

ANNUAL REPORT 2016/2017





CONTENTS

IMAGE OF RECYCLED RUBBER- POLYOLEFIN PLASTIC COMPOSITE,
DEVELOPED BY POLYMERIC POWDERS RESEARCH, SUPPORTED
THROUGH THE TYRE STEWARDSHIP RESEARCH FUND.

FRONT COVER IMAGE: SPORTING FIELD INCORPORATING THE USE
OF AUSTRALIAN RECYCLED RUBBER GRANULES, PROVIDING A
STABLE, SHOCK ABSORBING LAYER TO THE FIELD.



2	Chairman's Report	13	Industry and Public Education Campaign
3	Key Highlights	14	Media Coverage
4	Chief Executive Officer's Report	15	Members and Accredited Brands
5	Priorities Overall and Next 12 Months	17	Financial Report
6	Accreditation and Compliance Status	42	Key Performance Indicators
7	Reporting Status	48	FAQs About The Scheme
8	Market Development	50	FAQs About Accreditation
12	Events and Conferences	52	Can Old Tyres Be Recycled?

CHAIRMAN'S REPORT



As the Independent Chair of Tyre Stewardship Australia (TSA), I am delighted to present the Annual Report for 2016/17.

Tyre Stewardship Australia, has made significant strides in meeting its obligations and core objectives during the last financial year.

Our vision and purpose remains steadfast; finding sustainable solutions for the management and re-use of 'End of Life Tyres'. With this vision, firmly at the forefront of our plans, the Board and Management of Tyre Stewardship Australia have completed several significant steps towards achieving our long-term goals.

In the last 12 months, the Board and Management of Tyre Stewardship Australia have surpassed several key milestones. Firstly, the organisation has completed a new Strategic Plan that aims to guide and align our organisation in the targeting of specific goals and by setting key performance indicators.

We have appointed our new CEO, Dale Gilson, who now has the task of leading TSA through this new strategic plan and of delivering the outcomes demanded by that plan. Dale comes from an automotive background and I am sure he will serve the organisation well.

As Chairman, a constant focus for me is for ongoing improvement in our governance. We continue to improve our sub-committee and policy structure, ensure we manage conflicts of interest, maintain healthy and robust debate at the board table and ensuring a culture that adds value to our whole organisation.

During the last 12 months, we have seen the departure from the TSA Board of Steve Brown from Continental Tyres. I would like to thank Steve for his commitment and the valuable insights he provided to the board during his term as a Director. I would like to welcome Independent Director Melissa Holzberger. Melissa is a lawyer with extensive director experience and her work with the board around policy, compliance and strategy has been excellent. I look forward to many years of contribution from Melissa to TSA. I would also like to welcome Lawrie De La Rue to the TSA Board. Lawrie comes to the board with significant experience in the industry, more recently though from the Motor Traders Association of Australia (MTAA), and I look forward to Lawrie's contribution.

The board continues to review its skill sets and composition and is currently in the process of recruiting a director with extensive experience in tyre recycling or the broader recycling industry. It is important for the board to maintain a balanced skill set to enable the best possible decision making.

In the next 12 months TSA is assessing an expansion to the terms of reference for the market development research fund. The objective being to broaden the avenues for funding and to introduce further support mechanisms that can bolster the market development aims of the program. The core objective is, always, to provide improved beneficial outcomes for end-of-life tyres by increasing the opportunities for use of tyre-derived products and by overcoming the barriers present to the procurement, by both public and private entities, of tyre-derived products.

As TSA enters another year of operation, I am confident that we are making progress in delivering on our vision and purpose, not only in addressing the challenge presented by the sustainable management of end-of-life tyres, but also in helping to develop locally based, value and job creation through uses for tyre-derived raw material.



David Spear, Chairman FAICD

KEY HIGHLIGHTS



MARKET DEVELOPMENT

Significant progress has been made in addressing barriers to the greater use of tyre crumb in road construction. A jointly funded project with the Australian Roads Research Board and the Queensland Government tested the suitability and occupational safety of using a crumb rubber mix binder with positive initial results.

Such research along with a range of other roads industry engagements see TSA playing a major role in opening opportunities for greater specification of crumb rubber products in road building and maintenance. In addition VicRoads, after further studies, altered the specification of spray-seal used on the resealing of major roads to increase the mix of crumbed rubber from 5% to as high as 18%. The substantial potential volume use of crumbed rubber in road building applications offers a market for tyre-derived product that TSA will continue to invest in.

ACCREDITATION AND COMPLIANCE

A steady increase in tyre retailers accredited by TSA saw the total number of outlets grow to over 1,300. The result is that almost any consumer, in any part of Australia, can find a TSA accredited retailer within convenient reach.

A major focus for the year was the initiation of a comprehensive audit program. The objective of auditing all accredited collectors and recyclers was met and the program is well progressed in meeting the retail audit objective of 10% of all retailers audited annually. The robust processes developed around initial accreditation, ongoing reporting and site audits will continue to ensure the veracity of the Tyre Product Stewardship Scheme and gather valuable data on the management and fate of end-of-life tyres.



MARKETING AND COMMUNICATIONS

Increasing public awareness of the end-of-life tyre challenge and promoting the use of TSA accredited tyre suppliers were the twin objectives of the major marketing campaign undertaken over the 2016/17 year.

Full-page national newspaper advertisements were supported by a high profile outdoor campaign across state capitals, a dedicated Melbourne MaxiTram and a targeted digital native campaign. In addition specific messages were developed for key industry publications and TSA participated and presented at a range of industry and local government events and conferences.

The resulting increase in TSA website visitation saw a many-fold increase in searches for accredited tyre retailers, further adding value to tyre industry participation in the Tyre Product Stewardship Scheme.

MEETING OF ENVIRONMENT MINISTERS NATIONAL STRATEGY FOR MARKET DEVELOPMENT

A working group was formed as part of the Environment Ministers process which saw a comprehensive data study around used tyres and the associated market development opportunities.

The resulting report (National Market Development Strategy for Used Tyres 2017–2022), was funded by TSA and the state environment authorities of Queensland, New South Wales, Victoria and Western Australia. It quantifies the current size of the challenge, the future growth of the issue and identifies strategic pathways towards improving sustainable outcomes.

The report will now form the basis for a working group that will seek to address some of the barriers and act on the opportunities highlighted.



CHIEF EXECUTIVE OFFICER'S REPORT



The 2016/17 year has seen TSA mature as an association. In each of our core functions – accreditation, public education and market development – we have added capacity, increased our impact and engaged with a broader range of stakeholders.

Key to our progress has been the evolution of the Tyre Stewardship Australia strategic plan, a process that has focussed us on the actions required for delivery against our core objectives and the level of resources necessary to undertake those actions. Part of the strategic plan process was the undertaking of the Independent Assessment of the Tyre Product Stewardship Scheme, conducted by Marsden Jacob Associates. The resulting report and recommendations have provided, both the TSA Board and the Executive Team, with valuable guidance in evolving our activities and processes to address existing and emerging challenges moving forward in the new financial year.

The past year has seen the Executive Team grow to meet the increasing workload and the organisation move to a new home that provides the necessary space to operate including suitable meeting and conferencing facilities. I joined TSA, as the new CEO, in January of 2017 and, also in mid-2017, a Marketing and Communications Manager and a Finance and Administration Manager both joined the team. Together with the Market Development Manager and the Accreditation and Compliance Manager, TSA now has the professional capacity to undertake the many tasks and projects that will work towards meeting our objectives.

The strength of the program is founded on the involvement of all parts of the end-of-life tyre channel. None more so than the levy-paying members that ensure TSA and the research fund can remain operational. We therefore welcome Kumho Tyre Australia as a member to the Tyre Stewardship Scheme, growing not only the involvement of the chain but also increasing TSA's ability to generate outcomes for sustainable uses of waste tyres.

As you will see, elsewhere in this report, the progress against each of the three core functions is encouraging. Accredited tyre retailers now number more than 1,300 with a distribution across the nation, and across the major retail chains, that allows for almost any tyre purchaser in Australia to have easy access to a TSA accredited retailer. Added to that accreditation number has been further progress in accrediting end-of-life tyre collectors and recyclers plus new State, Territory and Local Government fleets.

Our public education campaign gained major additional weight, with a sizable traditional, outdoor and online media campaign resulting in significantly increased TSA web-site visitation. In market development, not only did we co-fund, or sole-fund, a range of exciting research projects but our Market Development Manager also undertook a Churchill Fellowship global study tour of world-leading tyre recycling and tyre-derived material using projects. The knowledge from that tour will prove invaluable as we intensify our efforts to support job-creating beneficial uses for end-of-life tyres.

As TSA enters its fourth year of operation the organisation is in good structural, financial and operational shape to expand on our success to date, address the inherent industry and public awareness challenges and to continue to engage with key stakeholders. Our principal goal remains that of turning a previously intransigent environmental issue into an opportunity for beneficial outcomes.

A handwritten signature in dark ink, appearing to read 'Dale Gilson', followed by a horizontal line.

Dale Gilson, Chief Executive Officer

PRIORITIES OVERALL AND NEXT 12 MONTHS



AUTHORISATION OF THE TYRE STEWARDSHIP SCHEME

TSA has begun the process of applying for the next ACCC Authorisation of the Tyre Product Stewardship Scheme, due April 2018, with updates to the Scheme guidelines to better reflect TSA's current strategic plan, future market development opportunities and industry expectations.

NATIONAL MARKET DEVELOPMENT STRATEGY FOR USED TYRES

TSA will be an active member of the working group tasked with implementing the National Market Development Strategy for Used Tyres, by assisting in the development of the formative action plan with the States and Territories. The cross jurisdictional working group will focus on opportunities to boost the uptake of tyre-derived products in road, rail and civil engineering applications.

