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**FSANZ consultation:  
2026-27 Cost Recovery Arrangements**

13 February 2026



AUSTRALIAN  
**FOOD &  
GROCERY**  
COUNCIL

## PREFACE

The Australian Food and Grocery Council (AFGC) is the leading national organisation representing Australia's food, beverage and grocery manufacturing sector.

With an annual turnover in the 2022-23 financial year of \$162 billion, Australia's food and grocery manufacturing sector makes a substantial contribution to the Australian economy and is vital to the nation's future prosperity. Each business in the sector has contributed towards an industry-wide \$4.2 billion capital investment in 2022-23.

Food, beverage and grocery manufacturing together forms Australia's largest manufacturing sector, representing over 32% of total manufacturing turnover in Australia. The industry makes a large contribution to rural and regional Australia economies, with almost 40 per cent of its 281,000 employees being in rural and regional Australia.

It is essential to the economic and social development of Australia, and particularly rural and regional Australia, that the magnitude, significance and contribution of this industry is recognised and factored into the Government's economic, industrial and trade policies.

The industry has a clear view, outlined in *Sustaining Australia: Food and Grocery Manufacturing 2030*, of its role in the expansion of domestic manufacturing, jobs growth, higher exports and enhancing the sovereign capability of the entire sector.

*This submission has been prepared by the AFGC and reflects the collective views of the membership.*

## QUESTIONS

### 1. What has been your experience with the current FSANZ cost recovery arrangements and fee structure?

The Australian Food & Grocery Council (AFGC) and its members support the principle of cost recovery where an application delivers a clear commercial benefit.

The wait time for unpaid applications to FSANZ is unpredictable and can range from 12 to 18 months. The ability to expedite the start of the application assessment through voluntary payment of fees provides applicants with greater certainty in product pipelines (noting statutory timeframes and the logistics of getting approved products to market).

However, current fees—particularly for higher-level General and Major procedures—are high relative to comparable international regulators and, when combined with long and uncertain timeframes, can function as a barrier to reformulation and innovation.

Member feedback indicates that, within the European Union, regulators do not charge application fees for regulatory amendments, including applications relating to food additives, novel foods, or other changes to food regulations. Applicants' costs are generally limited to generating safety data and engaging external consultants to prepare submission dossiers.

### 2. What principles do you believe should guide the design of FSANZ's cost recovery arrangements (e.g., fairness, transparency, predictability, administrative simplicity)?

The Australian Food & Grocery Council (AFGC) and its members advocate for cost recovery arrangements be guided by:

- Proportionality to regulatory risk and complexity
- Transparency in how costs are determined and applied
- Predictability to support business planning
- Administrative efficiency for both FSANZ and applicants
- Value for money, including alignment between fees paid and service delivery.

The current fee structure, comprising a fixed component and a variable component, establishes a predictable maximum cost for applicants. This approach provides cost certainty while allowing partial refunds if FSANZ expends fewer hours than initially anticipated.

However, concerns have been raised about the non-refundable component of fees, particularly when applications are withdrawn, delayed, or substantially reframed by FSANZ during the assessment process.

**3. Do you prefer a fee structure that is fixed (predictable) or variable (based on actual work performed)? Please explain your preference.**

The Australian Food & Grocery Council (AFGC) and its members prefer a largely fixed, predictable fee structure, with variable components used only where additional work is clearly defined and within the applicant's control. Predictability is critical to support investment and regulatory engagement.

**4. Are the current procedural levels (i.e. General 1–5, Major, High Level Health Claims) clear and appropriate for your needs?**

The General 1–5 and Major procedure categories are broadly understood, but boundaries between levels may not always be clear or predictable in practice. Applicants can experience “procedure creep,” in which an application becomes more complex after the assessment has begun.

The Australian Food & Grocery Council (AFGC) members' experiences indicate that while there is a fixed upfront cost, a refund may be issued at the end if funds are underspent.

**5. Would you support the introduction of new fee categories or changes to the existing categories? If so, what changes would you suggest?**

The Australian Food & Grocery Council (AFGC) and its members suggest:

- More graduated tiers, particularly between General 3–5
- A lower-cost pathway for well-precedented or low-risk variations
- A clearer distinction between genuinely novel science and administrative or alignment-based changes
- Some compensation be provided if an application assessment is not completed within the agreed timeframes. Approval of applications is often important for getting products to market, which can significantly impact applicants financially.

