

2019/2020
Annual Report



Our focus
Real world outcomes
for tyre derived products



Message from the Chair

No need to remind ourselves of the fact that in early 2020 we all witnessed world-changing events. As a small organisation, ultimately tasked with caring for one significant portion of our environment, we extend our sympathy to all whose health has been affected and all those for whom making a decent living has become -suddenly- so much harder.

While we have rapidly taken many steps to reduce our costs and increase our impact, a number of our principles have remained unshaken, even as the Covid 19 virus started its sinister work among some of the most developed populations world-wide.

The impact of our actions and our reputation are fundamental to the existence of TSA and to the protection of our environment from the irresponsible disposal of end-of-life tyres.



This is why, three fundamental principles remain non-negotiable: they have long been completely embraced by myself, the Board and the entire staff. While I am the Chair of the organisation, they will remain at the forefront of everything we do.

- 1. We will continue to demand and defend industry-wide transparency and engagement of all current and potential stakeholders.** This process requires integrity, trust and -increasingly- a global approach that knows no borders and accepts no shortcuts or self-serving subterfuge designed to profit some social or geographical clusters at the expense of others.
- 2. We will always seek and expect the highest standards of Governance, independent thinking and intellectual rigour from our Board.** Strict governance should never be taken for granted and I consider it my primary duty to contribute to this rigour in every way I can.
- 3. In our own -perhaps modest- way, we are here to help change the world and do what we can to leave a better planet for future generations.** Our investment in Research and Development continues. We remain committed to significantly contribute to the circular economy and to finding ways of transforming used tyres, one of the planet's many environmental liabilities, into a recognised, predictable and fully utilised resource.

I consider myself fortunate to have the opportunity to work with some of the most informed and enthusiastic minds in the business: the Board I chair includes some true experts in their field and most Directors provide their time and experience pro-bono, in consideration of their belief in our cause. Our CEO and staff are relentless in their pursuit of knowledge. They cherish, live and breathe the nurturing of relationships at all levels including the smallest operators or Government Ministers in Australia or overseas. I would like to extend a note of recognition to Melissa Holzberger and Alan Sutton, two significant and competent Directors in the history of TSA, who chose to retire at the 2019 AGM and on 29 May 2020 respectively.

Going forward, I trust in the increasing and widespread intolerance for environmental vandalism and the notion of profit at all costs: with the Covid 19 pandemic, our Planet and its population are dealing with possibly one of the most significant recent crises facing human existence. If nothing else, let us ensure together that the time we have had to ponder the prospect of humanity on Earth is not wasted but will help us re-assess priorities.

TSA has come a long way since its creation. I am in no doubt that we still have a long way to go before we can claim that our mission has been completed. With our Members, accredited entities and all stakeholders, I look forward to the journey.



David Spear
Chairman FAICD

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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 CEO

We have scored some significant goals since our last Annual Report and I want to tell our stakeholders about our achievements but -more significantly- I also wish to share my awareness of the challenges that remain unresolved and the shortcomings that still influence our course.

Expectations for a flurry of self-congratulation are going to be disappointed.

Not unlike most commercial players world-wide, during this financial year the Company has operated in a treacherous environment: uncertainty, fear and sometimes plain ignorance around the contribution of Product Stewardship Schemes have all taken their toll on some of our activities.

The partial inability to engage face-to-face with many of our important contacts, has made progress challenging on many fronts such as auditing or growing our visibility and people's understanding of what we do. The good news is that seldom has society realised so clearly that we are all in the same boat and that interests can align if administered with a careful hand.

Since the end of 2019 we have had the opportunity to think about our future and our strategy, clarify our values and map the road ahead more clearly than ever before. Our vision has not changed fundamentally: we will continue to seek with all our strength the transformation of end-of-life tyres into a valuable commodity, sought by ethical players for their profits but also for the common interest of society.



Maintaining our focus on a number of key actions will allow us to:

- **Ensure** that a fair and just reward goes to all participants to the collection and transformation process. We are becoming increasingly aware of aberrations along the important value chain where investment and ethical behaviour can become punitive compared with quick fixes and abrogation of responsibility.
- **Act** upon the realisation that, as Australians, we do not have the luxury of living in a vacuum: our actions here (such as the imminent ban to the export of most whole tyres) potentially have a profound effect on the rest of the world and -by the same token- what happens in France, Germany or Portugal affects our value chains domestically.
- **Reinforce** our exchange and understanding of retail networks: channels for the sale of tyres are evolving rapidly while traditional players are facing the challenge of E-commerce as well as innovative distribution practices. This threat to traditional profitability can lead to short-cuts, disengagement and the loss of focus on “the bigger picture” and ultimate objectives for all Scheme participants.

Our presence and impact on regional Australia and its specific families of tyre products has not grown in line with our expectations: petty financial drivers for illegal dumping have the same detrimental effect on communities in Toorak or Alice Springs and still need culling in many regional areas.

Despite the substantial difficulties presented from the beginning of 2020, we can claim a number of encouraging outcomes: our substantial progress in accrediting new entities in the automotive and retail sectors show that our proposition makes sense despite a sharp and general increase in sensitivity to costs. Our presence, philosophy and achievements are becoming visible and recognised in global markets with continuous and encouraging exchange taking place with similar Product Stewardship Schemes, government authorities and industrial players

We have grown exponentially in our familiarity and knowledge of data on end-of-life tyre flows: I can claim that TSA has become the reference point for many government and non-government organisations seeking to grow their understanding of this complex reality in order to fine-tune strategy and legislation.

We have invested heavily in the essential verification process of transformation hubs in Australia and -just as significantly- overseas. Our contracts with well-established monitoring and assurance organisations, contribute to the overall understanding, transparency and, sometimes, termination of common but unacceptable practices in a number of foreign end-markets.

My work would not be possible if it was not for the dedication of our contributors, the Board of TSA and my small team: if you are currently engaged with TSA, I sincerely thank you for your valuable support.

If you are not engaged with us and remain happy to reap the profits offered by the tyre industry, I want to remind you that time available to you for making a voluntary and positive impact is rapidly running out and that society will offer you fewer and fewer acceptable excuses for sitting on your fence.



Lina Goodman
Chief Executive Officer

2019/2020

Our major achievements

Completion of the Used Tyres Supply Chain and Fate Analysis - the most comprehensive report to date on used tyres

This report was a necessary piece of work, outlining the various fates of used tyres within Australia. This document has become the blue print in understanding the true data associated with resource recovery across Australia. The insights gained from this report will continue to shape future activity.

[View Report](#)

Foreign End Market Verification Program

A global-first, TSAs' Foreign End Market Verification Program aims to ensure that material which leaves our shores for reprocessing does not cause environmental or social harm.

Being accountable and seeking transparency along the supply chain is a mandatory step in being a good corporate citizen.

[View Program](#)

Market Development extends into segments

\$6 million has been committed to projects that are demonstrating how waste tyres can be utilised in alternate applications. Projects which deliver greater sustainable, economic and social outcomes. An important advancement are the emerging markets seeking funds to grow their businesses in the consumption of end-of-life tyres, these include within the agriculture, rail, blasting and construction sectors.

[View Projects](#)



Establishment of an Accreditation and Compliance Committee

The creation of a committee, purely focused on Accreditation and Compliance, confirms TSA is serious about its responsibility within this space. Making fast decisions ensures the industry can progress and unacceptable behaviour can be addressed.

International engagement sharing and learning from global schemes to deliver local value

As a relatively new scheme, TSA is now part of a wider global dialogue on end-of-life tyre matters. Learning from international schemes that have been in operation for many years provides TSA with vital knowledge and experience. Working globally to address similar issues allows a wider pool of research that provide the necessary outcomes in making informed decisions.

Whole Tyre Export Ban Baling transition program

The Council of Australian Governments (COAG) announced a ban on whole tyres, included baled tyres to come into effect December 2021.

To assist organisations get business ready for this deadline, a transition program allowing organisations to connect directly with relevant state authorities to navigate through approvals and growth opportunities.

[View Program](#)



TSA aligns its strategy to the United Nations SDGs

TSA has aligned its three year strategy to the UN's Sustainable Development Goals (SDGs). The incorporation of the SDG will see TSA report against its success factors and how these address critical SDGs relevant to TSA. An audacious goal, however working towards these goals provides a greater purpose that resonates globally.

[View SDGs](#)



People power, sending an alert to stop illegal dumping

TSA funded the inclusion of "dumped tyres" on popular consumer app Snap Send Solve. Through Snap Send Solve, Australians can snap an image of dumped tyres within their municipality. The report and geo-locations is sent directly to the responsible Council who will then work towards solving the problem.

[View Webpage](#)



Volkswagen and Porsche Australia join the Scheme

Volkswagen and Porsche Australia are sending a strong message to market, through their contribution towards the Tyre Product Stewardship Scheme (TPSS), it is clear that they are serious about taking action on used tyres.

The contribution is made against each Volkswagen and Porsche vehicle sold in Australia. Dealerships are also doing their bit by committing to working with accredited recyclers and collectors.

[View Members](#)



**Market Development
total committed
2019/2020FY
\$2,322,000**

Development of Strategic Plan 2020-2023

The development of TSA's three-year strategy encapsulates how the next phase is one of collaboration, productive outcomes for used tyres and a commercial awareness of what is feasible in our environment.

Stimulating innovation to advance circular economy principles is at the forefront of the organisations thinking.

[View Strategic Plan](#)

Sustainable Outcomes Indicator is implemented, providing a pathway for improved resource recovery for used tyres

To support the COAG announcement and encourage organisations to consider change, TSA implemented the Sustainable Outcomes Indicator (SOI), an easy ready reckoner for the public to help navigate through best recycling efforts. The SOI also provides recyclers and collectors an opportunity to aspire to better sustainable outcomes.

[View TSA SOI](#)

Not for Profit Principles. TSA meeting these important Governance Principles

TSA is meeting the Australian Institute of Company Directors (AICD) Not-for-Profit Principles.

An important governance statement that indicates how TSA is progressing against principles, ensuring transparency, integrity and best practice to the organisation is adhered.

2020+

The next 12 months

Our plans for the next financial year remain ambitious and multi-faceted. We will rely on technology, research, our ability to be heard on the global stage as well as our credibility with all legislators.

Using technology to advance participant collaboration

It is increasingly obvious that we need sharp and effective tools to encourage the exchange of information between participants and TSA.

Our investments across a number of initiatives will lead to an overall improvement of our reporting systems. Two examples of these investments center on the easier upload of information on material flows and the development of an application to track the collection and final destination of waste tyres.

To assist the accreditation and compliance function, TSA will build a compliance tool for retailers, through a Self-Assessment Questionnaire (SAQ).

Our website will continue to evolve as the knowledge hub for consumers, industry and Government. The existing [Foreign End Market Verification Platform](#) will become more transparent as verified bona-fide sites become clearly identified.

We are considering the use of drones to complement our auditing of recyclers and collectors.

Global Footprint

As Australia continues to export much of the used tyres collected, it is important to learn from global organisations working within the sector.

