

**WORKING TOGETHER TO SHAPE THE FUTURE**

**2017/18  
ANNUAL  
REPORT**



**FAIRTRADE  
AUSTRALIA  
NEW ZEALAND**

# FAIRTRADE IN NUMBERS



**145** FAIRTRADE  
LICENSEES  
IN AUSTRALIA AND  
49 IN NEW ZEALAND



**\$AU333M**  
RETAIL SALES VALUE OF  
**FAIRTRADE**  
**PRODUCTS**

IN AUSTRALIA AND NZ



**3-IN-5**  
**KIWIS**



**2-IN-5**  
**AUSSIES**

**BUY FAIRTRADE PRODUCTS**

**76%**   
OF KIWIS & 1/2 OF ALL  
AUSSIES RECOGNISE  
THE FAIRTRADE MARK.

**3M KILOS**  
**OF FAIRTRADE**  
**COFFEE**

WAS SOLD IN  
AUSTRALIA AND NZ

EQUIVALENT TO  
  
395 MILLION CUPS

AUSSIES AND KIWIS BOUGHT

**10.1**  
MILLION  
KILOS

**OF FAIRTRADE**  
**CHOCOLATE**



OR **54 MILLION BLOCKS**



**354 THOUSAND KILOS**  
**OF FAIRTRADE TEA**

ENOUGH FOR **174 MILLION TEA BAGS**  
**WAS PURCHASED**

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# ABOUT FAIRTRADE

## FAIRTRADE VISION

A world in which all producers can enjoy secure and sustainable livelihoods, fulfil 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 changing the way trade works. Fairtrade is challenging exploitative trade practices by providing 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 wages and negotiating power.

We work with business partners along the entire supply chain to promote and advocate for fair trade, and provide consumers with ethical and sustainable options. When people choose to buy Fairtrade products they create change through their everyday actions, and help farming communities improve their lives and invest in their future.

Fairtrade Australia and New Zealand (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.

Of the fifty eight percent of Fairtrade ANZ's licensing income thirty percent goes to Fairtrade International to support their producer services, standard setting, market-facing activities, monitoring and evaluation and governance.



# REPORT FROM THE CEO



Molly Harriss Olson

## SHAPING THE FUTURE

Shaping the future is at the heart of everything Fairtrade does. It is the centre of our operating model and the only way we can achieve the transformative ambitions we set nearly three decades ago. We maintain a steadfast commitment to tackling poverty in our region by connecting farmers and workers to markets to make trade fair.

Reflecting on our achievements over the past year, our markets continue to grow at pace with 342 Fairtrade certified products for sale in Australia and New Zealand, and an average annual growth rate in sales of 19 per cent in New Zealand. It is clear that everything has been achieved through partnerships. Together, we have worked with producers and businesses, governments regional Fairtrade colleagues and other not-for-profits to build a brighter future across our region.

In the last year, we have received significant and welcome support from both Australia's Department of Foreign Affairs and Trade (DFAT) and New Zealand's Ministry of Foreign Affairs and Trade (MFAT). Just as we partner with farmers to ensure they can build better futures for themselves and their communities, we also partner with governments that understand how strengthening trade in the region strengthens our region as a whole.

In Australia, DFAT's support has underpinned Fairtrade's efforts to build market demand for, and business engagement with, Fairtrade goods. Our activity across social media and our digital platforms, along with point-of-sale promotion has driven awareness and engagement with consumers who are using the power of their purchase

to also partner with us, and therefore, with farmers. DFAT also collaborates with us to improve gender equality in the region, enabling us to ensure women get a seat at the table as leaders and decision-makers in their own right.

With work carried out as a result of DFAT's innovative market support, our social media channels have seen a 68% increase in followers, with an astounding 13 million users reached through digital marketing campaigns. With our partners, these channels continue to drive the highest amount of traffic to our website and increase awareness for Fairtrade year-on-year, as people spread the word about Fairtrade, our work and the benefits of looking for the Fairtrade Mark when shopping.

Across the Tasman, MFAT worked with us on a five-year project in the region that has returned NZD \$37 to Fairtrade producers for every NZD \$1 invested into Fairtrade. We are continuing this important work in PNG.

In the past year we have welcomed two new producer organisations: the coffee-producing Cooperativa Comercio Agricola de Timor in Timor-Leste and the ginger-producing Wainunu Organic Growers Association in Fiji. We are thrilled these two producer organisations have joined the Fairtrade family.

Changes to the European Union's quota system that enabled preferential access for African, Caribbean and Pacific countries for sugar importation has had severe consequences for the sugar trade in Fiji. However, the the European Union partnered with

Fairtrade to produce research into potential alternative markets, just as Fijian farmers are working with us to broaden their commercial potential.

Profound systemic change cannot occur in isolation, especially in uncertain times. But the benefits to individuals and entire communities of the Fairtrade approach can generate a level of certainty themselves. This occurs by restoring agency and choice to those who otherwise had next to none, and by strengthening the economic power of people and nations that have long been actively disempowered through unequal trading relationships. When we work together, we build a better future for all, not just a few.

Fairtrade is proud to work with so many individuals, producer organisations, commercial businesses, non-governmental and government bodies, and consumer and community groups to achieve common goals: fairer trade, empowered workers, and sustainable livelihoods.

To all our partners, thank you. We look forward to working with you for even greater impact in 2019.

