FSANZ Call for Submissions 1
P1067 – Health Star Rating System

3 July 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 2023-24 financial year of $173 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 $3.8 billion capital investment in 2023-24.

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 over 30 per cent of its 294,000 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.

EXECUTIVE SUMMARY

AFGC supports the policy intent of providing consumers with clear, consistent front-of-pack nutrition information and recognises the role the Health Star Rating (HSR) system can play in supporting comparison between packaged foods. However, mandating HSR would be a significant system-wide regulatory change affecting a large and diverse food and grocery manufacturing sector. AFGC therefore recommends that any mandatory framework be proportionate, practical to implement, supported by robust consumer education and real-world evaluation, and underpinned by clear drafting, workable technical rules, realistic transition arrangements and a comprehensive assessment of industry costs and trade impacts.

SUMMARY OF RECOMMENDATIONS

AFGC recommends that FSANZ:

Implementation, evidence and transition

- Proceed with any mandatory HSR framework only if it is supported by a robust consumer education strategy, a clear real-world evaluation plan, and a more complete assessment of implementation costs and compliance impacts.
- Further refine the impact assessment using practical industry evidence, including direct and indirect implementation costs, impacts on existing HSR users, SMEs, importers, exporters and businesses with large or complex product portfolios.
- Revise cost assumptions using a structured, replicable per-SKU cost model that captures category, packaging format and business-size variation, and presents plausible cost ranges rather than single point estimates.
- Adopt realistic transition arrangements that reflect normal packaging and implementation timelines, including clear stock-in-trade provisions and sufficient time to minimise unnecessary cost, waste and disruption.

Scope and application

- Clarify in the drafting of the Standard that mandatory HSR requirements apply only to food intended for retail sale where a Nutrition Information Panel is required, subject to any specified exemptions and prohibitions.
- Confirm that HSR is not required to be presented on pack where a food is not required to bear a label under Standard 1.2.1, although it may be provided through alternative means where appropriate.
- Clarify that, where a product is subsequently placed into retail sale, responsibility for meeting applicable labelling requirements, including HSR, rests with the party responsible for that retail sale.
- Provide practical guidance and worked examples on foodservice supply, wholesale and distributor arrangements, mixed distribution models, unintended retail pathways and labelling responsibility where products move between channels.
- Consider individual company submissions alongside the AFGC submission in relation to special purpose foods, where the application, prohibition or voluntary use of HSR raises category-specific issues, is commercially sensitive or is subject to differing member views.

Algorithm, categorisation and technical rules

- Retain the current algorithm as the basis for a mandatory framework, rather than undertaking a full redesign at this stage, provided this is supported by targeted technical amendments where needed, clear anomaly-management mechanisms, transparent governance and a sequenced pathway for future review.
- Retain the established category structure in principle, provided category definitions are clearly drafted, operationally workable, confined to HSR calculation purposes and supported by practical guidance and worked examples.
- Provide clear definitions for terms that are not currently defined in the Code, for example ice confectionery.
- Retain the existing 80 mg calcium per serve criterion for dairy-based beverages in Category 1D, rather than adopting a 100 mg/100 ml criterion.
- Provide clear guidance and worked examples on how milk powder and other dairy ingredients listed in Schedule 10 are to be treated for the purposes of reconstitution and the 75% rule.
- Retain a limited approach to algorithm overrides, supported by clear, evidence-based and transparent criteria, and subject any future extension of overrides to targeted consultation.
- Revise the override wording for unsweetened water-based flavoured beverages so permitted additives with a legitimate technological purpose are not unintentionally excluded.

Calculation, declaration and substantiation

- Ensure HSR calculations align with the Nutrition Information Panel wherever possible, including where products are calculated as drained or as reconstituted.
- Define “reconstituted with water” clearly and narrowly, limited to products prepared by adding water or cooking in water with no other ingredients added.
- Not require mandatory front-of-pack explanatory wording where the HSR already aligns with the Nutrition Information Panel.
- Undertake further targeted analysis before finalising the proposed FVNL methodology, particularly for products containing concentrated fruit and vegetable ingredients.
- Limit mandatory declaration of algorithm components, including fibre and FVNL percentage, to circumstances where the component materially affects the final HSR outcome or on-pack declaration is necessary to support consumer understanding.
- Allow FVNL and other information needed primarily for enforcement or substantiation to be supported through internal records that can be provided to enforcement agencies on request.

Packaging, presentation and trade

- Retain the existing small package approach and minimum-size flexibility, while allowing practical flexibility for products outside the formal small package threshold where legitimate space, placement or legibility constraints arise.
- Retain the proposed broad approach for packaging layers, multipacks, individual portion packs and multicomponent foods, provided this is supported by clearer drafting, practical flexibility and worked examples.
- Adopt the stars-only format as the core HSR symbol, while retaining limited flexibility for additional voluntary information where it supports transparency and does not undermine the simplicity or readability of the core symbol.
- Oppose colour for interpretive purposes in the HSR symbol. Any future consideration of colour should be subject to separate consultation, robust real-world consumer research and detailed consideration of implementation impacts.

- Adopt front-of-pack placement in principle, while limiting prescriptive positioning requirements and allowing flexibility for practical packaging constraints, imported products and over-stickering.
- Provide appropriate transition arrangements for businesses using previously accepted HSR formats and allow practical flexibility in logo reproduction to reflect real-world packaging, printing and SME implementation constraints.
- Undertake further assessment of the trade and export implications of mandatory HSR, including whether separate domestic and export packaging, over-stickering, relabelling or other market-specific compliance measures may be required.

GENERAL COMMENTS

The AFGC welcomes the opportunity to contribute to Food Standards Australia New Zealand's Proposal P1067 – Health Star Rating System.

AFGC acknowledges the significant work FSANZ has undertaken in developing this proposal and the supporting documents, including consideration of previous nutrition labelling work, ministerial policy guidance, Australian and New Zealand dietary guidance, dietary intake data, international and overseas approaches, consumer research, estimated label change costs and stakeholder perspectives.

AFGC and its members recognise the value of clear, consistent labelling information and support a workable framework that businesses can apply consistently across the sector. However, if HSR is mandated, the final framework must be proportionate, practical to implement and supported by clear drafting, guidance, education, evaluation and realistic transition arrangements.

The following responses provide AFGC's detailed comments on the issues raised in the Call for Submissions.

QUESTIONS

1. **Do you support FSANZ's assessment that mandating the HSR system would better support healthier food choices than a voluntary system (see section 4.1 of the CFS)? Why/why not?**

AFGC supports, in principle, mandating the HSR system, provided this is supported by appropriate implementation safeguards, consumer education and real-world evaluation. AFGC has played a central role in the development and operation of the Health Star Rating (HSR) system since its inception, including through participation in the original project committee and working groups, provision of food composition data to support modelling, and ongoing involvement in both the former and current Health Star Rating Advisory Committee.

AFGC notes FSANZ's view that low and selective uptake under the voluntary system has limited the effectiveness of HSR in improving consistency, comparability and consumer use. AFGC also acknowledges FSANZ's conclusion that a mandatory HSR system would better support consumer comparison of packaged foods than the current voluntary approach.

However, AFGC considers that the evidence presented in the Call for Submissions primarily relates to consumer awareness, understanding and comparative use, rather than demonstrating improved nutrition or health outcomes in real-world settings. The evidence on whether HSR changes purchasing behaviour in practice remains mixed. While mandatory display may improve consistency across products, the evidence does not clearly demonstrate that mandatory front-of-pack labelling, on its own, leads to improved diet quality, reduced obesity rates or greater alignment with dietary guidelines in real-world settings.