PUBLIC AWARENESS CAMPAIGNS

TSA will continue to increase our public awareness campaigns, press media, billboards, social media and through relevant industry bodies, with a strong focus on promoting the outcomes of the Scheme.

INCREASED MARKET AND BUSINESS DEVELOPMENT

TSA will increase market development for end-of-life tyre-derived products through the evolution of the Tyre Stewardship Research Fund, and the diversification on how, and to what projects, the funds can be allocated. TSA will identify areas for business development through commercialising research initiatives.

BROADEN PARTICIPATION BASE

TSA will maximise participant involvement through broadening the participation base with a focus on vehicle importers, fleet management, government and industry organisations. This will bring together all aspects of the waste tyre supply chain enabling concentrated and cohesive conversations with all channel members and levels of government.

ACCREDITATION AND COMPLIANCE STATUS

One of the three core objectives of the ACCC approved, TSA implemented Tyre Product Stewardship Scheme is the establishment and administration of an Accreditation and Compliance Program that verifies sustainable end-of-life tyre (EOLT) management of TSA Participants.

Over the 2016/17 year TSA experienced increased participant accreditation in all categories. A significant focus during 2016/17 was on increasing both the monthly reporting by accredited participants and the auditing by TSA to ensure that participants are fully compliant with relevant Scheme requirements. Accreditation and Compliance audits ensure that end-of-life tyres are collected and processed through TSA accredited entities. All accredited entities must meet government regulations, work towards industry best practice and reduce risk to human health and the environment. During 2016/17 the TSA Audit Program was launched with the aim to verify the compliance of TSA accredited entities. The Audit Program is directed by the Accreditation & Compliance Manager with audits, at all levels, completed by third-party, independent environmental, health and safety auditors.



TYRE RETAILERS

By the end of the 2016/17 year the number of TSA accredited tyre retailers approached 1,300 with a nationwide coverage that ensures most consumers have a choice of TSA accredited tyre retailer. Most of the major tyre retail chains are represented within the accredited retailer ranks with some chains achieving close to 100% representation.

Relative to the volume of tyres sold through tyre retail outlets, TSA accredited retailers now represent more than 50% of Australian retail sales.

Ongoing additions to the TSA Accredited tyre retailer ranks are likely to be at a steady but slower rate. This is because many of the potential new recruits are independent retailers and mixed automotive repair and maintenance businesses, often in more regional and rural locations, and therefore harder to engage with.

As part of the compliance process, the annual target for retailer audits is approximately 10% of the total accredited retailers. As of 30 June 2017, 68 retailers had been audited with a remaining 52 to be completed in the first quarter of the 2017/18 year.

COLLECTORS AND RECYCLERS

The accreditation of EOLT collectors and recyclers is, necessarily, a comprehensive process. TSA undertakes individual site audits for each site of the applicant's facilities and requires detailed information on the management, treatment and final use of EOLTs.

Such a robust accreditation process ensures that the sustainable management of EOLTs promised to consumers by the Scheme is delivered and that all participants in the Scheme can have confidence in the best possible end-use outcomes being delivered.

The value of the Scheme is demonstrated by the fact that TSA accredited operators handle more than 70% of the available EOLTs managed in Australia. The value of TSA accreditation is also attested to by the general industry expectation that any legitimate operator in the collection and recycling space should be able to demonstrate TSA accreditation.

All TSA accredited recyclers and collectors are audited annually to ensure they are TSA compliant. As of 30 June 2017, 23 recycler and collector compliance audits had been completed.

FLEETS, LOCAL, STATE AND TERRITORY AUTHORITIES

Recruitment of fleets, particularly government fleets, as TSA accredited operators continues to be a key target. Local, state and federal fleets are significant generators of EOLTs and their public exposure also offers an additional means of communicating the TSA message to a wider audience.

In the 2016/17 year NT Fleet became the first state or territory-wide fleet to become accredited. Three additional regional/rural local government authorities also gained accreditation.

There has been an active program of engagement with local government authorities over the course of the year and, subject to the necessary processes of local government, TSA can expect further councils and shires to become participants of the Tyre Product Stewardship Scheme.

In the coming year the executive team will, as part of the work to add ever more value to accreditation, focus on engagement with high-value commercial fleets and local government recruitment.

REPORTING STATUS

Tyre Stewardship

Report Tyres Account Logout

WPT-BOOKING-DIRECTOR 000000000-0000

non-accredited collector
Collector 0000000000-0000
July 2017
due 3 days ago

Download Bulk Template

Current Data

You need to add and commit your data before the 15th of the month.

EPUs Units Totals

For each date entry, downloaded from the area below, click in fields, save as Text, Tab Separated, and drag-drop back on to this page.

Inputs

Number of tyres you acquired in July 2017. If you have not acquired a type of tyre, leave that column empty.

search...	Passenger Car	Light Truck and RV	Truck and Bus Small	Truck and Bus Large	Belted Tyres	Shred	Motorcycle	Solid
ABC TYREPOWER AND MECHANICAL <small>0000000000-0000</small>	0000	0000	1111	0000	000	000	000	000
ALSTONVILLE AUTOPORT <small>0000000000-0000</small>	00	00						
BALLINA SHIRE COUNCIL, TP <small>0000000000-0000</small>	12	0		1				
BEAUREPAIRES BALLINA <small>0000000000-0000</small>	01	00						
BEAUREPAIRES GRAFTON <small>0000000000-0000</small>	104	100		00				
BEAUREPAIRES LISMORE <small>0000000000-0000</small>	124	00		00				
BRIDGESTONE CASINO <small>0000000000-0000</small>	010	000		100				4
Bridgestone Kingsford <small>0000000000-0000</small>	000	000						

& Download

A central obligation placed upon TSA accredited entities is to undertake monthly reporting of the fate of end-of-life tyres. For retailers, that requires reporting on who collected their tyres and for collectors and recyclers it requires specific information on the final destination of such tyres.

Over the 18 months that the TSA online reporting platform has been in operation it has traced the flow of close to 10 million EOLTs. Encouragingly, over the course of the 2016/17 year the number of accredited retailers regularly reporting increased by 54% and there is an ongoing individual assistance program underway to help those still not reporting to become fully compliant with reporting requirements.

A major focus for the 2016/17 year has been to establish simple and robust reporting processes for the sometimes complex, and often-sizeable volume of information provided by collectors and recyclers.

TSA has worked with the accredited industry players to best facilitate such information transfer and best define end uses for EOLTs. The result is that the majority of collectors and recyclers currently accredited by TSA are providing regular information on the fate of tyres acquired. For 2016/17, 100% of recyclers reported their EOLTs outputs, enabling TSA to trace the destination of EOLTs in Australia by accredited recyclers.

Work continues on ensuring that such information is accurate, detailed and as timely as possible, thus providing greater industry transparency as to the sustainable management of EOLTs.

MARKET DEVELOPMENT

TSA market development activities continued to enhance and create markets for tyre-derived product in Australia throughout the 2016/17 financial year.

TSA's key investment mechanism to support the market is the Tyre Stewardship Research Fund (Fund). The benefits of the Fund continue to grow as more diverse projects are supported. The 2016/17 year saw \$540,000 worth of projects contracted with a further \$320,000 of projects approved bringing the total potential R&D investment in 2016/17 to \$860,000. Examples of some of the innovative projects TSA is supporting can be seen with the examples of Polymeric Powders and Chip-Tyre on page 9.

Additional to the expenditure associated with the Fund, TSA is playing an active role in delivering market outcomes for the Australian resource recovery industry by increasing demand for tyre-derived products in the roads sector. TSA has commenced with the Australian Asphalt & Pavement Association, the development of a training course for Road Engineers around the utilisation of crumb rubber binder in spray seal and asphalt applications. This initiative brings the financial commitment from TSA to the roads market to over half a million dollars in the 3 years it has been operational. This support has also seen the creation of the specification for Crumb Rubber Open Graded Asphalt in Queensland and realised an increase of rubber crumb in spray seal in that State.

Significant progress was also made in terms of creating a cohesive strategic framework for market development nationally. Of note is the endorsement of the 'National Market Development Strategy for Used Tyres' by the Environment Ministers of Victoria, New South Wales, Queensland and Western Australia. This important work provides the most comprehensive data set ever for waste tyres arising in Australia.

Additionally, it provides the data set and collaborative framework for the achievement of significant market development opportunities, by quantifying the potential for priority markets (such as road, rail, tyre-derived aggregates) to increase consumption of locally generated waste tyres. Of significance is the fact that a cross jurisdictional working group will be convened that will involve TSA and government authorities working together, to overcome the barriers to increased consumption to tyre-derived product, in a coordinated and proactive manner. The formation of this collaborative framework is a significant achievement and TSA looks forward to playing an active role in this important initiative over the years ahead.

As part of the collaborative market development framework, initiatives have begun to provide better information to government, investors and the community on the tyre pyrolysis industry. Co-funded by TSA, Sustainability Victoria and the Queensland Department of Environment & Heritage the work will undertake an independent analysis of thermal processing technology for end-of-life tyres with a particular focus on dedicated pyrolysis and gasification units.

TSA acknowledges that the development of markets for recovered materials can be a long and complex process. However, as the gains made in the last year demonstrate, TSA is delivering substantial benefit with the initiatives delivered to date. The TSA Market Development team look forward to building upon this strong foundation as the investments made deliver more benefit in the years ahead.





DEVELOPMENT OF BETTER MINE EXPLOSIVES

An innovative technology, developed by TSA accredited tyre recycler Chip-Tyre, uses end-of-life tyre-derived rubber crumb to create a more stable explosive compound with a more predictable velocity of detonation. The multitude of mining and construction applications could see the new technology also deliver considerable environmental benefits.

