



2022 | 2023
ANNUAL REPORT

PAVING THE WAY
FOR AUSTRALIA'S TYRE
CIRCULAR ECONOMY



Australian
Government
Accredited
Product
Stewardship
Scheme



TyreStewardship
AUSTRALIA



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Australia's Tyre Product Stewardship Scheme must pave the way for a circular economy.

Government, industry, researchers, and businesses must come together to help Australia realise the economic, social, and environmental benefits of a circular economy for end-of-life tyres.



Our vision is a circular economy for end-of-life tyres which contributes to a sustainable society.

Our mission is to collaboratively ensure the sustainable management, recycling and productive use of end-of-life tyres.



Message from the Chair

DAVID SPEAR
FAICD



Not all organisations manage to thrive in times of turbulence. Continuity, predictable economic landscapes, stability in prices, costs and social attitudes often contribute to a more linear and simple management of day-to-day business for most operations in many fields of activity.



Stability and predictability have hardly been hallmarks of the financial year that just concluded: the unexpected storm of inflation, international tensions, weakening of commodity prices and heavy clouds on the horizon of our main trading partners have represented the most turbulent times since the stronghold of the Covid-19 pandemic.

Our major contributors and their retail networks have all had to contend with new, challenging realities of sudden changes in the cost and availability of many critical materials and the logistics that ensure their timely distribution. Despite these challenges, they have all maintained and even reinforced their valuable support of TSA, our management and the mission set for the organisation. For that, we are all humbled as well as grateful.

In August of last year, we released the conclusions of an independent review on our operation, its impact and effectiveness. Based on one-on-one interviews with representatives from all sectors of tyre manufacturing, importation, distribution and recycling, the main outcomes of this report were altogether not unexpected: we have essentially done all we could under the current voluntary framework of activity and any future leap forward will now only result from a radical change of the legal framework of the Tyre Product Stewardship Scheme and its now inadequate voluntary nature.

The recent inclusion of end-of-life tyres in the Environment Minister's Priority List (announced in October 2022) is cause for substantial optimism for our entire organisation. In practice, it implies that the inadequacies of a voluntary set-up now, finally, have a very short lifespan. We know that these inadequacies result in substantial volumes of tyres still being imported by free-riders and the increasingly unacceptable use of export markets as the main solution to our waste are issues now firmly in the Minister's focus. Their ethics and sustainability are finally and firmly called into question. This alone represents a major step forward in a context where so many operators are striving to maintain their advantageous status-quo at all costs.

Together with my fellow Directors, I have been very impressed with the focus of our entire team led by Lina Goodman, our passionate CEO. The close cooperation established with all levels of Government means that TSA is today truly seen as the reference in all issues relating to end-of-life tyres in Australia. This has recently been demonstrated by the Western Australian Department of Water and Environmental Regulation, accepting the lead role in assisting the transition towards a new Scheme framework. This represents a rewarding acknowledgement of our credibility and results from the disproportionate volumes of tyres and conveyor belts that reach the end of their life in mining operations in that State.

I wish to thank all my fellow Directors for their diligent and timely contributions to the advancement of our operations: I thank and wish all the best to David Basha and Steven Clifford who left the board this year, for their invaluable insight on the tyre industry, and I look forward to what promises to be another significant year for TSA.

Message from the CEO

LINA GOODMAN



Without doubt 2023 has been another pivotal year for TSA, our team, and our Contributors.

Among the highlights that deserve a special mention, the work of our detailed study on the National Off-the-Road Tyre Business Case has certainly raised awareness of the magnitude of the challenge represented by tyres and conveyor belts used in mining and agriculture, especially in regional and remote areas.

The study has brought into stark light the fact that so often valuable resources are abandoned with no regard for their impact on the landscape or the environment, operating in a legislative context that, until now, has been tolerant of a well-established form of environmental vandalism and whose eyes appear firmly focused on short-term profitability.

Our commitment to continued engagement with so many significant international actors in issues of stewardship has helped us grow our knowledge on many fronts, including the realistic and beneficial outcomes offered by alternative Schemes, issues of technology, markets, and major trends.



Ironically and to varying degrees, the entire planet has recently been subjected to the most visible effects of human-caused climate change and the relentless pursuit of shortcuts on so many aspects of environmental responsibility. Destructive floods, weather patterns of increased severity, fires of indomitable proportions only increase everyone's responsibility in seeking alternative ways for caring for lands, seas, and their inhabitants.

Our industry has also, in many cases, raised its awareness on the importance of a circular approach to product lifecycles and re-use. Frequent and clear declarations of intent regarding the proportion of recycled content for future products are encouraging, albeit nowhere near sufficient in the current context of extreme urgency. World population is growing, resources are increasingly scarce and yet so many important players are still offered the option to do little or nothing to address the impact of their activities.

Waste and end-of-life products are all too often allowed to follow well-established paths of least-resistance where actual recovery of resources is conveniently ignored or merely maintained at the lowest common denominators under the unconvincing fig leaf of "recycling." That is why it has become significant that Governments in Australia are now committed to working with us in addressing some of the most pressing challenges for Stewardship Schemes. This includes urgently addressing what to do with end-of-life tyres, conveyor belts and rubber tracks used in remote mining and civil engineering applications. This will happen thanks to the establishment of a sustainability hub in Western Australia for tyres and conveyor belts, including the participation of the Department of Water and Environmental Regulation.

In our case, this challenge will include legislation and providing a predictable landscape for investments in true recycling activities while understanding that only a whole-of-industry approach will lead to acceptable outcomes towards a circular economy.

I am proud of the fact that we have worked to improve our engagement with Aboriginal and Torres Strait Islander Communities to share the advantages of higher-value resource recovery among all contributors. We have also persistently continued to allocate funds to promising new products and technologies.

I appreciate the constructive nature of our engagement not only with active contributors to our Scheme; also with my entire team – the valuable and growing skills we possess in-house; and the Board, to which I report, has been supportive of our ideas, initiatives and investments, and has been instrumental in avoiding the pitfalls that often come with the exploration of uncharted territories.

The fundamental principles that resulted in the establishment of TSA remain solid and obvious to the most casual of observers: profit-driven choices that cause irreparable damage to our environment as well as the reputation of our industry are no longer acceptable. We have reached a new level of cooperation with Government to ensure that short-circuiting convenience in favour of long-term outcomes becomes urgent, structured and an expected outcome of legislative intervention.

Major Achievements

Announcement of end-of-life tyres on the Minister's Priority List

The Minister's Product Stewardship Priority List identifies products and materials considered to be most in need of a product stewardship approach, including post-consumer use and disposal. With 80% of Australia's used tyre-derived material currently being shipped overseas and often to developing countries, the addition of end-of-life tyres sends a clear message that the Australian tyre industry needs to take greater responsibility for its product.

Release of the Independent Review

An independent review of the national Tyre Product Stewardship Scheme, administered by Tyre Stewardship Australia, shows commendable work has delivered public benefit at small cost to the economy but that the Scheme has reached a turning point.



Sustainable Communities and Waste Hub releases comprehensive report on OTR Tyres and Conveyor Belts in WA

The Hub has produced a report that explores circular economy opportunities from waste tyres and conveyor belts in Western Australia. This detailed report was produced by researchers from the Hub's Impact Priority 5 research area, Cross Hub Waste Initiatives.

The report examines the life cycle of waste tyres and conveyor belts in WA, the environmental, community and cultural impacts of waste tyres, and makes a series of recommendations for developing market potential for recycled materials produced from EOLT and conveyor belts in WA.

TSA publishes its research report into off-the-road tyres, conveyors, and tracks

After more than two years of research and consultation, Tyre Stewardship Australia published its report into the use, recovery, and recycling of Australia's off-the-road tyres, conveyors, and tracks (OTR rubber products).

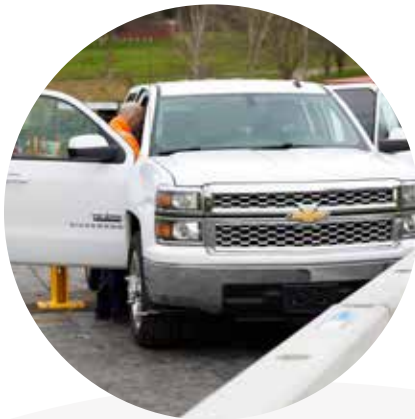
Entitled Tipping the balance – the business case for a circular economy for Australia's off-the-road tyres, conveyors, and tracks, the report is a thorough analysis of the current state of OTR rubber product use, recovery, and recycling in Australia. It defines the barriers causing persistently low recovery rates of about 10% and begins evaluating the opportunities to address these barriers to increase resource recovery and recycling.

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\$9.2 million towards developing new markets for tyre-derived material

Market Development funds provided to industry with the aim to increase used tyre consumption in Australia in a sustainable and commercial way remains a significant pillar of TSA.

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International Engagement

Our commitment to the continued engagement with significant international players in Product Stewardship has helped us grow our knowledge on many fronts, including the realistic and beneficial outcomes offered by alternative Schemes, issues of technology, and better understanding markets and major trends.



The release of two reports on best practice engagement principles

The release of two reports on best practice engagement principles for use by industry, government and Indigenous Peoples and Local Communities to increase resource recovery of off-the-road (OTR) rubber products such as tyres, conveyor belts and tracks.

A clear set of principles for OTR rubber resource recovery which recognises and accounts for the needs and expectations of Indigenous Peoples and Local Communities.

The recovery of OTR rubber products – such as tyres, conveyor belts and tracks – represents significant opportunities for regional, rural, and remote communities to reduce environmental risks for future generations and create new markets, commercial enterprises, and jobs.

See page 8

Bandag Retreads recognised under the Circular Economy Collaborator Program

Bandag was recognised as a Circular Economy Collaborator by TSA. The Bandag process is valuable in driving sustainable outcomes for used tyres, by extending their life, and contributing to TSA's vision of a circular economy for end-of-life tyres and tyre recovery in Australia.

Bandag's retreaded tyres not only reduce the need for raw materials by extending the life of the tyre, but also use valuable material from end-of-life tyres and rubber waste to create the new treads.



In October 2022, Minister for the Environment and Water, Tanya Plibersek, announced that tyres would be listed on the Minister's Product Stewardship Priority List.

The listing relates to end-of-life tyres, including passenger, bus, truck and off-the-road (OTR).



The next 12 months

TSA will continue its work to address the action list contained within the Minister's Priority List, which includes:

- **increasing the onshore consumption and recovery rate of all end-of-life tyres**
- **increasing contribution by tyre importers and automotive manufacturers to stewardship activities**
- **increasing tyre retailer participation in stewardship activities.**

Increasing the recovery rate of OTR tyres

At 10% recovery rate, the OTR sector which includes mining, agriculture, construction, manufacturing, and aviation needs focus, creativity, and the involvement of all players to address the barriers to recovery.

Logistics, size, and market capability, coupled with regulation and the appetite to change existing disposal habits must be considered to support organisations and programs that aim to recover these tyres. Once a process is established, this will be the benchmark globally.

OTR recovery needs focus, creativity, and the involvement of all players to address the barriers and lift the persistently low recovery rates.

Engagement of the auto-brand industry into the Scheme

Of the 450,000 tonnes of tyres that reach end-of-life each year, a quarter is generated from on-vehicle imports. Only three auto brands, Volkswagen, Porsche, and Mercedes-Benz have stepped up to their responsibilities.

It is time that all auto brands recognise their contribution to the problem of waste tyres and take the necessary steps to engage with the Scheme for more sustainable outcomes.

Retailer engagement and education

Tyre retailers are the first point of engagement between consumers and the fate of their used tyres.

Retailers are also receiving mixed information on the role of the Scheme, creating an ongoing need to support retailers with information and assistance that helps eliminate poor practices for end-of-life tyres.

The importance for retailers to understand and communicate how tyres are being effectively managed is an important part of the consumer awareness piece.

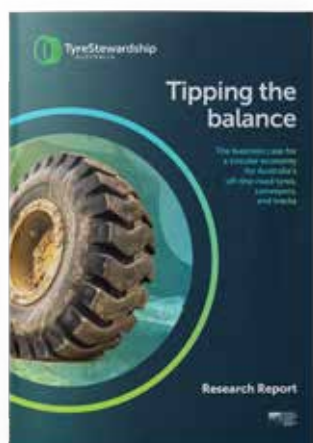
Increasing local government consumption of tyre crumb

Local government manage 85% of the nation's roads, yet we have fewer than 20 municipalities supporting the Scheme, using crumb rubber in roads, or actively investigating the performance impacts crumb rubber in roads has on longevity and maintenance.

TSA aims to engage strongly with local government in the next 12 months to share the value of participating in the Scheme and procuring products using tyre-derived materials, in particular in roads and civil construction applications.

