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To DCCEEW Packaging Reform Team Insert Subject

### Re: GS1 Australia Feedback – Reform of Packaging Regulation

GS1 Australia appreciates the opportunity to provide feedback on the Department of Climate Change, Energy, the Environment and Water (DCCEEW) consultation paper on the reform of packaging regulation and its potential impacts on Australian industry and government. While GS1 Standards alone are not a solution to solve all systemic packaging challenges, they offer essential capabilities and digital building blocks for effective government policy to support industry transition to more sustainable packaging including the sharing of accurate digital product packaging information.

We commend DCCEEW on including reference to the use of global data standards (GDS) as a principle of the packaging reform and recognising the importance of standards and the role they play in supporting cross-border trade, given how much packaging is imported. Packaging reform is not unique to Australia, and we are pleased to leverage the extensive GS1 global network to provide insight and international references of relevance, to leverage innovation abroad and also to ensure our policy interventions are in step with trade rules, mutual recognition agreements and evolving norms.

Our objective in providing this feedback is to help both government and industry understand the tools available to them and to explore how these tools and enabling standards can be utilised to achieve optimal outcomes. Our feedback focuses on areas of the consultation paper that intersect with GS1's operations and expertise, including standards and frameworks affecting streamlining reporting, labelling, and traceability. We defer to peak industry bodies on matters relating to industry priorities and advice on matters not specifically related to GS1 data standards.

GS1 standards—such as GS1 powered QR codes, that can carry more information than traditional barcode, can be scanned at point of sale (POS) and are web-enabled allowing the product to be digitally linked to online content. These same standards can support the sorting, recycling, and traceability of packaging. Packaging data is pivotal in establishing transparent supply chains across industries. For example, the Global Trade Item Number<sup>1</sup> (GTIN) is already widely used in Container Deposit Schemes (CDS) in Australia and internationally, facilitating the recovery of containers. The role of GS1 standards, such as QR codes and product master data registries, is not always well understood, and we are pleased to assist the Department in navigating these issues and considering impactful options for society that are manageable for Australian industry – our core member base.

GS1 Australia is pleased to respond to the consultation questions in **Appendix A**, focusing on the tools and data standards interfaces of the reform options. Policy-related questions are not being addressed in our response not due to lack of interest, but simply due to being outside of GS1's role and mission.

We would be pleased to discuss any aspect of our response with DCCEEW directly and/or participate in working groups and other forums to help coordinate industry and government efforts.

Our responses primarily focus on three areas, outlined below:

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 Building on existing global and national registry infrastructure for packaging data collection: The eco-modulation model proposed under Option 3 will require granular packaging data collection at the component level of products. This presents an opportunity to build on established industry processes and *soft national infrastructure*<sup>2</sup>, such as product registries that share product master data between trading partners, based on global standards. These registries, used extensively by many industry sectors, are already supporting reporting obligations for packaging EPR schemes in countries such as Belgium, Luxembourg and Denmark. Ongoing efforts to create consensus on sustainable packaging master datasets for the National Product Catalogue (NPC) could further expedite progress while minimizing disruptions to existing supply chains.

**Recommendation:** To reduce cost, create efficiencies and simplify regulation for industry and encourage compliance, GS1 Australia encourages DCCEEW to review global standards terminology and syntaxes and work that is actively underway to standardise packaging master data reporting to ensure requirements for industry for any new reporting requirements under an eco-modulation model align with current ongoing activities.

2. Challenges with labelling changes and opportunities for digital options: Both Options 2 and 3 propose mandatory recyclability labelling and the potential introduction of a recycled content labelling scheme. GS1 Australia has decades of experience in working with industry on labelling and on-pack information. Packaging redesigns are costly and time-consuming, requiring changes to production lines. This is particularly challenging where the physical space on packaging is limited, which can complicate the inclusion of detailed recycling information. Digital options, such as QR codes, provide a flexible solution for conveying detailed, location-specific recycling information while minimising the physical space required on packaging. We are available to work with DCCEEW to provide advice on models that have successfully implemented QR codes to meet compliance needs, while also allowing brands to leverage these codes for broader business objectives.

**Recommendation:** GS1 Australia encourages DCCEEW to consider the option of digital labels, alongside traditional labelling, allowing businesses the flexibility to meet compliance requirements while providing detailed and customisable information to consumers. This approach would promote innovation and offer industry with a practical means to comply with recycling labelling requirements, while also capitalising on the broader benefits of digital labelling for consumer engagement and product information.

