

ANNUAL REPORT 2016|17

**TRANSFORMING TRADE,
TRANSFORMING LIVES**



FAIRTRADE
AUSTRALIA
NEW ZEALAND



FAIRTRADE BY THE NUMBERS



155 LICENSEES & TRADERS

IN AUSTRALIA AND 46 IN NZ

377
MILLION



retail sales (AUD)

OF FAIRTRADE
CERTIFIED
PRODUCTS

IN AUSTRALIA
AND NZ

1 OUT OF 4
AUSSIES

Recognise the
FAIRTRADE
SOURCING PROGRAM LABEL FOR

COCOA



79%
OF KIWIS
AND 1 IN 2 AUSSIES

RECOGNISE
the Fairtrade Mark

FAIRTRADE RETAIL SALES

equivalent to **59 MILLION**

393



BLOCKS OF CHOCOLATE

MILLION CUPS OF COFFEE

+ over 163 million



TEA BAGS

OVER 3200
FAIRTRADE CERTIFIED

products found in

AUSTRALIA
& NEW ZEALAND



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ABOUT FAIRTRADE

Fairtrade changes the way trade works through better prices, decent working conditions and a fairer deal for farmers and workers in developing countries. By choosing Fairtrade products, people can create change through their everyday actions, and farming communities can improve their lives and invest in their future.

Fairtrade Australia & New Zealand 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 Australia & New Zealand has three key objectives:

➔ **Market Growth**

Increase the range, availability and sales of Fairtrade Certified products

➔ **Credibility and Trust**

Promote, position and protect the Fairtrade Mark

➔ **Producer Support and Relations**

Increase impact and sales for producers in the Pacific region

FAIRTRADE VISION

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

FAIRTRADE MISSION

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 VALUES

Our brand values are characterised overall by a sense of responsiveness. Responsiveness is absolutely critical for creating better relationships, trust, and rapport with all our stakeholders.

1. Action

We get the right things done promptly and effectively to deliver services to achieve maximum impact for people and communities.

2. Integrity

We nurture and promote fairness and equality in global trade by being open, trustworthy and transparent in our work.

3. Respect

We treat everyone with equality, respect and understanding.

4. Challenge

We strive to increase the impact of our work, going beyond expectations to set the agenda for rights in trade.

5. Optimism

We believe we can make lives better and explore opportunities for working together to make long term improvements.



HIGHLANDS ORGANIC AGRICULTURE COOPERATIVE (HOAC),
PAPUA NEW GUINEA

“I am proud of HOAC and Fairtrade and
all they have done for us. They fixed the road,
brought clean water to our door step and
support the local school where our kids go.”

Joa Sawiki

REPORT FROM CHAIR & CEO



Valentina Tripp



Molly Harriss Olson

“Little by little, a little becomes a lot.”

- Tanzanian proverb

Little by little, Fairtrade Australia & New Zealand is making a big impact. Businesses large and small are seeking authenticity, transparency and social responsibility, and the power of our robust system continues to grow. Sales across Australia and New Zealand increased from AUD \$352 million in 2015 to AUD \$377 million (NZD \$391 million) in 2016, and we now have more than 3,200 Fairtrade certified products. Each cup of Fairtrade coffee, each bite of Fairtrade chocolate, and each Fairtrade school uniform makes a small but measurable difference in the lives of many.

When Fairtrade was first established, the idea that consumers could help tackle poverty simply through their purchasing power was a radical idea, but one which captured the public's imagination.

Today, Fairtrade is the most widely recognised and trusted ethical mark in the world, with 30 years of experience in alleviating poverty through audited and transparent supply chains to make trade fair. And we are just hitting our stride as the Aid for Trade agenda, the eradication of modern slavery, and the United Nations Sustainable Development Goals (SDGs) all gain global steam.

Expanding Fairtrade's influence in the Asia-Pacific region is mission critical. More than half of the global population living in poverty is in our region, and more

than 30 million are trapped in modern slavery. This is why we've taken an active role over the last year, driving Fairtrade solutions to support aid, transform trade, abolish slavery and meet the SDGs.

Our partnership with the Australian Government's Department of Foreign Affairs and Trade is furthering gender equality and women's economic empowerment across our region, and our work with New Zealand's Ministry of Foreign Affairs and Trade has expanded the range of certified products from the Pacific, and established the first Fairtrade Minimum Price for certified coconuts to support farmers in Samoa.

We are demanding more from our business and political leaders than ever before, and we expect corporations to demonstrate

their corporate social responsibility. Nearly all of the UN SDGs can be related back to agriculture or food, and they can only be achieved successfully when smallholder farmers and workers play a central role. Our vision of a world in which small producers and workers can enjoy secure and sustainable livelihoods is within our grasp.

At the forefront of supporting farmers already suffering from the effects of climate change, our research project with the Climate Institute, *A Brewing Storm*, unearthed alarming evidence that climate change is already having a devastating impact on coffee production worldwide. Fairtrade's message gained significant cut-through in the mainstream media reaching 19 countries.

