

# Annual Report



We can only go so far, achieve so much,  
and create long lasting sustainable impacts  
if the entire end-of-life tyre value chain is  
accountable for their choices.

The choice of recycler, the choice of  
retailer and the choice of tyre brand – all  
these choices go a long way to ensuring  
sustainable outcomes for end-of-life tyres.

#### OUR VISION

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

#### OUR MISSION

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



## Tyre Importers

- Payment of contribution for sustainable management of end-of-life tyres

## Tyre Retailers

- Store handling & tyre storage
- Choose accredited recyclers, collectors

## Customers

- Choose accredited tyre retailer
- Choose contributing tyre brand

## Tyre Collectors

- Collection from retailer
- Transport to accredited processor

## Tyre Reprocessors

- Investment in equipment
- Research & Development

## TDP Exporters

- Tyre-derived product exported to verified Foreign End Market

**TSA'S PASSION  
AND DRIVE FOR GREATER  
SUSTAINABLE OUTCOMES  
FOR END-OF-LIFE TYRES  
IS UNWAVERING; EACH  
STAKEHOLDER IN THE  
TYRE INDUSTRY PLAYS  
A PIVOTAL ROLE IN THIS  
PROCESS**

## End Users

- Use remanufactured tyre-derived product

## Remanufacturers

- Remanufacture tyre-derived product from Reprocessor

Agriculture non-slip matting  
Asphalt products  
Athletic tracks  
Binders  
Brake Pads  
Blast and fire resistant products  
Equine tracks  
Explosives  
Golfing paths and bunkers  
Gym flooring  
Hockey fields  
Irrigation piping  
Moulded Products  
Permeable pavement  
Playground soft-fall surfaces  
Rail Infrastructure  
Reinforced concrete  
Retaining walls  
Road barriers  
Road surfacing  
Sports fields  
Spray sealants  
Tiles Adhesives  
Tyre Derived Fuels

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## Message from the Chair

**The year that just concluded has not been without challenges and opportunities. Even if, for many, it began with great uncertainty and apprehension, we recently witnessed fresh resolve to embrace the urgent challenges addressed by our stewardship scheme.**

Reciprocal efforts appear to have been rewarded: albeit as a result of massive injections of liquidity, the economy has demonstrated remarkable resilience and with the exception of the many challenges in logistics and supply chains, the confidence of business and consumers remains, surprisingly, solid.

Through the year we have seen a significant number of achievements and I will only mention the most relevant ones.

- We formalized and released our latest Strategic Plan. This is based on some of the United Nations Sustainable Development Goals and all aim to increase the recovery rates of end-of-life tyres.
- TSA was recognised as a Stewardship Scheme accredited under the Federal Product Stewardship Act.
- We were awarded an important Federal grant to initiate work in the recovery of large mining tyres from remote sites and address the feasibility of recovering the resource from conveyor belts used in mining operations.
- We welcomed new important financial contributors to our Scheme from the tyre importing as well as the vehicle manufacturing sector.

I also extend a sincere note of thanks and appreciation to Doug Barclay and Allan Kerr, two departing Directors from our Board.

A note of appreciation must go to all whose commitment towards TSA remained unwavering through one of the most turbulent times in this millennium: we like to think it could be the result of the awareness of the value of what our team does every day and I like to believe that it is also a sign of gratitude for the break in the collection of the funding levy that we extended to contributors in the early months of the COVID-19 pandemic.

I know that together with my fellow Directors, our CEO and the entire team at TSA we remain passionately dedicated to resolving the issue of end-of-life tyres in Australia: the imminent export ban, scheduled to come into force in December of this year, will no doubt offer new and significant challenges for all involved.

I trust that new and yet unseen opportunities will be just as significant and I know we will be there to pursue them with all our energy, as the light at the end of the COVID tunnel begins to make its first timid appearance.

As always, from our Australian perspective, we should reflect on the fate of many less privileged nations that are still battling this phenomenal foe.

**We remain passionately dedicated to resolving the issue of end-of-life tyres in Australia: the imminent export ban, scheduled to come into force in December of this year, will no doubt offer new and significant challenges for all involved.**



A handwritten signature in black ink, appearing to read 'David Spear'.

David Spear Chairman FAICD

## Message from the CEO

**The year that has just concluded has been full of sizeable challenges as well as the perennial search for excuses on the part of non-performers. Navigating this fog of uncertainty has been a challenge for many but no industry participant can allow it to become a reason for failing to deliver on their social and ethical obligations.**

Even the most casual reader of these lines needs to realise that before this day is over, in Australia alone, some 1,500 tonnes of tyres will have been dumped, stockpiled, exported and generally lost in transit. This in addition to the 450,000 tonnes other that are generated in our land every year.

One of the most common refrains of careless opportunists remains the avoidance of involvement or contribution until “all are involved and contributing”. A thin excuse for continuing to reap profits with reckless disregard for our environment and the future well-being of our children and our planet.

Even the largest and arguably most powerful global polluters are finally being called upon to clean-up their act. Political support might have provided an effective fig-leaf in the past but the days of protection in the name of a free and reckless market are numbered.

The year that just ended has also witnessed a coming of age of our organisation with many unprecedented and perhaps unexpected achievements such as our accreditation under the Product Stewardship legislation and the award of a substantial federal grant to help resolve the issue of earth moving tyres and conveyor belts. I am proud of these recognitions of our values and of the hard work of our team.

This has finally transformed the way many critical elements of infrastructure are engineered and delivered: the increasing inclusion of tyre-derived recycled rubber in roads has reached a point where demand exceeds local supply and no doubt contributed to TSA receiving the award for Sustainable Transport Infrastructure.

Our growing awareness of issues of Modern Slavery around the global tyre recycling industry has made us focus on this new and uncomfortable truth and include it in our international audits: we will do our utmost

to ensure it soon becomes a distant memory for the many we know are currently trapped in its grasp.

Despite the uncertainty, one truth is becoming increasingly apparent: it will take much more than simply doing what we have always done to resolve the complex problem of what to do with end-of-life tyres. We will need fresh thinking and commitment on the part of all involved as well as of many retailers still reluctant to join our effort.

For many of these retailers as well as others involved in the tyre supply and disposal market, 2021 will probably be remembered as the end of a long and free ride based on opportunism and a weak pretense of misunderstanding. I recommend that reluctant bystanders pay attention to the inevitable and monumental shift that is about to take place.

Even the largest and arguably most powerful global polluters are finally being called upon to clean-up their act. Political support might have provided an effective fig-leaf in the past but the days of protection in the name of a free and reckless market are numbered.



Lina Goodman Chief Executive Officer

## OUR MAJOR ACHIEVEMENTS

We are proud of our achievements.  
Our connection and participation with  
the tyre industry this year has been significant.



### Autobrand taking responsibility

Mercedes-Benz has demonstrated their commitment to sustainable management of end-of-life tyres through their contribution towards the Scheme.

Contribution will be made based on all vehicle sales in Australia, and Mercedes-Benz dealerships have also committed to work with accredited TSA recyclers and collectors.

### Year 1 of our 3 year strategic plan has impressed

Year 1 into a 3 year plan has already delivered substantial outcomes. A focus on projects that tackle the issue associated with passenger tyres, engaging with the earth moving tyre sector and increasing engagement across the industry has delivered enormous benefits for the work TSA is striving to achieve.

### Kick off on projects that provide understanding on indigenous communities in relation to the mining sector

Committed to our corporate social responsibility, TSA initiated two pieces of research covering global and Australian examples and best practice engagement between mining companies and the agriculture sector and indigenous communities. The research will inform our work with these sectors and our indigenous communities, in particular our project to improve the resource recovery of end-of-life off-the-road tyres. Findings will guide TSA's engagement with indigenous communities ensuring they are appropriately represented and consulted and have a voice at the decision table.



### Hankook joins TSA

Hankook Tire and Technology Group is the newest contributor to the Tyre Product Stewardship Scheme, taking the total number of importers to nine.

In joining TSA as a financial contributor, Hankook joins tyre importers Bridgestone, Continental, Goodyear Dunlop, Kumho, Michelin, Pirelli, Toyo, Yokohama and car manufacturers Mercedes-Benz, Porsche and Volkswagen in showing leadership towards sustainable practices for used tyres.

### Market development hits the \$7M mark

With every \$1M committed by TSA, the industry commits an additional \$4M. This is great news for the consumption, re-purposing and sustainable management of Australian end-of-life tyres.

A significant project was the Low Traffic Crumb Rubber Funding Project, which encouraged many Local Government Authorities to take advantage of the incentive associated with greater consumption of crumb rubber in local roads. With 85% of the nation's roads managed by Local Councils, this really is a significant step forward.

### Tech savvy

New technology is under development to assist retailers manage tyre disposal, make TSA reporting easier and combat tyre dumping.

A collaborative project with retailers, tyre brands, collectors and government; this TSA led initiative demonstrates real time data reporting to improve management for stakeholders across the end-of-life tyre supply chain.



### Australian Government Accredited Product Stewardship Scheme

March 15, in Parliament House, TSA was officially recognised as an accredited arrangement under the new Product Stewardship Legislation. This accredited status provides greater strength and legitimacy to the work and engagement TSA has with industry both locally and globally.

### Welcoming new participants to the Scheme

TSA on-boarded more stores from major tyre retail chains and autobrand; with a renewed campaign targeting the pure-play sector, which continues to grow. Other participants joined the Scheme from the recycler, fleet and Local Government categories.

### Release of a Modern Slavery Impact Statement

Demonstrating leadership and in support of the *Modern Slavery Act 2018 (Cth)* (MSA), TSA released its Modern Slavery Impact Statement which highlights the sector's critical role in addressing modern slavery across the EOLT value chain. The Statement sets out TSA's current and future commitments to working with our partners in mitigating issues around modern slavery and other human rights issues.

### Specifications that mention Australian crumb

Recyclers and procurers of rubber crumb are reporting that there is a shortage of Australian produced crumb rubber.

The main reason for the shortfall is a sharp increase in demand in the roads sector driven by TSA market development projects that have changed specifications.

Specifications can refer to 'road recipe' and 'procurement' requirements.

Of note are the procurement clauses that require crumb rubber that goes into state government managed roads in Victoria, Western Australia and Tasmania be processed by a Tyre Stewardship Australia accredited supplier.

Such clauses ensure thousands of tonnes of locally processed tyres are used to make local roads perform better, guaranteeing substantial sales for Australia's recyclers, while underpinning large scale recycling equipment investment.

### Federal funding received to address the low resource recovery rates of Off-the-road (OTR) tyres and related products

On average, Australia creates 130,000 tonnes of used OTR tyres each year, with the vast majority buried in mining pits, on agriculture site or dumped in landfill.

Signalling the government's expectation for improvement, TSA received a federal government grant to deliver a business case that looks at all the levers that can be used to make a positive shift in improving OTR resource recovery in the mining, agriculture, aviation and construction sectors. Final business case due in March 2023.



**mytyresmychoice**

### My Tyres My Choice, a national campaign targeting consumers who are making new tyre purchase choices

TSA generated 'My Tyres My Choice' campaign to understand the buyer behaviour and ultimate choices 'My Tyres My Choice' supports choices that deliver advanced sustainable outcomes.

