

2017 APPENDIX



mobile
muster



PRODUCT STEWARDSHIP
Australian Government Accredited

APPENDIX 1

TARGETS FOR 2015–16 TO 2018–19

Key Performance Indicators	2015–16 Est'd	2016–17 Est'd	2017–18 Est'd	2018–19 Est'd
Collections				
Reported Shipments (units – millions)	5.00	5.15	5.28	5.44
Estimated Available Phones (weight – tonnes)	122.83	126.51	129.67	133.56
Mobile Phone Collections (weight – tonnes)	72.5	75.9	79.1	82.8
Annual Collection Rate, Available Phones (%)	59.0%	60.0%	61.0%	62.0%
Annual Collection Rate, Net imports (%)	10.0%	10.2%	10.4%	10.5%
Estimated Number Handsets & Batteries (units - millions)	1.00	1.04	1.09	1.14
Recycling				
Diversion from Landfill	97%	97%	97%	97%
Recycling Rate (estimated material recovered)	>90%	>90%	>90%	>90%
Consumer Behaviour				
Personal Storage Rate (% users with 2+ handsets at home)	37%	37%	37%	37%
Disposal to Landfill Rate	2%	2%	2%	2%
Awareness of Mobile Phone Recycling	>80%	>80%	>80%	>80%
Industry Participation				
Manufacturers	56%	75%	75%	80%
Mobile Network Carriers	91%	91%	91%	91%

APPENDIX 2

PROGRAM PERFORMANCE OVER PAST FIVE YEARS

Key Performance Indicators	2016-17 Actual	2015-16 Actual	2014-15 Actual	2013-14 Actual	2012-13 Actual
Collections					
Mobile Phone Collections (Weight – tonnes)	79.1	76.1	74	80	87
Annual Collection Rate, Available Phones	68.5%	60.3%	53.1%	46.2%	53.1%
Annual Collection Rate, Net imports	10.3%	9%	9.0%	9.2%	9%
Estimated Number Handsets & Batteries	1,060,000	1,030,000	827,765	1,003,562	996,874
Reported Shipments (Units – millions)	4.18M	4.98M	5.56M	6.20M	6.67M
Exports (Adjusted)	0.46M	0.64M	0.70M	1.05M	1.00M
Net Imports (Units)	3.73M	4.35M	4.87M	5.15M	5.6 M
Net Imports (Estimated tonnes)	770	841	818	876	964
Recycling					
Diversion from Landfill	99%	98.7%	98.7%	98%	99%
Recycling Rate (Estimated material recovered)	99%	99.3%	98.4%	94%	96%
Consumer Behaviour					
Personal Storage Rate (% users with 2 or more handsets at home)	34%	42%	36%	37%	37%
Disposal to Landfill Rate	2%	3%	2%	3%	3%
Awareness of Mobile Phone Recycling	77%	76%	78%	80%	83%
Industry Participation					
Manufacturers	40.3%	43.2%	45%	55%	56%
Mobile Network Carriers	86.2%	90%	91%	91%	91%

* As at 30 June 2012

TOTAL NUMBER OF HANDSETS AND BATTERIES COLLECTED SINCE 1998



APPENDIX 3

KEY PERFORMANCE INDICATOR DEFINITIONS

Average unit weight

The average weight of a mobile phone unit (i.e. a new handset, battery and charger imported into Australia) is currently estimated to be 207 grams based on advice from manufacturers.

Annual Collections

The annual collection data is the weight of mobile phone components collected by MobileMuster measured in kilograms and then converted to tonnes. Mobile phone components include handsets, batteries, chargers, accessories and plastic coverings covered by the MobileMuster program.

Annual Collection Rate (Available Mobiles)

$$\text{ACRDM} = \frac{\text{Annual Collection (tonnes)}}{\text{Discarded Phones (tonnes)}} \times 100$$

Annual Collection = Weight of mobile phone components (i.e. handsets, batteries, chargers, accessories and associated plastics) received by recycler measured in kg and converted to tonnes.

Available Phones = Participating Manufacturer Reported Imports – Estimated Participating Manufacturer Exports – (Kept + Given Away)

Participating Manufacturer Reported Imports = measured in units¹ (i.e. mobile phone unit = handset, battery, charger and accessory) and converted to weight using the average unit weight.