Molly Harriss Olson  
CEO Australia & New Zealand

# REFLECTIONS FROM THE CHAIR



Valentina Tripp

At the end of this year, I will complete what has been a tremendous six years of service on the Board of Fairtrade Australia and New Zealand. Early in my tenure as the Chair, I had the great privilege to visit Fairtrade producers in Fiji. As I reflect on our collective achievements, I am struck by how well the journey of our Fijian partners reflects Fairtrade ANZ's wider opportunities, successes and challenges - and how far we have come in such a short period of time. At the start of our Pacific project, working with New Zealand's Ministry of Foreign Affairs and Trade (MFAT), the market, environmental and social challenges facing Fijian sugar farmers were considerable. Fast forward five years, and the impact of our work together has been truly transformative. Now, 100% of all sugar farmers in Fiji are Fairtrade certified. Producers have undergone training and are in compliance with the Fairtrade Standards addressing governance, business development, child labour and environmental protection.

This year, working closely with the Fiji Sugar Corporation and funded by a grant from the European Union, Fairtrade ANZ has conducted a major research project to identify significant new regional and global markets for Fairtrade certified Fijian sugar. Involving a global market study and trade mission meeting with more than 130 potential buyers and traders, as well as 45 regional retailers, the research aims to help build market potential and mitigate the impact of the European Union's major policy changes in 2017, which had a significant detrimental impact on the Fijian sugar industry. Fijian farmers and their business partners know that they have a steadfast partner in Fairtrade ANZ when it comes

to creating a fair and sustainable future for their commodities, in good times and bad.

Of course, this is just one example from our region of the depth, reach, professionalism, skills, global market access and development partners Fairtrade can offer to farmers and workers. Under the leadership of our CEO, Molly Harriss Olson, and with the Board's strong support, Fairtrade ANZ has gone through a sustained period of growth, transformation and positive impact. Retail sales of Fairtrade certified products have gone up 9% on average every year from \$259 million in 2014 to \$333 million in 2017, in spite of dramatic declines in global coffee and cocoa commodity prices. Our licensee and stakeholder engagement activities now include joint retail and social media promotions, and deepening business commitments with more trips to origin, as well as research to secure feedback and improve our support mechanisms. These initiatives are all aimed at maximising commercial potential throughout the value chain. Fairtrade does not buy or sell commodities. But we manage and maintain the rigorous standards of our system, enforce accountability through independent verification, and we are fortunate to have the scale and influence we have today.

Our valuable partnerships with MFAT and Australia's Department of Foreign Affairs and Trade (DFAT) have formed part of the systematic growth in our donor support, while Fairtrade ANZ continues to achieve domestic market growth, greater awareness and increase its impact in the region. Evidence for this includes invitations to contribute to Australia's parliamentary inquiries into

foreign aid and modern slavery and to give testimony on our submissions. We helped build an international coalition of Fairtrade Commonwealth CEOs to join the UK's international policy paper for the Commonwealth Heads of Government Meeting and the United Nations' Sustainable Development Goals Policy Platform. Fairtrade ANZ enabled the wider organisation to be represented for the first time at meetings of the World Trade Organization, the World Economic Forum and Grow Asia Forum, while Fairtrade ANZ was the only non-government organisation invited by the New Zealand government to join their delegation during the signing of the Comprehensive and Progressive Trans-Pacific Partnership Trade Agreement.

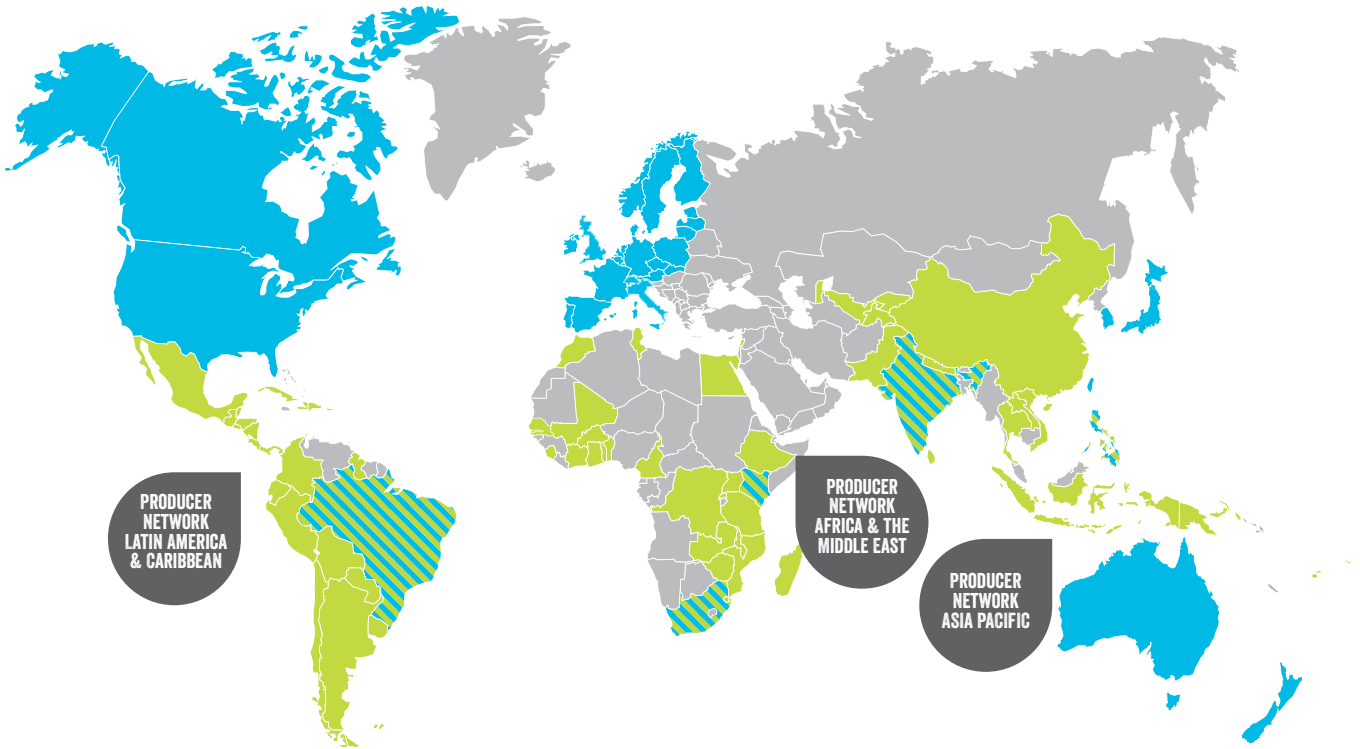
Of course, there are always more improvements to be sought, but we are stronger than ever and fit for purpose as we embark on the next phase of our journey. This has been a fulfilling journey indeed. As well as CEO, Molly Harriss Olson and the Fairtrade ANZ team, I want to thank my fellow Board members Lisa Barker, Gareth Edgecombe, Karen Mapusua, Markerita Poutasi, Delia Rickard, Katherine Rich and David Head for their support and contributions to Fairtrade ANZ's ongoing success.