One of our greatest opportunities to drive change is by eradicating modern slavery. Most instances of modern slavery are found in our own backyard and so we made a substantial contribution to the Australian Government's inquiry into a Modern Slavery Act, following the successful introduction of a similar act in the United Kingdom. Changing the law will demand more accountability from our largest companies and transform our supply chains. We anticipate similar legislation will be achieved in New Zealand soon.

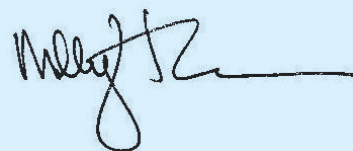
As we continue to advocate for legislative change, we are actively promoting decent work for all. Our regional strategy, *Transforming Trade, Transforming Lives*, aims to meet the SDGs and eliminate modern slavery in Asian markets. This has been adopted as a critical strategy by Fairtrade International and our producers. Its audacious goals include the aim to collaborate with 850,000 farmers and workers in 920 Asia-Pacific producer organisations generating more than one million tonnes of Fairtrade crops and products a year by 2030. This will improve the lives and livelihoods of the people in our region.

Our achievements would not have been possible without our partners and licensees, the drive and dedication of our talented team, our loyal partners including DFAT and MFAT, and the consumers committed to a fairer future. On behalf of the board of directors, and all the Fairtrade farmers and workers, we thank you.

This is a bold agenda, but working together, we can build a fair future for everyone in our region and end poverty in all its forms, everywhere, while leaving no one behind. As we know from our work over the last three decades, "little by little, little becomes a lot."



Valentina Tripp
Board Chair
Australia & New Zealand



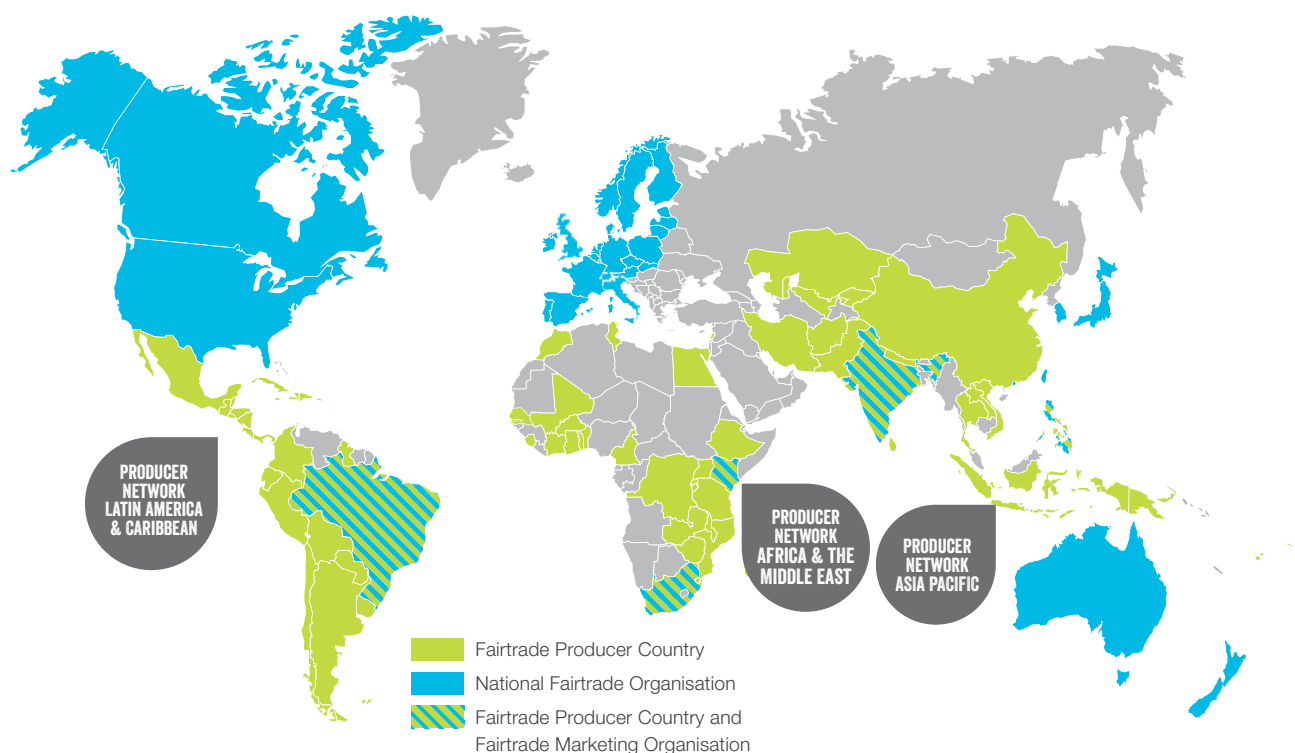
Molly Harriss Olson
CEO
Australia & New Zealand



ABOUT US



OUR REACH



FAIRTRADE INTERNATIONAL

Fairtrade International is the organisation that coordinates Fairtrade at an international level. From the offices in Germany, Fairtrade International sets international 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 Fairtrade Mark on products and promote Fairtrade in their territory. Your local Fairtrade organisation is the best place to find out where you can buy Fairtrade products.