AFGC also notes FSANZ's view that a mandatory system could provide greater regulatory certainty for industry and enforcement agencies. Accordingly, while AFGC supports mandating HSR in principle, the case for implementation should be assessed carefully against the scale of the implementation and compliance burden that will fall on industry.

In AFGC's view, any assessment of a mandatory HSR system should consider three key factors.

Consumer education

Consumer education will be critical if a mandatory HSR system is to work as intended. FSANZ identifies consumer education as an important supporting measure, and AFGC considers that a robust education plan should be developed by the Federal Department of Health, Disability and Ageing at the national level in parallel with any mandatory approach. This would help ensure consumers understand how to use the HSR appropriately and give stakeholders confidence that the significant implementation effort and cost to industry will be supported by an appropriate public education framework.

Without effective education, mandating HSR is unlikely to achieve its intended public health objectives. The HSR may be misinterpreted or disregarded if consumers do not understand how it should be used, including that it is designed to support comparison within food categories rather than operate as a general indicator of dietary quality. The limited consumer education accompanying the voluntary system is likely to have contributed to low consumer usage, understanding and trust, as outlined in SD1.

Real-world evaluation

Greater consistency in HSR display should be evaluated against whether it leads to meaningful changes in consumer understanding, purchasing behaviour and category-level outcomes in practice. If HSR becomes mandatory, AFGC considers that a clear evaluation plan will be needed to assess its real-world impact over time and identify whether the system is delivering its intended policy outcomes.

Implementation cost and complexity

The scale and cost of implementation across the packaged food sector must be carefully considered. Over the past five years, industry has faced major supply chain disruptions and sustained cost pressures, including higher energy, freight, insurance and labour costs, and geo-political instability. These pressures affect businesses' capacity to absorb additional regulatory costs, manage artwork changes and implement new compliance requirements within compressed timeframes.

Implementing HSR on a mandatory basis would involve significant cost and complexity across large product portfolios. Given the breadth of the proposed changes compared with the current voluntary framework, it is likely that all businesses would need to take some action. At a minimum, this may include recalculating HSR outcomes and, in many cases, updating labels. Businesses may also need to change the format of the HSR symbol where they are not currently using the stars-only presentation or revise the declared score where it is affected by rule changes or new labelling requirements. Manufacturers that have not participated in the voluntary framework would need to introduce the HSR on pack for the first time.

Label changes for a substantial proportion of the market would be required across both front and back of pack for many stock keeping units (SKUs), creating a significant compliance task. AFGC has undertaken analysis of the likely costs of mandatory implementation, which indicates that the monetary impact on industry would be significant. Further detail is provided in response to Question 18.

Recommendation
AFGC recommends that if FSANZ proceeds with mandating HSR, implementation should be conditional on a robust consumer education strategy, a clear real-world evaluation plan, and a more complete assessment of implementation costs, transition requirements and compliance impacts on industry.

2. Do you support FSANZ's proposed approach for the application of the HSR symbol to specific types of sales, including food for retail sale (see section 4.2 of the CFS and section 2 of SD5)? Please provide reasons and describe any practical or implementation issues FSANZ should consider.

AFGC supports, in principle, FSANZ's proposed approach to applying mandatory Health Star Rating (HSR) requirements to specific types of sales, including food for retail sale where a Nutrition Information Panel (NIP) is required, subject to the proposed exemptions and prohibitions. Aligning HSR requirements with existing NIP requirements is likely to support consistency, regulatory clarity and enforceability.

However, AFGC considers that the proposed scope requires clearer drafting and practical guidance before industry can form a settled view on how the requirements would apply in practice. Further clarification is needed for products supplied through foodservice, wholesale, distributor and other business-to-business channels, products that may move through mixed distribution pathways; and special purpose foods where the application, prohibition or voluntary use of HSR raises category-specific issues.

Non-retail settings

In foodservice and other business-to-business settings, products are commonly supplied as bulk items, ingredients or components for further preparation, rather than as consumer-facing retail products. In these circumstances, front-of-pack interpretive labelling may not be meaningful, as the product is not presented to consumers at the point of purchase in the same way as packaged retail food.

AFGC notes that the distinction between retail and non-retail supply is not always clear in practice. Many products move through wholesale, distributor or mixed supply chains, and the same product may be supplied primarily for foodservice or business use but may also enter retail sale in limited or unintended circumstances. This creates uncertainty about whether the proposed mandatory HSR requirement would apply only to products intended for retail sale, or to any product that could potentially enter retail sale.

AFGC considers that this uncertainty should be resolved in the drafting of the Standard and supporting guidance. The mandatory HSR requirement should apply only where a food is intended for retail sale and is required to bear a NIP. Where a food is not required to bear a label under Standard 1.2.1, the HSR should not be required to be presented on pack, although it may be provided through alternative means where appropriate.

Without this clarification, businesses may be required to apply HSR to products that are primarily supplied through non-retail channels simply because those products could potentially enter retail channels. This would impose unnecessary compliance burden, including avoidable relabelling costs, packaging redesign and operational complexity, without a clear consumer benefit. Similar issues may arise where foodservice products are identified through product specifications, catalogues or ordering systems rather than consumer-facing packaging.

AFGC further considers that, where a product is subsequently placed into retail sale, responsibility for meeting applicable labelling requirements, including HSR, should rest with the party responsible for that retail sale. This approach would be consistent with the existing operation of the Code and would avoid unintended regulatory burden arising from supply chain ambiguity.

AFGC recommends that FSANZ provide practical guidance on the treatment of non-retail channels. This should include worked examples addressing foodservice supply, wholesale and distributor arrangements, mixed distribution models, unintended retail pathways, and responsibility for labelling where products move between channels.

Special purpose foods

AFGC notes that member views are divided on the proposed prohibition on HSR for special purpose foods. Some members support the proposed prohibition, while others consider that HSR should be included as part of the mandatory HSR requirements or be permitted voluntarily. Given these differing but valid views, AFGC has not proposed a single collective position on this issue and has encouraged members to make their own company submissions where they wish to provide more detailed category-specific views.

Recommendation
AFGC recommends that FSANZ:
Clarify in the drafting of the Standard that mandatory HSR requirements apply only to food intended for retail sale where a NIP is required, subject to any specified exemptions and prohibitions.

Confirm that HSR is not required to be presented on pack where a food is not required to bear a label under Standard 1.2.1, although it may be provided through alternative means where appropriate.
Clarify that, where a product is subsequently placed into retail sale, responsibility for meeting applicable labelling requirements, including HSR, rests with the party responsible for that retail sale.

Provide practical guidance and worked examples on foodservice supply, wholesale and distributor arrangements, mixed distribution models, unintended retail pathways, and labelling responsibility where products move between channels.

Consider individual company submissions alongside the AFGC submission in relation to special purpose foods, where the application, prohibition or voluntary use of HSR raises category-specific issues, is commercially sensitive or is subject to differing member views.

3. **Are there specific foods for which there would be space limitations in fitting a legible HSR symbol on the label (beyond small packages <100 cm2) (see section 2.2.6.3.6 of SD5)? Please provide examples and outline any practical solutions or approaches to address these challenges.**

AFGC supports FSANZ's proposed approach for foods sold in small packages and supports a flexible, legible approach to HSR presentation where label space is constrained.