Valentina Tripp  
Board Chair Australia & New Zealand

# FAIRTRADE ANZ STRUCTURE



# OUR REACH



■ Fairtrade Producer Country  
 ■ National Fairtrade Organisation  
   Fairtrade Producer Country and Fairtrade Marketing Organisation

## FAIRTRADE INTERNATIONAL

Fairtrade International is the organisation that coordinates Fairtrade at the international 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 1.6 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 producers and workers have a voting share of 50 per cent in the General Assembly of Fairtrade International.*

## FAIRTRADE PRODUCER ORGANISATIONS



<b>261</b>	Asia Pacific
<b>803</b>	Latin America & the Caribbean
<b>535</b>	Africa & the Middle East



MORE THAN  
**1.6 MILLION FARMERS AND WORKERS WORLDWIDE**



FARMERS AND WORKERS WORLDWIDE INVESTED  
**\$262 MILLION (AUD)**  
IN PROJECTS USING THEIR Fairtrade Premium

# OUR CAMPAIGNS

Fairtrade runs a variety of promotional, awareness and advocacy campaigns each year, including our hallmark Fairtrade Fortnight and World Fairtrade Challenge campaigns.

## AWARENESS CAMPAIGN

This year our simple and effective campaign message was 'It's easy to take a stand for fairness by choosing Fairtrade', building on the previous campaign theme of 'Protest with your purchase'. The campaign combined targeted digital media, blog posts and outdoor posters to promote the principles of Fairtrade and highlight the link between consumer behaviour and improved conditions for farmers and workers. There were also links to a Fairtrade discovery page on major retailer sites to raise awareness of the range of Fairtrade products available and increase their sales.

In New Zealand, an additional awareness campaign was implemented in partnership with major retailer, New World. Shoppers were given the opportunity to win a trip to Samoa to visit a Fairtrade coconut cooperative. Across both countries, the campaign exceeded targets, with the number of Facebook followers in Australia growing by 20 percent and the response to advertisements three times higher than projected.



## FAIRTRADE FORTNIGHT AUGUST 2017

Consumers don't always realise how easy it is to find Fairtrade products, so the Fairtrade Fortnight messaging highlighted the ready availability of Fairtrade goods. By driving traffic to major retail partners' (Woolworths in Australia & Countdown in New Zealand) Fairtrade discovery pages, we could illustrate the number of conveniently available Fairtrade alternatives that shoppers could choose, and therefore encourage sales. Over the two weeks we also worked with community partners and licensees, retail shops and cafes to increase public awareness of Fairtrade.

### Campaign highlights included:

- » a social media reach of more than 2.3 million people across a range of channels.
- » print and online media coverage reaching an audience of more than 483,862 across Australia and New Zealand.
- » events held by community and commercial partners including documentary screenings, fair trade markets, a school conference and a photo exhibition of Fairtrade ANZ's work in Papua New Guinea.
- » almost 500 cafes showing their support by displaying Fairtrade material during the fortnight.

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



## CREATING A CONSCIOUS CHRISTMAS

The Fairtrade Advent calendar campaign in New Zealand encouraged participants to take a Fairtrade quiz highlighting our work and the difference it makes to farmers, with generous and exciting giveaways from licensees. In Australia, Fairtrade products and brands were promoted across a series of blogs and web pages tailored to the local audience.



## THE CLEANEST UNIFORM IN AUSTRALIA

Fairtrade ANZ launched the ongoing *Cleanest Uniform in Australia* campaign in October 2017, to encourage schools to switch their uniform polo shirts to ones made with Fairtrade cotton. The central message is

**“No matter how dirty your school uniform gets, because it’s made with Fairtrade cotton, it will always be clean from child labour and unethical practices.”**

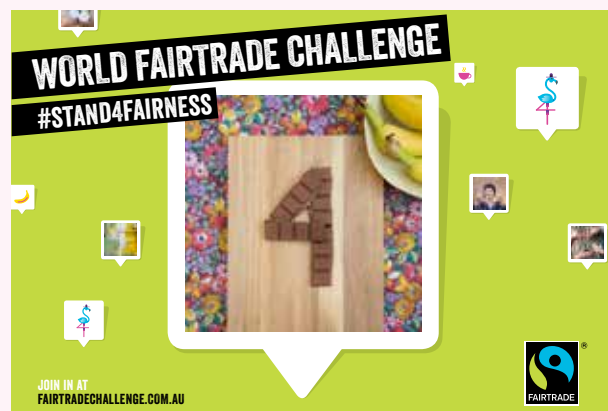


## MODERN SLAVERY INQUIRY

Fairtrade is committed to being a voice for vulnerable people who are under-represented in discussions and decision-making at a policy level. We recently made a submission to the Australian Parliamentary Inquiry into a Modern Slavery Act as part of our advocacy work, and collaborated with the Attorney-General’s department - as well as other advocacy organisations - to shape Australia’s response to an issue that affects an estimated 45 million people in 167 countries and generates approximately US\$150 billion in profits. Many Fairtrade commercial partners endorsed our submission and made it clear that they too stand for a better future for all. Addressing challenges such as modern slavery can’t be tackled in isolation and requires a broad, cohesive response. We are proud that the Fairtrade value chain is among the most transparent and ethical in the market today. We will continue to advocate for a better deal for everyone, no matter which industry they work in or where in the world they live.