The message is simple: Consumers can help give their old tyre a new life by choosing tyre brands that contribute to finding sustainable outcomes, and visiting tyre retailers who responsibly dispose of used tyres.



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## 2021+ THE NEXT 12 MONTHS

**The focus for the next 12 months is on ensuring that retailers, importers, vehicle manufacturers, recyclers and collectors are accountable and contributing to a sustainable end-of-life tyre value chain.**

### **Concentrating on consumer awareness**

A concerted consumer awareness campaign illustrating how this value chain operates, and the role consumers play in supporting positive outcomes will encourage further widespread community and commercial engagement. This extends to OTR tyres and related rubber products segment such as mining, agriculture, construction and aviation.

### **Capturing live data to facilitate greater transparency**

Making the necessary steps to implement smart, adaptable and convenient technology that will drive on live, instantaneous data at each point of the end-of-life tyre transaction process. Reaching a milestone that removes the need for manual reporting will benefit TSA stakeholders, remove the noise and keep our participants focused on what they do best across the end-of-life tyre value chain.

### **Export ban on whole and baled tyres: From December 1, 2021**

As the waste export ban on whole and baled tyres comes into place on December 1 2021, TSA will embark on a pre and post ban program to support the industry, avoid unnecessary stock piles and assist find local and global markets that can accept Australian waste tyres under the new waste export codes.

### **Expanding the Tyre Product Stewardship Scheme to include off-the-road products**

Engagement with the Earth Moving Tyre Sector that aims to work on changing the resource recovery rates of OTR tyres, and conveyor belts and rubber tracks including mining, construction, agriculture and aviation sector. A review of the Scheme guidelines to better cater for this sector which may include the provision for end-of-life conveyor belts.

### **100% Australian Label**

To support and strengthen local markets and procurement opportunities, TSA will deliver an ecolabelling program that will enable local recyclers to make claims for assurance of the Australian content of their product (rubber crumb, granule and other tyre-derived products).

The ability to verify that tyres are recovered and processed by local businesses enables recyclers and product procurers to ensure that the environmental and economic benefits of procuring recycled content are realised in Australia, not overseas.

The program aim is to provide greater transparency of procurement and for those recyclers with ecolabelling to be set apart from others – an advantage for selling product into a market where Australian made is becoming a focus and is being driven by all levels of government.

### **Tyre Circular Economy Organisations**

Aligning with our strategy, the Tyre Circular Economy Organisation badge aims to recognise organisations that are meeting circular economy principles.

The activities of organisations - which include manufacturers, research institutions and government bodies - are instrumental in creating new markets and jobs from Australian generated end-of-life tyres.



## Free Riders no longer get a free ride.

The term free-riders in the tyre value chain can take many forms. From importers selling tyres into the Australian market but not taking responsibility for them, to retailers and recyclers opting for cheap unsustainable alternatives, the time for change is here.

TSA's recent Australian Government Accredited Product Stewardship Scheme status, and the new Recycling and Waste Reduction legislation allows for Government intervention and regulation when companies aren't doing the right thing – including 'naming and shaming' those not participating in the Scheme.

TSA has -and will continue to- push for accountability and transparency across the supply chain. Those not participating in the Scheme but reaping the benefit of sustainable practices incorporated by TSA and the profits offered by the tyre industry as a whole, are urged to get on-board and contribute to the solution.

## Protecting our local market

As the market for tyre crumb in Australia increases, TSA will do whatever it can to protect local recyclers from subsidised imported material that may negatively impact their ability to find outlets for the material they are producing from our waste.

This also includes consideration to the importation of new tyres that may adversely impact the work we are attempting to achieve through our market development program



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## KEY PERFORMANCE INDICATORS

As we work with urgency towards our 2028 goals, progress remains encouraging despite the challenging global conditions dictated by the COVID-19 crisis coupled with the imminent ban on the export of all whole used tyres (including baled tyres) taking effect December 1, 2021.

### KPI 1: Increase the number of participants in the Scheme

During the 2021 financial year, the number of participants within the Scheme grew to 1,661. Major players to date include tyre importers, retailers<sup>1</sup>, dealers, collectors, and recyclers along with local governments and fleet organisations (see Accreditation and Compliance page 17).

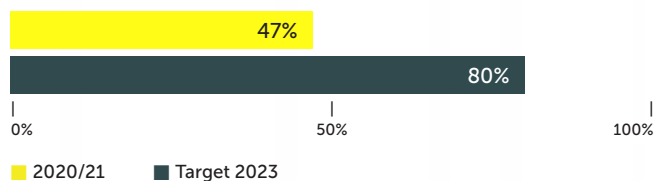
In order to expand participation, we have set four distinct targets for tyre importers, vehicle importers, tyre retailers, and tyre recyclers. Below is an outline of progress against these four important targets.

#### KPI 1A: Tyre importers

Tyre importers contributing to the Scheme is critical to finding solutions for end-of-life tyres in Australia. As importers of new tyres into the country begin to emerge in various forms, TSA too needs to adapt to the changing nature of this market.

With ambitious targets to increase the number of tyre importers contributing to the Scheme, TSA acknowledges that as a voluntary Scheme we are relying on the good corporate social conscience of organisations and an understanding of community sentiment to help drive the need to contribute in search for greater recovery rates. This year, Hankook joined the importer list, bringing the total to nine that are financially contributing to Tyre Stewardship Australia. These organisations represent approximately 47% of the passenger, truck and bus tyres imported which continues to highlight the

#### Tyre importers market share (units)



challenges that are typical of voluntary schemes. Our commitment and focus to Scheme expansion remains.

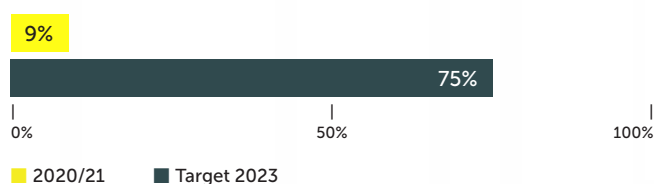
TSA Accredited Arrangement status may also assist to increase participation in the Scheme via support from the Federal Government and the levers within the new *Recycling and Waste Reduction* legislation.

#### KPI 1B: Vehicle manufacturers

With over 20% of new tyres entering the country already fitted to vehicles, the participation by vehicle manufacturers in the voluntary Scheme is equally important. Our target is to enrol 90% of vehicle importers (measured by volume of tyres) into the vehicle manufacturers participating in the Scheme by 2028.

In 2021, we welcomed Mercedes-Benz to the Scheme, lifting representation to approximately 9% of vehicle sales.

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



1. For the purpose of the Scheme, tyre retailer includes traditional retail stores, on-line retailers, mobile tyre services, fitment centres and mechanical repair businesses.

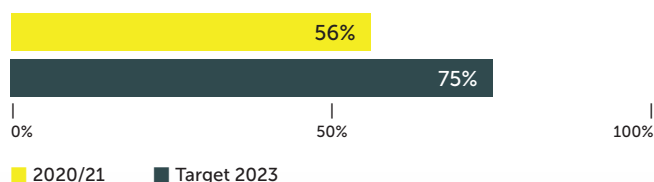
2. The market share of participating retailers is estimated using a combination of data sourced from the ABS on new passenger tyre imports and passenger tyres recovered from Scheme participants. The reported market share is subject to the accuracy of the data and TSA will continue to refine the methodology and data used to report against this performance indicator.

### KPI 1C: Retailers

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

Measured by sales and recovery of passenger tyres<sup>2</sup> we estimate in the financial year just ended, around 56% of tyre retailers contributed tyres for recovery under the Scheme.

Tyre retailers market share (by passenger tyre sales)

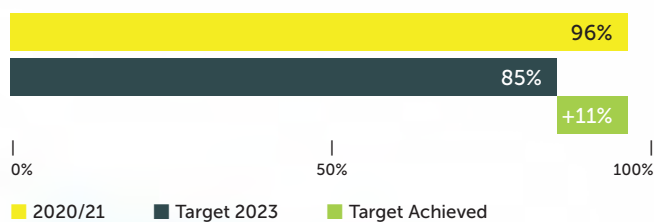


### KPI 1D: Recyclers

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).

We estimate that in 2020/21, accredited recyclers continued to account for 96% of the recycling 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.

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



The challenges faced by the industry this past year has not put a dent in our pursuit for greater recovery associated with end-of-life tyres.

## KEY PERFORMANCE INDICATORS

**KPI 2: The volume of EOLT collected by accredited participants, or accounted for over time increase annually**

Despite the impact of the COVID-19 pandemic, the volume of EOLT collected by accredited participants increased by almost 12% to approximately 246,000 tonnes or 30.7 million EPU. This increase coincided with the increase in the import of new tyres into Australia over the past 12 months.

With the ban on the export of whole used tyres (including baled tyres) to take effect from 1 Dec 2021, industry is required to transition away from the export of whole tyres to meet definitions of the export ban. This may impact the industry's ability to continue to manage the volume of EOLT being generated in Australia. We will continue to work with all

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

The verification of the sustainable management of exported tyres is central to the integrity of our Scheme, especially considering that around 80% Australian end-of-life tyres are exported for further processing or to be used in energy recovery.

In 2020/21 we were not surprised by the challenges in verifying the legitimacy of export destinations, especially where impacts of COVID-19 and operators transitioning in preparation for the export ban resulted in diversification of end destinations to enable movement of material. As a result, we estimate 6% of EOLT exported via Scheme accredited recyclers were subject to our Foreign End Market program.

A change of strategy this financial year meant that we spent valuable time establishing relationships with international stakeholders and seeking connections direct with foreign organisations to become TSA verified. We will continue to use our existing relationships, such as our

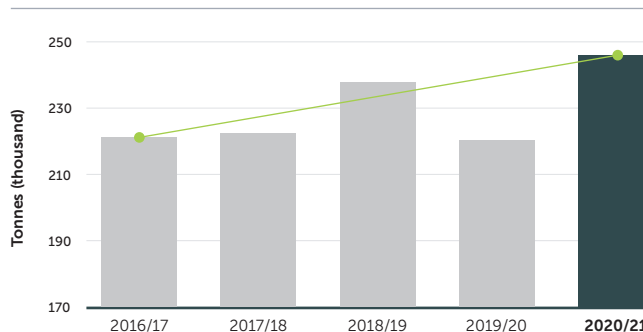
**KPI 4: Increase the percentage of EOLT going to an environmentally sound use.**

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

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).