3. Industry-led support for material to adopt traceability for packaging: GS1 Australia has been actively supporting industry with traceability under the National Framework for Recycled Content Traceability (NFRCT). Initial observations indicate a need for more training and support for the post-collections sector to adopt traceability, which will improve over time as solution providers and global standards are increasingly adopted. We have worked closely with APCO and would welcome participation in a national working group to develop sector-specific traceability guidance for packaging.

**Recommendation:** DCCEEW consider its role in facilitating cross-sector collaboration to accelerate the adoption of traceability standards. GS1 Australia stands ready to contribute to these forums, offering guidance and input aligned with industry needs to develop tools and materials to support traceability in the sector.

 $<sup>^2</sup>$  Soft infrastructure is all the services (and supporting data systems and standards) that are required to maintain the economic, health, cultural and social standards of a population, as opposed to the hard infrastructure, which is the physical infrastructure of roads, bridges etc.



In addition to our main feedback, GS1 Australia highlights the following critical success factors from a standards perspective that we believe will be critical to the successful implementation of the proposed reform option:

- **Collaboration with industry leaders and peak bodies:** engaging with major industry players and peak bodies, including those controlling large portions of the supply chain, is essential for driving the adoption of standards and supporting smaller businesses in their transition.
- Supporting awareness and building capacity: Standards organisations and the product conformity community play a crucial role in raising awareness, building capacity, and supporting the adoption of standards by technology providers. These organisations can also help develop implementation guidelines and tools and address any emerging gaps. We encourage DCCEEW to engage with the community of national standards and conformance bodies (Standards Australia, NATA, JAS-ANZ and NMI) via the Department of Industry Science and Resources to ensure packaging reforms are in lockstep with manufacturing modernisation, labelling, anti-dumping and trade-related government programs.
- Leveraging international learning and insight: Learning from international case studies, and proven interventions will accelerate Australia's progress. GS1 Australia, as part of a global network of 118 national organisations, can share valuable insights from challenges and success encouraged in the adoption of global supply chain standards to meet packaging labelling and data challenges. On this point, we also encourage DCCEEW to seek opportunities to harmonise and maintain consistency with standards and processes accepted globally to support the functioning of effective and efficient trade systems.

We would like to express our appreciation for the opportunity to provide feedback on this important reform activity. GS1 Australia looks forward to further engagement as the reform is developed and collaboration with industry and government stakeholders to ensure its success. We are available for further discussions and are eager to contribute additional insights as needed.

If you have further queries, please do not hesitate to contact GS1 Australia's Sustainability and Circularity Manager, Dharshi Hasthanayake via <u>Dharshi.hasthanayake@gs1au.org</u> or Peter Carter, General Manager Public Policy and Government Engagement via <u>peter.carter@gs1au.org</u>

Thank you for considering our feedback. We look forward to continued collaboration in developing a sustainable packaging framework in Australia.

Sincerely,

Peter Carter

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### About GS1 Standards and GS1 Australia

GS1 is an international, not-for-profit industry-led supply chain standards-setting body with a global federation of 118 member organisations operating in 141 countries. Representing millions of businesses worldwide, GS1 facilitates the use of global data standards to identify, capture, and share information about goods moving through global supply chains. Renowned for its ubiquitous barcode system in retail trade, GS1 supports simple, efficient, safe, sustainable, and fair-trade practices.

GS1 in Australia started operations in the early 70s and today has 22,000 business members across 21 sectors, including large multinational corporations, smaller enterprises, and government entities. The organisation promotes trade process alignment using global data standards including unambiguous, unique global identifiers represented in barcodes for retail products and logistical units like cartons, pallets, and shipments. Additionally, GS1 manages data standards for various entities, including business identity, locations, assets, shipments, documents, and more.

Collaborating with industry associations, governments, and international trade facilitation agencies like UN/CEFACT, WTO, and WCO, GS1 strives for standardisation, harmonisation, and digitalisation of trade systems. The organisation maintains semantic libraries and information architecture to facilitate electronic trade messaging and data exchange. GS1 Standards have also been adopted by governments in many economies as part of their regulatory frameworks for traceability, supply chain management and trade. For example, in New Zealand simplified import and export declarations, US, China and Canadian customs processes.

GS1 also supports industry and governments in their implementation of standards through a range of tools and services including:

- 1. Education and training services to build skills and knowledge in traceability and related standards.
- 2. Development of traceability guidelines and implementation tools.
- 3. Development and management of national and global registries supporting traceability through accurate master data related to products and locations involved in traceability.
- 4. Engagement with technology vendors to develop an ecosystem of interoperable solutions, based on GS1 standards, that is available to industry.