Off-the-road Tyres, Conveyors and Tracks

Off-the-road tyres, conveyors and tracks are often overlooked but are critical for the Australian economy, supporting Australia's successful mining and agriculture sectors and other sectors like manufacturing, construction and aviation. We can be justifiably proud of the economic contribution these sectors have made to our nation. While acknowledging that, with this success comes an expectation of increased environmental and social responsibility.



In June 2023, TSA published Australia's first comprehensive report into the use, recovery, recycling, and disposal of Australia's off-the-road tyres, conveyor belts and rubber tracks (OTR rubber products).

The report, *Tipping the balance – the business case for a circular economy for Australia's off-the-road tyres, conveyors and tracks*, concluded 2-years of research and industry engagement and

provides an analysis of the state of play of OTR rubber product use, recovery, recycling and disposal in Australia.

The report defines where we are now and focusses on what we can do to improve the persistently low recovery rates. How we do this is the next step, and the report provides a solid foundation on which Australia can build world-leading OTR rubber product recovery solutions – learning from stewardship schemes globally.



Download the report:
tyrestewardship.org.au/otr

This project was funded by TSA and received grant funding from the Australian Government.

The current state of play

Up to 245,000 tonnes of OTR rubber products are used and become waste each year, with less than 10% being recovered. The vast majority being buried, stockpiled, or sent to landfill. And that's just not good enough.

Most end-of-life OTR tyres are generated by the mining sector (79%) with the agriculture sector (11%) a distant but significant second. Not surprisingly then, the majority of OTR rubber products reach their end-of-life in regional and rural Australia.

There are five (5) key barriers causing the persistently low recovery rates of about 10% of OTR rubber products in Australia:

- 1 the perceived low cost of on-site disposal
- 2 the high cost of logistics and recovery
- 3 uncertainty about technologies and waste management approaches
- 4 uncertainty about end market size and capacity
- 5 a low priority for tyre stewardship.

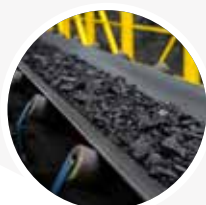
Of these barriers, the low cost of on-site disposal is the key issue, largely because the mining sector is often permitted to bury or stockpile tyres on site due to licencing exemptions.

Australia's opportunity

OTR rubber products are a valuable resource and finding a new life for them offers many environmental, social, and economic benefits, particularly in regional and remote Australia.

Many countries are already moving into the OTR rubber product market, and if we sit on our hands, Australia will be left behind. Mining and agriculture sectors are important to this conversation, but we need many stakeholders to become part of the conversation about how we're going to address this – tyre importers, recyclers, governments, Indigenous Communities, and other users of OTR rubber products such as manufacturing, construction, and aviation sectors.

We need the heft and reach of everyone involved to help us create a circular economy for all used tyres and rubber products in Australia, including OTR. Tyre Stewardship Australia can't do it alone, nor can individual companies or governments – we all need to work together to overcome the barriers.



Tonnes of end-of-life mining and agriculture OTR tyres generated by catchments

Mining OTR

Tonnage (by volume)

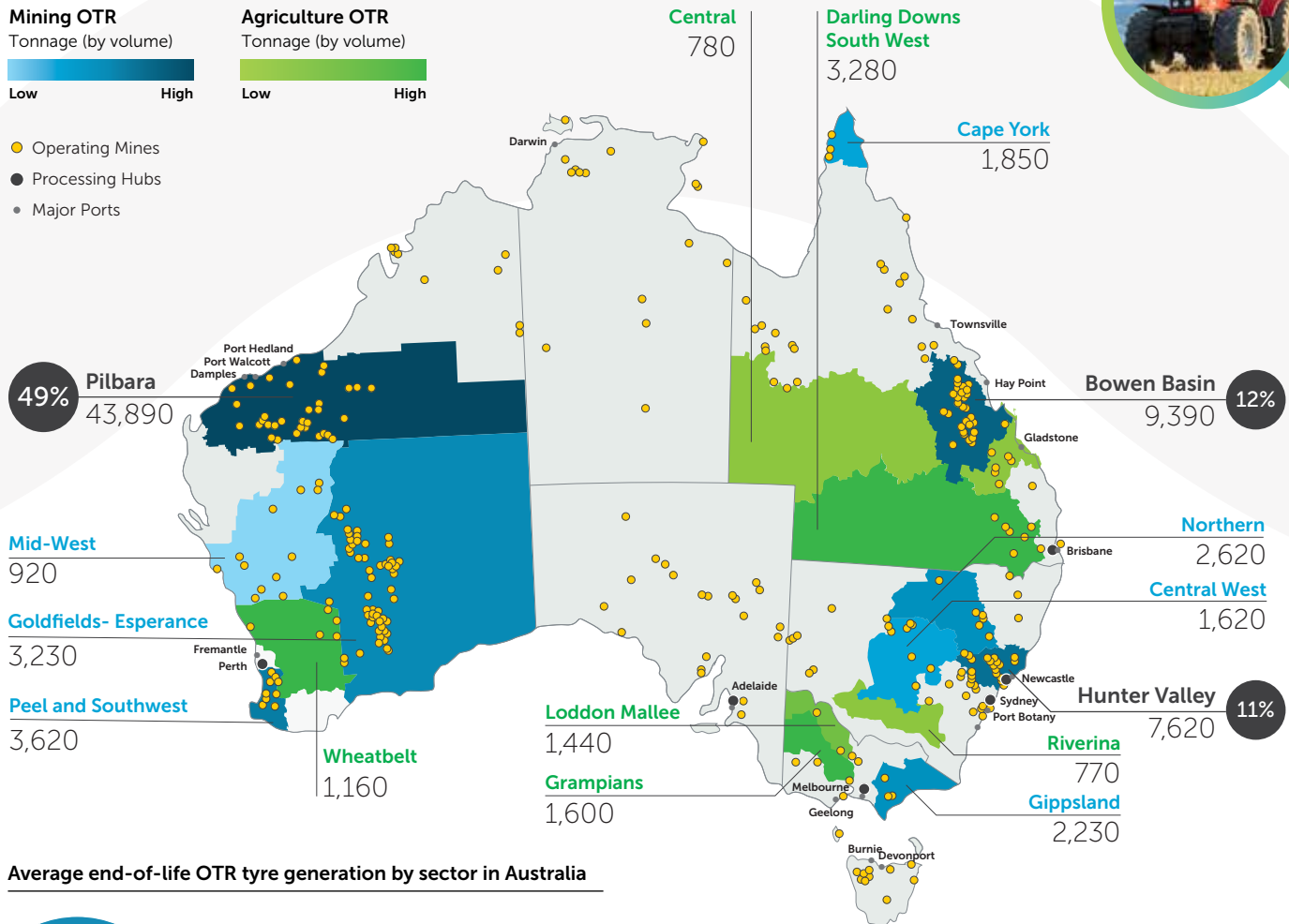


Agriculture OTR

Tonnage (by volume)



- Operating Mines
- Processing Hubs
- Major Ports



Average end-of-life OTR tyre generation by sector in Australia



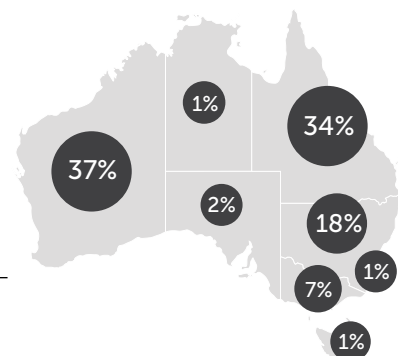
It's time to move

Businesses that create, use, or dispose of OTR rubber products must become responsible stewards of its lifecycle. There is no silver bullet solution. It will be hard. But we now have enough information to act and step forward confidently towards a circular economy.

The report identifies key catchment areas across Australia with high concentration of used OTR rubber products (see map above). The top 3 priority catchments are Pilbara (WA), Hunter Valley (NSW) and Bowen Basin (Qld).

This is a national issue, and we don't want to leave anyone behind, but starting with these catchments will enable us to focus our efforts in areas where we can have the biggest impact, create reliable economic opportunities for investors and Indigenous Communities, and enable companies to demonstrate their willingness to change. Work in these key catchments is underway.

End-of-life OTR tyres generated across Australia



We applaud the leadership of OTR tyre importers who voluntarily began contributing to the Scheme in 2022 – Ascenso, Bearcat, Bridgestone Mining Solutions, Goodyear, Kal Tire, Michelin and Yokohama. As well as the mining companies across Australia participating in regular 'OTR tyre and conveyor belt hub' meetings led by TSA with a focus on sharing knowledge, collaborating on research, demonstrations, and TSA-funded market development activities – several already underway.

TSA will continue to work across the value chain, with government, Indigenous Communities, and local communities, to advocate for changes that will reduce barriers, encourage investment, and create sustainable change towards a circular economy.

Note: Figures used for tyre generation by catchment are approximate and have been developed from a ground-up approach, as opposed to relying on port of import, as individual mining sectors and mines experience different rates of tyre wear. Conveyor belts in place of mining vehicles adds another layer of complexity to estimating amounts.

Market Development

Our Market Development initiatives continue to place the emphasis on new and emerging markets for tyre-derived material.

Creating crumb rubber demand in the road sector

Creating demand in the road sector has continued to be our focus. We encouraged local councils to increase their procurement and uptake of rubber in roads and began running workshops across Australian States.

In the Northern Territory, following our initial workshop, we announced funding for infrastructure and demonstration projects to assist with the implementation of the use of crumb rubber in both local and state roads.

Our workshop in Queensland saw representatives from local and state government, roads and civil construction and the resource recovery sector from the North and Far North regions come together to discuss solutions to increase recovery rates across the State.

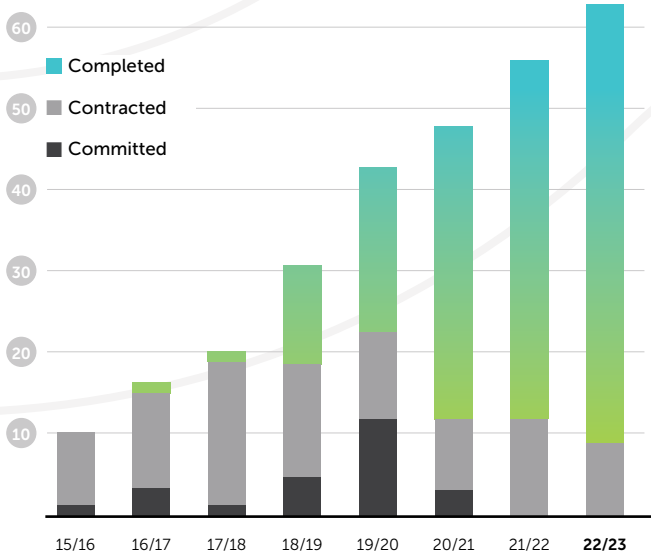
Circular Economy Collaborator Program

Our Circular Economy Collaborator program supports consumers of Australian tyre-derived material for and continues to recognise organisations playing a role in adopting Australian tyre-derived material in products and projects. This includes manufacturers, end-users, and researchers.

Currently, TSA has endorsed 7 collaborators through the program. These include Fulton Hogan, Flexiroc, Porous Lane, Taurus Mats, A1 Rubber, Bandag Retread and the University of Melbourne.

TSA has invested over **\$9.2M** across **64 projects**

Number of market development projects funded 2015 to 2023



Roads

\$4.7M committed to 28 projects

The roads sector is the biggest consumer of tyre-derived material



Research

\$1.4M committed to 13 projects



Civil Engineering

\$1.2M committed to 9 projects



Manufacturing and Mining

\$1.1M committed to 8 projects



Rail

\$0.8M committed to 6 projects

Concrete Road Barriers

Melbourne University, SafeRoads

With our contribution (of \$180,000), an exciting project investigating the use of tyre-derived material was incorporated into the manufacturing of concrete road barriers.

This project started in 2019, and explored the application of end-of-life tyres in concrete, the most commonly used construction material in the world. In November 2022, the research progressed to a real-life demonstration with the world's first full-scale test of concrete road safety barriers constructed with 4% rubber crumb from end-of-life tyres. This new, innovative Australian safety product passed the test and is now on track to go to market.

Rubber T-Lok, as this product is known, has been developed by Saferoads, and researchers from the University of Melbourne's Advanced Protective Technologies of Engineering Structures Research Group. Funding came from Tyre Stewardship Australia. The crash test at Victoria's Lardner Park facility in late 2022 demonstrated that rubberised concrete road barriers will decrease impact severity and are a viable use of end-of-life tyres.

With enhanced safety benefits and a longer predicted lifespan, it offers a cost-effective solution for a variety of sectors that use safety barriers.