We can add significantly to the global knowledge-base on used tyres, the strength of market development programs, the creation of foreign end market verification program and a Scheme that works within an eco-system of accountable participants.

Sharing information and collaborating on important environmental topics allows Australia to act as a strong voice, learn from our peers and assist in driving out poor operators who pollute the environment through their mis-use of end-of-life tyres.

Demonstration Projects

We will consider supporting trial projects across sectors that have traditionally seen low recovery rates of end-of-life tyres.

It is anticipated these projects will include representatives from industry, logistics, equipment manufacturers and Government. The aim is to increase recovery rates across various sectors including mining and resource, regional and remote Australia as well as the cement industry.





**We will rely on technology,
research, our ability to be heard
on the global stage as well as our
credibility with all legislators.**

Our support of Government Policy

At the time of writing, we expect the export ban on whole baled tyres to come into effect in December 2021 at the latest.

As a result, we are preparing a range of initiatives with the aim to support the initiative of the Australian Government with a transition designed to avoid adverse impacts such as illegal dumping, stockpiling or reduced waste tyre collection services.

Buy Australian

Australia suffers from highly-subsidised tyre-derived crumb entering our economy. Even if this reality might appear as a short-term cost advantage for some, it carries the potential to destroy domestic capacity and appetite for investment.

In our effort to support local industry and recycling capacity, we must stress the importance for all private and public agencies to specify domestic tyre-derived product in their procurement practices: this is especially critical with the imminent establishment of the ban of export of whole end-of-life tyres.

Strategic Goals

2020-2023 Strategy is focused on driving a circular economy that contributes to a sustainable society, facilitates commercial outcomes and drives public awareness.

The five strategic goals are:

Strategic Goal 1

Increase used tyre recovery and end markets

Strategic Goal 2

Continue to improve data and information on all used tyre fates, both in Australia and overseas

Strategic Goal 3

Grow the number of organisations contributing to and participating in the Tyre Stewardship Scheme

Strategic Goal 4

TSA is a trusted entity, building relationship and value for its stakeholders

Strategic Goal 5

TSA is a significant contributor to the global circular economy for EOLT

[View TSA Goals](#)

2019/2020

Key Performance Indicators

As a matter of course, we have set ambitious targets and ways to gauge the success of the Scheme for which we are responsible.

As we work towards our goals for 2028, our progress remains encouraging despite the challenging market conditions dictated by the COVID-19 crisis as well as the imminent ban on the export of end-of-life tyres.

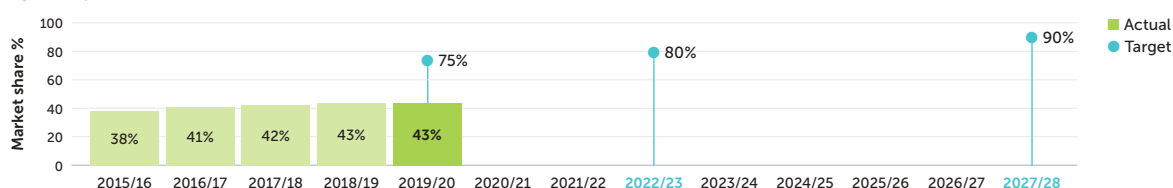
Key performance indicator 1: Increase the number of participants in the Scheme

During the 2020 financial year, the number of participants within the Scheme grew to 1,646. Major players to date include tyre importers, retailers¹, collectors, and recyclers along with local governments and vehicle fleets (refer to Accreditation and Compliance on page 22).

In order to expand participation, we have set four distinct targets for tyre importers, vehicle importers, tyre retailers, and tyre recyclers. Below is an outline of progress against these four important targets.

1a. Tyre importers

Tyre importers market share (EPU)

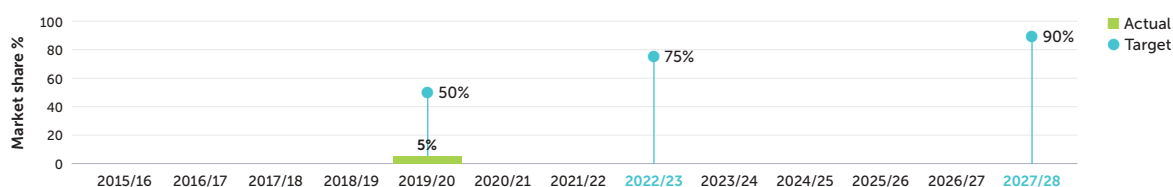


Success of the voluntary Scheme starts with the participation of importers of new tyres into Australia. We have set the ambitious target to increase the participation of tyre importers to reach to 75% of all new tyres. To date eight importers have shown leadership and are part of the Scheme and represent approximately 43% of the

volume. While this indicates we have not yet reached our ambitious target, it also highlights the challenges that are typical of voluntary schemes. Obviously, our commitment remains to continue to expand the recruitment of tyre importers into the Scheme during the 2021 financial year.

1b. Vehicle manufacturers

Vehicle manufactures / importers market share (new sales)



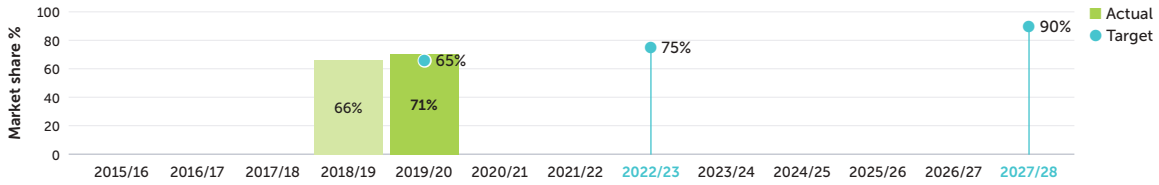
With around 30 % of new tyres entering the country already fitted to vehicles, the participation by vehicle manufacturers in the voluntary Scheme is very important. Our target is to enrol 50 % of vehicle importers (measured by volume of tyres) into the vehicle manufacturers participating in the Scheme by 2028.

While TSA has not met the ambitious target set and in

previous years had no participating vehicle manufacturers, the 2020 financial year marked a very significant milestone with Volkswagen and Porsche joining the voluntary scheme. This represents approximately 5% of vehicle sales. We are confident that, in the fullness of time, this leadership will bring more manufacturers into the scheme.

1c. Retailers

Tyre importers market share (EPU)

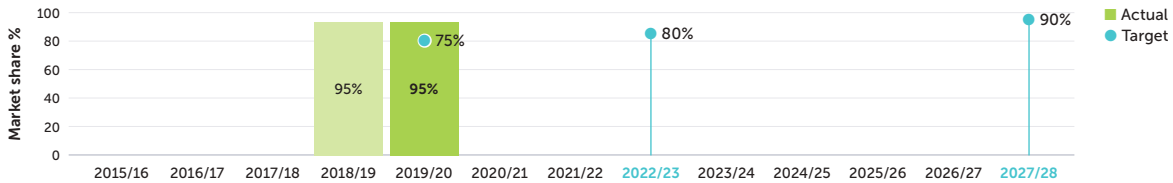


We have reached our target to achieve 65% of tyre retailers participating to the Scheme (measured by passenger tyre sales²). In the financial year just ended, we estimate that 71% of tyre retailers were participating in the Scheme. While this is an encouraging achievement,

we will continue to work with non-participating retailers to bring them into the Scheme. This work will also seek to increase the participation of new channels of the automotive sector and, include online and mobile tyre operators.

1d. Recyclers

Tyre recycle market share (by end-of-life tyres)



Recovery refers to used tyres that are collected for a number of applications. Broadly, these are either processed into tyre-derived products (including tyre derived fuels or for use whole in thermal processing). This specific KPI is focused on the recyclers processing tyre-derived products (or TDPs). These are estimated to represent around 80% of tyres recovered.

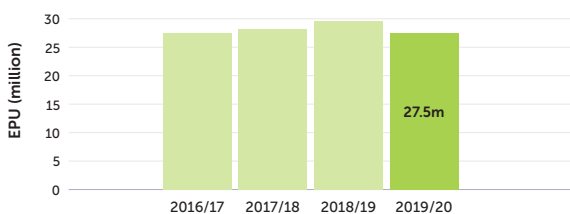
In June 2020, based on data for the 2019 financial year, we published a significant report whose title is self-explanatory:

“Used tyres supply chain and fate analysis”. The analysis estimated approximately 95% of the recycled used tyres were attributed to Scheme participants.

We estimate that in 2019/20, accredited recyclers continued to account for 95% of the market despite challenging market conditions. While meeting the milestones for the 2028 target, we remain committed to ongoing recruitment and verification of compliance as new organisations consider entering the Australian end-of-life tyre market.

Key performance indicator 2: The volume of EOLTs collected by accredited participants, or accounted for over time increase annually

Collected by Scheme accredited participants



The financial year that has just ended has seen the tyre recovery market impacted by the imminent ban on the export of many waste products as well as radical changes in overseas markets and their ability to absorb material.

Needless to say, the COVID-19 pandemic has also had substantial - and yet to be defined - effects on all export and trade. This has resulted in around a 7 % decline of volumes collected by Scheme accredited participants to approximately 220,000 tonnes or 27.5 million EPUs collected in 2019/20, down from around 238,000 tonnes or 29.7 million EPUs in 2018/19.

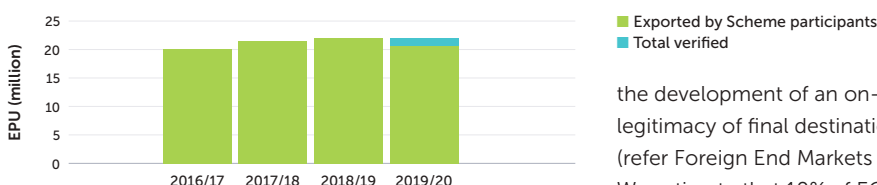
We will continue to work with all participants and identify new candidates for accreditation while challenging conditions are anticipated to continue well into next year.

- For the purpose of the Scheme, tyre retailer includes traditional retail stores, on-line retailers, mobile tyre services, fitment centres and mechanical repair businesses.
- The market share of participating retailers is estimated using a combination of data sourced from the ABS on new passenger tyre imports and passenger tyres recovered from retailers as reported by participants within the Scheme. The reported market share is subject to the accuracy of the data and TSA will continue to refine the methodology and data used to report against this performance indicator.

Key Performance Indicators

Key performance indicator 3: The volume of EOLTs exported via accredited tyre recyclers and collectors that have been verified as going to environmentally sound use increases annually

EOLTs exported via Scheme accredited participants verified



The verification of the sustainable management of exported tyres is central to the integrity of our Scheme, especially considering that most Australian end-of-life tyres are exported for further processing or to be used in energy recovery.

During the year, we made significant inroads towards verifying the fate of exported tyres through the growth of our Foreign End Markets (FEM) Program. This included

the development of an on-line platform to gauge the legitimacy of final destinations of Australian sourced EOLT (refer Foreign End Markets on page 20).