GS1 standards are technology agnostic and allow the implementation of data sharing across value chains in a manner that is interoperable. They enable each participant in the supply chain to make their own, independent commercial decisions in choosing technology and solution partners.



## **Appendix A – Full Response**

### Questions on the reform options

### 1. What reform option do you prefer?

Not applicable to GS1 Australia as a standards body.

### 2. How effective do you think the reform options would be in achieving the reform outcomes?

Not applicable to GS1 Australia as a standards body.

### 3. What are the most important packaging reform principles to achieve the outcomes?

From GS1 Australia's perspective as a global supply chain standards organisation, the **most important** packaging reform principle to achieve the desired outcomes is a system aligned with global standards to maintain and increase industry access to global markets and alignment with global supply chains. This is critical to ensure domestic policy supports and enhances Australian industry participation and competitiveness in strategic markets.

Global standards, such as those supporting unique identification and data management, play a critical role in streamlining processes and enhancing operational efficiency. For example, consistent packaging data is essential for businesses to navigate complex supply chains and trade environments seamlessly.

The following principles are also vital to support the adoption of global standards and to achieve the intended reform outcomes:

- Nationally consistent obligations and requirements: A unified national framework for packaging is crucial to reduce complexity, enhance compliance, and align with international best practices. This consistency is particularly important for businesses operating across state and national boundaries. Diverging regulations, such as state-specific bans on singleuse plastics (SUP) and varying Container Deposit Scheme (CDS) operations, have increased compliance challenges, especially when data reporting requirements vary across jurisdictions.
- Flexibility to accommodate innovation: While national consistency is essential, the reform framework should remain flexible to support innovation in packaging design and recycling technologies. For example, the rapid adoption of digital solutions like GS1-powered QR codes offers businesses opportunities to engage with consumers and provide tailored information. Allowing space for new technologies will enable the sector to meet compliance requirements while fostering growth and innovation.

## 4. What support and/or systems would businesses need to meet the reform options and packaging obligations?

From a supply chain and data standards perspective, GS1 Australia has identified three key areas of support and/or systems that industry would benefit from to meet the reform options:

#### 1. Streamlining of data collection and reporting

Businesses are increasingly required to collect and report data across a range of sustainability requirements. Complex supply chains often operate across both domestic and international borders, and differing state-based regulations add unnecessary complexity, cost, and administrative burden. This is particularly evident in the industry feedback received, reflecting confusion caused by having to manage data for compliance across multiple jurisdictions.



A consistent, national approach reduces complexity. For over 20 years, the National Product Catalogue (NPC), based on global standards and maintained by GS1 Australia and GS1 New Zealand, has facilitated efficient trade by enabling the sharing of standardised product master data across industries such as food, grocery, healthcare, and rail. The NPC currently contains data for over 2 million products, serving over 2,500 suppliers. Its success relies on industry-wide consensus on the types of data that need to be shared, both nationally and globally.

GS1 Australia is currently collaborating with NPC users to create consensus on packaging master data, in response to growing industry needs and future regulatory reforms. Modifications to the NPC to date, developed in partnership with the Australian Packaging Covenant Organisation (APCO), mean that NPC can facilitate the sharing of unambiguous product packaging attribute data related to, for example, packaging type, recyclability, and recycled content.

Given the widespread industry use of NPC we would welcome continued collaboration with DCCEEW on this work, to ensure that the detailed packaging data required by industry to meet future reporting obligations, can be provided through existing registries to streamline processes and provide industry with a range of options to report.

**Recommendation:** To reduce costs, create efficiencies and simplify data collection and exchange for industry and encourage compliance, GS1 Australia encourages DCCEEW to review global standards terminology and syntaxes work that is actively underway in standardising packaging master data reporting to ensure requirements for industry on any new reporting requirements under an eco-modulation model align with ongoing activities.

### 2. <u>QR Codes for mandatory recyclability labelling</u>

QR codes, based on global standards, are increasingly used to meet regulatory labelling requirements by providing consumers with dynamic and detailed information about packaging materials, recyclability, and disposal instructions (including in France currently, and proposed as part of the Packaging and Packaging Wate Regulations in Europe). While digital labelling offers a flexible solution to support compliance and improve transparency, it should complement, rather than replace, traditional labelling to ensure accessibility for all consumers. GS1 Australia notes that the use of QR codes has not been referenced under the mandatory recyclability labelling under option 2 and 3, although it has been referenced under option 3 on how more information on the recyclability grading could be provided.