## WORLD FAIRTRADE CHALLENGE

Millions of the farmers in developing countries who produce the food we eat don’t earn enough to feed their own families, and we think it’s time that changed. In May we asked people to join us for the World Fairtrade Challenge campaign as we created new opportunities for consumers and community groups in Australia and New Zealand to engage with Fairtrade and licensees online and at community hosted events. The campaign also built extensive brand-driven social media activity, increasing awareness of Fairtrade and Fairtrade certified products.



The campaign included social media activation across Fairtrade channels. It reached 844,000 people on Instagram through sponsored influencer posts, with 13,000 followers engaged through this channel and 1,450,000 impressions through another targeted channel - all introducing people to Fairtrade and our purpose and increasing audience awareness of the brand.

# STRATEGIC PARTNERSHIPS

Partnerships are at the heart of Fairtrade's model - in order to change global trade we must partner with producers and businesses, and encourage them to in turn support each other.

Last year, we established our Strategic Partnerships team to ensure we are also forming effective partnerships with national, regional and global policy makers, as well as with critical non-governmental organisations. It's an approach that has been highlighted in the global response to the United Nations' Sustainable Development Goals (SDGs), with recognition that effective partnerships are essential to realising these goals.

Through Strategic Partnerships we have been able to expand the Fairtrade system and increase the scale of our positive impact both within countries and across regions. Our vision for Asia-Pacific, developed last year through our discussion paper *Transforming Trade, Transforming Lives*, utilises the Fairtrade Development Framework to drive sustainable growth and the achievement of the SDG targets.

We have continued our partnerships with both the New Zealand Ministry of Foreign Affairs and Trade (MFAT) and Australian Department of Foreign Affairs and Trade (DFAT). These partnerships have produced measurable benefits in the Pacific nations where Fairtrade works – fostering sustainable economic growth and improving livelihoods among rural communities. These partnerships have also increased engagement with businesses and consumers across Australia and New Zealand. As of November 2017, there were 342 products with Pacific-sourced Fairtrade ingredients in Australian and New Zealand markets, delivered through 85 commercial partners.

To ensure our work is as effective as it can be, Fairtrade ANZ has significantly improved its Monitoring, Evaluation and Learning (MEL) systems. Consequently, all projects now use the strengthened Fairtrade ANZ Theory of Change and Results Framework to ensure even greater clarity in the way that activities and their outcomes align with our intended development results and goals. Fairtrade ANZ will continue to work closely and regularly with our donors and partner organisations to ensure that our project results frameworks are robust and we are able to monitor the outcomes of all our activities.

## IN PARTNERSHIP WITH MFAT

Over the last 5 years, the New Zealand Ministry of Foreign Affairs (MFAT) invested NZD \$4.65 million in our work in New Zealand to build awareness and demand for Fairtrade products and with producers of coffee, cocoa, sugar, vanilla and coconuts in the Pacific. This has built a sustainable and vastly changed trading system for Fairtrade producers in the region.

As part of our commitment to growth in our region, at the completion of this project in 2017 we confirmed a return on investment of NZD \$20.5 million in Fairtrade Premium (funds provided to producer organisations to reinvest in community and business improvement programs) and NZD \$154 million in net income to Pacific producer organisations. This represents a return of NZD \$37 to Pacific producers for every NZD \$1 invested in Fairtrade by MFAT.

Producer training was one of the most significant achievements of the project and a key factor in the increase of not only technical skills of producer organisations, but also fundamentally in their self-confidence, organisational capacity, and in their ongoing access to market.

At its conclusion, through business and marketing activities in New Zealand we have also seen consumer awareness of Fairtrade in New Zealand soar to 75% and the total retail sales of Fairtrade products, with an average annual growth rate of 19 percent, reach an estimated NZD \$511 million over the 5 years.

## INCREASING ACCESS TO MARKET FOR PAPUA NEW GUINEA COFFEE AND COCOA FARMERS

Fairtrade ANZ and MFAT launched a three-and-a-half-year project in January 2018 to increase access to markets for Fairtrade coffee and cocoa farmers from Papua New Guinea (PNG), set to benefit an estimated 51,870 farmers and their households.

An extensive consultation and design period with producers, commercial partners and other partners has enabled development and fine-tuning of six key programmes that will underpin this project.

These programmes are designed to align the needs of producers with those of the international coffee and cocoa markets. Some programmes will help improve both product quality and business development skills within the producer organisations, while others will help producers engage with commercial and industry partners, connect with consumers, as well as government, international development and agricultural sectors.



## IN PARTNERSHIP WITH DFAT

This year saw the official launch of Fairtrade ANZ's engagement with the Business Partnerships Platform (BPP) in Samoa. The programme is the result of a partnership between the Australian Department of Foreign Affairs and Trade (DFAT), Fairtrade ANZ, Krissy Company Ltd. and Savai'i Coconut Farmers Association, which aims to increase production of Fairtrade organic coconut cream for the Australian and New Zealand markets. This project will improve incomes for 200 smallholder coconut farming households on the rural island of Savai'i and create more than 30 new jobs for local Samoans, with equal opportunities for women.