Producer Networks

Producer networks are regional associations that Fairtrade certified producer organisations may join if they wish. They represent 1.6 million small-scale producers, workers and other producer stakeholders worldwide. There are producer networks on three continents: Africa, Asia, and Latin America and the Caribbean.



Representatives of small-scale producers and workers have a voting share of 50 per cent in the General Assembly of Fairtrade International.

FAIRTRADE PRODUCER ORGANISATIONS



200 Asia Pacific

665 Latin America & the Caribbean

375 Africa & the Middle East



More than
1.6 MILLION
farmers and
workers
WORLDWIDE

FARMERS AND WORKERS
WORLDWIDE INVESTED
\$232 MILLION (AUD)
IN PROJECTS USING THEIR
Fairtrade Premium



OUR CAMPAIGNS

Fairtrade New Zealand Awareness Campaign

It used to be that you had to chant, strike, or chain yourself to a tree to stand up for what you believed in. Now you can simply do it with your purchase.

On the back of last year's successful Protest With Your Purchase campaign in Australia, New Zealand adopted this insight to change the buying habits of consumers. In partnership with retailers and community groups, we encouraged shoppers to use their power at the supermarket and pick the Fairtrade coffee, bananas or chocolate instead.

Featured online, in-store and on billboards outside major New Zealand supermarkets, the campaign's light-hearted yet empowering messaging spoke to Fairtrade's work in the areas of gender equality, child labour and fair prices.

Countdown supermarkets made browsing for certified products simple with the launch of a Fairtrade landing page in its online shop. By reaching consumers at the point of sale, Countdown helped educate shoppers about which products would support farmers and workers at origin, and directed more than 1,500 customers to learn more on the Fairtrade website.

Countdown's Fairtrade landing page was part of a greater marketing strategy that incorporated creative digital assets, engaging social media posts, street posters, aisle fins and in-store radio in New World and Countdown, which worked together to push traffic to the Fairtrade website.



World Fairtrade Challenge



In the last five years sales of Fairtrade products in Australia have grown by a massive 70 per cent! This almost doubled the support to producers. Now that's something to celebrate – and celebrate we did, with more than two million consumers across 43 countries joining the second annual World Fairtrade Challenge.

In Australia and New Zealand more than 50,000 people joined our celebration to showcase their support for Fairtrade and rally their friends to support farmers and workers around the world getting a fairer deal.

Events in Australia ranged from a market held by the Melbourne Cricket Club at the MCG, workplace morning teas and community events, to events in some of the most remote parts of the country.

In New Zealand the focus was on bananas as we asked Kiwis to join us in support of Fairtrade banana farmers and workers. Community groups, schools, retailers and Fairtrade fans competed in a banana eating contest, a banana bake-off, and smashed the Guinness World Record for the largest Fairtrade banana dance-off.



Fairtrade Innovation Fund

We are proud to work alongside innovative groups through the Fairtrade Innovation Fund to highlight the positive impact of the Fairtrade Mark, the power of everyday consumer choices and introduce Fairtrade to new audiences.

Year 9 students from St Monica's College in Melbourne's north developed a video showing a day in the life of a student who demonstrates how many opportunities there are throughout her day to choose the Fairtrade option. Launched to 300 students at a school assembly, the video then formed part of a travelling exhibition around St Monica's College and local primary schools.

Yuki Threads, a small handmade snow apparel social enterprise in Victoria's ski fields, developed an educational video series – shared with more than 300,000 social media users – about Fairtrade's positive impact along the supply chain, from the Indian cotton fields to Australian consumers.

Moral Fairground's Victorian Fair Trade Festival 2016 took the concept of fair trade to a consumer audience with a coffee supply chain exhibition, cabinet displays and artwork at Melbourne's Docklands Library.

In the coming year, we look forward to partnering with more community groups to fund projects that educate the wider community about how Fairtrade helps producers build thriving communities.

THE BIG SQUEEZE BANANA REPORT

Even though Kiwis eat more bananas than anywhere else in the world, only a fraction of the price of the fruit remains with the banana farmers and workers. That's according to *The Big Squeeze*, the Fairtrade-commissioned report by The Bureau for the Appraisal of Societal Impacts and Costs that revealed that, while farmers received less than one-fifth of the price, the profits of major supermarkets rose above 30 per cent. The story of the dark side of New Zealand's banana supply chain was featured across the country, including in Newshub at 6pm, Newstalk ZB and Prime TV, encouraging consumers to vote with their purchases and choose Fairtrade bananas in store.



CONSCIOUS CHRISTMAS

Last Christmas, our friend Sally showed us how she was making her festive season fairer with Fairtrade gifts that are not only high quality but also help farmers in developing countries build a better future for themselves and their communities. In a week-long series of vlogs in partnership with Fairtrade and VGen, Sally shared her gift ideas with more than 76,000 people – that's enough to make anyone's Christmas bright.



STRATEGIC PARTNERSHIPS

This year Fairtrade introduced a Strategic Partnerships team to build and strengthen our relationships with the Australian and New Zealand governments, as well as with Pacific non-government organisations. We have also expanded a monitoring system to identify and record the development of such partnerships. Fairtrade's Strategic Partnerships also developed internal policies to reflect and guide our gender work.

