

# 2017

## Annual Report



# USE - IT

ETHEKWINI WASTE MATERIALS RECOVERY  
INDUSTRY DEVELOPMENT CLUSTER



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## Message from Board Chair

Dear Friends & Colleagues,

I have completed my first year as chairperson of the USE-IT board and I am very grateful for the opportunity and experience. My term started at the AGM in 2017, and I feel that would be a fitting starting point for my message.

The previous AGM had two guest speakers, both touching on contemporary topics.

The first speaker gave some insight into research on small-scale waste to energy technology (anaerobic digestion) to meet the service delivery needs (energy, waste management and sanitation) of the urban poor - contextualizing the fact that any waste beneficiation services which are adopted on a large scale should also meet the needs of the people.

The speaker went on to mention that while there are solutions which are potentially ready for deployment, there needs to be policy and legislation in place to support and facilitate large scale rollout, adoption and implementation of such technologies. The second speaker was from the National Cleaner Production Centre and portrayed some statistics of some industrial symbiosis projects which have been facilitated in the KwaZulu-Natal Province.

Unfortunately, it seemed that the impact of the Industrial Symbiosis Programme had been limited. Again, this supports the notion that to effect large scale change, there needs to be policy and legislation in place. The challenges therefore lie somewhere between local government (with policy), the public (with adoption) and the odd entrepreneur (to come up with the business plan).

I have realised over the term, that USE-IT is uniquely positioned to enable such solutions. Being primarily funded by the municipality, it has a strong link to local government. It is a non-profit and public benefit organisation, meaning that its primary mandate is to tailor solutions for the public good.

Finally, it has a track record of providing knowledge support to entrepreneurs and continues to do so. This has come to fruition with the completion of Phase 1 of the Hammarsdale Waste Beneficiation Centre, which is 1.5 hectares of an 8.2-hectare plot – a project which has a primary mandate of waste beneficiation with a focus on incubation of entrepreneurs.

The late Edna Molewa (R.I.P.) described it as a National Priority Project and it has been a pleasure to reach the first milestone in the last few months. A new entity has been established to manage this, Impilo Yesibilli (pty) Ltd (Second Life), an effort which wholly supports the role of USE-IT.



**Linus Naik**  
**Board Chair**



Some of our other recognitions over the last year (2017) have included:

Award	Topic
<b>Ecologic Awards 2017</b>	Certificate of Merit: Municipalities Award
<b>Ecologic Awards 2018</b>	Silver: Eco-Warrior – Chris Whyte
<b>Ecologic Awards 2018</b>	Bronze: Rambrick
<b>CIWM</b>	Chartered Institution of Wastes Management Sustainability and Resources Awards 2017 for: "Waste & Resources Leader of the Year"
<b>AfriSam</b>	We are currently shortlisted for the Sustainable Architecture and Innovation Awards, AfriSam to be held in October 2018.

There has also been some success in supporting recycling practices, (e.g. plastic), and some which are set-up in principle and will be ready to deploy once either legislation or the market catches up (e.g. glass and compressed earth block). USE-IT also champions advocacy via the KZN recycling forum and the Business Sustainability Forum (now under the banner of Circular Economy Club – Durban) and marketing.

Finally, while USE-IT is primarily funded by the eThekweni municipality, one of its mandates is to leverage funds to support its mission and promote economic growth of the municipality. There has been great success in this department too.

Of course, chairing a board does not come without its challenges, but I was fortunate to have been surrounded by a new, dynamic and enthusiastic board. Thanks to Jessica, Mark, Paulos, Sthandiwe, Quade and Heidi. Well done to Chris for taking the vision of the organization into practice.

Special thanks to Phakamile and Thakalani for board oversight from eThekweni's side. Thanks to Sally for looking after the books, and a very special mention to Belinda Putterill for the hard work which hasn't gone unnoticed. A new year will bring new challenges and I look forward to tackling them head on in any capacity as part of the new board.

Thank you!

**Linus Naik**  
**Board Chairman**



## Company Information

<b>Company Name:</b>	<b>USE IT WASTE BENEFICIATION (RF) NPC</b>
<b>Registration:</b>	2008/005825/08
<b>(Section 21 Company Incorporated under the Companies Act 61 of 1973 as a NPO)</b>	
<b>Certificate:</b>	089-770-NPO
<b>VAT:</b>	4920274968
<b>Registered Physical Address:</b>	Suite 8, Bristol House
	1A Shongweni Road
	Hillcrest
	3650
<b>Telephone:</b>	031 765 2349
<b>Website:</b>	<a href="http://www.use-it.co.za">www.use-it.co.za</a>
<b>Email:</b>	info@use-it.co.za

## List of Abbreviations

<b>Abbreviation</b>	<b>Description</b>
<b>PBO</b>	Public Benefit Organization
<b>NPO</b>	Non-Profit Organisation
<b>HWBC</b>	Hammarisdale Waste Beneficiation Centre
<b>CEB</b>	Compressed Earth Block
<b>DEA</b>	Department of Environmental Affairs
<b>ROI</b>	Return on Investment





## Vision

*"To maximize waste diversion from landfill into waste beneficiation projects that create a multiplier effect of positive benefits to the environment, the economy and the creation of jobs"*

## Purpose

USE IT WASTE BENEFICIATION (RF) NPC is a Durban based Section 21 Company that identifies waste beneficiation opportunities in the eThekweni Municipal area that will help to divert waste from landfill and create employment in the green economy as well as provide a number of specialised services.



## Executive Summary



**Chris Whyte**  
Managing Director



### Strategic Highlights

The primary mandated responsibilities of USE-IT as an NPO remain the diversion of waste from landfill through waste beneficiation opportunities resulting in job-creation and the development of a Green Economy.

USE-IT continues its successes and is being recognized both nationally and globally for its efforts. In addition to its primary mandated responsibilities, USE-IT's Public Benefit Organization (PBO) responsibilities also extend to the promotion and education / training programmes relating to environmental awareness; greening; clean-up and sustainable development projects; these include community development for previously disadvantaged persons, anti-poverty initiatives through the provision of training support or assistance to emerging micro enterprises. Leading to the improvement of capacity to start and manage business in the waste industry.

USE-IT has delivered on its primary mandate for this financial year.



USE-IT continues its successes and is being recognized nationally and globally for its efforts. In addition to its primary mandated responsibilities, USE-IT's Public Benefit Organisation (PBO) responsibilities also extend to the promotion and education / training programmes relating to;

- environmental awareness,
- greening,
- clean-up or sustainable development projects; as well as
- community development for poor and needy persons,
- anti-poverty initiatives, including the provision of training, support or assistance to emerging micro enterprises to improve capacity to start and manage businesses.

USE-IT has received eThekwin Municipality funding to support cluster in the amount of;

- R1.5M per year for 2010-2012 financial years and;
- R2.0M per year for 2013-2015 and;
- R2.1M per year for 2016-2018



## USE IT WASTE BENEFICIATION (RF) NPC





## The Concept

The concept of circularity is an essential mantra in the daily operations of USE-IT. Recycling in South Africa can be considered cherry picking at best and mismanaged at worst. Nationally we have a naive view of recycling without understanding the full impacts that a lifecycle analysis would unpack. We continue to drive recycling through informal collection systems and conventional buy-back centres without addressing the inherent opportunities in realizing the full value of resources collected.

USE-IT has made significant strides both locally and nationally through its education and advocacy initiatives in trying to bring the message of hope that we see as so pivotal to green economic development to those who need their definition of recycling expanded.

In South Africa we still suffer from issues of sustainable geometry i.e. attempting to create circles in a box and silo mentality. South Africa has, at best, managed to achieve 10% recycling of the estimated 108 million tons of waste that goes to landfill each year.

USE-IT have engaged at several levels in both the Corporate and Public Sectors to drive change in legislation, policy and attitudes. Understanding the limitations in developing waste beneficiation can be strongly linked to legislation and regulations that are theoretically based and difficult to apply.

The National Department of Environmental Affairs is planning significant strides to update both their view and the impact to unlock the inherent values in the resources we throw away. The frustrations of the Compressed Earth Block (CEB) project in getting to this main stream application is a victim of our antiquated approaches which is even the more frustrating considering this this innovative approach to waste management is receiving global recognition. USE-IT will continue to strengthen the relationships with the Department

of Environmental Affairs (DEA) to drive a common vision forward that will better serve the Country.

This is evident by the recent support of this department in promoting the Hammarisdale Waste Beneficiation Centers (HWBC) as one of national strategic importance considering the catalytic impact that this is already showing for the Green Economy.

Whilst much of the efforts of the USE-IT team have been focused on the two main flagship projects, this has not detracted from the organizations support to many other smaller initiatives as is detailed in this report.

Funding is still an issue for the organization, particularly with respect to much needed operational budget to ensure the resources are available to ensure the success of all the projects supported by the organization.

A Key directive of the organization is to diversity and secure additional external funding for operational expenditure, this frustration is evident in the failure this year to secure funding for the glass beneficiation project which we had envisaged was going to be the third flagship project of this financial year. USE-IT has continued to support many of the projects that we started and have been assisting many more to come to fruition.

As always USE-IT relies strongly on its positive association with eThekweni Municipality as well as the other partnerships we have created that allow us to stick to the intellectual capacity and outcomes of our own organization whilst lending opportunities to partner organizations to also achieve their goals.