It was demonstrated that the inclusion of rubber reduces crack propagation, hence enhancing the service life of a concrete road barrier. Furthermore, the energy absorption and fracture energy of concrete was also increased, showing the advantage of adding end-of-life tyres in this type of road barrier. The intellectual property developed for this manufacturing process is also of value to global markets.

The Rubber T-Lok system has received formal regulatory approval in Australia from Austroads Safety Barrier Assessment Panel (ASBAP). ASBAP has assessed that the Rubber T-Lok Barrier meets the crash test and evaluation criteria as outlined in the Manual in Assessing Safety Hardware (MASH). The test received is MASH Test Level 3 (TL-3) which is 2.27-tonne quad cab pickup at a speed 100km/h, at an angle of 25 degrees, Saferoads has also gained approval from Transport of NSW and the Department of Transport Victoria (DoT).



Valorisation of Scrap Tyres Pyrolysis Derived Products

Monash University

We allocated Monash University a grant of \$230,000. This grant aims to develop two innovative technologies based on the use of end-of-life tyre char.

In particular, the char derived from passenger and mining tyres will be part of this focus. This is due to the need to create natural demand for these types of end-of-life tyres as well as upgrading the plastics-derived oil and the desulfurisation of end-of-life tyre oil. The results achieved are expected to lead to the development of value-added applications of scrap tyre char, and advanced co-pyrolysis of plastics and scrap tyre.



Creating opportunity for increasing the use of OTR tyre-derived crumb rubber in roads

AfPA and Sunshine Coast Council

Australian flexible Pavement Association (AfPA) continues to encourage the use of crumb rubber in road applications.

With a \$99,999 grant from TSA, they embarked on a demonstration project in Sunshine Coast (QLD) to characterise the practicality and performance of CR Gap Graded mixes using crumb rubber manufactured from 100% end-of-life OTR tyres provided by Boral. The gap-graded asphalt mixtures will have higher air-voids when compared to dense-graded asphalt mixtures and the higher voids can accommodate the high-viscosity rubber binder in the mix produced from end-of-life OTR tyres.

While the current specification in Queensland (TMR PSTS112, AfPA GGA OGA) does not preclude the use of end-of-life OTR tyres, there is limited data to show the effect of this source of rubber in the manufacturing of CRM bitumen and asphalt mixes. The outcome of the project will provide more information about the OTR tyre-derived crumb rubber and will potentially generate national appetite. This will partially overcome current barriers to the recovery of OTR tyres, hence fostering a more sustainable waste-to-resource approach.

The following deliverables are expected upon successful completion of this project:

- increased knowledge about the characteristics and impact on binder performance of crumb rubber from OTR tyres
- support the development of local government specifications
- clarify the life-cycle benefits when using crumb rubber asphalt compared to conventional dense graded asphalt.



Rubber Blending Plant

Cranes Asphalting

It is exciting to see the first regional asphalt manufacturing plant beginning production of rubber asphalt mix in Bairnsdale, Victoria. Supported by TSA with a contribution of \$300,000, the upgrade involves the importation of a specialised shearing and blending plant from Phoenix Industries in Arizona.

Phoenix Industries are specialist Manufacturers of this type of equipment used to infuse the granulated crumb rubber into hot class 170 bitumen. The blended product will supply the road-building sector in the greater Gippsland region of Victoria. It will service Local Government Agencies such as Wellington Shire, and East Gippsland Shire along with the state road body in Regional Roads Victoria.

The addition of crumb rubber into bitumen has been proven to increase the performance of the binder in the pavement surface by strengthening the properties of the bitumen. This process adds value to the pavement by use of a superior bitumen, while also supporting the circular economy for our clients' regulatory requirements. The crumb rubber blend can also act as a replacement for conventional polymer-based products that have been used in the road surfacing sector.

The project will ensure the use of crumb rubber blended into Cranes bitumen supply locally and potential customers. The upgrade will provide employment for an additional 3 workers in Bairnsdale. There is potential for additional employment once new markets are established.





Sustainable Modular and Recycled Tyre House

Jubilee Living – S.M.A.R.T. House

Following on from a previous project we supported back in 2017, this new project focussed on a product that is made from tyres. "C4M " as it is called, is a low-density void former cast into concrete panels for construction. A sandwich wall system using baled tyres, was research by Curtin University and manufactured by Lomwest Enterprises.

The project involves the construction of a 4-bedroom, 2-bathroom display home. The aim is to provide a fast, economical, and environmentally efficient housing alternative. The hybrid-style construction makes use of repurposed tyres condensed into bales, a prefabricated wet area module, and a 40 mm recycled plastic grid for a floor slab called ROMBUS. This system makes it ideal for quick and economical construction, especially in remote areas. The house will be made available for research through the University of Western Australia and to Government for indigenous and affordable housing.

The display will be in Parkland Heights, Baldivis in Western Australia. This estate is owned by the Summit Homes Group and related companies of which Jubilee Living is one. The project is an evolution of previous experimental builds in remote WA. In this instance, standard steel frames will be substituted with C4M product.

The current pilot project will enable key stakeholders such as the Department of Communities, Indigenous trusts, and social housing providers to "touch and feel" the house as demonstration of what can be achieved with this innovative and novel system. After the pilot has been tested, a modular factory is anticipated with a learning academy to train up indigenous workers to help close the gap.

Recycled platform coping and platform tactiles

McConnell and Dowell, Level Crossing Removals, and Baron Rubber

Focusing on products for the rail sector, this project investigates the use of platform edge rubber coping and tactile mat made from end-of-life tyres as an alternative to the traditional concrete and asphalt solutions. It will assist V/Line in achieving more sustainable outcomes in their network of stations and in upcoming upgrades.

The Project, supported by TSA with funding of \$245,000, will deliver a V/Line Design Assurance backing for the new rubber coping and tactile product. V/Line has committed to the use of the product once approval is achieved. The rubber coping and tactile mat will be part of the engineering documentation produced for the project in consultation with V/Line SME's. The project will also provide a possible second opportunity for a MTM elevated station to get Type approval for an alternately designed coping and tactile surface. This would complement similar work for the V/Line stations and expand market opportunities. Both of these are a work in progress aligning with production capacity and testing.



Sustainability & Science

Science research and communication is moving to the forefront of our conversations, supporting our vision for a sustainable society.

Our commitment to creating a circular economy for end-of-life tyres in Australia is inextricably linked to our ongoing vision for a sustainable society.

Utilising circular economy principles will undoubtedly avoid the depletion and waste of natural resources, which goes hand in hand with the principles of environmental sustainability. It is therefore crucial to understand and measure the true impacts that tyre recovery and circularity has on the environment.

Scientific research plays a key role here, as environmental metrics can be an accurate measure of the true impacts of tyre recovery, and provides a mechanism to compare these impacts to other drivers of sustainability.

To ensure we can best support the industry, the priority has been to drive research and innovation in a direction to answer the questions we are asked, as well as those we are yet to be asked. This has involved gathering and promoting evidence-based research, providing reputable scientific information to the sector, identifying knowledge gaps, and promoting research to fill these gaps.

Focus areas this year included greenhouse gas (GHG) emission reduction data, carbon calculations and reporting mechanisms, tyre chemistry, human health and environmental impacts, and emerging engineering products for tyre-derived materials.

Demonstrating our commitment to science and sustainability, we have released some cutting-edge research reports this year and have been building our capacity by engaging new expertise and increasing our knowledge through training.

We identified the importance of having additional capability in sustainability, and 2023 saw the addition of a new Climate and Environmental Scientist. This role will provide critical expertise to support projects that drive climate action, decarbonisation and emission reduction in the tyre recovery sector. At the beginning of 2023, we also hired a PhD intern, who researched several emerging engineering products using tyre-derived materials and identified new areas for market development.

With new insight from research and greater expertise in the team, there has been a substantial increase in critical knowledge now held by TSA. We are increasingly considered a source of information and advice for end-of-life tyre sustainability, scientific research, environmental impacts and more for the tyre recovery industry. The research and activities conducted over the past year have set us up to deliver value for industry.

It is integral to TSA that the knowledge we share is clear and evidence-based to provide the greatest value to industry. This is particularly important now with the prevalence of greenwashing and unsubstantiated environmental claims which are increasingly common. We are increasing our awareness in green marketing and greenwashing to make sure we are following best practice when making environmental claims.



Research for the tyre recovery industry about national emission targets and climate change activities.

Climate change and emissions reduction targets have been high on the national agenda, with the Commonwealth Government committing Australia to reduce emissions by 43% by 2030, along the way to achieving net zero emissions by 2050.

Each state and territory has specific reduction targets, along with policies, programs and regulations that aim to achieve these goals. Tyre recovery has an important role to play in supporting national targets.

Our strategy over the past year has been to develop rigorous data, on behalf of the sector, to provide standard metrics to assess GHG emissions and other climate change factors.



Life cycle assessment to calculate the environmental impacts of EOL tyre recovery

The use of waste materials in infrastructure is generally encouraged, due to displacing virgin raw materials and reducing reliance on fossil fuel-based activities, often resulting in lower environmental burdens. This year we partnered with Edge Impact, who are life cycle assessment (LCA) practitioners, and delivered a sector-wide LCA report on the environmental impacts of EOLT recovery scenarios.

A detailed assessment of 11 end-market scenarios including processing and transport was modelled, and GHG emission improvements were found for 9 scenarios when compared to the conventional product. A few key highlights include that a 5-7% reduction in GHG emissions can be achieved by replacing conventional polymer modified binders with crumb rubber in asphalt roads. Rubber granules used in permeable pavements showed a 15% reduction in GHG emissions compared to conventional aggregates.

Understanding carbon emissions and targets to support tyre recovery in Australia

Climate change implications and reporting will continue to evolve as more organisations set targets. We recently commissioned a report for the use of tyre processors, manufacturers, and end-users seeking information to manage their carbon contributions.

The report outlines global climate change policies, the GHG Protocol for different scopes of emissions, global action from the tyre industry and mechanisms to claim carbon offsets. Our research has demonstrated a reduction in environmental impact when certain tyre-derived materials replace conventional materials with high environmental burden, such as bitumen or coal. Thus, this work will be critical to support the industry's understanding of mechanisms for carbon reporting and offsetting, particularly those considering what opportunities exist to claim reductions.

Federal legislative changes to provide stronger incentives for tyre-derived fuel use in Australia

We have closely followed federal legislative changes this past year and have provided information to our participants on the National Greenhouse and Energy Reporting (NGER) 2022 amendment and the Safeguard Mechanism Legislation 2022 Amendment.

Updates to the NGERs included reclassifying tyre-derived fuel (TDF) into two new fuel types. The changes demonstrated TDF has a higher energy content than coal and a lower emission factor. Thus, when tyres are substituted for coal, reported emissions can be reduced by 30% for the same energy input.

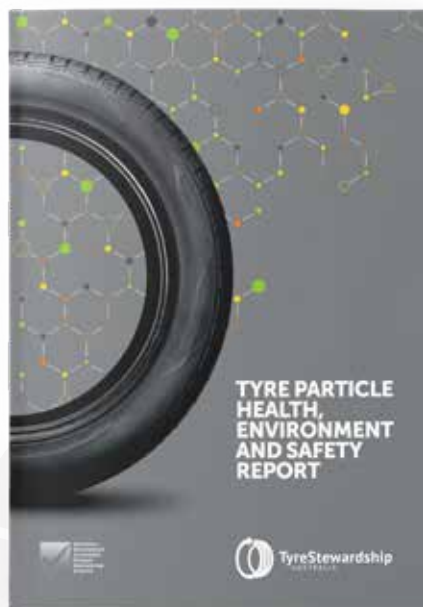
These NGER emission factors for TDF are a gamechanger to support facilities required to reduce GHG emissions in line with the Safeguard Mechanism Amendment, scheduled to take effect on the 1st of July 2023.

Where possible, we encourage facilities to utilise TDF as an alternative fuel for process heat, thereby assisting them to meet baseline targets and reduce reliance on fossil fuels.

Increasing industry knowledge on the chemistry of tyres, emerging markets and processing technologies.

At TSA, we are passionate about innovation in the recovery sector. We also have a duty to ensure the materials we promote are safe for the environment and human health.

We must remain vigilant and up to date on the latest developments in the tyre industry as part of our mission in promoting the circular economy.



Tyre science and chemistry, ongoing tyre particles and chemicals of concern research

We have previously reviewed international literature regarding the health and environmental impacts of tyre-derived materials. The results from these studies were generally positive and the findings suggested an overall minor risk to the community. However, key knowledge gaps have required additional research.

We partnered with RMIT University to test the chemical composition of different tyres, to better understand the Australian tyre mix and international research for our economy. We conducted a similar project with a renowned US institution, Smithers Tire Testing, with focus on the unique aspects of agriculture and mining tyres, to understand variability in composition for larger tyres.