Strategic Partnerships worked on several discussion papers that forecasted Fairtrade's growth and outlined the future approaches and targets in the Asia-Pacific region. The discussion paper *Transforming Trade, Transforming Lives* aligned Fairtrade's work with the timeline and guidance provided by the 2030 Global Development Agenda. *Scaling up Fairtrade Impact in the Indo-Pacific Region* focused on the potential for Fairtrade in the Pacific and Southeast Asia.

One highlight of our work for the year was developing the private sector-government partnership to improve access to markets for smallholder coconut farmers in Samoa, funded by DFAT and the Samoan business Krissy Co Ltd.

Another highlight was a project to mainstream our approach to gender equality, funded by the Pacific division of DFAT.

In the coming year, we will expand to include a Fairtrade alliance officer to increase the team's capacity and support us to strengthen Pacific partnerships. We look forward to expanding activities with new partners such as the United Nations Development Program, and scaling up our impact with long-term partners such as Volunteer Services.



MAINSTREAMING GENDER EQUALITY

We are increasing organisational capacity to support producer organisations to achieve gender equality and women's economic empowerment. The DFAT-funded project, Mainstreaming Fairtrade Australia & New Zealand's Approach to Gender Equality, will increase our capacity in the field. Through this three-year project, we will welcome a gender equality-focused liaison officer based in Papua New Guinea, revise our systems and operations to embed gender-sensitive approaches, and will train staff members both in gender-focused approaches to designing farmer-facing interventions and in business development.



SAVAI'I COCONUT FARMERS ASSOCIATION (SCFA), SAMOA

“Before SCFA it was hard for me to sell the coconuts and make a living income. I thought about leaving my farm. But when I joined SCFA I was encouraged to go back, to replant trees and care for them. I want my children to have a good life.” Siaki Ualesi

OUR IMPACT

Fairtrade's breakthrough partnership in the Pacific



Since 2012, Fairtrade Australia & New Zealand has been working in partnership with New Zealand's Ministry of Foreign Affairs and Trade (MFAT) towards the shared goal of sustainable economic growth and improved livelihoods among rural communities.

The initial NZD \$4.65 million (AUD \$4.4 million) MFAT investment produced a return on investment of:

- ➔ NZD \$20.5 million (AUD \$19.7 million) in Premium
- ➔ NZD \$143 million (AUD \$136.4 million) net returns to Pacific producer organisations

This represents a return of NZD \$35 to Pacific producers for every dollar invested by MFAT. Our MFAT partnership meant we expanded Fairtrade certified products from the Pacific from only coffee to also include cocoa, sugar, vanilla and coconuts.

We established the first Fairtrade Minimum Price for coconuts in the Pacific, opening the door to Pacific produced and Fairtrade certified coconut cream and coconut oil. The project supported Savai'i Coconut Farmers Association and Vanilla Growers Association Vava'u to gain access to the New Zealand and global coconut-based products market. "Secondly, the cocoa growing organisation Club 3000 entered the Fairtrade system as a contract production, and is now increasing its capacity to operate as an independent business.

Contract production standards for smallholders were introduced in the Pacific following interest from Australian and New Zealand cocoa buyers in developing regional supply chains."

Investment with MFAT has supported work with 15 producer organisations in five countries across the Pacific: Papua New Guinea, Fiji, Solomon Islands, Samoa and Tonga. Our presence in the Pacific has led to a total of 10 Fairtrade certified producer organisations and an additional five non-certified producer organisations building their capacity through the Fairtrade model of development, bringing benefits to 24,806 households of approximately 122,000 people.

To enable a deeper and broader understanding of Fairtrade Standards in the Pacific, we developed the Fairtrade Producer Library over four years in a project funded by MFAT, which enabled isolated communities to build their capacities in mitigating and understanding issues such as child labour and gender equality. The Producer Library is based on stories, illustrations and games. This methodology gives a voice to the farmers by challenging them to analyse the stories, and share their interpretations to aid their understanding of the Fairtrade Standards. The Producer Library was translated into Tok Pisin, Fijian Hindi, Samoan and Tongan for use throughout the Pacific, and it was also redesigned and launched as a global training resource available to the entire Fairtrade system in French and Spanish.

The 161 Pacific field visits made over the last five years were an opportunity to increase producer organisations' knowledge about Fairtrade Standards, collaborating in business development and joint activities to improve livelihoods in rural communities. Many of these field visits were trainings on good governance, gender equality, child protection and environmental sustainability, with almost 7,000 people receiving this training.



A focus on consistency, quality, relationships and creativity

Coffee culture is relatively new in the Pacific, and the full potential of many smallholder coffee farmers is still to be unlocked. The first step to this is learning what buyers look for when purchasing quality coffee, in terms of taste, smell and appearance.

In the past year, Fairtrade Australia & New Zealand has worked with Fairtrade coffee producer organisations from Timor-Leste, Papua New Guinea and Solomon Islands to improve coffee quality and flavour; develop cultivation and processing techniques; promote consistency at harvest; and inspire creativity and adaptability to market demands. Organisations were able to apply for Fairtrade Australia & New Zealand's Producer Development Fund, financed by MFAT, which targets smallholder producer organisations in the Pacific that plan to improve their access to international Fairtrade markets. Projects aim to build resilient and sustainable Fairtrade supply chains, and increase coffee producers' capacity to meet international quality standards.