Retaining the existing definition of a small package under the Code helps maintain consistency with the broader framework for Nutrition Information Panel requirements. AFGC also supports minimum-size

flexibility and proportional scaling so the HSR symbol can be adjusted for smaller packaging formats while remaining legible.

This approach provides a practical and proportionate way to manage space constraints without creating unnecessary complexity or misalignment in the labelling framework. However, AFGC considers that flexibility should not be limited only to products that meet the formal small package definition, as genuine space and legibility constraints can arise in other packaging formats.

Support for small package flexibility

AFGC recommends that FSANZ retain a flexible approach based on a general requirement that the HSR symbol be legible. This would provide a clear and practical outcome for consumers while avoiding overly prescriptive rules about symbol size, placement or format that may not work across all packaging types. A general legibility requirement would allow businesses to apply the HSR that is clear, usable and proportionate, while recognising genuine constraints such as limited label space, packaging shape, print method and the need to preserve other mandatory information and core label elements.

Space constraints beyond small packages

AFGC considers that the formal small package threshold should not be treated as the only circumstance in which label space or legibility constraints may arise. Some products may exceed 100 cm² in total surface area but still have limited usable front-of-pack space for an HSR symbol. See figure 1.

Examples include:

- irregular, curved or non-flat packaging surfaces
- small front-of-pack display panels despite a larger total package surface area
- products with extensive mandatory warning statements, advisory declarations or other required information
- multilingual labels or imported products using over-stickers
- seasonal, promotional or short-run packaging formats
- multipacks or individual portion packs with limited display space.

Figure 1 - Examples of packaging that exceeds the small package threshold but still has limited usable display space.

Practical implementation considerations

Practical flexibility may be needed in relation to symbol size, placement and transition timing, particularly where packaging redesign interacts with other mandatory labelling changes. FSANZ should also consider alternative placement or display options where the HSR cannot be presented legibly on the main front-of-pack panel without compromising other mandatory information.

Recommendation
AFGC recommends that FSANZ retain the existing small package approach and minimum-size flexibility for the HSR symbol, while also providing practical allowance for products outside the formal small package threshold where legitimate space, placement or legibility constraints arise. This should include guidance on proportional scaling, alternative placement, exemptions or alternative display options where legibility cannot be achieved, and worked examples for irregular, curved, imported, multipack and short-run packaging formats.

4. Do you support FSANZ's proposed overall approach with respect to calculating the HSR (see section 4.3.1 and Attachment C of the CFS)? Please provide reasons for your response, including any specific aspects of the proposed approach that you consider problematic or could be improved.

AFGC supports FSANZ's proposed approach to avoid a full algorithm redesign as a practical starting point for incorporating HSR into the Food Standards Code. However, this support is conditional on targeted technical amendments where needed, clear governance arrangements and a practical pathway to identify and address anomalies over time.

Support for avoiding full algorithm redesign

AFGC notes FSANZ's view that the current algorithm is reasonably aligned with dietary guidance overall and that preparatory work did not identify technical barriers to mandating the current system. AFGC agrees that avoiding a full redesign may reduce implementation complexity and provide continuity for businesses and enforcement agencies.

However, AFGC also notes that FSANZ's materials identify areas of remaining misalignment and category-specific concerns. Retaining the current algorithm should therefore not be taken to mean that all category-level outcomes are appropriate or that further scrutiny is unnecessary once the system becomes mandatory.

Managing retained anomalies

Once the algorithm is prescribed in the Code, retained anomalies or contested category outcomes may carry greater regulatory, commercial and consumer-facing consequences than under the voluntary system. For this reason, FSANZ should explain how technical issues or anomalies identified after implementation would be managed, including how issues would be raised, assessed and progressed where a targeted technical amendment is warranted.

Future governance and review

AFGC considers that FSANZ should provide clarity on the future governance of the algorithm, including who will identify and prioritise technical issues, what evidence threshold will apply, how industry will be consulted, and whether the governance model will remain aligned with current voluntary arrangements or move to a different process under the Code.

AFGC also considers that the HSR algorithm should remain capable of future review once the revised Australian Dietary Guidelines are finalised. Any future change to the algorithm would need to proceed through the usual process for amending the Food Standards Code, whether by proposal or application, but the pathway for review should be clearly signalled so businesses can plan for future implementation requirements.

Sequencing and implementation burden

AFGC considers that future review should be carefully sequenced to avoid successive or overlapping implementation requirements for industry. Where possible, FSANZ should support a single coordinated round of label changes rather than creating a pathway that could require businesses to update labels more than once within a short period.

If further changes to the HSR framework are introduced soon after implementation, this would create uncertainty about transition timing and significantly increase implementation costs, packaging waste and compliance burden for industry. AFGC therefore strongly recommends that FSANZ provide clear sequencing and avoid overlapping or successive label change requirements wherever possible.

Recommendation
AFGC recommends that FSANZ:
Retain the current algorithm as the basis for a mandatory framework, rather than undertaking a full redesign at this stage, provided this is supported by:
-targeted technical amendments where needed
-clear mechanisms to identify, assess and address anomalies after implementation
-transparent governance and decision-making arrangements
-a clearly sequenced pathway for future review once the revised Australian Dietary Guidelines are finalised
-implementation timing that minimises the risk of successive or overlapping label changes.

5. Do you support FSANZ's proposed approach with respect to the categorisation of foods for the algorithm (Categories 1, 2, 3, 1D, 2D, and 3D) (see section 4.3.2 of the CFS and section 3.1 of SD5)? Please provide reasons for your response.

AFGC supports retaining the established HSR category structure as a practical starting point, as this supports continuity and avoids unnecessary system change.

However, if the category definitions are to be prescribed in a mandatory framework, they must be clearly drafted, operationally workable, confined to the HSR context, and supported by practical guidance and worked examples.

Support for retaining the existing category structure

Retaining the existing category structure may reduce implementation complexity and provide continuity for businesses, enforcement agencies and consumers. However, mandatory prescription changes the significance of category definitions and outcomes. Definitions that may have been workable in a voluntary guidance framework will need to operate with greater precision if they are incorporated into the Food Standards Code.

Category alignment and consumer understanding

AFGC considers that some product categories may not be fully aligned with the intended purpose of the HSR system, which is to help consumers compare products and make healthier choices within a meaningful food category. Where a category outcome does not support this purpose, there is a risk of consumer confusion and reduced confidence in the credibility of the HSR system.

Members have raised concerns about several category outcomes, including water ices, now referred to as ice confectionery, and dairy foods such as cheese. AFGC considers these issues should be addressed through a broader and more principled approach, rather than by focusing on a single product type.

The key question is whether particular categories, or category rules, produce outcomes that are clear, practical and consistent with the policy objective of supporting healthier food choices.

There has been substantial member discussion on these issues and a genuine effort to reach a common position. However, given the diversity of products, business models and category-specific impacts, members have not reached a single settled position on every issue.

AFGC has therefore focused this submission on the principles members broadly agree on clear definitions, practical guidance, worked examples and consistent implementation. AFGC has also encouraged members to make their own company submissions where they wish to provide more detailed views on category-specific matters.

Scope of category definitions

From a regulatory perspective, AFGC considers that category definitions developed for the HSR algorithm should not be used to alter the operation or interpretation of other parts of the Code unless that broader application is separately considered through a specific proposal and consultation process.

If HSR categories were to be applied more broadly across the Code, including in Schedule 4 (nutrition, health and related claims), Schedule 5 (nutrient profiling scoring method) or Schedule 22 (foods and classes of foods), that broader use should be considered through a separate workstream and its own stakeholder consultation process. The Code should make clear that the proposed categories and definitions are being adopted only for HSR calculation purposes, to preserve predictability and stability in the broader regulatory framework.