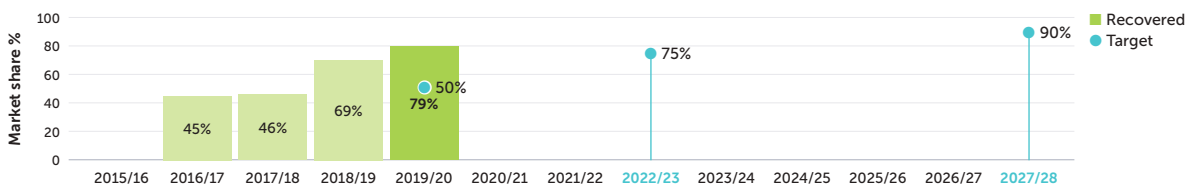
We estimate that 10% of EOLT exported via Scheme-accredited recyclers were subject to our Foreign End Market program.

While this might appear as a modest amount, we also know that several recyclers already have robust processes to ensure exported tyres are managed responsibly. We will continue to develop the FEM program and work with participating recyclers and collectors to increase the volume of exported EOLTs incorporated into this important program.

Key performance indicator 4:

Increase the percentage of End-of-life tyres going to an environmentally sound use

Percentage of EOLTs going to an environmentally sound use



The Tyre Stewardship Scheme defines an Environmentally sound use as EOLTs destined for applications that minimise or prevent environmental or health damage.

Environmentally sound uses include recycling into tyre derived products such as crumb, powders, shreds, chips or granules, steel and use as a fuel or other means to recover energy. (See ACCC determination for complete definition).

In June 2020, we published a report "Used Tyres Supply Chain and Fate Analysis" which estimated approximately 69% of the end-of-life tyres generated in 2018/19 were recovered for environmentally sound use. Utilising the same methodology, there was an

increase in the proportion of used tyres recovered for environmentally sound use in 2019/20 to approximately 79%. This exceeds our target.

The challenging market conditions dictated by COVID-19, and policy changes that reduce the acceptance of exported tyres, has seen an overall reduction in the size of the potential market. The imminent ban on the export of end-of-life tyres has also seen a diminishing number of businesses operating in this sector. This has resulted in Scheme participants managing a greater proportion of end-of-life tyres, thus ensuring that more end-of-life tyres are now going to environmentally sound uses.

Key performance indicator 5:

Users seeking accreditation through the TSA website. Increase of website traffic

Our website (tyrestewardship.org.au) is the primary source of information regarding the Tyre Product Stewardship Scheme. Activity on the website represents a major gauge of public interest in the Scheme with enquiries on Scheme guidelines and requirements, participating brands and businesses as well as inquiries on the accreditation process.

In the 2020 Financial Year, we conducted a re-evaluation of our communication budget: this resulted in the suspension of several supports and the launch of a new and updated website. This enhancement brings increased functionalities and ease of use. The update has also had an impact on the two previous metrics associated with this KPI.

Prior to 2019/20 application for Scheme accreditation was available through two channels: the TSA website and the website associated with the Green Tyre Project which was terminated July 2019.

As expected, a direct result of reducing advertising across mainstream media, generated a decline in website traffic. Despite this, public and industry engagement has increased, with a greater focus on meaningful information that educates and promotes the Scheme objectives.

Visitor Sessions	2017/18	2018/19	2019/20
Organic & Direct	—	37,271	25,012
All (Year Total)	789,059	1,214,610	78,253
All (Monthly Average)	65,755	99,290	6,521

After the relaunch of the upgraded website, engagement metrics improved in terms of time on site and average number of pages visited, indicating a better online experience.

Engagement Metric	Before Redesign	New TSA website
Avg. Time on Site	Less than a minute	Greater than 2 minutes
Avg. Pages Per Session	One page per session	Three pages per session

Key performance indicator 6:

Growth of the demand for Australian Tyre-derived Products associated with market development activities promoted, funded and/or supported by TSA

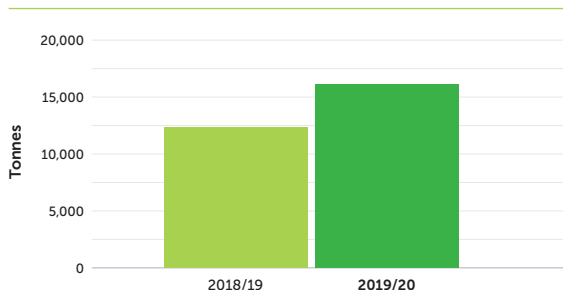
In the 2018/19 financial year TSA approved 13 new projects. The successful delivery of those projects will create a potential market demand for the Australian resource recovery industry of 12,415 tonnes per annum which equates to approximately 1,551,875 EPU.

Such a substantial resource recovery volume increase results predominately from projects TSA is co-funding with road manufacturing industry partners, focusing on crumb rubber specific roads and pavement infrastructure projects, calculated to result in the annual consumption of 7,350 tonnes of Australian tyre-derived product.

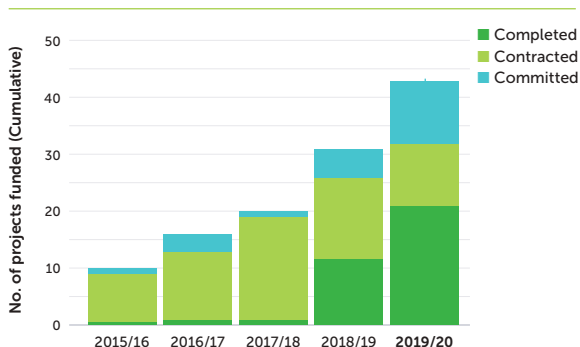
Civil infrastructure projects such as the Permeable Pavement project (see case study pages 14-21) also have the potential to consume approximately 5,065 tonnes.

The challenge for TSA, the relevant industries and for all levels of government, is to realise the significant potential for TDP use through increased procurement for recycled tyre product in the construction and maintenance of the nation's road and civil infrastructure assets.

Potential Market Demand



Market Development Projects



This information is presented as part of the reporting requirements outlined in the re-authorisation of the Australian Competition and Consumer Commission (ACCC) determination on 15 June 2018 (Authorisation Numbers: AA1000409).

TSA data and reporting: TSA is improving data capture and methods each year along with increasing participation to continually obtain improved understanding of EOLT generation and final destinations. TSA data sources inform the reporting against the KPIs including data from participating members, Australian Bureau of Statistics and other industry sources. While every effort has been made to ensure the accuracy of the data reported, TSA acknowledges there are limitations within the data. However, TSA believes the reporting reflects the most current industry information available.

2019/2020

Market Development

Market Development remains one of the main reasons for the existence of TSA.

Its objective is to increase the demand for tyre-derived products and help address the challenge presented by millions of tyres at the end of their lives.

So far we have invested almost \$5.8M in [supporting specific projects and studies](#) aimed at addressing this challenge and some clear trends and successful outcomes are beginning to emerge. Ranked by their entity, these are:

Roads

~\$3M committed to 19 distinct projects

Civil Infrastructure

\$1.3M, dedicated to 9 projects

Advanced Manufacturing

\$550,000 – 3 projects

General Research

\$300,000 – 4 projects

Explosives

\$198,000 – 1 project

Rail Infrastructure

\$160,000 – 2 projects

TSA has funded manufacturing plant upgrades with Australia's largest asphalt and spray seal producers to increase the volume and quality of the crumb rubber binders they make. These projects combined create infrastructure capable of consuming over 15,000 tonnes of Australian crumb rubber per year. However, significant number of barriers still exist to the wholesale adoption of these materials.

This is why we invest so heavily in the road construction sector. Rubber works very well in roads as a performance-enhancing polymer and thereby consuming large volumes of high value product. Furthermore, strong demand in this sector allows domestic operators to invest in the recycling equipment needed to competitively produce highly refined products for multiple applications.

Other areas of research will help us reach our goals and include:

- A detailed study of volumes generated by the mining and resource sectors.
- An updated analysis of pyrolysis as an emerging technology
- Use of tyres in bulk explosives
- [Used Tyres Supply Chain and Fate Analysis Report](#)



Mahdi Disfani (Senior Lecturer in Geotechnical Engineering at the University of Melbourne), Lina Goodman (TSA CEO) and Dr Heather Holmes-Ross (Mayor of the City of Mitcham) at the St Marys Park Permeable Paving Demonstration in South Australia.

2019/2020

Total committed:

\$2,322,000

FEATURED PROJECT

Permeable Pavement

University of Melbourne,
City of Mitcham

The use of materials derived from passenger car tyres represent some specific challenges. This is why we have embarked on a joint project including the City of Mitcham Council in South Australia and the University of Melbourne.

The main objective of this project was to build a site for the purpose of demonstrating the advantage of the use of Permeable Pavements in a car park located near Adelaide.

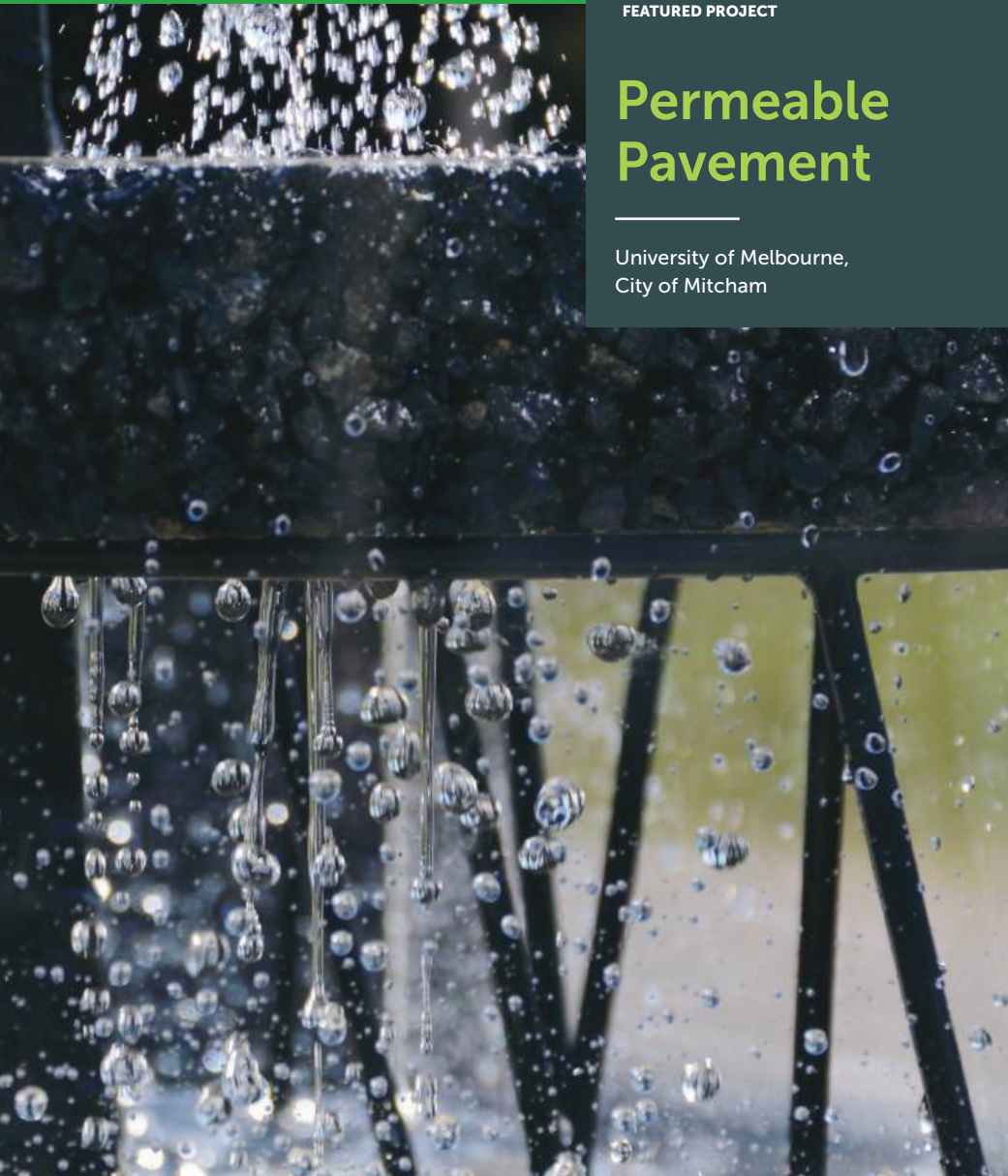
The site today offers 24 parking bays and has been constructed using a variety of mixtures of crushed rock and tyre-derived granules, with a total of 4 tonnes or the equivalent of approximately 500 passenger car tyres being utilised.