We teamed up with ADE Consulting to test crumb rubber, granules, and tyre-derived materials, and reviewed these products according to current Australian chemical guidelines. This work will feed directly into ongoing research from the Australian Government's National Environment Science Program (NESP), specifically part of the Sustainable Communities and Waste Hub. With national cooperation in the Hub, we are supporting an improved regulatory setting for waste and chemicals of concern, realistic and relevant guidelines for end-of-life tyres, whilst minimising unnecessary impacts on current end-markets.

We recognise the need to understand emerging best practice

The research conducted over the past 12 months can support the sector in making informed decisions about tyre recovery and circularity across the tyre value chain. As businesses in the sector seek to remain competitive in a market that increasingly expects sustainable solutions, understanding emerging science and its opportunities becomes important. The Australian Competition and Consumer Commission (ACCC) is enforcing greenwashing guidelines to discourage environmental claims that are misleading or deceptive and the tyre industry needs to understand current best practice to avoid risk.

The misuse of environmental claims or greenwashing, has emerged as a key issue. It undermines consumer trust and the competitiveness of products that deliver genuine sustainability or environmental benefits. These include claims that are false, vague, or misleading on marketing materials including packaging, labelling and advertising which are regulated by Australian Consumer Law. A recent study conducted by the ACCC found that just over 50% of businesses included in the study made environmental and sustainability claims that raise greenwashing concerns. To understand and reduce greenwashing risks, we have engaged in training to ensure we provide adequate information to substantiate claims.

We want to share what we learnt in order to support industry in understanding greenwashing risks and build confidence to communicate environmental claims about their products and services. We will develop resources to inform how guidelines may impact on the way they address the benefits, process and outcomes of tyre recycling as well as the use of recycled materials in applications and products.



Emerging tyre processing technologies

The majority of end-of-life tyres in Australia, and globally, are processed via physical size reduction to shredded pieces, rubber granules and crumb. Currently, the global conversation for tyre recovery appears to turn to chemical reprocessing as a possible solution.

Thermal decomposition processes, such as pyrolysis, continue to lead these conversations, and Australia is beginning to see the emergence of these technologies. We have commissioned a report to understand the variability and issues that emerge with pyrolysis technologies. This report will not only assist us with safeguards against the risks associated with any new technology, but it will provide support and direction to ensure that any new products have viable and sustainable end markets.

Devulcanisation, a process to produce tyre-derived polymers, is also beginning to surface. This should lead to a circular material to replace virgin rubbers in manufacturing. These technologies are embryonic in terms of scale and presence in Australia, but we are collecting information and research to ensure the market is ready once these technologies reach Australia.

Emerging markets for tyre-derived materials

Utilising tyre-derived materials in infrastructure and engineering has the potential to absorb large volumes. It is important to remain informed about the latest research internationally.

We recently conducted a global review of products in research phase and commercial stages.

As these materials are at the mercy of Australian specifications, they may require Australian research to bring them up to standard.

However, there is a clear opportunity to promote new research and innovation ideas and continue to drive market development projects that are aligned to research globally.

Participation (and contributing brands)

A core function of our Scheme is to create an ecosystem of businesses and organisations working towards sustainable and environmentally responsible outcomes for end-of-life tyres.

To date, over 1,700 businesses and organisations have committed to the Scheme to create sustainable and environmentally responsible outcomes for end-of-life tyres.

From importers of new tyres, through to participating tyre retailers sending their end-of-life tyres to accredited recyclers producing valuable products for use in Australia and overseas.

We have worked hard alongside these committed businesses and organisations holding them to account to ensure that their behaviour does not adversely impact the community and environment.

Unfortunately, we continue to see examples of non-participating and non-complying entities negatively affecting our community and the environment.

Past 12 months

Our Industry Consulting Group helps us understand what is happening on the ground. It has been an important forum for sharing information about issues and challenges such as the transition to the Federal Government export licencing system. The group will continue to be an important sounding board for us into the future.

The past 12 months has seen the tyre recycling sector continue its recovery from the impact of Covid-19 and the introduction of regulation for the export of end-of-life tyres and tyre-derived materials in December 2021. Most retailers have seen collections recover to normal levels while shipping costs for exports have come down close to pre Covid-19 levels.

However, the past 12 months hasn't been without its challenges. Markets for tyre-derived products in Australia are yet to recover from two consecutive wet years impacting some markets for crumb rubber. Some whole tyre exporters are yet to acquire recycling capabilities and retailers have seen an increase in collection costs.

These challenges have left the door open for entities to stockpile or dump end-of-life tyres on private or public land leaving the clean-up costs to the public or landlords. Reporting by the public through Snap Send Solve has shown an increase in dumping rates over the past 18 months.

Sadly, we also saw the devastating effect when this activity happens at scale in 2023 and the worst outcome occurred with a large fire at Lincoln Gap in South Australia in February 2023.

Levy Contributors Helping us find solutions for the future



Reporting by the public through Snap Send Solve has shown an increase in the dumping of tyres over the past 18 months.

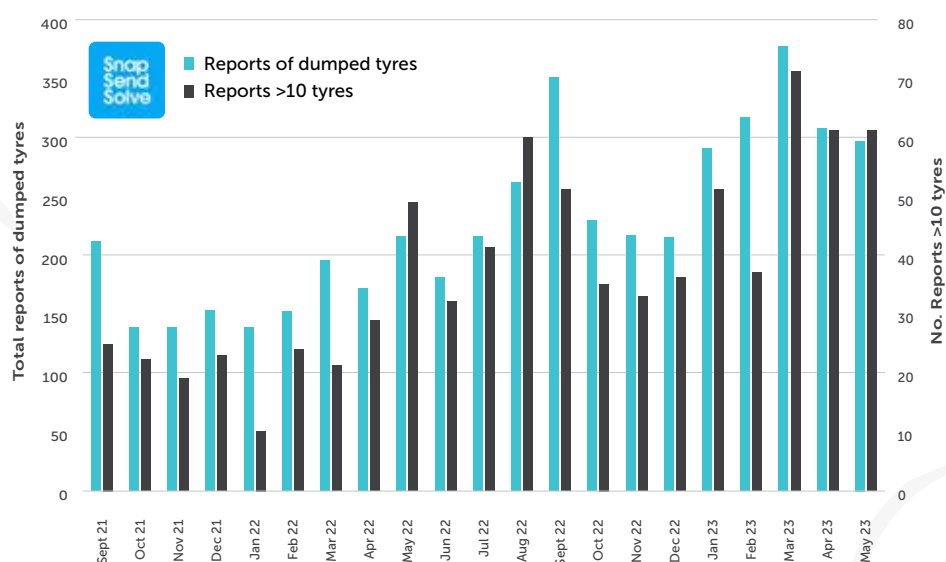
Tackle illegal dumping and stockpiling of tyres

To counter unscrupulous operators, we have worked to strengthen our relationships with State Government regulators and engage with sectors likely to experience dumping: farming and warehousing.

We continue to utilise technologies such as nearmap and Snap Send Solve to monitor stockpiles around the country and to identify areas of concern.

In addition, we continue to partner with Waste Enforcement Association Australia and the Litter Enforcement Officer Network, to build local awareness of tyre dumping and stockpiling, and to facilitate information sharing between all parties. The Special Interest Group established as part of this relationship is gaining members due to increased reports of tyre dumping and stockpiling on both private and council land.

However, all these activities are reactive and unfortunately, under a voluntary scheme are likely to continue.



Above: Reports of tyre dumping by community using Snap Send Solve – reporting local issues to councils

Audit and Compliance Program

A strong accreditation and compliance function is critical to hold scheme participants to account.

This year has seen challenges, but also significant achievements particularly in systems related to data of the tyre supply chain. The use of technology to support the program means that we can continue to grow the uptake of these initiatives, make a real difference, and contribute our knowledge on a local and global level.

The audit program is a crucial aspect of Accreditation and Compliance and includes engagement of an Audit panel of three separate auditing companies with auditors located around the country.

The rollout of the Self-Assessment Questionnaire has continued this year for our accredited retailers. This rollout has been supported by face-to-face compliance checks of a number of sites. The questionnaire has become an annual requirement for retailers with potential to expand to other groups.

Accreditation certificates will continue to be issued annually.



We continued to implement enhancements to the TSA Reporting Platform – including security updates and a new user interface. More enhancements are planned for the future.

Participation
(and contributing brands)

The Sustainable Outcomes Indicator program

The Sustainable Outcomes Indicator program was relaunched in October 2022. It will play a key role to demonstrate how accredited collectors and recyclers are contributing to the growth of domestic markets for tyre-derived materials.

It is another way to keep accredited collectors and recyclers accountable and lift the standards, while educating in their end-of-life tyre recovery practices.

Foreign End Market Verification

Our FEMV program continues to be a leading initiative from which to drive the development of a global framework. It continues to support businesses to meet Federal Government requirements for tyres exported for retreading.

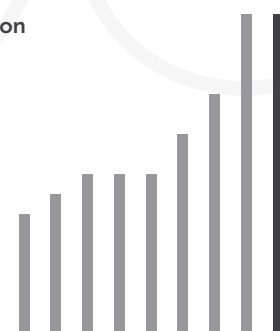
Whilst there has been an increase in overseas retread facilities being verified through the FEMV program, we will continue our engagement activities to promote expansion of the FEMV program and advocate its application to all material exported.

Tyre Importers and Vehicle Manufacturers

After a major leap forward, we currently have 16 contributing tyre importers and vehicle manufacturers.



Contributors and accreditation numbers 2014 – 2022



Participant category

Tyre Importers

% Change FY2022/23	0%
Start FY2022/23	16
End FY2022/23	16

Tyre Retailers

At the end of the financial year, the number of accredited retailers has grown to 1,695.

This has been achieved through our work with major retail brands, support from our fleet participants and engaging with other channels such as trade associations.

To support these retailers, we continued the "My Tyres My Choice" campaign, encouraging consumers to choose the brands and stores supporting sustainable outcomes for end-of-life tyres.

With many opportunities to increase participation from this group, we will continue to find ways to engage and encourage more locations from major retail chains and independents to become accredited.

While we have seen an increase in the tyre retail group participating in the Scheme, conditions have been tough for retailers with increases in collection costs across the country. These conditions present an opportunity for non-participating retailers to find the cheapest solutions and thus becoming the source of tyres being dumped or stockpiled.

Collectors and Recyclers

Coming off a difficult year for our recyclers and collectors, they continue to service their customers including accredited retailers.

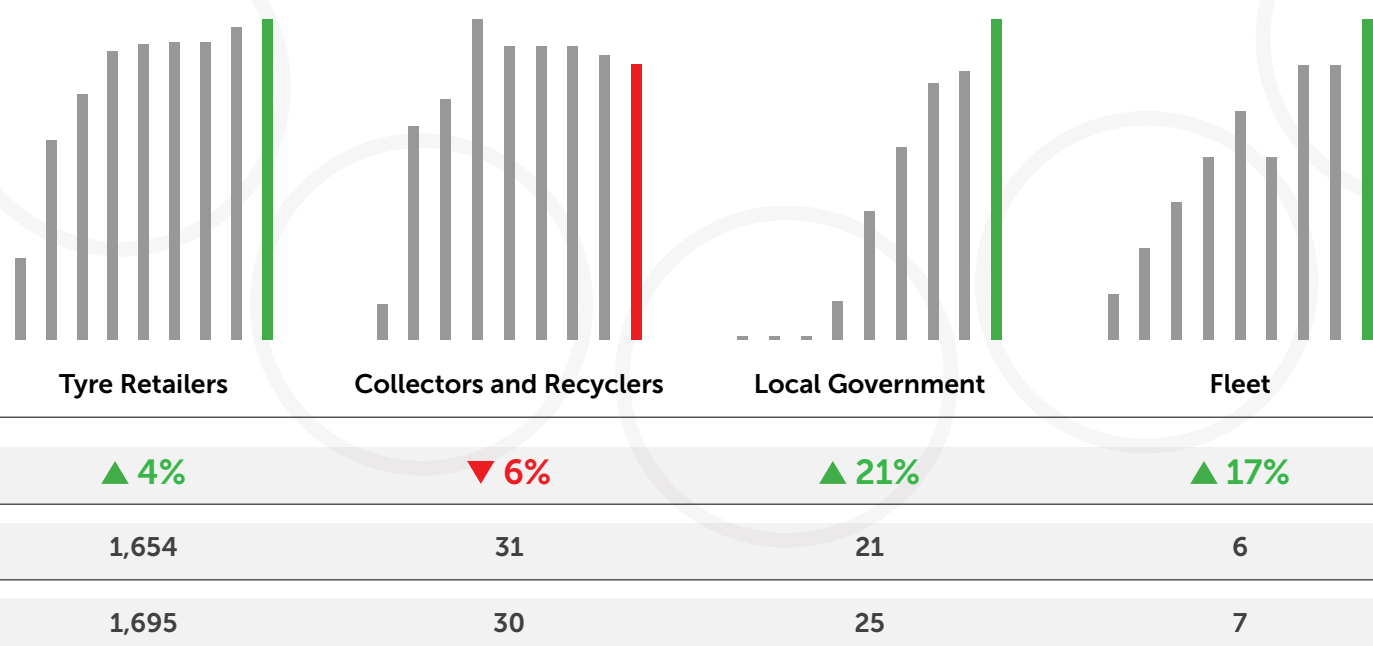
Several accredited collectors who were baling tyres prior to the export ban have either transitioned into recycling or are still in the process of transitioning impacted by the time taken to import recycling equipment into Australia with one closing the doors. In addition, we lost and gained one accredited recycler during the year.