AFGC notes that members agree further work is needed to clarify some food definitions. However, members hold different, valid views on how these products should be classified within the HSR system and further targeted work is needed to ensure the definitions and classification rules are clear and practical.

Definitions requiring clarification

- Milk and plant-based alternatives are treated differently under the Code. Milk is specifically defined, while plant-based alternatives are described as analogues derived from legumes, cereals, nuts, seeds or a combination of those ingredients, mainly in relation to fortification permissions.
- Ice confectionery is not currently defined in the Code yet has been included in the draft new definition name of category 1 - “Category 1: All beverages not captured in 1D, jellies and ice confectionery”. A clear definition is required to discern ice confectionery (contains no dairy components) from dairy confectionery (contains dairy components).

Given these differing but valid views, AFGC has not proposed a single collective position on this issue and has encouraged members to make their own company submissions where they wish to provide more detailed category-specific views.

Category 1D – Dairy beverages

AFGC considers that the proposed calcium criterion for dairy beverages should be reconsidered. The existing criterion of 80 mg calcium per serve should be retained for dairy-based beverages, rather than moving to 100 mg/100 ml as proposed in SD5. From a practical formulation perspective, achieving 100 mg calcium per 100 ml in a milk-based beverage that contains approximately 75% milk is not feasible without fortification.

As a reference point, 75 ml of milk, based on FSANZ NUTTAB values, provides approximately 82 to 90 mg of calcium depending on milk type, which falls short of the proposed 100 mg threshold. Introducing fortification would bring additional formulation complexity, potential sensory impacts, labelling considerations and increased production costs. This may be disproportionate for products that are fundamentally dairy-based and already make a meaningful contribution to calcium intake. On that basis, retaining an 80 mg per serve criterion would better reflect the natural calcium contribution of milk-based beverages without requiring unnecessary fortification. See table 1.

Table 1 - Natural calcium content of selected milk types based on FSANZ NUTTAB values.

Dairy milk	Natural Calcium mg per 100ml	Natural Calcium mg per 75ml	shortfall of calcium (mg) to meet 100mg Ca/100ml based on 75% dairy in dairy beverage
Skim *(~0.15% fat)*	120	90	10
Reduced fat *(~1% fat)*	119	89.25	10.75
Regular *(~3.5% fat)*	109	81.75	18.25

Recommendation
AFGC recommends that FSANZ:

Retain the established category structure in principle, provided category definitions are clearly drafted, operationally workable and supported by practical guidance and worked examples.

Make clear that the proposed category definitions are adopted only for HSR calculation purposes, and that any broader application elsewhere in the Code should be considered separately through a distinct policy and consultation process.

Provide clear definitions for terms that are not currently defined in the Code, including ice confectionery.

Retain the existing 80 mg calcium per serve criterion for dairy-based beverages in Category 1D, rather than adopting a 100 mg/100 ml criterion, to better reflect the natural calcium contribution of milk-based beverages and avoid unnecessary reformulation or fortification.

Consider individual company submissions alongside the AFGC submission where issues are highly category-specific, commercially sensitive or subject to differing member views.

Q6 What are your views on the approaches considered by FSANZ for accounting for milk powder in foods in the dairy categories, including how these approaches address reconstitution and the application of the 75% rule (section 3.1.4.4.5 of SD5)? Please describe any alternative approaches that may better address the issues identified.

AFGC considers that FSANZ's proposal to avoid prescribing a single reconstitution ratio for milk powder may be workable in principle, but only if it is supported by clear guidance, worked examples and a consistent approach to substantiation and enforcement.

Support in principle, subject to guidance

AFGC notes that accounting for milk powder in dairy categories raises technical complexity, including in relation to reconstitution and the application of the 75% rule. AFGC also notes FSANZ's proposed approach to avoid prescribing a single reconstitution ratio and instead rely on the broader category framework and supporting criteria.

This approach may provide flexibility across different product formats. However, in a mandatory framework, flexibility needs to be balanced with sufficient certainty so that businesses and enforcement agencies can apply the rules consistently.

Compliance certainty and enforceability

In AFGC's view, compliance certainty and enforceability are particularly important in this area because ambiguity in technical categorisation may create differences in interpretation between businesses and enforcement agencies. The treatment of milk powder can affect whether a product falls within a dairy category, particularly where the 75% rule applies.

AFGC does not propose a fully developed alternative approach at this stage, as the current source materials do not provide a sufficient basis for a more detailed alternative model. However, FSANZ should provide clear and practical guidance on how the proposed approach would apply across different product formats and how consistent enforcement would be supported across jurisdictions.

Application to milk powder and other dairy ingredients

AFGC considers that guidance should not be limited to milk powder. It should also address other dairy ingredients listed in Schedule 10 of the Code, where it may be unclear whether ingredients are counted on a reconstituted basis or a dry weight basis for the purpose of applying the 75% rule. See figure 2.

This clarification is needed to support consistent categorisation decisions and avoid uncertainty for products that use dairy ingredients in different forms, including powders, concentrates or other ingredients requiring reconstitution assumptions.

Figure 2 - Dairy ingredients listed in Schedule 10

milk protein	
milk solids	May be used to describe: (a) milk powder, skim milk powder or dried milk products; or (b) any 2 or more of the following ingredients: (i) whey; (ii) whey powder; (iii) whey proteins; (iv) lactose; (v) caseinates; (vi) milk proteins; (vii) milk fat.

Substantiation and worked examples

FSANZ should clarify what evidence businesses need to hold to substantiate categorisation decisions, including whether standard composition data can be used, when product-specific analysis is expected, and how enforcement agencies will assess categorisation decisions. Worked examples would be particularly useful for products containing milk powder and other Schedule 10 dairy ingredients.

Recommendation
AFGC recommends that FSANZ provide clear guidance and worked examples on how milk powder and other dairy ingredients listed in Schedule 10 are to be treated for the purposes of reconstitution and the 75% rule. This should clarify whether ingredients are assessed on a reconstituted or dry weight basis, what substantiation is required, whether standard composition data may be used, when product-specific analysis is expected, and how consistent interpretation and enforcement will be supported across jurisdictions.

Q7 Do you support FSANZ's proposed approach with respect to the form of the food used when calculating the HSR (see section 4.3.3 of the CFS and section 3.3 of SD5)? Please provide reasons for your response, including any specific aspects of the proposed approach that you consider problematic or could be improved.

AFGC considers that FSANZ's proposed approach may be workable in principle, provided HSR calculations align, as far as possible, with the basis of the Nutrition Information Panel (NIP). Any exceptions should be clearly defined, practical to apply, and supported by guidance and worked examples.

Support in principle, subject to clear alignment with the NIP
AFGC notes FSANZ's proposal that the HSR would be calculated on the form of the food that best reflects how it is ordinarily consumed, including:

- as reconstituted, where relevant
- as drained, where relevant
- as sold, in other cases.

Reconstituted with water

AFGC considers that FSANZ should provide clearer and more precise guidance on how "reconstituted with water" should be defined and applied in practice. To support consistent implementation, this concept should be defined clearly and narrowly.

In AFGC's view, "reconstituted with water" should apply only where water is added, or where the product is prepared solely through hydration or cooking in water, with no other ingredients added. This would include, for example:

- adding water to a cordial concentrate
- adding boiling water to a dry soup mix
- cooking fresh pasta in boiling water, with no other ingredients added

Clear guidance on this distinction is important to ensure the "as reconstituted" principle remains practical, predictable and aligned with the nutrition information presented to consumers. A cordial concentrate provides a clear example where the HSR calculated on a diluted basis can align with the NIP declared on the same basis. See figure 3.