USE-IT is firmly aware of the fact that no one person can be an island and as such strong partnerships are a necessity to bring in additional resources where we do not have the capacity. These are symbiotic relationships and will always form a strong core of the ethos of the organization.



## Operating Highlights

The operational funding secured from eThekweni for the 2016-2018 period facilitated the creation of at least an additional 300 direct jobs, 132 construction jobs and 40 contract jobs as detailed in the proposals to the city used to secure the funding.

USE-IT was created to maximize waste diversion through creating sustainable jobs in the recycling and waste beneficiation sector. USE-IT facilitates the development of various public and private recycling and waste beneficiation projects within eThekweni in association with local government and private sector support.

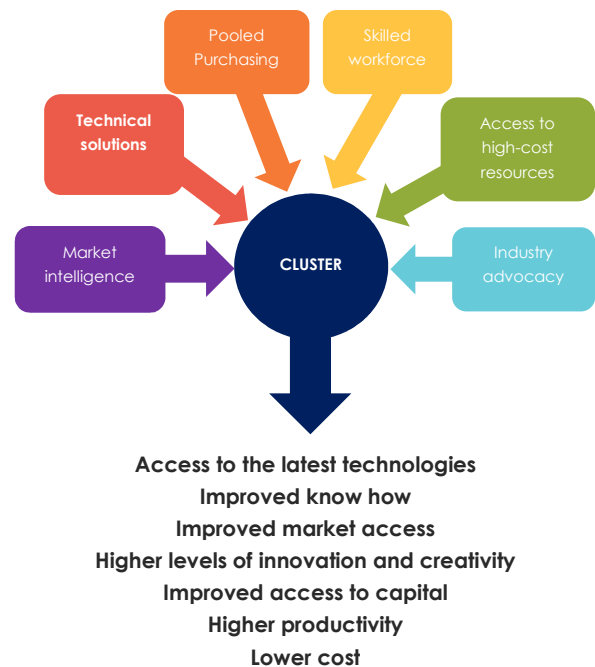
It is important to note that the environmental impact through the initiatives of USE-IT have amounted to a significant return on investment (ROI).

The many projects and initiatives USE-IT have created or supported to end June 2018 resulted in the recycling of 7,483 tons of soil, plastic, paper, glass, cans and metal, green waste, e-waste and rubber.

- This has created a diversion of 28 050m<sup>3</sup> of airspace diverted from landfill equivalent to a savings to landfill of R8 415 144.00 this year at a cost estimate of R300/m<sup>3</sup> (DSW).
- For every Rand of funding received we saved R4.01 in landfill diversion illustrating that this is a cost-negative project for the city regardless of the job-creation, environmental, economic and social benefits created by USE-IT's initiatives.

USE-IT has been a leading example of what can be achieved through a focus on Green Economic Development and specifically with its focus on project development within the waste beneficiation sector. USE-IT's efforts in the last financial year have facilitated the creation of 44 direct jobs since its inception in July 2009 to the end of June 2018 the facilitation of the total number of jobs to 2592.

The USE-IT Waste Materials Recovery Programme ensures that raw waste once buried in the landfill sites will provide some economic value to the community and economy, our function as a cluster for the eThekweni Municipality is depicted below:





## Benefits of waste material recovery industry

Recycling is one of the world's top environmental success stories. It is an economic, social and environmental success story. Recycling has many benefits such as:

- **Value** - recycling turns materials that would become waste into valuable resources. The recyclables end up on the market as commodities that are bought and sold;
- **Natural resources** - Saving natural resources like minerals, water and timber;
- **Minimizing** - Reducing the need to build landfills or incinerators, thus minimizing the impact on the environment and the cost to municipalities;
- **Financial** - there is always an environmental and economic cost to any type of solid waste management, but recycling may be the least expensive approach with all things considered;
- **Economic** - Generating significant economic benefits and entrepreneurial opportunities; such as value add and sustainable employment. Stimulating the development of green technology - recycling allows for and encourages the development of more environmentally and economically friendly products;
- **Environmental** – creating value from waste reduces littering of the environment and associated pollution and local diversion and beneficiation reduce carbon emissions from recycling initiatives, reduced associated transport footprint and reduced methane emissions from decaying matter.

## Environmental Benefits

Most people know that recycling plays an important role in managing solid waste that is generated in homes and businesses and that it reduces the reliance on landfills and incinerators. But recycling also is an important component of the environment. Supplying the industry with recycled materials rather than virgin resources extracted from forests and mines is

environmentally preferable because it saves energy, reduces emission of greenhouse gases, and other dangerous air and water pollutants, and because it conserves natural resources.

### Saves Energy:

Energy savings maybe the most important environmental benefit from the Materials Recovery, because using energy requires the consumption of fossil fuel and involves emissions of numerous air and water pollutants. The steps in supplying materials to industry (including collection, processing and transportation) typically use less energy than the steps in supplying virgin materials to the industry (including extraction, refinement, transportation and processing). Most energy savings associated with recycling accrue at least once with products being recycled again.

### Saves Natural Resources:

Provides an opportunity to recover materials that would otherwise be lost to the economy by burying them in landfills. This project will help reduce the use of virgin materials such as trees, minerals, metal ores and oils.

When one ton of steel is recycled 1134 kilograms of iron ore, 635 kilograms of coal and 54 kilograms of limestone are conserved, not to mention the energy requirements to extract, transport and process these commodities.

## Economic Benefits

Recycling generates significant economic benefits that have been proven around the world. Recycling employs low, medium and highly skilled workers in a variety of jobs from materials handling and processing to high quality manufacturing. The drive for efficient handling and use of recycled materials spurs innovation, a key to long-term economic growth. Investments in recycling equipment and the companies themselves also filter through the economy and contribute to economic growth.



Source reduction and reusability produces economic benefits. The use of reduced and reusable products results in less use of virgin materials.

Many community recyclers earn an income from recycling collection. This creates business opportunities for entrepreneurs. Recycling provides a source of income for unemployed and underemployed, which operate as collectors.

### **Unquantifiable benefits**

As demonstrated above, the quantified benefits of reducing solid waste from recycling are diverse and significant. Although some of the benefits are difficult to quantify, it is certainly important to note them. Land filling of any organic waste in landfills results in methane production – a gas that has 21 times the global warming potential of carbon dioxide. Probably, more than half the waste being land filled in is organic in nature – in a landfill environment this material is digested anaerobically by micro-organisms to produce landfill gas that comprises methane, carbon dioxide, hydrogen sulphide and other toxic oxides. Diverting this waste to an aerobic composting facility would eliminate the production of landfill gas and its associated bad smell and significantly decrease emissions and improve the air quality in the city.

Landfill fires are also a common occurrence and cause severe toxic emissions that have been linked to poor health in adjacent communities from bronchial complaints to cancer. Reducing this risk thus has huge social benefits, not to mention the economic benefits of reduced medical expenses. Paradoxically, many of the landfill fires and random waste pile incinerations that take place are due to scavengers trying to extract metals from plastic-coated wires or tyres. Reducing the volumes to landfill saves capacity for city officials to spend more time on ensuring that the waste that does go to landfill gets properly managed and extracting these materials before the residual goes to landfill would completely eliminate the need for scavengers to start these fires.

Reduced landfill volumes will also allow for greater capacity to be allocated to the proper management of wastes that often result in toxic emissions and leachate such as fluorescent bulbs, batteries, computers and cell phones (part of what we call e-waste), paints, oils and generally toxic substances that are hidden with other wastes before landfilling.

### **Income Growth**

Presently, community recyclers are deriving incomes from waste materials that are being bought and sold on the open market as is. In this instance, there is little value-add other than sorting and, occasionally, baling. With little value-add between the buy and the sell, there is little room for profit margin, and these recyclers are very susceptible to market fluctuations on the bought price of materials. As a result, their businesses are marginally viable. If, however, we were able to capacitate the community recyclers through the provision of beneficiation equipment such as washers, grinders, granulators, balers and pelletizers, they would be able to attract greater volumes through their premises and add greater value to their commodities allowing them to generate greater profits and expand their businesses sustainably.

### **Long Term Investment**

The long-term benefits from the project are that it would reduce a substantial volume of raw waste away from landfills.

This results in limiting the number of new landfills there are being created, and greatly extends the capacities of the existing landfills to accommodate the management of waste for much longer periods.

Beneficiated waste materials are then sold as commodities back into the system, which results in the conservation of virgin materials and the preservation of natural resources and savings in the production of raw materials into products.

Plastics constitute approximately 7% total weight of the waste going to landfill but contribute 18%



by volume due to their low density, i.e., they have a density of 390 kgs/m<sup>3</sup> when compressed. We currently have projects being mooted for the manufacture of plastic products that would require 250 tons per month of recycled HDPE – this project would require a minimum of 150 informal jobs in the collection process (up to 300 jobs assuming each collector can source 33 kilograms per day of plastics – about 350 shampoo/milk/ice cream containers per day). The beneficiation project itself would create an additional 70 skilled jobs. The diversion of 250 tons per month of HDPE represents less than 3% of the total plastics disposed of in eThekweni every month. Taking an accepted airspace cost of R300/m<sup>3</sup> and a density of 390 kgs/m<sup>3</sup>, we would save 7 692m<sup>3</sup> of airspace annually at a cost saving of R2.31 million to the city.