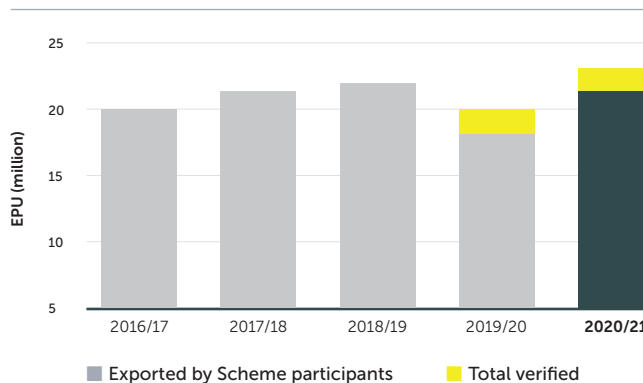
In June 2020, we published a report "Used tyres supply chain and fate analysis" which estimated approximately 69% of the end-of-life tyres generated in 2018/19 were recovered for environmentally sound use. Utilising the same methodology, we recovered and estimated 68% of tyres in 2020/21 which is slightly down on the previous year of 72%. This reflects limited growth in the recycling industry with no

Volume of EOLT collected by accredited participants



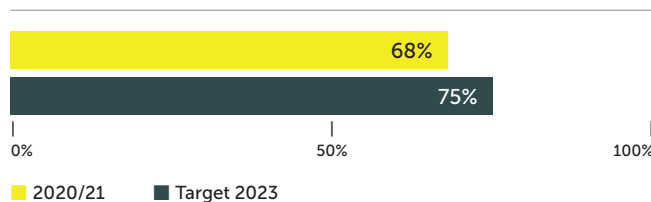
participants to minimise the impact of the ban and maximise domestic market potential while identifying new candidates for accreditation.

EOLTs exported via Scheme accredited participants verified



membership of the International Rubber Study Group to verify the legitimacy of international destinations for tyre-derived product. In the meantime, we have updated and reinforced the audit processes for Foreign End Markets. Under our remit as an accredited arrangement, strong focus on this program is set to continue in the next financial year, for greater program uptake to ensure transparency of end destinations receiving Australian sourced EOLT.

Percentage of EOLTs going to an environmentally sound use



new large-scale processing being established over the past few years and complexities with collections, exporting during the pandemic.

Over the coming years we are expecting to see changes in the industry through the transformation of businesses from collection to processing and new entrants into the market to take advantage of the increased demand occurring in Australian markets.

## KEY PERFORMANCE INDICATORS

### KPI 5: Users seeking accreditation through the TSA website. Increased website traffic.

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

The re-designed website launched 12 July 2020 and the new platform differs to that of previous platforms, thus making comparison metrics impossible.

The 2021 Financial Year, saw 46,455 visitors to the TSA website with an average time of 1min22secs spent on the website. There were 26,819 organic and direct visitors.

Importantly, the tabled analytics, in particular Table 1 were significant given they applied directly to the key performance indicator that involved activity relating to both the TPSS and accreditation, one of TSA's main pillars.

The search for accredited participants (recyclers, retailers, autobrands) made up 3 of the top 10 pages visited. Of importance, was the average time<sup>3</sup> spent on these pages, which attests to the active consumption of data on that page - see Table 2.

The website traffic to these pages is attributed to the My Tyres My Choice campaign, with the focus of the campaign to educate consumers on the importance of choosing accredited brands and participants that contribute

Table 1: Top 5 visited pages

Page	Page views
TSA overview	3,541
Find accredited recyclers and collectors	3,023
About TSA	2,218
Find accredited retailers	1,991
Accreditation	1,510

Table 2: Average time spent on page

Page	Time on page
Find accredited recyclers	2mins45
Find accredited retailers	1min51
Find contributing brands	1min36
Accreditation	2min49
Accreditation	1,510

to sustainable outcomes for end-of-life tyres. When the campaign launched, TSA's website spiked at 2,329 page views in one day<sup>4</sup>.

Notably, another major source of information and activity is TSA's LinkedIn page with 1247 followers as at 30 June 2021.

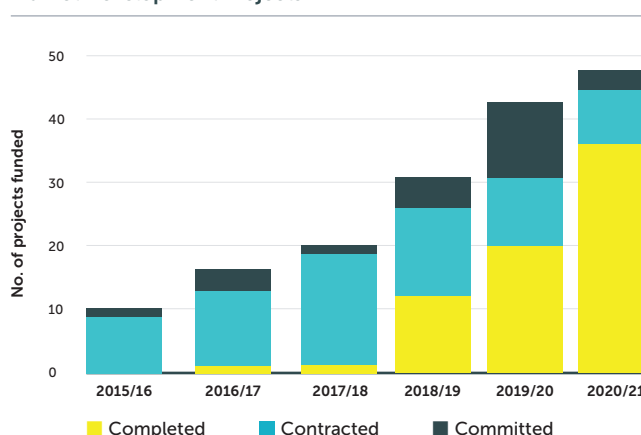
### KPI 6: Growth of the demand for Australian Tyre-derived products associated with market development activities promoted, funded and/or supported by TSA

The establishment and expansion of markets for tyre-derived products (TDPs) requires a substantial and long-term commitment. In the 2020/21 financial year TSA approved 5 new projects with associated funding of around \$800,000. This brings the total projects supported since formation of TSA to 48 projects across a range of industries with 16 projects being completed in 2020/21 taking the total completed projects to 36.

The successful delivery of these additional five new projects will create a potential market demand of around 8,000 tonnes per annum for Australian tyre-derived products which equates to around one million EPU.

TSA's market development strategy for the 2020/21 financial year has been a clear focus on a strong structural

Market Development Projects



demand and creation through end user infrastructure. Large-scale demonstration and infrastructure projects implemented during this period has driven an uptake in markets.

3. According to Contentsquare's 2020 Digital Experience Benchmark report of 7 billion user sessions, the Average Time on Page across industries is 62 seconds.

4. This occurred on Tuesday 2nd February 2021

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.

## MARKET DEVELOPMENT

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**We continue to initiate, develop and fund real-world and world-leading solutions where Australia's used tyres become economically and environmentally sustainable.**

**Our initiatives in market development have seen us commit more than \$7 million to study and develop innovations to manage the end-of-life tyres generated in Australia.**

Our Market Development Strategy for the year has seen us focus on the creation of local demand for tyre-derived products. A number of large-scale demonstration and infrastructure projects have led to increased demand in new markets. As a result, the annual consumption of Australian tyre-derived product has grown substantially.

While our role remains to act as a catalyst for this work, we always need the collaboration, support and participation of many others to help us transform initiatives into tangible results.

For example, during the year we contributed in bringing to market an innovative permeable pavement product that utilises tyre-derived crumb. This is now marketed through Porous Lane, a new company operating in this sector.

We will continue to deliver projects to drive well established -as well as emerging- markets to increase the uptake of tyre-derived material.



Our work in the road sector continues with four major projects starting in late 2020 and extending to early 2021. We have no doubt that our role in stimulating demand for end-products has resulted in suppliers investing in new plant and equipment to produce crumb rubber in substantial volumes.

We have contributed funding of plant upgrades to increase the volume and quality of the crumb rubber binders produced. We estimate that the infrastructure we have created, contributes to the additional consumption of 15,000 tonnes of Australian crumb rubber per year.

In late 2019, the Victorian Department of Transport released a 'Light Traffic Crumb Rubber Asphalt Specification' to facilitate the use of crumb rubber modified asphalt mixes in low traffic roads: as a consequence, in August 2020, we sought expressions of interest in our fund and received several applications from a number of entities across Australia.

With sustained need and demand for funding, we approved additional investments to allow seven applicants to start utilising crumb rubber in the construction of their roads. Successful applicants included Fulton Hogan Tasmania (six local councils from Tasmania), the City of

Greater Dandenong, Melton City Council, Frankston City Council, Cardinia Shire Council, Banyule City Council, and Boral Asphalt Bendigo Region.

With 85% of roads managed by local councils the influence of local government is central in the growth of the use of resources like crumb rubber in our network.

Over a 2 year period, we have funded local councils and other eligible organisations with almost \$500,000 to drive the use of crumb rubber in low traffic asphalt roads: our fund dedicated to this purpose will continue to grow local markets for recycled Australian tyre-derived products and we will continue to strive for a safer and longer-lasting Australian road network.

With 85% of roads managed by local councils, the influence of local government is central in the growth of the use of resources like crumb rubber in our network.

## ROADS

~\$3.7M committed to 22 distinct projects

## CIVIL INFRASTRUCTURE

~\$1.5M, dedicated to 10 projects

## ADVANCED MANUFACTURING

~\$600,000 allocated to 3 projects

## GENERAL RESEARCH

\$600,000 allocated to 6 projects

## EXPLOSIVES

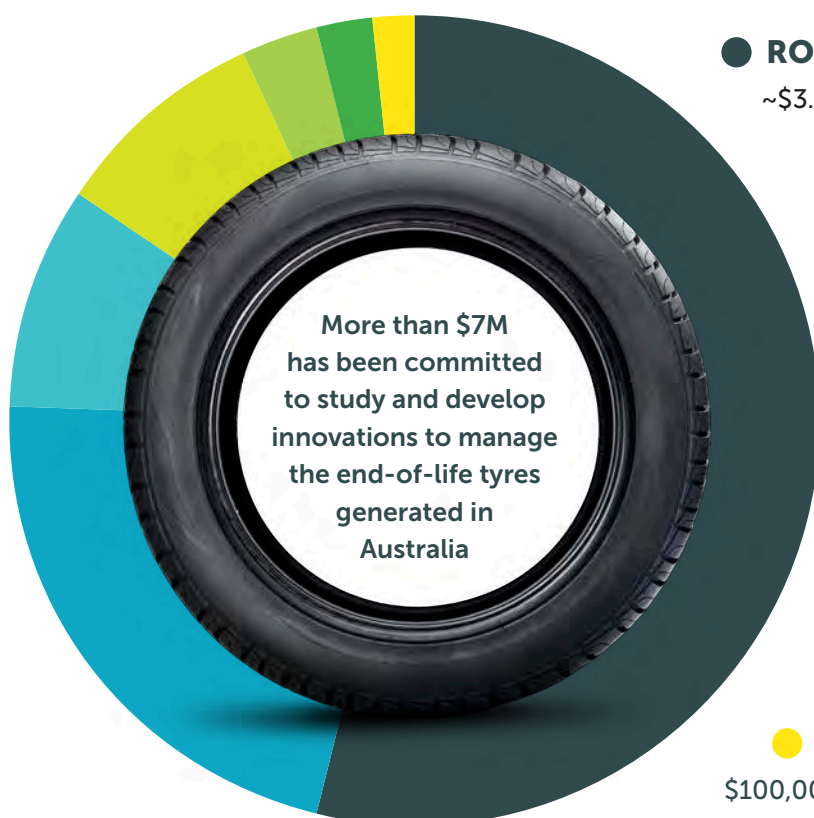
\$198,000 – 1 project

## RAIL INFRASTRUCTURE

\$160,000 – 2 projects

## MINING

\$100,000 – 1 project



## MARKET DEVELOPMENT HIGHLIGHTS

### Fulton Hogan transforming roads for six Tasmanian Councils

TSA, Fulton Hogan  
& Tasmanian Councils x6

At least until now, no facility to blend crumb rubber binders or process recycled tyres for use in pavement treatments exists in Tasmania. This also implies complexity associated with the use of crumb rubber spray seals and asphalt applications.

In order to address this bottleneck, we provided more than \$85,000 to support an important demonstration project conducted by Fulton Hogan with Meander Valley, Central Highlands, Dorset, George Town, Sorell, and Tasman councils.

Fulton Hogan has developed a “wet-blended” crumb rubber modified asphalt. As part of this development, the company demonstrated that crumb rubber modified asphalt could be produced at lower temperatures, VOC emissions, fuming and thus lowering greenhouse gas emissions.