GS1 Australia encourages DCCEEW to consider giving industry flexibility and the *option* to use digital labels, such as QR codes to meet mandatory labelling requirements under specific criteria and circumstances. For example, there may be minimum mandatory information that must be provided on a pack, that is small and contained, with further information and details able to be provided digitally. There are very practical advantages to off-pack data including making product information available in multiple languages, supporting diversity and community inclusion.

Additionally, QR codes offer significant cost advantages, as they can be updated without the need for expensive label redesigns. For example, the removal of Redcycle instructions could have been done more efficiently through digital updates rather than reprinting labels.

This quote from Mondelez International president ANZ/Japan Darren O'Brien<sup>3</sup> highlights the direct impact and cost to Australian business from different mandatory labelling requirements:

"We have recycled labelling requirements around redcycle and other things on the packaging and then there's a health star rating system coming out of state governments.

<sup>&</sup>lt;sup>3</sup> <u>https://www.foodanddrinkbusiness.com.au/news/mondelez-head-calls-for-more-coordinated-approach-to-make-manufacturing-a-priority</u>



"We've got about one thousand SKUs in our business. Every time we touch a piece of packaging, on average it costs us around about \$5000. So, the change every pack costs \$5 million.

"If you have to do that five times because none of those various labelling strategies have been linked up, or even looked at on how you can either coordinate them or reduce the cost, that's \$25 million, and we're one business.

There is a community of technology enablers who are already supporting businesses with digital labelling transitions, and GS1 Australia would be willing to support and provide education on the use of globally recognised standards to facilitate this.

More information on the role that QR codes can play in facilitating innovation while providing means for industry to meet compliance requirements is provided in response to Question 33.

**Recommendation:** GS1 Australia encourages DCCEEW to consider the option of digital labels, alongside traditional labelling, allowing businesses the flexibility to meet compliance requirements while providing detailed and customisable information to consumers. This approach would promote innovation and offer industry a practical means to comply with recycling labelling requirements, while also capitalising on the broader benefits of digital labelling for consumer engagement and product information.

### 3. Industry-led support for material to adopt traceability for packaging

The mandatory recycled content thresholds are contingent on industry adopting the National Framework for Recycled Content Traceability (NFRCT). GS1 Australia commends DCCEEW for releasing the framework well in advance of the proposed reforms, giving industry a strong lead-in time to familiarise and test the adoption of the framework. We have also contributed to APCO's traceability discussion papers referenced in the consultation paper and support and continue to work closely with APCO to ensure alignment with global supply chain standards and packaging needs for traceability.

The NFRCT has already had good awareness by the broader sector, and GS1 Australia is keen to continue to support the post-collection supply chain by adopting global supply chain standards to support traceability.

GS1 Australia has been actively supporting NFRCT adoption for the sector, including the development of standardised labelling formats for recycled material in collaboration with Close the Loop and Recity.

While the NFRCT has good awareness, our observation from working traceability implementations across different industries has highlighted the importance of industry-led efforts, and we support the pathway We encourage DCCEEW to collaborate with peak industry bodies to ensure the development of traceability tools, guidance, and materials that are tailored to the packaging sector.

**Recommendation:** DCCEEW considers its role in facilitating cross-sector collaboration to accelerate the adoption of traceability standards. GS1 Australia stands ready to contribute to these forums, offering guidance and input aligned with industry needs to develop tools and materials to support traceability in the sector.

## 5. Under Option 1, what, if any, education for businesses and consumers would improve packaging reform outcomes?

GS1 Australia defers to the comments industry and its peak bodies for the specifics of education requirements. We would continue to work collaboratively with APCO and all other peak bodies under Option 1 to support education efforts around data capture and supply chain transparency.

## 6. Under Option 2: Would an industry organisation be needed to support businesses and, if so, what would its role be?



GS1 Australia defers to the comments of industry and its peak bodies for advising on the need for such an organisation. From a standards perspective, we would be happy to work with any such organisation to provide technical support for packaging master data capture through NPC for reporting, develop industry guidance and support for digital labelling upskilling, and ensure consistent application of global traceability standards like the GS1 Global Traceability Standard for recycled content, under the NFRTC adoption.

7. Do you support the proposed progressive bans based on packaging recyclability measured by total weight? If not, what alternative do you suggest?