We continue to be encouraged by the interest shown by new applicants and interest from around the world to invest in Australia to process end-of-life tyres.

Local Government and Fleet

Over the course of the financial year, four additional Local Government Authorities and one Fleet business joined our Scheme.

Local Government is a big area of opportunity for TSA due to the influence of large fleet organisations and roles local government have from operating fleet, managing transfer stations, and procurement for local roads and other projects.



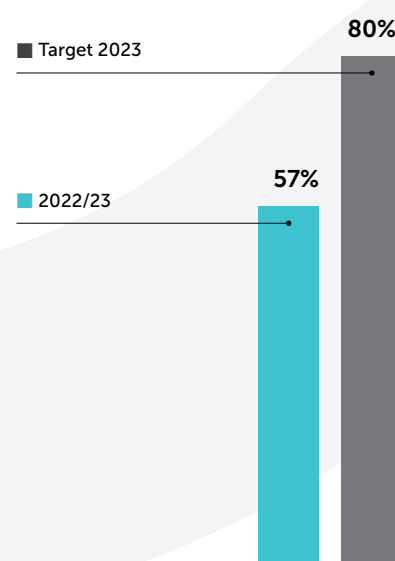
* Importers includes Vehicle Manufacturers. **During this financial year, four new recyclers received accreditation. Other changes included revocation and resignation of Scheme participants due to site relocations, and two active suspensions, resulting in overall collector/recycler number being lower than the previous year).

Key Performance Indicators

As we work towards our goals for 2028, we have set ambitious targets and indicators to gauge the success of the Scheme.

Our progress is encouraging despite the voluntary nature of the Scheme and market conditions that, although improving, still offer a variety of challenges following the Covid-19 crisis and global economic conditions that linger and continue to impact international trade.

Tyre importers market share (by EPU)



KPI 1: Increase the number of participants in the Scheme

The number of participants within the scheme grew slightly to 1,773 during in 2022/23 comprising of major players from tyre importers and retailers, end-of-life tyre collectors and recyclers, through to local governments and vehicle fleets.

In order to expand participation, we have set four clear indicators with ambitious targets for participation of tyre importers, vehicle importers, tyre retailers, and tyre recyclers.

Our progress against these important indicators are as follows:

KPI 1A: Tyre Importers

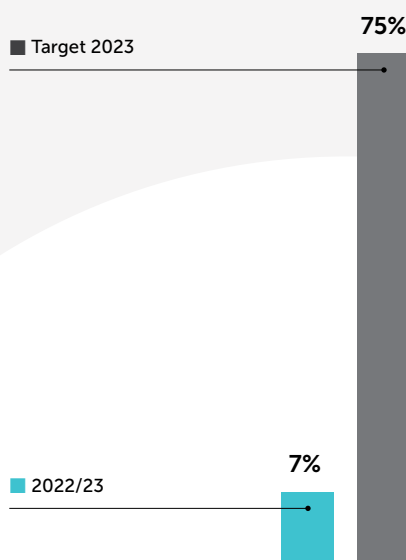
Success of the Scheme relies on the voluntary participation of importers of new tyres into Australia. Australia has seen an increasingly diverse range of businesses importing tyres into Australia driven by increased parallel imports and competition within the global manufacturing of tyres from firms in countries with low manufacturing costs.

In January 2022, several importers of OTR tyres took the lead and responsibility for the OTR tyres they imported in 2022/23 marking the first full year of participation and contribution to the scheme by these importers. This has been a significant boost for the now 13 importers of tyres who continue to show leadership.

Measured by equivalent passenger units, off the back of the importers of OTR tyres taking responsibility, the market share of importers contributing to the Scheme has risen to 57%, up from 49% in the previous financial year. Despite the significant steps made over the past two years, the ambitious target of 80% by 2023 has not been reached. The lack of commitment from mainly those importing passenger, truck, and bus tyres highlights the challenges that are typical of voluntary schemes.

Our commitment remains to continue to expand the recruitment of tyre importers into the Scheme.

Vehicle manufacturers/importers market share (by new vehicle sales)



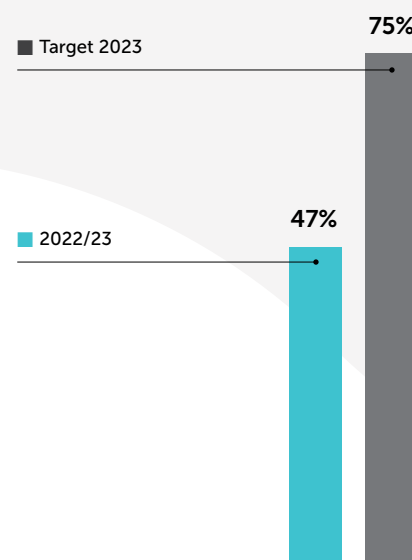
KPI 1B:

Vehicle Manufacturers

Over 20% of new tyres entering Australia are already fitted to vehicles, reflecting the importance of vehicle manufacturers participation in the voluntary Scheme. Despite the leadership shown by Volkswagen and Porsche in 2019/20 which saw them being the first auto brands to join the Scheme, followed by Mercedes-Benz in 2020/21, we have fallen well short of our ambitious target to enrol 75% of vehicle importers (by number of vehicles sold) participating in the Scheme by 2023.

The leadership shown by these auto brands has not yet been enough to convince more vehicle manufacturers to take responsibility and contribute to the Scheme.

Tyre retailers market share (by passenger tyre sales)



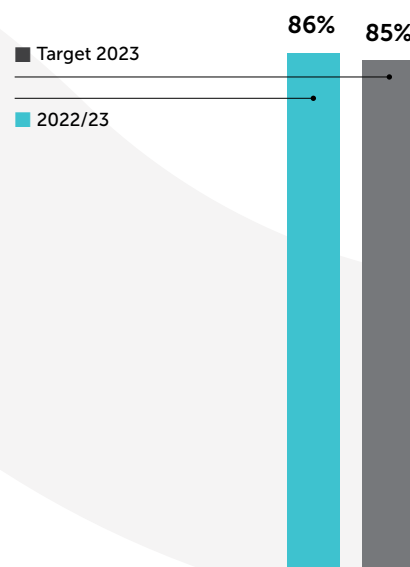
KPI 1C:

Tyre Retailers

A tyre retailer refers to a business or organisation that offer tyres for sale through any means. This includes sales outlets, catalogues, or the Internet and covers business from fitment centres through to mechanical repair, vehicle dealerships, and mobile tyre services. This diversity of what is a retailer, coupled with low-cost tyres fitted through independent outlets who make up a large portion of the industry, makes it difficult to fully quantify the market share of retailers participating in the Scheme*.

Measured by passenger tyre imports and TSA retailer reported passenger tyre outputs, we estimate around 47% of retailed tyres in 2022/23 were sold by retailers accredited under the Scheme. This is short of the 2023 target of 75% highlighting the challenges engaging the diversity of services that offer tyre exchange to become accredited within the voluntary Scheme, and who may be driven to find the cheapest tyre disposal solutions and unknowingly becoming the source of tyres being dumped or stockpiled.

Tyre recyclers market share (by tonnes of EOL tyres recycled)



KPI 1D:

Tyre Recyclers

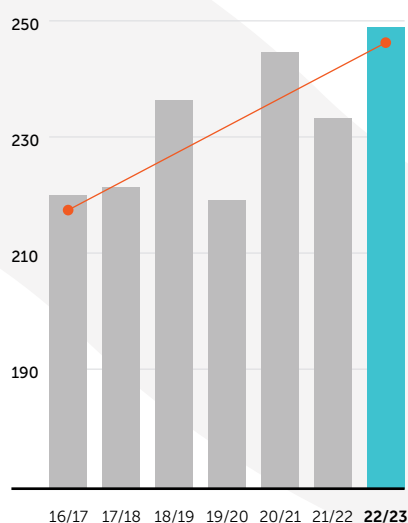
Recovery refers to used tyres that are collected for several applications. Broadly, these are either processed into tyre-derived material, used whole or re-used. This specific KPI is focused on the recyclers processing tyre-derived material.

We estimate that in 2022/23, accredited recyclers account for 86% of the recycling market. This is just above the target set for 2023, but represents a drop off from previous years despite increase in the volume of material processed by TSA accredited recyclers. New processors continue to enter the market due to the new waste export licencing requirements, which increased requirements for processing of end-of-life tyres before they are exported with several of these operators in the process of becoming accredited withing the Scheme.

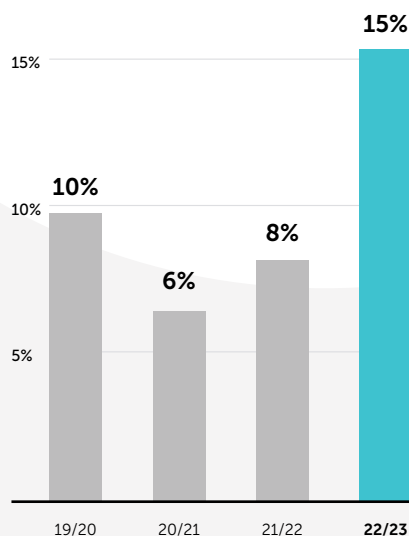
We remain committed to enrolling and verifying new organisations entering the Australia EOL tyre recycling market.

*Note: Change in measurement methodology. In 2022/23, TSA updated the methodology in which this KPI is measured based on of having access to more accurate and reliable data and under this new methodology, the KPI for the 2021/22 financial year would be 45%.

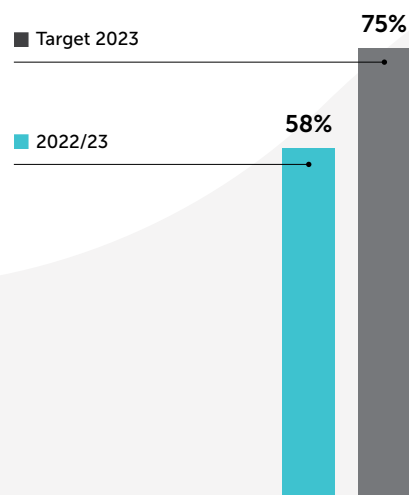
Volume of EOL tyres collected by accredited participants (tonnes - thousand)



EOL tyres exported via TSA accredited participants verified (by percentage exported)



EOL tyres going to an environmentally sound use (by percentage)



KPI 2: The volume of EOL tyres collected by accredited participants, or accounted for over time increases annually

Coming out of the Covid-19 pandemic, and with increasing global economic pressures it has become difficult for recyclers to process and move material.

The export ban of whole tyres in December 2021 has required the industry to move away from the export of baled whole tyres, requiring new paths for EOL tyres.

Despite the difficult conditions the amount of EOLTs collected by accredited participants increased by around 6.5% to approximately 250,000 tonnes or 31,300,000 EPU.

This represents the highest volume of EOLTs collected by accredited participants in a financial year during the lifetime of the Scheme.

KPI 3: The volume of EOL tyres exported via accredited tyre recyclers and collectors that have been verified as going to environmentally sound use increases annually

The verification of sustainable management of exported tyres is central to the integrity of our Scheme, especially considering most Australian end-of-life tyres continue to be exported for reuse, retreading, further processing, or energy recovery uses.

In 2022/23, 15% of all EOL tyres and tyre products exported by Scheme participants went to a verified overseas destination, up from 8% in the previous financial year.

The Foreign End Market Verification program has continued to grow off the back of tyres exported for retreading needing to go to a verified destination as part of the waste export regulations for tyres introduced in December 2021.

We remain committed to continuing to expand the FEMV program to cover more exported material, with energy recovery uses accounting for a significant portion of exported material. We anticipate we will continue to see a rise in the proportion of exported material by TSA accredited participants being sent to verified overseas destinations.