The company provided a portable blending facility, allowing councils across Tasmania the opportunity to utilise crumb rubber technology in both spray seal and asphalt applications. A number of other local government authorities have since shown interest, recognising the potential for better road maintenance outcomes.

More than 1,200 truck tyres were diverted from landfill and mixed with the equivalent of 40,000 beer bottles to produce crumb rubber asphalt in this ground-breaking project.

### Road renewal in residential estates in Bendigo, Victoria

TSA, Boral Asphalt  
& City of Greater Bendigo

In order to continue in our role as catalyst for change and better use of existing resources, we are providing funding of \$ 71,000 to Boral and the City of Greater Bendigo in their renewal of three roads that are reaching the end of their first life.

Heighington Place, Kooyong Close and Sunrise Court are all situated within a residential estate with contemporary pavement profile and asphalt surfacing, and thanks to our funding are being re-established using tyre crumb rubber asphalt designed to a new specification.

In co-operation with Boral, an experienced user of crumb rubber spray seal, the City of Greater Bendigo is keen to support the use of sustainable products where possible as part of its ongoing commitment towards the circular economy.

### Asphalt Plant in Eagle Farm Queensland receives an upgrade

TSA & Brisbane City Council

With our contribution of \$100,000, Brisbane City Council is upgrading its own facility in Eagle Farm. This upgrade will allow the use of Australian tyre-derived crumb in the production of asphalt for the local road network. As a result, crumb rubber binder will be included in Brisbane City Council’s technical specifications for projects state-wide.

Our contribution has allowed for field trials, the provision of technical data relating to the performance of materials used in rubber asphalt pavements, as well as research in lifecycle data and comparisons with conventional asphalt pavements.

While our role remains to act as a catalyst for increasing consumption of Australian tyre-derived product, we always need the collaboration, support and participation of many others to help us transform initiatives into tangible results



## Development of new rail crossing infrastructure products

TSA & Baron Rubber

TSA will be assisting Baron with the development of a new infrastructure products through a two-stage funding program. Stage 1 implies funding of trials at an undisclosed international facility in order to validate and verify the production process. Subject to the successful completion of Stage 1, Stage 2 will include testing by local universities and the issuing of the various compliance certificates.

The products in question will form part of a family of infrastructure goods to be manufactured in Baron's Australian facilities for the local Asia Pacific markets. These products will be composed of predominately recycled tyre-derived crumb rubber, mixed with other polymers and be suitable for the most extreme and demanding infrastructure projects.

Initial trials have successfully demonstrated that the polymer performance is similar to virgin elastomers, a major bonus and potential cost saving for infrastructure projects.

## Sales soar for a TSA funded blast and ballistic mitigating cementitious building product

TSA funded research:  
Flexiroc & University of Wollongong

As part of a project we co-funded, the University of Wollongong will apply a coating of Protectiflex, and test-blast masonry walls to validate the blast-resistant characteristics of this protection system made by Flexiroc.

Protectiflex is a blast and ballistic mitigating cementitious building product made of tyre-derived product aggregate. It is manufactured as blocks, precast reinforced panels as well as composite and pumped ready-mix.

The tests will allow the drafting of design guidelines to be used by civil and military engineers to develop blast-resistant systems to be used in new as well as retrofit applications.

In addition to the most obvious protection of assets for defence, we expect that its applications will span many other industries, including infrastructure, telecommunications, transport hubs and airports, petrochemicals as well as mining.

We are pleased that, following a demonstration event we organised in late 2020, suppliers to this sector have seen a marked increase in sales of this innovative use of tyre-derived material.

## Promising research in recycling passenger car tyres

TSA funded research:  
RMIT & Dept of Transport

We are involved in a partnership with RMIT University on an innovative research project evaluating the performance of crumb rubber from end-of-life passenger car tyres in asphalt.

Because of their composition, passenger car tyres present very specific challenges for their re-use at the end-of-life: the majority of recycling infrastructure in Australia is currently set up to process truck and bus tyres into crumb and granule.

The project is co-funded by TSA, RMIT and the Victorian Department of Transport. It will evaluate the ideal mix for rubber crumb that include passenger car tyres in road asphalt pavements.

This evidence-based research aims at allowing road builders to better respond to increasing pressures for recycling more and exporting less of our end-of-life products.

The research project is believed to be the first of its kind in testing crumb rubber from passenger car tyres in bitumen and asphalt in Australia.



## ACCREDITATION AND COMPLIANCE

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# A core function of our Scheme is the administration of an Accreditation and Compliance Program that verifies sustainable end-of-life tyre management by our Participants.

**With the impending waste export ban, this function has worked in preparing the transition in response to change. We have increased our focus to holding participants to account on ensuring that poor behavior does not adversely impact the integrity of the Scheme and the significant industry achievements to date.**

This financial year has seen some significant progress in formalising and implementing improved systems to advance data and provide value to Scheme participants.

During the year, we have embarked on an extensive project to enhance our online reporting platform. The adoption of a new interface will imply benefits to users as well as efficiency in data management, security and in-depth analysis.

Our audit program and its associated processes will continue to be strengthened: the focus remains to utilise its findings to drive best-practice management and continual improvement within the industry.

The impacts of Covid-19 pandemic on global market conditions has reduced the space for operators to move end-of-life tyre material and has resulted in some stockpiling and regulator non-compliance.

Non-compliant participants, including retail outlets, continue to be held to account: we have initiated processes to suspend or revoke the accreditation of participants failing to meet Scheme commitments.

During the year we have also focused on the critical role of retailers in the sector, including an increasing awareness of the positive and negative impacts of many commercial decisions.

The use of our Sustainable Outcomes Indicator (SOI), has increased.

Retailers use our framework to inform their decisions on procuring EOLT collection and recycling services to achieve increasingly sustainable outcomes.

The transition of baling operators to meet conditions of the waste export ban (supported via TSA Baler Transition Program), will likely result in a higher rating as their investments in technology imply higher added value to their output. Further communication and implementation of the SOI, including an update in light of the ban and elimination of baling for export, will be part of our next steps.

Unfortunately, as a result of the ban, the sector has seen increased presence of unscrupulous operators seeking to benefit from changing market conditions. This has often implied undercutting legitimate operators and stockpiling of material.

As a response, we have expanded our surveillance to identify unscrupulous operators and stockpiles. The use of new technology such as Snap Send Solve and aerial mapping has proven invaluable. Drone services have been deployed over existing stockpiles and provide valuable information such as estimates of stockpile volumes.

We fully expect that the use of such technology will increasingly support gathering of intelligence and prove of great value in our dealings with industry and regulators.

During the 2021 financial year, we completed compliance audits across collectors and recyclers both nationally and internationally.

A new level of engagement with international locations has been consolidated via our Foreign End Markets online platform.

The establishment of the Accreditation Committee in 2020 provided transparency and rigour in the review of existing participants as well as the approval of new accreditations.

We are also reviewing our Industry Consulting Group (ICG) to ensure the group remains relevant in its feedback.



## ACCREDITATION AND COMPLIANCE

Participant category	Importers*	Retailers	Collectors/ Recyclers	Fleet	Local Government	Mining
% Change	▲ 20%	▲ 0.4%	0%**	▲ 50%	▲ 33%	0%
End FY2020/21	12	1,591	33	6	20	–
Start FY2020/21	10	1,584	33	4	15	–

\*Importers includes Vehicle Manufacturers/Autobrands). \*\*During this financial year, three new recyclers received accreditation. Other changes included revocation and resignation of Scheme participants, resulting in overall collector/recycler number remaining same as previous year).

We developed a new generation of point-of-sale material including window stickers, brochures and an in-store consumer video.

Accreditation certificates will continue to be issued annually and will be downloaded as a PDF 'e-certificate'. This will no doubt help in reducing our environmental footprint.

A strong accreditation and compliance function is critical to the ongoing success and integrity of the Scheme.

This financial year has seen challenges, but also significant achievements particularly in systems related to data of the tyre supply chain. The use of technology to support the program means that we can continue to grow the uptake of these initiatives, make a

real difference and contribute our knowledge on a local and global level.



We have increased our focus to holding participants to account, ensuring that poor behavior does not adversely impact the integrity of the Scheme and the significant industry achievements to date

## ACCREDITATION AND COMPLIANCE

### Tyre Retailers

At the end of the financial year, the number of accredited retailers is ~1,600

We welcomed more locations from major retail chains and independents and the number of accredited tyre retailers continued to increase.

We have also engaged with other channels of the retail sector such as entities associated with online and mobile tyre sales.

### Vehicle Dealerships

This year has seen Mercedes-Benz join our Scheme as the third vehicle manufacturer after Volkswagen and Porsche.

### Collectors and Recyclers

During this financial year, three new recyclers received accreditation in Queensland, New South Wales and Western Australia.

We estimate that the share of our accredited collectors and recyclers accounts for approximately 96% of the market.

Non-compliance with Scheme commitments resulted in one accreditation being revoked and another suspended.

We were encouraged by the resolve of many operators in this ever-changing market, especially by the efforts of those transitioning from mere baling and export activities.

Accredited entities have been given the opportunity to benefit from significant funding and grow their operations to recover EOLT. We are also encouraged by the number of applications from new entrants, particularly in response to TSA Arrangement.

While issues around the storage of end-of-life tyres remain a common concern, our audit program continues to remain fundamental in ensuring participants meet their legal and regulatory obligations.

We continue to work to improve our audit protocols and address changes in the market, new legislative requirements and new technologies.

Finally, in the lead-up to the ban on export of waste and changes to legislation in some States, we remain aware that significant engagement is still required to prepare retailers for an increasingly challenging market.

### Other Participants

Over the course of the financial year, an additional five Local Government Authorities and two large vehicle Fleets joined our Scheme.

### Foreign End Market Verification Program

In 2019 we were not surprised by the challenges in verifying the legitimacy of export destinations.

In many cases, especially when exporters operate through a broker, information proved difficult to obtain and verify. This is why, during the year, we decided to seek connections directly with foreign organisations to become TSA verified.

Our direct engagement with local and foreign governments remains critical in driving the uptake of our innovative online platform.

We will continue to use our existing relationships, such as our membership of the International Rubber Study Group to verify the legitimacy of international destinations for tyre-derived product. In the meantime we have updated and reinforced the audit processes for Foreign End Markets.

Under our remit as an accredited arrangement, strong focus on this program is set to continue in the next financial year, ensuring transparency of end destinations receiving Australian sourced EOLT.

### Retail Self-Assessment Questionnaire

As part of fostering engagement with retail participants, we have developed a process to audit retailers via an online Self-Assessment Questionnaire (SAQ). The Retail SAQ has been designed to be user-friendly for retailers.

The questionnaire is aimed at improving the management and compliance of key items such as support of the Scheme and meeting general EHS, tyre storage and fire safety requirements. It will include a simple function to upload documents and photos.

There have been some challenges with initial testing but once fully implemented, the process will run in conjunction with face-to-face audits. The aim remains to use the SAQ to identify locations that would benefit from an in-person visit.

