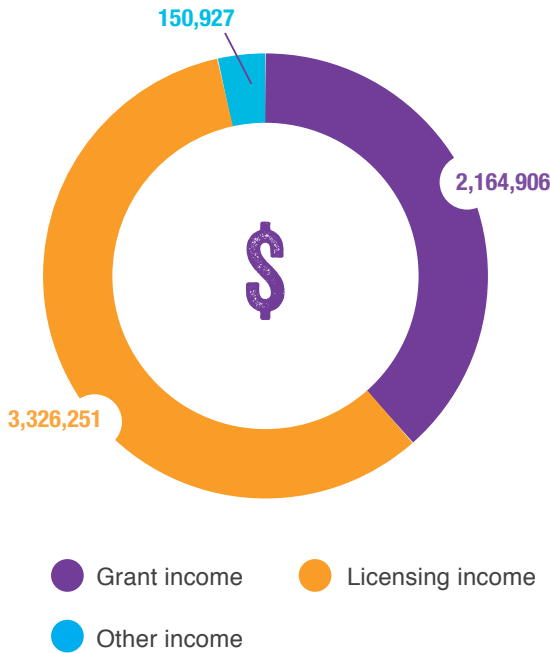
 **USD \$15,614,786**
RECEIVED IN FAIRTRADE SALES
BY PRODUCER ORGANISATIONS IN THE WIDER
PACIFIC IN 2018

FINANCIAL STATEMENTS

REVENUE

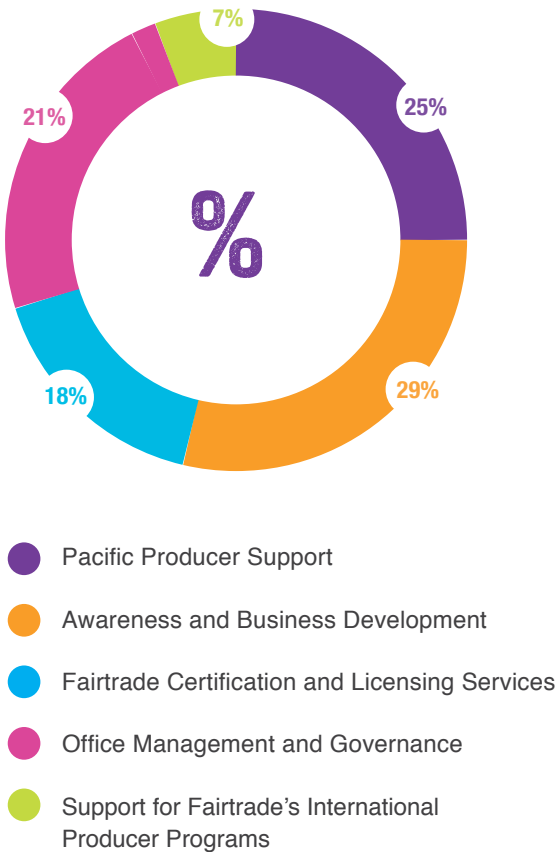
The total revenue for Fairtrade ANZ has increased by 24.6% in the 2019 Financial Year. The licensing income increased by 27.5% due to a change in the timing of recognition of income pertaining to final quarter sales of Fairtrade products. The revenue from donor funds acquitted in the 2019 financial year increased by 35.4%, this is due to the end of the DFAT grant, the increase in activities in the MFAT Papua New Guinea project and DFAT funded Business Partnerships Platform Samoa project.

Fairtrade ANZ wishes to acknowledge the significant support of DFAT and MFAT which enables us to conduct critical business development and marketing and community management activities and to extend our operations across the Pacific.



EXPENDITURE

Fairtrade ANZ has continued to provide business partnership support, build community and consumer awareness, maintain integrity, as well as contribute regional and international alignment to support significant projects that benefit the Fairtrade system as a whole.



STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDING 30 JUNE 2019

Revenue	2019 \$	2018 \$
Grants		
- Department of Foreign Affairs and Trade (DFAT)	1,551,451	1,053,069
- Other overseas	537,194	463,980
- Grant administration support	76,261	81,760
Investment income	6,202	7,090
Licensing income	3,326,251	2,609,455
Other income	144,725	311,693
Total revenue	5,642,084	4,527,047
Expenditure		
Australian grants		
International program costs	518,111	179,707
Program support costs	87,284	507,949
Community education costs	696,056	365,413
New Zealand grants		
International program costs	338,393	287,594
Program support costs	26,103	66,784
Community education costs	172,698	109,602
Total grant related activity expenditure	1,838,645	1,517,049
Other expenditure		
Organisation costs and other expenditure	592,004	557,426
Domestic program costs	127,199	111,872
Employment costs	1,301,326	1,441,623
Licensing costs	1,184,002	781,760
Technology costs	114,372	86,167
Total expenditure	5,157,548	4,495,897
Surplus for the year	484,536	31,150
Other comprehensive income	26,622	(63,420)
Total comprehensive surplus /(deficit) for the year	511,158	(32,270)

This summary financial information was extracted from the audited Annual Financial Report. It is consistent in substance with these statements notwithstanding the less technical language and content. The full financial statements are available on the Fairtrade ANZ Ltd website www.fairtrade.com.au

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	2019 \$	2018 \$
Assets		
Cash and cash equivalents	1,597,689	2,049,079
Trade and other receiveables	1,483,438	877,265
Total current assets	3,081,127	2,926,344
Property, plant and equipment	46,668	50,369
Intangible assets	11,186	3,056
Total non-current assets	57,854	53,425
Total assets	3,138,981	2,979,769
Liabilities		
Trade and other payables	650,772	571,826
Deferred revenue	500,533	993,569
Employee benefits	166,410	116,985
Total current liabilities	1,317,715	1,682,380
Employee benefits	25,999	13,280
Total non-current liabilities	25,999	13,280
Total liabilities	1,343,714	1,695,660
Net assets	1,795,267	1,284,109
Equity		
Reserves	913,197	444,269
Retained earnings	882,070	839,840
Total equity	1,795,267	1,284,109

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Retained earnings \$	Foreign currency translation reserve \$	General reserves \$	Total \$
Balance at 1 July 2018	839,840	30,907	413,362	1,284,109
Total comprehensive income for the year				
Other comprehensive income: Exchange differences on translating foreign operations	-	26,622	-	26,622
Total other comprehensive income	-	26,622	-	26,622
Surplus for the year	484,536	-	-	484,536
Total comprehensive income for the period	484,536	26,622	-	511,158
Net transfers (from)/to retained earnings	(442,306)	-	442,306	-
Balance at 30 June 2019	882,070	57,529	855,668	1,795,267

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
Cash flows from operating activities		
Receipts from grants	1,590,578	1,334,751
Receipts from Licensees	3,218,893	2,874,757
Payments to suppliers and employees	(5,473,692)	(4,891,136)
Other income	218,078	246,320
Interest received	6,202	7,090
Net cash used in operating activities	(439,941)	(428,218)
Cash flows from investing activities		
Purchase of property, plant and equipment	(24,919)	(27,194)
Purchase of intangible assets	(13,328)	-
Proceeds on disposal of property, plant and equipment	176	-
Net cash used in investing activities	(38,071)	(27,194)
Cash flows from financing activities		
Effects of exchange rate changes on cash and cash equivalents	26,622	(63,420)
Net decrease in cash and cash equivalents held	(451,390)	(518,832)
Cash and cash equivalents at beginning of year	2,049,079	2,567,911
Cash and cash equivalents at end of financial year	1,597,689	2,049,079

NOTE 1 – BASIS OF PREPARATION

The Summary Financial Statements (“the Statement”) has been prepared for the purposes of fulfilling Fairtrade Australia and New Zealand Ltd’s (“the company”) financial reporting obligation under Australian Council for International Development Code of Conduct.

The accounting policies applied in preparing the Statement are consistent with those used to prepare the company’s general purpose financial report for the year ended 30 June 2019, which was signed on 15 November 2019. The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Australian Charities and Not-for-profit Commission Act 2012.