KPI 4: Increase the percentage of EOL tyres going to an environmentally sound use

Environmentally sound uses of EOL tyres include recycling into tyre-derived materials such as crumb, powders, shreds, chips, or granules for use in a range of products containing tyre-derived material or use as a fuel and other means to recover energy. (See ACCC determination for complete definition).

Based on TSA participant reported data, and our understanding of recycling activity conducted by non-accredited recyclers, we estimate 58% of tyres went to an environmentally sound use in 2022/23, representing a decrease from previous years and a downward trend over the past three years.

The rate of non-environmentally sound use is driven in part to the adjustment to the new waste export regulations but primarily by low OTR recovery rates caused by the availability of on-site burial as a no or low cost alternative to environmentally sound recovery of tyres. Recovery rates are also lowered by rogue operators who can commercially benefit from collecting, dumping, and abandoning tyres in rented warehouses, largely unavoidable under the current Scheme.

Despite the increase of non-environmentally sound use, TSA's continued support in developing Australian markets for tyre-derived material is seeing a changing landscape for operators in this sector. Over the coming years we expect to see transformations of businesses from collection to processing, as well as new entrants looking to take advantage of the increased demand in Australian markets.

Website visits

Visit type	2021/22	2022/23	Change %
Organic & direct – visitor sessions	48,194	144,000	▲ 131%
All (year total) – page views	106,911	203,242	▲ 90%
All (monthly average)	8,909	16,937	▲ 24%

Top 5 visited pages

Page	2022/23	Change %
My Tyres My Choice	8,097	▲ 128%
Find Accredited Recyclers & Collectors	6,755	▲ 10%
Find Accredited Tyre Retailers	4,652	▲ 35%
OTR (Off-The-Road) Tyres	3,193	▲ 187%
Source Recycled Tyre Products	2,110	▲ 30%

KPI 5: Users seeking accreditation through the TSA website and increased website traffic

Our website (tyrestewardship.org.au) remains our primary source of information about the Scheme, as well as a repository of our media and news releases, forms to apply for accreditation, market development, governance reports, science and research, and information about TSA.

Our website content combined with increased social and traditional media activities, continues to drive website traffic. Website traffic has increased year on year since 2019, with a significant 131% increase in visitors in 2022/23.

While organisations seek TSA accreditation through multiple channels, activity on the website is a gauge of public interest in the Scheme, its participating brands, and businesses, as well as inquiries on the accreditation process.

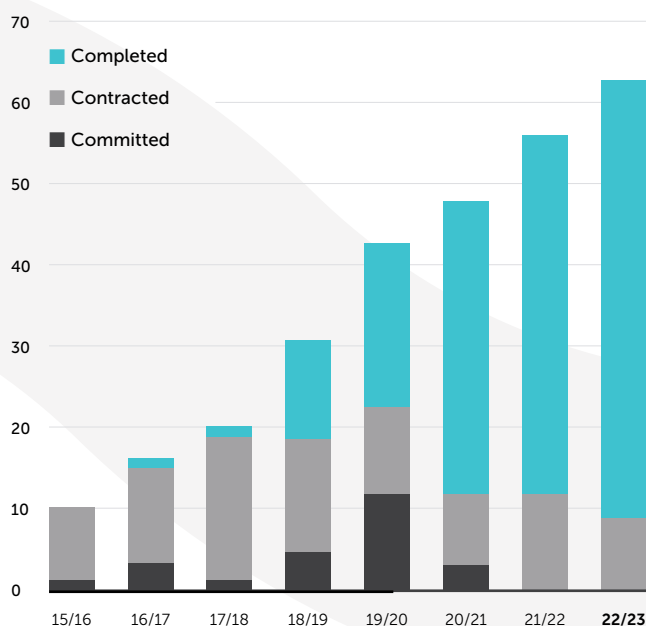
The most visited page on the TSA website was 'My Tyres My Choice' which received 8,097 visitors (up 128%) linked to a comprehensive consumer campaign encouraging the public to purchase tyres from contributing brands and accredited retailers.

Two of the three most visited website pages provide resources to assist the public and stakeholders in finding TSA accredited organisations – 'Find an accredited recycler and collector' received 6,755 visitors (up 10%); and 'Find an accredited tyre retailer' received 4,652 visitors (up 35%).

The OTR and Source Recycled Tyre Products pages also drew considerable traffic with 3,193 and 2,110 page views respectively.

Our website content and structure continue to evolve to educate and promote the Scheme objectives and support our participants and stakeholders with the resources and information they need.

Number of market development projects funded



KPI 6: Growth of the demand for Australian tyre-derived material associated with market development activities promoted, funded and/or supported by TSA

The establishment and expansion of markets for tyre-derived products (TPDs) require a substantial and long-term commitment. In the 2022/23 financial year TSA approved seven new projects with associated funding of around \$832,068. This brings the total projects supported since formation of TSA to 63 projects across a range of industries with ten projects being completed in 2022/23 taking the total completed projects to 54.

The successful delivery of these seven new projects will create a potential market demand of around 45,000 tonnes per annum for Australian tyre-derived products which equates to over four million EPU.

TSA's market development strategy for the 2022/23 financial year has been to continue with supporting uptake of rubber into our roads network and, manufacturing products in rail, and research into new innovative technologies utilising tyre-derived products.

Conditions of Accredited Arrangement As an Australian Government Accredited Product Stewardship Scheme (AGAPSS) TSA is required to indicate progress against a set of performance indicators, some of which are captured in this section. Refer to table below for how we have addressed condition (3) of accredited arrangement this year:

- **Industry participation in the TSA Arrangement:** Refer to KPI 1.
- **Any developments on the regularity of audits for participant collectors and recyclers to ensure compliance with the TSA Arrangement and the outcome of these audits:** Refer to Accreditation and Compliance section.
- **The volume of EOLT collected and accounted for by accredited participants of the TSA Arrangement:** Refer to KPI 2.
- **The volume of OTR tyre recovery:** Refer to OTR section.
- **Verified EOLTs in Foreign End Markets:** Refer to KPI 3.
- **Developments with consumer behaviour in relation to the EOLTs and the TSA Arrangement:** Refer to Marketing & Communications section for information, such as extension of TSA AGAPSS logo.)

Marketing and Communications

Keeping the tyre value chain informed, engaged, and connected has been fundamental in enabling industry, government, and consumers to make informed decisions on the fate of Australia's end-of-life tyres.



We continue to use our platform to educate the public on responsible tyre disposal, and the myriad of opportunities that can be unlocked for Australia's circular economy.

We have been actively using our voice to facilitate the tyre value chain in better understanding and reaping the economic, social, and environmental benefits that can be realised from Australian tyre-derived material.

Together, we have, and will continue to reinvent the wheel.

Consumer Awareness and Value for Retailers

Educating consumers on the fate of end-of-life tyres through our 'My Tyres My Choice' campaign continued to be an integral part of our Marketing & Communications strategy for 2022/23. There was a focus on empowering consumers and retailers for making sustainable outcomes the only choice for Australia's used tyres.

The campaign not only aims to increase consumer awareness but also the value of TSA Accreditation for retailers. The campaign assisted in increasing the understanding and engagement in the value of sustainable outcomes for end-of-life tyres – helping to balance the logic of tyre purchasing with the emotion of better outcomes for future generations.

'My Tyres My Choice' was re-activated in December 2022 to capture the holiday tyre purchasing period and continued to run for 6-months, ending in June 2023.

The campaign included a range of supports, from social media to online display advertisements, print and interactive online articles. The campaign itself exceeded industry benchmarks and directed thousands of consumers to seek TSA Accredited retailers and contributing brands through our 'Find an Accredited Retailer' search function on our website.

Partnerships – TSA & Planet Ark

TSA partnered with Planet Ark to engage with their socially and environmentally conscious audience as part of our broader consumer awareness activities and 'My Tyres My Choice' campaign.

Over the course of 12 months, we worked closely to develop a series of communications through website and social media to promote our TSA Accredited retailers and contributing brands, as well as shining a light on Australian innovation and tyre-derived projects in action.

One of these projects involved promoting our work with Saferoads and University of Melbourne on the research and development of Concrete Safety Barriers, which resulted in thousands of users engaging with the social media post.



Engagement with Local Government

Local Councils are pivotal in leading Australia's sustainable future and circular economy for used tyres.

TSA has continued to support and engage with local government to drive positive circular economy outcomes for municipalities across Australia.

We have engaged with local government at key events and conferences throughout the year and delivered articles and advertisements in industry publications – promoting the benefits of using Australia's used tyres in council projects and infrastructure.

We've been actively helping councils become 'Local Leaders' by:

- Choosing TSA Accredited tyre brands and retailers when replacing tyres on council vehicles
- Choose a fleet that is TSA Accredited,
- Use TSA Accredited recyclers for end-of-life tyre management at transfer stations
- Procure products from companies that use Australian tyre-derived material
- Ensure road/asphalt specifications allow the use of Australian tyre-derived material
- Getting creative – and thinking about how tyre-derived materials could be used across their municipalities.

Engagement with OTR Sectors

In the lead up to the release of TSA's research report into off-the-road tyres, conveyors, and tracks on 30 June 2023, engagement with key OTR sectors through mainstream, metropolitan and regional media has been a priority.

Engaging with stakeholders will remain a priority as we continue to work across the value chain, to advocate for changes that will reduce barriers and encourage investment in the sector, fund research and market development and collaborate with all stakeholders responsible for the stewardship of OTR rubber products.

Our campaigns to date, have focused on addressing the big opportunities for regional, rural, and remote Australia, including the many ways in which end-of-life mining and farming tyres can be used.



Science & Innovation

TSA continues to educate the public on better understanding the health, safety and environmental outcomes of tyre and road wear particles (TRWP) and tyre-derived materials (TDM).

We're actively working with researchers both nationally and globally to address key concerns and respond to the public in a meaningful and informed way. Part of the work in this space involves the development of educational resources, videos, and infographics to help the public better interpret the differences between TRWP and TDM, and the fundamental differences in how they interact with the environment

Partnerships – TSA & WEAA

TSA also continues its partnership with the Waste Enforcement Association of Australia (WEAA) formerly known as the Litter Enforcement Officer Network (LEON) to tackle the illegal dumping and stockpiling of waste tyres in our communities.

TSA supports WEAA by participating in their monthly Special Interest Groups (SIGs) to share knowledge and intel on rogue operators, areas of concern and to ensure litter enforcement officers are equipped to raise awareness on tyre dumping in their local communities.

Industry Engagement and Events

Engaging with industry and key stakeholders is important now more than ever, as we advocate for Australia's tyre product stewardship scheme to pave the way for a circular economy for end-of-life tyres.



July 2022

LGAQ Conference

TSA exhibited at the Local Government Association of Queensland and engaged with local councils on the impact of changing procurement plans to promote positive end-of-life tyre recovery outcomes.



August 2022

AWRE Expo

TSA was delighted to exhibit for the first time at Australian Waste and Recycle Expo and demonstrate to a range of audiences including local government, start-ups and consultants how tyre-derived products can harness the performance qualities of rubber.



September 2022

ecologiQ Conference

TSA exhibited at the inaugural ecologiQ Conference as part of Victoria's Big Build. TSA was joined by project partners A1 Rubber and Flexiroc to demonstrate how tyre-derived products like rubber in roads, permeable pavement, rubber matting and crash barriers can be incorporated into Big Build projects.

Reports published in 2022/23



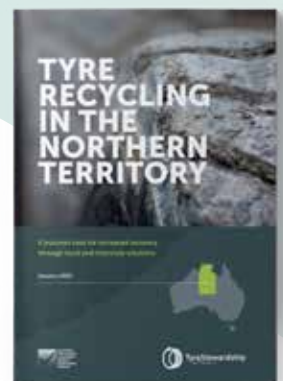
Independent review of Australia's Tyre Product Stewardship Scheme



Understanding carbon emissions and targets to support tyre recovery in Australia



Exploring opportunities for increasing value recovery from end-of-life tyres and conveyor belts in Western Australia



Northern Territory business case for a circular economy for EOL tyres



We continue to collaborate with industry to develop case studies, editorials, videography, promotional campaigns, social media, and engage in key stakeholder events to support the uptake of Australian tyre-derived material and promote our \$9.2M commitment to new and innovative projects through our market development program.



May 2023

Coffs Waste Conference

TSA exhibited at the Coffs Waste Conference where we with the waste and local government sector. TSA also presented on tyre particles and creating positive behaviour change through marketing and communications.

June 2023

ALGA: National General Assembly

TSA exhibited at the 2023 Australian Local Government Association Conference and engaged with the local government sector in their role in the recovery of end-of-life tyres and procurement of tyre products.

