




Annual Report 2017/2018



Front cover: Demonstration pavement trial of Crumb Rubber Modified (CRM) gap graded asphalt installed in June 2018 at the Gold Coast, QLD. This trial was part of a broader Tyre Stewardship Australia (TSA) roads program to increase consumption of tyre-derived products in this market. The program included involvement from Australian Asphalt Pavement Association, TSA, Transport and Main Roads Queensland, Main Roads Western Australia, Sustainability Victoria, Department of Environment and Science Queensland and the Australian Road Research Board to facilitate the development of the new specifications and construction of the trial pavements.

This Page: Australian tyre-derived rubber granules, that have been coloured and installed in a soft fall playground in Melbourne's South Eastern suburbs in early 2018.

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Chairman's Report



As the Independent Chair of Tyre Stewardship Australia (TSA), I am delighted to present the Annual Report for 2017/18.

The 12 months covered by this report have been active and very significant in securing the foundations for the next phase of growth for the organisation as we progress towards our vision of finding sustainable solutions for the management and re-use of end-of-life tyres.

Every aspect of TSA's operation has seen increased activity, resulting in greater industry buy-in and delivery on the exciting potential for end uses of tyre-derived material.

Critically, the recognition by the ACCC that TSA is generating a public good, has led to the re-authorisation for the Tyre Product Stewardship Scheme (the Scheme) for a further 6 years. That re-authorisation gives TSA, and all members and participants, the confidence to move forward with the work that is generating very tangible results.

The re-authorisation process provided an opportunity for industry input and we thank industry participants and interested parties who took the time to provide their views and suggestions. Such input is a valued part of the process of ensuring that the Scheme maintains focus on core objectives, whilst recognising the breadth of views and the dynamic nature of the market in which we operate.

Additional governance actions, that will help drive progress, included the independent review of the levy collection process, the formation of a Governance and Risk Committee and an Industry Consultative Group; both to begin operating and providing further guidance in the coming year.

Midway through the 2017/18 year we saw the departure of Justin Siebert from the TSA Board as a member representative from Michelin Australia. A board member since the inception of the organisation, Justin played a very valuable role through the application of his considerable financial management skills and acumen and I thank him for his contribution. The resulting casual vacancy was filled by David Lane also from Michelin Australia. I welcome David to the TSA Board and recognise the value he has already provided through the application of his financial management expertise.

Over the past year, the TSA team has delivered progress against all the strategic objectives and in actioning recommendations of the independent (Marsden Jacob Associates) review, conducted the previous year. Market dynamics mean that it is only natural that the board and executive

management continue to review the organisation's strategic plan. The benefits of that work are attested to by the ongoing expansion of the Scheme to include further commitment and accreditation across all participant categories.

Over the next 12 months we will broaden our focus to cover more of the automotive industry, as we pursue all opportunities to engage with the entire tyre supply chain, and with consumers, in the pursuit of addressing an environmental challenge through the support of locally based, value creating uses for end-of-life tyres.

David Spear, Chairman FAICD

Chief Executive Officer's Report



Over 2017/18 TSA has grown significantly, not only in scheme participant numbers but, in the breadth of involvement in the all-important market development space and in becoming the thought leader on a previously intractable waste issue.

The ACCC re-authorisation provided a very positive punctuation point to the work undertaken over the past 12 months. Our enhanced team, growing number of participants and active role in leading discussion and policy formulation, around end-of-life tyre sustainability, have all worked to place TSA squarely at the centre of work to address the environmental challenge that is at the heart of our purpose.

The occupation of that position is one of the central reasons that the ACCC saw fit to provide another 6 years of authorisation; a period that will allow the foundations laid to support increasing tangible benefits, visible to both the industry and the broader community.

The TSA executive team has been enhanced, in recognition of the growth of the Scheme and the depth of involvement we wish to have with those within the Scheme and those with an impact on the tyre supply to waste stream. We welcomed a new Business Relationship Manager, Customer Relations Support Officer, and a Compliance Officer (commencing early in the 2018/19 year), all of whom will provide greater interaction with parts of our growing community of Scheme participants, industry players and market development partners.

That community continues to grow. There are now over 1,500 retailers who have gained TSA accreditation, including JAX Tyres, TYREPLUS and Tyres & More chains who joined en masse over the last year. In addition, a constant stream of collectors and recyclers are undertaking the rigorous accreditation process.

The practical application of the TSA Market Development Fund, and our standing in the tyre recycling space, has seen major research projects and valuable industry studies undertaken.

Over the course of the year we were a major participant, in a range of crucial studies and initiatives, headed by the National Market Development Strategy for Used Tyres 2017–2022 approved at the annual Meeting of Environment Ministers. Our input has also helped guide papers and policy proposals for the recycling and waste industries in Queensland, Victoria and Western Australia. The guidelines we have produced for end-of-life tyre (EOLT) management and storage are, in turn, informing the development of future regulatory policy.

Immediate practical results in market development have played a role in a rise of tyre-derived material use within Australia. New products and the codification of uses, such as the recently published national specifications for crumb rubber modified asphalt coupled with its application in spray seal, are creating a demand that will inevitably increase domestic use of this underutilised resource.

The large presence of TSA accredited players in the tyre retail and recycling sectors has given further weight to our consumer education work. Work that through traditional and digital media, has reached millions of Australian tyre buyers; reinforcing the value of purchasing only from TSA accredited operators and resulting in thousands of consumers looking for their nearest accredited tyre store through our consumer facing website – greentyreproject.com.au.

As we move into the next operational year our momentum will continue. Accreditation and compliance, public education and market development will all see increased activity. We will continue to lead industry through our contribution to the National Waste Policy 2009 review, in addition to this years' product stewardship legislative review.

The sound foundation, effective operational structure and initial successes of TSA have created a platform for major progress in unlocking the beneficial potential of a resource that was previously seen as a perpetual challenge.

A handwritten signature in dark ink, appearing to read 'Dale Gilson'.

Dale Gilson, Chief Executive Officer

Key Highlights

Market Development

National Market Development Strategy for Used Tyres

Significant progress has been made in addressing barriers to the greater use of tyre crumb in road construction as identified in the 'National Market Development Strategy for Used Tyres 2017–2022' (National Strategy). Jointly funded projects with the Australian Asphalt Pavement Association, Australian Roads Research Board, State Government departments and road authorities tested the suitability of using a crumb rubber mix binder in gap graded and open graded applications. The positive results led to the development of new national specifications for crumb rubber modified asphalt in such applications.

Increased Market and Business Development

The road research mentioned above, along with a range of other roads industry engagements, sees TSA playing a major role in opening opportunities for greater specification of crumb rubber products in road building and maintenance. In addition, VicRoads, in December 2017, committed to increasing the use of the crumbed rubber material in new road construction in regional areas – as published in Country Roads: Your insights, our action planning and strategy. The resulting potential volume of crumb rubber for use in road building applications, offers a substantial market for tyre-derived product. A market in which TSA will continue to invest in nationally.

Market Development was further bolstered through the creation of the position of Business Relationship Manager, filled by Jan van de Graaff. A focus of this role will be to build the procurement opportunity for tyre-derived products in the local government sector and the delivery of the broader National Strategy with collaborative agencies.

Marketing and Communications

Public Awareness Campaigns

The launch of the new dedicated consumer education brand, the Green Tyre Project, during the 2017/18 year, substantially improved public awareness of the end-of-life tyre challenge, encouraged the use of accredited tyre suppliers and promoted the beneficial outcomes of tyre-derived products. An integrated communications program incorporated national and state newspapers, national radio, outdoor and transit advertising,

in conjunction with targeted native and space digital advertising. The introduction of both importer and retailer brands into the consumer advertising improved value to scheme participants. The industry education and awareness campaign continued and TSA also participated and presented at a range of industry and local government conferences and events. The resulting thousand-fold increase in website visitation delivered major growth in searches for accredited tyre retailers and social sharing.

Accreditation and Compliance

A steady increase in tyre retailers accredited by TSA saw the total number of outlets grow to over 1,500 in the last 12 months. Major retail brands accredited in the period include JAX Tyres, TYREPLUS, and Tyres & More. The result is that almost any consumer, in any part of Australia, can find a TSA accredited retailer within convenient reach.

TSA's remit is to help set industry standards in relation to the management, storage and disposal of end-of-life tyres. To that end, TSA published the Tyre Stewardship Australia Best Practice Guidelines on Tyre Storage and Fire and Emergency Preparedness in July 2017. The guidelines were developed to assist tyre collectors and recyclers in addressing common issues of concern with best practice EOLT management, for audit and compliance.

New ACCC Authorisation of the Tyre Stewardship Scheme

Late in the 2017/18 year, the Australian Competition and Consumer Commission (ACCC) announced a further six-year authorisation of the Tyre Stewardship Scheme (TSS). The ACCC considered the progress of the voluntary scheme and the impact of industry and public education relating to the need to sustainably manage the 56 million equivalent passenger units (EPUs) Australia generates each year. The ACCC's determination came into force as a new authorisation on June 15, 2018. The re-authorisation provides TSA, and the TSS, the mandate to continue its delivery on key objectives of developing viable markets, administering an effective accreditation scheme and continuing public and industry education.

Priorities Overall and Next 12 Months

Implement the market development strategy, incorporating elements of the National Market Development Strategy for Used Tyres 2017–2022.

Consistent with the strategic recommendations of the National Market Development Strategy for Used Tyres 2017–2022, the funding support for the development of new products will focus (although not exclusively) on high use potential markets, such as road construction, mining explosives, infrastructure and civil engineering uses. That focus will be added to by closer engagement with potential large volume users, such as local government authorities, state roads and infrastructure bodies, construction and civil engineering operators.

Review and strengthen the capacity for data collection and management for a growing participant base.