Fairtrade ANZ's four-year partnership with DFAT, which aims to increase trade from the Indo-Pacific region through supporting Fairtrade ANZ's integrated strategy, underpinned our business development and marketing activities to build Australian consumer support for Fairtrade certified products (see pages 6 & 7 for details) and increase Australian business engagement (see pages 10 and 11 for details). DFAT's support is also helping to strengthen the capacity of producer organisations in the

Indo-Pacific through assistance with supplier development and establishment of market linkages with coffee producers in Timor-Leste and vanilla producers in Tonga.

DFAT's support for Fairtrade ANZ's work on gender has seen the establishment of Gender Action and Learning Working Group, gap assessments and tailored training plans for Fairtrade ANZ staff and Fairtrade producer organisations in Papua New Guinea.

## BUILDING LOCAL CAPACITY THROUGH SKILLED VOLUNTEERS

Following the formalisation of our partnership with Volunteer Services Abroad (VSA) last year, we went full steam ahead to create a volunteer role to build the business management capacity of Samoa's only Fairtrade certified producer organisation, the Savai'i Coconut Farmers Association (SCFA). The selected VSA volunteer travelled to Samoa in July 2017 for six months, working closely with the SCFA to increase its capacity to be a self-sufficient producer organisation; supporting the development of a strategic direction for the organisation; and facilitating the formation of a leadership team to run the association. During the volunteer period, farmers were also motivated to plant more than 5,000 new coconut trees to counter the aging tree population and ensure a supply of enough high quality coconuts to meet demand.

## BUILDING PARTNERSHIPS THROUGH RESEARCH

Funded by the European Union through the 'Accompanying Measures Sugar Protocol (AMSP)', a grant of FJD \$280,000 (AUD \$180,000) enabled Fairtrade ANZ to complete the Fairtrade Sugar in the Asia-Pacific market study to identify new markets for Fairtrade sugar from Fiji, and support the creation of a more competitive and sustainable sugar sector in the country. The research became critical after markets were diminished in 2017 as a result of changes to the EU quota system that enabled preferential access for African, Caribbean and Pacific countries for sugar importation. Undertaken in close collaboration with the Fiji Sugar Corporation (FSC), 2iic Consulting and the Pacific Community (SPC), the research was closely integrating with FSC's 2018–2022 Strategic Plan. The report is designed to be an ongoing resource for FSC and is expected to support market growth in sugar sourced from Fiji over the coming year. Implemented alongside this market research was a second piece of work in coordination with SPC, in which Fairtrade ANZ conducted targeted capacity-building exercises with the cane producer associations in Fiji, to ensure their continued growth and access to market under Fairtrade terms.

# OUR PRESENCE

## COMMERCIAL STAKEHOLDER EXPERIENCE RESEARCH

Over the last three years, Fairtrade has conducted a diverse range of research initiatives to assist us with continuous improvement in our operations across ANZ. In February we conducted a survey to provide critical insights to help inform our approach to working with our commercial partners, including licensees, retailers and traders, and determine how we could improve their experience of working with us.

About 72 percent of our key commercial partners took part in the research, giving us important feedback on how to improve collaboration, deliver value to Fairtrade partners and therefore also increase the benefits to farmers in the Fairtrade network.

### Key findings:

- » Commercial partners most noticed improvements by Fairtrade in taking leadership and creating a high standard of professionalism in operations, particularly the improved online reporting systems and faster response times.
- » Satisfaction with the work of the Fairtrade ANZ team was high, particularly in the areas of: work done supporting producers in developing countries (89 percent); and support for commercial partners to grow their Fairtrade business (70 percent).
- » 84 percent believe the main benefit of Fairtrade certification is the Fairtrade Premium for farmers and workers to improve their social, economic and environmental conditions.
- » 81 percent say the Fairtrade Mark is a label that consumers can trust.

## NEW WORLD'S SAMOA COMPETITION

New World supermarket in New Zealand is a proud supporter of Fairtrade. Last November, as part of our key awareness campaign, we teamed up with the retail leader to offer two competition winners the chance to meet farmers from the Fairtrade certified Savai'i Coconut Farmers Association in Samoa. During their trip they learned about coconut production from farm to factory and witnessed some of the challenges faced by farmers. This gave them a greater understanding of the value of buying Fairtrade products, insights which they have since shared with others through telling the story of their experience, also featured on New World's website.

## WILD BEAN CAFÉ'S 10 YEARS OF FAIRTRADE

In 2017, BP proudly celebrated 10 years of serving barista-made Fairtrade coffee in their Wild Bean Cafés throughout Australia and New Zealand. Our partnership helps bring Fairtrade coffee to those on the go while creating a positive impact for farmers.



## FAIRTRADE COTTON TRIP TO INDIA

Fairtrade ANZ hosted a trip in October 2017, taking Ethical Clothing Australia (ECA) and some of their fashion label members to visit Fairtrade organic cotton farmers in India. The aim of the trip was to enable a deeper understanding of the Fairtrade system and the positive impact for farmers, as well as opening the door to opportunities to work together with ECA and their members.

## MELBOURNE INTERNATIONAL COFFEE EXPO (MICE)

Fairtrade ANZ returned to the Melbourne International Coffee Expo in March 2018 and delivered a "meet the farmer" experience for the roasters, traders, coffee industry professionals and members of the general public who visited the show. This approach provided a tangible connection not only to the coffee, but also to the farmers who grow it, showcasing Fairtrade's farmer-focused approach in a meaningful way.





