

ITEM 1.3 - AGREEMENT - FOOD AND AGRIBUSINESS NETWORK (Cont.)
#1 Food and Agribusiness Network Annual Report 2020



Food &
Agribusiness
Network

Sunshine Coast
Noosa
Gympie
Moreton Bay

Annual Report 2020



Run by the
Industry.
For the
Industry.

Table of Contents

- 2 **REPORTS**
 - Chair's Report
 - General Manager's Report
- 4 **FOOD AND AGRIBUSINESS NETWORK (FAN)**
 - About FAN
 - Strategic Objectives
 - Region
- 5 **ORGANISATIONAL STRUCTURE**
 - Board
 - Team
 - Ambassadors
 - Advisory Panels
- 7 **ACTIVITIES AND PERFORMANCE**
 - Highlights
 - Marketing and Communications
 - Membership
 - Events
 - Programs
 - Grants and Funding
 - Partners and Sponsors
- 12 **FINANCIAL REPORT**
 - Financial Statement

GLOSSARY

FAN – Food and Agribusiness Network

NFP – Not for Profit

FIAL – Food Innovation Australia Limited

ACKNOWLEDGEMENT OF COUNTRY

FAN acknowledges the Traditional Custodians of the land on which we live and work and recognises their continuing connection to land, water and community. We wish to pay respect to local Indigenous Elders past, present and emerging and recognise the strength, resilience and capacity of all Aboriginal and Torres Strait Islander people.



Reports

Chair's Report

Firstly, I would like to acknowledge that I was honoured to be elected as FAN Chair this year. As a co-founder of FAN, I am pleased to be returning to an organisation whose purpose of enabling our local food and agribusiness industry to connect, collaborate and grow, is something that I'm very passionate about.

The 2019-20 financial year has certainly been a tale of two years. In the first half of the year FAN launched a new Export Programme; staged the inaugural AgVention event; and won, for the second year running, the Social Enterprise Award at the 2019 Sunshine Coast Business Awards. FAN's members continued to connect through various FAN initiatives and events, further building the supportive ecosystem that the organisation has been fostering over the past five years.

The importance and value of this ecosystem certainly came to the fore during the COVID-19 pandemic, with our food and agribusiness community rallying together to address issues and challenges with innovative and collaborative solutions. Our members and industry demonstrated resilience and a great ability to adapt to changing circumstances - factors which will favourably position our region for a sustainable recovery in coming years.

I was extremely proud to see FAN rise to the challenge of devotedly supporting its members, industry and region during these tumultuous times - despite facing the same challenges and uncertainty like so many other businesses.

I would like to acknowledge the support of my fellow Board Directors over the past 12 months - Lauren Brisbane, Ann Ross, Sean McGowen, Jacqui Price, Paul Fisher, Craig Agnew and Kylie Watson, whose time, insights and expertise are invaluable to the evolution and ongoing success of FAN.

I would also like to thank our members, sponsors and partners for their continued engagement and enthusiasm for growing our food and agribusiness ecosystem, and demonstrating how together, we are stronger.

Finally, thanks to FAN's dynamic and committed team and General Manager, Emma Greenhatch, for her leadership, passion and vision.



Andrew Eves-Brown
Chair & Co-Founder



Reports

General Manager's Report

As the 2019-20 financial year drew to a close, my overwhelming feeling was one of gratitude. Despite the severe and far-reaching impacts of the COVID-19 pandemic, as at 30 June 2020 all our members were continuing to trade.

We saw FAN members move very quickly from shock to survival/transformation. This demonstrates resilience. This is what FAN has been fostering over the past five years and why clusters are such powerful business models. The connections and relationships established have created an ecosystem where our members share, co-create solutions and empower each other. From helping each other to access new market channels, to finding jobs for those who had lost them, these stories gave us all hope.

Thanks to government stimulus and the Cluster Programme funding from Food Innovation Australia Ltd (FIAL), FAN was able to retain all its team members and continue to support and deliver services to our +300 members. The increase in retained earnings due to JobKeeper and the Cashflow Boost, have created a much needed buffer for FAN to evolve its business model and develop new offerings for members.