Not applicable to GS1 Australia as a standards body.

## 8. Under Option 3: What functions could potentially be performed by an EPR scheme administrator?

GS1 Australia defers to the comments of industry and its peak bodies for advise on the potential functions of an EPR scheme administrator.

Similar to Q6, from a standards perspective, we would welcome working with any appointed scheme administrator on the areas of reporting and compliance (packaging master data), to ensure existing global registries can be utilised to meet local compliance requirements. We would also welcome supporting the scheme administrator with engaging and upskilling industry on digital labelling and traceability. Our counterparts in Europe have worked with packaging scheme administrators in a similar capacity, to support streamlining of reporting and data capture through existing global data pools, and our local work to date with APCO is an extension of this.

#### 9. Which EPR fee modulation approach (as outlined in Box 6) do you prefer?

Not applicable to GS1 Australia as a standards body.

#### 10. What other actions to improve packaging should be incentivised using eco-modulated fees?

Not applicable to GS1 Australia as a standards body.

11. What activities could EPR scheme revenue be used for to support material circularity, noting that there may be limitations on what activities can be funded due to legislative or other constraints?

Not applicable to GS1 Australia as a standards body.

# 12. Under Options 2 and 3: If some regulations could be introduced early to provide industry certainty, would you support a two-stage approach to regulation? What early requirements would you support?

A two-stage (or more) approach to regulatory implementation would provide industry with the transition period to ensure compliance while helping manage costs and operational changes required. Based on the proposed obligations under Options 2 and 3, as well as our experience in data collection, labelling, and traceability, we believe that a phased approach is appropriate. Key areas where this could be applied include:

 Packaging data registration and reporting: Transitioning to the data requirements under Option 3 may represent a significant shift for some businesses. Allowing a phased approach would help businesses prepare and upskill. For instance, an initial requirement (stage 1) could involve registering and reporting expected packaging volumes for the coming year. Stage 2 could then involve reporting on actual packaging volumes based on structured,



standardised approaches. This model, similar to the one used in Denmark, allows businesses to progressively build capacity to manage and report data efficiently.

- Mandatory recyclability labelling: Labelling changes can incur significant costs, so it would be
  prudent to provide businesses time to integrate these changes into their operations and
  budgets. While QR codes offer flexibility and innovation in labelling, even their adoption
  involves some level of adjustment. GS1 globally has set an ambition date of 2027 for GS1
  powered QR code scanning at retail points of sale. This voluntary date highlights the evolving
  nature of adoption across businesses. To limit stifling innovation as businesses look to meet
  this requirement, a stage 1 requirement could focus on completing recyclability assessments
  without immediate label changes, allowing businesses time to design and implement the
  required on-pack labels in stage 2.
- *Recycled content traceability:* We support a phased approach for implementing recycled content traceability as outlined in the paper, starting with a one-step forward, one-step back traceability requirement in stage 1. This would later transition to full end-to-end traceability by a specified date. We recommend that DCCEEW consult closely with relevant industry bodies to determine a realistic and achievable timeline for this transition.

## Questions on the packaging obligations

13. How supportive are you of the proposed packaging obligations on design, labelling and recycled content as outlined in sections 5.9 to 5.11?

GS1 Australia defers to the comments of industry and its peak bodies on support for the proposed obligations but would refer DCCEEW to the GS1 recommendations provided throughout this submission concerning the role that global standards should be considered to support the implementation of the obligations and streamlining processes.

14. How effective do you think each of the packaging obligations would be in delivering the objectives of the reform?

Not applicable to GS1 Australia as a standards body.

**15.** What percentage of the packaging you placed on the market would need to change to meet the proposed obligations?

Not applicable to GS1 Australia as a standards body.

16. What activities would you need to undertake to prepare for the proposed packaging obligations? Do you anticipate these activities will be the same or different across the packaging obligations? Why?

Not applicable to GS1 Australia as a standards body.

17. How soon do you think your business would be able to meet the proposed packaging obligations?

We have provided some advice about the timing required to support the implementation of key aspects of the obligations in Question 12. We defer to the comments of industry and its peak bodies to advise on business readiness.