Training in Papua New Guinea and Timor-Leste covered the entire supply chain from coffee picking, processing and grading to roasting and cupping the final product.

Learning about the whole supply chain meant coffee farmers could better understand how Producer Development Fund projects – like small batch roasters and coffee mills – could help them monitor and improve the quality and consistency of the coffee they grow. It also meant that producers could recognise that they cultivate a globally renowned commodity and take cupping skills back to their communities to train other members of their producer organisations.

"I can't describe in words what this training has meant. This cupping, this is the first time I have tried our coffee and I really like it. We know the potential it has to travel the world now."

Kum Ninsonga from Fairtrade producer organisation Alang Daom



BUILDING SUSTAINABLE RELATIONSHIPS

Building strong, lasting relationships along the supply chain and among different stakeholders is integral to our work. At May's workshop in PNG, we were accompanied by both the Managing Director of New Zealand's Kokako Organic Coffee Roasters and an international coffee quality grader, who brought their skills, expertise and a wealth of coffee knowledge to share with the coffee organisations.

"Fairtrade creates relationships, very strong relationships. It makes us become like a big family and I really appreciate that."

Kum Ninsonga from Fairtrade producer organisation Alang Daom

Follow up training in August and September 2017 incorporated these techniques into this year's harvest, with the long-term goal of enabling all Fairtrade producer organisations to access the specialty coffee market, increase their income from coffee and develop enhanced sustainable livelihoods.

USING TECHNOLOGY TO FACILITATE MARKET ACCESS

A significant step in increasing productivity and quality of coffee production is technology. In September 2016, newly-certified Cooperativa Comercio Agrícola de Timor (C-CAT) installed a wet coffee mill and coffee huller, an alternative to the traditional processing methods which can be strenuous and time-consuming. It enables C-CAT members to improve coffee quality and consistency and to experiment with various forms of processing. Currently, they are participating in Fairtrade Australia & New Zealand's pilot project funded by DFAT, which aims to facilitate market access for smallholder coffee producers in Timor-Leste.

OUR PRESENCE

Living sustainably with The New Joneses

The New Joneses tiny house highlighted for a fortnight how ethical choices can be incorporated into everyday lives – a message that strongly aligns with Fairtrade. Partnering with licensees and partners at the pop-up event in Melbourne's Federation Square, we strengthened relationships and increased awareness of Fairtrade by proudly displaying certified chocolate, tea, coffee and bedlinen throughout the house and at the Fairtrade opening weekend market. The event attracted more than 340,000 people.

Thanks again to our great partners: Grinders, Kadac, Alter Eco and Bhumi Organic.



Connecting coffee to its impact at origin

With Fairtrade certified roasters and their customers, we visited coffee farms in Aceh, Indonesia, and attended the Network of Asia-Pacific Producers (NAPP) coffee forum in Medan, Indonesia. There, we built on relationships with Small Producer Organisations and National Fairtrade Organisations from across the globe to:

- Engage roasters and strengthen trade along the whole coffee supply chain
- Allow roasters to see first-hand Fairtrade's impact on the ground
- Promote Fairtrade certified Arabica and Robusta from the Asia-Pacific
- Stimulate knowledge sharing between all Fairtrade actors

We hosted a two-day cupping training which equipped farmers with industry-standard tasting and grading skills. Coffee cupping is used by coffee buyers and roasters to taste and score coffees side by side, and understand the intricate aspects of flavour, quality and taste. Sharing this knowledge with farmers means they can improve their product for market and generate more income – an important step in expanding their sales.

A Brewing Storm: launching Climate Neutral Coffee

We supported the launch of the region's first Fairtrade Climate Neutral Coffee from certified cooperatives in Ethiopia and Peru, alongside several brands: Woolworths in Australia, and Countdown, Kokako and Grounded Coffee in New Zealand.

Prior to launch, we commissioned a report by The Climate Institute, *A Brewing Storm*, on the climate-related issues facing coffee farmers in developing nations. The report was picked up by international media in 19 countries, including New York Times, and locally in The Age, The Guardian and the ABC in Australia, and Breakfast, the NZ Herald, Radio NZ and Stuff.co.nz in New Zealand.

WELCOME TO OUR NEW LICENSEES:

- | | |
|------------------------|-----------------------|
| → B3 Coffee | → Wholly Grail |
| → Sprout Coffee | → Life Threads |
| → Good Buzz Brewing Co | → Mt Atkinson Coffee |
| → Good Football | → Sunbeam Coffee |
| → House of March | → The Village Roaster |
| → Jonquil | → Yuki Threads |

ENGAGING OUR CORPORATE PARTNERS

At our February Partnership Forums in Sydney, Melbourne and Auckland, we engaged commercial partners by outlining our mutually beneficial goals and annual strategy. The forums were a valuable opportunity to hear feedback directly from our partners, build cross-sector connections and allow open dialogue on all matters related to Fairtrade.