I would like to thank and acknowledge the enormous efforts of the FAN team - Sam, Nicole, Rebecca and Adele. The reason FAN was able to transition so quickly at the onset of the pandemic and focus on our members' needs, is due to all the hard work the team has put into building our foundations and truly understanding our why.

Together with our partners, FAN launched a number of new member initiatives in 2019-20, including an Export Programme; a grant service; an innovative membership platform - FAN Connect;

the SPRUNGG program; and the inaugural AgVention event. We also commenced an Ecological Evaluation project, and are exploring the opportunity for a SMART Food Manufacturing Hub in the region.

FAN does not exist without its members, and I thank each and every one of you for engaging in and contributing to our community. To our sponsors and partners, the resources you bring enable us to deliver opportunities for our members and we are very grateful for your support.

To FAN's Board, thank you for your contribution to our organisation and for supporting the FAN team as we navigated our way through a year of extraordinary change and complexity.



Emma Greenhatch
General Manager



ITEM 1.3 - AGREEMENT - FOOD AND AGRIBUSINESS NETWORK (Cont.)

About FAN

The Food and Agribusiness Network (FAN) is a not-for-profit industry led cluster that fosters a dynamic and supportive ecosystem for its members and facilitates growth opportunities for the Greater Sunshine Coast region's food and agribusiness industry.

Officially launched in December 2015, FAN was founded by local industry leaders to provide businesses across the food and agribusiness value chain the opportunity to 'connect, collaborate and grow'.

Membership of FAN has grown to over 300 members in just five years – leading to strong partnerships with all levels of government and other key stakeholders. By adopting an industry-led approach, FAN empowers members to share their knowledge, experience and resources; communicate challenges and opportunities; and actively contribute to creating innovative solutions. The team also advocates for and raises the profile of its members across the region and beyond.

The cluster's culture of collaboration is underpinned by a high degree of trust, leading to members feeling less isolated and knowing who to turn to during times of need. This, in turn, leads to a strong 'give back' ethos and a dynamic and engaged membership who have the opportunity to directly contribute to the success of the region.

Purpose

To connect and grow the region's food and agribusinesses by creating a culture of collaboration, accelerating innovation and promoting trade locally and globally.

Vision

To be Australia's leading food and agribusiness network and to actively contribute to doubling the regions industry value by 2030.

Values

- | Collaboration
- | Sharing
- | Leadership
- | Integrity

Strategic Objectives:

Membership

To have a compelling value proposition that ensures a well-represented member network that connects the value chain from production to consumption.

Knowledge Sharing

To be the conduit for communication, collaboration and cooperation, promoting knowledge acquisition and sharing amongst FAN members and the broader industry.

Advocacy

To be recognized as the representative voice for the region, successfully advocating for the development of the food and agribusiness sector.

Organisational Model

To achieve sustainable funding and governance models to ensure the ongoing viability of the organisation, aligning industry, research and government.

Regional Awareness

To put the region on the map as a destination for high quality, innovative and sustainable products, processes and practices in the food and agribusiness sector.

Region

The Greater Sunshine Coast's food and agribusiness industry has a growing reputation for producing high quality products, with both small and large businesses expanding their footprint in local, national and international markets.

Artisan producers are pushing the boundaries, developing innovative products for niche markets, while the region's larger businesses are aligning to global consumer trends and making their foray into export. The industry is diverse, with strong capability in dairy, seafood and horticulture. The number of businesses in the health and wellness and plant-based categories is rapidly expanding, and a plethora of coffee roasters, microbreweries and

distilleries makes for a strong beverage offering.

The region is also blessed with an abundance of growers who produce high-quality, fresh produce in a clean environment, with many implementing regenerative and sustainable farming practices.

A growing food tourism market presents opportunities for diversification, through farm gate sales and food and drink tours with a focus on farm to plate experiences.

The local industry benefits from supportive local governments; a connected and collaborative business community; excellent market access; and a population that has a strong ethos of supporting local.

Quick Facts

300

members

900+

event attendance

8000

followers across
FAN's comms
channels

79

members
participated in
FAN programs

19

FAN members
finalists in
Sunshine Coast
Business Awards

\$300k

in grants
awarded to FAN
members

Organisational Structure

Board

FAN is governed by a board whose role is to represent industry members and to ensure that all operations are in adherence to both the Corporations Act (2001) and the FAN Constitution. The board is also responsible for determining FAN's strategic direction and providing general oversight of FAN's operations. This includes the establishment of policies and procedures, financial management practices and ensuring that FAN remains solvent.