As we prove the viability of such recovery projects we will attract more investors to the city to make use of these raw materials. In summary we will have used 3% of a 7% plastics contribution to landfill (thus 0.21% of the total waste stream) and created upwards of 220 new jobs, a saving of R2.31million a year to the city of eThekweni, plus the benefits that the city would reap from increased rates base and spend into the city. Taking this to a conservative estimate, every 0.01% of the landfill we divert towards beneficiation could create 10 jobs – a 20% diversion and beneficiation could create 20,000 jobs. We have already more than proven these estimates in creating over 2500 jobs since its inception through diversion and recycling of only 0.6% of the total annual waste landfilled in Durban. There is still so much more that can be achieved.

## Key Waste Value Chain Findings

A detailed study on the waste value chain in South Africa, undertaken by the CSIR in 2011, generated the key findings below:

*“South Africa lost an estimated R17-billion worth of resources through the disposal of waste to landfill in 2012, while the effects of resource scarcity and resource constraints are increasing globally. However, the value to the economy of additional*

*recycling or recovery – including the avoided financial costs and externalities associated with disposal to landfill of R19-billion a year and the value of resources in waste – would be R36-billion a year”.*

Achieving the goal of a 20% reduction by weight of industrial waste and a 60% reduction by weight of domestic waste to landfill by 2025, as outlined in the Department of Science and Technology's (DST's) Waste Research Development and Innovation (RDI) Roadmap, could provide an additional R9.2-billion worth of resources to the South African economy.

In 2011, only 18% of plastics, 11% of electronic waste, 4% of tyres were being recovered. These waste streams have been identified as areas where regulations and economic instruments can have a material impact to increase resource recovery.

South Africa does not have a shortage of available land for landfill sites – which has typically been the driver for recycling and recovery in developed countries but available land close to urban areas is becoming scarce, resulting in increased transport costs for municipalities. A significant barrier to recycling and recovery is that tipping fees at the majority of South Africa's landfill sites remain very low – between R300/t and R650/t, which makes alternatives such as recycling and recovery more expensive compared to disposal.

This is partly owing to the fact that many municipalities operate dump sites, which do not carry the high capital costs of sanitary engineered landfills that would increase landfill airspace costs.



### Key Indicators and potential impacts/benefits for eThekweni Waste Processing

Indicator	Impact
Cost of landfilling	Conservatively figured at R300 per ton
Volume of waste landfilled annually in eThekweni	2, 215,000 tons (based on DSW 2008 figures)
No. jobs created per 10,000 tons processed annually	40
10% diversion	221,500 tons diverted, savings of R66 million per year, potential jobs created – 890, R68 million addition to economy plus multipliers
30% diversion	664,500 tons diverted, savings of R199 million per year, 2,600 potential jobs, R150 million added to local economy plus multipliers
14% green waste diversion – Carbon Credits potential, ref <a href="http://www.carbonfinance.org">www.carbonfinance.org</a>	750t/day green waste – 200m <sup>3</sup> landfill gas/ton organic waste and 357g methane/m <sup>3</sup> = 72kgs methane/ton, equals 54 tons methane/day x 365 = 19,700t methane/yr @ \$105/ton methane carbon credit = \$2.1 million/year carbon credits.

### Project Deliverables:

This table gives a summary of the job creation and waste diversion that have resulted from USE-IT's activities in the 2017-2018 period:

PROJECT NAME	NEW JOBS	TONS DIVERTED	Soil & Rubble	Plastic	Paper / cardboard	Glass	Cans	Metals	Tyres	Organics
HWBC	44	2083	2083	-	-	-	-	-	-	-
Siyanda	3	57	-	57	-	-	-	-	-	-
RecycleConnect	0	3903	-	3455	-	-	-	-	280	-
Sbumeister	14	840	-	840	-	-	-	-	-	-
greenAble	3	216	-	139	-	-	-	76	-	-
EnviroTimbers	0	150	-	150	-	-	-	-	-	-
Songimvelo	2	234	-	27	50	-	25	130	-	-
<b>TOTAL</b>	<b>66</b>	<b>7483</b>	<b>2083</b>	<b>4668</b>	<b>50</b>	<b>0</b>	<b>25</b>	<b>206</b>	<b>280</b>	<b>0</b>
<b>m3</b>		<b>28050</b>	<b>2083</b>	<b>24743</b>	<b>152</b>	<b>0</b>	<b>25</b>	<b>206</b>	<b>840</b>	<b>0</b>
<b>m3 Rate</b>			<b>1</b>	<b>5.3</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>1</b>

Volumes based on 1-ton plastics – 5.3m<sup>3</sup> landfill, airspace, 1-ton glass, metals, cans – 1m<sup>3</sup> landfill airspace. 1-ton paper or tyres – 3m<sup>3</sup> landfill. Indirect jobs based on plastics: 60kg / day 300 days per year, and glass: 100kgs / day 300 days per year.





Total Direct Jobs:	66
Total Landfill Airspace saved:	28 050 m <sup>3</sup>
Total Landfill saving equates to:	<b>R8 415 144.00</b>

In addition to the jobs, every Rand of funding received saved R4,01 in landfill diversion and although this year we leveraged no additional funds this illustrates again that this is a cost-negative project for the city regardless of the job-creation, environmental, economic and social benefits created by USE-IT's initiatives.



## Project Delays:

### Glass Recycling Project:

One objective of the deliverables for this financial year were to secure the funding for and start the implementation of the Glass Beneficiation Project.

Applications were submitted to the National Lottery (Lotto) and EU SMME Project and whilst indications were positive on the merits of the project a misinterpretation of the administrative structure of USE-IT by Lotto had them declining the application on a technical issue. Great effort was put in to resubmit the documentation, with the approval of the funder, to only again be rejected on the same unfounded technical misinterpretation.

USE-IT still firmly believes that the Glass Recycling Project can create thousands of jobs across the City and the Province and are actively seeking receptive and hopefully less bureaucratic funding agencies. We have since been assisting smaller collectors in the city to keep the momentum.

USE-IT spent significant time and what limited resources we had available in developing this project at which point it was ready for funding, yet we were short listed with Zero Waste Scotland in the 2017 Circulars who didn't even bat an eyelid at spending 38 million Pounds on their glass recycling initiative alone.

The lesson to be learnt from this is that National Government support and funding is essential in unlocking the value chain of particular waste streams.

In Europe recycling continues to be one of the fastest growing sectors of the economy that is steadily increasing employment rates of an extra 10% each year. We need to emulate this in South Africa.

Whilst we continue to target additional funds for the glass project we have had significant interest in potential future funding for new phases of the Hammarsdale Waste Beneficiation Centre

(HWBC). USE-IT's nomination by the World Economic Forum in January resulted in meetings in Helsinki in June 2017 with Senior Fund Managers from the likes of UNEP, UNIDO and the Ellen McArthur Foundation. This year we had the Chief Executive of UNEP visit the site and entered agreements for the Intergovernmental Panel on Climate Change (IPCC) to host the global Sixth Assessment Report proceedings at HWBC in January 2019.

USE-IT intends to follow these open doors to attract significant further investment in this unique flagship development project.

### Hammersdale Waste Beneficiation Centre:

The additional delays on the expected start date of the HWBC from June 2016 to April 2017 put added pressure on the need to complete the project or run the risk of the funding window being closed by the Green Fund. As such additional resources have been ploughed into getting the project on track to spend the money before March 2018. In addition to this with the 3 and a half years of delays in getting this project off the ground since securing the funding the costs of just about everything have increased by 30% whilst the fund amount has remained unchanged over that same period.

This caused significant pressure on the USE-IT Team and the appointed panel of Built Environment Support Professionals to ensure that we could complete the scope of works not only in time but within budget.

This extended team has worked tirelessly in the last six months to drag a potential R3 million shortfall back into line with the available budget. Unfortunately, some non-crucial elements have had to be sacrificed for the great good of the completion of the project

We believe that this was the right decision to make, in hindsight, as since project implementation USE-IT has been approached by more than five other interested parties wanting to



invest into new project development on the site and align their growth and development on the back of the success of this project.

As is often the case in this sector it is difficult to stick to exact plans and dates as stipulated in the original business plan, and while this complicates the auditing of deliverables for the cluster from the funder it does not detract from achieving positive results. These results can often only be effectively achieved by working within the realms of what is possible at the time by taking the opportunities that present themselves.

As per reporting on delays in the previous Annual Report (2016-2017) it is unfortunate to again note zero development on alternative housing with eThekweni Municipality, the award for construction of 200 units more than three years ago has yet to be honored in terms of either location, budget or any start date.

The fact that the housing budget quantum has not changed since 2013 shows the poor understanding of Government on the realities of economic inflation.

To further frustrate this, the expectation of Department of Human Settlements to drive alternative building technologies in at even less than the 2013 quantum is neither acceptable nor fair.

The National Directive of the Presidential Infrastructure Co-ordinating Commission (PICC) to ensure uptake of alternative building technologies to 60% of all social infrastructure by 2017 has obviously not been met, with no accountability on the lack of meeting directives set by parliament.

For as long as the powers that be deem alternative building technologies as "proof of demonstration" structures only then this signed Parliamentary commitment is destined never to be fulfilled.

This is further exacerbated by the lack of life cycle assessment where we clearly exhibit landfill diversions and savings as an added benefit of the

Compressed Earth Block Technology. This is further proof of the destructive nature of "silo mentality thinking" and USE-IT is uncertain as to what solution can be found to this impasse.