The significant data flows resulting from the increasing Scheme participant base, necessitate future-proofing reporting platforms and procedures. To effect this a review of the current platform will be undertaken, that will offer an opportunity to introduce further features to interrogate collected data and identification of new or enhanced reporting functionality that should be built into the possible new or revised platforms.

Engage with automotive importers and remaining tyre importers to bring them within the scheme.

The existing wide coverage of consumer tyre brands in addition to the strong public awareness, provides a sound foundation on which to make the case to remaining imported tyre brands, of any significant volume, for participation in the scheme. The volume of OEM (Original Equipment Manufacturer) tyres imported, on the over one million new vehicles sold in Australia each year, offers the next logical major source of tyres entering the market that should be addressed.

Verification of down-stream outcomes for exported Australian sourced EOLTs.

As part of even more comprehensive compliance measures, TSA will develop processes for the verification of the final fate of tyres exported from Australia by accredited recyclers. Resources will be applied to the task of verifying that the end fate of such tyres is consistent with that reported to TSA and compliant with the accreditation obligations incumbent on any accredited entity.

Increasing consumer awareness and industry knowledge of improved domestic markets for tyre-derived products.

As a reinforcement of the value of using only TSA accredited suppliers, consumer education around the beneficial outcomes derived from increased domestic recycling will be maintained. In addition industry education efforts, around specific end-product outcomes and procurement opportunities, will be increased.

Accreditation and Compliance Status



A core objective of the Tyre Product Stewardship Scheme is the administration of an Accreditation and Compliance Program that verifies sustainable end-of-life tyre (EOLT) management by TSA Participants.

Over the 2017/18 year there was steady growth of participants within the accreditation program, reflecting an increase in tyre retail chain participation as well as a strong recognition within the collection and recycling operators of the business benefit of TSA accreditation. As a result, TSA experienced increased participant accreditation in all categories.

The growth in monthly reporting of the fate of end-of-life tyres, through the purpose-built reporting platform, was also a positive trend. Since its inception, at the end of 2015, the TSA reporting platform has traced the fate of over 82.6 million EPU's.

The audit program over the 2017/18 year covered all collectors and recyclers and is scheduled to meet the target of ensuring that 10% of retailers are audited each year. In addition, a self-certification form, was introduced for each participant category, requiring the participants to re-commit annually to meeting the requirements of accreditation and to provide updated information on how they do so. Issuing of the annual, dated, accreditation stickers is dependent on the completion of that form.

Tyre Retailers

By the end of the 2017/18 year the number of TSA accredited tyre retailers exceeded 1500, providing a nationwide coverage that ensures most consumers have a choice of TSA accredited tyre retailer. The addition of the remaining major tyre retail chains delivered an almost 100% coverage of the recognised brands and names in the consumer tyre retail space.

Whilst the known total number of tyre retailers fluctuates, given the entry to and exit from the business, the current position is that the opportunity for large retail groups joining the program has now been, largely, exhausted.

Future new participants are likely to be smaller independent operators and those offering tyre services as part of a broader vehicle servicing business. Consequently, ongoing additions to the TSA accredited tyre retailer ranks are likely to be at a steady but slower rate.

Collectors and Recyclers

The success of the accreditation program is demonstrated by the fact any significant new entrant to the tyre recycling segment now considers TSA accreditation an almost mandatory step. Given that accreditation of EOLT collectors and recyclers requires individual site audits and detailed information on the management, treatment and final use of EOLTs, it is encouraging that entrants do not see accreditation as a barrier to entry, rather it is viewed as a mark of legitimacy.

TSA accredited operators handle more than 80% of the available EOLTs managed in Australia. Adding further strength to the scheme is the fact that all TSA accredited recyclers and collectors are audited annually to ensure full compliance with the program's commitments.

Other Tyre Market Participants

Over the course of the 2017/18 year an additional 6 Local Government Authorities joined the accreditation program and further efforts were directed toward recruiting additional fleets, including both commercial vehicle and passenger car operations.

In the coming year the executive team will, as part of the work to broaden the reach of the accreditation program, undertake discussions with vehicle importers. Given the over 1 million new cars imported into Australia each year, the volume of tyres entering the market as OE fitment is a logical target for potential growth.

Market Development

TSA market development activities continued to enhance and create markets for Australian tyre-derived product throughout the 2017/18 financial year.

In addition to the creation and roll out of the National Market Development Strategy for Used Tyres released last year, the Market Development function can expand its area of activity, thanks to the broader market development parameters allowed within the extension of the ACCC authorisation. The original Guidelines for the Tyre Stewardship Scheme were specific in stipulating that TSA market development activities were to be focused on early stage, research and development activities. Within the re-authorisation of the Scheme, the parameters of TSA market development activities can now be more outcome focused, rather than process driven. That broadening provides TSA with the ability to fund activities that more immediately drive the increased consumption of Australian generated tyre-derived product (TDP).

The new parameters still require open and transparent processes, ensuring that actions benefit the Australian tyre recycling sector as a whole and do not unduly or unfairly advantage any single market participant.



The roads sector continues to be a major focus for TSA market development activities with significant progress being made, over the 2017/18 year, towards increasing the use of Australian TDP in local markets. Key activities to deliver outcomes include:

- The completion and imminent roll out of a tech-talk training course for Road Engineers around the utilisation of crumb rubber binder in spray seal and asphalt applications – a project delivered in partnerships with the Australian Asphalt & Pavement Association (AAPA).
- The creation and release of national asphalt specifications, by the AAPA, for Open and Gap Graded rubberised blends.
- Supporting the attendance of Dr David Jones, Associate Director for the University of California Pavement Research Centre at the national AAPA conference in late 2017, along with provision of his expert advice and technical consultation to VicRoads.
- Further local condition testing and evaluation of CRM binder – the City of Mitcham, in South Australia, is currently undertaking laboratory and field testing to further validate the measurable benefits in performance and asset life of crumb rubber asphalt. Data gained will help broaden the use by other local government authorities.

In addition to the roads-orientated initiatives, TSA has invested significantly in multiple emerging and expanding markets for Australian recycled tyre product. All of the current projects are collectively summarised on pages 10–15.

It remains the case that the development of markets for TDP can be a long and complex process. The market development focus of TSA has been to deliver both more immediate opportunities whilst remaining focussed on the highest potential uses, even if they require longer-term engagement. The TSA Market Development team will continue to build on the foundations laid, as the organisation looks to maximise the benefit from the existing and ongoing investment.

Case Studies

Pyrolysis

Investigating technologies for new recycling processes

The commercialisation of innovative technologies could, in the near future, provide various additional applications for tyre-derived products compared to those presently available. Helping to create that circular economy is one of TSA's key objectives.

During the financial year 2017/18 Tyre Stewardship Australia in conjunction with Sustainability Victoria and Queensland Department of Environment and Heritage have worked with consultants to undertake an independent analysis of thermal processing technology for end-of-life tyres with a particular focus on dedicated pyrolysis and gasification units that process tyres into oil, steel, synthetic gas and carbon 'products'.

The result of this work is a practice guide for regulators, councils, policy makers and investors on pyrolysis infrastructure and technology. The guide is based upon

independent and factual information about the range of factors that must be considered for any policy, planning, regulatory or investment decisions relating to pyrolysis for used tyres in Australia.

The possibility of the commercialisation of new technologies like pyrolysis, holds potential to increase sustainable outcomes and history shows that prohibitively expensive new technologies often become commercially viable with time, scale and changing market demands. However, information on the effectiveness of these technologies is presently scant which makes decision making difficult around investment, policy and planning for such initiatives. Therefore, this research was undertaken to develop a practice guide for pyrolysis and gasification infrastructure.

The idea of delivering a circular economy in tyre use is not fanciful. It is an objective that TSA and its partners are committed to; an objective that, if achieved, will benefit us all.

University of Melbourne

High-tech pavement that can water trees

Merlin Sites Services and the University of Melbourne have conducted research into the use of recycled tyre-derived products to create urban paving that can, amongst other properties, provide water to nearby trees.

Many Local Governments across the country are reviewing and trialling permeable pavement materials that allow rainwater to soak through the top surface to improve adjacent soil moisture and water nearby trees. In addition to increasing groundwater recharge, permeable pavement can help to reduce surface runoff, decrease the risk of flash flooding, help with treatment of storm-water, and prevent runoff pollution to connected water bodies.

A TSA funded University of Melbourne research project investigated the suitability of using up to 50% waste tyre products in permeable pavement applications as part of more comprehensive irrigation and storm-water management solutions for urban areas.

Tyre-derived products (TDP) can help to deliver the desired pavement characteristics and could prove to be a very valuable ingredient in meeting a complex engineering challenge.

Therefore, the research trialled the use of recycled tyres to create the 'optimum blend' of paving that provides enough flexibility to reduce cracks caused by movement of natural ground or tree roots, but not so much that it becomes unstable under traffic loads. Utilising the qualities of rubber tyres – sturdiness, elasticity and reliability – to create a surface that will deform when no load is present but squeeze tyre particles tight to create rigidity quickly when supporting heavy loads, such as trucks, cars, buses and bikes. The blend is a fine balance between recycled tyre particles, rigid rock aggregates and the binding product.

Trialling this product on a larger scale will assist the verification of this blend of permeable pavement and the value it provides – one that can take thousands of tyres from landfill and have a dramatic effect on sustainability.

Evaluation of TSA Research Fund operation

The Tyre Product Stewardship Scheme Guidelines state that “the objectives of the scheme are to increase resource recovery and recycling and minimise the environmental, health and safety impacts of end-of-life tyres generated in Australia, and develop Australia’s tyre recycling industry and markets for tyre derived products’.