## 18. What would your major anticipated costs and risks associated with the proposed packaging obligations be?

While the obligations do not apply to GS1 Australia as a standards body, we do note the following costs that industry will need to bear concerning the three aspects that GS1 plays are role:



- *Packaging master data:* Some industry participants may already be well prepared and able to immediately report. Ensuring internal skilled staff to collect to provide data. Streamlining reporting capabilities through existing registries is one way that can help manage this cost impost.
- *Mandatory recyclability labelling:* labelling changes can incur significant costs for businesses and is an often-heard issue by industry. Digital labelling is a tool that can help reduce costs, enabling easier dynamic changes. More information is provided in question 33 on these impacts.
- Recycled content traceability: Some costs will be associated with implementing traceability, including procuring printers, engaging solution providers, seeking verification services and if adopting GS1 Standards, gaining licensing to interoperable keys. Overall, the adoption of global interoperable standards will support cost-effective traceability practices for the sector when scaled.

GS1 Australia is happy to engage in further discussions with DCCEEW about the role that GS1 Standards can play in supporting managing cost impact on industry on these topics.

## 19. What would be the major anticipated benefits associated with the proposed packaging obligations and who will receive them?

While the obligations are not applicable to GS1 Australia as a standards body, we do note the following benefits with respect to the three aspects that GS1 plays are role:

- Packaging master data: Granularity of packaging data will ultimately support higher order recovery, and in future, this information required for eco-modulation purposes could form the basis for packaging digital product passports. Information at a product level enables circularity, by empowering supply chain actors to understand what a product is and therefore how it may be best recycled and handled.
- *Mandatory recyclability labelling*: consumers will benefit from the provision of clear recyclability labelling consistently. These benefits will be enhanced if digital labelling is provided as an option for brands to engage more meaningfully with consumers, beyond the limited information that can be provided on the pack.
- *Recycled content traceability:* Traceability of recycled content will support uncovering quality data about material flows, which can support business innovation and policy outcomes. More importantly, traceability, builds on the provenance of recycled content, supporting build end markets and demand for recycled content.

GS1 Australia is happy to engage in further discussions with DCCEEW about the role that GS1 Standards can play in supporting managing cost impact on industry on these topics.

## 20. Are there any other anticipated risks, costs and benefits to you under the different options not covered by the questions above?

Nothing further to add

#### 21. What other obligations should be considered to support a circular economy for packaging?

Not applicable to GS1 Australia as a standards body.

22. Should mandatory obligations be placed on collectors, recyclers and reprocessors? If so, what should they be, and do you have supporting evidence?

Not applicable to GS1 Australia as a standards body.

23. Should obligations be imposed to incentivise the uptake of packaging reuse systems?



- a. Which industries or packaging formats should be prioritised?
- b. Should uptake be mandated or incentivised through eco-modulation?
- c. Should reuse standards be introduced for suitable reuse packaging formats?

GS1 Australia defers to the comments of industry, and its peak bodies on a) and b).

On c), GS1 globally is actively engaged in increasing conversations about the role of standards in facilitating the scaling-up of reuse models. Notably, the PPWR is will be seeking that all reusable packaging bear a QR code to provide users with information on collection points and instructions for re-use. Packaging reuse models require several aspects to work together, ranging from the design of the reusable packaging, a distribution and return system and network, including washing and other aspects important for keeping packaging in cycle.

Standards across these dimensions are not critical in a closed-loop model (such as operating a reusable model in one building or a contained cafeteria area), but once models scale and begin to expand beyond a closed loop, the use of global and open standards becomes more important.

PR3 Standards, developed by a global community aims to provide the standards across these different aspects to enable this scale. GS1 standards are one part of this, facilitating the digital return and tracking returnable packaging (including cross-referencing in PR3's Digital standard). In our global network, we are increasingly speaking to businesses seeking advice on the use of QR codes based on GS1 standards to enable reusable systems, and looking to adopt PR3 standards.

On this note, GS1 Australia would like to refer to some recent observations from global conversations that provide some insight into the role that global standards has to play in this discussion:

- *Germany reusable packaging legislation*: German law on packaging requires all ToGo products offered in disposal packaging must be offered in reusable containers from Jan 2023, with deposits to be charged at the point of sale. To support this, retailers need guidance on how reusable packaging sold in-store should be identified. GS1 Standards support the use of the Global Trade Item Number (GTIN) which are the unique identifiers of the barcode which is involved in millions of transactions. The Global Returnable Asset Identifier (GRAI) is another unique identifier that is used for returnable assets, but GRAI cannot be scanned at point of sale by retailers. There is a current and active global dialogue with retailers on which GS1 identification key and data carrier should be adopted for such models to provide industry guidance and prevent each country from following divergent methods and impacting the interoperability of systems across borders.
- Innovative applications by brands using GRAI GS1 Australia encourages DCCEEW to review this <u>case study</u> by Coca-Cola in Brazil, which provides insight into how the GRAI can be applied to facilitate reuse models.

