

FAIRTRADE ANZ **ANNUAL REPORT 2023**



FAIRTRADE
AUSTRALIA
NEW ZEALAND

MESSAGE FROM THE BOARD CHAIR



I write this report having been appointed Chair of the Board of Fairtrade Australia & New Zealand (FANZ) in March 2024.

In taking on the role of Chair, I acknowledge the incredible efforts of Josie Pagini, who led the Board and staff through a challenging year, presiding over significant financial challenges and organization re-structure.

FANZ is now a lean organization, led by our highly-capable CEO, Senthil Nathan. Senthil has supported the team through extensive re-structure as we evolve into an organization that is fit for the future, and ready to meet our challenges and opportunities.

The risk of insolvency has been a heavy burden for the Board to carry, and weekly meetings were held to ensure the Board was diligent in managing FANZ financial insecurity and consequent risk. An insolvency lawyer Suelen McCallum provided advice to the Board to ensure FANZ was compliant with regulatory requirements in the event insolvency should occur.

Through diligent Board oversight and re-structure, FANZ reduced high overheads, and pared the business down to the essentials required to fulfil our constitutional obligations and meet our debts.

Yet the financial challenges remain, with a \$1M(AU) in historical debt to Fairtrade International for fees unpaid, and an ongoing 36% of licensee income that is payable to Fairtrade International as a membership fee.

FANZ acknowledges the importance of those fees to support our regional producer network NAPP deliver programs in developing countries across the Asia-Pacific. Small producers in-country are supported by these programs to empower farmers and workers by tackling poverty and poor working conditions, as well as conserving the environment.

ANZ is at the frontier of international development and is committed to a better future by making trade fair – a fair minimum price to producers in developing countries.

Fairtrade helps people achieve financial security and obtain more power at the negotiating table, making them less vulnerable to poverty. The Fairtrade Premium enables farmers to invest in strengthening their businesses, improving their local communities and to plan for their future.

Our Licensees are an integral part of the story of Fairtrade. During times of cost of living pressures, global unrest, and rising input costs, our Licensees have remained committed to the Fairtrade brand and its core meaning. I am proud of our FANZ team who work with Licensees to market the story of a fair price for producers, and we are proud to co-deliver marketing campaigns that drive home the message to the consumer.

We have also established a Supporting Business program with AGL being the first partner to serve only Fairtrade products – thank you.

Fairtrade is the only organisation that guarantees a fair Minimum Price to producers in developing countries. Businesses and consumers can be reassured that Fairtrade products are high quality and sustainable, and that the support is going direct to those farmers who need it most.

I welcome the new Board members and acknowledge the effort by all to contribute to our mission, and I thank the staff who have executed it, led by our CEO. Senthil's advocacy and endeavours are inspirational and impactful.

Over the next 12 months I will oversee a Board transition plan and we will continue to face our financial challenges with new strategy and market insights. We will work with Fairtrade International to gain support for a review of the membership fee as the Board considers it unsustainable in the long-term.

Finally, I thank our donors, members and licensees for supporting FANZ through this difficult time. We have been privileged to receive government support across Australia and New Zealand. We look forward to deepening our relationships with all our partners and developing new opportunities through the coming year.

We share a common goal. To get the best possible outcome for producers in developing countries and communicate their stories to customers and partners.

Joanne Butterworth-Gray,
Board Chair
Fairtrade Australia and New Zealand

MESSAGE FROM THE CEO



I'm pleased to inform you that 2023 was a year of significant progress for Fairtrade Australia New Zealand. Despite the challenges of the first half of the year, we have achieved notable milestones in managing cash flow, strengthening stakeholder trust, and fostering a growth mindset culture within our teams.

We did this while continuing to impact vulnerable producer communities that face unprecedented environmental and economic challenges. More than ever, we put our mission of using trade as a medium of change at the centre of everything we do to build fair and sustainable supply chains.

Despite the unprecedented challenges posed by the COVID-19 pandemic, we have witnessed a resurgence in Fairtrade sales.



\$224
MILLION AUD

Retail Sales
reached



10%

Growth in
Retail Sales



\$4

MILLION AUD

Fairtrade
Premium
reached



21%

Increase in Fairtrade
Premium compared
to previous year



140 licensees across
Australia and
New Zealand

99 in Australia
41 in New Zealand

1687

Products available
across ANZ



MESSAGE FROM THE CEO



We have also completed two of the long-term grant programs in the Pacific. The programs impacted the communities through knowledge dissemination, collective action and market access.