## SUMATRA COFFEE INDUSTRY TRIP

In November 2017, Fairtrade ANZ, with the support of colleagues in Indonesia, hosted a group of ANZ roasters and traders from Australia and New Zealand on a trip to the highlands of Aceh, North Sumatra. The intention was to connect them with some of the region's finest coffee, and the farmers who grow it. The trip was an outstanding success, showcasing to our partners the realities of small-scale farming and the tangible benefits of the system, reaffirming their commitment to Fairtrade.

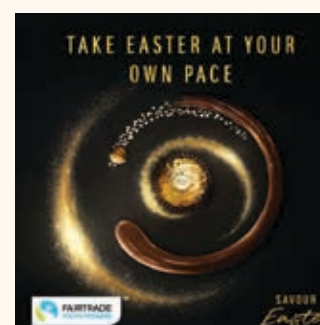


## GETTING THE WORD OUT IN BEANSCENE

Fairtrade ANZ engaged with Australia's key coffee industry publication, BeanScene, to showcase how Fairtrade helps improve coffee production and farmer livelihoods. The messaging aimed to combat historically negative perceptions about the quality of Fairtrade coffee while promoting Fairtrade's partnership approach. Content included interviews with Fairtrade farmers at the Melbourne International Coffee Expo; highlights from Fairtrade's producer support work in Papua New Guinea and Indonesia and articles demystifying Fairtrade.

## A BUNCH OF GOOD WORK

Fairtrade ANZ continued to work with Good Magazine, a New Zealand-based national publication for people who believe in living a conscious, ethical lifestyle, to raise awareness of Fairtrade products, the Fairtrade Mark, and promote key campaigns and global issues such as the dark side of the banana industry in New Zealand. The permanent Fairtrade section on Good Magazine's website helps highlight key Fairtrade brands in NZ. They also include a 'shop now' section which drives users to e-commerce websites and supports our marketing strategy of raising awareness while helping to drive sales of Fairtrade products.



## FERRERO- EASTER

In a global first, Fairtrade ANZ and Ferrero showcased our partnership and Ferrero's Fairtrade cocoa sourcing commitment. Focusing on the signature Ferrero Rocher product, the social media mini-campaign captured the interest of both Ferrero lovers and Fairtrade supporters, and went beyond specific products by opening a constructive dialogue about the entire partnership and the positive impact it will enable.

# OUR IMPACT

## SEARCHING FOR A SWEETER TASTING FUTURE

Fairtrade ANZ has been working with the Fijian sugar industry since 2010, utilising the Fairtrade model of development to increase the social, environmental and economic benefits for Fiji's sugar cane farmers and their families. Over the past eight years, Fiji's sugar cane growers have organised themselves into three Cane Producer Associations (CPAs) covering the islands of Viti Levu and Vanua Levu. The formation of the CPAs has established a common purpose amongst the members, allowing for greater community outreach and improving their negotiating power.

Fiji's three CPAs have received USD \$14 million in Fairtrade Premium so far, which has been invested in supplying more than 5,200 people with fresh drinking water, providing 12,000 students with educational assistance, and creating access to electricity for 3,500 people - both through Fiji's state-owned electricity utility and the provision of solar power. Despite these significant benefits, the Fiji sugar industry faces an uncertain future. Cornered between shrinking market access, expiring lease tenures and a vulnerability to extreme weather events, the CPAs must now find innovative solutions to protect sugar cane production as a viable means of generating a livelihood in Fiji.

**“Severe cyclones destroy our cane. The sugar cane yields are down because of a prolonged dry season. Growers need a lot of education around climate change and how to cope”**

**– MOHAMMED RAFIQ, CHAIR OF LABASA CANE PRODUCERS ASSOCIATION.**

This year Fairtrade ANZ has been completing research, with a view to enabling the Pacific community to explore additional markets for sugar sales on Fairtrade terms. (Read more in Strategic Partnerships, p. 9) We are also helping the CPAs to improve their capacity to manage Fairtrade certification requirements. In particular, increasing knowledge of Fairtrade's environmental requirements, Fairtrade Premium investment planning and how to incorporate gender equality and women's empowerment into everyday practices. Between May and June 2018, Fairtrade facilitated 19 training sessions for 644 farmers, association board members and staff.

## PROMOTING GENDER EQUALITY IN FAIRTRADE COMMUNITIES

Throughout the Pacific, women have an integral, yet often invisible, role in agricultural production. As a result, many of the benefits of Fairtrade certification do not reach each member of a household equally. Women are often excluded from household financial decisions and from agricultural training sessions, which are deemed to be the domain of men. Consequently, in order for Fairtrade to achieve our three overarching global goals of making trade fair, empowering producers and fostering sustainable livelihoods, we need to incorporate gender equality into all of our operations and break down stereotypes of what is regarded as “men's” and “women's” work.

**“In Papua New Guinea, coffee is something that men talk about and my job as an extension officer is a man's job. But I have been trying my best and now women in the village come to me for advice about caring for their coffee trees. They see it is not only a man's job”**

**- RONAH PEVE, EXTENSION OFFICER, HOAC.**



We are working with key gender-focused organisations in the Pacific to make sure women can access Fairtrade activities, particularly ones that increase women’s participation in decision-making, leadership roles and capacity-building training. These partnerships with gender-focused organisations also ensure the delivery of our work does no harm to the participants and does not further exacerbate or reinforce gender stereotypes. Early benefits have already been seen in Timor-Leste, where female participation in workshops and training sessions over the last year has risen from below 20 percent to 36 percent.

Our new Monitoring, Evaluation and Learning (MEL) system has been strengthened to include specific indicators on gender in all of our programs so we can constantly monitor engagement. This updated system incorporated feedback from two gender specialists who reviewed all of Fairtrade ANZ’s operations. Through improved MEL systems we are able to contextualise the role of women within Fairtrade communities, including opportunities and barriers to increasing participation and shifting current gender norms.