Seven volunteer directors make up the FAN Board. Four of these are Elected Directors and three are Appointed Directors, as detailed in the FAN Constitution. Elected for a two-year term at the Annual General Meeting, an Elected Director must be a FAN Industry

Member, whose role it is to represent the industry as a whole. Appointed Directors also serve a two-year term and are 'appointed' by the Elected Directors following each AGM. These directors generally bring specific skills to ensure that governance and oversight duties can be appropriately carried out by the FAN Board. All Directors may re-nominate at the end of their term.

FAN's Directors generously give their time and expertise to ensure FAN is able to provide consistently high levels of service and opportunities for its members.



Andrew Eves-Brown
Chair



Ann Ross
Secretary



Jacqui Price
Director



Craig Agnew
Director



Sean McGowan
Director



Lauren Brisbane
Director



Paul Fisher
Director

Organisational Structure

Team

The FAN Board delegates responsibility for implementing approved strategies and the daily management of FAN to General Manager, Emma Greenhatch, and a highly experienced team. The FAN team

are responsible for all aspects of FAN's operations, as well as reporting to the board.



Emma Greenhatch
General Manager



Sam McKerrow
Business Manager



Nicole McNaughton
Marketing & Events
Manager



Adele Laughton
National Relationship
Manager



Rebecca Gillingham
Administration & Digital
Coordinator

Advisory Panels

While the FAN team continued to undertake broad engagement with members throughout the year, no formal Advisory Panels were convened. In previous years, these groups have played a role informing FAN's activities and strategic direction. This did not occur in 2019-20 due to FAN commencing a review of its current strategic direction and business model, which will be finalised in 2020-21. The role of these panels will be considered as part of this and in consultation with FAN members.

FAN Ambassadors

Up until March 2020, when COVID disrupted business as usual, FAN Ambassadors Martin Duncan and Petra Hughes were involved in a range of FAN events, including AgVenture. Martin was also active throughout the COVID-19 pandemic, featuring FAN members on social media and lifting spirits. FAN is grateful for Martin and Petra's support of FAN, its members and the local industry.



Activities & Performance

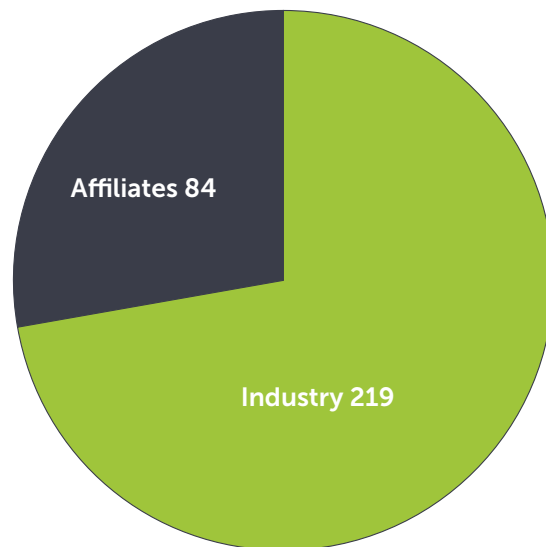
Membership

Over the past 12 months, FAN's membership has increased from 280 to 303 as at 30 June 2020. This represents an increase of 8% for the year, compared to 34% for the previous 12 months. In the last quarter, COVID certainly had an impact on both renewals and new memberships. In previous years, FAN events such as Meet the Makers, have been key in attracting new members. Not being able to hold physical events since March 2020, has impacted FAN's ability to further grow its membership.

It is important to continue to look for ways to grow FAN's membership base across the value chain, as this further increases the benefits to industry members and creates new opportunities for collaboration and innovation. The benefits of a wider network was especially evident during the COVID crisis. The FAN team connected members in creative ways that enabled them to address challenges and find new ways of doing business, as well as build resilience for future disruptions.

The breadth of the network also enhances FAN's reach and influence. This is demonstrated by the continued requests for FAN to provide strategic input on government and other industry group strategies and initiatives and provide insights into the region's industry.