As part of a regular assessment of how well those objectives are being met, an independent review of the Scheme was undertaken, by Marsden Jacob Associates, in April 2017. A specific significant recommendation was that *‘TSA establish appropriate criteria for ex-ante assessment of proposals for funding through the Tyre Stewardship Research Fund (TSRF). The criteria should be consistent with the objectives of the TSRF. TSA should also undertake an ex-post assessment of funded projects to assess whether they have been successful in furthering the objectives of the TSRF with results of the evaluations being published.’*

To deliver on this recommendation, an independent evaluation of the TSRF and TSA Market Development activities was undertaken in early 2018. The review assessed several objectives including; to investigate, measure and understand the impacts of TSA funded activities; delivery against the desired market development objectives; and delivery as against the broader intended outcomes of the Scheme.

The review was comprehensive in scope and the key outcomes from the report were:

- the projects examined (8 in total) during evaluation could account for up to 106,500 tonnes of annual demand for TDP through commercial scale activities in the near term, mainly as demand for crumb rubber.
- the TSRF has been successful in fulfilling its stated objectives, separate to its contribution to the Scheme’s primary objective to divert used tyres from landfill via domestic activities. The advancement of new technology is a hallmark of each project, applied in different ways relevant to market development. Some projects advanced innovation by transferring technologies used elsewhere, whereas others invested in entirely new technologies.

Upon review of the report, 18 recommendations were made. TSA has already begun implementing those recommendations contained in the report. While this process has been beneficial to-date in terms of analysing, assessing and quantifying the impact of TSA Market Development activities, it forms only the first step in implementing a comprehensive ongoing monitoring process.

International market investigations and assessments

Churchill Fellowship Overview

In July and August of 2017, TSA Market Development Manager, Liam O’Keefe undertook a Churchill Fellowship. The aim of such fellowships being to provide an opportunity for Australians to travel overseas to conduct research, in their chosen field, that is not readily possible in Australia.

The objective of Liam’s Churchill Fellowship was to meet with practitioners of tyre product stewardship schemes around the world, to identify the key characteristics of each and ascertain the effectiveness of differing models and approaches. Then to analyse and compare international approaches with the Australian scenario to identify opportunities for enhancing domestic end-of-life tyre management outcomes.

The tour provided invaluable information, and thought leadership in global tyre product stewardship. Many aspects of successful international approaches can be drawn upon to enhance outcomes in the Australian sector. Consideration of that knowledge combined with an Australian approach that allows for the local business and physical landscape, market characteristics, culture and political leanings, is likely to assist in the evolution of a successful Australian tyre product stewardship scheme.

Market Development Projects

Ongoing projects for the 2017/18 year*

Project Name 2015/2016	Project Description
<p>University of NSW & Green Distillation Technologies</p> <p>Developing graphene integrated super-composite materials using end-of-life tyres</p>	<p>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.</p>
<p>Australian Road Research Board (ARRB) Queensland, Transport and Main Roads Queensland, Department of Environment and Heritage Queensland</p> <p>Transfer of crumb rubber modified asphalt and sealing technology to Queensland</p>	<p>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. Also 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. The 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.</p>
<p>ARRB Victoria, VicRoads & Sustainability Victoria</p> <p>Explore and evaluate local market development opportunities for crumb rubber in Victorian roads</p>	<p>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 undertaken in Queensland.</p>
<p>University of Melbourne & PreFab Australia</p> <p>A green lightweight composite panel system using recycled tyres</p>	<p>Investigating 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.</p>
<p>University of Melbourne & Merlin Site Services</p> <p>Recycled tyre in permeable pavement applications</p>	<p>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.</p>

*The Tyre Product Stewardship Scheme Fund projects are multiple-year contracts. Listing provided is only for projects contracted and underway.

Ongoing projects for the 2017/18 year*

Project Name 2015/2016	Project Description
<p>Chip Tyre, BioAust Energy, Sequence Blast & Drill</p> <p>High speed polymer coating of rubber crumb fueled explosives</p>	<p>High speed polymer coating of rubber crumb fueled explosives: This project 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 a potentially innovative and commercially worlds first application that has the ability to consume tyre-derived product in the tens of thousands of tonnes once validated.</p>
<p>University of Wollongong, Rail Innovation Cooperative Research Centre and the Australasian Centre for Rail Innovation (ACRI)</p> <p>Performance of recycled rubber inclusion for improved stability of railways</p>	<p>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.</p>

*The Tyre Product Stewardship Scheme Fund projects are multiple-year contracts. Listing provided is only for projects contracted and underway.

Ongoing projects for the 2017/18 year*

Project Name 2016/2017	Project Description
<p>University of South Australia and the Australian Research Centre</p> <p>Reinforced crumbed rubber concrete for residential construction</p>	<p>To demonstrate that reinforced crumb rubber concrete is an economically viable and sustainable alternative to conventional reinforced concrete for residential structural engineering applications.</p>
<p>Monash University</p> <p>Assessment of liquid fuel, chemicals and porous material production from end-of-life tyres</p>	<p>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.</p>
<p>Flexiroc, Tuff Turf and Pakenham Racing</p> <p>Equine Air Pakenham Racing Club project</p>	<p>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 Australian market 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.</p>

*The Tyre Product Stewardship Scheme Fund projects are multiple-year contracts. Listing provided is only for projects contracted and underway.

New projects for the 2017/18 year*

Project Name 2017/2018	Project Description
<p>UniSA & University Technology Sydney</p> <p>Physical properties of tyre walls in residential housing construction</p>	<p>Earthships (https://www.earthshipglobal.com) use tyres as the structural basis for housing construction. This research will aim to provide technically verified, independent data that relates the performance of these structures to Australian building codes and requirements. There are also concerns around tyre 'off-gassing' into living spaces and the impact of this, should it actually occur.</p>
<p>City of Mitcham (SA), Australian Road Research Board, Topcoat</p> <p>Dense grade crumb rubber asphalt trial – City of Mitcham</p>	<p>The City of Mitcham, in South Australia, is currently undertaking laboratory and field testing to further validate the measurable benefits in performance and asset life, in highly expansive soils, of crumb rubber asphalt. Data gained will help broaden the use by other local government authorities.</p>
<p>UNSW</p> <p>Generation of gases from end-of-life tyres and purification using novel graphene molecular sieve</p>	<p>To utilise graphene oxide membranes as molecular sieves to separate gases (such as CH₄, H₂) generated via pyrolysis of waste tyres. The project is currently studying high temperature pyrolysis to generate valuable gases from waste tyres as one of the major tasks of another Tyre Stewardship Australia project, in collaboration with Green Distillation Technology Corporation.</p> <p>Initial results indicate that waste tyres can be a highly valuable resource to generate pure gases for various industrial applications. A technology for producing pure gases from waste tyres can be a significant contribution in developing cost effective renewable energy resources.</p> <p>The study will also investigate the commercial applications for gases generated from these processes. Formative business case development will occur to understand the process inputs relative to the value associated with the extraction and utilisation of the gases.</p>
<p>RMIT University</p> <p>Innovative design of lightweight and structurally efficient composites incorporating crumb rubber</p>	<p>Aiming to develop new multifunctional fibre-reinforced polymer (FRP) composite materials incorporating crumb rubber as a means to enhance the structural, acoustic and, thermal insulation and vibration damping characteristics for wide-ranging applications, including road and rail infrastructure, transport vehicles and, building and construction.</p> <p>The proposed research will stimulate composite production industries and markets for EOLTs by creating high-volume and value-added engineering products that meet or surpass international standards for varied structural and functional engineering applications.</p>

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New projects for the 2017/18 year*

Project Name 2017/2018	Project Description
<p>Main Roads Western Australia and Australian Asphalt Pavement Association (AAPA), Australian Road Research Board (ARRB), Qld Department of Environment & Heritage Protection, Qld Transport & Main Roads</p> <p>Transfer of crumb rubber modified asphalt and sealing technology to Queensland & Western Australia</p>	<p>International studies have shown that gap graded asphalt with crumb rubber modified (CRM) binders can provide improved resistance to crack reflection compared to conventional asphalt. These mixes are therefore commonly used when rehabilitating/overlaying existing pavements where improved resistance to crack reflection is required. It is envisaged that similar applications will apply in Australia.</p> <p>Currently there are no specifications available in Queensland and Western Australia for the use of CRM binders in gap graded asphalt to readily make use of the benefits in rehabilitation treatments (such as asphalt overlays). The development of a technical specification for crumb rubber modified gap graded asphalt will assist to overcome a significant barrier to its use in this application.</p>
<p>Curtain University and Lomwest Enterprises</p> <p>Development of reinforced concrete – recycled tyre bale sandwich structural wall system</p>	<p>The evaluation of a wall system using baled end-of-life tyres sandwiched between highly stable concrete skins. This wall panel can be placed side-by-side or on top of each other. The resulting wall system can be used as retaining wall, blast resistant wall, exterior walls for thermal housing, etc.</p> <p>This project will study the structural behaviour of the proposed sandwich wall and enable the product to be used for practical construction projects. The outcomes of the project will be a study of the performance qualities of the reinforced concrete tyre bale which will enable the product to be utilised more broadly for construction purposes thereby increasing the utilisation of Australian waste tyres for productive outcomes.</p>
<p>Polymeric Powders</p> <p>Production of tyre crumb derived composite material</p>	<p>Based upon the successful outcomes from the initial project further investment will test the scaling capability of the technology, with the aim of producing the composite material pellets in a master batch volume. This will determine if the production process will be able to cope with future required manufacturing quantities for use in the large volume Irrigation Pipes and Sewerage Pipes markets.</p> <p>This scale-up project will involve ordering new purpose built plant, as well as specialised materials handling equipment, for combining the tyre crumb derived Polymeric Powder and Polyolefin material. Should this initial plant prove beneficial, the first commercial facility utilising the new equipment will have a 'potential production capacity for manufacturing the Polymeric Powder composite material pellets at 100,000 tons per annum, being 6,250,000 EPU's of end-of-life standard passenger car tyres from this first facility'. This could provide a substantial potential market pull through once these figures are verified.</p>

*The Tyre Product Stewardship Scheme Fund projects are multiple-year contracts. Listing provided is only for projects contracted and underway.