Unlike conventional asphalt pavings, this solution allows rainwater to seep through the surface, thus reducing run-off and pollution of adjacent waterways.

The flexible nature of the aggregate prevents the common phenomenon of surface cracking and has been very successful under light loads.

Modern instruments were used to measure and monitor the performance of the new system, including its ability to store and manage large volumes of water with no run-off from the site itself.

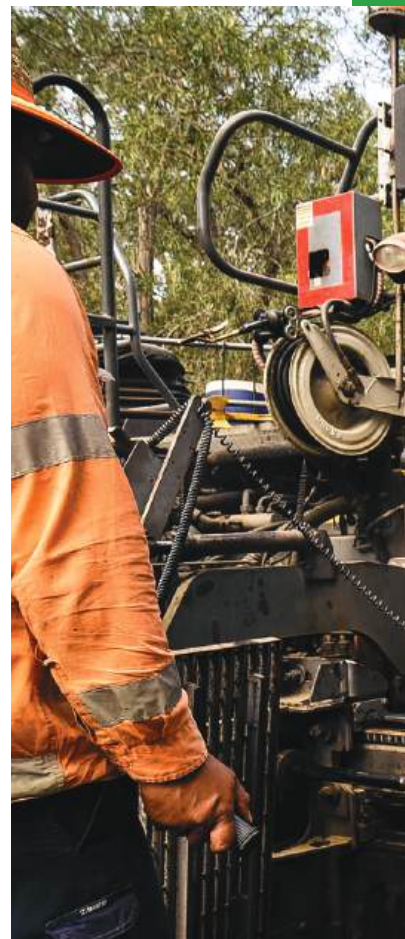
The project has become the largest experiment to date under real-life traffic and day-to-day use. The interest shown by local government authorities so far, bodes well for its future applications as a modern, cutting-edge stormwater management system and we intend to promote its commercial application to its full potential.



PROJECTS

Roads

2019/20	Asphalt Plant Modification and Research Project to Facilitate Use of Crumb Rubber Brisbane City Council
2019/20	Upgrade Geebung Blending Plant in Queensland Fulton Hogan
2019/20	Exploring the Possibility of Recycling Passenger Car Tyres in Crumb Rubber Modified Asphalt RMIT & DoT
2019/20	Crumb Rubber Bitumen Blending Unit Design Upgrade Boral WA
2019/20	Crumb Rubber Uptake Program TSA
2019/20	Crumb Rubber Capacity Expansion (for Spray Seal in Qld) Puma Bitumen
2019/20	RAP Crumb rubber asphalt mix City of Logan
2019/20	National Specifications for crumb rubber binders in asphalt and seals Austroads
2019/20	Investigation of recyclability of crumb rubber modified asphalt Main Roads WA, Fulton Hogan AAPA
2019/20	Fume minimisation of crumb rubber asphalt Boral
2019/20	Puma Mobile Blending Units Puma Bitumen
2019/20	Facilitating the use of crumb rubber modified asphalt on local government roads in South East Queensland ARRB/Brisbane City Council
2019/20	CalTrans Gag Graded Technology Transfer Topcoat
2018/19	Crumb rubber asphalt trial ARRB - Vic Roads
2018/19	High Shear Mobile Crumb Rubber Mixer EDI Downer
2017/18	Dense Grade Crumb Rubber Asphalt Trial – City of Mitcham City of Mitcham (SA), Australian Road Research Board, Topcoat



Logan City Council, QLD engaged Fulton Hogan to lay the new road surface, combining used tyres and reclaimed asphalt.

Major upgrade works at Puma Bitumen plant in Brisbane.





CASE STUDY

Smarter road surface maintenance

Logan City Council

We have committed \$ 150,000 to a project designed to demonstrate the effectiveness of a new and thinner road surface for use by councils in maintaining their local road infrastructure.

The innovation implies that less material will be required overall for the construction of the road itself while maintaining performance, durability and reducing its overall cost.

The innovation consists in the combination of crumb rubber with reclaimed asphalt pavement and tests are underway on a stretch of road laid in May 2020. Formal laboratory test results are due in August 2020 and are expected to prove the validity of this aggregate as an effective replacement for more traditional materials.



CASE STUDY

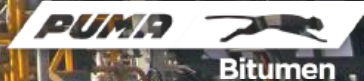
Upgrade of Bitumen site

Puma Bulwer

TSA has been heavily involved in the promotion of rubber crumb in all aspects of road construction and Puma is one of Australia's main providers of bitumen binders.

The project has been conceived to expand the capacity of the Bulwer plant to manufacture rubber crumb and specifically assemble two new storage silos that will bring the capacity to some 1,200 tonnes of rubber crumb bitumen binder per week. At full capacity, it is expected that the plant will absorb some 25,000 equivalent passenger units per week.

As a result, more and more of Queensland's Councils and road authorities will be able to procure this highly stable binder, a reality that is fully aligned with our involvement in the infrastructure sector.



PROJECTS

2017/18	Transfer of crumb rubber modified asphalt and sealing technology to Queensland & WA - Main Roads Western Australia and Australian Asphalt Pavement Association (AAPA), Australian Road Research Board (ARRB), Qld Department of Environment & Heritage Protection, Qld Transport & Main Roads,
2015/16	Transfer of crumb rubber modified asphalt and sealing technology to Queensland Australian Road Research Board (ARRB) Queensland, Transport and Main Roads Queensland, Department of Environment and Heritage Queensland
2015/16	Explore and evaluate local market development opportunities for crumb rubber asphalt in Australian roads ARRB Victoria, VicRoads and Sustainability Victoria
2015/16	Tyre-derived aggregate as a supplementary material in pavement sub-bases Swinburne University & VicRoads

Civil Infrastructure

2019/20	Spayed Protectiflex Blast Mitigation University of Wollongong/Flexiroc
2018/19	Concrete road barriers University of Melbourne
2018/19	Permeable Pavement - University of Melbourne City of Mitcham, SA
2018/19	Protectiflex Pumped & Composite Blast Mitigation Project Flexiroc
2017/18	Development of reinforced concrete – recycled tyre bale sandwich structural wall system Curtain University and Lomwest Enterprises
2016/17	Equine Air Pakenham Racing Club Project Flexiroc, Tuff Turf and Pakenham Racing
2016/17	Reinforced crumbed rubber concrete for residential construction University of South Australia and the Australian Research Centre
2015/16	A green lightweight composite panel system using recycled tyres University of Melbourne & PreFab Australia
2015/16	Recycled tyre in permeable pavement applications University of Melbourne & Merlin Site Services



New road project in Bentleigh, Victoria.

Owen Henry of Taurus Mats, recycling used 4WD tyres into woven tyre tread mats.

CASE STUDY

Resilience of rubber crumb derived asphalt

Australian Road Research Board and Department of Transport



In this project, TSA has worked with the Australian Road Research Board (ARRB) and the Victorian Department of Transport to demonstrate the resilience of asphalt manufactured with tyre-derived rubber crumb.

Four different asphalt formulations including rubber crumb have been put to the test together with two control coatings using conventional materials: a total of 1,400 metres of road surface have been laid in a busy location in Melbourne and will be monitored for performance and durability. An independent report on results will be issued by the ARRB in 2022.

Many infrastructure and road-building decision makers are very conservative by nature and reluctant to experiment with innovative materials and technologies: in this case the actual performance and durability of the road surface will remain the critical factor of success for its wide-scale adoption.

CASE STUDY

Agricultural traction matting

Taurus Mats



A new and low-cost mat used to prevent livestock from slipping and falling in certain wet and high-density conditions is currently under development by Taurus Matting.

With this project, the treads of end-of-life tyres are woven into a durable and highly resilient matting material that enhances safety for livestock as well as personnel involved in its handling.

Each square metre of matting is expected to utilise approximately 20 large passenger car tyres and can be manufactured within easy reach of its intended installation. This attribute not only reduces the need for alternative and expensive imported materials but also the reduces the burden of domestic transport and logistics.

The funding we provided has enabled Taurus Matting to procure new equipment and expand its manufacturing capacity while growing this innovative solution.

PROJECTS

Manufacturing

2019/20	Rail Crossing Mats Baron Rubber
2019/20	Cattle Mats Taurus Mats
2017/18	Production of tyre crumb derived composite material Polymeric Powders
2016/17	Tyre crumb derived Polymeric Powder / Polyolefin composite material piping Polymeric Powders & Austeng

General Research

2018/19	Crumb rubber asphalt binder characteristics and specification for road pavement applications RMIT University, AAPA
2017/18	Innovative Design of Lightweight and Structurally Efficient Composites Incorporating Crumb Rubber RMIT University
2017/18	Physical properties of tyre walls in residential housing construction UniSA & University of Technology Sydney
2017/18	Generation of gases from end-of-life tyres and purification using novel graphene molecular sieve University of NSW
2016/17	Assesment of liquid fuel chemicals and porous materail production from end of life tyres Monash University
2015/16	Developing Graphene supercomposite using end-of-life tyres University of NSW & Green Distillation Technologies

Explosives

2015/16	High speed polymer coating of rubber crumb fuelled explosives Chip Tyre, BioAust Energy, Sequence Blast & Drill
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Rail Infrastructure

2015/16 Completed	Performance of recycled rubber inclusion for improved stability of railways University Wollongong and the Rail Innovation Cooperative Research Centre
2015/16 Completed	Performance of rubber-based absorbing layer (REAL) for railroad stability University of Wollongong & EcoFlex

CASE STUDY

Blast and ballistic protective concrete

Flexiroc



Protectiflex, a blast, ballistic, and fire-resistant spray on concrete.