The full financial statements are available on the Fairtrade ANZ Ltd website. www.fairtrade.com.au.

NOTE 2 - STATEMENT OF CASH MOVEMENTS FOR DESIGNATED PURPOSES

	Cash available at start of financial year	Cash raised during the financial year	Cash disbursed during the financial year	Cash available at end of financial year
MFAT - Ministry of Foreign Affairs and Trade	8,852	682,954	537,194	154,612
DFAT - Department of Foreign Affairs and Trade	984,717	662,655	1,301,451	345,921
Total	993,569	1,345,609	1,838,645	500,533

NOTE 3 – DIRECTORS’ DECLARATION

The signed directors’ declaration is included in the full version of the audited Annual Financial Report which is available on the Fairtrade ANZ Ltd website www.fairtrade.com.au.



Independent Auditor's Report

To the members of Fairtrade Australia and New Zealand Ltd

Opinion

We report on the **Summary Financial Statements** of *Fairtrade Australia and New Zealand Ltd (the Company)* as at and for the year ended 30 June 2019. The Summary Financial Statements are derived from the audited financial report of the Company (the Audited Financial Report).

In our opinion, the accompanying Summary Financial Statements of *Fairtrade Australia and New Zealand Ltd* are consistent, in all material respects, with the Audited Financial Report, in accordance with the basis of preparation described in Note 1 to the Summary Financial Statements.

The **Summary Financial Statements** comprise:

- Statement of financial position as at 30 June 2019
- Statement of surplus or deficit and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Related notes 1 to 3

The Summary Financial Statements are contained in the *Annual report*.

Scope of the Summary Financial Statements

The Summary Financial Statements do not contain all the disclosures required by Australian Charities and Not-for-profits Commission Act 2012 and Australian Charities and Not-for-profits Commission Regulation 2013 applied in the preparation of the audited Financial Report. Reading the Summary Financial Statements and the auditor's report thereon, therefore, is not a substitute for reading the audited Financial Report and the auditor's report thereon.

The Audited Financial Report and our auditor's report thereon

We expressed an unmodified audit opinion on the Audited Financial Report in our auditor's report dated 15 November 2019.

Emphasis of matter – basis of preparation and restriction on use and distribution

We draw attention to Note 1 to the Summary Financial Statements, which describe the basis of preparation.

The Summary Financial Statements have been prepared to assist the Directors of Fairtrade Australia and New Zealand Ltd for the purpose of the purposes of fulfilling Fairtrade Australia and New Zealand Ltd's financial reporting obligation under Australian Council for International Development Code of Conduct ("ACFID").



As a result, the Summary Financial Statements and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Directors of Fairtrade Australia and New Zealand Ltd and ACFID and should not be used by parties other than the Directors of Fairtrade Australia and New Zealand Ltd and ACFID. We disclaim any assumption of responsibility for any reliance on this report, or on the Summary Financial Statements to which it relates, to any person other than the Directors of Fairtrade Australia and New Zealand Ltd and ACFID or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in Fairtrade Australia and New Zealand Ltd's Annual Report which is provided in addition to the Summary Financial Statements and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Summary Financial Statements does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Summary Financial Statements, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Summary Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibility of the Directors for the Summary Financial Statements

The Directors are responsible for the preparation of the Summary Financial Statements in accordance with the basis of preparation described in Note 1 to the Summary Financial Statements.

Auditor's responsibility for the Summary Financial Statements

Our responsibility is to express an opinion on whether the Summary Financial Statements are consistent, in all material respects, with the Audited Financial Report based on our procedures, which were conducted in accordance with *Australian Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements*.

KPMG

Amanda Bond
Partner
Melbourne
15 November 2019

GOVERNANCE & STAKEHOLDERS

A BIG THANK YOU TO ALL

BOARD

Fairtrade ANZ is governed by an independent, voluntary board, consisting of the following directors:



Katherine Rich



Lisa Barker



John Buttle



Christopher Davis



David Head



Terence Jeyaretnam



Karen Mapusua



Delia Rickard



John Thwaites



Margaret Zabel

Fairtrade ANZ also acknowledges the service of Valentina Tripp, Markerita Poutasi and Gareth Edgecombe who each stepped down from the Fairtrade ANZ Board in late 2018

MEMBERS

Fairtrade ANZ has three member organisations: Friends of the Earth Australia, The Ethics Centre and International Women's Development Agency.