## REGIONAL CIRCULAR ECONOMY BUSINESS CASES FOR USED TYRES

# Enabling effective tyre management solutions in some of the most challenging and remote places in Australia.

It is widely known that many regional and remote communities across Australia face challenges managing used tyres. Issues associated with long distances, increased management costs, regulatory challenges, a lack of volumes for collection efficiencies and low consumption demand of processed materials makes tyre management difficult and expensive in non-urban areas of Australia.

To assist regional Australians better manage used tyres, TSA is working collaboratively with key stakeholders in Queensland and the Northern Territory to deliver the Circular Economy Business Case for Used Tyres programme.

In Queensland, TSA has partnered with the Local Government Association of Queensland (LGAQ), Department of Environment and Science (DES Qld), Nth Queensland Regional Organisation of Councils (NQROC) and prominent councils such as Townsville City Council to better understand tyre management in the region.

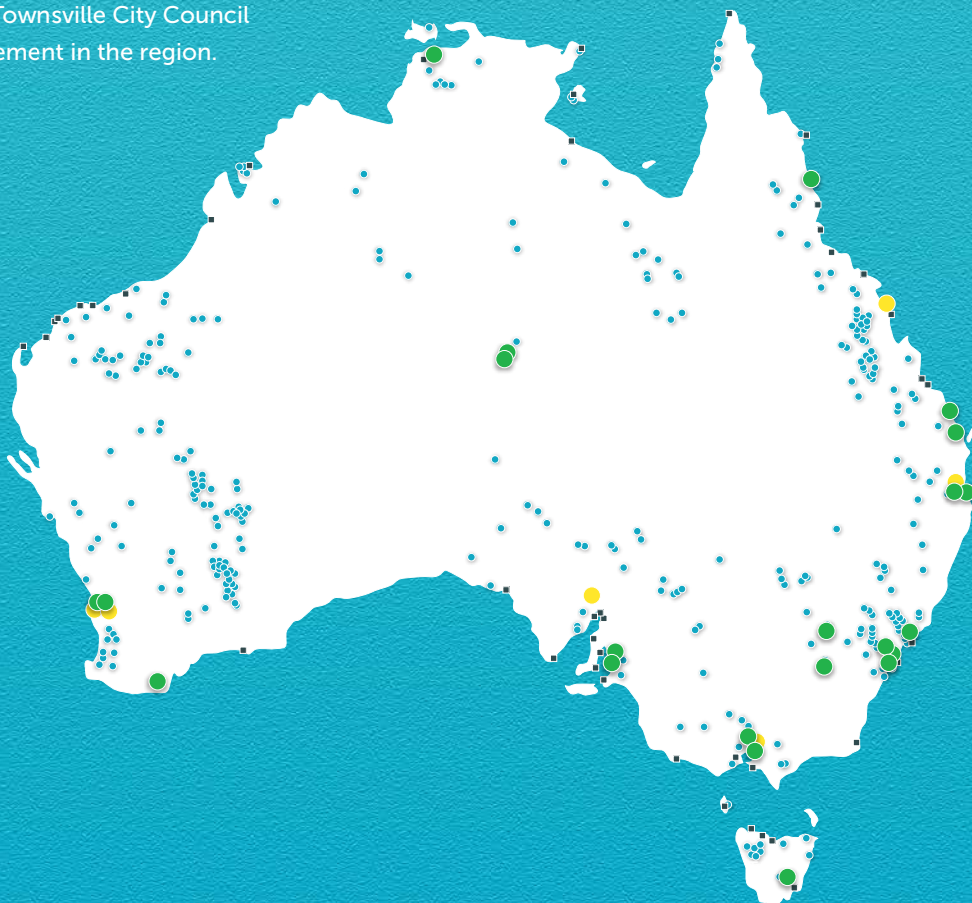
TSA is also working closely with the Local Government Association of the Northern Territory (LGANT) and the Department of Infrastructure, Planning and Logistics (DIPL) and the NT EPA to deliver a Northern Territory specific analysis of tyre management.

From these collaborations, the Circular Economy Business Case for Used Tyres for each region will provide regionally specific data, map industry service provision, quantify financial flows for service provisions and recycled markets and assess regulatory conditions associated tyre management.

But most importantly of all, the programme will bring together stakeholders such as recyclers, retailers, EPAs, Councils and TSA to enable a better understanding of how we can all contribute to better tyre management solutions for regional Australian communities.

### Tyre recyclers and collectors

- TSA Accredited
- Non Accredited
- Operating Mines
- Ports



## OFF-THE-ROAD (OTR) PROJECT

# The OTR Project is designed to improve resource recovery of end-of-life off-the-road tyres and related rubber products in the mining, agriculture, aviation and construction sectors.

**At a presentation held at Parliament House on 15 March 2021, the Federal Government announced that TSA would receive a National Stewardship Investment Fund grant of almost \$990,000 over 2 years, with TSA contributing an additional \$418,000.**

A recent study<sup>1</sup> indicates that 120,000 tonnes of OTR tyres reach end-of-life each year, with only 11% going to productive outcomes. The vast majority of end-of-life OTR tyres remain on site and are buried in mine sites and pits, on agricultural land and in landfill. An additional estimate sees 80,000 tonnes of conveyor belts, rubber tracks and other rubber products dumped each year.

The grant will fund a 2 year process designed to improve resource recovery of end-of-life OTR and related rubber products in the mining, agriculture, aviation and construction sectors and extend the Scheme to include conveyor belts and related rubber products.

Creating viable and sustainable solutions for these products requires engagement from everyone in the manufacturing and resource-recovery value chain as well as from specific sectors that utilise OTR tyres and related rubber products. The OTR project will engage all stakeholders and communities to understand the existing risks and barriers to improve recycling and how these can be overcome.

Testing solutions through research and real-world demonstrations will ensure that the final business case presented to government will include solutions tested for Australian conditions.

### The OTR Project will:

- Broaden the Scheme to include the complete tyre and rubber product supply chain – from passenger tyres to OTR and conveyor belts and rubber tracks.
- Improve recycling rates for OTR tyres and related rubber products.
- Establish a viable recovery pathway for recovered OTR derived products.
- Develop market opportunities for OTR tyre and related rubber products in order to encourage greater collection, recycling and investment.
- Identify and test options for OTR tyre and related rubber product resource recovery, including:
  - current recycling partners, processing options and ways towards increased recycling rates and consumption of tyre-derived products.
  - critical infrastructure that requires the expansion of OTR recycling.
- Establish an OTR Project Committee and Working Group with representatives from the OTR tyre manufacturing and resource recovery sector as well as other industry sectors consuming OTR tyres and related rubber products.
- Involve and consult with indigenous collectives.

The Committee and Working Group will provide Governance oversight and guide the OTR Project thanks to the experience of its members as well as the outcomes of research that can be adopted across Australia.

The plan is also to engage the sector in a trial project using a tracking web application in order to capture and monitor the physical movement and location of end-of-life OTR tyres and related rubber products.

1. A recent study<sup>1</sup> indicates that 120,000 tonnes of OTR tyres reach end-of-life each year, with only 11% going to productive outcomes.



### Research projects will include

- A global study on the OTR tyre and related rubber products market, including the experience of other stewardship schemes, incentives and investment programs to improve recovery rates and factors that have contributed or hindered their growth.
- A global and Australian study outlining the learnings of mining and agricultural sectors working in partnership to create improved environmental and social outcomes.

The NSPIF grant concludes in March 2023 when a business case and roadmap to improving resource recovery of OTR tyres and related rubber products will be presented to the Federal Government.



Creating viable and sustainable solutions for OTR tyres requires engagement from everyone in the manufacturing and resource-recovery value chain as well as from specific sectors that utilise OTR tyres and related rubber products

## SUSTAINABILITY

# Sustainability means better action.

### Accredited Arrangement

In March 2021 TSA was recognised as an Accredited Product Stewardship Scheme. This is a five-year accreditation that grants us the support of the Australian Government through the *Recycling and Waste Reduction Act 2020*, which incorporates the Product Stewardship Act.

The Recycling and Waste Reduction Act 2020 provides measures to address “free-riders” and include “naming and shaming” of these free-riders in the Federal Parliament.

### Conditions of Accredited Arrangement

TSA must comply with conditions on the accreditation. These include:

- Ensuring that use of the product stewardship logo in relation to the TSA Arrangement is compliant – see section below
- Prepare a report detailing our performance. This is to be provided to the Minister by 31 October throughout the accreditation period.
- Outline Performance indicators of our arrangement to include:
  - Degree of Industry participation
  - Outcome of audit program/s
  - Volumes of end-of-life tyres attributable to accredited participants
  - Volumes of off-the-road tyres recovered
  - Volumes of end-of-life tyres verified through our Foreign End Market Program
  - Consumer behaviour in relation to end-of-life tyres and our Arrangement

Work is underway regarding dissemination of product stewardship logo. Our performance indicators will be addressed in our next annual report, detailing progress of our first year as an accredited voluntary arrangement.



TSA CEO Lina Goodman presented with the Australian Government Accredited Arrangement at Parliament House by the Hon Trevor Evans MP, Assistant Minister for Waste and Environment.

### Accredited Logo Use

As a result of TSA accredited arrangement status with the Federal Government, the use of the Australian Government Accredited Product Stewardship Scheme (AGAPSS) logo is extended to Scheme contributors and eligible participants.

A concise style guide has been produced for our approved users of the AGAPSS logo to outline conditions of



its use in conjunction with the TSA logo. Examples of TSA AGAPSS logo use include (but are not limited to): websites, stationery, invoices, reports. Eligibility of new logo users will be assessed by our newly appointed Sustainability Manager and will be subject to the approval of the Accreditation Committee.

To date, we have applied the AGAPSS logo internally on items such as email signatures, letterhead, reports and presentation templates.

As a starting point, we have extended use of the TSA AGAPSS logo to some Scheme contributors, with three already receiving approval for use on websites, point of sales material, company reports and presentation templates. This will be expanded to more eligible participants in due course.

## Strategic Plan & Sustainable Development Goals

We remain firm in our commitment to upholding the five UN Sustainable Development Goals deemed most relevant to TSA through our implementation of the Strategic Plan 2020-2023.

The consistency of our Strategic Plan with the five Sustainable Development Goals continue to remain fundamental to everything we do.

In a spirit of full transparency and to demonstrate progress in the key areas identified in our Strategic Plan, we will issue a report in progress after one year.

### The latest notable achievements include:

- Successful submission for Product Stewardship Fund
- Materials Flow Analysis on Used Tyres
- Report on OTR Tyre fate
- Implementation of Baler Transition Program
- Foreign End Market Verification Program and focus on international engagement
- Engagement with Tyre Importers
- Implementation of new accounting software
- Updated website tools to facilitate inquiries related to accredited parties
- Commencement of a technology web application
- OTR Strategic focus

## Not-for-Profit Principles

We are meeting the principles of the Australian Institute of Company Directors (AICD) for Not-for-Profit organisations. This is an important governance issue: it indicates how we are progressing against our goals while ensuring transparency, integrity and best-practice.

During this financial year, a number of Board committees continue to play an important decision-making role relating to key functions. This included the development of a Risk Management Framework and procedures to identify and mitigate risks.