MONITORING, EVALUATION AND LEARNING



**PACIFIC
FARMERS**
**EARNED OVER
AUD\$820
thousand in
FAIRTRADE
PREMIUM**

Our aim is to work together to make trade fair, empower producers and foster sustainable livelihoods. We achieve this through the work we do with businesses and consumers in Australia and New Zealand and the work we do with farmers in the Pacific.

Over the past year, Fairtrade Australia & New Zealand has been expanding our internal monitoring, evaluation and learning (MEL) tools with our theory of change. We audited our MEL processes and updated our theory of change to better represent our unique position both in market and in Pacific countries. This ensures we are more effective in reaching our organisational vision of a world in which all producers can enjoy secure and sustainable livelihoods, fulfil their potential and decide on their futures.

As a part of the process to improve our MEL and better understand the impact of Fairtrade, we commissioned a report with Fairtrade International, *Evaluation and Baseline Research with Smallholder Producer Organisations Producing Fairtrade Sugar in Fiji*. This report, which was conducted by RMI and the Overseas Development Institute and finalised by 2iis Consulting, assessed the impact of Fairtrade certification on economic, social and environmental sustainability in sugar growing producer organisations in Fiji.

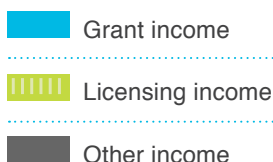
Key findings showed that Fairtrade supports Fijian sugar cane growers in three distinct ways. Firstly, through supporting development and building the capacity of the organisations. Secondly, assisting farms to meet Fairtrade Standards and access global Fairtrade markets. And thirdly with the Fairtrade Premium, which has been reinvested to support the organisations' members and community development.

FINANCIAL STATEMENT

Income

The total revenue for Fairtrade Australia & New Zealand has increased by 4.2 per cent in the 2017 Financial Year. The licensing income increased by 16.9 per cent on the back of continued exposure in the market place. The revenue from donor funds acquitted in the 2017 financial year decreased by 7.5 per cent.

The long term partnership in Australia with DFAT has boosted the growth within the market and we are supported and trusted by our New Zealand donors as an experienced provider that is able to reach set outcomes using an established process and strong experience in the Pacific.



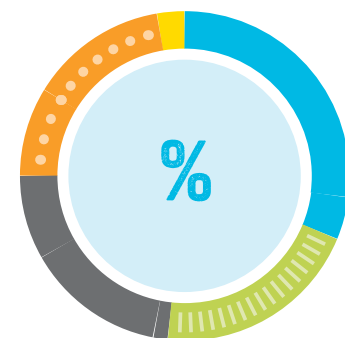
Key Income Sources

Fairtrade Australia & New Zealand wishes to acknowledge the significant support of DFAT, MFAT, the International Fund for Agricultural Development and Producer Library Project Funding, which enables us to extend our operations across the Pacific.



Expenditure

In line with the ongoing income levels, Fairtrade Australia & New Zealand has continued to provide program support, community and business awareness together with support to the international operations to support the significant projects that benefit the Fairtrade system as a whole.



The following summary financial statements have been prepared in accordance with the requirements set out in the ACFID Code of Conduct. For further information on the Code please refer to the ACFID website www.acfid.asn.au

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

Revenue	2017 \$	2016 \$
Grants		
- Department of Foreign Affairs and Trade (DFAT)	905,124	973,324
- Other overseas	1,009,619	1,045,495
- Grant administration support	97,332	155,833
Investment income	18,457	28,924
Licensing income	2,870,558	2,455,243
Other income	2,568	59,645
Total revenue	4,903,654	4,718,464
Expenditure		
Grant expenditure		
Australian grants		
International program costs	201,578	238,638
Program support costs	443,582	383,127
Community education costs	321,977	351,547
New Zealand grants		
International program costs	438,424	607,897
Program support costs	364,476	307,274
Community education costs	144,702	130,322
Total grant related activity expenditure	1,914,739	2,018,805
Other expenditure		
Organisation costs and other expenditure	295,699	414,011
Domestic program costs	58,545	55,443
Employment costs	1,093,393	1,043,564
Licensing costs	1,162,154	727,816
Technology costs	115,499	85,744
Total expenditure	4,640,029	4,345,383
Surplus for the year	263,625	373,081
Other comprehensive income	(16,280)	91,594
Total comprehensive surplus for the year	247,345	464,675

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 Australia & New Zealand Ltd website www.fairtrade.com.au.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	2017 \$	2016 \$
Assets		
Current assets		
Cash and cash equivalents	2,567,911	3,136,325
Trade and other receivables	777,751	740,000
Total current assets	3,345,662	3,876,325
Property, plant and equipment	49,430	33,770
Intangible assets	17,549	31,676
Total non-current assets	66,979	65,446
Total assets	3,412,641	3,941,771
Liabilities		
Current liabilities		
Trade and other payables	604,196	791,738
Deferred revenue	1,384,767	2,015,646
Employee benefits	93,949	63,471
Total current liabilities	2,082,912	2,870,855
Non-current liabilities		
Employee benefits	13,350	1,882
Total non-current liabilities	13,350	1,882
Total liabilities	2,096,262	2,872,737
Net assets	1,316,379	1,069,034
Equity		
Reserves	507,689	518,774
Retained earnings	808,690	550,260
Total equity	1,316,379	1,069,034