Assistance from the Tyre Stewardship Research Fund has helped Chip-Tyre to conduct large scale mining application field trials and to test mixing and supply systems that can allow for on-site production of the explosive compound, thus minimising cost and risk associated with logistics.

Together with BioAust Energy, Chip-Tyre developed an explosive that includes rubber crumb and that promises to be 20% more efficient than traditional Ammonium Nitrate/Fuel Oil mixtures. The new explosive compound also allows for use in a wider range of soil humidity and conditions. This feature alone provides significant benefit, given the wet conditions often prevalent in Queensland and the resulting work days lost.

Additional mine site environmental benefits include avoidance of the current 'brown plumes' of nitrogen oxides generated by traditional explosives.

The Queensland Department of Mines provided the initial testing approvals and will ultimately provide the regulatory approval for the operational use of the new compound.

The potential for the use of the new compound is very substantial. The Australian explosives market is worth an estimated \$2 Billion per year and the Queensland mining industry alone uses up to 43 million litres of diesel in current explosives mixes.



HIGH-TECH MANUFACTURING CREATING SUPERIOR QUALITY PIPES

Geelong based high-tech manufacturing companies, Polymeric Powders and Austeng, is using an Australian developed 'world's first' process to turn discarded tyres into a new composite material. Initially, the new material is being used in the manufacture of high quality commercial pipes.

The two companies, with the assistance of TSA, have been working on perfecting the manufacturing process that turns the rubber crumb composite into high quality pipes for a range of industrial uses.

The unique Polymeric Powders technology converts rubber crumb into an activated rubber powder that can be chemically bonded with polyolefin plastic. The process allows the recycled material to be used in a wide range of applications including in Industrial Tools and Components, Building and Construction, Mining, Oil and Gas, Irrigation and Sewerage, Automotive, Aerospace, and Flexible Electronics. The pipes produced have passed stringent standard performance tests marking the first-time plastic/rubber composite pipes using 50% modified tyre crumb have passed such tests.

This new composite material has very desirable properties, when compared to traditional plastics, including increased shock absorption (vibration damping), resistance to cracking, thermal insulation and acoustic insulation. Another positive is that the new material can be utilised in traditional moulding and extrusion processes, offering opportunities for its use in the global injection moulded plastics market that is expected to reach US\$252 billion in 2018.

In addition, the new composite material has been produced in a filament form for use in 3D printing, positioning it well in one of the fastest growing industrial manufacturing processes.

MARKET DEVELOPMENT PROJECTS

2015/2016	Project Description
Swinburne University & VicRoads	An applied research project undertaken with VicRoads and Sustainability Victoria to characterise and assess the engineering properties of tyre-derived aggregate as a supplementary material with recycled crushed concrete and crushed rock in pavement and roads subbase applications.
University of Wollongong & EcoFlex	This project examines the performance of a rubber- based energy absorbing layer (REAL) as a capping stratum (beneath the ballast) to minimise railway track degradation. This project assessed the utilisation of whole tyres with a sidewall cut off them and filled with aggregate as a means of absorbing vibration to enhance rail ballast performance and longevity.
University of NSW & Green Distillation Technologies	Developing Graphene Integrated Super-composite materials using end-of-life tyres. This project is looking at the utilisation of chemicals from the pyrolysis of tyres to create graphene composite materials for high value applications.
Australian Road Research Board (ARRB) Queensland, Transport and Main Roads Queensland, Department of Environment and Heritage Queensland	This project focused on the transfer of proven crumb rubber modified surfacing technologies to Queensland in order to optimise the use of recycled tyre rubber with an initial focus on increasing the use of spray seals in Queensland. It has also been an important project in monitoring emissions associated with the use of crumb rubber asphalt (CRA) – a key market barrier to the products greater utilisation in Australia. Finally, this project saw the creation of specifications for open graded asphalt in Queensland. The intent will now be to extend the use of this specification across Australia via AustRoads.
ARRB Victoria, VicRoads & Sustainability Victoria	This project focused on the development of an evidence based strategy to revise current VicRoads asphalt specifications to identify engineering and economically viable applications for CRA. Work to date has focused on crumb rubber in dense graded asphalt and the 'structural fatigue layer'. This work complements that which is being undertaken in Queensland.
University of Melbourne & PreFab Australia	This project looks at the use of tyres as a low-density aggregate in lightweight concrete sandwich panels for construction. Results to date are promising and further work is looking to see how crumb rubber can replace foam concrete (which can falter structurally) which will increase potential load bearing while still maintaining low weight and insulation properties required.
University of Melbourne & Merlin Site Services	Recycled tyres in permeable pavement: Investigate the suitability of using a 60% waste tyre mix in permeable pavement applications as a new storm-water management solution. This is an innovative application in the growing water sensitive urban design industry.

Chip Tyre, BioAust Energy, Sequence Blast & Drill	High speed polymer coating of rubber crumb fuelled explosives: This is an exciting project that looks at the development of a high-speed method for using rubber in on-site production of explosives at mines, quarries and construction projects. It is an innovative, world first application that has the potential to consume tyre-derived product in the tens of thousands of tonnes.
University Wollongong and the Rail Innovation Cooperative Research Centre	Performance of recycled rubber inclusions for improved stability of railway: Identify opportunities to use rubber mats manufactured using tyre rubber to improve rail ballast performance and replace more-costly, imported geo-synthetic materials.
<hr/>	
2016/2017	Project Description
Polymeric Powders & Austeng	Tyre crumb derived Polymeric Powder/Polyolefin composite material piping: This is another exciting project looking at the development and testing for a new injection moulded tyre rubber and plastics composite product. The project involves testing the new plastic/rubber composite material piping for oil & gas, irrigation and sewerage pipes. Further applications of the technology include 3D printing.
University of South Australia and the Australian Research Centre	To demonstrate that reinforced crumb rubber concrete is an economically viable and sustainable alternative to conventional reinforced concrete for residential structural engineering applications.
Monash University	Assessment of liquid fuel, chemicals and porous material production from end-of-life tyres. This project involves an independent assessment of the tyre pyrolysis method to measure process outputs in an empirical and unbiased manner. Such information is integral to the discussions around these technologies as the Australian market matures.
Flexiroc & Talwood Park Racing	The project will provide a new benchmark for an engineered free-draining racetrack for the thoroughbred racing industry in Australia using tyre-derived aggregate in the track sub base. The successful project will open up the market in Australia to a totally new technology with all the advantages of increased track utilisation in all weather conditions, improved ride for both horse and rider and reduced deaths and injuries.

EVENTS AND CONFERENCES

During the 2016/17 year TSA maintained a close engagement with both the waste industry and key industry sectors through attendance, presentation and participation in major industry events and conferences.



TSA was present at numerous industry events across the 2016/17 year including the Waste Management Association of Australia events in both WA and SA, the Municipal Association of Victoria conference in July 2016 and workshops with Local Governments and State based waste and environment industry bodies.

In September of 2016 TSA Market Development Manager, Liam O'Keefe delivered a keynote presentation to the Australian Waste and Recycling Expo. The presentation focussed on outlining the scale of the challenge of working towards sustainable outcomes for the over 50 Million EOLTs Australia generates each year. It also highlighted the work TSA is undertaking to assist research and development projects that can offer beneficial outcomes.

TSA also participated in the Waste 2017 conference, held annually at Coffs Harbour, which included a presentation from Liam O'Keefe regarding the Market Development TSA has underway including the collaborative research frameworks to open markets in several industrial sectors for recycled rubber products.

TSA Accreditation and Compliance Manager, Jade Barnaby presented at the inaugural Northern Territory Waste Management and Resource Recovery Conference in March 2017 and the 'No Time To Waste' NSW Rural & Regional Waste Management Conference in June 2017. At both events, the TSA message focused on building the awareness to the waste tyre issue, how the Scheme works and what impacts it is having on the industry.

For the second year in a row TSA had a major presence at the Australian Local Government Association's Annual General Assembly in Canberra. At the ALGA assembly TSA CEO, Dale Gilson, presented an update on TSA progress, R&D projects underway and opportunities for Local Government Authorities to become TSA accredited and help work towards more sustainable outcomes.

All of the conference and event engagements have helped to increase TSA's reach into target sectors and have resulted in either increased participation or greater industry understanding and support for the Tyre Product Stewardship Scheme.

INDUSTRY AND PUBLIC EDUCATION CAMPAIGN



Building on the initial public awareness generated in early 2016 with the launch of the 'This Is What 50 Million Tyres Look Like' campaign, the 2016/17 year saw a major increase in weight of both the campaign and the supporting traditional and online communications.

Based on focus group research covering a range of target audiences, the campaign was rolled-out to outdoor billboard and ambient (a Melbourne tram) executions, additional national and urban newspaper full-page colour insertions and a comprehensive digital campaign targeted at early-adopters and those likely to have elevated environmental interest.

TSA's public online presence was also modified to better capture the interest generated and to drive greater commitment by consumers to source their tyres only from TSA accredited suppliers.

The resulting lift in TSA website visitation was significant. Average site visitation grew from a pre-campaign average of 125 visits per day to a peak of over 1,100 visits per day during the campaign. Over 80% of that traffic was directed to new consumer landing pages that provided clear examples of innovative and beneficial use of end-of-life tyre-derived material and highlighted the role consumers can play by supporting TSA accredited operators.

In addition to the public education campaign TSA continued to place tactical advertisements and news stories with target industry publications in both traditional and online formats.

The ongoing public and industry education campaign will continue to carefully target key audiences and seek to match awareness-raising with information on possible solutions and to promote a clear call-to-action for consumers and industry alike.

MEDIA COVERAGE

Over the course of the year TSA issued a range of media information covering the progress of the organisation and, more specifically, market development actions.