Industry and Public Education Campaign



Continuing the growth in the education and awareness campaign saw the launch of a dedicated consumer brand, the Green Tyre Project, in late 2017. The resulting awareness increase amongst consumers drove major increases in website visitation, accredited retailer searches and commitments to buy only from TSA accredited retailers. All outcomes that provide benefit to the TSA participant base.

The identification of the need for, and development of, the new consumer brand resulted from market research testing the most relevant and easily understood messages that would serve the consumer education objective.

The supporting advertising campaign targeted a broad section of the consumer audience and delivered executions in traditional newsprint, outdoor, radio, online and transit advertising. The use of such a wide range of media generated a strong response, through both increased website activity and qualitative feedback from the marketplace.

The Green Tyre Project digital presence and direct consumer messaging clearly gained traction with potential tyre buyers as evidenced by the remarkable increase in consumer website activity. From a pre-campaign average result of 2,274 visits per month, following the launch of the Green Tyre Project, the monthly site visitation grew to over 65,000 unique visitors.

Over the year, targeted industry communications increasingly focused on the benefits of TSA involvement, both as a result of the strong consumer message and through industry segment specific information.

The promotion, to potential end-users, of the innovative and beneficial uses of end-of-life tyre-derived material and of newly developed products resulting from Tyre Stewardship Research Fund projects, drove greater industry engagement both through relevant industry associations and individual operators.

In the coming year, the public and industry education campaign will continue to carefully target key audiences and seek to support awareness-raising with the provision of information on sustainable uses; all with clear and relevant calls-to-action for consumers and industry.

All Visitor Sessions	July 2016 – June 2017	July 2017 – June 2018 ¹
Yearly Total	33,288	789,059

Monthly Average	2,774	65,755
-----------------	-------	--------

Green Tyre Project Website Activity

Impressions	26,875,692
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Pledges	3,162
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Retailer Search Function	9,801
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Social Shares	29,613
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Videos Views	463,740
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¹ The 2017/18 figures represent activity from both the Tyre Stewardship Australia and Green Tyre Project websites.

Events and Conferences



TSA continued to build strong connections in the 2017/18 year, with key industry sectors, through attendance, presentation and participation in major industry events and conferences.

TSA continued to engage with relevant industries throughout the 2017/18 year. Participation in industry events and conferences remains a central part of that engagement.

For the second year in a row, TSA presented about TSA initiatives to the Waste Management Association of Australia event in WA. For a third year, TSA exhibited the sustainable end-of-life tyre outcome opportunities at the Australian Local Government Association's, National General Assembly in Canberra, with a key focus on opportunities within the local government sector offered by TSA accreditation and using TSA accredited businesses.

The TSA Market Development Manager participated in the Coffs Harbour Waste 2017 Conference, focusing on emerging technologies and pending outcomes of research, supported by the TSA Market Development Fund, into evaluation of emerging thermal technologies such as pyrolysis and gasification.

TSA also attended the Waste to Energy Forum in Ballarat in, February 2018, that looked at alternative fuels and progressed further discussions around the development of waste to energy in Australia.

In conjunction with the launch of the new consumer website; the Green Tyre Project, TSA supported the Planet Ark National

Recycling Week 2017 (NRW) initiative. The sponsorship of this event provided opportunities for broad market communication, social media promotion, co-promotion, via the NRW website, and the inclusion of case studies of beneficial outcomes for end-of-life tyres. Launching the consumer brand aligned with the NRW event helped to drive strong initial numbers for the consumer website.

TSA has also hosted several of its own participant, member and industry events during the course of the year. Both a Recycler and an Importer Forum were held in Victoria and New South Wales respectively which facilitated discussion amongst participants and members, around key activities, outcomes and issues relating to their roles in the tyre supply to disposal chain.

For the second time, TSA hosted an Industry Conversation event, this time in NSW, focusing on international factors that influence domestic markets. During the year the Australian resource recovery and recycling industry experienced considerable change and disruption. Given Australia's exposure to foreign markets, the updates on the international state of play from both European and New Zealand end-of-life tyre markets provided additional local industry knowledge. The event also included a broad ranging Q&A panel discussion, including the presenters from the day, Peter Taylor – Secretary General of the UK Tyre Recovery Association and Meg Larken – Senior Policy Analyst from NZ Ministry for the Environment, amongst other industry personnel.

Other conferences participated in included, the Institute of Public Works Engineering Australasia (IPWEA) Sustainability Conference, National Manufacturing Week Expo, and 28th International ARRB Conference.

TSA also supported Fleet industry events; the IPWEA Australasian Fleet Conference and the Australian Fleet Managers Association Conference, as part of an increased focus on broadening the reach of the Scheme. At both events, the TSA message focused on the potential benefits for fleet organisations from involvement with TSA.

TSA also participated in discussions, addressing the industry response to the Australian Government Waste Policy Review, at the annual Global Product Stewardship Council International Stewardship Forum, held in Sydney.

Members and Accredited Brands

Tyre Importer Members



KUMHO TYRE



Other Members



Tyre Retailers



Tyre Brands



Recycler and Collector Brands²



² At time of this document going to print, the following brands weren't available to display – MIKAM Tyres, Spencer Gulf Recyclers, and Oz Tyre Recyclers

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DIRECTOR'S REPORT

The directors present their report on Tyre Stewardship Australia Limited for the financial year ended 30 June 2018.

DIRECTORS

The names of the directors in office at any time during, or since the end of, the year are:

NAMES

David Spear
Justin Siebert – resigned 9 February 2018
Peter Kreitals
Alan Sutton
Steve Clifford
Andrew Moffatt – resigned 13 July 2018
David Wilson
Melissa Holzberger
Lawrie de La Rue – resigned 11 September 2018
David Lane – appointed 2 March 2018
Douglas Barclay – appointed 13 July 2018
Allan Kerr – appointed 17 August 2018

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

REVIEW OF OPERATIONS

The loss of the Company after providing for income tax amounted to \$ (137,162).

PRINCIPAL ACTIVITIES

The principal activity of Tyre Stewardship Australia Limited during the financial year was the management of the voluntary Tyre Product Stewardship Scheme as per the initial Australian Competition and Consumer Commission (ACCC) authorisation on 11 April 2013 for 5 years (Authorisation Numbers A91336-A91337) and re-authorisation on 15 June 2018 for a period of 6 years (Authorisation Number AA1000409).

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.

No significant changes in the nature of the Company's activity occurred during the financial year.

SHORT AND LONG TERM OBJECTIVE

The Company's short and long term objectives are detailed in Tyre Stewardship Australia Ltd 2017/18 Annual Report.

STRATEGY FOR ACHIEVING THE OBJECTIVES

To achieve its stated objectives, the Company has adopted the strategies which are outlined in Tyre Stewardship Australia Ltd 2017/18 Annual Report.

PERFORMANCE MEASURES

The Company measures its own performance through measures that are described in Tyre Stewardship Australia Ltd 2017/18 Annual Report.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year that significantly affect 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.

Future Developments

The Directors are not aware of any specific developments likely to have a significant effect on the operations of the Company or the expected results of those operations in the future years.

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, resigned 9 February 2018

Justin has been with Michelin for fifteen years and has been based both in Australia and overseas. His roles have included 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 Australian Institute of Company Directors.

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. In addition to being a Director with Tyre Stewardship Australia, he is also a member of various other Boards and Committees.

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 19 years. Alan is responsible for field engineering, product performance and government compliance across all tyre categories except Earthmover and Aviation. Alan is a director of Tyre Stewardship Australia and the Australian Tyre Industry Council (ATIC). He is also the GDTA representative on 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, resigned 13 July 2018

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 25 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.

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.

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, resigned 11 September 2018

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.

David Lane – Director, appointed 2 March 2018

David is the Chief Financial Officer of Michelin Australia and has held that position since 2011. His role encompasses the finance function for Oceania as well as legal & risk management, corporate development and public affairs. During this time, he has overseen the evolution of the finance function and related domains to a more service focused division, as well as managing due diligence for acquisitions. David is an experienced senior finance professional with management and team leadership experience in five continents over 20+ years. He has held senior regional and country finance roles within the automotive component and defence industries in Australia and USA, as well as senior roles in audit and assurance at PricewaterhouseCoopers in UK and Australia. David is a Fellow of Chartered Accountants Ireland and a graduate of the Australian Institute of Company Directors.

Douglas Barclay – Director, appointed 13 July 2018

Douglas is the General Affairs Manager at Bridgestone Australia Limited. In his role he is responsible for environmental matters, continuous improvement, group procurement and Australian property. He is an engineering and management professional with 20+ years in senior roles with experience in working in the automotive components manufacturing industry. He completed a Bachelor of Mechanical Engineering along with a Masters of Business Administration at the University of South Australia. He has expertise in collaborating to set business strategy, drive operational and sales activities, establish best practice and initiate change and innovative business solutions.

Allan Kerr – Director, appointed 17 August 2018

Following 40 years of senior managerial experience in the manufacturing sector, Allan retired in 2012. He was Managing Director of Tyrecycle Pty Ltd from 2000 until 2012. In 2009, he became a part owner of the business, following its

divestment from Sims Metals. During his leadership of Tyrecycle, the business was transformed into a major tyre recycling business, providing a national service to the Australian market. He oversaw a major upgrade and expansion of Tyrecycle's recycling facilities in Melbourne, Sydney, Brisbane and, Perth. International markets were also identified and established during this period. Allan initiated, and Chaired, ATRA as a voice for the tyre recycling industry, and was heavily involved in all product stewardship discussions during his 12 years at Tyrecycle. Prior to joining Tyrecycle, Allan was involved in the textile industry. His 28 years in textiles gave him an extensive background in all aspects of management and governance. Allan was appointed CEO, Bradmill Undare Group , in 1993, a position he held until 1999. At this time, Bradmill was one of Australia's largest vertically integrated textile businesses. Prior to becoming a director on 17 August 2018, Allan was a member of the Research Advisory Committee.