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Retained earnings	Foreign currency translation reserve	General reserves	Total
Balance at 1 July 2016	550,260	110,607	408,167	1,069,034
Total comprehensive income for the year				
Exchange differences on translating foreign operations	-	(16,280)	-	(16,280)
Total other comprehensive income	-	(16,280)	-	(16,280)
Surplus for the year	263,625	-	-	263,625
Total comprehensive income for the period	263,625	(16,280)	-	247,345
Net transfers (from) / to retained earnings	(5,195)	-	5,195	-
Balance at 30 June 2017	808,690	94,327	413,362	1,316,379

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
Cash flows from operating activities		
Receipts from grants	1,283,798	2,202,591
Payments to suppliers and employees	(5,054,265)	(4,699,032)
Receipts from licensees	3,119,931	2,700,767
Other income	109,633	59,645
Interest received	18,457	23,071
Net cash provided by/(used in) operating activities	(522,446)	287,042
Cash flows from investing activities		
Purchase of property, plant and equipment	(29,688)	(6,229)
Purchase of intangible assets	-	(3,117)
Net cash used in investing activities	(29,688)	(9,346)
Cash flows from financing activities		
Effects on exchange rate on cash and cash equivalents	(16,280)	91,594
Net increase/(decrease) in cash and cash equivalents held	(568,414)	369,290
Cash and cash equivalents at beginning of year	3,136,325	2,767,035
Cash and cash equivalents at end of financial year	2,567,911	3,136,325

NOTE 1 – BASIS OF PREPARATION

The Summary Financial Statements (“the Statement”) has been prepared for the purposes of fulfilling Fairtrade Australia & 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 2017, which was signed on 31 October 2017. 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 Australia & New Zealand 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
IFAD – International Fund for Agricultural Development	-	49,041	(49,041)	-
MFAT – Ministry of Foreign Affairs and Trade	1,197,928	-	(906,028)	291,900
DFAT – Department of Foreign Affairs and Trade	762,914	1,150,000	(905,128)	1,007,786
FLO – PSR - Fairtrade International – Producer Support Services	54,804	49,452	(19,175)	85,081
PLPF – Producer Library Project Funding	-	35,367	(35,367)	-
Total	2,015,646	1,283,860	(1,914,739)	1,384,767

* Note that the cash received has the effect of the forex differences on translation from NZD to AUD.

Auditor's report



Independent Auditor's Report

To the members of Fairtrade Australia and New Zealand Ltd

Opinion

The Summary Financial Statements of Fairtrade Australia and New Zealand Ltd (the Company) are derived from the audited Financial Report of the Company as at and for the year ended 30 June 2017.

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

The Summary Financial Statements comprise:

- Statement of financial position as at 30 June 2017
- 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.

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 Report Thereon

We expressed an unmodified audit opinion on the audited Financial Report in our report dated 31 October 2017.

Emphasis of matter – basis of preparation and restriction on use

We draw attention to Note 1 to the Summary Financial Statements, which describe the summary 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



Partner
Melbourne
31 October 2017

Directors' declaration

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 Australia & New Zealand Ltd website www.fairtrade.com.au



VASUDHA, COTTON COOPERATIVE, INDIA.

“I believe this work is important and honourable. I can support my family and by learning to sew these women can become financially independent and help their families to create good lives.” Kavila Yadav, a sewing school teacher funded by the Fairtrade Premium

GOVERNANCE & STAKEHOLDERS

A big thank you to all!

BOARD

Fairtrade Australia & New Zealand is governed by an independent, voluntary board, consisting of the following members:

Top row, left to right:

- ➔ Valentina Tripp (Chair)
- ➔ Theo Simos
- ➔ Lisa Barker
- ➔ Gareth Edgecombe
- ➔ Karen Mapusua



Bottom row, left to right:

- ➔ Kim McKay
- ➔ Markerita Poutasi
- ➔ Delia Rickard
- ➔ David Head
- ➔ John Hewson



MEMBERS

Fairtrade Australia & New Zealand has four member organisations: Friends of the Earth Australia, The Ethics Centre, Christian World Services and the 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 Australia & New Zealand would like to thank MFAT, DFAT and IFAD for their valuable support.

We have also been very fortunate to receive invaluable pro bono assistance over the past year from Allens Linklaters, Bell Gully, EY, KPMG, The Climate Institute and Green Building Council of Australia.

Fairtrade Australia & New Zealand also provided support as a Founding Partner to The Future Business Council, for their work advocating for reforms which will make Australia a more innovative, sustainable and resilient economy, and a global hub for future business.

ACCOUNTABILITY & ACCREDITATION

Incorporation and charitable status

Fairtrade Australia & New Zealand 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 Australia & New Zealand is a public benevolent institution and endorsed by the Australian Taxation Office as a Deductible Gift Recipient (DGR) and an Income Tax Exempt Charity.