Additionally, our members request that FSANZ allow the use of substances that have already been assessed and approved internationally. We query the application's ingredient costs, which have already been approved by other credible jurisdictions, e.g., the EU.

**6. What are your views on the current arrangements for paying fees (e.g. upfront or in 2 instalments for higher-level applications)?**

The Australian Food & Grocery Council (AFGC) and its members view that paying the full fee upfront (or in two instalments for some higher-level applications) creates significant cash-flow pressure, particularly given long assessment timelines and external decision points (e.g. Food Ministers' Meeting).

AFGC recommends providing options for smaller instalments to assist smaller entities wishing to use the paid application system; likewise, a third instalment for a major procedure would be helpful.

**7. Would you prefer more flexible payment options (e.g. more instalments, staged payments, or other mechanisms)?**

Yes. Industry would welcome:

- Staged payments linked to assessment milestones
- Greater use of instalments for General 3–5 applications
- Deferral mechanisms where delays are outside the applicant’s control.

**8. Are there any barriers or challenges you have faced with the current payment process?**

The Australian Food & Grocery Council (AFGC) and its members report that the current payment process can have cash-flow impacts on SMEs and smaller sector participants.

**9. Is the information provided about how fees are calculated and charged sufficient and clear?**

The Australian Food & Grocery Council (AFGC) and its members note that the CRIS provides detailed costing information; however, this level of detail does not always translate into practical clarity for applicants. It remains difficult for the industry to understand how individual project decisions affect final costs..

**10. What improvements could be made to the communication of fee arrangements and payment processes?**

The Australian Food & Grocery Council (AFGC) and its members would benefit from:

- Plain-English fee guides
- Worked examples by application type.

**11. Have you experienced the refund process? Was it timely and clear?**

The Australian Food & Grocery Council (AFGC) members report that some applicants have received refunds, but timeliness and transparency vary.

It would be helpful to know earlier, rather than at the very end of the process, whether there may be a refund and how much. Member experiences indicate that, when they have received refunds, they are advised only after the application process has finished, and they do not receive the refund until after gazettal.

**12. Are there improvements you would suggest to the way refunds are handled (noting that refunds must be paid if actual costs are less than the amount charged)?**

The Australian Food & Grocery Council (AFGC) and its members would benefit from:

- Clearer triggers and timelines for refunds
- Interim reconciliations for long-running applications

- Automatic notification explaining how the refund was calculated.

### 13. What ideas do you have for improving the cost recovery arrangements in the future?

- The Australian Food & Grocery Council (AFGC) and its members propose the following considerations:
- Regular international benchmarking: Ongoing comparison of FSANZ assessment processes, timelines, and costs against comparable international regulatory agencies to ensure efficiency and global competitiveness.
- Acceleration of FSANZ Act modernisation: Prioritising reforms aimed at reducing assessment and review timeframes, including streamlined pathways for ingredients or substances already assessed by credible international jurisdictions, to minimise duplication and associated costs.
- Sharing of efficiency gains: Where process improvements result in reduced assessment time or resource requirements, consideration should be given to passing efficiency gains on to applicants through reduced fees or streamlined processes.
- Applicant process improvements: Recognition that applicants may be able to further support efficient assessments through improved application quality and completeness. Clarifying expectations and guidance in existing applicant handbooks may help reduce assessment time and resource demands.
- Fee adjustments linked to statutory timeframes: Consideration of fee reductions or other mechanisms where statutory assessment timeframes are exceeded, to support accountability and incentivise timely decision-making.

### 14. How could FSANZ better support applicants through the fee and payment process?

The Australian Food & Grocery Council (AFGC) and its members propose that FSANZ could better support applicants through:

- Greater certainty on scope, risk and likely costs during pre-application engagement
- Clear points of contact on cost recovery matters
- Better alignment between fees paid and assessment milestones.

### 15. How do the current fee arrangements impact your organisation or sector?

The Australian Food & Grocery Council (AFGC) and its members report that high fees can:

- Delay or deter reformulation and innovation. Member feedback indicates that more applicants are choosing to apply on an unpaid basis, resulting in a significant 'queue' and much longer wait times before application assessments can begin
- Disproportionately affect smaller companies
- Disadvantages of international competitiveness.

### 16. Are there particular groups or types of applicants who are disproportionately affected by the current arrangements? How could this be addressed?

The Australian Food & Grocery Council (AFGC) and its members report that SMEs, start-ups, and businesses pursuing incremental or public-health-aligned changes are disproportionately affected. This could be addressed through scaled fees, targeted concessions, or alternative funding mechanisms for applications delivering broader public benefit.