## Modern Slavery Impact Statement

We formulated our first Modern Slavery Impact Statement to recognise issues of human rights that are relevant to both the tyre supply chain and TSA.

Building on Scheme guidelines, including environment, health and safety, we implemented an annual Employee Entitlements

Declaration for participants to address workers rights in Australian tyre collection and recycling facilities. Our position also applies to our Foreign End Market Verification Program, implemented to address labour risks in foreign destinations and aiming at significantly increasing the transparency of end-of-life tyre supply chain in international markets.

Work in this area has been well received, particularly by Scheme contributors and Government. While we are proud of progress in this area, we also know that more needs to be done.

### Our next steps will include:

- Better understanding of the impacts of our operations
- The formal inclusion of due diligence on modern slavery in our accreditation processes



## Baler Transition Program

We have played an important role in offering support to both accredited and non-accredited operators impacted by the impending ban on the export of waste. This ban will prohibit the export of most whole and baled tyres from 1 December, 2021.

Specific support to the industry has been extended via the TSA Baler Transition Program. It has taken place via various discussions and forums, including with individual operators and State-based round tables with operators. All have had the opportunity to hear directly from the regulator on expectations around approvals, availability of grant funding and support for the preparation of necessary submissions.

With the ban fast approaching, our support is expected to continue, working with Government to understand important details of the implementation, such as export codes and licensing procedures.

## BUSINESS AND COMMUNICATIONS

# The following are highlights of some of our communication and event activity for the 2021 financial year.

Ever since the establishment of TSA, we realised the urgent need to widely communicate on a number of important items.

Some of these include:

- Why is there a problem with end-of-life tyres and why we need to address it?
- What are the moral and legal responsibilities of major stakeholders?
- What are we doing in practice everyday to seek a solution to this challenge?
- How are we accountable for progress and how can we ensure Governance of the process?
- What can individuals, organisations and government entities do to play their part?
- What would be the results of lack of action?



## Consumer Campaigns

Education of consumers has been an important element in our recent strategy.

Two campaigns have been launched during the year, each aiming at inducing a change of behaviour in consumers and -as an indirect result- certain retailers; A “holiday-maker” campaign, followed by the “My Tyres My Choice” campaign.

Both initiatives encouraged consumers to take note of participating tyre brands and retailers with a simple message: consumers must utilise their purchasing decisions to support brands and retailers that make a positive contribution towards sustainable outcomes for end-of-life tyres. We know that retailers take notice when consumers ask about the fate of their used tyres!



## Local Councils

Positive engagement with local government is of vital importance to the success of our Scheme.

There are 537 Local Councils of Australia and each can potentially play an important role toward an effective circular economy for Australia's used tyres.

Their actions often shape the resource recovery landscape and must consider innovative principles of procurement as well as commitments to all operators aligned with our values.

## AN IMPORTANT REQUEST TO ALL AUSTRALIAN DRIVERS.

**Please only buy tyres from brands and retailers committed to sustainability.**

Australians generate the equivalent of 56 million used passenger tyres each year. Whilst 72% are recovered for productive outcomes, which is great news for the environment, 28% are still either being stockpiled, illegally dumped or mismanaged. We, together, can improve this.

All it takes is for Australian drivers to commit to purchasing tyres from contributing brands and from one of the easily accessible retailers committed to recycling. This simple act and small effort on the part of every one of us will have a huge effect.

The effort, manpower and goodwill now going into turning used tyres into brilliant and useful products such as roads, playgrounds, sports fields and more is already massive. But it needs your support.

By selecting brands contributing to Tyre Stewardship Australia, 25¢ from each new tyre purchased goes towards finding sustainable solutions for your used tyres.

What goes around really does come around. So please, next time you upgrade your tyres, make two small choices that in turn make a big difference.

1. Select tyre brands funding innovative initiatives for used tyres
2. Select an accredited participating retailer

Find all your choices at [mytyresmychoice.com.au](http://mytyresmychoice.com.au)

**MAKE A CHOICE THAT SUPPORTS SUSTAINABLE OUTCOMES WHEN YOU REPLACE YOUR USED TYRES**

 **mytyresmychoice**

 **Tyre Stewardship Australia**

TSA's objective is to develop and promote the use of end-of-life tyres in a sustainable and responsible way. We do this by working with industry, government and the community to find innovative solutions for used tyres.

There is a connection between the choices you make when you buy a new tyre and the impact it has on the environment.

## WE CAN RECOVER MORE THAN ORE

In 2019, Tyre Stewardship Australia identified the need to better understand Off The Road (OTR) tyre consumption and fate given the estimated recovery rate of used mining tyres in 2018/19 was just 11%.

**NOW IS THE TIME TO INCREASE RESOURCE RECOVERY IN THE OTR SECTOR**

**TSA IS FUNDING SOLUTIONS**  
If you have a solution to recycle OTR tyres, get in contact with the TSA Market Development team to discuss ideas and funding opportunities. Email: [getonboard@tyrestewardship.org.au](mailto:getonboard@tyrestewardship.org.au)

**GET RECOGNISED**  
If you are already recycling OTR, TSA want you to be recognised for your contribution. Use this QR Code to apply for your TSA accreditation.

 **TyreStewardship AUSTRALIA**

Download your copy of TSA's Mining Industry - Off The Road Used Tyre Analysis.

## CLOSED EXPORT BORDERS NEED OPEN LOCAL MINDS

The Australian ban on the export of whole used tyres from December 2021 demands real-world and innovative thinking from local rubber processors and manufacturers. If you use our rubber or tyre derived rubber in your products, we want to hear from you.

**WE SUPPORT AND FUND LOCAL SOLUTIONS AND WANT TO HEAR FROM YOU**

Tyre Stewardship Australia (TSA) is building a comprehensive database of all things rubber related and want you to get on board. Get in contact with TSA today to discuss the myriad of options for your rubber right through to tyre derived products and applications.

To register email: [hankook@tyrestewardship.org.au](mailto:hankook@tyrestewardship.org.au)

 **TyreStewardship AUSTRALIA**

## BIG WHEELS SHOULD KEEP ON TURNING

Tyre Stewardship Australia (TSA) are calling on mining and earthmoving companies to explore solutions to better recover used Off The Road (OTR) tyres and turn them back into a valuable and environmentally sustainable resource.

**WE KNOW THERE ARE LIMITED SOLUTIONS AVAILABLE FOR DISPOSING USED TYRES AT MINING SITES AS ONLY 11% OF OTR TYRES ARE RECOVERED**

**TSA IS FUNDING SOLUTIONS**  
TSA are giving participating earthmoving companies to get involved with TSA and get the compensation money to drive ideas and solutions for OTR tyres. Email: [getonboard@tyrestewardship.org.au](mailto:getonboard@tyrestewardship.org.au)

**GET RECOGNISED WITH US**  
If from 2021, TSA has been recognised by the Federal Government as Best Practice Product Stewardship. With this endorsement comes a renewed focus to increase resource recovery within the OTR sector.

 **TyreStewardship AUSTRALIA**

Download your copy of TSA's Mining Industry - Off The Road Used Tyre Analysis.

## EXCEL WITH US

The Tyre Product Stewardship Scheme, administered by Tyre Stewardship Australia, has been recognised by the Federal Government as Best Practice Product Stewardship as part of the Product Stewardship Centre of Excellence.

**IF YOU ARE A TYRE RECYCLER, COLLECTOR, TYRE RETAILER, LOCAL COUNCIL OR A FLEET OPERATOR AND ARE COMMITTED TO SUSTAINABLE OUTCOMES FOR USED TYRES, TSA WANT YOU TO BECOME ACCREDITED AND EXCEL WITH US.**

To learn more about Tyre Stewardship Australia's Tyre Product Stewardship Scheme and the multiple benefits of TSA Accreditation visit [tyrestewardship.org.au](http://tyrestewardship.org.au) or email TSA at the address below.

 **TyreStewardship AUSTRALIA**

getonboard@tyrestewardship.org.au

## NOT A MOMENT TO WASTE

Australians need tyre retailers to be more vigilant than ever on who they choose to work with and how their end-of-life tyres are being managed. The wasteful age of stockpiling tyres is over. The new era of using this resource to create jobs, spark innovation and deliver strong environmental outcomes has begun.

**TSA LEADS THE WAY IN FUNDING INVESTMENT IN INNOVATIVE RESEARCH AND DEMONSTRATION PROJECTS THAT UTILISE AUSTRALIAN TYRE DERIVED PRODUCTS**

Do your part by working with a TSA accredited tyre retailer / recycler / assembler. TSA's accreditation signifies the participant has been vetted, audited and endorsed and is sustainably managing end-of-life tyres. Open your smartphone's camera and hover over the QR Code.

 **TyreStewardship AUSTRALIA**

getonboard@tyrestewardship.org.au

## Industry Engagement

We considered Industry engagement and awareness just as important as consumer campaigns.

**A number of articles were published on topics such as:**

- The growth of the Tyre Product Stewardship Scheme to new families of products
- The increased use of tyre-derived rubber crumb in large-scale demonstration projects
- The importance of procuring Australian tyre-derived products to deliver benefits to our infrastructure and environment

## Global Collaborations

At TSA we aim to learn from our peers and play our part in phasing-out unscrupulous operators whose practices lead to pollution and global environmental vandalism.

By sharing our learning and information with our international counterparts, we contribute to Australia becoming a significant player in the global arena.

In addition to our engagement with the International Rubber Study Group, in 2021 we joined the Global Platform for Sustainable Natural Rubber. This body is an initiative of many players involved in natural rubber and aims at improving the socio-economic and environmental performance of the sector.

## Entry of new Contributors

Hankook Tire and Technology Group and Mercedes-Benz Australia have shown their support and have recently become levy contributors to the Scheme.

Mercedes-Benz detailers across the country will also become accredited participants and have agreed to work exclusively with accredited brands, recyclers and collectors of end-of-life tyres.

These two major brands join Bridgestone, Continental, Goodyear, Kumho, Michelin, Pirelli, Toyo, Yokohama, Volkswagen and Porsche in contributing to alternate solutions for Australia's end-of-life tyres.

## Events, Conferences and Virtual Catch-ups.



### TSA and Flexiroc shortlisted for an Endeavour Award

July-2020

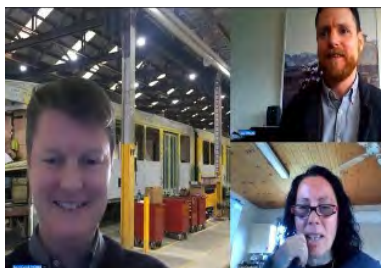
Flexiroc, with support from TSA, was a finalist for the Environmental Solution of the Year Award category at Endeavour Awards. Protectiflex is an innovative spray-on concrete made from used tyres that can protect buildings against blast, ballistics, impact and fire.



### TSA wins the Sustainable Transport Infrastructure Award

Nov -2020

Tyre Stewardship Australia and the Australian Road Research Board (ARRB) and the Victorian Department of Transport (DoT) have won the Sustainable Transport Infrastructure Award. This award was a recognition of the success of the demonstration project on East Boundary Road in Bentleigh East, Victoria. In this demonstration, where crumb rubber from around 1600 old end-of-life can tyres was utilised.