(L to R) Alex Remennikov, Professor of Structural Engineering at the University of Wollongong (UoW) and Gary Bullock, Director of Flexiroc who produce *Protectiflex*, in front of the concrete panels that were hit with shock loadings, similar to a car bomb explosion from a distance of 20 metres.



A partnership between TSA and Flexiroc has developed and tested ***Protectiflex***, a blast and ballistic resistant concrete product.

The combination of tyre-derived rubber and composite fibres in a cementitious mix generates a product that offers substantial protection against blast, ballistic penetration, weapon, fire and seismic loads.

Suitable for both refurbishment of existing structures or inclusion at the design stage, ***Protectiflex*** will find applications in building façades, shielding of components such as navigation or communication infrastructure, tunnels and anti-ram devices.

Especially in consideration of the global nature of the building protection market, Flexiroc expects this new product to absorb some 500,000 tyres per year in its various international projects.

The material, ***Protectiflex***, was tested on February 11 at Australia's national blast simulation facility, at the University of Wollongong.

During the tests, the sprayed ***Protectiflex*** walls were hit with shock loadings similar to a car bomb explosion from a distance of 20 metres.

The spray on product provides another construction method to the technology making it more cost and time effective, especially when integrating with other construction materials. The spray-on application can be applied to both new and existing walls and buildings to develop or enhance their blast, ballistic and fire-resistance ratings.

Protectiflex has applications across a range of sectors including defence, government, critical infrastructure, petrochemical and retail. The composite product has undergone rigorous testing and achieved the highest levels of ballistic, blast and fire protection accreditation.



Accreditation and Compliance

A core function of Tyre Stewardship Australia is the administration of an Accreditation and Compliance Program that verifies sustainable end-of-life tyre management by its participants.

In the financial year that just concluded, the operation was reinforced through the development of a software platform designed to verify the legitimacy of final destinations of Australian sourced end of life tyres.

This has been a time to take stock and focus on advancing data insights and review our systems to ensure we remain fully aware of and engaged with a rapidly changing market and environment.

We embarked on a detailed and extensive assessment of materials flow of the industry in order to generate and maintain to a comprehensive set of reliable domestic data. This assessment of the industry provides us with a unique understanding of volumes recovered and reprocessed as new and useful products. The data generated highlights our positive contribution and sets a framework for identifying gaps that require our intervention.



The study of materials flow was extended to cover the mining sector with an assessment of the consumption and fate of mining industry Off-The-Road tyres. As a result, TSA has initiated its engagement with the mining sector in finding solutions for Off-The-Road tyres: these are well known to represent substantial and high-value potential for resource recovery.

TSA has continued to build strong relationships with legislators with the view to better understand and influence developments in public policy. We systematically identify and monitor non-compliant participants and implement suspension/revocation of their accreditations as necessary.

Our Industry Consulting Group (ICG) continues to grow with additional members representing Retailers, Collectors and exporters providing valuable insights and support to Scheme implementation.

The continuous appraisal of the Guidelines for the Tyre Product Stewardship Scheme seeks growth of our Accreditation and Compliance function. In particular more robust processes and proposed expansion to allow the accreditation of new categories, a continued focus of stakeholder consultation.

In this complex Financial Year, we completed approximately 100 audits of participating retailers, collectors and recyclers. Furthermore, additional audits of overseas locations were conducted by our international service providers. The resulting knowledge allows us to gauge risks to environments and communities and intervene with urgency when necessary.

The work undertaken on Foreign End Markets also provided opportunities for engagement with Governments and uniquely qualified TSA to support and respond to the recent ban by the Council of Australian Government on the export of a number of Australian waste products.

Other international connections such as our membership of the [International Rubber Study Group](#) imply that we can help State and Federal Governments better understand international trade in end-of-life tyres.

In March 2020 we announced that we will no longer accept applications from operators seeking accreditation for baling whole tyres for export: our focus will be to support existing operators, and work with them on a road map to transition towards higher-value processes.

We are currently focusing on the upgrade of our reporting tools to ensure the easy access for contributors as well as complete data integrity and protection.

PARTICIPANT CATEGORY	START FY2018/19	END FY 2018/19	%CHANGE
Importers	8	10	+25% ↑
Retailers	1,542	1,584	+2.7% ↑
Collectors/Recyclers	36	33	-8.3% ↓
Fleet	5	4	-20% ↓
Local Government	10	13	+15.4% ↑
Mining	—	—	0.0%

**We say
no to tyre
waste!**

Tyre Retailers

Since July 2019, we have continued to engage new Scheme participants, including Volkswagen and Porsche, the first vehicle importers to become accredited under the Scheme.

For the 2020 Financial Year, the number of accredited tyre retailers exceeded 1,500: In addition to welcoming further stores from major retail chains and independents, the number of accredited tyre retailers was bolstered by a campaign focused to engage with other sectors of the automotive market. This trend is set to continue with increased involvement of participants such as vehicle dealerships and on-line and mobile tyre operators.

We recognise the urgent need to always engage with our sizeable networks and ensure all remember the purpose of their commitment to the Scheme. This is why our strategy will refresh our engagement with retailers in the coming months, hopefully resulting in increased participation of this important part of the supply chain.



tyrestewardship.org.au

WE SAY NO TO TYRE WASTE

**2020
ACCREDITED**
MEMBER
2020001

Collectors and Recyclers

During this Financial Year, five collectors received accreditation in Victoria, South Australia, New South Wales and Western Australia.

The market share of our accredited collectors and recyclers continues to account for approximately 95% of the market.

Challenging market conditions in 2019/20 was evidenced by five collectors leaving the Scheme either through resignation or change in circumstances whereby operations were considered no longer viable.

*TSA now has over
1700 accredited
participants including
autobands; Volkswagen
and Porsche.*

Compliance audits of collectors and recyclers highlighted a number of critical issues such as tyre storage and ability to meet licence conditions: all the while the market has been impacted by the impending waste export ban, changes in overseas markets and their ability to absorb product and -more recently- the Covid-19 global pandemic, impacting export outlets.

If our audit of collectors and recyclers goes a long way in identifying critical issues, we also recognise a need for additional monitoring, especially towards known rogue operators whose activities have the potential to lead to environmental and social harm. Our work with legislators and industry groups will continue to focus on the elimination of unsustainable practices.

Other Participants

Over the course of the 2020 Financial Year an additional two Local Government Authorities joined the Scheme.

Regional and Remote areas

End-of-life tyres representing a significant challenge in regional and remote areas: Local Government and the waste management sector represent one of the keys to addressing this challenge.

We will continue to implement our strategy of inclusion and collaboration in seeking solutions to minimise the impacts of end-of-life tyres in regional and remote locations. This remains a crucial part of our mandate.



Foreign End Markets

With the majority of Australian end-of-life tyres being exported for further processing, the verification of the sustainable management of exported tyres is central to the integrity of our Scheme.

During the year we developed our [Foreign End Markets \(FEM\) Program](#), building on the knowledge that resulted from audits conducted in March 2019. We continued our commercial relationship with Intertek, an international quality assurance organisation. This has resulted in the launch of an on-line application to assist international operators to gain the status of Verified Destination.

Participation in the program will show Australian operators and Government officials which overseas operations can be considered as bona-fide recipients for end-of-life tyre products.

Entities can initiate the process to gain the status of Verified Destination via a simple on-line process.

A site inspection for verification of the end destination includes four key areas:

- Environment
- Modern Slavery / Labour rights
- Health and Safety; and
- Distribution²

To date, TSA has completed audits of locations predominantly in India and Malaysia. For the 2020 Financial Year, an estimated 10% (by volume) of end of life tyres exported via accredited recyclers and collectors were verified as part of the FEM program (refer Key Performance Indicators on page 10-13).

Currently there are fewer than 15 countries known to be receiving material from TSA accredited participants, with more work required in 2020/21 to capture shred, whole tyres for reuse market and by-products from thermal processing in the program. This will become a focus as we expect to see decreasing volumes of baled material leaving our shores as a result of the implementation of the waste export ban.

1. In 2018/19, it was estimated that 259,000 tonnes of used tyres (equivalent to 33.3 million used EPU) were recovered for use in export markets.
2. This focus area relates to safe transport of material and that product delivered to site is not sent offsite for use that may cause environmental and social harm.



TSA's Sustainable Outcomes Indicator provides a simple framework, aligned with Scheme objectives and principles of the waste hierarchy, to represent the environmental and social impacts for end-of-life tyres collected, processed and exported by TSA Participants.

Sustainable Outcomes Indicator

In 2019 we conceived a simple instrument designed to keep our operation on-course for the long term.

[The Sustainable Outcomes Indicator \(SOI\)](#) aims to capture and depict the environmental and social impacts of End of Life Tyres. The SOI has been developed to ensure consistency with the objectives of the Scheme as well as sound principles of waste hierarchy and resource recovery on our path towards a circular economy.

The SOI Star Rating provides an easy way for all stakeholders to identify the best providers within the TSA system via a simple search function on our website. Inevitably, the visibility and awareness of the Sustainable Outcomes Indicator will encourage participants such as Collectors and Recyclers to strive towards the most sustainable outcomes for the tyres they handle.

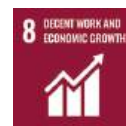
Sustainable Development Goals

We have decided to ensure that our [Strategic Plan](#) is consistent with at least some of the well-known Sustainable Development Goals launched by the United Nations in 2015.

These Goals have been agreed by all 193 governments that are Members of the UN and seek to address poverty, inequality and the need to protect our planet.

For everything we do, we seek to always remain consistent with the five major Goals - see opposite:

Our alignment with the five Goals depicted, will assist in measuring our impact and building our monitoring and understanding of our operating environment while providing a common language to influence the development of global policy.



GOAL 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



GOAL 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



GOAL 12: Ensure sustainable consumption and production patterns



GOAL 13: Take urgent action to combat climate change and its impacts



GOAL 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

2019/2020

Business and Communication

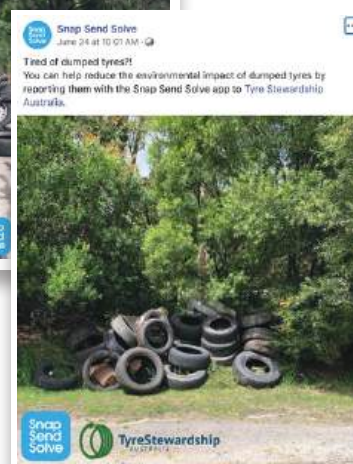
Public awareness on the varied aspects surrounding end-of-life tyres remains an integral part of TSA's role within the sector. **Informing, educating and enabling consumers, industry and Government to achieve an environment of co-creation where the development of new sustainable solutions and services are explored.**

It became apparent that TSA needed to touch upon a range of mediums to ensure maximum reach, recollection of messages and penetration of information that would change habits and build a better environment for the management of used tyres.

As a result, TSA embarked on a journey to engage more broadly with consumers. Giving consumers power to choose, act and learn was important; understanding that consumers are our "environmental warriors" in the urban forest. Giving consumers the tools to act upon illegal behaviour such as dumped tyres was an important task.