AFGC notes FSANZ's confirmation in stakeholder webinars that fresh pasta may be treated as "as reconstituted" once cooked, where the NIP is declared on a cooked basis and clear preparation instructions are provided. This type of example should be clearly set out in guidance to support consistent interpretation and application.

Figure 3 -Packaging displaying HSR based on the NIP as reconstituted

As drained

AFGC supports allowing HSR to be calculated based on the food in its drained form, including where liquid such as oil, brine, spring water or syrup is drained before consumption. Where the NIP is presented on an "as drained" basis, the HSR should be able to align with that basis.

This approach may help reduce consumer confusion and support consistency between the front-of-pack HSR and the nutrition information provided to consumers.

Explanatory wording

AFGC considers that further clarification is needed on the proposed approach to explanatory wording for HSR calculations. AFGC notes FSANZ's proposal to include accompanying text to clarify the basis on which the HSR has been calculated.

AFGC does not support an additional mandatory requirement to include front-of-pack explanatory wording in every case, particularly where the HSR already aligns with the NIP. In these circumstances, an additional statement such as "as drained" or "as reconstituted" may not provide a clear consumer benefit and could add unnecessary label complexity.

Previous consumer confusion may have reflected inconsistencies in the voluntary system, rather than the absence of explanatory wording. For example, similar products may have calculated HSR on different bases despite using the same NIP basis. Clearer rules and consistent alignment between the HSR and the NIP may address this issue more effectively than mandatory stand-alone wording in every case.

Where a product is intended to be drained or prepared before consumption, and the NIP is already presented on that basis, AFGC considers that the HSR should be able to align with the NIP without requiring further front-of-pack explanatory wording. Requiring additional wording in these circumstances would create extra labelling changes, complexity and cost for businesses that have already implemented HSR, without clear evidence of improved consumer understanding.

If explanatory wording is required in some circumstances, FSANZ should clarify:

- what wording would be required on pack
- how prescriptive that wording would be
- whether businesses would have flexibility to use more consumer-friendly terms such as “as prepared”, where this better reflects how the product is used.

Implementation and guidance

From an implementation perspective, this lack of clarity is important. Unclear or overly rigid wording requirements could create unnecessary packaging complexity, reduce label usability and lead to inconsistent interpretation across products.

AFGC considers that explanatory wording, where genuinely needed, should be able to link to existing label elements such as preparation instructions or the NIP, rather than needing to stand alone alongside the HSR symbol in every case. This would simplify information for consumers and avoid unnecessary additional front-of-pack changes for industry.

Recommendation
AFGC recommends that FSANZ:
Define “reconstituted with water” clearly and narrowly, limited to products prepared by adding water or cooking in water with no other ingredients added.

Ensure HSR calculations align with the NIP wherever possible, including where products are calculated “as drained” or “as reconstituted”.

Not require mandatory front-of-pack explanatory wording where the HSR already aligns with the NIP.

Allow explanatory wording, where needed, to be linked to existing label elements such as preparation instructions or the NIP.

Q8 Do you support FSANZ's proposed approach with respect to fruit, vegetable, nut, legume (FVNL) content used when calculating the HSR (see section 4.3.4 of the CFS and section 3.4 of SD5)? Please provide reasons for your response, including any specific aspects of the proposed approach that you consider problematic or could be improved.

AFGC considers that FSANZ's proposed approach may support greater consistency and enforceability in a mandatory framework. However, AFGC is not yet able to form a firm position because the practical, category-specific and commercial impacts have not been fully assessed.

Support in principle, subject to further analysis

AFGC notes FSANZ's proposal to treat FVNL content consistently as non-concentrated for scoring purposes and to calculate FVNL content using Standard 1.2.10 definitions. This may support a more consistent and enforceable approach, particularly in a mandatory system.

Impact on concentrated ingredients

The full impact of this approach has not yet been assessed across all product categories. While FSANZ indicates that modelling suggests limited impact on star ratings overall, further analysis is needed for categories where concentrated fruit or vegetable ingredients make a material contribution to the product.

For these products, the proposed approach may affect HSR outcomes, formulation choices and how businesses substantiate FVNL values. Further assessment is needed before it can be determined whether the proposed method will work as intended across all affected product categories.

Formulation incentives and substantiation

From an industry perspective, the proposed FVNL approach may affect product formulation and how the HSR framework operates in practice. FSANZ should assess:

- the impact on products with high levels of concentrated fruit or vegetable ingredients
- whether the approach could unintentionally change product formulation incentives
- the level of substantiation required for FVNL calculations in a mandatory system, including where ingredients are concentrated, reconstituted or used in compound ingredients.

FSANZ should also clarify what evidence businesses would need to hold to substantiate FVNL calculations and how enforcement agencies will assess those calculations in practice. Without this additional analysis and guidance, it is difficult to determine whether the proposed approach will work as intended across all affected product categories

Recommendation:
AFGC recommends that FSANZ undertake further targeted analysis before finalising the proposed FVNL methodology, particularly for products containing concentrated fruit and vegetable ingredients. This analysis should assess likely impacts on HSR outcomes, formulation incentives, substantiation requirements, enforcement consistency and commercial impacts across affected categories.

Q9 Do you support FSANZ's proposed approach with respect to algorithm overrides (see section 4.3.5 of the CFS)? Please provide reasons for your response, including any specific aspects of the proposed approach that you consider problematic or could be improved.

Support in principle, subject to limits

AFGC supports FSANZ's proposed approach to algorithm overrides in principle, where overrides are limited, evidence-based and used to improve alignment between the HSR system and dietary guidance. Used carefully, overrides can be a pragmatic way to address limited cases where the underlying algorithm may not adequately recognise foods that dietary guidance encourages.

However, algorithm overrides should be used sparingly and supported by clear criteria, definitions and governance arrangements. Broad or frequent use of overrides could weaken the consistency, predictability and credibility of the HSR system, particularly if exceptions are not clearly justified or are difficult to apply in practice.

Principles for override use

AFGC considers that any override framework should be evidence-based, transparent, predictable and principle-based. Where overrides are used, the criteria and definitions should be clear and practical to apply, to support consistent interpretation, enforcement and industry compliance. Any override approach should also be supported by simple and practical consumer education so that overrides strengthen, rather than undermine, consumer understanding of the HSR system.

Nuts

AFGC notes that members have discussed whether nuts should be treated consistently with other encouraged FVNL foods for the purposes of algorithm overrides. Some members consider that there is a public health rationale for further consideration of nuts within the override framework, given that dietary guidelines in Australia and New Zealand recognise nuts as part of recommended dietary patterns and population intakes remain below recommended levels. These members consider that a narrowly framed override may not adequately recognise products that make a meaningful contribution to intakes of nutrient-dense foods that are currently under-consumed.

Other members consider that overrides should remain tightly limited and that expanding the framework could create broader issues for consistency, interpretation and future boundary-setting within the HSR system.

Given these differing views, AFGC does not propose a broad expansion of algorithm overrides at this time. Instead, AFGC recommends that FSANZ retain a limited approach to overrides and apply clear, evidence-based principles to determine whether any further foods should be considered in future.

If FSANZ considers any future extension of overrides, including in relation to nuts, this should be subject to further targeted consultation, transparent criteria and careful assessment of the implications for consistency, consumer understanding and enforceability.