This resulted in the closure of the entire CEB project which remains a loss after all the time and effort and dedication put into this project.

Regardless, USE-IT is developing private sector partnerships to see if new technological interventions can provide a key to overcoming many of these stumbling blocks.

With the construction of the Hammarsdale Waste Beneficiation Centre (HWBC) only having started in April 2017; this only gave a couple of months into the construction programme before the financial year under review, still this did create 44 local beneficiary jobs in Hammarsdale through the construction.

USE-IT has throughout the entire process in appointing contractors remained focused on ensuring that we meet the deliverables of local contracting percentages and local job creation.

A close relationship with the official community structures in the area and the appointment of a proactive and passionate Community Liaison Officer (CLO) has ensured community buy in and transparent information sharing.

USE-IT is still severely lacking adequate resources to function to our full potential and while the city funding largely covers the office costs we are still desperate for additional staff to enable us to provide quality time inputs into other project developments.

This has been significantly exacerbated this year with the efforts needed for the HWBC project development where the funding received covers only infrastructure development costs. As such, all the planning, admin and development must come from the same small pool of resources we have at the office. To date there has been no progress on approvals of Operational Budget, but this is scheduled for the second quarter of 2018.



New project development, fundraising and project support requires additional budgets in marketing & communications, research & development, business development support and international benchmarking. Without access to funds and resources we become reliant on leveraging from external agencies and this process significantly slows down progress.

USE-IT is addressing options going forward to raise funds including the attainment of our SARS Section 18(A) status to get donations from corporate sector, but the administration efforts alone to get this completed are exhausting.

To achieve the results that we do with the resources we have is commendable, and this can only be attributed to the incredibly driven and passionate staff that we have and the support of our Board and funders.

USE-IT currently provides representation on the following forums:

- Chair of the KZN Recycling Forum
- Facilitates the KZN Business Sustainability Forum
- Represents KZN at the National Recycling Forum
- Hosts the KZN Recycling Forum and IWMSA's joint Annual Seminar
- Member of the African Marine Waste Network
- Committee of KZN Marine Waste Network
- Member of the KZN Economic Council – committee on Green Economic Development
- African Circular Economy Network (ACEN)
- United Nations Green Jobs Development Programme
- Southern African Electronic Waste Alliance
- Circular Economy Club
- Operation Phakisa for the Chemicals and Waste Economy. Chair of Construction & Demolition Waste Steering Committee
- Committee Member of the KZN Branch of Institute of Waste Management of Southern Africa (IWMSA)
- World Resources Forum group on Secondary Materials



## Flagship Projects



### Hammarsdale Waste Beneficiation Centre

The vision of the Hammarsdale Waste Beneficiation Centre (HWBC) is to establish a "community factory" that will promote job creation by participating in the production of "green" products from recycled and locally available materials, for larger scale contracts, while at the same time providing participants with useful skills for own future business ventures. It will also stimulate economic activity in the area from the collection of recyclable waste and address multiple levels of intervention to expand job creation and skills development in the area. The Centre is a collaborative venture with government and the private sector to create a green economic hub of excellence that will showcase eThekweni's and the government's commitment to the Green Economy that can be showcased globally.

The R29.6 Million in Funding from the Green Fund is based on ensuring that this is completed in a three-year window and we were pushing the limits of losing this funding.

Fortunately, we managed to complete the tender process before the year-end closure and were able to appoint the contractors in February 2017. After some final contractual changes and amendments, we appointed Robertson & Poole Construction who moved rapidly to establish the site office and we put spades in the ground in mid-April 2017. Progress has been slick and professional, but the prior delays pushed us to a July 2018 completion which falls outside of the Green Fund's funding window end March 2018. Fortunately, we have managed to negotiate the disbursement payments with the Green Fund to satisfy their requirements and there is no chance of losing any portion of the funding.

Since we first secured the funding from Green Fund, there have been 42 months delay before putting spades in the ground and in this time, while the fund for the development has remained the same, the standard inflationary costs in the industry have increased costs by almost 30%.





As such, we have had to make some sacrifices in ensuring that the scope of works contract signed with the contractor fits within the available budget. This means that we have had to move a couple of buildings and some of the greening features to be included in Phase 2.

The encouraging signs we are seeing now come with the massive response and support we have received since starting the construction. The Minister of Environment, the Honorable Edna Molewa (R.I.P), has firmly placed the department's support behind this project and the HWBC and USE-IT were mentioned in the Minister's Budget Speech in Parliament in May 2017. For the next year going forward USE-IT must leverage this support to grow and expand the project and seek funding for further phased development of the project.

Already, USE-IT have been approached by four organizations intent on bringing seven new projects to the site and DEA have undertaken to facilitate this expansion assuming they obviously are all compliant within the environmental regulations. This exciting support and intent firmly illustrates the catalytic growth potential of the Green Economy and further serves to firmly demonstrate the vision that USE-IT had to develop this showcase project was based on need and not desire.







## Compressed Earth Block Project

The obstacles faced by this project have been insurmountable, and progress has not been made on commercializing this project.

The CEB project was established in May 2010 and had made significant strides in product development, certification and compliance for application in the local market.

To date the RamBrick is still the first and only 5-Star rated Eco Standard Building product on the African continent and the development and proof of this concept has not only won USE-IT several local awards but also global recognition in sustainable technological development.

This was evident through the World Resources Forum as well as the selection as a finalist in the World Economic Forum's Awards last year in the Circulars 2017.

USE-IT is not in the manufacturing or construction industry.

Our focus is to identify uses for waste streams where technology and beneficiation can lead to waste diversion from landfill and then jobs that may result from the implementation of this project into the market. Waste soil and builder's rubble are well known nationally to comprise up to 40% on average of all waste going to landfill. When most people think about recycling they immediately perceive the issues relating to packaging wastes such as plastics and paper; and yet the packaging waste stream comprises only 30% on average of waste going to landfill.

The only application for Compressed Earth Block (CEB) project was for it to be incorporated into the Hammarisdale Waste Beneficiation Centre (HWBC) site build, and a small church build in Shongweni, however as there were no further projects other than the supply of blocks to the construction of this site these projects the CEB project was closed, site vacated, and retrenchment of staff done.



## Looking Ahead

- Local and national changes to Material Specifications
- Unlocking Supply Chain Management and Preferential Procurement systems to unlock ABT's
- Develop and manufacture machines locally
- Address Life Cycle Analysis issues to illustrate multiple benefits of ABT's
- Address SABs standards developed for ABT's instead of multiple other compliance agencies that complicate the construction sector
- Follow through on the momentum created through Operation Phakisa for the Chemicals and Waste Economy wherein several interventions were mooted for CEB application as well as rubble and glass crushing operations.

## Conclusion

Although the whole process of introducing this project into the market has taken 8 years from conception, and it will probably take another 3 years to reach maturity. USE-IT has neither the mandate nor resources to take this further and without commercialization by a local partner in the next financial year, we will be forced to put this project into mothballs.

We simply do not have the resources to fund this project any further.

In understanding the limitations USE-IT have regarding this project, we have undertaken to facilitate a different take at an arm's-length through facilitation. The issues we have faced with the equipment imported from the United States have underpinned the need for both upgrading the equipment to local conditions and developing local manufacturing of equipment to provide a product that is more suited to the local market at a lower cost that has local spares and support.

USE-IT continues to engage with local engineers and CEB system designer George Burlow and the local Hydraform equipment providers to develop a new system locally for local manufacture at their Springfield production facility.

As stated, USE-IT will facilitate funding for this initiative and assist the project partners in bringing the system to market if, and only if, we can cover the costs for our own participation in this venture through leveraged funds.

USE-IT will continue to lobby local and national government with respect to waste beneficiation opportunities for soil waste and builders' rubble to help drive the market and develop the opportunities.

However, if the projects through eThekweni Housing or other potential applications have not emerged by the end of 2018, USE-IT will have to sell the equipment at scrap value. This would be tragic, but as stated, USE-IT have proven the concept and application, but just simply do not have the resources to follow through on this project any further. We are sincerely hoping this will not occur, but we do have to make the right financial decisions considering our already limited resources.

We continue to work on opportunities where we can and are currently engaged with the City's Business Development Unit for SMME development associated with Cornubia, The Tongaat Hulleys Developments Social Development Team, current contractors on site for Phase 2 of Cornubia and several private sector clients willing to use the systems to build locally. We are currently mooting the development of 150 housing units in Ballito using the waste soils from Cornubia – so while the waste is within our local jurisdiction, the development would be outside.

For Operation Phakisa is was proposed for the implementation of 53 CEB production units across the country, but this will all be dependent on the availability of funding from government. At least the national initiative recognizes the offset cost benefits of landfill diversion.

Phase 2 of Cornubia to build 28,000 low-cost units will create 3.5 million cubic meters of waste soil – enough to build over 165,000 houses, but somehow, they would rather spend R2.1 Billion to landfill this resource.



## Enterprise Development Projects

A critical element of the work that USE-IT gets involved in is with project developments in waste beneficiation in all areas of the market from individual assistance, cooperative assistance, small-scale and micro-enterprise development projects and even medium to large-scale project developments if they all fit in with our mandate to divert waste from landfill and create jobs. It is this work that gets USE-IT involved in every imaginable aspect of the waste stream and where most of the innovation and brilliance occurs. The extent of our involvement will vary with every project development from just making the network connections to getting hands-on with prototype development, research & development, market analysis, leveraging funding, etc.