### TSA meets with Victorian Minister for Roads and Road Safety

Sept-2020

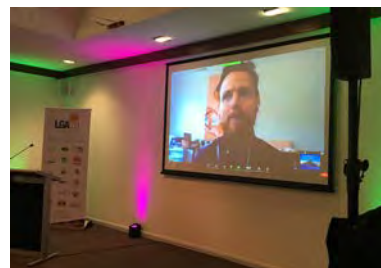
Lina Goodman and Liam O'Keefe meeting with Ben Carroll, Victoria's Minister for Roads and Roads Safety. Discussion revolved around how Victoria's Department of Transport plays a key role in driving greater consumption of used tyres.



### Getting up to speed with LGAQ

Feb-2021

Liam O'Keefe presented at the Local Government Association of Queensland's Waste Forum on the North Queensland Tyre Project.



### Presenting at LGANT Waste Symposium

Oct-2020

Liam O'Keefe, our Senior Strategy Manager, presenting to Local Government Association of the Northern Territory (LGANT). The presentation covered rubber in roads and low traffic road specifications.



### TSA accredited by Government

Mar-2021

We are granted accreditation under the Federal Government Recycling and Waste Reduction legislation.

Our CEO, Lina Goodman, met with The Hon. Sussan Ley MP and The Hon. Trevor Evans MP to accept this important endorsement.



## TSA and the ACCC

Apr-2021

Our CEO, Lina Goodman, met with Rod Sims (pictured), Chair of the Australian Competition and Consumer Commission.

## TSA, IRSG and the Circular Economy

Apr-2021

Our CEO, Lina Goodman, presented our views on the Circular Economy at a conference organised by the International Rubber Study Group (Asia and Europe)



## TSA on track at GAC

May-21

TSA's Sustainability Manager, Julie Went, presented at Goodyear Auto-care Conference and Tradeshow in Queensland.



## QLD information Tour

May-21

TSA Board and Management visited Pearl Global, Puma Bitumen and A1 Rubber as part of their Queensland Study Tour.



## Assistant Minister for Waste attends TSA Board Meeting

May-21

We were privileged to have The Honorable Trevor Evans meet and talk waste and tyres with TSA Board, CEO and Management at our Board Meeting in Queensland.

## Golflex: The Green Solution

May-21

TSA's Business Manager, Marissa Johnston met up with Gary Bullock (Flexiroc) and Kate Torgersen and David Flood (Environmental Golf Solutions) at the launch of Golflex at Ballarat Golf Club. Golflex is an innovative product that utilises crumb rubber in golf cart paths and bunker foundations.



## TSA encouraging local leadership

June-2021

Tammie Miller, TSA's Business and Market Development Manager along with Marissa Johnston attended the National General Assembly of Local Government in Canberra advocating for Councils to get on board with TSA and utilise the valuable resource of tyre-derived products in Council assets.

## MEMBERS AND ACCREDITED BRANDS

### Tyre Importer Members

**BRIDGESTONE**

**Continental**

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

**KUMHO TYRE**  
*All-ways. Go With you*

**MICHELIN**

**PIRELLI**

**TOYO TIRES**

**YOKOHAMA**

### Other Members

**ATRA**

MOTOR TRADES  
ASSOCIATION  
OF AUSTRALIA

**Tyrepower**  
GET THE POWER OF AUSTRALIA'S BIGGEST INDEPENDENT

### Other Contributing Brands

**HANKOOK**  
driving emotion



**PORSCHE**



### Tyre Retailers

**Beaurepaires**

**BOB JANE**  
T-MARTS

**select**

**Service Centre**

**Continental**

**COSTCO**  
WHOLESALE

**DUNLOP**  
SUPER DEALER

**GOODYEAR**  
AUTOCARE Good to go

**JAX TYRES**

**MICHELIN**  
service centre

**mycar**

**TYRE PLUS**

**Tyrepower**  
GET THE POWER OF AUSTRALIA'S BIGGEST INDEPENDENT

**TYRES & MORE**

## Tyre Brands



## Accredited Recyclers and Collectors



## FINANCIAL REPORT

### Directors' Report

The directors present their report on Tyre Stewardship Australia Limited for the financial year ended 30 June 2021.

#### 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, Non-Executive Director of Central Adelaide Waste Recycling Authority 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, the Off- the-road (OTR) Committee, the Industry Consultative Group (ICG) as well as sitting on the Finance and Audit Committee and the Remuneration and Nomination Committee.

#### 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.

Steve Clifford sits on the Remuneration and Nomination Committee, the Industry Consultative Group (ICG), the Off-the-road (OTR) Committee and the TSA DNA Working Group.

## 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.

## Joanne Hayes

(Appointed 20 November 2020)

### Experience

Joanne Hayes has over 10 years' experience in the tyre industry and over 20 years in Marcomms expanding to crisis management, community engagement, sustainability, cause-related marketing, business analytics, franchising and global partnerships, Jo currently oversees Corporate Social Responsibility, Sustainability and Corporate Communications for Bridgestone Australia and New Zealand.

Working closely with Bridgestone's China Asia Pacific Region and as part of a global task force in 2018-2019 out of Nashville USA, Joanne has contributed to the development of Bridgestone Corporation's global sustainability integration strategy, directed globally-backed sustainable mobility partnerships within Australia, and led company developments towards regional objectives of aligned United Nations Sustainable Development Goals.

Joanne Hayes sits on the Governance and Risk Committee.

## Mitchell Golledge

### Experience

Mitchell Golledge is the Managing Director at Continental Tyres Australia. In this turnaround role his focus has been on strategy, structure and process to obtain results in a relative short period of time.

Mitchell is highly commercial business focussed professional with a high level of exposure in marketing. He has a demonstrated background of success in business development, strategic sales, marketing and general management, both domestically and internationally.

Mitchell's experience comes from over twenty years of working and seven years of living in Asia. His strength is in his ability to manage across stakeholders directly and indirectly, excellent interpersonal and communication skills developed from multicultural dealings, adept at developing positive business relationships within a short period of time.

Mitchell has well developed and strong ability to "listen, understand and translate" business objectives, this empathetic approach to understanding internal and external stakeholders needs is well balanced with a good knowledge of retail, manufacturing and distribution, supported with a strong financial background and KPI focus.

Mitchell has a record of growing sustainable profits for public and private enterprises, passionate builder and leader of top performing teams with global and multicultural experience in diverse sectors in developed and emerging markets.

## Lou Mandanici

### Experience

Lou Mandanici joined Goodyear & Dunlop Tyres in 1987 and has over 34 years of experience in the tyre industry working across various functions of finance, sales, franchising, supply chain, product and marketing. As a Company Director, Lou oversees the Consumer Product Business Unit and Wholesale operations, 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. Lou Mandanici sits on the TSA Remuneration and Nomination Committee.

## FINANCIAL REPORT

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### David Lane

(Resigned 7 July 2021)

#### 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.

### Allan Kerr

(Resigned 31 March 2021)

#### Experience

Allan was Managing Director of Tyrecycle for 12 years, before his retirement

in 2012. Whilst with Tyrecycle, he initiated and Chaired 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.

### Douglas Barclay

(Resigned 20 November 2020)

#### 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.

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

No significant changes in the Company's state of affairs occurred during the financial year.

### 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 2020/21 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 2020/21 Annual Report.

### Performance measures

The Company measures its own performance through measures that are described in Tyre Stewardship Australia Ltd 2020/21 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 2021 the collective liability of members was \$1,100 (2020: \$ 1,100).

FINANCIAL REPORT

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## 2. Other items

### Events after the reporting date

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.

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, 8 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	8	8	10	8	-	-	4	4	2	2
Peter Kreitals	8	8	1	1	3	3	4	4	-	-
Steven Clifford	8	7	-	-	-	-	-	-	2	2
David Wilson	8	8	-	-	-	-	-	-	2	2
Lou Mandanici	8	7	-	-	-	-	-	-	2	2
Joanne Hayes	6	6	-	-	-	-	2	2	-	-
Mitchell Golledge	3	3	-	-	-	-	-	-	-	-
David Lane	8	8	10	10	-	-	-	-	-	-
Allan Kerr	6	6	-	-	3	3	-	-	-	-
Douglas Barclay	3	3	-	-	-	-	2	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 2021 has been received and can be found on page 8 of the financial report.

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

Director:



David Spear

Director:



Joanne Hayes

Dated this 20th day of September 2020



**Moore Australia Audit (VIC)**

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**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER S 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF TYRE STEWARDSHIP AUSTRALIA LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, 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**

A handwritten signature in black ink, appearing to read 'R. Leemon'.

**RYAN LEEMON**  
**Partner**  
**Audit and Assurance**

Melbourne, Victoria

20 September 2021

Moore Australia Audit (VIC) - ABN 16 847 721 257.

An independent member of Moore Global Network Limited - members in principal cities throughout the world.

Liability limited by a scheme approved under Professional Standards Legislation.

## Statement of Profit or Loss and Other Comprehensive Income

### For the Year Ended 30 June 2021

		2021	2020
	Note	\$	\$
Revenue	4	4,947,942	3,920,640
Finance income	4	18,692	79,524
Other revenue	4	229,334	125,501
Employee benefits expense		(1,091,751)	(1,035,925)
Market development expense		(1,901,042)	(1,497,987)
Business Communication		(669,692)	(381,227)
Board expenses		(174,289)	(224,988)
Accreditation expenses		(346,081)	(395,925)
Strategies and Initiatives		(437,598)	(222,770)
OTR		(24,181)	-
Depreciation and amortisation expense		(98,575)	(81,316)
Administration expense		(266,828)	(222,458)
Interest expense		(1,613)	(2,874)
<b>Profit before income tax</b>		<b>184,318</b>	<b>60,195</b>
Income tax expense		-	-
<b>Profit for the year</b>		<b>184,318</b>	<b>60,195</b>
<b>Total comprehensive income for the year</b>		<b>184,318</b>	<b>60,195</b>

## FINANCIAL REPORT

# Statement of Financial Position

## As At 30 June 2021

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	930,624	1,596,455
Trade and other receivables	6	397,249	489,147
Other financial assets	7	2,509,011	2,000,000
Other assets	8	601,569	98,781
<b>TOTAL CURRENT ASSETS</b>		<b>4,438,453</b>	<b>4,184,383</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	37,282	40,982
Intangible assets	10	262,294	32,299
Right of use asset	11	112,684	52,154
<b>TOTAL NON-CURRENT ASSETS</b>		<b>412,260</b>	<b>125,435</b>
<b>TOTAL ASSETS</b>		<b>4,850,713</b>	<b>4,309,818</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	674,467	401,008
Employee benefits	13	52,634	42,693
Lease liability	11	59,348	54,658
<b>TOTAL CURRENT LIABILITIES</b>		<b>786,449</b>	<b>498,359</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liability	11	56,903	-
Employee benefits	13	26,670	15,086
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>83,573</b>	<b>15,086</b>
<b>TOTAL LIABILITIES</b>		<b>870,022</b>	<b>513,445</b>
<b>NET ASSETS</b>		<b>3,980,691</b>	<b>3,796,373</b>
<b>EQUITY</b>			
Retained earnings		3,980,691	3,796,373
<b>TOTAL EQUITY</b>		<b>3,980,691</b>	<b>3,796,373</b>

## Statement of Changes in Equity

### For the Year Ended 30 June 2021

2021

	Retained Earnings	Total
	\$	\$
<b>Balance at 1 July 2020</b>	<b>3,796,373</b>	<b>3,796,373</b>
Profit	184,318	184,318
<b>Balance at 30 June 2021</b>	<b>3,980,691</b>	<b>3,980,691</b>

2020

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

## FINANCIAL REPORT

## Statement of Cash Flows

### For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from levies		5,534,634	4,723,542
Payments to suppliers and employees		(5,556,226)	(4,400,792)
Government stimulus receipts		171,500	92,001
Interest received		18,692	69,088
Lease liability interest		(1,613)	(2,874)
Net cash used in operating activities	20	<u>166,987</u>	<u>480,965</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment	9(a)	(20,046)	(13,263)
Payment for investment in term deposit		(509,011)	(500,000)
Purchase of intangible assets		(242,874)	(32,299)
Net cash used in investing activities		<u>(771,931)</u>	<u>(545,562)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Payment of lease liabilities		(60,887)	(54,392)
Net cash provided by/(used in) financing activities		<u>(60,887)</u>	<u>(54,392)</u>
Net decrease in cash and cash equivalents held		(665,831)	(118,989)
Cash and cash equivalents at beginning of year		1,596,455	1,715,444
Cash and cash equivalents at end of financial year	5	<u>930,624</u>	<u>1,596,455</u>

# Notes to the Financial Report

## For the Year Ended 30 June 2021

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 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.