An important initiative for FAN moving forward is to enhance its member engagement processes. Through improved member engagement, FAN seeks to gain a deeper understanding of member needs to inform and shape FAN's future activities and initiatives.



Total Membership 303



Activities & Performance

Programs and Services

In 2019-20, FAN has delivered a range of programs and services for members, with the aim of building member capability and providing opportunities for members to connect, collaborate and grow.

The programs have been made possible with the support of key partners and sponsors. In particular, FAN would like to acknowledge Food Innovation Australia Ltd (FIAL), Sunshine Coast Council, Trade and Investment Queensland and RDA Sunshine Coast for the partnership opportunities that have benefited FAN Members and contributed to FAN Growth.

National Program

The National Program is delivered by FAN with the purpose of offering members access to a shared sales and business development resource. This provides businesses the opportunity to unlock new local and national markets and build distribution capabilities. The program partially funded by FIAL commenced in November 2018. As at 30 June 2020, 17 businesses had participated in the program.

Export Program

Delivered in partnership with Export Connect, FAN's Export Program has been purposefully designed to provide opportunities for members to build their export capabilities for minimum investment through a series of different offerings. Three companies participated in a pilot program in late 2019, and in June 2020 FAN launched an integrated program that offers both an introduction to export as well as tailored advice. With the support of Trade and Investment Queensland, Sunshine Coast Council and RDA Sunshine Coast, FAN delivered its first fully subsidised masterclass to 29 participants in late June. The next phases of the program include one-on-one mentoring and a

virtual market visit program.

SPRUNGG Program

SPRUNGG is an online virtual accelerator program designed to help food and agribusiness companies implement radical change, better innovation and more sustainable business practices. The pilot program was delivered by Sustainable Innovation Co, with the first two of four modules delivered in the 2019-20 financial year. Ten companies participated in the pilot program.

Grant Writing Service

FAN has partnered with Successful Grants to deliver a grant writing service for its members. Through this service members have access to up-to-date information on the latest grants available, as well as assistance with grant proposals and applications. In 2019-20, 23 members utilised this service, applying for 33 grants and securing \$300,000 in new funding.

FAN Connect

In April FAN launched its new B2B platform FAN Connect, powered by Bizitize. FAN Connect is an online hub designed to improve business outcomes by connecting members within FAN's own network, as well as providing broader opportunities as the platform continues to grow. In addition to enabling members to easily find each other, a collection of relevant resources and news stories are constantly being added. FAN Connect also doubles as FAN's member management system, and has significantly increased FAN's efficiency in this area. Over the coming year, FAN will be further increasing its digital capabilities and providing new offerings for members.



Activities & Performance

Marketing and Communications

In 2019-20, FAN's marketing and communications strategy focused on internal communication with FAN members and external promotion of members and the network.

Internal communication

FAN's internal communication channels continue to garner strong engagement through the placement of curated and more visual and dynamic content. Via FAN's channels, members are kept up-to-date with FAN events, programs and opportunities, as well as relevant industry news. Sharing and celebrating success is also a key focus of internal communication, as well as facilitating member engagement and connections.

Social media

The activation of @localfood platforms with the aim of promoting the #buylocal message has seen FAN's awareness grow with a wider base of consumers.

A concerted effort to raise FAN's profile and position as a leading food and agribusiness cluster through proactive social media engagement, has resulted in strong growth in followers and engagement across FAN's social channels, notably LinkedIn.

Media Relations

FAN is recognised as a strong voice across the region and is now actively approached for media comment, content and contacts. There is also a proactive relationship with local media, with newsworthy stories, facts and updates regularly pitched. This relationship with local media was strongly leveraged during the COVID period for the promotion of local members and the 'support local' message.

Events

During the first half of 2019-20, FAN successfully hosted 12 events, attracting 710 participants. The events included member catch-ups, information sessions and the inaugural AgVention event.

The highlight of the year was AgVention, which was held in October in Kandanga, located in the Gympie region. The event, billed as a 'field day like no other', showcased innovation in agriculture and attracted national and international exhibitors. The event was a fantastic example of a member-led initiative, with the concept and event curation developed in partnership with Tim and Amber Scott from Bos Rural. In total, 400 participants from across the region and beyond attended, including participants in the Mars Seeds of

Change Accelerator and a number of schools.