This is one of the elements that USE-IT could improve on immensely given greater capacity and staff considering the wide diversity of opportunities that present themselves.

Some of the stuff we do daily in terms of education, access to information, making connections, advising agencies and policy formation, etc., are not detailed in this report. Most of the larger projects we work with are described briefly below.

USE-IT has continued its support of several projects throughout the 2015-2017 period, the list below details the projects supported by USE-IT:

- EnviroBuild
- Siyanda Recyclers
- RecycleConnect
- Sbumeister Plastic Recyclers
- greenABLE
- EnviroTimbers
- Songimvelo
- Umgibe

USE-IT has continued in its support of these initiatives, promoting their activities through exhibitions, development of offtake markets for

their products, securing raw materials, creating linkages and networks, advice and product development, small equipment needs, business development support, etc.

*Volumes based on 1-ton plastics – 5.3m<sup>3</sup> landfill, airspace, 1-ton glass, metals, cans – 1m<sup>3</sup> landfill airspace. 1-ton paper or tyres – 3m<sup>3</sup> landfill. Indirect jobs based on plastics: 60kg / day 300 days per year, and glass: 100kgs / day 300 days per year.*

Project Name	New Jobs	Tons Diverted	m3
HWBC	44	2083	2 083
Siyanda	3	57	302
RecycleConnect	0	3903	19 151
Sbumeister Plastic	14	840	4 452
greenAble	3	216	812
EnviroTimbers	0	150	795
Songimvelo	2	234	454
<b>TOTAL</b>	<b>66</b>	<b>7483</b>	<b>28 050</b>

The sad reality we face locally is a massive downturn in the economy where funding is tight in all aspects and political uncertainty in the region has diverted attention away from economic development. Even locally the Orange Bag Curbside recycling program has effectively ground to a halt because of Supply Chain and Corruption issues, and this has also reduced the volumes of available materials for recycling by over 10,000 tons that has a massive impact on the value-chain. Even international events such as Operation National Sword by the Chinese government has played a hugely disruptive role in the local industry.



## EnviroBuild

USE-IT assisted EnviroBuild in 2016 in developing business associations with the Van Dyck Group and the Mathe Group in establishing innovative applications in the processing of rubber crumb into beneficiated products.

The Van Dyck group invested into the Mathe Group to establish local tyre recycling facilities in Durban to manufacture rubber crumb that they could then process into carpet underlay materials and other products for export and local markets.

The problem was that their production capacity of crumb exceeded their local production and they needed to develop new products and markets to substantiate the investment in the crumbing facility. USE-IT were approached by the EnviroBuild company to create new production facilities using Canadian technology to manufacture tiling and matting systems for the local market.

As it is a new product in the market and people are not aware of it yet, sales are still quite slow. The interest however is starting to grow, and we are sending out more quotes than last year. We will find that we will grow slowly until we are firmly established in the market as a recycled paving and flooring supplier.

Installation sites include: City Properties Johannesburg and Pretoria, ATKV at BuffelsPoort, Witpoort Stables (high end market), Jungle Gyms in Salt Rock and SPUR.

Through our facilitation we made the introductions and made use of local tooling facilities for the manufacture of products rather than importing expensive foreign equipment. By using the marketing and distribution capacity of Van Dyck together with their existing products range the installation costs of equipment, production and marketing were reduced significantly.

EnviroBuild is continuing to develop new products based on interest from the market.

Safe and Soft range for playgrounds certified to SANS 51176/7

Using carbon black (waste from pyrolysis) as a filler to add weight and hardness to products opening various new avenues.

Shock pad from waste foam from sports-shoe sole industry using existing tooling.

EnviroBuild turns everyday waste tyres into innovative, new products for re-use using Safe Crumb™. All our products are 100% recyclable at the end of their useful life.







## Siyanda Recycling

Siyanda Recycling have stabilised in the last year or so after restructuring the ownership after the patriarch of the company passed away. Young Darrel and Nthando Khomo have done an amazing job to get the company back to profitability and their production levels are rising. Their main issues remain access to significant quantities of materials (to improve economic viability), access to clean materials and equipment to bulk and move materials to market.

Their main source is still from the Rainbow Chickens facility in Hammarsdale and this is contaminated with chicken fats and blood. Unfortunately, the only market they had for this was in Pietermaritzburg and transport costs killed much of the profit. That market also died earlier this year when the facility they sold to went into liquidation while still owing Siyanda for tons of product delivered.

USE-IT has assisted in finding alternative markets for some of this product, but the reality is very few recyclers want to handle plastics contaminated with meat products. This means they focus more on the cleaner products and those that can be cleaned with little effort.

USE-IT is assisting Siyanda with a new opportunity this year with access to triple the volumes of materials that are also cleaner and easier to market, while also developing new markets for other materials they are sourcing.

With limited financial resources, USE-IT is limited in their support and rather use their networks to open new opportunities, markets and access to funding. We have submitted several applications to funding agencies to assist with the current expansion, and once achieved we can then justify other opportunities into baling units and owned transport to increase the value of their recyclables and create greater independence for the group.





## RecycleConnect

USE-IT continues to support and promote this online portal from RecycleConnect driving suppliers and users to use the platform. This unique suppliers' and buyers' interaction platform has also been promoted at National Recycling Forum level and to many national recycling organizations and has proven to be very successful in creating a market drive for recycled materials of all types.

The last year's stocks traded on the site for KZN are tabulated below:

	Stock	Jul 2017 to Jun 2018
1	S1 – PET	452
2	Total S2 – HDPE	301
3	S3 – PVC	3
4	S4 – LDPE	14
5	S5 – Polyprop	2688
6	Total S6 – PS / EPS / HIPS	68
7	S7 – ABS	43
8	Total S7 – Nylon	31
9	S7 – PC	50
10	S8 – Bulk Bags	253
11	S8 – Rubber	0

**RECYCLECONNECT**  
TURNING WASTE INTO RESOURCE

### HOW DOES RECYCLECONNECT WORK?

ONLINE  
MARKET FOR  
BUSINESS  
RECYCLING



RecycleConnect helps to transform commercial waste into value by converting one company's waste stream into useful materials for another

#### 1. SELLER POSTS WASTE MATERIAL

Easily make a FREE listing via the online form Seller specifies material price and details. They keep your company confidential until a connection is made.

#### 2. BUYER BIDS ON MATERIALS

Buyers browse potential materials required then request further details or make an offer RecycleConnect finds buyers and emails your prospective connection for your by-products.

#### 3. A MATCH IS MADE

You select the best connection to reduce your corporate waste and create a zero-waste business

**They only charge you a small % once a connection is made`**





## Sbumeister Plastic Recyclers

Despite having another very difficult year, without going into all the details, the signs are that at last, hopefully the problems of the past are behind this business. The main reason for this optimism is that recently they have been able to acquire a “squeezer” which has already reduced the moisture content substantially and the amount of daily production is gradually improving.

However, this business is still not out of the woods. It is going to take a lot of continued hard work, determination and plenty of forward planning for this business to operate profitably.

There are several major challenges, including the close management of their sorter employees (which appears to have been resolved) to ensure that they have on hand sufficient sorted material available to be processed.

Another vital challenge is to ensure that quality used plastic is available at all times. Detailed daily stock purchase programmes have been drawn up, to monitor the flow of stock very carefully.

This business has sufficient clients who wish to purchase the “washed plastic material” and therefore it is imperative that this operation has sufficient used plastic material at all times.

At present, the business is averaging over 2.5 tons per shift of washed material and the aim is to increase to over 3 tons per shift.



2017-2018	Jobs created	New	Total
Jobs	46	14	60
Tons waste diverted			840

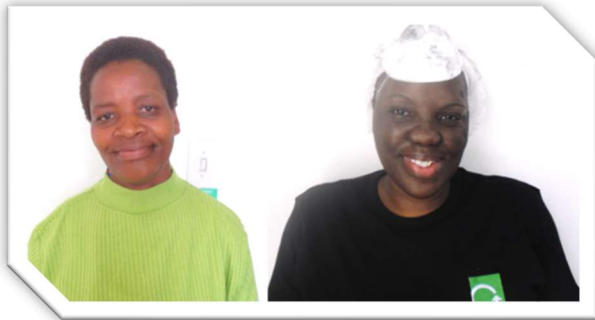


## GreenABLE

GreenABLE has assisted 3 Beneficiaries obtain permanent jobs:



*Zama has obtained permanent employment at Waste Plan; a company who sponsored her studies at greenABLE.*



*Gloria Nzama and Nonhlanhla Olga Gumede obtained permanent employment at Verigreen (pty)Ltd.*

- GreenABLE has won the South African Breweries Foundation Disability Empowerment Awards by placing first last year on the 23rd October 2018.
- They welcomed new sponsors who joined greenABLE, namely: BBF Safety Group, Barrows, Limitless World Petroleum and RICOH SA.

- Currently they have 36 beneficiaries at greenABLE. 23 Female and 13 males. (64% Female: 36 Male) with 65% youth.
- The new learnership programme being implemented will be and NQF Level 2 in Production Technology.