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

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.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Silvio de Denaro (BA(Hons)) has been the Company Secretary since 24 July 2013.

Indemnification of Officers

During or since the end of the financial year, the Company paid a premium to insure the Directors and officers of the Company. The liabilities insured are costs and expenses that may be incurred in defending any legal proceedings arising out of their conduct while acting in their capacity as officers of the Company other than a conduct involving a wilful breach of duty in relation to the Company.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract.

The Company's constitution allows for the inclusion of indemnifications in favour of persons who are or have been a Director or officer of the Company. To the extent permitted by law, the Company has provided indemnities to those Directors that have sought one. The company executed deeds of indemnity, insurance and access agreements during the year.

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Members Guarantee

The entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the entity. At 30 June 2018, the number of members was 11.

MEETINGS OF DIRECTORS

During the financial year, 19 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

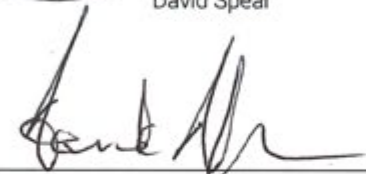
	Directors' Meetings		Finance and Audit Committee		Research Advisory Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
David Spear	10	10	7	7	-	-
Justin Siebert - resigned 9 February 2018	7	5	4	4	-	-
Peter Kreitals	10	9	-	-	2	2
Alan Sutton	10	9	-	-	2	2
Steve Clifford	10	9	-	-	-	-
Andrew Moffat - resigned 13 July 2018	10	7	7	7	-	-
David Wilson	10	9	-	-	-	-
Melissa Holzberger	10	10	-	-	-	-
Lawrie de La Rue - resigned 11 September 2018	10	8	-	-	-	-
David Lane - appointed 2 March 2018	3	3	3	3	-	-
Douglas Barclay - appointed 13 July 2018	-	-	-	-	-	-
Allan Kerr - appointed 17 August 2018	-	-	-	-	2	2

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 2018 has been received and can be found on page 29 of the financial report.

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

Director:  _____
David Spear

Director:  _____
David Lane

Dated this 21st day of September 2018

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001**

TO THE DIRECTORS OF TYRE STEWARDSHIP AUSTRALIA LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018, 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.

Morrows

MORROWS AUDIT PTY LTD



L.S. WONG
Director

Melbourne 21 September 2018



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		\$	\$
INCOME			
Revenue	5	4,292,255	4,236,837
Other income	5	76,534	121,221
EXPENDITURE			
Communications and advertising expenditure		(1,537,675)	(884,516)
Administrative expenses		(307,773)	(265,612)
Board Expenses		(325,343)	(319,469)
Employee Expenses		(740,202)	(463,987)
Research expenditure and professional fees		(766,900)	(871,018)
Accreditation and compliance expenses		(638,200)	(354,863)
Accounting and audit fees		(62,185)	(78,051)
Travel		(106,762)	(172,046)
Depreciation and Amortisation		(20,911)	(11,381)
SURPLUS / (DEFICIT) FOR THE YEAR		(137,162)	937,115
TOTAL COMPREHENSIVE SURPLUS/(DEFICIT) FOR THE YEAR		(137,162)	937,115

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

		2018	2017
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	3,667,362	3,704,590
Trade and other receivables	7	582,644	852,453
Other assets	8	38,178	2,735
TOTAL CURRENT ASSETS		4,288,184	4,559,778
NON-CURRENT ASSETS			
Property, plant and equipment	9	63,563	56,960
Intangible assets	10	-	808
TOTAL NON-CURRENT ASSETS		63,563	57,768
TOTAL ASSETS		4,351,747	4,617,546
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	430,270	561,820
Employee benefits		22,944	20,031
TOTAL CURRENT LIABILITIES		453,214	581,851
NON-CURRENT LIABILITIES			
TOTAL LIABILITIES		453,214	581,851
NET ASSETS		3,898,533	4,035,695
EQUITY			
Retained earnings		3,898,533	4,035,695
TOTAL EQUITY		3,898,533	4,035,695

The accompanying notes form part of these financial statements.

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

	Retained Surplus	Total
	\$	\$
Balance at 1 July 2017	4,035,695	4,035,695
Deficit	(137,162)	(137,162)
Balance at 30 June 2018	<u>3,898,533</u>	<u>3,898,533</u>

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2016	3,098,580	3,098,580
Surplus	937,115	937,115
Balance at 30 June 2017	<u>4,035,695</u>	<u>4,035,695</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from levies		4,991,290	4,555,964
Payments to suppliers and employees		(5,078,346)	(3,526,153)
Interest received		76,534	71,221
Net cash provided by/(used in) operating activities	16	(10,522)	1,101,032
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(26,706)	(48,335)
Net cash used by investing activities		(26,706)	(48,335)
Net increase/(decrease) in cash and cash equivalents held		(37,228)	1,052,697
Cash and cash equivalents at beginning of year		3,704,590	2,651,893
Cash and cash equivalents at end of financial year	6	3,667,362	3,704,590

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The financial report covers Tyre Stewardship Australia Limited as an individual entity. Tyre Stewardship Australia Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

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

The financial report was authorised for issue by the Directors on the date of signing of the Directors' Declaration.

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 and the Corporations Act 2001.

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.

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. INCOME TAX

The Company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

b. LEASES

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

c. 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.

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

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

Interest Revenue

Interest is recognised using the effective interest method.

Other Income

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

d. GOODS AND SERVICES TAX (GST)

Revenue, 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.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

e. PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Plant and Equipment

Plant and equipment are measured using the cost model.

Depreciation

Fit-out of buildings is depreciated on a straight-line basis over the life of the lease. Computer equipment and other property, plant and equipment is depreciated on a reducing balance basis over the asset's useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Office Equipment	10-50%
Furniture	10-67%
Computer Equipment	50-100%
Fit out	25%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

f. FINANCIAL INSTRUMENTS

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the 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).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

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 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.

Impairment of Financial Assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

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

g. 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.

h. EMPLOYEE BENEFITS

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. 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.

i. COMPARATIVES

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

See note 3 which details the reclassification that occurred during the financial year ending 30 June 2018.

j. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

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.

AASB16 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

3 RECLASSIFICATION

(a) Comparative information has been reclassified to reflect the nature of the liabilities and assets of the Company.

The aggregate effect of the change on the annual financial statements for the year ended 30 June 2018 is as follows:

	30 June 2017			1 July 2016		
	Previously stated	Adjustments	Restated	Previously stated	Adjustments	Restated
	\$	\$	\$	\$	\$	\$
Statement of Financial Position						
Trade and other receivables						
Trade debtors	799,208	-	799,208	700,966	-	700,966
Security bond	22,110	-	22,110	6,435	-	6,435
GST receivable	-	31,135	31,135	-	-	-
Total trade and other receivables	821,318	31,135	852,453	707,401	-	707,401
Trade and other payables						
Trade Creditors	464,791	-	464,791	164,025	-	164,025
Other creditors	46,066	-	46,066	28,887	-	28,887
Accrued expenses	50,963	-	50,963	-	-	-
Contributor deposits refundable	-	-	-	20,833	-	20,833
Input tax credits	(77,646)	77,646	-	4,953	-	4,953
GST payable	46,511	(46,511)	-	63,763	-	63,763
Total trade and other payables	530,685	31,135	561,820	282,461	-	282,461

(b) Comparative information has been reclassified to better reflect the nature of income and expenses generated by the Company.

The aggregate effect of the reclassification on the annual financial statements for the year ended 30 June 2018 is as follows:

	30 June 2017		
	Previously stated	Adjustments	Restated
	\$	\$	\$
Statement of Profit or Loss and Other Comprehensive Income			
Revenue	4,358,058	(121,221)	4,236,837
Other income	-	121,221	121,221
Accountancy expense	(56,801)	56,801	-
Auditor's remuneration	(21,250)	21,250	-
Accounting & audit fees	-	(78,051)	(78,051)
Research expenditure & professional fees	(1,219,703)	348,685	(871,018)
Accreditation & compliance expenses	-	(354,863)	(354,863)
Communication & advertising	(845,464)	(39,052)	(884,516)
Board expenses	(311,985)	(7,484)	(319,469)
Other expenses	(318,326)	318,326	-
Administrative expenses	-	(265,612)	(265,612)
Travel expense	(172,046)	-	(172,046)
Depreciation & amortisation	(11,381)	-	(11,381)
Employee benefits	(463,987)	-	(463,987)
Surplus for the year	937,115	-	937,115

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key Estimates – Impairment of Property, Plant and Equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key Estimates – Receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

	2018	2017
	\$	\$

5 REVENUE AND OTHER INCOME

Revenue

– Levies	4,292,255	4,236,837
– interest received	76,534	71,221
– Other income	-	50,000
Total Revenue	<u>4,368,789</u>	<u>4,358,058</u>

6 CASH AND CASH EQUIVALENTS

Cash at bank and in hand	1,583,131	1,666,959
Short-term deposits	2,084,231	2,037,631
	<u>3,667,362</u>	<u>3,704,590</u>

7 TRADE AND OTHER RECEIVABLES

Current

Trade receivables	562,805	799,208
Security Deposits	15,675	22,110
GST receivable	4,164	31,135
Total current trade and other receivables	<u>582,644</u>	<u>852,453</u>