June 2023

AADA Convention and Expo

TSA exhibited for the second year at the 2023 AADA Convention and Expo hosted by the Australian Automotive Dealer Association.



Queensland business case for a circular economy for EOL tyres



Good Practices in Australia for Engagement with Indigenous Peoples and Local Communities in OTR Rubber Product Recovery



Collaborating with Indigenous Peoples and Local Communities in OTR Rubber Product Recovery – Global review and recommendations



Tipping the balance – the business case for a circular economy for Australia's off-the-road tyres, conveyors, and tracks

Financial Report

Directors' Report

The directors present their report on Tyre Stewardship Australia Limited for the financial year ended 30 June 2023.

1. General information

Information on Directors

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

David Spear FAICD

Independent Chairman

David Spear is an experienced Company Director and Governance Consultant. He is currently Chairman of Tyre Stewardship Australia, Chairman of Office Brands Australia, Non-Executive Director of Unity Housing, Chairman of McLaren Vale Grape Wine Tourism Association, Non-Executive Director of Central Adelaide Waste Recycling Authority, Chairman of Big River Pork and a Director of VUCA Pty Ltd.

David has been a partner and Director of national governance consulting firm VUCA Trusted Advisors for the last 10 years working with organisations and Boards across the country. Prior to this 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 30 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 Governance Program.

David Spear is the Chair of the Governance and Risk Committee as well as sitting on the Remuneration and Nomination Committee and the OTR Committee. He is also Chair of the Industry Consultative Group.

David Wilson

David was appointed Chairman of the Tyrepower Group in November 2018, after serving as their Chief Executive Officer from 2010.

After graduating with a Science degree in Applied Mathematics from Monash University, David has worked in many roles in retail over the last forty years in Australia and New Zealand. He has held senior roles in supermarkets, general merchandise, cosmetics and the tyre industry. David is also Chairman of a lean manufacturing business supplying parts to leading OEM's.

David Wilson is the Chair of the Remuneration and Nomination Committee.

Lou Mandanici

Lou Mandanici has over 35 years' experience in the Australasian tyre industry. Lou's time in the industry has seen him hold a wide range of roles across finance, sales, franchising, supply chain, product management and marketing.

Putting his breadth of experience to good use, Lou currently holds the role of General Manager ANZ, overseeing Goodyear & Dunlop Tyres' end-to-end operations within Australia and New Zealand.

The diversity and extensiveness of Lou's experience brings a unique perspective in understanding the challenges and opportunities facing the tyre industry and how it continues to evolve.

Lou understands the importance of environmental responsibility and the role that all businesses within the tyre industry play regardless of whether they operate as a; manufacturer, importer, distributor, wholesaler, retailer, tyre recycler or those defining future technologies of the industry.

He holds a Master of Business Administration from RMIT University, is a Director of Goodyear & Dunlop Tyres (Aust) Ltd, Total Tyres Australia Pty Ltd and Goodyear & Dunlop (NZ). Lou also holds the role of non-executive Director of Tyre Stewardship Australia (TSA) and the Australian Tyre Industry Council Ltd, as well as sitting on the TSA Remuneration and Nomination Committee.

Joanne Hayes

Jo has worked for Bridgestone for almost 15 years and holds the position of Head of Sustainability and Communications for Australia and New Zealand.

With prior business experience in franchising, marketing, crisis management, CSR, business analytics and global and corporate partnerships, Jo currently leads the development and implementation of the Australia and

New Zealand Company Sustainability Strategy, towards achieving global and local sustainability targets in line with the Bridgestone E8 Commitment. Jo also works closely with the China Asia Pacific region as part of her role on Bridgestone's Regional Sustainability Leadership Team.

Joanne Hayes sits on the Finance and Audit Committee and the Governance and Risk Committee.

Mitchell Golledge

Mitchell Golledge is an accomplished business executive with extensive experience in various aspects of management, marketing, and business development. As the Head of East Region Asia Pacific for Continental and the Managing Director at Continental Tyres Australia, he holds significant responsibilities in driving business growth and implementing strategies to achieve positive outcomes within a relatively short timeframe.

His expertise lies in crafting effective business strategies, optimizing organizational structures, and streamlining processes to deliver desired results. With a strong commercial acumen and a background in marketing, Mitchell possesses the skills to successfully develop and execute business plans in both domestic and international markets.

One of Mitchell's unique strengths is his deep understanding of the Asian market, gained from over two decades of living and working in the region. This exposure has equipped him with excellent interpersonal and communication skills, enabling him to manage diverse stakeholders and build positive business relationships swiftly, even in multicultural settings.

Mitchell's leadership style is marked by a compassionate and empathetic approach, which allows him to listen attentively and comprehend the needs of internal and external stakeholders effectively. His well-rounded knowledge of retail, manufacturing, and distribution, combined with a strong financial background and a focus on key performance indicators (KPIs), enables him to align business objectives with stakeholder requirements successfully.

Throughout his career, Mitchell has demonstrated a track record of achieving sustainable profits for both public and private enterprises. He is passionate about creating and leading high-performing teams, drawing from his global and multicultural experiences across diverse sectors in both developed and emerging markets.

Beyond his professional endeavours, Mitchell values his personal life and is committed to his family. Having been married for over 30 years and being a father to one son, he enjoys the leisurely pursuit of playing golf.

In summary, Mitchell Golledge is an accomplished and versatile business leader with a successful history of driving growth and profitability while fostering positive relationships with stakeholders. His extensive international experience, strong leadership abilities, and empathetic approach make him an effective leader in the business world.

Albert John

Casual appointment from 17-Sept-2021

Appointed 19-Nov-2021

Albert is the Financial Controller of Yokohama Tyre Australia and has held that position since 2008. His role encompasses the finance, legal & risk management, corporate development and public affairs functions for Yokohama Group.

Albert is an experienced senior finance professional with various industries for over 25 years.

He holds Bachelor of Business from University of Western Sydney and is a member of CPA Australia.

Albert John is the Chair of the Finance and Audit Committee for TSA.

Dr Lorraine Stephenson

Appointed 19-Nov-2021

Dr. Lorraine Stephenson GAICD FTSE is an international expert in climate change strategy and risk management.

She is the Founder and Principal Consultant of Lightning Consulting Services working with clients to mitigate climate-related risks and create opportunities to accelerate the transition to net zero emissions (NZE). Lorraine has a strategic focus on translating environment, social and governance (ESG) performance into strong financial performance. Advising clients on actions aligned to the Circular Economy forms part of this ESG focus.

Lorraine is also a Non-Executive Director of Queensland Electricity Transmission Corporation Limited (Powerlink) and a Non-Executive Director of Good Environmental Choice Australia (GECA). She has previously held the roles of Member of the Victorian Government's Interim Targets Independent Expert Panel, Chief Clean Energy Advisor to the Queensland Government, Member of NSW Climate Change Council and a Partner at EY.

Lorraine is a Graduate of the Australian Institute of Company Directors and a Fellow of the Australian Academy of Technological Sciences and Engineering.

Vaughan Levitzke

Appointed 19-Nov-2021

Vaughan Levitzke is a trained ecologist and is well known for his dedication to improving SA's waste and recycling sector, hitting many high-profile milestones such as expanding container deposits in 2002 while he was at the SA EPA (where he also regulated the tyre industry among others), and establishing a new government statutory authority Zero Waste SA 2003 (its inaugural Chief Executive).

Vaughan oversaw the roll-out of Australia's first single-use plastic bags ban in 2009, the formation of Green Industries SA in 2016, the first circular economy strategy in Australia in 2017 and developed 4x 5- year state waste strategies, a new food waste strategy in 2021. He developed and introduced Australia's first ban on single-use plastic items and supervised the development of the first disaster waste strategy and the cleanup of the 2019-2020 bushfires in South Australia. He has also overseen investment grants in the recycling sector of hundreds of millions of dollars for infrastructure and research, the delivery of public education campaigns and has helped with the establishment of several new startup businesses. He has been involved with UN initiatives and forums over many years.

In 2016 he received the Public Service Medal, for outstanding public service in the area of waste management reform and policy. In December 2021 he received the international "IconSWM-CE Lifetime Achievement Award 2021" for Significant Contribution in the areas of Waste Management and Circular Economy and received life membership of KESAB in 2021. Vaughan left government after 43 years and 17 years as a Chief Executive in July 2021. He also chaired South Australia's Native Vegetation Council for two years.

Vaughan is now focusing on circular economy and extended producer responsibility through his consulting company, Circular Economy Advisory and is a member of the Commonwealth Government's Ministerial Circular Economy Advisory Group.

Silvio de Denaro

Company secretary

Silvio de Denaro (BA(Hons)) has been the company secretary since 24 July 2013.

Silvio is a graduate of the University of Sussex (UK) with a thesis on Issues of Integration of the European Aerospace Industry.

He has held a number of senior management positions in Sales and Marketing especially in the Aviation and

Automotive sectors and has been directly involved in tyres since 1983 as Australian CEO for a major manufacturer.

Silvio has been personally involved with Government and other major stakeholders contributing to the development of the Product Stewardship Scheme culminating with the related granting of ACCC authorisations in April 2013.

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

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 of tyres.

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

Short & Long term objectives

The Company's short and term objectives are detailed in Tyre Stewardship Australia Ltd 2022/23 Annual Report

Strategy for achieving the objectives

To achieve its stated objectives, the Company has adopted the following strategies which are outlined in Tyre Stewardship Australia Ltd 2023/24 Annual Report

Performance measures

The Company measures its own performance through measures that are described in Tyre Stewardship Australia Ltd 2021/22 Annual Report.

Members' guarantee

Tyre Stewardship Australia Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 100 for members that are corporations and \$ 100 for all other members, subject to the provisions of the company's constitution.

At 30 June 2023 the collective liability of members was \$1,100 (2022: \$ 1,100).

2. Other items

Events after the reporting date

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

Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

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.

Meetings of directors

During the financial year, [insert number] 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		Governance and Risk Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
David Spear FAICD	7	7	–	–	–	–	3	3	2	2
Peter Kreitals	2	2	–	–	1	1	–	–	–	–
Steven Clifford	2	2	–	–	–	–	–	–	–	–
David Wilson	7	4	–	–	–	–	–	–	2	2
Lou Mandanici	7	4	–	–	–	–	–	–	2	2
Joanne Hayes	7	6	6	6	–	–	3	3	–	–
Mitchell Golledge	7	6	–	–	–	–	3	2	–	–
Albert John	7	6	6	6	–	–	–	–	–	–
David Basha	6	3	–	–	–	–	–	–	–	–
Dr Lorraine Stephenson	7	5	–	–	3	3	–	–	–	–
Vaughan Levitzke	7	6	–	–	3	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 2023 has been received and can be found on page 34 of the Financial Report.

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



Director: David Spear



Director: Joanne Hayes

Dated this 15th day of September 2023



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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 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 2023, 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.

A handwritten signature in black ink, appearing to read 'Moore Australia'.

**MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257**

A handwritten signature in black ink, appearing to read 'George S Dakis'.

**GEORGE S DAKIS
Partner
Audit and Assurance**

Melbourne, Victoria

15 September 2023

Moore Australia Audit (VIC) – ABN 16 847 721 257.
An independent member of Moore Global Network Limited - members in principal cities throughout the world.
Liability limited by a scheme approved under Professional Standards Legislation.