### ENVIRONMENTAL IMPACT:

Item	Quantity
Lasers collected	103 293
Inks collected	42
Toner bottles	54 927

Item	Quantity	Metric
Waste diverted	89 081	Kg
Plastic diverted	50 800	Kg
Metals diverted	38 280	Kg
Steel diverted	31 600	Kg
Aluminum	6 680	Kg
kgCO <sub>2</sub> e saving	240 519	kgCO <sub>2</sub> e
Energy saving	1173 838	Km
Litres of fuel saved	104 102	Litres
Trees saved CO <sub>2</sub>	7 223	Trees





## EnviroTimbers

EnviroTimbers have a unique way of interacting at community level to source a component of their waste for extrusion into planks they then manufacture into a variety of products. Their role in educating schools and showing them how we go from a milk bottle to a picnic bench through the value chain adds credibility and reality to the recycling sector. USE-IT has assisted in sourcing materials and creating markets for their product and believe there is significant expansion potential for this project. EnviroTimbers have expanded their range of products and continue to grow from strength to strength. USE-IT continue to assist with funding applications as the previous applications done with LifeCo and Polyco did not produce any assistance.

Enviro Timbers was formed at the beginning of 2013 with the vision to help reduce plastic waste in South Africa and to help create employment. They are based in the KZN midlands, an hour away from Durban. They manufacture plastic timber from locally sourced plastic waste, our pallets and furniture are made from this plastic timber. The plastic timber is made from HDPE, LDPE and PP. A 2-seat garden bench contains approximately 1200 milk bottles. 15 recycled 2-seater garden benches save approximately 1 ton of plastic from the landfill sites. Each ton of plastic recycled saves nearly 6 cubic meters of landfill space.

Recycled plastic timber has many benefits over regular timber. Despite costing more than the equivalent wooden product the cost savings over the years more than offsets this. Other benefits are:

### Benefits:

- Outlasts Timber
- Rot proof
- Splinter proof
- Insect resistant
- 100% Recyclable
- Minimal maintenance
- Less flammable
- Reduced carbon footprint





## Songimvelo

In August 2017 their truck was stolen at The University of KwaZulu-Natal. Their operations were put on hold for over a month. The focus was moved to the KwaPata Site.

They were then able to start operating at the KwaPata site in less than 10 days, this was at the beginning of November 2017.

The opening of the site was successful, and they had a lot of people from the community and surrounding townships come to sell their recyclables to them. They made a change to their business model due to the lack of general recyclables being available such as HLI, K4, PET, HDPE etc.

They diversified into recycling scrap and bought heavy steel, light steel, subgrade and other Aluminum materials to supplement their turnover.

As you can see in the table below from November to early March they were doing pretty well; unfortunately, another two setbacks occurred.

There was a shortage of waste within the KwaPata and surrounding areas and that led to youth from KwaPata township stealing parts from vehicles, gates, toilets as well as waste stock from the elderly residents. This increased the crime rate in the area to an uncontrolled level and they were coming to Siyanda to sell the stolen materials.

They then started stealing from our own stock piles and tried to resell the stolen materials back to us. We were receiving a large number of community members coming to our site to reclaim stolen items from us and we decided to close this site at the end of May 2018.

They had employed three young men and one young woman from the KwaPata township and after closing the site these jobs were lost.

They refocused operations on the city site and on potential partnerships with Hulamin, the Msunduzi Municipality.

This is going very slowly due to their reports and land disposal policies which affect them on the site they want to lease with the option to buy from the Municipality.

In the interim they are now looking for rental space towards the eastern side of the city near the New England Landfill site. Hulamin is waiting for them to secure an operational area before they will assist.

They have also been doing a lot of environmental education! Including a clean-up campaign with USE-IT and Shoprite – Africa's Biggest Cleanup.







Months	Materials (Kg's)									
2017	K1 Super Mix	K4	Heavy Steel	Light steel	Sub grade	Aluminium cans, OR and Cast	Plastic (LD)	PET	HDPE	Totals
November	4,110	3,110	6,220	7,890	6,421	3,210	620	2,334	640	34,555
December	4,220	4,530	9,831	8,024	8,270	4,899	817	3,991	610	45,192
<b>Total</b>	<b>8,330</b>	<b>7,640</b>	<b>16,051</b>	<b>15,914</b>	<b>14,691</b>	<b>8,109</b>	<b>1,437</b>	<b>6,325</b>	<b>1,250</b>	<b>79,747</b>

2018	K1 Super Mix	K4	Heavy Steel	Light steel	Sub grade	Aluminium cans, OR and Cast	Plastic (LD)	PET	HDPE	Totals
January	2,647	5,810	9,700	8,101	7,631	5,104	880	4,502	440	44,815
February	2,611	4,620	8,721	8,239	5,043	4,521	902	3,330	463	38,450
March	3,609	7,003	5,035	6,442	3,320	3,832	680	3,224	322	33,467
April	2,421	3,200	3,338	4,522	4,754	2,222	405	1,103	226	22,191
May	1,306	1,525	2,889	2,421	3,632	1,631	508	1,367	311	15,590
<b>Total</b>	<b>12,594</b>	<b>22,158</b>	<b>29,683</b>	<b>29,725</b>	<b>24,380</b>	<b>17,310</b>	<b>3,375</b>	<b>13,526</b>	<b>1,762</b>	<b>154,513</b>

<b>Total KG's</b>	<b>20,924</b>	<b>29,798</b>	<b>45,734</b>	<b>45,639</b>	<b>39,071</b>	<b>25,419</b>	<b>4,812</b>	<b>19,851</b>	<b>3,012</b>	<b>234,260</b>
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## AfriEco

AfriEco and USE-IT completed the InvoTech funding programme on injection-moulding complicated multilaminate packaging into new products, and with a few complications on the die and extrusion side, we managed to complete the project in October 2017.

The issue now is to scale this up and commercialise the project



Given one of the intentions of this project is to increase public awareness about recycling and the potential to re-process materials that are currently thought not to be recyclable, we ended up choosing a product that would do this with the most receptive sector of the public; the youth. We decided to create pre-school educational blocks from the waste.

After a long and inclusive period of consultation with pre-school Principals and Educational Psychologists we developed graphics for the three applications of the blocks we chose to pursue initially. We obtained the correct font used to teach letters and numbers to pre-schoolers and came up with an innovative 3D puzzle to help teach second languages.

At this stage we have completed printing and coating trials on the blocks, (as per photograph below) and we are now preparing to print the first sets for presentation to prospective sponsors and customers.

The option now is to develop the market for the products and get this into mass production, yet this is going to acquire additional funding that we

have yet to secure. In the interim, AfriEco continues to manufacture its recycled bags and similar products, but this also needs greater market penetration to make this economically viable







## Marketing

USE-IT has continued its increased focus on marketing its projects and programs in this financial year. The online and social media platforms have been utilized as an effective tool and having this managed in-house has afforded a large cost saving to the Non-Profit. The online presence of USE-IT with the Google AdWords campaigns has also significantly increased the volumes of traffic to the website.

USE-IT has been featured in several articles in both provincial and national newspapers and is engaging with a couple of media companies in creating short documentaries for television. USE-IT have also made over a dozen presentations this past year at conferences, expositions and interest group or forum meetings.

Exposure through the media and a new partnership formed with the Endeavour Magazine (of Littlegate Publishing) featured a lead story based around an interview with Chris Whyte. This six-page article; that runs for 12 months; forms part of a larger series that Endeavour are running within South Africa increasing the exposure to a global audience of over 1.2 million subscribers. The article looks at USE-IT's operations, capabilities and most recent projects where we are currently servicing the African regions with very exciting results.

This covered with the exposure afforded through our qualifying as a finalist for the World Economic Forum Awards, known as the Circular Awards 2017 we have increased our international footprint and opened our horizons.

Month	Publication
September 2017	Endeavour Magazine
February 2018	Hillcrest News
April 2018	Natal Witness 12/04/18
June 2018	Metro Ezasegagasini
October 2017	Business Live
December 2017	Earthworks Magazine p74
July 2018	The Ridge
September 2018	KZN Invest

## Advocacy & Research

According to USE-IT's mandate set out in its business plan, one of the roles that needs to be fulfilled is the general advocacy of recycling and beneficiation in eThekweni Municipality. A description of the advocacy interventions that USE-IT is currently involved in are given below.

### KZN Recycling Forum July 2017-2018

USE-IT facilitates the running of the KZN Recycling Forum monthly and disseminates information on the city's recycling initiatives at these forums. However, given USE-IT's increased focus on small scale Enterprise Development within eThekweni municipality the decision was taken to hand over the administration and running of the KZN Recycling Forum to Durban Solid Waste but the attendance of USE-IT at the forum has been ongoing.



USE-IT's activities within the KZN Recycling Forum over the 2017-2018 financial year are detailed below:

Description	Status
Monthly Forum Meeting	Completed
Annual Seminar held at Durban Botanical Gardens	October 2017
<ul style="list-style-type: none"> <li>• <b>Living Earth Compost:</b> Recycling and Enhancing Waste for Circularity: Nic Jordan</li> <li>• <b>The Extraordinary Life of Plastics:</b> Sandra Gaspar, Interwaste</li> <li>• <b>The Role of Technology in the Circular Economy:</b> Chandru Wadhvani, Extrupet</li> <li>• <b>Creating Circular Economies with Alternatives to Landfill:</b> Monique Rodel, Reclite</li> <li>• <b>Sustainable Green e-Waste Recycling vs. Greenwashing:</b> Tammy Smith, Sims Recycling Solutions</li> </ul>	

### KZN Recycling Forum - Marketing:

A very exciting development with the forum relates to the footprint within KZN, after a lot of work the existing logo for the Forum was redone and a website developed and launched. USE-IT currently funds the monthly costs for the website (which are minimal) and has also incorporated the KZN Recycling Forum Facebook Page on the USE-IT Facebook platform.