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

8 OTHER ASSETS

Current

Prepayments	38,178	2,735
	<u>38,178</u>	<u>2,735</u>

	2018	2017
	\$	\$
9 PROPERTY, PLANT AND EQUIPMENT		
Fitout		
At cost	49,215	48,335
Accumulated depreciation	(11,704)	(174)
Total fitout	37,511	48,161
Office Equipment		
At cost	17,465	-
Accumulated depreciation	(3,334)	-
Total office equipment	14,131	-
Furniture, Fixtures and Fittings		
At cost	16,793	23,418
Accumulated depreciation	(8,339)	(14,619)
Total furniture, fixtures and fittings	8,454	8,799
Computer Equipment		
At cost	12,059	-
Accumulated depreciation	(8,592)	-
Total computer equipment	3,467	-
Total property, plant and equipment	63,563	56,960

a. MOVEMENTS IN CARRYING AMOUNTS

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Fitout at cost	Office Equipment	Furniture	Computer Equipment	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2018					
Balance at the beginning of the year	48,161	-	8,799	-	56,960
Additions	880	17,465	2,651	5,710	26,706
Adjustments	-	-	1,791	566	2,357
Disposals	-	-	(2,357)	-	(2,357)
Depreciation	(11,530)	(3,334)	(2,430)	(2,809)	(20,103)
Balance at the end of the year	37,511	14,131	8,454	3,467	63,563

	2018	2017
	\$	\$

10 INTANGIBLE ASSETS

Formation Costs

Cost	4,040	4,040
Accumulated amortisation and impairment	(4,040)	(3,232)
Total Intangibles	-	808

11 TRADE AND OTHER PAYABLES

Current

Trade payables	339,577	464,791
Accrued expenses	55,532	50,963
Other payables	35,161	46,066
	430,270	561,820

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

	2018	2017
	\$	\$

12 LEASING COMMITMENTS

Operating Leases

Minimum lease payments under non-cancellable operating leases:

– not later than one year	54,340	63,642
– between one year and five years	-	54,340
	<u>54,340</u>	<u>117,982</u>

Operating leases are in place for the office and normally have a term of 2 years. Lease payments are increased on an annual basis to reflect market rentals.

13 KEY MANAGEMENT PERSONNEL REMUNERATION

The totals of remuneration paid to the key management personnel of Tyre Stewardship Australia Limited during the year are as follows:

Key staff within Tyre Stewardship Australia Ltd	209,693	196,911
Non-Executive Directors and Secretary	307,834	311,984
	<u>517,527</u>	<u>508,895</u>

14 AUDITORS' REMUNERATION

Remuneration of Morrows (2017: MSI Ragg Weir) for:

– Audit of financials	15,300	13,750
– other services	16,850	-
Total	<u>32,150</u>	<u>13,750</u>

Other services include work on review of the levies paid by Tyre Companies to Australian Tyre Industry Council; and payment of these from Australian Tyre Industry Council to Tyre Stewardship Australia.

15 RELATED PARTIES

The Company's Main Related Parties are as Follows:

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

Key management personnel - refer to Note 13.

The Australian Tyre Industry Council is a not for profit company of major tyre related concerns in Australia. The Australian Tyre Industry Council receives levies from 8 tyre companies on behalf of Tyre Stewardship Australia. Except for the levies administration there are no other transactions between The Australian Tyre Industry Council and Tyre Stewardship Australia.

The Company Secretary of Tyre Stewardship Australia is also the Company Secretary of the Australian Tyre Industry Council.

The following director of Tyre Stewardship Australia is also a director of the Australian Tyre Industry Council:

Alan Sutton

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. Related party transactions are governed by statutory and common law duties, Corporations Act; and Tyre Stewardship's Constitution, Board Charter and Conflict of Interest Policy.

The following transactions occurred with related parties:

An agreement was entered into between Tyre Stewardship Australia Limited and The City of Mitcham on 16 March 2018 to provide funding of \$220,000 including GST for a research project. The funding will be provided over the period of 19 March 2018 to 1 July 2023. The Chairman's brother is the Mayor of the City of Mitcham. This was disclosed to, and managed by the Board of Directors as part of director's interest disclosures.

No other directors, nor family members of directors, received funding from Tyre Stewardship Australia.

	2018	2017
	\$	\$

16 CASH FLOW INFORMATION

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

Profit for the year	(137,162)	937,115
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Cash flows excluded from profit attributable to operating activities

Non-cash flows in profit:

– amortisation	808	1,616
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– depreciation	20,103	9,765
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Changes in assets and liabilities:

– (increase)/decrease in trade and other receivables	269,809	(145,052)
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– (increase)/decrease in other assets	(35,443)	(1,802)
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– increase/(decrease) in trade and other payables	(131,550)	279,359
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– increase/(decrease) in provisions	2,913	20,031
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Cashflows from operations	(10,522)	1,101,032
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17 FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Company is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Trade and other payables

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		2018	2017
		\$	\$
Cash and cash equivalents	6	3,667,362	3,704,590
Trade and other receivables	7	582,644	852,453
Trade and other payables	11	(430,270)	(561,820)
		<u>3,819,736</u>	<u>3,995,223</u>

The Board of Directors have overall responsibility for the establishment of Tyre Stewardship Australia Limited's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Tyre Stewardship Australia Limited's activities.

The day to day risk management is carried out by Tyre Stewardship Australia Limited's Chief Executive Officer under policies and objectives which have been approved by the Board of Directors. The Chief Executive Officer has the authority for designing and implementing processes which follow the objectives and policies.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Company maintains cash to meet its liquidity requirements for up to 30-day periods.

The Company manages its liquidity needs by carefully monitoring cash-outflows due in day-to-day business.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

The Company's liabilities have contractual maturities which are summarised below:

	Not later than 1 month		3 months to 1 year	
	2018	2017	2018	2017
	\$	\$	\$	\$
Trade payables	417,270	560,740	13,000	1,080
Total	417,270	560,740	13,000	1,080

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

Trade receivables consist of receivables from Australian Tyre Industry Council who have never defaulted. Ongoing credit evaluation is performed on the financial condition of accounts receivable through evaluation by external auditor.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Company has significant concentration of credit risk with respect to Australian Tyre Industry Council.

On a geographical basis, the Company has significant credit risk exposures in Australia given the substantial operations in those regions.

The following table details the Company's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31-60	61-90	> 90	
	\$	\$	\$	\$	\$	\$	\$
2018							
Trade receivables	562,805	-	133,110	-	-	-	429,695
Total	562,805	-	133,110	-	-	-	429,695
2017							
Trade receivables	799,208	-	295,409	552	-	18,854	484,393
Total	799,208	-	295,409	552	-	18,854	484,393

The Company does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

The Company has no borrowings but has cash on deposit with banks. Changes in interest rates will change the amount of interest income the Company earns.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1.00% and -1.00% (2017: +1.00%/-1.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	2018		2017	
	+1.00%	-1.00%	+1.00%	-1.00%
	\$	\$	\$	\$
Net results	36,674	(36,674)	37,046	(37,046)
Equity	36,674	(36,674)	37,046	(37,046)

18 EVENTS AFTER THE END OF THE REPORTING PERIOD

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.

19 CONTINGENCIES

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

As at 30 June 2018, Tyre Stewardship Australia Limited had signed and entered into various research project funding agreements and market development contracts with a cumulative amount of \$3,104,073 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 2018. 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 \$1,259,553 inclusive of GST at 30 June 2018.

20 STATUTORY INFORMATION

The registered office of the company is:

Tyre Stewardship Australia Limited
C/O- MGI Joyce Dickson
Level 1, 65 Canberra Avenue
Griffith ACT 2603

The principal place of business is:

2/59 Keele Street
Collingwood VIC 3066

21 MEMBERS GUARANTEE

The entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the entity. At 30 June 2018, the number of members was 11.


DIRECTOR'S DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 30 to 50, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date 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:  _____
David Spear

Director:  _____
David Lane

Dated this 21st day of September 2018

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 Limited (the Company), which comprises the statement of financial position as at 30 June 2018, 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 2018 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards 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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report and the Directors' Report for the year ended 30 June 2018, 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.





INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TYRE STEWARDSHIP AUSTRALIA LIMITED

Other Information continued

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 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/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.


MORROWS AUDIT PTY LTD



L.S. WONG
Director

Melbourne 21 September 2018

Your financial future,
tailored your way

Key Performance Indicators

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

1. The number of participants in the Scheme

Participation numbers continued to grow at a steady pace across most categories.

In 2017/18 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, especially in the area of Local Government Fleets, through the introduction of the Business Relationship Manager whose main focus is to grow participation and TDP procurement in the Local Government Sector.

Table 1 – TSA Accreditation numbers by years

Participant Category	December 2014	30 June 2015	30 June 2016	30 June 2017	30 June 2018	Total
Importers	6	1	1	0	0	8
Retailers	4	434	634	248	226	1546
Collectors	0	2	4	1	1	8
Recycler/Collectors	0	2	16	2	1	21
Fleet	1	1	1	1	1	5
Local Government	0	0	0	3	7	10
Mining	0	0	0	0	0	0

As participant businesses are subject to changes in ownership there is a natural attrition and fluctuation of accredited entities. This is especially the case within the retail and recycling sector. Therefore, although there were new retail accreditations of 226 for 2017/18 as of 30 June 2018, the total of accredited retailers was 1,505. Similarly, for Recyclers and Collectors, some businesses have ceased operations since accreditation and the number accredited as of 30 June 2018 stands at 20 Recyclers and eight Collectors.

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 2017/18, TSA remains at eight fully accredited tyre importers participating as Members in the Scheme. This continues to represent greater than 55 percent of the total replacement tyre market, based on market share. This figure of 55 percent is however below the aspirational target of 90 percent set at the beginning of the Scheme. This result reflects the voluntary nature of the Scheme, the allocation of TSA resources, and the cost considerations for a tyre importer to participate. However, TSA continues to look to all players in the market to be part of the industry-led solution.

During the course of the year TSA met with all tier one and a majority of tier two tyre importers to encourage participation by those yet to join the Scheme. With increased market pressure, through TSA's marketing and communications strategy directly targeting consumers, TSA anticipates positive responses in 2018/19 from the remaining tyre importers regarding involvement with the tyre product stewardship scheme.