**17. Do you have any other comments that you would like to make?**

No.

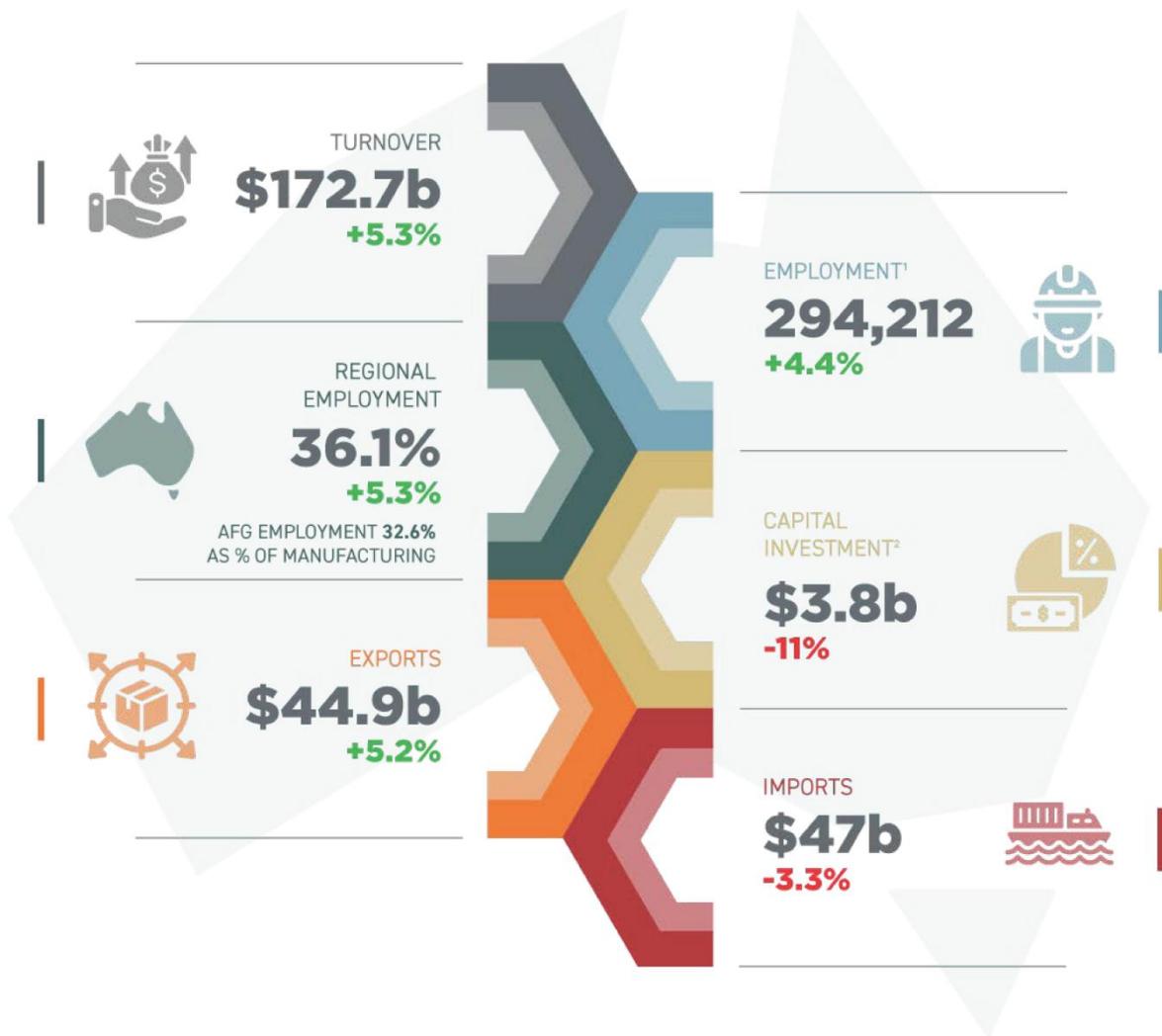


AUSTRALIAN  
**FOOD &  
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COUNCIL

CELEBRATING  
**30**  
YEARS  
1995-2025

# STATE OF THE INDUSTRY

## 2023-24



The figures on this page exclude the fresh food sector and are based on 2023-24 ABS data.

1: This is total number of employees, head count basis and does not include seasonal employees.

2: Gross fixed capital formation for food, beverage and tobacco manufacturing subsector is taken as indicator of capital investment.