GS1 Australia welcomes further discussion with DCCEEW on the role for global standards to facilitate the digital aspects of a reuse system and how it can interact with existing systems.

## Questions on scope and liability for reforms

## 24. Should packaging regulations be applied uniformly to both business-to-consumer (B2C) and business-to-business (B2B) packaging?

GS1 Australia defers to industry and its peak bodies for industry views on the application of the regulations.

We note that industry engagement on packaging data in the NPC has included B2C and B2B (secondary and tertiary) packaging systems, as they capture a significant amount of packaging for business.



25. Do you have packaging that could not comply with the proposed obligations on design, labelling and recycled content as outlined in sections 5.9 to 5.11? Why is this? For example, are there conflicting obligations?

Not applicable to GS1 Australia as a standards body.

## 26. What point in the supply chain is the most effective point to apply the proposed packaging obligations on design, labelling and recycled content as outlined in sections 5.9 to 5.11?

GS1 Australia does not have a specific position on the most effective point to apply the proposed packaging obligations. We defer to industry stakeholders and their respective peak bodies for recommendations on this. However, we offer the following observations:

- Clear definition of responsibilities: It is essential that the parties responsible for demonstrating compliance with the obligations are clearly defined. For instance, in the context of Digital Product Passports (DPPs) under the European Eco-design Regulation, the responsibility of creating a DPP lies on the economic operator placing the product on market. This approach clarifies the roles of other supply chain participants and helps identify where support and training (including on the application of standards) are required to facilitate implementation.
- Support across the supply chain: Regardless of where obligations are applied, it is critical to provide adequate support, education, and awareness for all supply chain actors who may be impacted. For example, if the onus is placed on brand owners, they will bear the responsibility of collecting data and ensuring compliance throughout the supply chain. Global standards play a pivotal role in enabling seamless and neutral data-sharing across the supply chain. However, challenges such as data privacy and reluctance to share information can hinder collaboration. Providing clear guidance tailored to the different actors in the supply chain will help them navigate these complexities and meet their obligations effectively.
- 27. How should liability thresholds be set to ensure packaging reforms achieve their intended outcomes while minimising impacts on businesses?

Not applicable to GS1 Australia as a standards body.

### Questions on recyclable packaging design

28. What packaging materials or chemical additives impede recyclability or are not recyclable but are necessary for functionality? Why are they necessary?

Not applicable to GS1 Australia as a standards body.

#### 29. Are there alternatives?

Not applicable to GS1 Australia as a standards body.

#### 30. What are the barriers to adopting the alternatives?

Not applicable to GS1 Australia as a standards body.

31. Is the recovery, reprocessing or reuse of material disrupted by certain packaging materials or chemical additives? What are these materials or chemical additives and what are the impacts?

Not applicable to GS1 Australia as a standards body.



**32.** Is your packaging required to comply with other mandatory requirements that restrict its design? If so, please list these (e.g. tamper-proof packaging for therapeutic goods).

Not applicable to GS1 Australia as a standards body.

## 33. Do you support a mandatory label on packaging which clearly indicates what can and can't be recycled?

GS1 Australia does not take a specific position on whether recycling labelling should be mandatory. However, if a mandatory labelling requirement is introduced, we recommend providing businesses with the *option* of including this information via QR codes where appropriate.

Recycling information is increasingly critical as packaging becomes more complex to ensure sustainable outcomes are achieved. Packaging space is becoming crowded with various types of mandatory information, including recycling instructions, nutrition facts, and country of origin labels, for example. A flexible approach, such as integrating a QR code, can provide a solution to accommodate the increasing complexity of on-pack information. QR codes, based on global standards, can link to detailed recycling information for each product component while also offering the flexibility to update information quickly as needed.

The Australian Recycling Label (ARL) is popular and a common feature on packaging already, and we have already worked with APCO to integrate some basic questions about ARL on pack into NPC already. The need to display ARL logos for each separable component on a pack can lead to overcrowding. This is further complicated where there are differing ARL logos to provide NZ recycling instructions, and even more so when considering the range of other mandatory on pack information that different products and brands must provide (i.e nutrition, country of origin etc).

QR codes provide a way to present detailed, tailored recycling instructions in a more dynamic format without overburdening the physical packaging. In France, where mandatory recycling labelling is enforced, for instance, certain small products are allowed to provide recycling information digitally, while larger products require on-pack labels, demonstrating how this dual approach could work.