In addition, TSA provided commentary on industry issues that came to public prominence, such as incidents at non-TSA accredited tyre stockpiles and actions by state authorities to address legacy EOLT issues.

The media environment in Victoria was especially sensitised to waste storage and processing challenges by a significant fire event at a (non-tyre) waste recycling centre on Melbourne's northern fringes.

TSA will continue to inform industry and the broader public of the organisation's major milestones and to offer comment on matters relevant to addressing the broader challenges presented by legacy stockpiles and rogue operators within the industry.



MEMBERS AND ACCREDITED BRANDS

MEMBERS/IMPORTERS



MEMBERS OTHER



RETAILERS



BRANDS



This page is intentionally left blank

FINANCIAL REPORT

CONTENTS

- 18** Director's Report
- 23** Auditors Independence Declaration
- 24** Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2017
- 25** Statement of Financial Position as at 30 June 2017
- 26** Statement of Changes in Equity for the Year Ended 30 June 2017
- 27** Statement of Cash Flows for the Year Ended 30 June 2017
- 28** Notes for the Financial Statements for the Year Ended 30 June 2017
- 38** Director's Declaration
- 39** Auditor's Report

DIRECTOR'S REPORT

The directors present their report on the company for the financial year ended 30 June 2017.

INFORMATION ON DIRECTORS

The names of each person who has been a director during the year and to the date of this report are:

David Spear – appointed 11 August 2016
Justin Siebert
Peter Kreitals
Steve Brown – resigned 28 October 2016
Alan Sutton
Steve Clifford
Andrew Moffatt
David Wilson
Melissa Holzberger – appointed 11 August 2016
Lawrie de La Rue – appointed 26 August 2016

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

OPERATING RESULTS

The surplus of the company after providing for income tax amounted to \$937,115.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state-of-affairs of the Company during the year.

PRINCIPAL ACTIVITIES

The principal activities of the company during the financial year was the management of the voluntary Tyre Product Stewardship Scheme as per ACCC approval dated 11 April 2013.

The operation of the Scheme involves:

- (i) Contributing to research and development of solutions for end of life tyres including developing new markets for tyre derived products;
- (ii) Accreditation and audit of participants in the scheme;
- (iii) Communicating and educating on the subject of end of life tyres.

EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

SHORT-TERM AND LONG-TERM OBJECTIVES

The company's short and long-term objectives are detailed in Tyre Stewardship Australia Ltd 2016/17 Annual Report.

ENVIRONMENTAL ISSUES

The company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

STRATEGIES

To achieve its stated objectives, the company has adopted the strategies which are outlined in Tyre Stewardship Australia Ltd 2016/17 Annual Report.

KEY PERFORMANCE MEASURES

The company measures its own performance through measures that are described in Tyre Stewardship Australia Ltd 2016/17 Annual Report.

INFORMATION ON DIRECTORS

David Spear – Independent Chairman

David Spear is an experienced Company Director and Governance Consultant. He is currently a Director of VUCA Pty Ltd, Independent Chairman SMSF Remuneration and Nominations Committee, Non-Executive Director of Gelganyum Ltd and Non-Executive Director of Kilkayi Ltd, Non-Executive Director of GRSA, member of Unity Housing Governance Committee, Independent Chairman Basketball Adelaide and Chairman of the Free Throw Foundation. He spent 8 years as SA/NT State Director of the Australian Institute of Company Directors, learning and developing his unique skills to assist Boards and Company's in Corporate Governance and Board Performance Evaluation. David has over 25 years' experience in commercial business management, and brings tremendous expertise in corporate governance, ethics, strategy and decision making. In November 2013, David attended the Harvard Business School, in Boston Massachusetts, where he studied Board Governance. David is a Fellow of the Australian Institute of Company Directors, a Fellow of the Australian Institute of Management and an Alumni member of Harvard Business School.

Justin Siebert – Director

Justin has been with Michelin for fourteen years and has been based both in Australia and overseas. He is currently Business Controller for Asia Pacific for the Earthmover product line, along with responsibility for Public Affairs for Oceania. Justin was previously Chief Financial Officer for Michelin's Oceania entities for over six years. Prior to joining Michelin Justin worked in a number of different companies and industries, in both Finance and General Management roles. Justin has a Bachelor of Business from QUT and MBA(Exec) from AGSM. He is a Fellow CPA and Graduate member of AICD.

Peter Kreitals – Director

Peter was the inaugural Executive Director of the Australian Tyre Recyclers Association, from 2003 until December 2013. During this time, he was instrumental in helping with the development of the Tyre Product Stewardship Scheme that is now in place, always focussed on ensuring that it is credible, transparent and reflects the best interests of all key stakeholders without unduly favouring any one single interest. Peter has an extensive history in developing and implementing highly strategic industry programs in his 35+ years' career, initially with the Federal Government and over the last 25 years with a vast variety of industry sectors. In addition, he has a proven expertise in helping a diverse range of small to medium sized businesses implementing strategic new growth strategies and has been responsible for initiating and facilitating a series of collaborative research projects between key supply chain partners and relevant research organisations. Peter has a Bachelor of Economics from the ANU and in addition to being a Director with Tyre Stewardship Australia, he is also a member of various other Boards and Committees including with the Australian Textiles Technologies and Innovation Centre, the Furniture Cabinets Joinery Alliance, and RMIT University's School of Fashion & Textiles Industry Advisory Group.

David Wilson – Director

David was appointed Chief Executive Officer of Tyrepower in 2010. After graduating with a Science degree in Applied Mathematics from Monash University, David has worked in many roles in retail over the last thirty years in Australia and New Zealand. He has held senior roles in supermarkets, general merchandise, cosmetics and more recently the tyre industry. David is also a director of a lean manufacturing business supplying parts to leading OEM's.

Steve Brown – Director, resigned 28 October 2016

Steve Brown has been in the Oil, Gas & Automotive industries for over twenty years across Europe and Australia and during that period has been involved in many projects and initiatives directly relating to environmental responsibility and sustainability. For the past eight years, including during his term on the TSA Board, Steve was the Managing Director of Continental Tyres of Australia, a subsidiary of Continental AG the world's 4th largest tyre manufacturer. His qualifications include a BSc in Physics and an MBA gained at Cass Business School, London.

Alan Sutton – Director

Alan is a graduate of the Plastics and Rubber institute (UK) and is currently the Customer Engineering Manager for Goodyear Dunlop Tyres Australia (GDTA) a position he has held for almost 18 years. Alan is responsible for field engineering, product performance and government compliance across all tyre categories except Earthmover and Aviation. As well as being a director of Tyre Stewardship Australia, he is the GDTA representative on the Australian Tyre Industry Council (ATIC) and the Australian trucking associations ATA ITC. Alan has worked in the tyre industry for over 40 years, previously working for Pirelli (UK), General Tyre (Zambia) and Bridgestone (South Australia). He joined Goodyear in 1988 as an automotive engineer and has worked in a variety of tyre engineering roles in his time with the company and has been a regular visitor to the technical centres in Luxembourg, Akron and Hanau.

Steve Clifford – Director

Steve worked for Yokohama Tyre Australia for 20 years, and as General Manager for the last 15 years. Now retired Steve continues to represent Yokohama as their nominee on the TSA Board. Past responsibility within Yokohama included the implementation and maintenance of the company's governance and compliance across many aspects of the business. While wholesale sales were the focus his role also included retail tyre store development. Steve has been involved at all levels within the tyre Industry and he has held many positions during his 44 years in the industry. He has also held past Board positions at the Sydney Heritage Fleet and Sydney Maritime Museum, both Not for Profit organisations. Steve holds a Graduate Diploma in Management (Commerce) from the University of Wollongong.

Andrew Moffatt – Director

Andrew is Managing Director of Bridgestone Australia and New Zealand. Andrew was appointed Managing Director in January 2013, the first non-Japanese head of Bridgestone's Australian & NZ operations. He is committed to Bridgestone's global Corporate Social Responsibility objectives, which include environmental best practice, safety of operations, and giving back to society through support of the Leukaemia Foundation in Australia and New Zealand. In his 24 years with Bridgestone, Andrew has helped oversee expansion of Bridgestone's business, the introduction of more female-friendly stores, with a focus on environmental best practice, and continued growth of the Bandag truck tyre retreading system. Andrew has a Bachelor of Economics and is a Chartered Accountant and Fellow of the Governance Institute of Australia.

Melissa Holzberger – Director

Melissa is an experienced independent company director and commercial lawyer. Principal of Sloan Holzberger Lawyers, Melissa has extensive experience in advising multinational and Australian corporations on all legal, commercial and strategic aspects of projects and business operations. In addition, she regularly advises on corporate governance, risk management and compliance. Melissa currently holds a position on the Federal Government's Australian Radiation Protection and Nuclear Safety Agency's Advisory Council.

In 2006 Melissa was awarded the Telstra SA Young Business Woman of the Year. She holds a Master of Laws in Resources Law (Distinction) as a Chevening scholar from the Centre for Energy, Petroleum and Mineral Law and Policy, University of Dundee in Scotland; a Diploma in International Nuclear Law (Hons) as an OECD Nuclear Energy Agency scholar from the University of Montpellier in France; and a Bachelor of Laws and Bachelor of Arts from the University of Adelaide. Melissa is a graduate and a member of the Australian Institute of Company Directors; and a Fellow of the Governance Institute of Australia.