## FAIRTRADE EXPANDS THROUGHOUT THE PACIFIC

Over the past year we have welcomed two new producer organisations into the Fairtrade network in the Pacific, increasing the total number of Fairtrade certified producer organisations to 13.

Cooperativa Comercio Agrícola de Timor (C-CAT) is a coffee growing association based in Timor-Leste that has worked tirelessly to achieve certification to improve Timorese livelihoods in the districts of Ainaro and Ermera.

‘Before Fairtrade came, our farmers found it difficult to access the market; they didn’t know where to go. But once we began working with Fairtrade we understood the market; we were given trainings on coffee quality and on developing our business’.

- C-CAT MANAGER CARLITO ALVES

The second is Wainunu Organic Growers Association (WOGA), the first organisation in the Pacific to become Fairtrade certified for ginger production. WOGA is made up of 17 households located a three-hour journey from Labasa, Fiji. As ginger is a labour-intensive crop with farm work done manually, from planting to weeding and harvesting, each member household works together to ensure the success of the association’s ginger production.

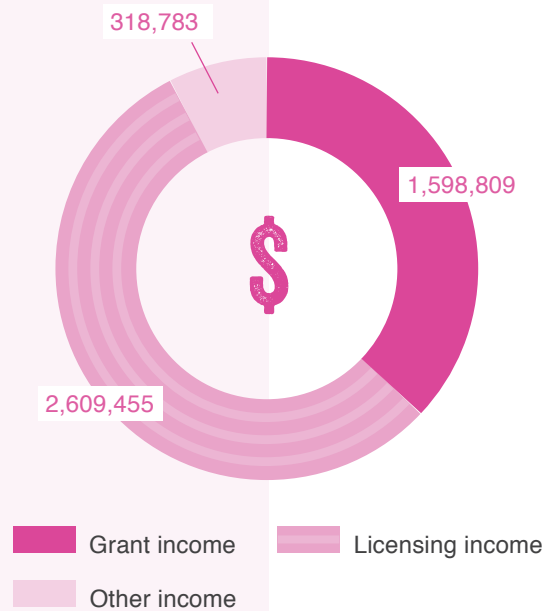


# FINANCIAL STATEMENTS

## INCOME

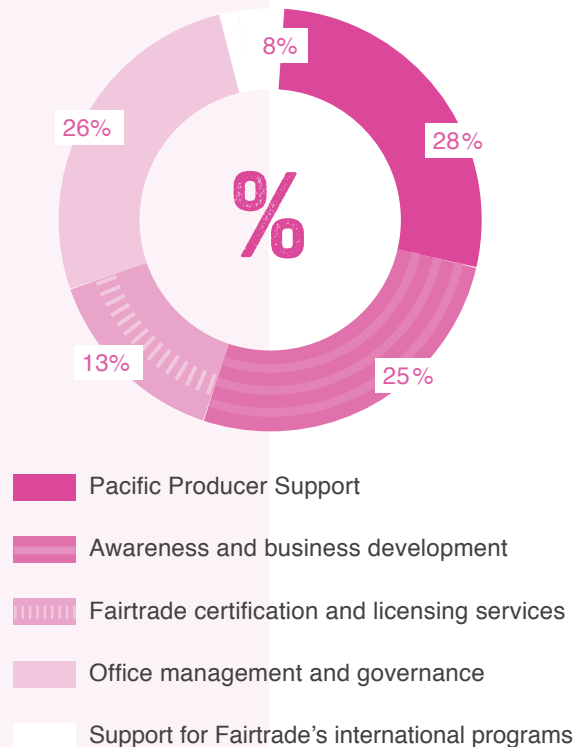
The total revenue for Fairtrade ANZ has decreased by 7.7% in the 2017-18 financial year, with licensing income down by 9.1%, due to one major licensee choosing an alternative sustainability scheme. Additionally, the revenue from donor funds acquitted decreased by 20.5% due to the completion of the Pacific-wide MFAT project, being offset by new MFAT funding for Papua New Guinea-specific activities.

Fairtrade ANZ wishes to acknowledge the significant support of Australia's Department of Foreign Affairs and Trade (DFAT) and New Zealand's Ministry of Foreign Affairs and Trade (MFAT), which enables us to conduct critical business development and marketing and community engagement activities and to extend our operations across the Pacific.



## EXPENDITURE

Fairtrade ANZ continued to provide operational and program management, business partnership support, build community and consumer awareness, maintaining integrity, as well as contributing regional and international alignment to support the 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 2018

Revenue	2018 \$	2017 \$
<b>Grants</b>		
- Department of Foreign Affairs and Trade (DFAT)	1,053,069	905,124
- Other overseas	463,980	1,009,615
- Grant administration support	81,760	97,332
Investment income	7,090	18,457
Licensing income	2,609,455	2,870,558
Other income	311,693	2,568
<b>Total revenue</b>	<b>4,527,047</b>	<b>4,903,654</b>
<b>Expenditure</b>		
<b>Australian grants</b>		
International program costs	179,707	201,578
Program support costs	507,949	443,582
Community education costs	365,413	321,977
<b>New Zealand grants</b>		
International program costs	287,594	438,424
Program support costs	66,784	364,476
Community education costs	109,602	144,702
<b>Total grant related activity expenditure</b>	<b>1,517,049</b>	<b>1,914,739</b>
<b>Other expenditure</b>		
Organisation costs and other expenditure	557,426	295,699
Domestic program costs	111,872	58,545
Employment costs	1,441,623	1,093,393
Licensing costs	781,760	1,162,154
Technology costs	86,167	115,499
<b>Total expenditure</b>	<b>4,495,897</b>	<b>4,640,029</b>
<b>Surplus for the year</b>	<b>31,150</b>	<b>263,625</b>
Other comprehensive income	(63,420)	(16,280)
<b>Total comprehensive surplus /(deficit) for the year</b>	<b>(32,270)</b>	<b>247,345</b>

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](http://www.fairtrade.com.au).