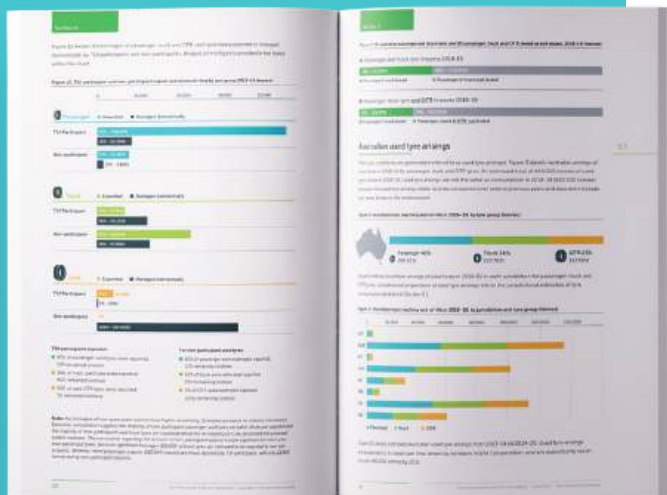
With this in mind, TSA engaged [Snap Send Solve](#), a platform that easily enables consumers to report incidents on the spot by capturing and sending photo's of issues that need attention, such as dumped tyres. Together, we developed a special segment for "dumped tyres."



Real-life snaps of dumped tyres reported nationally via the Snap Send Solve app by conscientious members of the public.

4.8
★★★★★

Average rating for customer satisfaction when reporting dumped tyres through Snap Send solve: 4.83 out of 5.



The Used Tyres Supply Chain and Fate Analysis Report combines material flow analysis data with TSA participant reports to provide a complete picture on the fate of all tyres: passenger, truck and off-the-road

Used Tyre Supply Chain and Fate Analysis

For many years, data associated with end of life tyres was ambiguous and fragmented at best. Early in the financial year, TSA commissioned a report that would ultimately correspond to Australia's most comprehensive report on end of life tyres. Providing a complete and accurate picture on the fate of our 466,000 tonnes of waste tyres generated in Australia each year.

Prior to this document, reports were unable to account for the destination of all end of life tyres, the newly commissioned report is shrinking the knowledge gap.

Whilst the document was comprehensive, TSA transformed the information into an infographic that was easy to digest and comprehend. The infographic would become the first of many that would commence the translation of comprehensive information into digestible information.



Strategic Plan 2020-2023

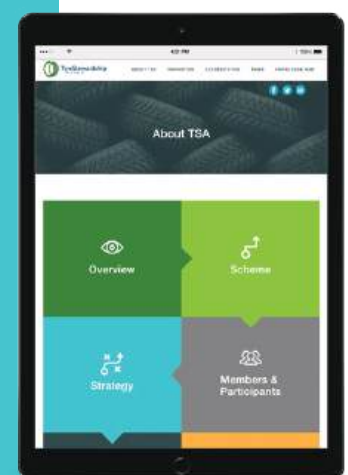
As TSA continues to contribute on a global scale to the circular economy for end of life tyres, building and communicating with key affiliations both locally and globally is imperative.

TSA works with a range of organisations to create awareness surrounding Foreign End Markets and be a leading contributor for solutions to used tyres. Collaborations include the Australian Chamber of Commerce and Industry, the International Rubber Study Group and affiliate schemes all over the world.

Refreshed website – an online knowledge hub

This financial year resulted in a seismic shift to the digital footprint of TSA. A refreshed website has become the knowledge hub for all information pertaining to end of life tyres; from reports on pyrolysis to connecting products with users. Built on the back of a robust CRM, the new website fosters greater communication with participants and stakeholders.

Snapshot of TSA's 3 year strategic plan, launched in June 2020.



Mobile view of TSA's relaunched website. The redesign includes a focus on creating better value for participants and increasing the utilisation of recycled rubber products.

Conferences & Events

Over the course of the 2020 Financial year members of our staff have attended a number of events and conferences thus maintaining our position as thought leaders in the Australian end-of life-tyre sustainable management space and in progressing broader industry and stakeholder understanding of the important roles they can play in achieving the most beneficial outcomes.

Participation included the following:

Australian Asphalt Pavement Association (AAPA) International Flexible Pavements Conference August 2019

During the month of August 2019, industry leading roads body, AAPA held their 18th International Flexible Pavements Conference and Exhibition in Sydney.

Tyre Stewardship Australia sponsored a workshop session at the conference which was facilitated by Joe Grobler from the Australian Roads Research Board and included presentations by our Senior Strategy Manager Liam O'Keefe, Puma Bitumen's Erik Denneman, Tyrecycle's Clinton Habner and Fulton Hogan's Darryl Byrne. Also in attendance were representatives from TSA participants Seven Star rubber crumb and D&N rubber.



Above L-R: Erik Denneman (Puma), Clinton Habner (Tyrecycle), Darryl Byrne (Fulton Hogan), Liam O'Keefe (TSA) and Joe Grobler (ARRB).

Major Roads Victoria – Recycled Materials Exchange

December 2019

In December, Major Roads Projects Victoria ran a Recycled Materials in Infrastructure - Supplier and Contractor Exchange.

TSA participated in the panel on Opportunities for maximising the adoption of recycled materials in Victorian infrastructure projects. Other panel members included representatives from Major Road Projects Victoria, Department of Transport, Australian Road Research Board and Australian Asphalt Pavement Association.

The panel provided contractors a greater insight into current and emerging uses of recycled materials on major projects, as well as highlight opportunities for future trials and innovations.



Below: Julie Went, TSA's Accreditation & Compliance Manager



Above: Victorian Level Crossing Removal Authority Workshop



Left: Liam O'Keefe (TSA's Snr Strategy Mgr) presenting at ALGA's National Local Roads & Transport Congress



Above L-R: Dr Greg Stephenson (Brisbane City Council), Liam O'Keefe (TSA), Stephen Hulme (Dept of Transport and Main Roads), Rob Vos (Australian Asphalt and Pavement Association) and Michael Caltabiano (Australian Road Research Board)

Keep Australia Beautiful, Sustainable Cities Awards

October 2019

Julie Went, Accreditation & Compliance Manager (pictured above) presented at the Keep Australia Beautiful, Sustainable Cities awards 2019 (Leichhardt Oval, Sydney). The event was well attended by a range of groups including representatives from the waste and recycling sector, local government, school and community groups. Our presentation was focused on demonstrating the problem of waste tyres (stockpiling, tyre fire) and the opportunities for sustainable outcomes through TSA activities, including taking responsibility for tyres going to overseas destinations via our Foreign End Markets program.

The Australian Local Government Association National Local Roads and Transport Congress

November 2019

We participated in the facilitated session on Circular Economy in roads and announced that six South Australian Councils agreed to take part in a ground-breaking project using crumb rubber derived from end of life truck tyres between Tyre Stewardship Australia (TSA), Topcoat Asphalt Contractors Pty. Ltd. (Topcoat Asphalt) and the cities of Mitcham, Port Adelaide Enfield, Campbelltown, West Torrens, Onkaparinga and Salisbury. The event was held in Adelaide.

Victorian Level Crossing Removal Authority Workshop

November 2019

In November 2019, we participated in a workshop with the Victorian Level Crossing Removal Authority and associated engineers to develop a pathway to use recycled rubber in extensive level crossing programme underway in Victoria.

Local Government Association of Queensland Waste forum: Rethinking Waste – Resources from Rubbish session

February 2020

2019/2020

Members and Accredited Brands

Tyre Importer Members

 **BRIDGESTONE**

 **Continental**

 **GOODYEAR DUNLOP**
GOODYEAR DUNLOP TYRES • AUSTRALIA NEW ZEALAND

KUMHO TYRE

 **MICHELIN**

 **PIRELLI**

 **TOYO TIRES**

 **YOKOHAMA**

Other Members

 **ATRA**

 **MOTOR TRADES
ASSOCIATION
OF AUSTRALIA**

 **Tyrepower**

Tyre Retailers

 **Beaurepaires**

 **BOB JANE
T-MARTS**

 **select**

 **Service Centre**

 **Continental**

 **GOODYEAR
AUTOCARE**

 **JAX TYRES**

 **mycar**

 **MICHELIN
service centre**

 **TYRE PLUS**

 **Tyrepower**

 **TYRES & MORE**

Tyre Brands

 **BF Goodrich**

 **DAYTON**

 **DUNLOP**

 **Firestone**

 **GENERAL TIRE**

 **GOODYEAR
ROAD THERAPY**

 **Kleber**

 **MAZZINI
TYRES**

 **NISSAN**

 **SEMPERIT**

 **SUPERCAT**

 **UNIROYAL**

 **VIKING**

Automotive Manufacturers



Accredited Recyclers and Collectors



At the time of going to print, accredited Collector 'Carroll Trading' was not available to display

2019/2020

Financial Report

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Directors' Report

The directors present their report on Tyre Stewardship Australia Limited for the financial year ended 30 June 2020.

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

Experience

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, Non-Executive Director of McLaren Vale Grape Wine Tourism Association and a Director of VUCA Pty Ltd. He spent 8 years as SA/NT State Director of the Australian Institute of Company Directors, learning and developing his unique skills to assist Boards and Company's in Corporate Governance and Board Performance Evaluation. David has over 25 years' experience in commercial business management, and brings tremendous expertise in corporate governance, ethics, strategy and decision making. In November 2013, David attended the Harvard Business School, in Boston Massachusetts, where he studied Board Governance. David is a Fellow of the Australian Institute of Company Directors, a Fellow of the Australian Institute of Management and an Alumni member of Harvard Business School Governance Program.

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

Peter Kreitals

Independent Non-Executive Director

Experience

Peter Kreitals holds a Bachelor of Economics from the ANU and has extensive experience in strategy and policy development for a vast range of industries over a career spanning four decades. Peter was the inaugural Executive Director of the Australian Tyre Recyclers Association, from 2003 until December 2013. During this time, he was instrumental in helping with the development of the Tyre Product Stewardship Scheme now in place. In addition to being a Director with Tyre Stewardship Australia, he is also a member of various other Boards and Committees.

Peter Kreitals is the Chair of the Research and Advisory Committee as well as sitting on the Governance and Risk Committee.

Steven Clifford

Experience

Steve worked for Yokohama Tyre Australia for 20 years, and as General Manager for the last 15 years of his tenure. Now retired, Steve continues to represent Yokohama as their nominee on the TSA Board. Past responsibility within Yokohama included the implementation and maintenance of the company's governance and compliance across many aspects of the business. While wholesale sales were the focus Steve's role also included retail tyre store development. Steve has been involved at all levels within the tyre Industry and he has held many positions during his 44 years in the industry.

Steve has also held past Board positions at the Sydney Heritage Fleet and Sydney Maritime Museum, both Not for Profit organisations. Steve holds a Graduate Diploma in Management (Commerce) from the University of Wollongong.

Steven Clifford sits on the Remuneration and Nomination Committee.