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2023

		2023	2022
	Note	\$	\$
Revenue	4	7,633,885	6,176,964
Finance income	4	95,479	6,227
Other income	4	329,640	627,794
Employee benefits expense		(2,194,918)	(1,660,619)
Market development expense		(1,976,672)	(1,992,643)
Depreciation, amortisation and impairment expense		(99,159)	(270,013)
Advertising and Marketing expense		(1,303,669)	(1,024,961)
Consultancy expense		(2,337,072)	(1,675,446)
Travel expense		(481,220)	(91,479)
Other expenses		(221,697)	(105,824)
Interest expense		(976)	(3,391)
Loss before income tax		(556,379)	(13,391)
Income tax expense		-	-
Loss for the year		(556,379)	(13,391)
Total comprehensive loss for the year		(556,379)	(13,391)

Statement of Financial Position

As At 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	3,085,177	2,460,134
Trade and other receivables	6	379,195	340,482
Other financial assets	7	200,000	750,000
Other assets	8	701,028	751,607
TOTAL CURRENT ASSETS		<u>4,365,400</u>	<u>4,302,223</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	26,753	53,191
Intangible assets	10	59,459	77,096
Right-of-use asset	11	-	54,035
TOTAL NON-CURRENT ASSETS		<u>86,212</u>	<u>184,322</u>
TOTAL ASSETS		<u><u>4,451,612</u></u>	<u><u>4,486,545</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	875,643	362,912
Employee benefits	13	120,147	73,035
Lease liability	11	-	56,903
TOTAL CURRENT LIABILITIES		<u>995,790</u>	<u>492,850</u>
NON-CURRENT LIABILITIES			
Employee benefits	13	44,901	26,395
TOTAL NON-CURRENT LIABILITIES		<u>44,901</u>	<u>26,395</u>
TOTAL LIABILITIES		<u>1,040,691</u>	<u>519,245</u>
NET ASSETS		<u><u>3,410,921</u></u>	<u><u>3,967,300</u></u>
EQUITY			
Retained earnings		3,410,921	3,967,300
TOTAL EQUITY		<u><u>3,410,921</u></u>	<u><u>3,967,300</u></u>

Statement of Changes in Equity

For the Year Ended 30 June 2023

2023

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2022	3,967,300	3,967,300
Loss during the year	(556,379)	(556,379)
Balance at 30 June 2023	3,410,921	3,410,921

2022

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2021	3,980,691	3,980,691
Loss during the year	(13,391)	(13,391)
Balance at 30 June 2022	3,967,300	3,967,300

Statement of Cash Flows

For the Year Ended 30 June 2023

	Note	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from levies		7,836,732	6,701,178
Payments to suppliers and employees		(8,120,931)	(7,480,794)
Government grants		329,640	653,292
Interest received		95,479	6,227
Lease liability interest		(976)	(3,391)
Net cash provided by/(used in) operating activities	21	<u>139,944</u>	<u>(123,488)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from term deposits		550,000	1,759,011
Net Payment for plant and equipment		(7,998)	(41,747)
Payment for security deposits		-	(4,591)
Net cash provided by investing activities		<u>542,002</u>	<u>1,712,673</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of lease liabilities		(56,903)	(59,675)
Net cash used in financing activities		<u>(56,903)</u>	<u>(59,675)</u>
Net increase in cash and cash equivalents held		625,043	1,529,510
Cash and cash equivalents at beginning of year		2,460,134	930,624
Cash and cash equivalents at end of financial year	5	<u>3,085,177</u>	<u>2,460,134</u>

Notes to the Financial Statements

For the Year Ended 30 June 2023

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 principal activities of the Company for the year ended 30 June 2023 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) which will end on 30 June 2024. The management is in the process of renewing the ACCC authorisation, and has no reasons to believe that it won't succeed.

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; and
- iii) Communicating and educating on the subject of end of life of tyres.

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

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 - Simplified Disclosures 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) 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 payable are stated inclusive of GST.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(c) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

Levy Revenue

Levies revenue is recognised in accordance with the Tyre Product Stewardship Scheme modelled on tyre sales volumes provided by each of the respective participating tyre importers, accrued monthly. Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Interest income

Interest income is recognised on term deposits on an accrual basis based on the rate inherent in the instrument.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(c) Revenue and other income

Other income

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

(d) 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 significantly less than fair value have been recorded at the acquisition date fair value.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company, commencing when the asset is ready for use.

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

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

Fixed asset class	Depreciation rate
Furniture, Fixtures and Fittings	10-67%
Office Equipment	10-50%
Computer Equipment	50-100%

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.

(e) Financial instruments

Financial instruments are recognised initially 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).

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

(f) Intangible assets

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(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.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(h) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies

(h) Leases

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) Employee benefits

Provision is made for the Company's liability for employee benefits, those benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(j) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2023, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company or refer to Note for details of the changes due to standards adopted.

3 Critical Accounting Estimates and Judgments

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 - 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.

Notes to the Financial Statements

For the Year Ended 30 June 2023

3 Critical Accounting Estimates and Judgments

Economic Dependency and Going Concern Assumption

Tyre Stewardship Limited is dependent on Tyre importers who are registered with the 'Tyre Product Stewardship Scheme' for the majority of its revenue to operate the business. At the date of this report, the Board of Directors has no reason to believe that the tyre importers will exit the Tyre Stewardship Scheme.

Moreover, the Tyre Product Stewardship Scheme (TPSS) which is administered by Tyre Stewardship Australia (TSA) was re-authorised by the Australian Competition and Consumer Commission (ACCC) on the 3rd May 2018, coming into effect 15 June 2018. Authorisation period was for six years, bringing the current Scheme expiry at 15 June 2024. An Independent Review has recently been completed and the document will inform TSA on recommendations for re-authorisation post 15 June 2024. As at the date of signing this report, management remains confident that the scheme will be extended and as such the financials are prepared on the Going concern basis.

Tyre sales volumes

Levy revenue is based on reported tyre sales volumes reported by participating importers, for confidentiality reasons actual sales volumes are not reported by participants to the company. As such the levy funding process is managed by a third party, and the company is reliant on volumes reported being accurate and complete in order to correctly calculate reported revenue.

4 Revenue and Other Income

	2023	2022
	\$	\$
Revenue from operations		
- Levies	7,633,885	6,176,964
Other Income		
- Finance income	95,479	6,227
- Funding contribution	329,640	627,794
Total Revenue and Other Income	8,059,004	6,810,985

5 Cash and Cash Equivalents

	2023	2022
	\$	\$
Cash at bank and in hand	3,085,177	2,460,134
	3,085,177	2,460,134

6 Trade and Other Receivables

	2023	2022
	\$	\$
CURRENT		
Trade receivables	366,462	319,323
GST receivable	9,921	18,347
Other receivables	2,812	2,812

Notes to the Financial Statements

For the Year Ended 30 June 2023

6 Trade and Other Receivables

	2023	2022
	\$	\$
Total current trade and other receivables	379,195	340,482

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial report.

The Company applies the simplified approach to expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2023 is determined as follows, the expected credit losses incorporate forward looking information.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

7 Other Financial Assets

	2023	2022
	\$	\$
CURRENT		
Financial assets - term deposits	200,000	750,000
	200,000	750,000

8 Other Assets

	2023	2022
	\$	\$
CURRENT		
Prepayments	3,200	26,882
Security deposits	20,414	20,414
Accrued income	677,414	704,311
	701,028	751,607

Notes to the Financial Statements

For the Year Ended 30 June 2023

9 Property, plant and equipment

	2023	2022
	\$	\$
Furniture, fixtures and fittings		
At cost	7,186	25,706
Accumulated depreciation	(5,170)	(12,858)
Total furniture, fixtures and fittings	2,016	12,848
Office equipment		
At cost	31,975	38,199
Accumulated depreciation	(22,260)	(22,545)
Total office equipment	9,715	15,654
Computer equipment		
At cost	54,087	47,892
Accumulated depreciation	(42,156)	(33,016)
Total computer equipment	11,931	14,876
Fitout		
At cost	7,737	65,322
Accumulated depreciation	(4,646)	(55,509)
Total fitout	3,091	9,813
Total property, plant and equipment	26,753	53,191

(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:

	Furniture, Fixtures and Fittings	Office Equipment	Computer Equipment	Fitout	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2023					
Balance at the beginning of year	12,848	15,654	14,876	9,813	53,191
Additions	-	-	12,817	-	12,817
Disposals	(7,427)	(847)	(13)	(3,481)	(11,768)
Transfers	-	-	2,457	(2,457)	-
Depreciation expense	(3,405)	(5,092)	(18,206)	(784)	(27,487)
Balance at the end of the year	2,016	9,715	11,931	3,091	26,753

Notes to the Financial Statements

For the Year Ended 30 June 2023

10 Intangible Assets

	2023	2022
	\$	\$
Computer software		
Cost	115,672	275,173
Accumulated amortisation and impairment	(56,213)	(198,077)
Total Intangible assets	59,459	77,096

(a) Movements in carrying amounts of intangible assets

	Computer software
	\$
Year ended 30 June 2023	
Balance at the beginning of the year	77,096
Amortisation	(17,637)
Closing value at 30 June 2023	59,459

11 Leases

Company as a lessee

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

Office premises

During the year, the Company leased land and buildings for their premises in Melbourne, Australia. The lease was for 2 years which ended in May 2023, and included a renewal option for further periods. The company has vacated the office without renewing any further options and has moved into a temporary space on a short term rental basis.

Right-of-use assets

	Office Premises
	\$
Year ended 30 June 2023	
Balance at beginning of year	54,035
Depreciation charge	(54,035)
Balance at end of year	-

Notes to the Financial Statements

For the Year Ended 30 June 2023

11 Leases

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Lease liabilities included in this Statement Of Financial Position
	\$	\$	\$	\$
2023				
Lease liabilities	-	-	-	-
2022				
Lease liabilities	56,903	-	-	56,903

12 Trade and Other Payables

	2023	2022
	\$	\$
CURRENT		
Trade payables	640,326	220,164
Sundry payables and accrued expenses	235,317	142,748
	875,643	362,912

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

13 Employee Benefits

	2023	2022
	\$	\$
Current liabilities		
Provision for employee benefits	120,147	73,035
	120,147	73,035
Non-current liabilities		
Provision for employee benefits	44,901	26,395
	44,901	26,395

Notes to the Financial Statements

For the Year Ended 30 June 2023

13 Employee Benefits

(a) Reconciliations

	Provision for employee benefits
2023	\$
Opening balance	99,430
Utilised during the year	(107,899)
Increase in provisions	173,517
Closing balance	165,048

14 Key Management Personnel Disclosures

The remuneration paid to key management (director and key executives) of Tyre Stewardship Australia Limited during the year was \$612,176 (FY2022: \$618,044).

15 Related Parties

(a) 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 14.

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.

(b) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2023

16 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.

Financial instruments used

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

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

	2023	2022
	\$	\$
Financial assets		
Cash at bank and in hand	3,085,177	2,460,134
Trade receivables	366,462	319,323
Financial assets - term deposits	200,000	750,000
Total financial assets	3,651,639	3,529,457
Financial liabilities		
Financial liabilities at amortised cost	875,643	362,912
Total financial liabilities	875,643	362,912

Objectives, policies and processes

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 and credit risk.

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 finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

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

Notes to the Financial Statements

For the Year Ended 30 June 2023

17 Auditors' Remuneration

	2023	2022
	\$	\$
Remuneration of the auditors, for:		
- auditing the financial statements	23,750	19,250
Total	23,750	19,250

18 Contingencies

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

As at 30 June 2023, Tyre Stewardship Australia Limited had signed and entered into various ongoing research project funding agreements and market development contracts. At 30 June 2023 the cumulative amount of contracts in total is \$9,658,233 exclusive 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 2023. 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 \$749,330 exclusive of GST at 30 June 2023.

Tyre Stewardship Australia Limited have spent a total of, \$8,908,903 on research projects and market development contracts in total. At 30 June 2023, \$7,628,495 of contracts have been completed, these projects have been removed as contingent liabilities.

19 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.

20 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company 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 Company. At 30 June 2023 the number of members was 11 (2022: 11).

Notes to the Financial Statements

For the Year Ended 30 June 2023

21 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

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

	2023	2022
	\$	\$
Profit for the year	(556,379)	(13,391)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation, amortisation and impairment	45,124	211,037
- amortisation of right of use asset	54,035	58,976
- net loss on disposal of plant and equipment	6,949	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(47,139)	56,767
- (increase)/decrease in other assets except security deposits	50,579	(145,449)
- increase/(decrease) in trade and other payables	521,157	(311,555)
- increase/(decrease) in provisions	65,618	20,127
Cashflows from operations	<u>139,944</u>	<u>(123,488)</u>

22 Statutory Information

The registered office and principal place of business of the company is:

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


Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 28, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Simplified Disclosure Standard; and
 - b. give a true and fair view of the financial position as at 30 June 2023 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


Director


Dated this 15th day of September 2023



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

Opinion

We have audited the accompanying financial report of Tyre Stewardship Australia Limited (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Company.

In our opinion:

- a. the financial report of Tyre Stewardship Australia Limited 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 2023 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) 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 with Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Going Concern Assumption

We draw your attention to Note 3 – *Economic Dependency and Going Concern Assumption*, which describes the expiration of the Tyre Product Stewardship Scheme expected on the 15 June 2024 and the expected extension of the scheme post that date. Should these events or conditions not eventuate, the company may potentially need to reconsider its structure going forward. Our opinion is not modified in respect of this matter.



Emphasis of Matter – Key estimates and judgements – Tyre Volumes

Without modifying our opinion, we draw attention to Note 3 - *Tyre sales volumes* in the financial report, regarding the use of estimates and judgements by the company. Specific emphasis is placed on key estimates and judgements made in relation to tyre volumes given there are no practical procedures available to independently substantiate accuracy and completeness in this regard.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report of the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 Management and Those Charged with Governance for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001, and for such internal control as the directors determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity'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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.



A further description of our responsibilities for the audit of the financial report is located on 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.

MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257

GEORGE S DAKIS
Partner
Audit and Assurance

Melbourne, Victoria

15 September 2023