The website has received new memberships and further discussions around charging a small membership fee to cover basic costs will be done in the new financial year.



### Mixed Advocacy

USE-IT gets involved in a variety of advocacy engagements at community, local, provincial, national and international levels. USE-IT is requested to attend many other events and chooses its involvement carefully based on what key outcomes can be obtained from this that will help the company to grow and achieve its own deliverables. The mixed advocacy work USE-IT was engaged in over the 2017-2018 period is outlined below:

Description	Frequency
KZN Recycling Forum	Monthly
eThekweni Monthly Project Steering Committee	Monthly

### Advocacy and Research

One of the roles that needs to be fulfilled is the implementation of governance policies. A description of the governance interventions that USE-IT is currently involved in is given in this document.

### Board Members:

The Directors serving on the Board this year included:

- Chris Whyte (Managing Director)
- Heidi Cox
- Jessica Chaplin
- Linus Naik (Chairman)
- Mark Liptrot
- Paulos Ngcobo
- Quade Corder, and
- Sthandiwe Mbotho



These individuals have been inspirational in their support of USE-IT through thick and thin, and we would like to take this opportunity to thank them all for their time and support.

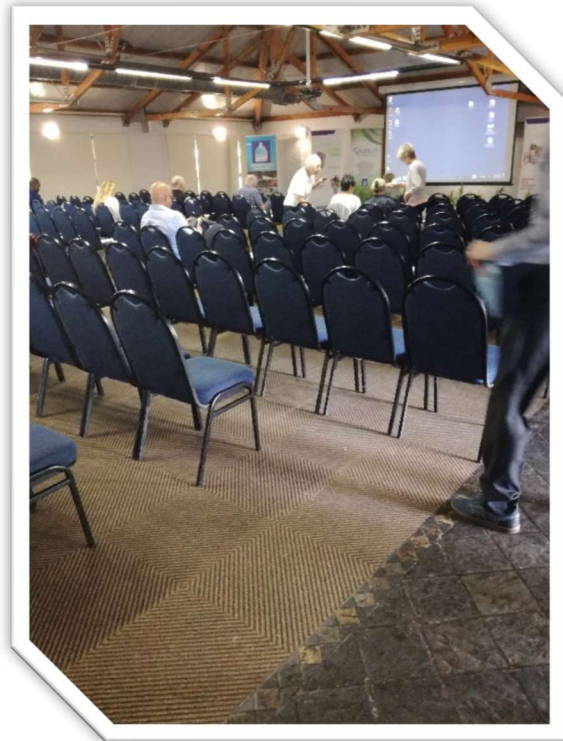
### USE-IT PSC Meetings:

USE-IT has engaged with the EDIPU to undertake monthly Project Steering Committee (PSC) meetings to give a better understanding of USE-IT's activities monthly to USE-IT's primary funders, the eThekweni Municipality.

Some of these PSC meetings take place at the premises of projects we have been assisting throughout the year which gives a more hands-on understanding to the municipality of what goes on in USE-IT's daily operations. We believe these meetings have served the company well in improving relations and the understanding of USE-IT's functions to the municipality.

### Business Sustainability Forum:

The Business Sustainability Forum has been reconstituted under Durban Circular Economy Club which is an international recognized forum.



CIRCULAR ECONOMY  
C L U B  
*Durban*



## Financial Summary

The financial analysis is based on specific programs and objectives identified for USE-IT. This budget considers the fixed operating costs and capital costs for the Company. The capital items and equipment for this model and costs will be discussed later in the report. The model and accompanying financial data are based on income and expenditure over a three-year period.

### Going Concern

The board of management believe that the organisation has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The board of management have satisfied themselves that the organisation is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The board of management are not aware of any new material changes that may adversely impact the organisation. The board of management are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the organisation.

### Financials

A big thank you once again must go to our Auditors Nexia Levitt Kirson, as well as to Sally du Preez for the effective and efficient maintenance, preparation and tracking of all our finances.

Appendix 1 - Consolidated Financials for USE-IT

Appendix 2 - Financials for Use-It Division

Appendix 3 - Financials for Hammarsdale Waste Beneficiation Centre (HWBC) / The Green Fund Division



## APPENDIX 1:

### USE-IT Consolidated Financials June 2017-June 2018

Statement of Financial Position as at 30 June 2018			
	Notes	2018 R	2017 R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Motor vehicles, plant and equipment	3	359 530	1 018 548
<b>Current Assets</b>			
Trade and other receivables	4	1 296 264	598 033
Cash and cash equivalents	5	4 121 354	15 801 058
		<b>5 417 618</b>	<b>16 399 091</b>
<b>Total Assets</b>		<b>5 777 148</b>	<b>17 417 639</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Accumulated surplus		5 744 391	16 376 271
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	6	32 757	1 041 368
<b>Total Equity and Liabilities</b>		<b>5 777 148</b>	<b>17 417 639</b>
Statement of Comprehensive Income			
	Notes	2017 (R)	2016 (R)
Revenue		11 139 574	12 628 748
Other income	7	41 824	335 215
Operating expenses		(22 432 605)	(8 100 932)
<b>Operating surplus / (deficit)</b>	<b>8</b>	<b>(11 251 207)</b>	<b>4 863 031</b>
Investment revenue		619 327	540 246
<b>Surplus / (deficit) before taxation</b>		<b>(10 631 880)</b>	<b>5 403 277</b>
Taxation	9	-	-
<b>Surplus / (deficit) for the year</b>		<b>(10 631 880)</b>	<b>5 403 277</b>





### Statement of Changes in Equity

	Accumulated Surplus R	Total equity R
Balance at 01 July 2016	10 972 994	10 972 994
Surplus for the year	5 403 277	5 403 277
Balance at 01 July 2017	16 376 271	16 376 271
Deficit for the year	(10 631 880)	(10 631 880)
Balance at 30 June 2018	<b>5 744 391</b>	<b>5 744 391</b>

### Statement of Cash Flows

	Notes	2018 R	2017 R
<b>Cash flows from operating activities</b>			
Cash (used in) / generated from operations	11	(12 461 031)	5 934 076
Interest income		619 327	540 246
<b>Net cash from operating activities</b>		<b>(11 841 704)</b>	<b>6 474 322</b>
<b>Cash flows from investing activities</b>			
Disposal of motor vehicle and plant equipment	3	162 000	-
<b>Total cash movement for the year</b>		<b>(11 679 704)</b>	<b>6 474 322</b>
Cash at the beginning of the year		15 801 058	9 326 736
<b>Total cash at end of the year</b>	5	<b>4 121 354</b>	<b>15 801 058</b>



## Notes to the Financial Statements

### 2 New Standard and interpretations

The international Accounting Standards Board (IASB) published amendments to the "International Financial Reporting Standard for Small and Medium-sized Entities" (IFRS for SMEs). The amendments are effective for annual periods beginning on or after 1 January 2017 and was adopted by the entity for the first time in the current year. The new amendments have been applied retrospective. However, none of the new amendments had an effect on the current and comparative information and as such no adjustments were required.

### 3 Motor vehicles, plant and equipment

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant & machinery	2 882 872	(2 536 121)	346 751	3 323 197	(2 367 583)	955 614
Furniture & fixtures	28 712	(26 173)	2 539	28 712	(23 383)	5 329
Motor vehicles	277 044	(270 947)	6 097	337 044	(288 556)	48 488
Computer Equipment	27 804	(23 661)	4 143	76 044	(66 927)	9 117
<b>Total</b>	<b>3 216 432</b>	<b>(2 856 902)</b>	<b>359 530</b>	<b>3 764 997</b>	<b>(2 746 449)</b>	<b>1 018 548</b>

#### Reconciliation of motor vehicles, plant and equipment—2018

	Opening balance	Additions	Depreciation	Closing balance
Plant and machinery	955 614	(110 037)	(489 826)	346 751
Furniture and fixtures	5 329	-	(2 790)	2 539
Motor vehicles	48 488	(13 500)	(28 891)	6 097
IT Equipment	9 117	(3)	(4 971)	4 143
	<b>1 018 548</b>	<b>(123 540)</b>	<b>(535 478)</b>	<b>359 530</b>

#### Reconciliation of motor vehicles, plant and equipment—2017

	Opening Balance	Depreciation	Closing balance
Plant and machinery	1 509 481	(533 867)	955 614
Furniture and fixtures	8 119	(2 790)	5 329
Motor vehicles	84 877	(36 389)	48 488
Computer Equipment	14 864	(5 747)	9 117
	<b>1 617 341</b>	<b>(598 793)</b>	<b>1 018 548</b>



<b>4</b>		
	<b>2018 R</b>	<b>2017 R</b>
Deposits	14 684	24 075
Interest receivable	-	44 888
Other receivable	107 500	135 000
Prepayments	4 598	-
VAT	1 169 482	394 070
	<b>1 296 264</b>	<b>598 033</b>

<b>5 Cash and cash equivalents</b>		
	<b>2018 R</b>	<b>2017 R</b>
Cash and cash equivalents consist of:		
Bank balances	4 121 354	15 801 058

<b>6 Trade and other payables</b>		
	<b>2018 R</b>	<b>2017 R</b>
Accrued audit fees	-	22 000
Accrued expense	-	974 395
Other payables	32 757	25 572
Trade payables	-	19 401
	<b>32 757</b>	<b>1 041 368</b>

<b>7 Other Income</b>		
	<b>2018 R</b>	<b>2017 R</b>
<b>Recoveries</b>	3 364	45 373
<b>Sundry income</b>	-	289 842
<b>Surplus on disposal of assets</b>	38 460	-
	<b>41 824</b>	<b>335 215</b>



8 Operating surplus / (deficit)		
Operating (deficit) / surplus for the year is stated after:		
	2018 R	2017 R
<b>Operating lease charges</b>		
Premises: Contractual Amounts	414 701	392 910
Surplus on disposal of motor vehicles, plant and equipment	38 460	-
Depreciation on motor vehicles, plant and equipment	535 478	598 793
Employee costs	1 936 328	1 857 436

9 Taxation	
No provision has been made for 2018 tax as the organisation is exempt from taxation in terms of Section 10(1)(cN) of the Income Tax Act.	