Definitions and governance

Where an override depends on terms such as “minimally processed”, these terms must be clearly defined and supported by practical examples. This is necessary to avoid inconsistent interpretation and to ensure that the framework can be applied consistently by businesses and enforcement agencies.

Unsweetened water-based flavoured beverages

AFGC supports the proposed policy override of 4.5-star rating for unsweetened water-based flavoured beverages.

However, the proposed restriction on sodium-based food additives may have unintended consequences. As currently drafted, it will unintentionally exclude safe and functional additives permitted under Good Manufacturing Practice, including sodium citrate and sodium ascorbate.

AFGC understands this was not the intended policy outcome. The wording should therefore be adjusted so that permitted additives with a legitimate technological purpose in water-based flavoured drinks are not excluded, while retaining the intended exclusions for quinine, intense sweeteners, colours and caffeine.

Recommendation:
AFGC recommends that FSANZ
Retain a limited approach to algorithm overrides, supported by clear, evidence-based and transparent criteria.

Ensure any future extension of overrides, including in relation to nuts, is subject to targeted consultation and careful assessment of consistency, consumer understanding and enforceability.

Clearly define terms used in override criteria, including terms such as “minimally processed”, and provide worked examples.

Revise the override wording for unsweetened water-based flavoured beverages to allow additives permitted to be used in water-based flavoured drinks, except for quinine, intense sweeteners, colours and caffeine, and to clarify that no other ingredients may be used.

Q10 Do you support FSANZ’s proposed approach regarding layers of packaging, multipacks, individual portion packs and multicomponent foods (see section 4.3.6 of the CFS and section 3.2 of SD5)? Please provide reasons for your response.

AFGC considers that FSANZ’s proposed approach may be workable in principle, particularly the proposal to require the HSR on one packaging layer only. However, clearer drafting, practical guidance and worked examples are needed before AFGC can form a settled view on how the rules would apply across common multipack, individual portion and multicomponent formats.

AFGC notes FSANZ’s proposal to require one HSR symbol on one package layer only, and its proposed approaches for multipacks and multicomponent foods. While this approach is understandable, practical

flexibility will be needed for products that are used across multiple channels, packaging layers or product formats.

Support in principle, subject to practical flexibility

Requiring one HSR symbol on one packaging layer may help avoid duplication and reduce label clutter. However, this principle should be applied flexibly so that businesses can manage common packaging arrangements without unnecessary relabelling or uncertainty.

Multipacks and combined NIPs

AFGC considers that further clarification is needed on how the proposed rules would apply to common multipack formats. FSANZ has provided some helpful detail in SD5 for the display of HSR on multipacks. However, many multipacks contain products with small flavour differences, similar but not identical nutrition information, or the same HSR. In these cases, it is not clear whether a single Nutrition Information Panel (NIP) and single HSR could be used.

Where a combined NIP is permitted for a multipack, AFGC considers that a single HSR based on that combined information should also be permitted. This would support consistency and avoid requiring multiple HSR symbols where nutrition differences are minor or where a combined nutrition declaration is already accepted. While FSANZ has confirmed in stakeholder webinars that this approach is acceptable for certain products, such as assorted chocolates, it is unclear how this would apply more broadly. Clarification is needed on:

- whether an explanatory statement would be required where the HSR is based on an average
- whether such a statement is still needed if the average HSR aligns with the lowest HSR in the assortment

Individual portion packs and outer packaging

AFGC seeks clarification on the treatment of individual portion packs within multipacks and the interaction between inner and outer packaging.

If only one packaging layer is required to carry the HSR, businesses should have the flexibility to display the HSR on both the outer pack and the individual portion packs where appropriate. This is particularly relevant where inner packs may also be sold separately in retail settings, such as convenience or petrol channels.

Further guidance is also needed on whether shrink wrap used to bundle multiple units would be exempt from HSR display where the individual packs already carry the HSR. In AFGC's view, shrink-wrapped outer packaging should not create a new HSR obligation where the inner packs already carry HSR, unless the outer wrap functions as the consumer-facing retail pack.

Weighted average HSR and multicomponent foods

AFGC also considers that further clarity is needed for products that use a weighted average HSR based on individual component NIPs.

AFGC supports the use of a weighted average approach for products such as cheese and crackers where components fall across different HSR categories. AFGC considers this principle should also be available for other multicomponent products where components fall into different HSR categories, such as cheese and salami sticks. See figure 4.

Figure 4 Example of multicomponent food across different HSR categories

AFGC considers that, if FSANZ is seeking to address challenges in this area, a consistent and principles-based approach should be applied across multicomponent products where components fall across more than one HSR category.

FSANZ has indicated that where components are intended to be consumed together and fall within the same HSR category, a weighted average approach is not permitted. AFGC considers that this principle should be clearly defined and supported by practical guidance and worked examples.

Implementation and worked examples

Overall, AFGC considers that further guidance is needed for multipacks and multicomponent foods that fall within a single HSR category compared with products that span multiple HSR categories. This should include examples such as meal kits containing wraps, rice, seasoning and sauce, as well as products with separate components from different HSR categories.

Without clear and practical guidance, businesses may face uncertainty in how to calculate and display HSR for common product formats.

Recommendation
AFGC recommends that FSANZ:
Retain the proposed broad approach in principle, including the requirement for one HSR symbol on one packaging layer, provided this is supported by clearer drafting, practical flexibility and worked examples.

Clarify
-when a single HSR may be used for multipacks with a combined NIP;
-whether explanatory wording is required where the HSR is based on an average;
-whether HSR may be displayed on both outer and individual portion packs where appropriate;
-how shrink-wrapped outer packaging should be treated where inner packs already carry HSR;
-when weighted average HSR calculations are permitted for multicomponent foods; and
-how the rules apply to products within a single HSR category compared with products spanning multiple HSR categories.

Q11. Do you support FSANZ's proposed approach for the HSR symbol to be the stars element only (see section 4.4.1 of the CFS and section 1.1 of SD4)? Please provide reasons for your response, including any evidence on consumer use or implementation considerations.

AFGC supports FSANZ's proposal to adopt the stars-only format as the core HSR symbol, as this may improve consistency and readability. However, AFGC considers that limited practical flexibility should be retained for additional voluntary information where it supports transparency and does not undermine the simplicity of the core symbol.

Support for stars-only as the core symbol

AFGC notes FSANZ's proposal to limit the HSR symbol to the stars-only format. AFGC also notes FSANZ's view that this format may be easier to read and less likely to be misunderstood than formats that include additional energy or nutrient icons. FSANZ's materials also suggest that most current users already use the stars-only format.

Limited flexibility for additional voluntary information

A stars-only approach may improve consistency and reduce variation in how the HSR is presented. However, AFGC considers that limited flexibility should remain for businesses that wish to provide additional voluntary information where it is transparent, useful to consumers and does not undermine the simplicity or readability of the stars-only symbol.

AFGC considers that the energy thumbnail format should remain available on a voluntary basis where it provides useful additional context, such as energy per serve for products offered in different serve sizes, without undermining the simplicity of the core symbol. This format has formed part of the voluntary HSR framework and has previously been available to businesses using the system in good faith.

Transition for existing users

If the energy thumbnail format or other previously accepted HSR formats become non-compliant under a mandatory Standard, businesses that adopted those formats in good faith should not be disadvantaged. Some businesses currently use extended formats and will face packaging change costs if these are no longer permitted.