Estimated Participating Manufacturer Exports = measured in units and converted to weight using the average unit weight. The figure has been calculated to reflect the proportion of participating manufacturer reported imports that have been exported and is estimated as the All Industry Exports² divided by All Industry Imports³ multiplied by Participating Manufacturer Reported Imports.

Kept – Estimate based on market research⁴ on the proportion of people who keep their previous phones for further use including “kept it just in case”, “not working but kept it anyway” and “still using it” multiplied by Net Imports. Measured as units and converted to weight using the average unit weight.

Given Away – Estimated based on market research⁵ on the proportion of people who pass on their previous phones for further use including “gave it to someone else”, “traded it”, “sold it” and “donated to charity” multiplied by Net Imports. Measured as units and converted to weight using the average unit weight.

Net Imports = Participating Manufacturer Reported Imports – Estimated Participating Manufacturer Exports

The following assumptions have been made in calculating the amount of available (previously described as discarded) mobiles and may be subject to review in future years as more data becomes available:

- The majority of mobile phones being discarded are manufactured by participating manufacturers and that the number of non-participating manufacturers is minimal/insignificant.
- The amount of unsold mobile phones held in stock is relatively low and remains constant throughout the year.
- The IPSOS market research results used in the calculations are an accurate and consistent representation of what the general population do with their mobile phones when no longer in use.

¹ Data sourced from GfK and participating manufacturers.

² All Industry Exports (i.e. includes non-participating manufacturers exports) sourced from Australian Customs Data that has been reported by Australian Bureau of Statistics and provided to AMTA by GfK

³ All Industry Imports (i.e. includes non-participating manufacturers imports) sourced from Australian Customs Data that has been reported by Australian Bureau of Statistics and provided to AMTA by GfK

⁴ Independent online survey conducted in Feb 2017 by IPSOS on behalf of AMTA of 1050 mobile phone users, aged 16 years or older randomly selected from all States across Australia.

⁵ Independent online survey conducted in Feb 2017 by IPSOS on behalf of AMTA of 1050 mobile phone users, aged 16 years or older randomly selected from all States across Australia

Annual Collection Rate (Net Imports)

$$\text{ACRNI} = \frac{\text{Annual Collection (tonnes)}}{\text{Net Imports (tonnes)}} \times 100$$

Annual Collection = Weight of mobile phone components (i.e. handsets, batteries, chargers, accessories and associated plastics) received by recycler measured in kg and converted to tonnes

Net Imports = Participating Manufacturer Reported Imports – Estimated Participating Manufacturer Exports – (Kept & Given Away)

Participating Manufacturer Reported Imports = measured in units⁶ (i.e. mobile phone unit = handset, battery, charger and accessory) and converted to weight using the average unit weight.

Estimated Participating Manufacturer Exports = measured in units and converted to weight using the average unit weight. The figure has been calculated to reflect the proportion of participating manufacturer shipments that have been exported and is calculated by using the following formula All Industry Exports⁷/All Industry Imports⁸ x Participating Manufacturer Reported Imports.

The following assumptions have been made in calculating the annual collection rate based on net imports and may be subject to review in future years as more data becomes available:

- There is no material difference between the quantity of mobile phones being exported that are manufactured by participating manufacturers versus the estimated participating manufacturers exports which has been generated by applying the ratio of Participating Manufacturer Imports and All Industry Imports to All Industry Exports;
- There is no material difference between the average unit weight of imported mobile phones versus the estimated average unit weight used that is based on manufacturer data.

Diversion from Landfill of MobileMuster Collections

This indicator measures the proportion of mobile phone components (i.e. handsets, batteries, plastics and accessories) collected by MobileMuster that, once sorted and dismantled by the primary recycler, are sent either to third party specialist recyclers for further processing or manufacturers for re-use, versus being sent to landfill.

This indicator does not measure the proportion of mobile phone components recycled/materials recovered versus any residues sent to landfill by third party specialist recyclers' and manufacturers.