David Wilson

Experience

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 Managing Director of a lean manufacturing business supplying parts to leading OEM's. In addition, he is a Non-Executive Director for Victoria and Tasmania, of Prostate Cancer Foundation of Australia.

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

David Lane

Experience

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

David Lane is the Chair of the Finance and Audit Committee.

Douglas Barclay

Experience

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

Douglas Barclay sits on the Governance and Risk Committee.

Allan Kerr

Experience

Allan was Managing Director of Tyrecycle for 12 years, before his retirement in 2012. Whilst with Tyrecycle, he initiated and Chaired the Australian Tyre Recyclers Association (ATRA) and was heavily involved in all product stewardship discussions.

Prior to his appointment to the TSA Board in 2012 he was, and remains, a member of the Research Advisory Committee. Allan's early career was in the textile industry (28 years) with his last 6 years as CEO of Bradmil Undare Group.

Allan Kerr sits on the Research and Advisory Committee.

Lou Mandanici

(Appointed 29 May 2020)

Experience

Lou Mandanici joined Goodyear & Dunlop Tyres in 1987 and has over 33 years of experience in the tyre industry working across various functions of finance, sales, franchising, supply chain, product and marketing. Lou oversees the consumer product business unit and wholesale operations model, leading the multi-brand and product distribution strategies across Australia and New Zealand. The role covers a mix of company-owned, franchised, licensed retail networks and trade partner channels to market.

Lou holds a Master of Business Administration from RMIT University

Melissa Holzberger

(Resigned 22 November 2019)

Experience

Melissa is an experienced company director having served on ASX-listed, public, Government and not-for-profit boards spanning a wide range of sectors.

Melissa has over 20 years of legal, risk and corporate governance expertise, together with valuable experience in natural resources law, international trade, and commodity stewardship and sustainability.

Melissa is currently a Non-Executive Director of ASX-listed Silex Systems Limited, chairs its Audit Committee and is a member of the People and Remuneration Committee.

Melissa holds a Master of Laws in Resources Law (Distinction) as a Chevening scholar from the Centre for Energy, Petroleum and Mineral Law and Policy, University of Dundee in Scotland; a Diploma in International Nuclear Law (Hons) as an OECD Nuclear Energy Agency scholar from the University of Montpellier in France; and a Bachelor of Laws and Bachelor of Arts from the University of Adelaide.

Melissa is a graduate and a member of the Australian Institute of Company Directors; and a Fellow of the Governance Institute of Australia.

Alan Sutton

(Resigned 29 May 2020)

Experience

Alan started his working life at Pirelli (UK) in 1971 as a technology apprentice and after studying at night school and day release, graduated from the Plastics and Rubber Institute in 1977. His final role at Pirelli was as commercial (truck) tyre engineer. In 1984 he joined General Tyre (Zambia) as a technical / production manager and three years later emigrated to Australia joining Bridgestone at its Salisbury plant. In 1988 Alan moved to Melbourne joining South Pacific Tyres (SPT), the Pacific Dunlop / Goodyear joint venture, as Dunlop's Automotive Engineering Manager.

In his 32 years with Goodyear Dunlop Tyres Australia (GDTA), Alan has worked in a variety of technical and manufacturing roles covering tyre design, engineering, testing & performance. He has been a regular visitor to the Goodyear innovation centres in Luxembourg, Akron and Hanau and has represented GDTA in Europe, Asia, Africa and the USA. In 1999 Alan set up GDTA's field engineering team called "Customer Engineering" a team he has managed to the present day.

Over the years, Alan has also represented Goodyear on a variety of industry bodies including the peak industry body, Australian Tyre Industry Council (ATIC) and the Australian Trucking Associations Industry Technical Committee (ATA - ITC). However, his role as Goodyear's representative in the tyre industry group that worked on finding solutions to End of life Tyres challenge has been his most important one to date, and in 2013 he was elected to Tyre Stewardship Australia's board as one of the inaugural directors.

Alan resigned from the Board of TSA on the 29th May 2020, however continues to sit on the Research and Advisory Committee.

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

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.

Significant changes in state of affairs

The outbreak and spread of coronavirus (COVID-19) has disrupted many businesses both domestically and globally.

As a result of this outbreak there have been a number of commercial matters that management have had to (and continue to) consider and manage, this included:

- (i) Forgiveness of two months of levies to members for April & May 2020. The total revenue forgiven totalled approximately \$637,167.
- (ii) Qualification and receipt of government stimulus (Job Keeper / Cash Booster) totalling \$125,501 (refer note 5).

Even faced with this unprecedented uncertainty, management believe the company remains financially resilient.

Principal activities

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

The operation of the scheme involves:

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

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

Short & Long term objectives

The Company's short and long term objectives are detailed in Tyre Stewardship Australia Ltd 2019/20 Annual Report.

Strategy for achieving the objectives

To achieve its stated objectives, the Company has adopted the strategies which are outlined in Tyre Stewardship Australia Ltd 2019/20 Annual Report.

Performance measures

The Company measures its own performance through measures that are described in Tyre Stewardship Australia Ltd 2019/20 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 2020 the collective liability of members was \$ 1,100 (2019: \$ 1,100).

2. Other items

Events after the reporting date

Disclosure about COVID-19 and its impact on the Company has created unprecedented uncertainty in the economic environment that we operate within. Actual economic events and conditions in future may be materially different from those realised in the 2020 financial year and projected for the 2021 financial year. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further effects on the financial position of the Company. As at the date of the Financial Statements, an estimate of the future effects of the COVID-19 pandemic on the Company's financial performance and/or financial position cannot be made, as the impact will depend on the magnitude and duration of the economic downturn with the full range of monetary impacts unknown.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could 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, 11 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	11	11	8	8	–	–	2	2	1	1
Peter Kreitals	11	10	–	–	3	2	2	2	–	–
Steven Clifford	11	10	–	–	–	–	–	–	1	1
David Wilson	11	9	–	–	–	–	–	–	1	1
David Lane	11	11	8	8	–	–	–	–	–	–
Douglas Barclay	11	11	–	–	–	–	1	1	–	–
Allan Kerr	11	11	–	–	3	2	–	–	–	–
Lou Mandanici	1	1	–	–	–	–	–	–	–	–
Melissa Holzberger	3	1	–	–	–	–	–	–	–	–
Alan Sutton	10	8	–	–	3	2	–	–	1	1

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 2020 has been received and can be found on page 38 of the financial report.

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

Director:



David Spear

Director:



David Lane

Dated this 18th day of September 2020

**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 2020, 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.

Moore Australia

MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257



RYAN LEEMON
Partner
Audit and Assurance

Melbourne, Victoria

18 September 2020

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

		2020	2019
	Note	\$	\$
Revenue	5	3,920,640	4,402,303
Finance income	5	79,524	44,015
Government stimulus	5	125,501	-
Employee benefits expense		(1,035,925)	(1,110,177)
Market development expense		(1,497,987)	(1,175,543)
Marketing and communication expense		(381,227)	(1,506,187)
Board expenses		(224,988)	(398,254)
Accreditation expenses		(395,925)	(374,254)
Commercialisation expense		(222,770)	(74,199)
Depreciation and amortisation expense		(81,316)	(28,893)
Administration expense		(222,458)	(335,108)
Interest expense		(2,874)	-
Profit / (Deficit) before income tax		60,195	(556,297)
Income tax expense		-	-
Profit / (Deficit) for the year		60,195	(556,297)
Total comprehensive loss for the year		60,195	(556,297)

The Company has initially applied AASB 15 & AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and AASB 118 and related interpretations.

Statement of Financial Position

As At 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,596,455	1,715,444
Trade and other receivables	7	489,147	899,985
Other financial assets	8	2,000,000	1,500,000
Other assets	10	98,781	44,597
TOTAL CURRENT ASSETS		4,184,383	4,160,026
NON-CURRENT ASSETS			
Property, plant and equipment	9	73,281	52,139
Right of use asset	11	52,154	-
TOTAL NON-CURRENT ASSETS		125,435	52,139
TOTAL ASSETS		4,309,818	4,212,165
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	401,008	429,881
Employee benefits	13	42,693	25,069
Lease liability		54,658	-
TOTAL CURRENT LIABILITIES		498,359	454,950
NON-CURRENT LIABILITIES			
Employee benefits	13	15,086	21,037
TOTAL NON-CURRENT LIABILITIES		15,086	21,037
TOTAL LIABILITIES		513,445	475,987
NET ASSETS		3,796,373	3,736,178
EQUITY			
Retained earnings		3,796,373	3,736,178
TOTAL EQUITY		3,796,373	3,736,178

The Company has initially applied AASB 15 & AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and AASB 118 and related interpretations.

Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Retained Earnings \$	Total \$
Balance at 1 July 2019	3,736,178	3,736,178
Profit	60,195	60,195
Balance at 30 June 2020	<u>3,796,373</u>	<u>3,796,373</u>

2019

	Retained Earnings \$	Total \$
Balance at 1 July 2018	4,292,475	4,292,475
Deficit	(556,297)	(556,297)
Balance at 30 June 2019	<u>3,736,178</u>	<u>3,736,178</u>

The Company has initially applied AASB 15 & AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and AASB 118 and related interpretations.

Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from levies		4,723,542	4,938,690
Payments to suppliers and employees		(4,400,792)	(5,418,354)
Government stimulus receipts		92,001	-
Interest received		69,088	44,015
Lease liability interest		(2,874)	-
Net cash used in operating activities	20	<u>480,965</u>	<u>(435,649)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	9(a)	(45,562)	(17,714)
Payment for investment in term deposit		(500,000)	(1,500,000)
Proceeds from sale of plant & equipment		-	1,445
Net cash used in investing activities		<u>(545,562)</u>	<u>(1,516,269)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of lease liabilities		(54,392)	-
Net cash provided by/(used in) financing activities		<u>(54,392)</u>	<u>-</u>
Net decrease in cash and cash equivalents held		(118,989)	(1,951,918)
Cash and cash equivalents at beginning of year		1,715,444	3,667,362
Cash and cash equivalents at end of financial year	6	<u>1,596,455</u>	<u>1,715,444</u>

Notes to the Financial Report

For the Year Ended 30 June 2020

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

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

1 Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

2 Change in Accounting Policy

Revenue from Contracts with Customers - Adoption of AASB 15

The Company has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The Company has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

The key changes to the Company's accounting policies and the impact on these financial statements from applying AASB 15 and AASB 1058 are described below and note 3(c).

Leases - Adoption of AASB 16

The Company has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

Company as a lessee

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

Notes to the Financial Report

For the Year Ended 30 June 2020

2 Change in Accounting Policy

Leases - Adoption of AASB 16

Impact of adoption of AASB 16

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Company's incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset;
- excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019.

3 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 Report

For the Year Ended 30 June 2020

3 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 Report

For the Year Ended 30 June 2020

3 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 nil or nominal consideration 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 assets useful life to the Company, commencing when the asset is ready for use.

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

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%
Fit out	25%
Computer Software	25%

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

Notes to the Financial Report

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(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).