I'm particularly proud that we could make such progress in one of the most challenging years in our organisation's history. During the year, we made many painful decisions, such as restructuring the organisation and streamlining costs through multipronged rationalisation exercises. The resulting organisation is small and nimble in learning and adapting to the evolving consumer, business and producer landscape.

As we see the future, I'm cautiously optimistic. The producer communities we serve are at the forefront of climate change, particularly in the Pacific. The consumer and business communities we partner with face macroeconomic challenges. Yet, the overarching theme I hear from all the stakeholders is that it is high time to drive sustainability in supply chains, particularly those where the poor and vulnerable are concentrated.

Research by Harvard Business School and Edelman Trust Institute found that 76% of the public thinks businesses should work to solve significant global challenges such as climate change and poverty, and only 29% believe that companies are doing well here—a performance gap of -47%. If you are an agri-food business, you can address this gap in a few ways. However, the timeless idea is to pay a fair price to producer communities where poverty is rife and threats from climate change are severe.

I am deeply grateful to our partners in Australia and New Zealand, our dedicated team, the supportive board, and all our stakeholders for their invaluable contributions to building and sustaining this vital movement of Fairtrade.

Sincerely,
Senthil Nathan
Chief Executive Office

KEY FAIRTRADE FIGURES AT A GLANCE

Our Global Impact



more than

2 million

Farmers & Workers
in Fairtrade certified
producer organisations



44%

of Fairtrade
workers are
Women



more than

\$357,425,386
AUD

in Fairtrade Premium
paid to producers
in 2022



1,910

Fairtrade certified
producer organisations
in 68 countries



41%

of all Fairtrade
Farmers &
Workers work
with Coffee



20%

of all Fairtrade
Farmers &
Workers work
with Tea



22%

of all Fairtrade
Farmers &
Workers work
with Cocoa



2%

of all Fairtrade
Farmers &
Workers work
with Cotton



2%

of all Fairtrade
Farmers &
Workers work
with Bananas

Almost 
two thirds

of Fairtrade coffee sold is
also organic



30%

Of Fairtrade
tea is organic



50%

of Fairtrade cotton
sales are organic

GROWTH & INNOVATION



The highlight for the Growth and Innovation team was the June Fairtrade ANZ partner trip to PNG. This trip was part of the project we've been working on with the New Zealand Ministry of Foreign Affairs and Trade (MFAT).



Participants of this trip each shared their experience via blogs and social media, have a read and hear directly from [Good Fortune Coffee Company](#); [John Burton Limited](#); [Kōkako coffee](#); [Prima Roastery](#) and [Veneziano coffee roasters](#).



[View their story here](#)



[View their story here](#)

kōkako

[View their story here](#)



[View their story here](#)



[View their story here](#)

Fairtrade Fortnight 2023 ran from August 2nd to August 15th as the major event for our commercial partners

- 44 licensees and 5 supermarkets across ANZ participated in social media campaigns, giveaway competitions, cross promotion, digital advertising and point of sales advertising during the busy fortnight.
- To just name a few licensees actively talking about Fairtrade Fortnight: Ben& Jerry's, Kowtow, Bennetto and Soulfresh.
- FT ANZ also hosted 4 industry events to share stories collected in PNG earlier in the year.

MARKETING ACTIVITIES



Fairtrade Fortnight Marketing Campaign 2023

The highlight of the year was our Fairtrade Fortnight 2023 campaign - partnering with many Fairtrade brands, supermarkets and other commercial partners helped us create momentum and reach new audiences. For the main prize we teamed up with Ben & Jerry's, Kowtow and Pico chocolates to run giveaways in both Australia and New Zealand.

24,198

Consumers reached via EDM

5

Supermarkets Participated

582,138

Consumers reached organically on Instagram

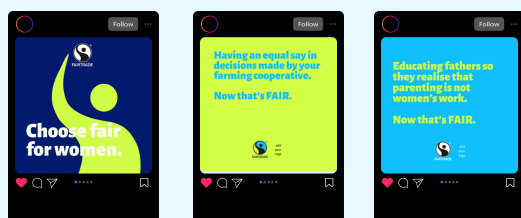
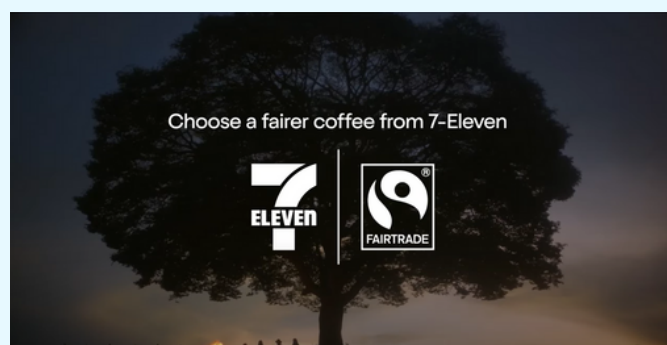
834,580