The indicator expressed as a percentage and calculated using the formula below:

$$\text{DFLR} = \frac{\text{Total weight of mobile phone components collected by MobileMuster and sent to third party specialist recyclers or manufacturers (kg)}}{\text{Annual Collections (kg)}} \times 100$$

Recovery Rate

(as defined in the Australian Standard AS/NZS 5377:2013 – Appendix D3)

The percentage of the total of all output fractions, classified as sent for recycling and other material recovery or other recovery in proportion to the total of the input amount of non-treated mobile phone components.

$$\text{Recycling Rate} = \frac{\text{Total of all output fractions (kg)}}{\text{Input amount of non-treated mobile phone components (kg)}} \times 100$$

⁶ Data sourced from GfK and participating manufacturers

⁷ All Industry Exports (i.e. includes non-participating manufacturers exports) sourced from Australian Customs Data that has been reported by Australian Bureau of Statistics and provided to AMTA by GfK.

⁸ All Industry Imports (i.e. includes non-participating manufacturers imports) sourced from Australian Customs Data that has been reported by Australian Bureau of Statistics and provided to AMTA by GfK.

Storage Rate of Mobile Phones at home and work

Derived from annual market research⁹ that measures the percentage of mobile phone users having two or more mobiles in storage.

Disposal to Landfill Rate

This is currently measured through market research¹⁰ that measures the percentage of mobile phone users that dispose of their mobile phones to landfill.

Awareness Rate of Mobile Phone Recycling

This is currently measured through market research¹¹ that measures the percentage of mobile phone users that are aware of mobile phone recycling.

Industry Participation Rate

Industry participation is defined as the proportion of shipments of mobile phone handset manufacturers and revenue of mobile network carriers operating in the Australian mobile telecommunications market that contribute financially to the industry's mobile phone industry recycling program.

This is measured in two parts.

$$\begin{aligned} & \textbf{Participating Manufacturer Shipments} \\ \textbf{Manufacturers}^{12} &= \frac{\textbf{Industry Imports}}{\textbf{Total Market Share (by revenue) of each Mobile Network Carrier contributing financially to MobileMuster}} \\ & \textbf{\&} \\ \textbf{Mobile Network Carriers}^{13} & \end{aligned}$$

Participating members as at 30 June 2017

Handset Manufacturers – Microsoft, Samsung, Motorola, HTC, Huawei, ZTE, Alcatel, Oppo, HMD Global, GoogleMobile Network

Carriers – Telstra, Optus, Vodafone Hutchison Australia

Mobile Virtual Network Operators – Virgin Mobile

9 Independent online survey conducted in Feb 2017 by IPSOS on behalf of AMTA of 1050 mobile phone users, aged 16 years or older randomly selected from all States across Australia.

10 Independent online survey conducted in Feb 2017 by IPSOS on behalf of AMTA of 1050 mobile phone users, aged 16 years or older randomly selected from all States across Australia.

11 Independent online survey conducted in Feb 2017 by IPSOS on behalf of AMTA of 1050 mobile phone users, aged 16 years or older randomly selected from all States across Australia

12 Data sourced from GfK

13 Data quoted is sourced from IBISWorld Industry Report J5802 Wireless Telecommunications Carriers in Australia, July 2017

APPENDIX 4

ARRANGEMENT OPERATIONS AND PERFORMANCE

(In accordance with Product Stewardship (Voluntary Arrangements) Instrument 2012)

Class of products covered under arrangement

Mobile phones, batteries, chargers, accessories and smart watches.

Performance of the arrangement

Logo use

- All print and online collateral updated to include product stewardship logo as per guidelines.
- MobileMuster Brand guidelines incorporating use of Product Stewardship Logo updated and circulated to members.

Monitoring and evaluating the performance of the arrangement in achieving the outcomes of the arrangement. If an outcome was not achieved, an explanation was presented and measures proposed to rectify the failure to achieve the desired outcome.