These businesses should be given sufficient time to update packaging through normal packaging change cycles and should not be penalised for having adopted previously accepted formats under the voluntary framework. Appropriate transition arrangements, including stock-in-trade flexibility where relevant, would support a practical and proportionate transition.

Logo reproduction and printing constraints

AFGC considers that flexibility is also needed in how the HSR logo is reproduced on pack. In practice, there are technical limits on how clearly the logo can be printed across different packaging materials, pack sizes and printing methods. If design requirements are too prescriptive, this may affect print quality and legibility and reduce the practicality of the symbol in some cases.

For this reason, the Code should allow sufficient flexibility in reproduction to ensure the HSR remains clear and legible, while recognising real-world packaging and printing constraints.

Recommendation
AFGC recommends that FSANZ:
Adopt the stars-only format as the core HSR symbol, while retaining limited flexibility for additional voluntary information, such as energy per serve, where it supports transparency and does not undermine the simplicity or readability of the core symbol.

Ensure a practical transition by allowing sufficient time for packaging updates and flexibility in logo reproduction to reflect real-world printing constraints.

Provide appropriate transition arrangements for businesses using previously accepted HSR formats and allow practical flexibility in logo reproduction to reflect real-world packaging and printing constraints.

Q12. Do you have any information or evidence to inform the consideration of colour including as it relates to supporting consumption of foods identified in Guideline 2 of the Australian Dietary Guidelines (ADGs) and Eating Statement 1 of the New Zealand Eating and Activity Guidelines (NZEAG)? Please provide any consumer evidence and/or information on implementing the use of colour in the HSR symbol.

AFGC strongly opposes introducing colour for interpretive purposes in the HSR symbol. The monochrome HSR format is familiar to Australian and New Zealand consumers, supports flexible implementation across packaging formats, and should not be changed without clear evidence of real-world consumer benefit.

Position on colour

AFGC notes that FSANZ is not proposing changes to colour at this stage and has indicated that any such change would require further research and consideration alongside dietary guideline developments. AFGC strongly supports this cautious approach.

Interpretive role of the HSR

AFGC considers that the HSR already provides an interpretive element through the star rating itself.

Adding colour would introduce a further interpretive layer and additional complexity without clear evidence that this would improve consumer understanding, purchasing behaviour or diet quality in real-world settings.

Reference to colour in SD4

AFGC notes that SD4 refers to the possible use of a gold colour to identify foods aligned with dietary guidance. AFGC considers that this example should be treated with caution. Introducing colour to signal a further interpretive judgement would require clear criteria, further consumer testing and careful assessment of potential unintended consequences.

Implementation impacts

From an industry perspective, prescribing colour would create practical and significant cost challenges, including impacts on packaging design, printing processes, colour management and implementation across different packaging formats. The current use of monochrome designs supports flexibility, legibility and efficient implementation, including allowing contrast adjustments where needed.

Mandatory colour requirements would reduce this flexibility and increase costs and operational complexity without clear evidence of a corresponding public health benefit.

Consumer evidence

AFGC notes that the studies cited in SD4, including Pettigrew 2020a and 2020b, provide useful insights but have important limitations and should not be generalised to the broader marketplace. These were simulated online experiments rather than real shopping environments and covered a limited range of products. The multi-country study also showed mixed results, including different outcomes between Australia and New Zealand.

While these studies contribute to the evidence base, they focus on consumer understanding and purchase intention in controlled settings. They do not demonstrate how colour influences real-world purchasing behaviour, overall diet quality or health outcomes. There remains an evidence gap in understanding how improved understanding translates into actual behaviour change.

Recommendation:
AFGC strongly recommends that FSANZ not introduce colour for interpretive purposes in the HSR symbol. Any future consideration of colour should be subject to separate consultation, robust real-world consumer research, clear criteria, assessment of unintended consequences, and detailed consideration of implementation costs and packaging constraints. In the meantime, flexibility should be maintained to support monochrome presentation across different packaging formats.

Q13 Do you support FSANZ's proposed approach for the location of the HSR symbol on a package of food (see section 4.4.2 of the CFS and section 1.2 of SD4)? Please provide reasons for your response, including any evidence on consumer use or implementation considerations.

Support in principle, subject to practical flexibility

AFGC supports front-of-pack placement of the HSR symbol in principle, as this is consistent with the purpose of HSR as an interpretive front-of-pack nutrition labelling tool.

However, implementation requirements should not be overly prescriptive and should allow flexibility for imported products, over-stickering and businesses supplying both domestic and export markets.

Imported products and over-stickering

AFGC supports FSANZ's proposed approach to allow the HSR to be displayed on the back of pack where imported foods require an over-sticker to meet Australian and New Zealand labelling requirements, such as ingredient information, the Nutrition Information Panel and importer details in English. This flexibility is

helpful because imported products are often manufactured and labelled for multiple markets before being adapted for sale in Australia and New Zealand.

Allowing the HSR to be included on a back-of-pack over-sticker provides a practical compliance pathway where front-of-pack placement is not readily available or would require disproportionate redesign of the original pack. AFGC therefore considers that front-of-pack placement should remain the general principle, while the final framework should allow sufficient flexibility for imported products and over-stickering where needed to manage practical packaging constraints and avoid unnecessary costs for businesses and consumers.

Export implications

AFGC considers that the export implications of mandatory HSR require further assessment, particularly how the proposed approach aligns with key export markets and comparable international regulatory frameworks.

FSANZ notes that mandating HSR "may have an effect on international trade" because there is no consistency across international food standards in front-of-pack labelling requirements. FSANZ also states that it does not anticipate any significant impact on the efficiency and ability of Australian and New Zealand food businesses to compete in overseas markets. AFGC considers that further evidence and analysis are needed to support this conclusion.

Many businesses supply both domestic and export markets using common or shared packaging. If HSR becomes mandatory for products sold domestically, businesses may need to create separate packaging for export markets where HSR is not recognised, not permitted, or inconsistent with local front-of-pack labelling requirements.

International front-of-pack labelling schemes

Several key export markets already operate, or are developing, their own front-of-pack nutrition labelling schemes. Relevant examples include, but not limited to:

- Singapore's Nutri-Grade system
- Malaysia's Healthier Choice Logo
- Indonesia's Healthier Choice Logo and emerging Nutri-Level approach
- Thailand's mandatory Guideline Daily Amounts labelling for specified foods
- Abu Dhabi's Nutri-Mark scheme.

These schemes differ from HSR in scope, format, nutrient criteria, regulatory status and permitted use. In markets where only one front-of-pack labelling approach is recommended, permitted or expected, displaying HSR may conflict with local regulatory settings, regulator interpretation, policy positions or retailer requirements.

Member feedback indicates that this risk is not theoretical. In at least one market, members have received advice from the relevant health authority that overseas front-of-pack labelling systems are not accepted and may be considered inconsistent with local food regulations. This illustrates that export risks may arise

even where restrictions are not expressly set out in legislation or are not immediately apparent from a desktop review of overseas food laws.

Under the European Union's Regulation (EU) No 1169/2011, additional forms of expression or presentation, including graphical symbols, must meet specific requirements, including being supported by valid consumer research, not misleading consumers and not creating obstacles to the free movement of goods. HSR has been developed for the Australian and New Zealand context and may not have been validated for EU consumers or formally assessed by the European Commission.

Market access and compliance risks

Some markets may treat front-of-pack interpretive nutrition symbols differently from Australia and New Zealand. For example, a higher HSR rating may potentially be interpreted in some jurisdictions as a nutrition or health-related representation, depending on the local regulatory framework.