TSA will continue to encourage fleet operators and local government to specify and purchase from TSA accredited participants, further providing incentive for the remaining tyre importers to join TSA.

During 2017/18 TSA has made contact with a number of motor vehicle importers with a view to establishing interest in participation. A number of vehicle dealerships have become accredited, and some importers have shown initial interest. It is understood that the automotive import market is just as competitive as the tyre replacement market, therefore the approach to these organisations will initially be focussed on the leading market players.

While conversations have been held with some State Government departments and a proportion of suppliers of mining tyres, this area remains, at present, largely untapped.

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 2017/18.

Table 2 – Destination of Australian EOLTs 2014/15 – 2017/18.

End-of-life Tyre Destination	2014/15	2015/16	2016/17	2017/18
Energy Recovery (local)	0.6%	0.0%	0.0%	0.03% ³
Material reuse & recycling (local)	3.6%	3.5%	5.6%	6.78% ⁴
Civil Applications (local)	0.8%	2.2%	0.4%	0.30%
Steel recycling	n/a	n/a	1.8%	2.20%
Exported Tyre Derived Fuel (TDF), baled, OTR and casings	32.6%	47.7%	38.7%	47.00%
Landfilled ⁵	48.7%	36.61%	6.7%	5.17%
Operational Stockpiles ⁶	n/a	n/a	2.9%	3.16%
Mining/Landfill/Existing stockpile additions ⁷	48.7%	36.61%	33%	30.20%
Unknown Destination ⁸	13.6%	10.0%	10.9%	5.10%

Continued improved data collection by TSA has enhanced the understanding of Australia's EOLT processing. From this data TSA can highlight improvements from previous years in specific tyre reprocessing areas, showing a continual upward trend year on year with approximately, 8.95 percent of EOLTs collected in Australia recycled domestically.

The overall EOLT reuse and recycling rate of 49.5 percent has increased in 2017/18 to 59.46 percent if one includes the operational stockpile volumes. Both volumes of exported EOLTs and those processed in Australia are increasing. This

3 Domestic thermal recovery facility

4 This total includes the domestic casing volume of 0.36%

5 This refers to percentage landfilled by TSA accredited collectors and/or recyclers. In years prior to 2016/17 '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. From 2016/17 TSA have been 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.

6 Operational stockpiles refer 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.

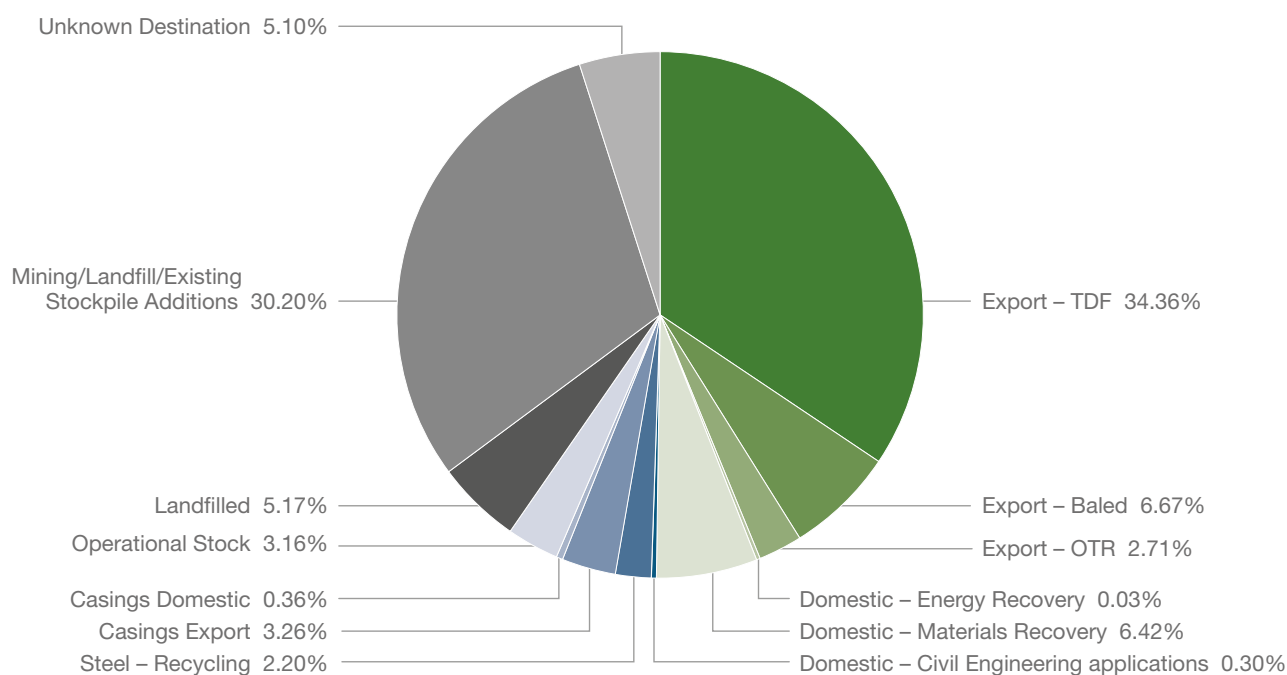
7 This is an estimated percentage of EOLTs that are disposed via the mining industry, most commonly buried at the mine site.

8 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.

year (2017/18) marks the first time a domestic thermal facility that processes EOLTs into its constituent parts received accreditation, with a small but significant volume of EOLTs being used locally for this recovery process. It is expected that volumes going to this process will increase in the coming years.

TSA continues to more accurately understand the breakdown of EOLT disposal through improved data collection. TSA has continued to separate out the end-of-life tyre storage (operational stock) at recycling sites in the data for 2017/18, as approximately 3.16 percent as of 30 June 2018. This total aligns relatively closely to the previous years (2016/17) operational stock of 2.9 percent. It is currently assumed that these tyres will be processed in the upcoming year.

EOLTs processing destinations 2017/18



Below is a table describing the EOLT destination according to the waste hierarchy (e.g. reuse through to energy recovery).

Table 3: Tyres known going to an Environmentally Sound Use (ESU)

EOLT destination according to Waste Hierarchy	Percentage 2017/18
Reuse (Casings – Local use and export)	3.62%
Materials Recycling (Domestic – crumbing, granulation, civil applications and steel recovery)	8.92% ⁹
Energy Recovery/Product Recovery (Domestic)	0.03%
Energy/Materials Recovery (Export – TDF, Baled, OTR)	43.74%
Operational Stock	3.16%
Total EOLTs going to an ESU ¹⁰ (including Operational Stock)	59.47%

⁹ Breakdown of domestic materials recycling and re-use: 6.42% crumbing, 2.20% steel, 0.30% civil engineering applications

¹⁰ ESU – environmentally sound use

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

Recycling and reuse rates for Australian end of life tyres have increased by around 10 percent from the 2016/17 to 2017/18 financial years. This substantial increase is comprised of a mix of local reuse (around 1 percent), local materials recycling (1.1 percent to domestic crumb, granulation and steel recovery) and exported energy recovery stock (7.74 percent to tyre derived fuel & baled exports).

Although not attributable to the TSA scheme alone, it represents a substantial volume of tyres being processed locally for the purpose of being used for environmentally sustainable outcomes. Of particular interest to the local industry is the increase of 1.1 percent for domestic crumb, granulation and steel recovery. That 1 percent represents an increase of around 500,000 EPU per annum. Demand for highly refined, high value (which can be worth around \$500-600 per tonne) crumb and granule is vital to the viability of the Australian recycling sector. Demand for such products underpins the large, multi-million-dollar investments Australian recyclers need to make to procure and operate the specialist equipment required to provide the high quality, consistent product that Australian producers are renowned for.

To further increase demand for such products, TSA has committed over \$3 million to market development initiatives, since the commencement of the market development program in September 2015. The first 3 years of the TSA program have been delivered under the original framework of the Tyre Stewardship Scheme which placed an emphasis on early stage research and development, as opposed to later stage, commercialisation activities. As a result, TSA has supported a broad portfolio of projects that have the capacity to create an estimated 150,000 tonnes of future demand for Australian tyre derived product.

In order to realise this potential demand, the 2017/18 financial year has seen the release of the National Market Development Strategy for Used Tyres (National Strategy). Completed by TSA in conjunction with the governments of Victoria, New South Wales, Queensland & Western Australia, the five-year strategy was endorsed by all Australian State and Territory Environment Ministers in late 2017 and provides a collaborative framework to maximise market development opportunities to increase the use of locally produced recycled tyre-derived products.

Additionally, with the re-authorisation of the Tyre Stewardship Scheme, TSA has broadened the remit for market development activities moving forward. On the back of the successful R&D projects to date, TSA will now look to release new Tyre Stewardship Fund 'streams' that focus on more direct TDP consumption. This will look at 'demonstration' and 'infrastructure' projects amongst other more overt market stimulation mechanisms.

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

There is an annual increase in EOLTs going to an environmentally sound use (ESU). In 2016/17 the overall amount was 46.5 percent, in 2017/18 this amount is 56.31 percent (excluding operational stockpiles). The majority of EOLTs continue to be processed as tyre-derived fuel (TDF) for export overseas.

It is acknowledged, that where the final destination for these exported EOLTs is to an overseas location that it is difficult to verify whether the final processing of such EOLTs occurred in an environmentally sound manner. To reduce the uncertainty TSA have been reviewing the export documentation to better understand final destinations of exported EOLTs through TSA accredited entities. TSA will continue to invest in a more robust downstream vendor verification system, which may entail site visits to these final destinations. TSA aims to 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 local value-added products (such as rubber crumb), but it is recognised that the export of TDF will remain a significant market for EOLTs. Despite this, TSA is pleased to report that local markets for tyre-derived products is continuing to increase from 3.5 percent (2015/16) to 5.6 percent (2016/17), to 6.42 percent (2017/18) and this percentage is higher when taking into account civil engineering applications, steel recycling and local reuse.