ACFID Membership

Fairtrade Australia & New Zealand became a member of Australian Council for International Development in December 2014 and adheres to the ACFID Code of Conduct (<https://acfid.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

Fairtrade Australia & New Zealand is a member of the New Zealand Council for International Development (CID), the national umbrella agency representing over 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 Australia & New Zealand adheres to the CID Code of Conduct.



FEEDBACK AND COMPLAINTS

Feedback on this report and on our operations and conduct more generally can be sent to: Molly Harriss Olson, CEO, 312 838 Collins Street, Docklands Vic, 3008. To lodge a complaint against our organisation, please email our Legal and Administration Manager at info@fairtrade.com.au.

Our complaints handling policy can be found on our website (<http://fairtrade.com.au/en-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@acfid.asn.au**. Information about how to make a complaint can be found at **www.acfid.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**

IMAGE CREDITS

Cover

Hidayah picks coffee cherries in the Koperasi Baithul Qiradh Baburayyan coffee cooperative in Aceh, Indonesia.

Photographer: Nathalie Bertrams

Inside front cover

Sarabhai Dyadabhai Charda, a cotton picker from the Rapar and Dhrangadhra Farmers Producer Company in Gujarat, India.

Photographer: Sean Hawkey

Note from the CEO & Chair

The Neknasi Coffee Growers Cooperative Society in Papua New Guinea has invested its Fairtrade Premium in a wet coffee mill to increase efficiency.

Photographer: Josh Griggs

Page 6

Joa Sawiki, a coffee producer from the Highlands Organic Agriculture Cooperative, and her children.

Photographer: Kahu Bennett

Page 7

Producer Support & Relations Team

Shantiben Sarabhai Charda picks cotton. She is part of the Rapar and Dhrangadhra Farmer Producer Company in Gujarat, India.

Photographer: Sean Hawkey

Business Development Team

Tea farmer from Xuan En Yisheng Tea Cooperative, China.

Photographer: Philipp Benedikt

Operational efficiency

Sarabhai Dyadabhai Charda, a cotton picker from the Rapar and Dhrangadhra Farmers Producer Company in Gujarat, India.

Photographer: Sean Hawkey

Public engagement & Advocacy Team

Coffee farmers from Wanita Gayo, an all-women's coffee cooperative in Aceh, Indonesia, learn industry-standard evaluation skills.

Photographer: Fairtrade Australia & New Zealand

Licensing & Certification

Inen Nurlaila of the Kopepi Ketiaru in Indonesia has been a coffee farmer since she was very young.

Photographer: Nathalie Bertrams

Page 9

Middle top: The Fairtrade Australia team celebrated this year's World Fairtrade Challenge with a morning tea break.

Page 10

Left: The Victorian Moral Fairground Leaders of Change Conference raised awareness of Fairtrade in schools.

Photographer: Kim Greenstone

Right, top: Pedro Reales is part of Cooperativa de Pequeños Empresarios de Banano – a banana-growing cooperative in Colombia.

Photographer: Linus Hallgren

Page 11

Top right: Strategic Partnerships Manager, Sandra Mendez, with Volunteer Service Abroad.

Bottom left: "We are very happy about the certification and grateful for all the training that Fairtrade Australia & New Zealand gave us. The next step is to improve the business and sales, so we can receive similar benefits to the ones that Fairtrade brings to other cooperatives in places like Fiji and Costa Rica," says Perise Mulifusi, secretary of the Savai'i Coconuts Farmers Association.

Photographer: Sandra Mendez

Page 12

Siaki Ualesi, a coconut producer from Samoa, holds a tin of Fairtrade certified coconut cream.

Photographer: Kahu Bennett

Page 13

Top left: Members of Alang Daom trek into remote parts of PNG to deliver trainings on Fairtrade Standards.

Photographer: Kum Ninsonga

Bottom right: Training sessions in Lautoka, Nadi and Labasa, as part of the Fairtrade Producer Library rollout in the Pacific.

Photographer: Kahu Bennett

Page 14

The Neknasi Coffee Growers Cooperative in Papua New Guinea invested its Fairtrade Premium in equipment and training.

Photographer: Josh Griggs

Page 15

Rizkani Ahmad is Chairwoman of Koperasi Kopi Wanita Gayo, the first all-women coffee cooperative in Southeast Asia, which provides training and work across Sumatra.

Photographer: Vladimir Sokhin

Page 16

Mike Murphy from New Zealand's Kokako Coffee Roasters joins Neknasi Coffee Growers Cooperative Society in Papua New Guinea to learn more about coffee quality.

Photographer: Josh Griggs

Page 23

Kavila Yadav is the Fairtrade Premium-funded teacher of an all-women's sewing group, which promotes the skills for women to earn more money, gain independence and connect with their community.

Photographer: Sean Hawkey

THANK YOU

To all our supporters, licensees, retailers and consumers for choosing Fairtrade to help farmers build better futures for themselves, and improve working conditions around the world.

CONTACT US

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

Australia

 FairtradeAU

 @FairtradeAU

 fairtradeau

www.fairtrade.com.au

New Zealand

 FairtradeNewZealand

 @FairtradeNZ

 fairtradenz

www.fairtrade.org.nz

Or email us at:

Australia: info@fairtrade.com.au

New Zealand: info@fairtrade.org.nz