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

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Notes to the Financial Report

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(e) Financial instruments

Financial assets

When determining whether the credit risk of a financial assets has increased significantly 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.

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 and contract assets

Impairment of trade receivables and contract assets 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 contract asset 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.

Notes to the Financial Report

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(e) Financial instruments

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 finance lease liabilities.

(f) 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.

(g) 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.

Notes to the Financial Report

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(g) Leases

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.

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.

(h) Employee benefits

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

(i) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2020, 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 2 for details of the changes due to standards adopted.

Notes to the Financial Report

For the Year Ended 30 June 2020

4 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial report 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 report, 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.

Economic dependence

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.

Tyre sales volumes

As detailed in note 3(b), 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.

Notes to the Financial Report

For the Year Ended 30 June 2020

5 Revenue and Other Income

Revenue from continuing operations

		2020	2019
		\$	\$
Revenue			
- Levies	(a)	3,920,640	4,402,303
Other Income			
- Finance income		79,524	44,015
- Government stimulus (Job Keeper / Cash Booster)		125,501	-
Total Revenue and Other Income		4,125,665	4,446,318

(a) The company forgave two months of levies to members for April & May 2020. The total revenue forgiven totalled approximately \$637,167.

6 Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash at bank and in hand	1,596,455	709,896
Short-term deposits	-	1,005,548
	1,596,455	1,715,444

7 Trade and Other Receivables

	2020	2019
	\$	\$
CURRENT		
Trade receivables	459,591	899,985
GST receivable	29,556	-
Total current trade and other receivables	489,147	899,985

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 providing for expected credit losses prescribed by AASB 9, 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 2020 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.

Notes to the Financial Report

For the Year Ended 30 June 2020

8 Other Financial Assets

	2020	2019
	\$	\$
CURRENT		
Financial assets - term deposits	2,000,000	1,500,000
	<u>2,000,000</u>	<u>1,500,000</u>

9 Property, plant and equipment

	2020	2019
	\$	\$
Furniture, fixtures and fittings		
At cost	17,812	16,927
Accumulated depreciation	(7,797)	(5,645)
Total furniture, fixtures and fittings	<u>10,015</u>	<u>11,282</u>
Office equipment		
At cost	18,421	17,465
Accumulated depreciation	(11,075)	(8,085)
Total office equipment	<u>7,346</u>	<u>9,380</u>
Computer equipment		
At cost	21,578	18,456
Accumulated depreciation	(19,133)	(12,184)
Total computer equipment	<u>2,445</u>	<u>6,272</u>
Computer software		
At cost	32,299	-
Accumulated depreciation	-	-
Total computer software	<u>32,299</u>	<u>-</u>
Fitout		
At cost	57,515	49,215
Accumulated amortisation	(36,339)	(24,010)
Total fitout	<u>21,176</u>	<u>25,205</u>
Total property, plant and equipment	<u>73,281</u>	<u>52,139</u>

Notes to the Financial Report

For the Year Ended 30 June 2020

9 Property, plant and equipment

(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	Computer Software	Fit Out	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2020						
Balance at the beginning of year	11,282	9,380	6,272	-	25,205	52,139
Additions	885	956	3,122	32,299	8,300	45,562
Depreciation expense	(2,152)	(2,990)	(6,949)	-	(12,329)	(24,420)
Balance at the end of the year	10,015	7,346	2,445	32,299	21,176	73,281

Notes to the Financial Report

For the Year Ended 30 June 2020

10 Other Assets

	2020	2019
	\$	\$
CURRENT		
Prepayments	39,020	28,833
Accrued Income	43,936	-
Security deposits	15,825	15,764
	<u>98,781</u>	<u>44,597</u>

11 Leases

The Company has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

Company as a lessee

The Company has leases over a office premises.

The Company has chosen not to apply AASB 16 to leases of intangible assets.

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

Terms and conditions of leases

Office premises

The Company leases land and buildings for their office premises in Melbourne Australia. The current lease is for 2 years which ends in May 2021, including a renewal option for further periods. At the date of this financial report the company has not yet decided whether it will exercise the option period.

Right-of-use assets

	Office Premises	Total
	\$	\$
Year ended 30 June 2020		
Balance at beginning of year	109,050	109,050
Depreciation charge	(56,896)	(56,896)
Balance at end of year	<u>52,154</u>	<u>52,154</u>

Notes to the Financial Report

For the Year Ended 30 June 2020

12 Trade and Other Payables

	2020	2019
	\$	\$
Current		
Trade payables	298,721	296,636
GST payable	-	43,196
Sundry payables and accrued expenses	102,287	90,049
	401,008	429,881

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

	2020	2019
	\$	\$
Current liabilities		
Provision for employee benefits	42,693	25,069
	42,693	25,069
Non-current liabilities		
Provision for employee benefits	15,086	21,037
	15,086	21,037

14 Key Management Personnel Remuneration

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

	2020	2019
	\$	\$
Short-term benefits	559,898	602,662
	559,898	602,662

Notes to the Financial Report

For the Year Ended 30 June 2020

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.

The Australian Tyre Industry Council is a not for profit company of major tyre related concerns in Australia. The Australian Tyre Industry Council receives levies from 8 tyre companies on behalf of Tyre Stewardship Australia until 31 December 2018. Except for the levies administration there are no other transactions between The Australian Tyre Industry Council and Tyre Stewardship Australia.

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

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.

The following transactions occurred with related parties.

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

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

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.

Notes to the Financial Report

For the Year Ended 30 June 2020

16 Financial Risk Management

Financial instruments used

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

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

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial instruments, are as follows:

	2020	2019
	\$	\$
Financial assets		
Cash at bank and in hand	1,596,455	1,715,444
Trade receivables	459,591	899,985
Financial assets - term deposits	2,000,000	1,500,000
Total financial assets	4,056,046	4,115,429
Financial liabilities		
Financial liabilities at amortised cost	401,008	429,881
Total financial liabilities	401,008	429,881
Total	3,655,038	3,685,548

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

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 Executive 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 Report

For the Year Ended 30 June 2020

17 Contingencies

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

As at 30 June 2020, Tyre Stewardship Australia Limited had signed and entered into various ongoing research project funding agreements and market development contracts. At 30 June 2020 the cumulative amount of contracts in total is \$1,972,500 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 2020. The balance of the contracts that will be payable upon the remaining milestones being reached is accounted for as a contingent liability and amount to \$1,011,500 exclusive of GST at 30 June 2020.

Tyre Stewardship Australia Limited have spent a total of, \$4,186,989 on research projects and market development contracts in total. At 30 June 2020, \$3,040,989 of contracts have been completed, these projects have been removed as contingent liabilities.

The outbreak and spread of coronavirus (COVID-19) has disrupted many businesses both domestically and globally. As a result of this outbreak there have been a number of commercial matters that management have had to (and continue to) consider and manage, this included:

- (i) Forgiveness of two months of levies to members for April & May 2020. The total revenue forgiven totalled approximately \$637,167.
- (ii) Qualification of government stimulus (Job Keeper / Cash Booster) totalling \$125,501 (refer note 5).

18 Events after the end of the Reporting Period

The COVID-19 pandemic has created unprecedented uncertainty of the economic environment. Actual economic events and conditions in future may be materially different from those estimated by the Company at the reporting date. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further adverse impacts to the Company. At the date of the annual report an estimate of the future effects of the COVID-19 pandemic on the Company cannot be made, as the impact will depend on the magnitude and duration of the economic downturn, with the full range of possible effects unknown.

Subsequent to year end the company re-negotiated a new lease for its existing principal place of business at 2/59 Keele Street Collingwood VIC 3066 for a further period of 2 years.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

19 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 outstandings and obligations of the Company. At 30 June 2020 the number of members was 11 (2019: 11).

Notes to the Financial Report

For the Year Ended 30 June 2020

20 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:

	2020	2019
	\$	\$
Profit / (Deficit) for the year	60,195	(556,297)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	24,420	28,893
- amortisation of right of use asset	56,896	-
- net gain on disposal of property, plant and equipment	-	(1,200)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	366,902	96,157
- (increase)/decrease in other assets	(10,248)	9,256
- increase/(decrease) in trade and other payables	(28,873)	(35,620)
- increase/(decrease) in provisions	11,673	23,162
Cashflows from operations	<u>480,965</u>	<u>(435,649)</u>

21 Statutory Information

The registered office of the company is:

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

The principal place of business is:

2/59 Keele Street
Collingwood Victoria 3066

Tyre Stewardship Australia Limited

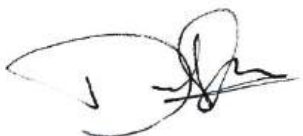
ABN: 44 164 971 939

Directors' Declaration

The directors of the Company declare that:

1. The financial report and notes, as set out on pages 38-60 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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


Director
David Spear FAICD


Director
David Lane

Dated this 18th day of September 2020

**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 2020, 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.

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 2020 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*;

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of *Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter – Key estimates and judgements – Tyre Volumes

Without modifying our opinion, we draw attention to Note 4 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 for the year ended 30 June 2020, 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 the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australia Accounting Standards – Reduced Disclosure Requirements 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.

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

MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257



RYAN LEEMON
Partner
Audit and Assurance

Melbourne, Victoria

18 September 2020

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TSA Covid-19 Action Plan

In consultation with Moore Stephens, our Auditors, a simple action plan has been adopted to ensure the ongoing viability of the organization.

TSA was not immune to the challenges of Covid-19. Like many other industries, we faced a decline in revenue, a re-assessment of business practices and re-shaping of how to deliver value in a changing world. We remain aware of the importance of maintaining a motivated team and partner organizations in order to deliver on the objectives of the Scheme.

Building a business continuity framework was established early in the piece; it was vitally important that TSA ensured its market development recipients continued with projects that would consume used tyres into value added products. Providing certainty that funds towards projects will not be impacted by changing circumstances. Fundamentally the initiatives to take used tyres and create new markets is the essence of our existence.

The continuation of new market project funding remains always at the hub of TSA levy-contributing members, who themselves were also faced with challenging times. Strong stakeholder engagement and understanding remain the critical factors of success for future consumption of used tyres.

The well-being of team TSA, its participants and partnering organisations during a time of isolation was recognized and understood. Ensuring the safety of all those within the industry, understanding the complexity of achieving growth and milestones during a time of unforgiving occurrences was a demanding process.

We soon realized that ,even during times of adversity, TSA members and participants were able to navigate their way through business continuation. Team TSA and its partnering organisations and consultants continued to deliver against milestones, objectives and Scheme requirements.

In order to ensure continuity , we had to make some changes. An appreciation of technology and how it can deliver and new operating methodology for TSA. Ensuring audit continuation, TSA ramped up its Foreign End Market Platform and kicked off its Retail Self-Assessment Questionnaire - using technology to self-audit low risk entities was a wise move.

Technology will play an increasingly important role within TSA over the next 12 months as we aim to advance our performance regardless of market conditions.

Tyre Stewardship Australia Limited

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44 164 971 939

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03 9977 7820

Email:

getonboard@tyrestewardship.org.au

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