PARTNERS & SUPPORTERS

A big thank you to all of our licensees, stakeholders and partners who have supported us over the past year. In particular, Fairtrade ANZ would like to thank New Zealand's Ministry of Foreign Affairs and Trade (MFAT) and Australia's Department of Foreign Affairs and Trade (DFAT) for their valuable support. We have also been very fortunate to receive invaluable pro bono assistance over the past year from Allens, Bell Gully, Ernst and Young and The Australian Museum. We also acknowledge the support and collaboration of Green Building Council of Australia, The Future Business Council and The United Nations Global Compact Network of Australia.



ACCOUNTABILITY & ACCREDITATION

INCORPORATION AND CHARITABLE STATUS

Fairtrade ANZ is a public company limited by guarantee under the Corporations Act and is a registered charity with the Australian Charities and Not-for-Profits Commission. Fairtrade ANZ is a public benevolent institution and is endorsed by the Australian Taxation Office as a Deductible Gift Recipient (DGR) and an Income Tax Exempt Charity.



AUSTRALIAN COUNCIL FOR INTERNATIONAL DEVELOPMENT MEMBERSHIP

Fairtrade ANZ is a member of the Australian Council for International Development (ACFID) and adheres to the ACFID Code of Conduct (<https://acfd.asn.au/code-of-conduct>). This sets standards of good practice for the governance, management and accountability of non-government organisations and aims to improve international development outcomes and increased stakeholder trust by enhancing the transparency and accountability of signatory organisations.



COUNCIL FOR INTERNATIONAL DEVELOPMENT MEMBERSHIP

Fairtrade ANZ is a member of the New Zealand Council for International Development (CID), the national umbrella agency representing more than 50 members from the aid and development sector in New Zealand. CID exists to support effective aid and development programs with the vision of achieving a sustainable world free from poverty and injustice. As a member, Fairtrade ANZ adheres to the CID Code of Conduct.



FEEDBACK AND COMPLAINTS

Feedback on this report and on our operations and conduct can be sent to: Private and Confidential, CEO, 312/838 Collins Street, Docklands Vic, 3008 or Private and Confidential, CEO, PO Box 33 1587, Takapuna, Auckland 0740.

To lodge a complaint, please send to one of the above addresses or email us at info@fairtrade.com.au or info@fairtrade.org.nz.

Our complaints handling policy can be found on our website (<http://fairtrade.com.au/Policies-Reports-and-Standards>).

If you are not satisfied with the response and believe our organisation has breached the ACFID Code of Conduct or the CID Code of Conduct, you can lodge a complaint:

- With the ACFID Code of Conduct Committee at code@acfd.asn.au. Information about how to make a complaint can be found at www.acfd.asn.au
- With the CID Code of Conduct Committee at code@cid.org.nz. Information on how to make a complaint can be found at www.cid.org.nz

Fairtrade ANZ is an Assurance Provider of Fairtrade International, providing Fairtrade certification services in Australia and New Zealand. We meet Fairtrade International requirements for Assurance Providers. The Fairtrade International Assurance System is designed to meet the requirements of ISEAL's Assurance Code and builds on ISO 17065 Standards.



THANK YOU

To all our supporters, licensees, retailers and consumers: thank you for choosing Fairtrade. You're empowering farmers and workers in developing countries to build a better future for themselves, their communities and for the planet.

CONTACT US

If you have any queries or would like more information, please go to:

AUSTRALIA

info@fairtrade.com.au

 FairtradeAU

 @FairtradeAU

 fairtradeau

www.fairtrade.com.au

NEW ZEALAND

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THE CHANGING FACE OF TRADE

ANNUAL REPORT 2018/19



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