Consumer behaviour

- For results see page 2 and Appendix 2.
- Consumer awareness of mobile phone recycling increased to 77% from the previous financial year.
- The industry is committed to increasing consumer awareness of MobileMuster and mobile phone recycling and this year partnered with OzHarvest to give mobile phone users an added incentive to recycle mobiles and accessories. The campaign improved awareness by 1% on the previous year, plus a 17% lift in collections year on year for the same period the previous year.
- To help achieve an awareness score of greater than 80%, AMTA has revised its advertising strategy for the coming year to include cinema, radio and digital online advertising, including Facebook, which will increase frequency and reach of messaging.
- To monitor the impact of the revised strategy AMTA will again conduct its Annual Market Research in early February 2018.
- MobileMuster will continue the year round incentive with the Salvation Army where AMTA provides \$2 to the Salvation Army for every kilo collected by the Salvos Stores across Australia.
- AMTA continues to partner with Able Australia to help collect phones for reuse to assist deafblind people stay connected with their community through the use of mobile phone technology. Any device that is not suitable along with accessories are recycled by MobileMuster.
- MobileMuster also has a year round adwords and social medial advertising strategy that ensures people that are ready to recycle their mobiles know how and where.
- The industry for reuse is continuing to evolve with more mobile users reusing their old devices either by passing them onto friends and family, selling them online, trading them in or leasing them with their service provider. This in turn has since a decline in personal storage of 2 or more devices from 37% to 34%.

Collection of mobile phones

- For results see page 2 and Appendix 2.
- Collections by weight were up by 5% against target, and also up year on year. Mainly due to a successful above the line campaign in January/February with OzHarvest plus strong collections from services centres/repair stores and local councils.
- Total collections have increased year on year despite more consumers opting to sell or pass on their old devices for reuse.

Recycling

- For results refer to page 2 and Appendix 2.
- Recovery rate and diversion from landfill rates both remain high. Partnering with TES ensures complete transparency right through the recycling process.
- This year also saw the start of processing batteries within Australia through Envirostream who are based out of Melbourne.

Recovery Rate of Mobile Phone Components – FY16/17

Total Recycled Weight	98202	99%
Total Non-Recyclable Weight	842	1%
Total Processed Weight	99044	

Diversion From Landfill

MPC Recycled Weight Collected	78012.5	99%
MPC Non-Recyclable Weight	1125.0	1%
Total MPC Weight Collected	79137.5	

Industry participation

- See page 2 and Appendix 2.
- Participating Manufacturers: According to the latest research data from GFK, the total Australian handset market is 7.8 to 8 million units annually, which is a smaller market than reported by customs data through the ABS. This is supported by the mobile network carriers and data from a recently released Deloitte – Mobile Consumer Survey 2016. In the absence of further detail, the AMTA believe the customs data provided by the ABS does not accurately depict the market size and the metric for calculating industry participation and should be reviewed.
- There was no change in the number of Carrier's participating in the program.

Activities undertaken in relation to how the arrangement deals adequately with:

Governance and organisational matters including procedures for decision making and dispute resolution

- 2016–17 work plan, budget and program targets signed off by Recycling Committee and AMTA Board in June 2015.
- Recycling committee met every second month to review/monitor financial and program performance.
- Program Performance audited externally by RSM Bird.
- Financial statements audited externally by RSM Bird Cameron.

Financial arrangements and funding to achieve the outcomes of the arrangement

- No change in membership or funding levy for 2016–17, i.e. manufacturers contribute \$0.30c per handset shipped into Australia and carriers \$0.12c per handset shipped into Australia
- Manufacturers report shipments monthly and are invoiced monthly.
- Carriers are invoiced quarterly in arrears.
- No changes in recycling rebates for selected components.

Assessing the adequacy of the environmental, health and safety policies and practices in relation to the activities undertaken under the arrangement

- Logistics and recycler report monthly on collections and compliance with EHS policies and procedures.
- No Incidences reported.

Managing risk in relation to the operation of the arrangement

- Risk management plan reviewed every 6 months.

Financial statements setting out the revenue and expenditure of the arrangement 2016–17 AMTA financial report and audited statements provided to Department of Environment.

INDEPENDENT AUDIT REPORT

To the Board of Directors
Australian Mobile Telecommunications Association Ltd

INDEPENDENT AUDITOR'S REPORT

The Australian Mobile Telecommunications Association (AMTA) has engaged RSM Australia (RSM) to perform a limited assurance engagement on the preparation of selected performance data relating to its MobileMuster Annual Report in accordance with its annual reporting criteria for the year ended 30 June 2017.

The subject matter comprises the following key performance indicators (KPIs) for the 12 months ended 30 June 2017 as contained in "Appendix 2 – Program Performance" within the MobileMuster Annual Report.