Following the implementation of COVID restrictions, FAN had to cancel all planned events. In particular, the highly successful Meet the Makers, for which significant planning had already been undertaken. Despite the disruption, overnight FAN pivoted to delivering online events. Between March and June, the team delivered 20 online sessions with 200+ participants and a further 1,000 views. The focus of these sessions was providing relevant and timely information, along with the opportunity for members to stay connected.

Awards

The 2019 Sunshine Coast Business Awards was a highlight for both FAN and many of its members. Congratulations to the nineteen FAN members nominated across ten categories, and in particular the six

award-winning members. For the second year running, FAN won the Social Enterprise Award and was delighted to accept this on behalf of its members and supporters.



Activities & Performance

Grants and Funding

FAN received \$300,000 from Food Innovation Australia Limited (FIAL) in the 2019-20 financial year. In June 2018, FAN was awarded a grant of up to \$900,000 over a three year period to support the delivery of a range of new programs and initiatives to assist members and develop a framework to ensure the future sustainability of the organisation. FAN is one of only four food clusters nationally to receive this funding.

The funding of \$300,000 per annum is provided on the basis that FAN contributes equivalent industry funds in what is referred to as a 'matched funding' agreement. To-date, FAN has been successful in matching this funding and therefore maximising the benefits that such a grant offers FAN and the region. A key benefit of the grant is that it enables FAN to explore opportunities through a number of pilot programs and services, which can be offered at a subsidised rate to FAN's members.

FAN would like to acknowledge the opportunity that the FIAL funding has provided to FAN. FIAL has also provided other opportunities including inviting FAN's General Manager to travel to Europe in October 2019 for the TCI Network's global cluster conference, and to participate in the KPMG Traction Program with other national food and agribusiness leaders.

In the 2019-20 financial year, FIAL's funding has contributed to:

- | Enabling FAN to support members through the COVID pandemic
- | Subsidising the National Program
- | Delivering the inaugural AgVention event
- | Increasing member engagement
- | Developing and implementing FAN's B2B platform, FAN Connect
- | Shifting to delivering online information sessions and webinars on a range of capacity building topics
- | Engaging a grant service to support members to access grants and develop grant writing skills

FAN would also like to thank Sunshine Coast Council for providing FAN with \$7,500 under the Community Partnership Grants program.

COVID Response

As the COVID crisis unfolded, FAN was on the front line with its members, providing support wherever it was needed. This included:

- | **Sharing information:** regular updates to members, consolidating the latest information available to save time
- | **Making connections:** helping members to find new market channels; connecting people to jobs
- | **Sharing knowledge:** hosting 20 online sessions on a range of topics relevant to the industry (1,000+ views)
- | **Capability building:** continuing to support members through FAN's programs and services
- | **Advocacy:** representing members at consultations with government and key stakeholders to provide insights and highlight where support was needed
- | **Profiling and promoting members:** facilitating 16 local news stories featuring members; launched two consumer campaigns - @localfood and Front Line - to support local food businesses
- | **Supporting wellbeing:** directly connecting with members; promoting wellbeing programs and initiatives.

The benefits of the cluster model both during and beyond times of crisis have been clearly evident throughout the pandemic, with FAN members leveraging their connections and trusted relationships to find solutions.

"Thank you for being a pillar of strength during this time. The webinar was FANtastic, amazing how the best collabs come out when mud hits the fan."

Becky, Big Heart Bamboo

"Hi Emma and team. A short note to say I think you guys are pretty amazing. I've been a member of many industry organisations over the years and hands down you are the best. Keep up the good work in these challenging times - it makes a difference to all."

Craig, Coastline Produce

2019-20 Sponsors & Partners

Partners and Sponsors

FAN's partners and sponsors are integral to both delivering opportunities for members and also to the organisation's sustainability. In the 2019-20 financial year, FAN received a total of \$87,000 in sponsorship from 28 sponsors, comprising \$76,000 in cash and \$11,000 in contra contributions.