impressions in online supermarket

Choose a Fairer Coffee - Campaign 2023

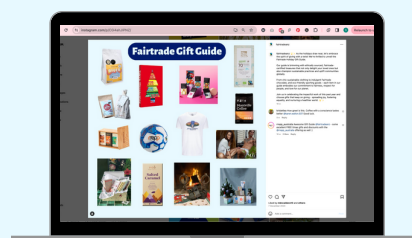
7Eleven released a video advertisement in May, including footage taken at a Fairtrade cooperative in Brazil. This was an excellent way to tell the stories of Fairtrade producers to an Australian audience.

(this campaign was played around Australia)



International Womens Day

Last year we celebrated International Womens Day with a giveaway, tool kit and EDM to our customers and licensees.



Fairtrade Gift Guide

Our 2023 Gift Guide was curated to make shopping for ethically sourced, Fairtrade certified products easier and was featured across social media channels and on our website.

PRODUCER SUPPORT & RELATIONS



FAIRTRADE ANZ & MFAT

Results of Project: Increasing access to market for Fairtrade supply chains in PNG: 2018-2023



10,239

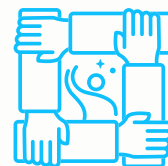
metric tonnes of
Fairtrade coffee
exported from PNG



\$55,280,825.41

NZD

in Fairtrade sales over
the course of the Project



\$7,670,886.25

NZD

in Fairtrade Premium
was reinvested back into
Papua New Guinea
communities

Fairtrade Premium was reinvested back into these areas across Papua New Guinea



\$583,076

NZD

was added by the Fairtrade
Co-Investment fund to
benefit farmers in PNG.



9

private sector partners in
ANZ took part in our offer to
business programme



7,965

Male farmers
took part



1,087

Female farmers
took part



54,000

Men, Women and
Children benefited from
this programme

PRODUCER SUPPORT & RELATIONS



FAIRTRADE ANZ & DFAT

Results of Project: Fostering sustainable livelihoods of male and female small-scale producers and their communities in the Pacific and Timor-Leste through enabling fair terms of trade: 2019 -2023



An Additional

\$256,325

AUD

Invested by the Fairtrade Co-Investment fund to support Fairtrade farming communities across the Pacific.



100%

of Pacific Fairtrade producer organisations had an internal management system in 2023



\$602,654

AUD

of Fairtrade Premium benefited cane sugar farmers through subsidies, rebates and insurances.

9

**Projects
implemented
across**



**Gender
Equality**



**Child
Protection**



**Environmental
Sustainability**



**Youth
Engagement**



11,868

Male headed households improved income, wellbeing & resilience through our contribution



1,623

Female headed households improved income, wellbeing & resilience through our contribution



53,964

Members of cane farming households improved income, wellbeing & resilience through our contribution



\$5,623,540

Received by Coffee farmers in Timor Leste from Fairtrade sales



\$595,541

Invested back into Coffee farming communities in Timor Leste via the Fairtrade Premium



13,775

Members of Coffee Farming households were benefited from our work in Timor Leste

FINANCIAL STATEMENTS



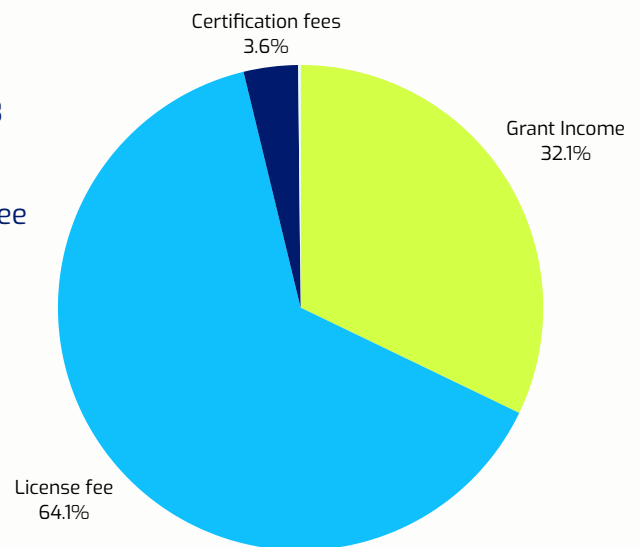
REVENUE

The total revenue for Fairtrade ANZ has decreased by 22% to AUD 2,759,595 in the 12 months ended 31 December 2023 compared to the previous 12 months period.