- Mobile phone collection (tonnes)
- Annual collection rate: Available phones (%)
- Annual collection rate: Net imports (%)
- Diversion from landfill (%)
- Recycling rate (%)
- Personal storage rate (%)
- Disposal to landfill rate (%)
- Awareness of mobile phone recycling (%)
- Industry participation: Manufacturers (%)
- Industry participation: Mobile network carriers (%)

The above subject matter have been assessed against the annual reporting criteria as set out in "Appendix 3 - Key Performance Indicator Definitions" included within the Mobile Muster Annual Report.

Our audit has been conducted as outlined in the engagement letter dated 9 August 2017, and conducted as an engagement under ASAE 3000 - Assurance Engagements Other than Audits or Reviews of Historical Financial Information. Our procedures were designed to provide limited assurance, as defined by ASAE 3000.

Audit procedures, as outlined in the engagement letter, undertaken included:

- Obtaining an understanding of data collection and reporting processes;
- Confirming that calculation methodologies used to calculate the performance data are consistent with the criteria;
- Re-performing calculations to check arithmetic accuracy and consistency with reporting criteria;
- Verifying, on a selective basis, the preparation and collation of performance data prepared by AMTA; and
- Conducting a site visit to one of the contractor recycling facilities relied upon by AMTA.

Management's Responsibility

Management of AMTA are responsible for the collation, and preparation of the selected performance data reported within the MobileMuster annual report, and have determined that the basis of preparation, is appropriate to meet the needs of the Department of the Environment and Energy. Management's responsibility also includes such internal control as Management determine is necessary to enable the preparation of an annual report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the selected performance data (as outlined above) based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain limited assurance about whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the selected performance data in accordance with the annual reporting criteria. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the compliance report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the accompanying reports in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of internal policies used and the reasonableness of estimates made by management, as well as evaluating the overall presentation of the selected performance data in accordance with the annual reporting criteria.

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

This Report should be read in conjunction with Auditor's Disclaimer, Inherent Limitations and Limited Assurance definition provided in Appendix A.

Quality Control

RSM Australia applies Australian Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independence

In conducting our audit, we have complied with the independence and other relevant ethical requirements relating to assurance engagements, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Opinion

Based on the scope of the audit and the testing undertaken, nothing has come to our attention that causes us to believe that the selected performance data prepared by AMTA and reported in MobileMuster Annual Report does not present fairly, in all material respects and comply with the definitions as set out in Appendix 3 – Key Performance Indicator Definitions, for the period 1 July 2016 through 30 June 2017 in relation to:

- Mobile phone collection (tonnes)
- Annual collection rate: Available phones (%)
- Annual collection rate: Net imports (%)
- Diversion from landfill (%)
- Recycling rate (%)
- Personal storage rate (%)
- Disposal to landfill rate (%)
- Awareness of mobile phone recycling (%)
- Industry participation: Manufacturers (%)
- Industry participation: Mobile network carriers (%)



G M STENHOUSE FCA
Registered Company Auditor - 165294



RSM Australia

Canberra, Australian Capital Territory
Dated: 10th October 2017

Liability limited by a scheme approved under Professional Standards Legislation

Appendix A

Auditor's Disclaimer

This report is intended solely for the Directors of AMTA. We do not accept responsibility for the consequences of any reliance on this report for any other purpose or to any other person or organisation.

Any reliance on this report by any third party is entirely at its own risk. We agree to this report being included in the MobileMuster Annual Report and acknowledge that a copy of the Annual Report will be made available on the MobileMuster website.

We accept no responsibility for the integrity and security of the MobileMuster website and this report is not intended to relate to, or to be read in

conjunction with, any other information that may appear on the MobileMuster website. Readers of this report on the AMTA website (who may read it for their information only) should bear in mind the inherent risk of the website changing after the date of our report.

Inherent Limitations

Inherent limitations exist in all assurance engagements due to the selective analysis of the information being audited. Therefore, fraud, error or non-compliance may occur and not be detected. Additionally non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for,

determining, calculating, and sampling or estimating such data.

Limited Assurance Opinion

This engagement has been commissioned to provide limited assurance. As a limited assurance engagement is restricted primarily to enquiries and analytical procedures and the work is substantially less detailed than that undertaken for a reasonable assurance engagement, the level of assurance is lower than would be obtained in a reasonable assurance engagement. ASAE 3000 - Assurance Engagements Other than Audits or Reviews of Historical Financial Information require us to use negative wording in the conclusion of a limited assurance report.