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

Table 4

End-of-life Destinations 2017/18	Percentage	Quantity (EPUs)
Material reuse - casings (domestic)	0.36%	0.16 million
Civil Applications (domestic)	0.30%	0.14 million
Material recycling (domestic)	8.62%	3.93 million
Energy Recovery (domestic)	0.03%	0.01 million
Exported (TDF, baled, OTR and casings)	47.00%	21.41 million

Total EPUs going to an ESU in 2017/18 = 25.65 million EPUs.

The current size of the local market for recycling is approximately 8.95 percent, with rubber crumb production once more the primary product of the year. However, a further 47.00 percent of end-of-life tyres are exported for use as tyre-derived fuel or for reuse or re-treading, as mentioned previously these are currently considered acceptable environmentally sound uses for EOLTs. The challenge is to verify them as the processing is undertaken overseas. As mentioned 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 2017/18 Annual Report provides a full, audited set of accounts for the financial year. Levy receipts for 2017/18 totalled \$4,292,255.

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

TSA 2017/18 Annual Report provides a full, audited set of accounts for the financial year. Levy funds spent during the period are reported in the activities of the Market Development, Accreditation and Compliance, Marketing and Communications and Finance and Administration domains.

9. An explanation of how the funds being spent is contributing to achieving the Scheme's 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 2017/18, as in past years, fall across the four TSA strategic priority areas:

ACCREDITATION, AUDITS & COMPLIANCE

In 2017/18 TSA continued the second year of the two-year TSA Audit Program, required for verification of TSA accredited entities meeting their Scheme commitments. The Audit Program is directed by the Accreditation & Compliance Manager, with audits involving tyre collectors, tyre recyclers and tyre retailers 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 2018.

As of 30 June 2018, 21 Recycler and Collector compliance audits were completed with six to be undertaken prior to 30 September 2018. There were 154 retailer audits completed by 30 June 2018 with a further 37 remaining to be completed by 30 September 2018. The audits, averaged across the year, will realise 10 percent of Retailers audited annually.

TSA received seven recycler and collector applications however only two new applicants attained accreditation.

MARKET DEVELOPMENT

The intent of TSA market development initiatives is to increase markets for Australian tyre-derived product as a support to 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 2017/18 year saw \$729,538 expended on the market development program.
- TSA contracted \$1.117 million in projects, including \$124,400 on broader market development initiatives.

Key deliverables in regard to those initiatives were:

- An investigation into pyrolysis and gasification technologies for the Australian market. This work was co-funded by TSA, Sustainability Victoria and Environment and Heritage Protection Queensland.
- Evaluation of the TSA Market Development program (see page 9 for more details).
- An 'industry capability assessment' of the Australian roads sector to utilise crumb rubber in higher volumes.
- The completion of a specific crumb-rubber training course for Road Engineers with the Australian Asphalt Pavement Association.

In addition, approximately \$600,000 worth of projects were also committed to in the 2017/18 period and are in the process of being initiated by the TSA market development team for the next financial year.

COMMUNICATION, EDUCATION AND AWARENESS

In the 2017/18 year the strategy was to more directly engage with markets to highlight the role consumers and industry can play in meeting the challenge of sustainable management of EOLTs and the benefits to be gained.

A dedicated consumer brand, the Green Tyre Project, was introduced in the November of 2017 to specifically target the public. The launch of the new brand, and the enhanced national advertising campaign across various media, drove increased activity to the newly built Green Tyre Project (GTP) website. This resulted in a substantial, 2270 percent, increase in website visitation over the prior year, providing an increase in searches for accredited tyre entities and adding further value to participants in the Tyre Product Stewardship Scheme. The two websites (TSA and GTP) also received a 52.4 percent visitor increase from organic and direct sessions year on year. This activity is generally attributable to awareness efforts from above-the-line activity.

In the industry space, focused engagement, via the national advertising campaign across B2B media, attendance and displays at tradeshow and industry events, meetings with key government agencies and a targeted digital campaign, also boosted activity in the industrial markets. An increase in interest from broader players in the retail sector, initial engagement with both fleet management organisations and car manufacturers, along with further work with Local Government, has also been realised through the assistance of Marketing and Communications initiatives.

ADMINISTRATION AND OPERATIONS

A full breakdown of operational costs is contained in the TSA accounts included in this document.

Staff numbers increased by two in 2017/18 with the addition of a Business Relationship Manager (BRM) who commenced just prior to the end of the financial year, and the introduction of a Support and Customer Relationship Officer in January of 2018.

Both roles aim to develop the relationships TSA has with both current and prospective, stakeholders and participants. The BRM's primary aim is to increase procurement of TSA's research and development funded end products within industry and local government.

The Board recognises that, 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. With over 1500 participants now in the Scheme, a part time Compliance Officer will join the team in early 2018/19 to assist in the accreditation and compliance process.

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 2017/18	Percentage	Quantity (EPUs)
Landfilling	5.17%	2.36 million
Mining/Landfilled	30.20%	13.76 million
Operational Stockpile	3.16%	1.44 million
Unknown Destination	5.10%	2.32 million

Data for 2017/18 allows for an estimate that approximately 6.12 million EPUs are potentially being disposed to landfill (shredded and/or whole), dumped, or inappropriately exported where their end destination is unknown. This has decreased slightly from 6.8 million EPU in 2016/17. Additionally, mining landfilling practices are also estimated to have reduced to 13.76 million from 17.2 million for 2016/17. Such decreases are both encouraging indications of improved EOLT recovery and improved data collection from TSA accredited participants.

Another interesting outcome is that Operational Stockpile volumes have remained relatively stable at 2.9 percent (2016/17) and 3.16 percent (2017/18) indicating that this is perhaps a reasonable percentage (~3%) for operational stockpiles at tyre recyclers.

TSA acknowledges there is still significant ongoing work required to reduce such amounts, even so, 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 10% are recycled in Australia (According to the National Market Development Strategy for Used Tyres, 19 June 2017).

10%

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

56 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

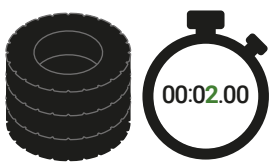
56 MILLION

USED TYRES EACH YEAR *

THAT'S MORE THAN

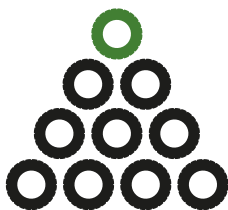


2 CAR TYRES
PER PERSON



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

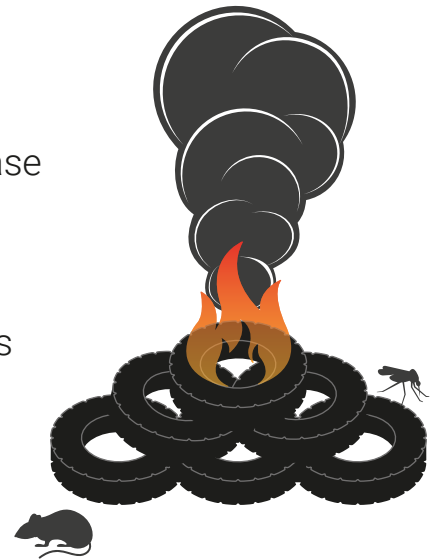
LESS THAN 1



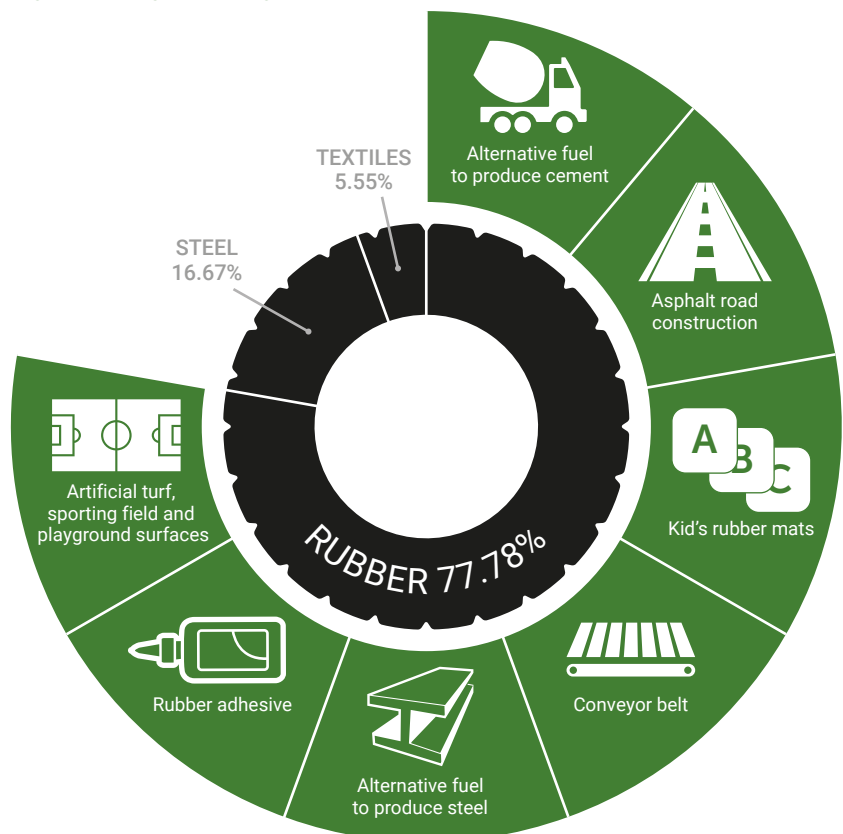
IN EVERY 10 TYRES
IS RECYCLED IN AUSTRALIA

**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