Digital labels, such as QR codes, should complement rather than replace traditional on-pack labels, ensuring accessibility for all consumers. This approach not only supports compliance but also allows businesses to innovate and adapt their labelling to changing requirements. Additionally, QR codes offer significant cost advantages<sup>4</sup>, as they can be updated without the need for expensive label redesigns. For example, the removal of Redcycle instructions could have been done more efficiently through digital updates rather than reprinting labels.

This quote from Mondelez International president ANZ/Japan Darren O'Brien<sup>5</sup> highlights the direct impact and cost to Australian business from different mandatory labelling requirements:

"We have recycled labelling requirements around redcycle and other things on the packaging and then there's a health star rating system coming out of state governments.

- \$1,000 for slight change, no change in layout
- \$2,000 for new text or adding/subtracting logos no change to label size
- Close to \$8,000 for substantive change that requires both label layout and size changes

<sup>&</sup>lt;sup>4</sup> The Food Standards Australia and New Zealand (FSANZ) did a survey in 2021 into the cost of changing labels for alcoholic beverages, the results providing some indicative figures on cost impact of label changes per SKU under different scenarios:

https://www.foodstandards.gov.au/sites/default/files/2023-12/Summary%20of%20results%20-%20Cost%20survey%20of%20changing%20labels%20for%20alcoholic%20beverages%20-%202021.pdf

<sup>&</sup>lt;sup>5</sup> <u>https://www.foodanddrinkbusiness.com.au/news/mondelez-head-calls-for-more-coordinated-approach-to-make-manufacturing-a-priority</u>



"We've got about one thousand SKUs in our business. Every time we touch a piece of packaging, on average it costs us around about \$5000. So, the change every pack costs \$5 million.

"If you have to do that five times because none of those various labelling strategies have been linked up, or even looked at on how you can either coordinate them or reduce the cost, that's \$25 million, and we're one business.

However, any regulation allowing for QR code use mustn't limit its application solely to specific compliance requirements. For example, the EU wine labelling regulation of ingredients and nutritional values provided the option to disclose this digitally via QR code. However, in doing so this has also meant that brands would be limited to only providing the specific legislated information via QR code. Brands may wish to use QR codes to provide additional product information beyond recycling, including traceability or marketing content. The legislation should be designed to allow flexibility in how QR codes are used to avoid stifling innovation.

GS1 Australia would welcome the opportunity to provide further advice on the use of QR codes, particularly in light of the global transition towards QR codes being scannable at retail points of sale by 2027. We expect to see industry uptake of QR codes on pack significantly increase over the next few years globally.

34. Have you undertaken share life cycle analysis or related data or modelling demonstrating the environmental impacts of packaging materials?

Not applicable to GS1 Australia as a standards body.

## **Questions on recycled content thresholds**

- 35. With reference to Table 17: Proposed minimum post-consumer recycled content thresholds , what do you think about:
  - a. The designated material categories used?
  - b. Differentiating between non-food and food-grade packaging?
  - c. The proposed thresholds for year 1 and year 3?
- 36. What requirements, further to those outlined in the National Framework for Recycled Content Traceability, would need to be specified to support traceability and verification for mandatory recycled content thresholds in packaging?

GS1 Australia has reviewed the NFRCT from a broad, industry-agnostic perspective. GS1 Germany has developed in consultation with their local industry a Circular Plastics Traceability Guideline. This guideline may provide useful insights into the data requirement specific for the traceability of recycled content in packaging, but its appropriateness needs to be considered for a local context with local industry buy-in and advice.

GS1 Australia supports the work being led by APCO in advising on data needs for the packaging sector to enhance traceability. We are keen to contribute to any industry-led national working group or forums that aim to further explore and define the traceability requirements specific to the packaging sector.

- 37. Which approach to mass balance claims (free allocation, fuel exempt, polymer only, or proportional allocation) outlined in Section 5.11 do you support? Why?
- 38. Do you support a mandatory recycled content label for packaging? If so, what level of detail should be included?



GS1 does not have a perspective on whether it should be mandatory or not. However, we refer to our response to question 33 and encourage DCCEEW to consider the option of digital labelling as an enabler for businesses to meet any mandatory recycled content label should it be introduced.

# Questions on why packaging reform is needed, its objectives and outcomes

### 39. Do you have any additional information or data on the problems outlined in Chapter 3?

Nothing further to add.

End of consultation feedback.