#### (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.

## Notes to the Financial Report

### For the Year Ended 30 June 2021

#### 2 Summary of Significant Accounting Policies

##### (c) Revenue and other income

###### 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.

###### 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.

## Notes to the Financial Report

### For the Year Ended 30 June 2021

#### 2 Summary of Significant Accounting Policies

##### (d) Property, plant and equipment

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

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

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

##### (e) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

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

##### 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 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.

## Notes to the Financial Report

### For the Year Ended 30 June 2021

#### 2 Summary of Significant Accounting Policies

##### (e) Financial instruments

###### Financial assets

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

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

###### *Impairment of financial assets*

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

- financial assets measured at amortised cost

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

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

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

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

## Notes to the Financial Report

### For the Year Ended 30 June 2021

#### 2 Summary of Significant Accounting Policies

##### (e) Financial instruments

###### Financial assets

*Other financial assets measured at amortised cost*

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

###### Financial liabilities

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

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

##### (f) Intangible assets

###### Amortisation

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

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

###### Software

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

##### (g) Cash and cash equivalents

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

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

##### (h) Leases

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

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within

## Notes to the Financial Report

### For the Year Ended 30 June 2021

#### 2 Summary of Significant Accounting Policies

##### (h) Leases

the agreement. If the supplier has a substantive substitution right then there is no identified asset.

- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

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

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

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

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

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

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

##### *Exceptions to lease accounting*

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

##### (i) Employee benefits

Provision is made for the Company's liability for employee benefits 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.

## Notes to the Financial Report

### For the Year Ended 30 June 2021

#### 2 Summary of Significant Accounting Policies

##### (j) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

#### 3 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 2(c), 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.

## FINANCIAL REPORT

## Notes to the Financial Report

### For the Year Ended 30 June 2021

#### 4 Revenue and Other Income

##### Revenue from continuing operations

	2021	2020
	\$	\$
Revenue		
- Levies	(a) 4,947,942	3,920,640
Other Income		
- Finance income	18,692	79,524
- Government stimulus (Job Keeper / Cash Boost)	121,500	125,501
- Funding Contributions	107,834	-
<b>Total Revenue and Other Income</b>	<b>5,195,968</b>	<b>4,125,665</b>

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

#### 5 Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash at bank and in hand	930,624	1,596,455
	<b>930,624</b>	<b>1,596,455</b>

#### 6 Trade and Other Receivables

	2021	2020
	\$	\$
CURRENT		
Trade receivables	386,465	459,591
GST receivable	7,340	29,556
Other receivables	3,444	-
<b>Total current trade and other receivables</b>	<b>397,249</b>	<b>489,147</b>

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 2021 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 2021

#### 7 Other Financial Assets

	2021	2020
	\$	\$
CURRENT		
Financial assets - term deposits	2,509,011	2,000,000
	<u>2,509,011</u>	<u>2,000,000</u>

#### 8 Other Assets

	2021	2020
	\$	\$
CURRENT		
Prepayments	47,643	39,020
Accrued income	538,101	43,936
Security deposits	15,825	15,825
	<u>601,569</u>	<u>98,781</u>

#### 9 Property, plant and equipment

	2021	2020
	\$	\$
Furniture, fixtures and fittings		
At cost	22,252	17,812
Accumulated depreciation	(10,444)	(7,797)
Total furniture, fixtures and fittings	<u>11,808</u>	<u>10,015</u>
Office equipment		
At cost	28,677	18,421
Accumulated depreciation	(15,348)	(11,075)
Total office equipment	<u>13,329</u>	<u>7,346</u>
Computer equipment		
At cost	21,578	21,578
Accumulated depreciation	(20,996)	(19,133)
Total computer equipment	<u>582</u>	<u>2,445</u>
Fitout		
At cost	62,865	57,515
Accumulated amortisation	(51,302)	(36,339)
Total fitout	<u>11,563</u>	<u>21,176</u>
<b>Total property, plant and equipment</b>	<u><b>37,282</b></u>	<u><b>40,982</b></u>

## FINANCIAL REPORT

## Notes to the Financial Report

### For the Year Ended 30 June 2021

#### 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	Fit Out	Total
	\$	\$	\$	\$	\$
<b>Year ended 30 June 2021</b>					
Balance at the beginning of year	10,015	7,346	2,445	21,176	40,982
Additions	4,440	10,256	-	5,350	20,046
Depreciation expense	(2,647)	(4,273)	(1,863)	(14,963)	(23,746)
<b>Balance at the end of the year</b>	<b>11,808</b>	<b>13,329</b>	<b>582</b>	<b>11,563</b>	<b>37,282</b>

#### 10 Intangible Assets

	2021	2020
	\$	\$
Computer software		
Cost	275,173	32,299
Accumulated amortisation and impairment	(12,879)	-
<b>Total Intangible assets</b>	<b>262,294</b>	<b>32,299</b>

##### (a) Movements in carrying amounts of intangible assets

	Computer software	Total
	\$	\$
<b>Year ended 30 June 2021</b>		
Balance at the beginning of the year	32,299	32,299
Additions	242,874	242,874
Amortisation expense	(12,878)	(12,878)
<b>Closing value at 30 June 2021</b>	<b>262,295</b>	<b>262,295</b>

## Notes to the Financial Report

### For the Year Ended 30 June 2021

#### 11 Leases

##### 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 2023, 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 \$
<b>Year ended 30 June 2021</b>		
Balance at beginning of year	52,154	52,154
Additions	122,480	122,480
Amortisation charge	(61,950)	(61,950)
<b>Balance at end of year</b>	<b>112,684</b>	<b>112,684</b>
	Office Premises \$	Total \$
<b>Year ended 30 June 2020</b>		
Balance at beginning of year	109,050	109,050
Amortisation charge	(56,896)	(56,896)
<b>Balance at end of year</b>	<b>52,154</b>	<b>52,154</b>

## FINANCIAL REPORT

## Notes to the Financial Report

### For the Year Ended 30 June 2021

#### 11 Leases

##### Lease liabilities

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

	< 1 year	1 - 5 years	> 5 years	Lease liabilities included in this Statement Of Financial Position
	\$	\$	\$	\$
<b>2021</b>				
Lease liabilities	59,348	56,903	-	116,251
<b>2020</b>				
Lease liabilities	54,658	-	-	54,658

#### 12 Trade and Other Payables

	2021	2020
	\$	\$
Current		
Trade payables	525,547	298,721
Sundry payables and accrued expenses	148,920	102,287
	<b>674,467</b>	<b>401,008</b>

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

	2021	2020
	\$	\$
Current liabilities		
Provision for employee benefits	52,634	42,693
	<b>52,634</b>	<b>42,693</b>
	<b>2021</b>	<b>2020</b>
	\$	\$
Non-current liabilities		
Provision for employee benefits	26,670	15,086
	<b>26,670</b>	<b>15,086</b>

## Notes to the Financial Report

### For the Year Ended 30 June 2021

#### 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:

	2021	2020
	\$	\$
Short-term benefits	563,833	559,898
	<u>563,833</u>	<u>559,898</u>

#### 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.

## FINANCIAL REPORT

## Notes to the Financial Report

### For the Year Ended 30 June 2021

#### 16 Financial Risk Management

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

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

##### Financial instruments used

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

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

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:

	2021	2020
	\$	\$
<b>Financial assets</b>		
Cash at bank and in hand	930,624	1,596,455
Trade receivables	386,465	459,591
Financial assets - term deposits	2,509,011	2,000,000
<b>Total financial assets</b>	<b>3,826,100</b>	4,056,046
<b>Financial liabilities</b>		
Financial liabilities at amortised cost	674,467	401,008
<b>Total financial liabilities</b>	<b>674,467</b>	401,008
<b>Total</b>	<b>3,151,633</b>	3,655,038

##### 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 2021

#### 17 Contingencies

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

As at 30 June 2021, Tyre Stewardship Australia Limited had signed and entered into various ongoing research project funding agreements and market development contracts. At 30 June 2021 the cumulative amount of contracts in total is \$1,487,170 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 2021. 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 \$276,280 exclusive of GST at 30 June 2021.

Tyre Stewardship Australia Limited have spent a total of, \$6,014,985 on research projects and market development contracts in total. At 30 June 2021, \$4,804,095 of contracts have been completed, these projects have been removed as contingent liabilities.

#### 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.

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 2021 the number of members was 11 (2020: 11).

FINANCIAL REPORT

## Notes to the Financial Report

### For the Year Ended 30 June 2021

#### 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:

	2021	2020
	\$	\$
Profit for the year	184,318	60,195
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation and amortisation	36,625	24,420
- amortisation of right of use asset	61,950	56,896
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	91,898	366,902
- (increase)/decrease in other assets	(502,788)	(10,248)
- increase/(decrease) in trade and other payables	273,459	(28,873)
- increase/(decrease) in provisions	21,525	11,673
Cashflows from operations	<u>166,987</u>	<u>480,965</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

## Directors' Declaration

The directors of the Company declare that:

1. The financial report and notes, as set out on pages 8-28, 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 2021 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.

*David A Spear*

David A Spear (Sep 20, 2021 18:36 GMT+9.5)

Director .....

*J. Hagen*

Director .....

Sep 20, 2021

Dated this ..... day of ..... 2021

## FINANCIAL REPORT



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

#### Opinion

We have audited the accompanying financial report of Tyre Stewardship Australia Limited (the Company), which comprises the statement of financial position as at 30 June 2021, 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 2021 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 2021, 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](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

20 September 2021

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## **Tyre Stewardship Australia Limited**

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