10 Auditor's remuneration		
	2018 R	2017 R
Fees	-	22 000
Tax and secretarial services	21 258	18 868
	<b>21 258</b>	<b>40 868</b>

11 Cash (used in) / generated from operations		
	2018 R	2017 R
(Deficit) / Surplus before taxation	(10 631 880)	5 403 277
<b>Adjustment for:</b>		
Depreciation	535 478	598 793
Surplus on disposal of assets	(38 460)	-
Interest Income	(619 327)	(540 246)
<b>Changes in working capital:</b>		
Trade and other receivables	(698 231)	(545 841)
Trade and other payables	(1 008 611)	1 018 093
	<b>(12 461 031)</b>	<b>5 934 076</b>



12 Board of management remuneration		
Executive—2018	Emoluments	Total
CR Whyte	814 364	814 364
Executive—2017		
CR Whyte	748 653	748 653





<b>Income Statement</b>			
	<b>Notes</b>	<b>2018 R</b>	<b>2017 R</b>
<b>Revenue</b>			
Income grant from Development Bank of Southern Africa Limited		8 812 089	10 000 000
Income Grant from eThekweni Municipality		2 100 000	2 103 092
Project income – Inner Waste Proprietary Limited		11 325	-
Project income – Robertson and Poole Construction		147 278	-
Project income – Verbaan Construction Proprietary Limited		68 882	-
Stellenbosch Municipality		-	525 656
		<b>11 139 574</b>	<b>12 628 748</b>
<b>Other income</b>			
Recoveries		3 364	45 373
Sundry income		-	289 842
Interest		619 327	540 246
<b>Surplus on disposal of assets</b>		38 460	-
		<b>661 151</b>	<b>875 461</b>
<b>Expenses</b>			
		(22 432 605)	(8 100 932)
Taxation	9	-	-
<b>(Deficit) / Surplus profit for the year</b>		<b>(10 631 880)</b>	<b>5 403 277</b>



Detailed Income Statement			
	Notes	2018 R	2017 R
<b>Operating expenses</b>			
Accounting		(47 428)	(28 705)
Administration fees		(18 040)	(272 875)
Advertising		-	(19 075)
Auditors remuneration	10	(21 258)	(40 868)
Bank charges		(21 155)	(27 406)
Block testing		-	(2 052)
Board meetings		(28 370)	(31 703)
Consulting and professional		(727 835)	(3 693 557)
Contractor		(18 224 658)	(15 000)
Depreciation		(535 478)	(598 793)
Employee costs		(1 936 328)	(1 857 436)
Advocacy		(37 149)	-
Fundraising		(25 609)	(602 884)
Giba costs		-	(23 656)
Hire		(49 018)	(17 215)
Insurance		(17 058)	(27 777)
Legal		(9 266)	-
Materials		(101 405)	(209 975)
Motor vehicle		(25 000)	(44 001)
Municipal		(7 885)	(9 899)
Office		(12 643)	(17 605)
Rental		(414 701)	(392 910)
Repairs and maintenance		-	(12 080)
Subscriptions		(19 032)	(8 754)
Telephone and fax		(15 943)	(17 724)
Travel - local		(137 346)	(129 082)
		<b>(22 432 605)</b>	<b>(8 100 932)</b>



## Summary

The 2017/2018 financial year has been a tough one with a huge amount of time and resources dedicated to the initiation and completion of the Hammarsdale Centre. If we had ever known beforehand the complications associated with a Greenfields development, then we may have thought twice about it. It has been a huge learning curve for all the staff from biweekly meetings with the design team and contractors and all the associated reporting requirements, to the community engagements and multiple meetings with community and stakeholders and all the while trying to manage expectations and dealing with over 70 Variation Orders on the construction. The Administration requirement has been huge with all the staff from operations to admin and finances putting in many extra hours to ensure this ran smoothly.

At the same time the Hammarsdale development has been hugely rewarding dealing with the Green Fund, DEA and the community. Also, massive international support that has been forthcoming from the likes of UNEP and IPCC as well as visits from the city Executive, the Mayor and Deputy Mayor specifically. We thought that would be it, but we still have a few hurdles to mount before we can officially become operational with the site. We need to finalise the operational budget with the city as well as completing the electricity connection which seems to be taking months with the city, but we will get there. The landscaping is all done and the site looks amazing, so keen to get started.

We are still hoping to revive the Compressed Earth Block options and the opportunities at hand have been discussed in this report. The Glass project is still needing financing, and we are battling to raise any interest in this current economic climate, but we have a few sticks in the fire.

With the Hammarsdale project sucking up so many resources, we have had a smaller impact this year on the business development side, but there are some very promising options on the

horizon. This last year, for example, we signed an MoU with UNEP to develop a new concept called The Green Journey which is a multimedia, multiplatform system for showcasing green economic development across Africa, so watch this space.

The existing Enterprise Development projects and other projects we have been assisting still allow us to firmly illustrate that the impact of USE-IT is direct savings to the city on landfill diversion that save the city many times more than their funding, showing that we are still successfully meeting the key deliverables of job creation and waste diversion. We need additional resources to make greater impact and this is a key drive for USE-IT in the years to come. Specifically, pertinent to this is that eThekweni have signed a new three-year agreement to fund USE-IT, and one of the key elements of this new plan is to grow the company, but also address transformation within the company to align ourselves more with the national objectives.

USE-IT does need to create more partnerships to help unlock project opportunities and this will also be accelerated in future years, but on the understanding that we will require greater resources and capacity to do so. We are in the throes of engaging a couple of international agencies in partnerships which is largely only possible now because of the track-record of the company and nine years of clean Annual Financial Statements. We are waiting and planning for that exponential growth that will take USE-IT to the next level and to do so we will more than ever require USE-IT's networks, collaborations and partners to work with us in achieving a collective vision.

## Board of Directors

A huge vote of thanks must go to the Board members currently serving on the Board of Directors detailed below. Their commitment, enthusiasm, involvement and guidance have been invaluable. All their time and involvement has been donated to USE-IT in their collective vision of establishing a vibrant, sustainable and



successful waste beneficiation value chain for the eThekweni Municipality and beyond. We have to remember that our Board Directors are all volunteers with no financial compensation, and yet we still ask for our pound of flesh which they willingly give.

## Board Governance Framework

The board of management are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report.

It is their responsibility to ensure that the financial statements fairly present the state of affairs of the organization as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the annual financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The board of management acknowledge that they are ultimately responsible for the system of internal financial control established by the organization and place considerable importance on maintaining a strong control environment. To enable the board of management to meet these responsibilities, the board of management sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the organization and all employees are required to maintain the highest ethical standards in ensuring the organization's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organization is on identifying, assessing, managing and monitoring all known forms of risk across the organization. While operating risk cannot be fully eliminated, the organization endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The board of management are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The board of management are satisfied that the organization has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements set out on pages 6 to 16, which have been prepared on the going concern basis, were approved by the board of management on 04 October 2017 and are authorized for signature by the Board Members listed on the following page:



## Board Members



**Mr Paulos Ngcobo** – Background with NUMSA and COSATU and KZN Legislature and now in the Private Sector

**PORTFOLIO:**  
**Oversight**



**Mr Quade Corder** – Senior Manager: Quality, OHSE & Sustainability for CHEP

**PORTFOLIO:**  
**Project Oversight**



**Mark Liptrot** – Afripack: Group Sustainability Manager

**PORTFOLIO:**  
**Governance**



**Linus Naik** – Group Sustainability Manager: Don't Waste Services and Chairman of the USE-IT Board

**PORTFOLIO:**  
**Project Oversight  
& Governance**



**Jessica Chaplin** – Development Manager: Sophia Foundation

**PORTFOLIO:**  
**Project Oversight**



**Heidi Cox** - Chairperson of the South African Dyers' and Finishers' Association

**PORTFOLIO:**  
**Project Oversight**



**Ms Sthandiwe Mbotho** – Contact Management Specialist: Supply Chain Directorate of KZN Department of Health

**PORTFOLIO:**  
**Legal  
Compliance &**

Thank you for your continued support.

  
**CHRIS WHYTE: MANAGING DIRECTOR**



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## Company Information

### Company

USE IT WASTE BENEFICIATION (RF) NPC

2008/005825/08

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