Lawrie De La Rue – Director

Lawrie De La Rue commenced his career in the tyre industry in 1965 with an independent family business in Richmond. Lawrie established his own family business in 1975 and began to build a reputation for providing the highest quality service in the industry, with many customers still dealing with Lawrie 50 years on. Lawrie remains actively involved in tyre retailing and spent many years on the VTDA committee, including several years as Vice President. In addition to wealth of his retail experience, Lawrie has a long history in tyre distribution. He began importing Hankook tyres in 1980 and became the sole distributor for Victoria/Tasmania for over 15 years. Lawrie pioneered the marketing of the Hankook brand and became one of the most successful independent Hankook distributors globally. One of Lawrie's great passions is knowledge, and he was one of a select few distributors invited to study tyre chemistry and physics annually at Hankook's main R&D facility in South Korea. Lawrie then established the Topro Training Centre where he trained tyre dealers on ever-evolving tyre technology and tyre performance characteristics. He also spent much of his time in the field assisting dealers and consumers in gaining the best performance from their tyres and extending the tyre life, particularly in commercial tyres. Lawrie was a foundation member of the Australian Tyre Importers Group which later became the Australian Tyre Industry Council, and he contributed both personally and financially in the research and development of tyre stewardship in Australia. He remains very passionate about his industry and thrives on improving his knowledge and sharing that knowledge with his peers. His dedication and commitment to the tyre industry is acknowledged and recognized throughout the retail sector. He is currently involved in establishing "TYRESMART" which is a retail tyre store focusing on precision tyre care.

MEETINGS OF DIRECTORS

During the financial year, 9 meetings of directors were held. Attendances by each director during the year were as follows:

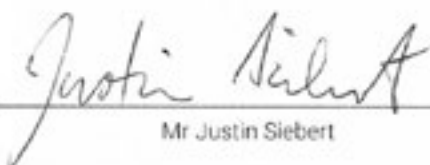
	Directors' Meetings	
	Number eligible to attend	Number attended
David Spear	8	8
Justin Siebert	9	8
Peter Kreitals	9	9
Steve Brown	4	4
Alan Sutton	9	8
Steve Clifford	9	9
Andrew Moffatt	9	9
David Wilson	9	7
Melissa Holzberger	8	8
Lawrie De La Rue	7	4

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 June 2017 has been received and can be found on page 23.

Signed in accordance with a resolution of the Board of Directors:

Director  _____
Mr David Spear

Director  _____
Mr Justin Siebert


Dated this day of 20 September 2017

AUDITORS INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF TYRE STEWARDSHIP AUSTRALIA LIMITED

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2017 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



MSI RAGG WEIR
Chartered Accountants



L.S. WONG
Partner

Melbourne: 20 September 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

		2017	2016
	Note	\$	\$
INCOME			
Revenue	3	4,358,058	3,865,535
EXPENDITURE			
Accountancy expenses		(56,801)	(27,925)
Auditors' remuneration	4	(21,250)	(21,250)
Research expenditure and professional fees	4	(1,219,703)	(644,279)
Communications and advertising expenditure		(845,464)	(183,422)
Travel expenditure		(172,046)	-
Depreciation and amortisation expenses		(11,381)	(5,836)
Employee benefits expenses		(463,987)	(375,779)
Director, secretary and chair fees		(311,985)	(236,001)
Other expenses		(318,326)	(172,744)
		937,115	2,198,299
SURPLUS FOR THE YEAR	4	937,115	2,198,299
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		937,115	2,198,299

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

		2017	2016
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	3,704,590	2,651,893
Trade and other receivables	6	821,318	707,401
Other current assets	7	2,735	933
TOTAL CURRENT ASSETS		4,528,643	3,360,227
NON-CURRENT ASSETS			
Property, plant and equipment	8	56,960	18,390
Intangible assets		808	2,424
TOTAL NON-CURRENT ASSETS		57,768	20,814
TOTAL ASSETS		4,586,411	3,381,041
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	9	530,685	282,461
Provisions		20,031	–
TOTAL CURRENT LIABILITIES		550,716	282,461
TOTAL LIABILITIES		550,716	282,461
NET ASSETS		4,035,695	3,098,580
EQUITY			
Retained earnings		4,035,695	3,098,580
TOTAL EQUITY		4,035,695	3,098,580

The accompanying notes form part of these financial statements.

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

	Retained surplus	Total
	\$	\$
Balance at 1 July 2015	900,281	900,281
Surplus	2,198,299	2,198,299
Balance at 30 June 2016	3,098,580	3,098,580
Surplus	937,115	937,115
Balance at 30 June 2017	4,035,695	4,035,695

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

		2017	2016
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from levies		4,590,212	3,645,518
Payments to suppliers and employees		(3,560,401)	(1,779,728)
Interest received		71,221	34,295
Net cash generated from operating activities	13	1,101,032	1,900,085
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(48,335)	(16,053)
Net cash (used in) investing activities		(48,335)	(16,053)
Net increase in cash held		1,052,697	1,884,032
Cash at the beginning of the financial year		2,651,893	767,861
Cash at the end of the financial year	5	3,704,590	2,651,893

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The financial reports cover Tyre Stewardship Australia Limited as an individual entity. Tyre Stewardship Australia Limited is a not-for-profit company incorporated and domiciled in Australia. Tyre Stewardship Australia Limited is an entity limited by Guarantee.

The functional and presentation currency of Tyre Stewardship Australia Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 20 September 2017.

Comparatives are consistent with prior years, unless otherwise stated.

1 BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001.

Tyre Stewardship Australia Limited applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

These financial statements and associated notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, is depreciated on a straight line basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

b. FINANCIAL INSTRUMENTS

Financial instruments are recognised initially using trade date accounting, i.e. on the date that company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The company's trade and most other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The company's available-for-sale financial assets comprise listed securities.

Available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

Impairment of Non-Financial Assets

At the end of each reporting period the company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

c. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

d. INCOME TAX

No provision for income tax has been raised as the entity is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

e. REVENUE AND OTHER INCOME

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the company and specific criteria relating to the type of revenue as noted below, has been satisfied.

All revenue is stated net of the amount of goods and services tax (GST).

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Interest revenue

Interest revenue is recognised using the effective interest rate method.

Rendering of services

Revenue in relation to rendering of services is recognised depends on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

Other income

Other income is recognised on an accruals basis when the company is entitled to it.

f. GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

g. COMPARATIVE AMOUNTS

Comparatives are consistent with prior years, apart from an adjustment from 'Research expenditure and professional fees' to 'Director, Secretary and chair fees' in the Statement of Profit and Loss

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented. The above change has not affected opening retained earnings.

h. PROVISIONS

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

i. ACCOUNTS PAYABLE AND OTHER PAYABLES

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

j. SHORT-TERM EMPLOYEE PROVISIONS

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

k. LEASES

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the entity, are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

l. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates and Judgements

(i) Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers.

(ii) **Employee benefits**

For the purpose of measurement, AASB 119: Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The company expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

m. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

AASB 9: Financial Instruments (December 2014) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards will be applicable retrospectively (subject to the provisions on hedge accounting) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the company on initial application of AASB 9 and associated Amending Standards include certain simplifications to the classification of financial assets.

Although, the directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 15 Revenue from contracts with customers

AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (applicable for annual reporting periods commencing on or after 1 January 2018)

AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. Accounting policy changes will arise in timing of revenue recognition, treatment of contracts costs and contracts which contain a financing element.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

AASB 16 Leases

(applicable for annual reporting periods commencing on or after 1 January 2019)

AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown; the profit and loss impact of the leases will be through amortisation and interest charges.

Whilst the impact of AASB 16 has not yet been quantified, the entity currently has an office rental lease which we anticipate will be brought onto the statement of financial position. Interest and amortisation expense will increase and rental expense will decrease.

	2017	2016
	\$	\$
3 REVENUE AND OTHER INCOME		
Revenue		
Levies	4,236,837	3,828,740
Other revenue:		
Interest received	71,221	34,295
Other revenue	50,000	2,500
	121,221	36,795
Total revenue	4,358,058	3,865,535
Interest revenue from:		
Interest Received	71,221	34,295
Total interest revenue on financial assets	71,221	34,295
4 SURPLUS FOR THE YEAR		
Surplus before income tax from continuing operations includes the following specific expenses:		
Expenses		
Depreciation of property, plant and equipment	11,381	5,836
Research expenditure and professional fees	1,219,703	644,279
Bellchambers Barrett audit fees	–	7,500
MSI Ragg Weir audit fees	21,250	13,750
5 CASH AND CASH EQUIVALENTS		
Term Deposit	2,037,631	1,500,000
Cheque Account	24,594	2,119
Holding Account	1,642,365	1,149,774
	3,704,590	2,651,893

	2017	2016
	\$	\$

6 TRADE AND OTHER RECEIVABLES

Current

Trade Debtors	798,708	700,466
Other Loans	500	500
Security Bond	22,110	6,435
	<u>821,318</u>	<u>707,401</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short term nature of the balances.

7 OTHER NON-FINANCIAL ASSETS

Current

Prepayments	<u>2,735</u>	<u>933</u>
-------------	--------------	------------

8 PROPERTY, PLANT AND EQUIPMENT

PLANT AND EQUIPMENT

Plant and Equipment:

At cost	71,753	23,418
Accumulated depreciation	(14,793)	(5,028)
Total Plant and Equipment	<u>56,960</u>	<u>18,390</u>

9 TRADE AND OTHER PAYABLES

Current

Trade Creditors	464,791	164,025
Other Creditors	46,066	28,887
Accrued Expenses	50,963	–
Contributor Deposits Refundable	–	20,833
Input Tax Credits	(77,646)	4,953
GST Payable	46,511	63,763
	<u>530,685</u>	<u>282,461</u>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value

	2017	2016
	\$	\$

10 OPERATING LEASE COMMITMENTS

Payable – minimum lease payments:

– not later than 12 months	63,642	29,676
– between 12 months and five years	54,340	6,436
Minimum lease payments	<u>117,983</u>	<u>36,112</u>

11 KEY MANAGEMENT PERSONNEL COMPENSATION

The total remuneration paid to key management personnel (KMP) of the company during the year are as follows

Key staff within Tyre Stewardship Australia Ltd	162,911	110,000
Directors and Secretary	311,984	322,103
Key management personnel compensation	<u>474,895</u>	<u>432,103</u>

12 RELATED PARTY TRANSACTIONS

The Company's main related parties are as follows:

Key management personnel

Key management personnel: Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 11: Key Management Personnel Compensation.

Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2017	2016
	\$	\$

13 CASH FLOW INFORMATION

Reconciliation of cash flows from operations with net current year surplus

Net current year surplus	937,115	2,198,299
Non-cash flows in profit:		
– depreciation and amortisation	11,381	5,836
Changes in assets and liabilities:		
– (increase)/decrease in accounts receivable	(113,917)	(517,133)
– (increase)/decrease in other assets	(1,802)	(933)
– increase in accounts payable and other payables	248,224	214,016
– increase/(decrease) in employee benefits	20,031	–
Cash flows provided by operating activities	1,101,032	1,900,085

14 GOING CONCERN

Tyre Stewardship Australia is reliant on the Australian Competition and Consumer Commission for their ongoing authorisation. Tyre Stewardship Australia authorisation comes up for renewal on 3 May 2018. At the date of signing of the financial statements, Tyre Stewardship Australia did not have any reason to believe that their authorisation would not be renewed.

15 COMPANY DETAILS

Tyre Stewardship Australia Limited
C/O Joyce Dickson Accountants
Level 3, 53 Blackall Street
BARTON ACT 2600

16 CONTINGENT LIABILITIES

Tyre Stewardship Australia Limited had the following contingent liabilities at the end of the reporting period:

As at 30 June 2017 Tyre Stewardship Australia Limited had signed and entered into various non-cancellable research project funding agreements amounting to \$1,791,091 inclusive of GST.

Payments are made to the contracting parties subject to various conditions being met in particular milestones as specified in the agreement. Pursuant to the Accounting Standards, the company has recognised the liability and expense amounts relating to milestones that have been reached at 30 June 2017. The balance of the contracts that will be payable upon the remaining milestones being reached is accounted for as a contingent liability and amount to \$840,652 inclusive of GST at 30 June 2017.


DIRECTOR'S DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 17 to 37, for the year ended 30 June 2017 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards, as stated in basis of preparation Note 1 to the financial statements; and
 - (b) give a true and fair view of the financial position and performance of the company.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director  _____
Mr David Spear

Director  _____
Mr Justin Siebert

Dated this day of 20 September 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TYRE STEWARDSHIP AUSTRALIA LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Tyre Stewardship Australia Ltd (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 the Company is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

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 auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

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 30 June 2017, 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 accordingly 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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 in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the 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 related 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.

The directors are responsible for overseeing the Company's financial reporting process.

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 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 the 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.



MSI RAGG WEIR
Chartered Accountants



L.S. WONG
Partner

Melbourne: 20 September 2017

This page is intentionally left blank

KEY PERFORMANCE INDICATORS

This information is presented as part reporting requirements outlined in the Australian Competition and Consumer Commission (ACCC) determination on 11 April 2013 (Authorization Numbers: A91336-A91337).

1. The number of participants in the Scheme

TSA continues to experience growth in the number of participants across most categories.

In 2016/17 TSA experienced growth with Retailers, Collectors and Recyclers/Collectors, Fleets and notably, accreditation of Local Governments. Work will continue to recruit in all participant areas going forward, especially in the area of Local Government Fleets.

Table 1 – TSA Accreditation numbers by years

Participant Category	December 2014	30 June 2015	30 June 2016	30 June 2017	Total
Importers	6	1	1	0	8
Retailers	4	434	634	248	1320
Collectors	0	2	4	1	7
Recycler/Collectors	0	2	16	2	20
Fleet	1	1	1	1	4
Local Government	0	0	0	3	3
Mining	0	0	0	0	0

As retailers and businesses are subject to changes in ownership there is a natural attrition and fluctuation of accredited entities, this is especially the case within the retailer sector, therefore despite new accreditations of 248 for the 2016/17 as of 30 June 2017 there were a total of 1,303 accredited retailers.

2. The percentage of tyre importers and vehicle manufacturers and importers that are participants in the Scheme – the aim being to have 90% in the Scheme within 5 years

In 2016/17 there were 8 fully TSA accredited tyre importers participating in the Scheme. This represents greater than 55% of the total replacement tyre market in relation to market share. As yet, no vehicle manufacturers have joined the Scheme. A greater focus on this segment is to be incorporated into TSA's resource allocation for the coming year.

A significant portion of passenger and truck tyres are being captured by the Scheme and TSA continues to engage with those brands currently not participating in the Scheme. The mining sector is one area which TSA has had limited engagement with to date, however, with potential changes to the regulations regarding disposal of mining tyres anticipated in the future, TSA will likely become more involved in the mining sector.

A focus of recruitment and engagement activity over the coming year will be to bring new car importers into the Scheme to increase the capture rates and provide additional revenue to further support delivery of the Scheme. In addition, recruitment of fleet operators and local government authorities will act as incentive for the remaining tyre importers and retailers to join the Scheme.

3. The national resource recovery and recycling rates of end-of-life tyres (EOLT)

Table 2 below provides a breakdown of the destination for Australian EOLT in 2016/17.

Table 2 – Destination of Australian EOLTs 2014/15 – 2016/17.

End-of-life Tyre Destination	2014/15	2015/16	2016/17
Energy Recovery (local)	0.6%	0.0%	0.0%
Material reuse & recycling (local)	3.6%	3.5%	5.6%
Civil Applications (local)	0.8%	2.2%	0.4%
Steel recycling	n/a	n/a	1.8%
Exported (Tyre Derived Fuel (TDF)), baled and casings	32.6%	47.7%	38.7%
Landfilled ¹	48.7%	36.61%	6.7%
Operational Stockpiles ²	n/a	n/a	2.9%
Mining/Landfill ³	48.7%	36.61%	33%
Unknown Destination ⁴	13.6%	10.0%	10.9%

TSA's data collection of end-of-life tyre (EOLT) disposal continues to improve. Through more direct data collection, TSA can report for the 2016/17 year, that approximately 8% of EOLTs collected for disposal in Australia were recycled within Australia, a substantial increase from previous years. The overall reuse and recycling rate (regardless of whether it is domestic or exported final destination) is 10.5%; a marked increase from the previous reporting period.

It may seem that the percentage of EOLTs exported for recovery has reduced (from 47.7% to 38.7%), however, this may be explained through more accurate data provision and further separation of recovery processes from previous years to include steel recycling and operational stockpiles.

With improved data collection, TSA has been able to more accurately understand the breakdown of EOLT disposal and for the first time is able to separate out the end-of-life tyre storage (operational stock) at recycling sites for future processing as approximately 2.9% as of 30 June 2017. This calculation, coupled with improved industry knowledge enabled TSA to calculate a more accurate assessment of the decreased number of EOLTs going to landfill for 2016/17. It also resulted in reducing the percentage of EOLTs going to an unknown fate/destination. Below is a table describing the EOLT destination according to the waste hierarchy (e.g. reuse through to energy recovery).

- 1 This refers to percentage landfilled by TSA accredited collectors and/or recyclers. In previous years 'landfilled,' included tyres in 'operational stockpiles' (temporary stockpiling) and those tyres estimated to be disposed of at mining sites that are most likely landfilled and/or left at the mining sites as is the current industry practice. In 2016/17 TSA was able to separate out the percentage of tyres that have been 'landfilled' by accredited entities. These landfilled tyres usually are shredded tyres and in some instances, is the most environmentally sound disposal method available in the absence of markets for EOLT products.
- 2 Operational stockpiles refers to the EOLTs left on reprocessing sites at the end of the month that are yet to be processed. It can be assumed that these EOLTs will be reprocessed in the future.
- 3 This is an estimated percentage of EOLTs that are disposed via the mining industry, most commonly buried at the mine site.
- 4 Unknown tyres represent the percentage of the EOLT market that cannot currently be accounted for. It may be that the volumes of EOLTs are being collected and processed by unaccredited recyclers, or they may be landfilled or illegally dumped.

Table 3: Waste Hierarchy – Environmentally Sustainable Uses for end-of-life tyres (EOLTs)

EOLT destination according to Waste Hierarchy.	Percentage 2016/17
Reuse (Casings)	2.7%
Materials Recovery (Domestic)	7.8%
Energy/Materials Recovery (Export – TDF, Baled)	36%
Operational Stock	3%
Total EOLTs going to an ESU⁵ (including Operational Stock)	49.5%

4. The resource recovery and recycling rates of end-of-life tyres that can be attributed to the Scheme

TSA has invested over \$2 million in market development projects since the inception of the Tyre Stewardship Research Fund (TSRF) in September 2015. The TSA Scheme Guidelines (Section 4.4) stipulate that TSA funds must support ‘early stage through to proof of concept research and development for the utilisation of end-of-life... (and)...will not be available to companies or institutions to support commercialisation activities’. The Fund is almost 2 years old, has had an R&D focus and is now beginning to deliver positive outcomes for the sector.

Key focus areas have been on increasing uptake of tyre-derived product in roads, rail, explosives, polymer and civil engineering applications. Recent work completed by TSA in conjunction with the governments of Victoria, New South Wales, Queensland & Western Australia, as part of the National Strategy for Waste Tyres, quantified the potential long term (10 year) uptake opportunity in these sectors alone to be around 150,000 tons per year (around one third of the annual total of Australian waste tyres). Current TSA funded projects have been projected to potentially consume over 50,000 tons per annum of tyre-derived product. As TSA continues to collaborate with industry and government on the implementation of this national strategy, more work will be done to realise further benefit to increased domestic recycling up to the potential levels of 50% of total tyres generated annually as identified in the report.