There is a significant 32% increase to AUD 1,768,167 in licensee income in 2023. Fairtrade ANZ are working with Australian and New Zealand businesses to grow volumes of Fairtrade products.

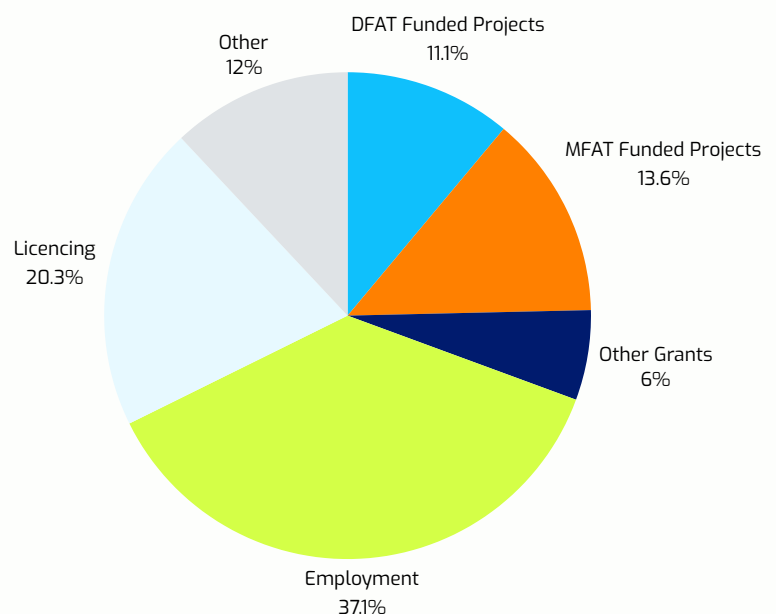
The revenue from donor funds acquitted in the 12 months ended 31 December 2021 decreased by 60% to 887,043 due the MFAT funded programme finishing in June 2023 and the DFAT funded programme also finishing in late 2023. Fairtrade ANZ is continuing to identify appropriate donor funded programmes going forward.

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 management activities and to extend our operations across the Pacific.



EXPENDITURE

Fairtrade ANZ has 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 significant projects that benefit the Fairtrade system as a whole.



FINANCIAL STATEMENTS



Fairtrade Australia & New Zealand Ltd
Statement of surplus or deficit and other comprehensive income
For the year ended 31 December 2023

	Note	2023 \$	2022 \$
Income			
Grant income	3	887,043	2,192,524
License fee		1,768,167	1,332,706
Certification fees		99,971	(5,707)
Other income		4,414	17,897
Total income		2,759,595	3,537,420
Expenses			
Australian grants	4	(295,823)	(703,660)
New Zealand grants	4	(361,837)	(977,246)
Other grants	4	(159,491)	(431,716)
Employment costs		(989,821)	(1,383,383)
Licensing costs		(542,545)	(776,838)
Domestic program costs		(15,580)	(45,778)
Organisation costs		(45,492)	(47,785)
Technology costs		(63,300)	(57,300)
Non-monetary costs		(43,025)	(71,948)
Occupancy costs		(62,588)	(65,984)
Other costs		(89,855)	(121,268)
Total expenditure		(2,669,357)	(4,682,906)
Surplus/(deficit) before income tax expense		90,238	(1,145,486)
Income tax expense	2	-	-
Surplus/(deficit) after income tax expense for the year attributable to the members of Fairtrade Australia & New Zealand Ltd		90,238	(1,145,486)
Other comprehensive deficit			
Foreign currency translation losses		-	(12,274)
Other comprehensive deficit for the year, net of tax		-	(12,274)
Total comprehensive income/(deficit) for the year attributable to the members of Fairtrade Australia & New Zealand Ltd		90,238	(1,157,760)