FAN welcomes sponsorship from both industry and stakeholders, and for sponsorships over \$5,000, bespoke agreements are created that deliver benefit to the sponsor and FAN's industry members. FAN also plays a leadership role in bringing together key stakeholders to develop programs and initiatives that benefit FAN members and the local industry. A key example of this is the Export

Program, which aims to grow the region's exports through capability building and connecting businesses to international buyers. This program is being supported by Trade and Investment Queensland, Sunshine Coast Council and RDA Sunshine Coast.

FAN welcomed the following new Sponsors and Partners in 2019-20:

- | RDA Moreton Bay
- | Moreton Bay Region Industry and Tourism (MBRIT)
- | Planet Ark Power



Financial Report

Financial Statement

The FAN Financial Report reflects the highs and lows of the 2019-2020 financial year. Revenue from income streams was on track prior to the COVID pandemic, however by mid-March almost all were impacted. In particular, the cancellation of the Meet the Makers event significantly reduced revenue and sponsorship in the final quarter. By early April, there was immediate concern on the pandemic's impact on the organisation's ability to operate. The FAN management team, together with the Board, discussed what measures were needed to ensure that FAN could maintain operations and continue to support members.

The announcement of the federal government's stimulus package, together with confirmation of the ongoing support from Food Innovation Australia Ltd, enabled FAN to maintain existing resourcing levels and focus on supporting members and delivering services in such an uncertain time. In total, FAN received \$57,819 in JobKeeper and Cashflow Boost payments for the financial year, and further payments will be received for the first quarter of the 2020-21 financial year. This has significantly improved FAN's overall financial position, and the increase in equity has created a much needed buffer for FAN to evolve its business model and develop new offerings for members.

The largest operational expense continues to be employment costs, reflective of FAN's role as a service-based organisation. Total employment costs (TEC), including subcontractors, increased from \$325,223 in 2018-19 to \$392,228 in 2019-20, an increase of 21%. Other overheads remained stable and relatively low. This is in part due to the generous support of the Big Pineapple and the Ginger Factory, who provided FAN with free office space.

FAN's total profit of \$56,618 for the 2019-20 financial year, means that FAN is well positioned to adapt and grow in the new business environment brought about by the COVID-19 pandemic. In addition, creating an efficient business model and improving financial sustainability remains a key focus of the current strategic planning process, as FAN strives to create further services and other opportunities for members.

FAN remains solvent at 30 June 2020, with \$134,245 in cash bank balances and total equity increasing from \$61,205 to \$117,823 over the period, an increase of 93%. There has been no material post financial year-end transactions that have impacted solvency at the date of this annual report.

Profit & Loss Summary	FY 2019	FY 2020
Revenue	690,269	592,586
Other Income (Government COVID Stimulus)	-	57,819
Overheads	(681,587)	(593,787)
Surplus before income tax expense	8,681	56,618
Income tax expense	-	-
Surplus for the year	<u>8,681</u>	<u>56,618</u>
Balance Sheet Summary	FY 2019	FY 2020
Assets		
Current Assets		
Cash and cash equivalents	25,671	134,245
Trade and other receivables	<u>131,077</u>	<u>99,731</u>
Total Current Assets	<u>156,748</u>	<u>233,976</u>
Non-Current Assets		
Fixed Assets	<u>17,292</u>	<u>14,033</u>
Total Non-Current Assets	<u>17,292</u>	<u>14,033</u>
Total Assets	<u>174,040</u>	<u>248,009</u>
Liabilities		
Current Liabilities		
Trade and other payables	26,408	33,705
Revenue received in advance	75,750	85,000
Provision for Annual Leave	<u>10,677</u>	<u>11,481</u>
Total Current Liabilities	<u>112,835</u>	<u>130,186</u>
Total Liabilities	<u>112,835</u>	<u>130,186</u>
Net Assets	<u>61,205</u>	<u>117,823</u>
Equity		
Current Year Earnings	<u>8,681</u>	<u>56,618</u>
Retained surplus	<u>52,524</u>	<u>61,205</u>
Total Equity	<u>61,205</u>	<u>117,823</u>

ITEM 1.3 - AGREEMENT - FOOD AND AGRIBUSINESS NETWORK (Cont.)



Food &
Agribusiness
Network

Sunshine Coast
Noosa
Gympie
Moreton Bay

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