In order to better report on this metric, TSA is implementing recommendations from the report submitted to the recently completed ACCC required review of the Scheme. This report noted that ‘one of the issues with this measure (recovered material and recycling rates) is that it requires an understanding of what would have occurred with and without the Scheme. This is challenging to measure even with a future system in which Scheme participants provide the required data’⁶. To assist in overcoming these issues, TSA has initiated work on the recommended activity within the report of undertaking ‘an ex-post assessment of funded projects to assess whether they have been successful in furthering the objectives of the TSRF’⁷.

5. The increase in the percentage of EOLT that are going to an environmentally sound use – the Schemes performance target is to increase this percentage from 16% to 50% of tyres going to an environmentally sound use by the end of 5 years

As evident by Table 3 above, EOLTs that are recycled, which is a high value re-use, has increased substantially on the previous year. In 2016/17, local recycling of EOLTs increased from 3.5% – 7.8%, and is higher when taking into account civil engineering applications and steel recycling.

However, ESU includes more than just recycling and reuse. It also includes tyre-derived fuel (TDF) as an end use. When taking this end use into account, along with other outcomes, the 2016/17 figure for environmentally sound use equates to 46.5%.

⁵ ESU – environmentally sounds use.

⁶ Dwyer, G., Clarke, M. and Kinrade, P., (April 2017). Review of the Tyre Stewardship Scheme and Tyre Stewardship Australia. Camberwell Victoria: Final Report Marsden Jacob Associates, Financial & Economic Consultants, p.13-14.

⁷ Dwyer, G., Clarke, M. and Kinrade, P., (April 2017). Review of the Tyre Stewardship Scheme and Tyre Stewardship Australia. Camberwell Victoria: Final Report Marsden Jacob Associates, Financial & Economic Consultants, p.3.

In 2016/17 the number of EOLTs being exported as TDF, baled and for re-use as casings, at 38.7%, a decrease from last year. It should be noted that this does not necessarily mean that EOLT exports are decreasing, but rather TSA data collection processes have improved, becoming more accurate and including further breakdowns of EOLT recovery processes.

However, since the final destination for these exported EOLTs is at an overseas location, it is difficult to verify whether the final processing of these EOLTs occurred in an environmentally sound manner. To reduce the uncertainty surrounding the environmentally sound use of exported EOLTs through TSA accredited entities, TSA is investing in a downstream vendor verification system which may entail site visits to these final destinations. It is envisaged that by the end of 2017/18 TSA will have a more comprehensive understanding of the downstream vendor processes, leading to more certainty regarding their environmentally sound end use.

TSA's preference is to support and promote local EOLT recycling markets for value-added products (such as crumb rubber), however the export of tyre-derived fuels will remain a major part of Australia's EOLT recovery processes as it is in most territories around the world. As such TSA will continue to do work with accredited Scheme Participants to ensure that environmentally sound end uses are being employed with overseas customers and end markets. This work will be undertaken as part of our initiative to verify 'downstream vendors' of end-of-life tyres from Australia to international markets.

6. The volume of tyre-derived products sold or otherwise provided for environmentally sound use

Table 4

End-of-life Destinations 2016/17	Percentage	Quantity (EPUs)
Material reuse & recycling (local)	7.4%	3.85 million
Civil Applications (local)	0.4%	0.21 million
Exported (TDF, baled, casings – export)	38.7%	20.13 million

The current size of the local market for recycling is approximately 7.8%, with rubber crumb production the primary product. However, a further 38.7% of end-of-life tyres are exported for use as tyre-derived fuel or for reuse or re-treading, as mentioned above these are currently considered acceptable environmentally sound uses for EOLTs however, it is challenging to verify them as the processes are undertaken overseas. TSA will be investing in methods to verify the downstream vendor processes and applications of Australian EOLTs in the upcoming years.

7. The total levy funds collected under the scheme

TSA 2016/17 Annual Report provides a full, audited set of accounts for the financial year. Levy receipts for 2016/17 totalled \$4,236,837.

8. A breakdown of how levy funds were spent during the period

TSA 2016/17 Annual Report provides a full, audited set of accounts for the financial year.

9. An explanation of how the funds being spent is contributing to achieving the Schemes objectives – that is, to increase resource recovery and recycling and to minimise the environmental, health and safety impacts of EOLT in Australia; and to develop the domestic tyre recycling industry and markets for tyre-derived products

Disbursement of the funds for the financial year 2016/17, as in past years, fall across the four TSA strategic priority areas:

ACCREDITATION, AUDITS & COMPLIANCE

TSA applies considerable investment in verifying the activities of our accredited entities throughout the tyre supply chain including retailers, collectors and recyclers. Accreditation and Compliance audits are required to ensure that end-of-life tyres that may have previously gone to unregulated operations are now collected and processed through TSA accredited entities that meet government regulation, work towards industry best practice and reduce risk to human health and the environment.

In 2016/17 TSA launched the TSA Audit Program to verify through an auditing regime the compliance of TSA accredited entities. The Audit Program is directed by the Accreditation & Compliance Manager, with audits involving tyre collectors, tyre recyclers and tyre retailers that are completed by third-party, independent environmental, health and safety auditors. The Audit Program commenced on 1 October 2016 and is due for completion on 30 September 2017.

Per the requirements of the TSA Audit Program, 100% of TSA accredited recyclers and collectors are audited annually to ensure they meet TSA compliance commitments. As of 30 June 2017, there were 23 recyclers and collectors compliance audits that had been completed with one remaining prior to 30 September 2017.

The target for retailer audits is approximately 10% of the 1200 accredited retailers based on 2016 figures. As of 30 June 2017, 68 retailers had been audited with a remaining 52 to be completed in the final quarter. It should be noted that due to the higher risk level associated with processes at recycler and collector operations it was preferred that these audits be completed, where possible, first in the Audit Program year, with the lower risk, retailer sites be audited in the final quarter. Therefore, TSA is on track to meet the 120 retailer audits by 30 September 2017.

In addition to the scheduled compliance audits, a further six Accreditation audits for were completed for new recycler and collector applicants seeking TSA accreditation.

MARKET DEVELOPMENT

The intent of TSA market development initiatives is to increase markets for Australian tyre-derived product to support the local tyre resource recovery market.

TSA has a range of initiatives currently underway to achieve this outcome; the most significant are summarised below:

- The 2016/17 year saw \$540,000 worth of projects contracted with a further \$320,000 of projects approved, bringing the total potential R&D investment in 2016/17 to \$860,000.

TSA spent an additional \$70,000 on broader market development initiatives specifically for the roads sector. This involved:

- the initiation of a specific crumb-rubber training course for Road Engineers with the Australian Asphalt Pavement Association.
- TSA also sponsored an international expert, Dr. David Jones from the University of California Pavement Research Centre, to come to Australia and share knowledge gained from the Californian experience where crumb-rubber is extensively used in road construction and maintenance.

TSA contributed financially (with the governments of Victoria, New South Wales, Queensland & Western Australia) to the delivery of the 'National Market Development Strategy for Used Tyres'. This significant work provides up-to-date data and outlines a collaborative framework for the achievement of significant market development opportunities. It does so by quantifying the potential for priority markets (such as road, rail, tyre-derived aggregates) to increase consumption of locally generated waste tyres.

TSA has also initiated further work with government partner organisations (Sustainability Victoria and Department of Environment & Heritage Queensland) to undertake a market, technology and environmental assessment of tyre pyrolysis technologies. The intent of this work is to provide more information for Australian governments, investors and decision makers, on the effectiveness and viability of such technologies.

COMMUNICATION, EDUCATION AND AWARENESS

In the 2016/17 year, TSA has continued to focus on communicating the challenge of sustainable management of end-of-life tyres, building awareness and educating the public and industry to the benefits to be gained by addressing the issue.

Sustained national advertising across various media, attendance and displays at tradeshow and industry events, key stakeholder meetings with Government agencies and a targeted digital campaign have driven increased activity to the TSA website that serves as the key information platform for the organisation. This resulted in a substantial, five-fold increase in TSA website visitation during the advertising periods, providing an increase in searches for accredited tyre entities and adding value to participants in the Tyre Product Stewardship Scheme.

ADMINISTRATION AND OPERATIONS

A full breakdown of operational costs is contained in the TSA accounts included in this document. The Directors of TSA are aware of operational costs and continually strive to maintain a low ratio of expenditure in this regard. Staff numbers had not increased in the previous year, and for most of 2016/17, however in May of this financial year, several roles being conducted by consultants or external organisations, were brought in-house. These roles include the Finance & Administration and Marketing & Communications roles. The Board recognises, as the Scheme grows, more resources will need to be allocated to staffing in order to service the Scheme and to develop new recycling opportunities.

10. To the extent possible, data on the volume of EOLTs not going to an environmentally sound use (broken down into the proportion of EOLT being illegally stockpiled, going into landfill and inappropriately exported)

Table 5

End-of-life Destinations 2016/17	Percentage	Quantity (EPU's)
Landfilling	6.7%	3.5 million
Mining/Landfilled	33%	17.2 million
Operational Stockpile	2.9%	1.5 million
Unknown Destination	3.4%	1.8 million

Data collected by TSA for 2016/17 estimates that approximately 6.8 million EPU's are potentially being disposed to landfill (shredded and/or whole), dumped, or inappropriately exported where their end destination is unknown. It is estimated that a further 17.2 million are being disposed of via current mining industry practices of leaving EOLTs on-site.

Whilst TSA acknowledges there is still significant work to be completed to reduce this amount, there have been improvements in recent years that have reduced the volumes of EOLTs not going to environmentally sound use.