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.fairtradeanz.org/reports

FINANCIAL STATEMENTS



Fairtrade Australia & New Zealand Ltd Statement of financial position As at 31 December 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	5	545,022	336,419
Trade and other receivables	6	590,984	789,941
Other assets		50,856	16,262
Total current assets		<u>1,186,862</u>	<u>1,142,622</u>
Non-current assets			
Property, plant and equipment	7	9,033	21,525
Intangibles	8	42,900	53,553
Total non-current assets		<u>51,933</u>	<u>75,078</u>
Total assets		<u>1,238,795</u>	<u>1,217,700</u>
Liabilities			
Current liabilities			
Trade and other payables	9	683,120	1,179,606
Contract liabilities	10	-	152,062
Employee benefits	11	45,225	81,375
Total current liabilities		<u>728,345</u>	<u>1,413,043</u>
Non-current liabilities			
Trade and other payables	14	615,717	-
Employee benefits	11	-	162
Total non-current liabilities		<u>615,717</u>	<u>162</u>
Total liabilities		<u>1,344,062</u>	<u>1,413,205</u>
Net liabilities		<u>(105,267)</u>	<u>(195,505)</u>
Equity			
Reserves		735,679	735,679
Accumulated deficits		<u>(840,946)</u>	<u>(931,184)</u>
Total deficiency in equity		<u>(105,267)</u>	<u>(195,505)</u>

The following 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 at www.acfid.asn.au.

FINANCIAL STATEMENTS



Walker Wayland NSW
Chartered Accountants

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF FAIRTRADE AUSTRALIA AND NEW ZEALAND LTD

Opinion

We have audited the financial report of Fairtrade Australia and New Zealand Ltd, which comprises the statement of financial position as at 31 December 2023, the statement of surplus or deficit and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Fairtrade Australia and New Zealand Ltd is in accordance with Division 60 of the Australian Charities and Not-for-Profits Commission Act 2012 ("ACNC Act"), including:

- giving a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the year then ended; and
- complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 "Going Concern" in the financial report which describes the events and/or conditions which give rise to the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern and therefore whether the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

As disclosed in note 2, the Company's ability to continue as a going concern is dependent on its ability to generate positive cash flows from operations from maintaining and increasing license fee revenues, renegotiating the repayment terms of the Fairtrade International amounts payable, continually honouring the license fee payments to Fairtrade International, and satisfying the payment plan arrangement with Fairtrade International, accessing additional funding from donors and government bodies and meeting the payment plan obligations in relation to the Australian Taxation Office and New Zealand Taxation Authorities.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) (Including Independence Standards) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2023 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

FINANCIAL STATEMENTS



INDEPENDENT AUDIT REPORT TO THE MEMBERS OF FAIRTRADE AUSTRALIA AND NEW ZEALAND LTD

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Walker Wayland NSW
Chartered Accountants

Wali Aziz
Partner

Dated this 30th day of August 2024, Sydney

GOVERNANCE & ACCOUNTABILITY



Fairtrade ANZ is honoured to continue our important collaboration with producers throughout the world, brands, governments, non-government organisations and communities. But there are a few stakeholders who deserve special mention.

Board of Directors

Fairtrade ANZ is governed by an independent, voluntary board. It consists of the following directors: Joanne Butterworth-Gray (Chair), Ian McInnes, Katherine Rich, Alastair Brown, Terence Jeyaretnam, Josie Pagani, John Thwaites and Margaret Zabel.

Partners and supporters

Thank you to our licensees, stakeholders, partners and community advocates who have supported us over the past 12 months. In particular, New Zealand's Ministry of Foreign Affairs and Trade and Australia's Department of Foreign Affairs and Trade continue to provide valuable support. Our partnership the World Trade Organisation with Enhanced Integrated Framework has helped us with projects in Timor Leste and Ethiopia. We also appreciate the invaluable pro bono assistance from Allens.



Australian Government

Department of Foreign Affairs and Trade

We acknowledge the support and collaborative spirit of the following stakeholders:

- Future Business Council
- Green Building Council of Australia
- The New Zealand Trade for All Advisory Board
- Sustainable Business Council
- Sustainable Business Network
- Sustainable Development Solutions Network, Australia, New Zealand and Pacific
- United Nations Global Compact Network of Australia

ACCOUNTABILITY & ACCREDITATION



Incorporation and charitable status

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

Australian Council for International Development Membership

Fairtrade ANZ is a member of the Australian Council for International Development (ACFID) and adheres to the ACFID Code of Conduct (<https://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 Membership

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

Feedback on this report and on our operations and conduct can be sent to:

Private and Confidential
CEO, 160 Johnston Street, Fitzroy
VIC 3065 Australia

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

Our complaints handling policy can be found on our website: (www.fairtradeanz.org/resources).

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