## STATEMENT OF FINANCIAL POSITION – AS AT 30 JUNE 2018

Assets	2018 \$	2017 \$
Cash and cash equivalents	2,049,079	2,567,911
Trade and other receivables	877,265	777,751
<b>Total current assets</b>	<b>2,926,344</b>	<b>3,345,662</b>
Property, plant and equipment	50,369	49,430
Intangible assets	3,056	17,549
<b>Total non-current assets</b>	<b>53,425</b>	<b>66,979</b>
<b>Total assets</b>	<b>2,979,769</b>	<b>3,412,641</b>
<b>Liabilities</b>		
Trade and other payables	571,826	604,196
Deferred revenue	993,569	1,384,767
Employee benefits	116,985	93,949
<b>Total current liabilities</b>	<b>1,682,380</b>	<b>2,082,912</b>
Employee benefits	13,280	13,350
<b>Total non-current liabilities</b>	<b>13,280</b>	<b>13,350</b>
<b>Total liabilities</b>	<b>1,695,660</b>	<b>2,096,262</b>
<b>Net assets</b>	<b>1,284,109</b>	<b>1,316,379</b>
<b>Equity</b>		
Reserves	444,269	507,689
Retained earnings	839,840	808,690
<b>Total equity</b>	<b>1,284,109</b>	<b>1,316,379</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Retained earnings \$	Foreign currency translation reserve \$	General reserves \$	Total \$
<b>Balance at 1 July 2017</b>	<b>808,690</b>	<b>94,327</b>	<b>413,362</b>	<b>1,316,379</b>
<b>Total comprehensive income for the year</b>				
Other comprehensive loss:				
Exchange differences on translating foreign operations	-	(63,420)	-	(63,420)
<b>Total other comprehensive loss</b>	<b>-</b>	<b>(63,420)</b>	<b>-</b>	<b>(63,420)</b>
Surplus for the year	31,150	-	-	31,150
<b>Total comprehensive loss for the period</b>	<b>31,150</b>	<b>(63,420)</b>	<b>-</b>	<b>(32,270)</b>
<b>Balance at 30 June 2018</b>	<b>839,840</b>	<b>30,907</b>	<b>413,362</b>	<b>1,284,109</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
<b>Cash flows from operating activities</b>		
Receipts from grants	1,334,751	1,283,798
Receipts from Licensees	2,874,757	3,119,931
Payments to suppliers and employees	(4,891,136)	(5,054,265)
Other income	246,320	109,633
Interest received	7,090	18,457
<b>Net cash used in operating activities</b>	<b>(428,218)</b>	<b>(522,446)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(27,194)	(29,688)
<b>Net cash used in investing activities</b>	<b>(27,194)</b>	<b>(29,688)</b>
<b>Cash flows from financing activities</b>		
Effects on exchange rate changes on cash and cash equivalents	<b>(63,420)</b>	<b>(16,280)</b>
Net (decrease) in cash and cash equivalents held	(518,832)	(568,414)
Cash and cash equivalents at beginning of year	2,567,911	3,136,325
Cash and cash equivalents at end of financial year	<b>2,049,079</b>	<b>2,567,911</b>

### 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 2018, which was signed on 26 October 2018. 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](http://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	291,900	180,932	463,980	8,852
DFAT - Department of Foreign Affairs and Trade	1,007,786	1,030,000	1,053,069	984,717
FLO - Fairtrade International – Producer Support Services	85,081	-	141,582	(56,501)
<b>Total</b>	<b>1,384,767</b>	<b>1,210,932</b>	<b>1,658,631</b>	<b>937,068</b>

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

### 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](http://www.fairtrade.com.au).

# 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 2018.

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 2018
- 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 24 October 2018.

### 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

Amanda Bond  
Partner  
Melbourne  
26 October 2018

# GOVERNANCE & STAKEHOLDERS

A big thank you to all!

## BOARD

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



Valentina Tripp (Chair)



Lisa Barker



Gareth Edgecombe



Karen Mapusua



Markerita Poutasi



Delia Rickard



David Head



Katherine Rich



John Hewson

## MEMBERS

Fairtrade Australia & New Zealand 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 Australia and New Zealand 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 Linklaters, Bell Gully, Ernst & Young, KPMG and Council of Australia.



# ACCOUNTABILITY & ACCREDITATION

## INCORPORATION AND CHARITABLE STATUS

Fairtrade Australia and 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 and New Zealand 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.

## ACFID MEMBERSHIP

Fairtrade Australia & New Zealand became a member of the Australian Council for International Development (ACFID) in December 2014 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

Fairtrade Australia and New Zealand 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 Australia and New Zealand 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](mailto:info@fairtrade.com.au) or [info@fairtrade.org.nz](mailto: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](mailto:code@acfd.asn.au). Information about how to make a complaint can be found at [www.acfd.asn.au](http://www.acfd.asn.au)
- » With the CID Code of Conduct Committee at [code@cid.org.nz](mailto:code@cid.org.nz). Information on how to make a complaint can be found at [www.cid.org.nz](http://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, helping 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

[info@fairtrade.com.au](mailto:info@fairtrade.com.au)



FairtradeAU



@FairtradeAU



fairtradeau

[www.fairtrade.com.au](http://www.fairtrade.com.au)

## NEW ZEALAND

[info@fairtrade.org.nz](mailto:info@fairtrade.org.nz)



FairtradeNewZealand



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