FAQS ABOUT THE SCHEME

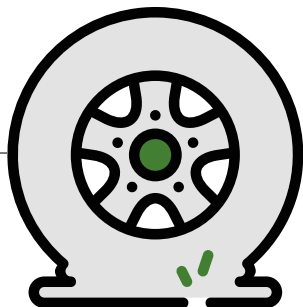
WHAT HAPPENS TO A TYRE WHEN IT REACHES THE END OF ITS LIFE?

Environmentally sound use for an end-of-life tyre for the purposes of the Tyre Product Stewardship Scheme includes:

- (i) Recycling into tyre crumb, shred, chips, granules, steel and other tyre components
- (ii) Use as a fuel (other than in direct incineration without effective energy recovery and unsustainable burning for energy recovery) or other means to generate energy
- (iii) Production of tyre-derived products, including tyre-derived fuel
- (iv) Civil engineering

The following uses are excluded from the definition of environmentally sound use:

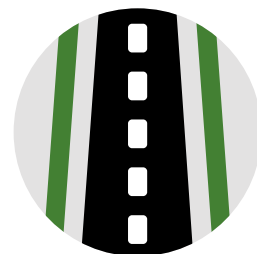
- Disposal through dumping, landfill, direct incineration or burning
- Stockpiling as an end point
- Low temperature uncontrolled burning for energy recovery
- Export of baled tyres for non-approved uses



WHAT CAN RECYCLED TYRES BE USED FOR?

They are used as road surfaces, soft fall surfacing for playgrounds, equestrian arenas, brake pads, industrial and domestic flooring, tile adhesive and sporting surfaces. They can also be used for fuel, engineering projects and drainage aggregates.

One innovative use of crumbed rubber is as diesel fuel substitute in explosive compounds for large volumes in the mining industry.



HOW BIG IS AUSTRALIA'S STOCKPILE OF END-OF-LIFE TYRES?



Surprisingly, no national database of stockpiles exists today. One of the roles of TSA will be to establish a map of existing volumes.

WHAT ARE THE FACTORS THAT DETERMINE THE FATE OF END-OF-LIFE TYRES FROM AUSTRALIAN SOURCES?

The type of tyre and where it reaches end-of-life; local landfill prices and controls; global commodity prices and demand; and the availability of cost-effective transportation to an end market. Lack of transparency about sustainable uses and impacts of inappropriate disposal are also factors.



HOW MANY OF AUSTRALIA'S END-OF-LIFE TYRES ARE RECYCLED?

Approximately only 5% are recycled in Australia (according to the 2013-14 Hyder industry-wide study).

5%

WHAT'S THE COST TO DUMP AN OLD TYRE VERSUS THE COST TO DESTROY OR RECYCLE?



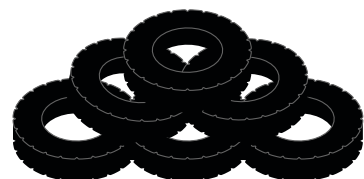
Tyres are engineered to be extremely robust and therefore require costly processes to reduce to their constituent components. Disposal costs are sometimes incorporated into the price of a new tyre and this is at the discretion of individual retailers. This charge varies from retailer to retailer and recycler to recycler. Under the Scheme, costs to consumers are likely to become minimised once the Scheme has become successful.

HOW MANY TYRES REACH END-OF-LIFE IN AUSTRALIA ANNUALLY?

APPROXIMATELY

51 MILLION

EQUIVALENT PASSENGER UNITS (EPUS).



FAQS ABOUT ACCREDITATION

WHAT DOES ACCREDITATION MEAN FOR MY ORGANISATION?

Accreditation allows companies involved to communicate their participation in the Scheme.

Accreditation requires ongoing reporting of tyre disposals, recycling and collection and provides for independent verification of environmentally responsible end-of-life tyre management.



WHAT ARE MY REPORTING REQUIREMENTS?

Reporting requirements differ for each participant depending on their business profile. For a full list of your reporting requirements visit the TSA website at tyrestewardship.org.au.



WHAT DOES AN AUDIT INVOLVE?

An audit will include an independent review of processes and documentation related to end-of-life tyre management, disposal, sale or any other form of transfer outside of the company's control. Audits may also include a physical inspection of tyre storage and disposal facilities and tyre recycling facilities, including those manufacturing recycled product feedstock.



HOW DO YOU VERIFY MY APPLICATION?

Verification is carried out when TSA assesses an application for participant status and continues after participant status is awarded. For collectors and recyclers, this may also require that a site audit be undertaken prior to accreditation.



WHAT ARE MY COMMITMENTS AS AN ACCREDITED PARTICIPANT OF THE TSA?

The specific commitments for each type of participant in the Scheme differ depending on your level of participation. These can be seen on the TSA website at tyrestewardship.org.au.

The general commitments require all participants in the Scheme to:

- Deal transparently and ethically with others involved in the tyre supply chain, including consumers
- Use the Scheme's branding and logo and adhere to conditions that apply to that use
- Comply with relevant laws and practices, including those that apply to the environment and occupational health and safety
- Cooperate with TSA in conducting random audits – this includes retaining and, providing relevant documentation.

All participants in the Scheme are required to commit to contribute to:

- The environmentally sound use of end-of-life tyres
- Elimination of both the inappropriate export of baled tyres from Australia and the illegal dumping of end-of-life tyres.



WHY SHOULD OUR ORGANISATION JOIN THE TSA SCHEME?



Demonstrating environmental responsibility is an important part of brand positioning in a competitive market.

Participation in the Federal Government supported and ACCC authorised Tyre Product Stewardship Scheme allows companies to meet their environmental responsibilities.

CAN OLD TYRES BE RECYCLED?

AUSTRALIANS DISPOSE OF

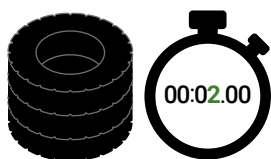
51 MILLION

USED TYRES EACH YEAR *

THAT'S MORE THAN

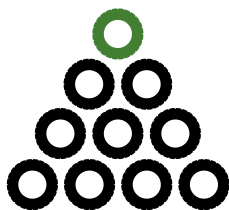


2 CAR TYRES
PER PERSON



THIS EQUATES TO
3 USED TYRES GENERATED
EVERY 2 SECONDS
IN AUSTRALIA *

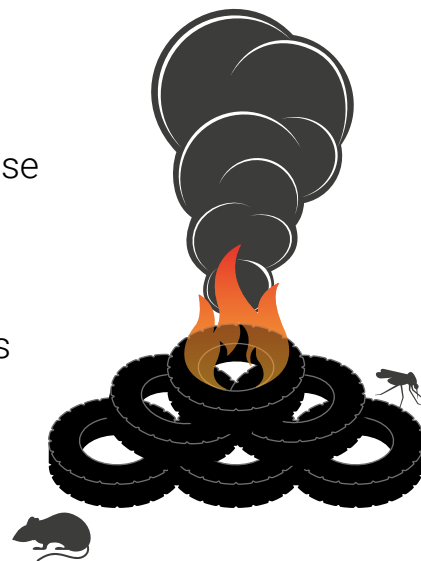
LESS THAN 1



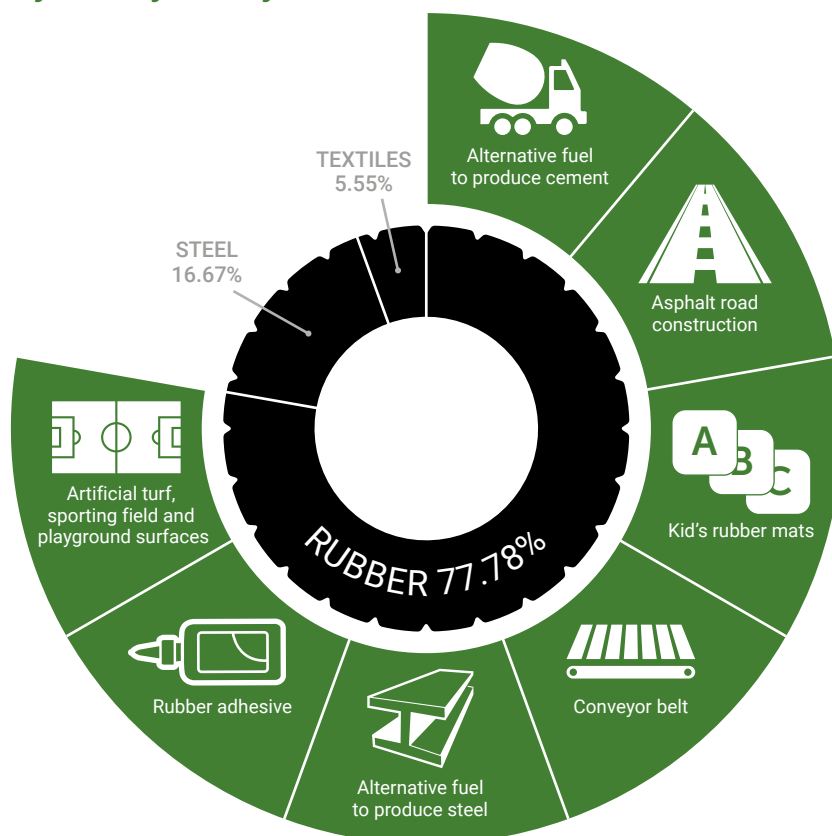
IN EVERY 10 TYRES
IS RECYCLED IN AUSTRALIA

**Not managed properly,
tyres can be harmful
to the environment
and human health.**

Fires in stockpiles release toxic gases into the environment and tyre stockpiles are breeding habitats for mosquitoes and vermin.



**Many useful products
can be derived from
your recycled tyres.**



* Volume based on Equivalent Passenger Units (EPUs). An EPU is standard passenger car tyre. Full EPU Ratio Tables available at tyrestewardship.org.au