These issues may create practical and commercial consequences for exporters, including the need for separate export packaging, over-stickering, relabelling or other market-specific compliance measures. Members have also reported that displaying HSR on export products may have ramifications for product listings in some markets, particularly where local authorities or retailers expect use of the local front-of-pack labelling approach only. This may increase costs and complexity for businesses supplying both domestic and export channels.

AFGC therefore recommends that FSANZ undertake further assessment of the trade and export implications of mandatory HSR. This should include the potential need for separate domestic and export packaging, over-stickering, relabelling, added packaging costs, compliance complexity and possible barriers for businesses supplying both domestic and export markets.

Recommendation
AFGC recommends that FSANZ:
Adopt front-of-pack placement in principle, while limiting prescriptive positioning requirements and allowing flexibility for practical packaging constraints.

Accommodate imported products that may need over-stickering or alternative placement to meet Australian and New Zealand requirements.

Undertake further assessment of the trade and export implications of mandatory HSR.

Assess whether mandatory HSR may require separate domestic and export packaging, over-stickering, relabelling or other market-specific compliance measures. The implications for businesses supplying both domestic and export markets should be considered, particularly where HSR is not recognised, not permitted, or inconsistent with the front-of-pack labelling approach of key export markets.

Q14. Do you support FSANZ's proposed approach for the presentation and legibility of the HSR symbol (see section 4.4.3 of the CFS and section 1.3 of SD4)? Please provide reasons for your response, including any evidence on consumer use or implementation considerations.

AFGC supports a standardised presentation approach for the HSR symbol in principle, where HSR becomes mandatory, as this may support consistency, readability and consumer recognition. However, presentation requirements should remain proportionate and should not create redesign or compliance burden beyond what is needed to ensure clarity and legibility.

Support for standardised presentation

AFGC notes FSANZ's proposal to prescribe the trademarked symbol design in the Code and rely on existing legibility requirements to support presentation outcomes. AFGC also notes FSANZ's assessment that compliance has been higher for simpler stars-only formats than for more complex symbol formats.

Transition for existing HSR formats

Manufacturers that have voluntarily applied the HSR together with the four nutrient icons, and where relevant an additional optional icon, in line with the HSR Implementation Guide preference, should not be disadvantaged through the transition to a mandatory framework.

AFGC considers that flexibility should be maintained for existing formats where they provide transparent information and remain clear and legible for consumers. If these formats become non-compliant under a mandatory Standard, businesses should be given sufficient time to update packaging through normal packaging change cycles and should not be penalised for having followed a previously accepted approach.

Logo reproduction and printing constraints

AFGC considers that flexibility is also needed in how the HSR logo is reproduced on pack. In practice, there are technical limits on how clearly the logo can be printed across different packaging materials, pack sizes and printing methods. If design requirements are too prescriptive, this may affect print quality and legibility and reduce the practicality of the symbol in some cases.

SME implementation considerations

The Code should allow sufficient flexibility in reproduction, so the HSR remains clear and legible across different packaging materials, pack sizes and print methods. This flexibility is particularly important for SMEs, which may have less capacity to absorb additional artwork, printing and packaging redesign costs within short transition periods.

Recommendation
AFGC recommends that FSANZ:
Adopt a standardised presentation approach for the HSR symbol in principle, provided the requirements remain proportionate and focused on clarity and legibility.

FSANZ should provide appropriate transition arrangements for businesses using previously accepted HSR formats and allow practical flexibility in logo reproduction to reflect real-world packaging, printing and SME implementation constraints.

Q15. Do you support FSANZ's proposed approach for the declaration of algorithm components (see section 4.5 of the CFS and section 4 of SD5)? Please provide reasons for your response including any implications for transparency, enforcement or cost.

AFGC supports transparency and enforceability in a mandatory HSR framework. However, mandatory declaration of additional algorithm components should be proportionate and limited to circumstances where on-pack declaration materially supports HSR calculation, consumer understanding or enforcement. Where information is needed primarily for substantiation or enforcement, businesses should be able to hold appropriate records and provide them to enforcement agencies on request, rather than being required to declare all information on pack.

Support for transparency, subject to proportionality

AFGC notes FSANZ's proposal to require declaration of dietary fibre, calcium and FVNL content where these components are used in HSR calculation. AFGC also notes that this is intended to support transparency and enforcement. AFGC considers that this objective should be balanced against the practical burden of additional on-pack declaration requirements.

Cost, label space and substantiation impacts

Mandatory declaration of additional algorithm components may create practical challenges for industry, including:

- increased analytical and substantiation costs
- additional pressure on limited label space
- added complexity where values are required for HSR purposes but would not otherwise be declared

Dietary fibre

AFGC acknowledges that fibre declaration may support transparency where fibre contributes to the HSR outcome. However, FSANZ should clarify whether fibre must be declared in the Nutrition Information Panel (NIP) where:

- the fibre value used in the HSR calculation is zero
- the product contains fibre, but the amount does not affect the HSR outcome

In these circumstances, the benefit of fibre declaration may be limited compared with the cost, substantiation and label space burden.

FVNL declaration

AFGC does not support requiring FVNL declaration on the label, whether as separate component or as a combined FVNL. The effect of this requirement is:

- Additional label changes, particularly back-of-pack label edits where those artworks may not be otherwise amended
- Label clutter and confusion
- Disclosure of potentially commercially sensitive information and confidential formulation information.

AFGC does not believe this information would bring added value to consumers. As this information is needed primarily for enforcement or substantiation, AFGC instead suggests businesses retain internal records which can be provided when necessary.

Substantiation and enforcement

Consistent with the approach proposed for the 75% rule, AFGC considers that businesses should be required to hold appropriate information to substantiate FVNL calculations where this is relevant to the HSR outcome. An enforcement agency could request this information from a manufacturer to determine whether the declared HSR has been calculated correctly, without requiring all FVNL information to be declared on pack.

This approach would support transparency and enforcement while avoiding unnecessary label clutter and protecting commercially sensitive formulation information. Not all FVNL components are characterising ingredients under Standard 1.2.10, and requiring all FVNL values to be declared within the ingredient list could lead to unnecessary disclosure of commercially sensitive information. If FVNL declaration is required on label, businesses should have flexibility in placement, including as standalone additional information near the ingredient list, the NIP or the product name.

Recommendation
AFGC recommends that FSANZ:
Balance transparency and enforcement objectives with the practical burden of additional declaration requirements.

Mandatory declaration of algorithm components, including fibre and FVNL percentage, should be limited to circumstances where the component materially affects the final HSR outcome or where on-pack declaration is necessary to support consumer understanding.

Where information is needed primarily for enforcement or substantiation, businesses should be able to hold appropriate records and provide them to enforcement agencies on request, rather than being required to declare all information on pack.

FSANZ should allow FVNL to be substantiated through internal record keeping.

Q16.Have all the major impacts to industry, consumers and government from the proposed options been identified in Table 1 of SD6? Please provide evidence (where possible) to support the inclusion and magnitude of other impacts.

AFGC considers that SD6 identifies the major categories of impact, including label change costs, enforcement, consumer education and potential reformulation effects. However, several impacts remain unquantified or may be underestimated and require further assessment before the likely scale and distribution of impacts can be properly understood.

Overall position

AFGC notes FSANZ's preliminary assessment of impacts on consumers, industry and government in SD6, as well as FSANZ's acknowledgement that some impacts have not yet been fully quantified. AFGC also acknowledges that FSANZ is seeking additional cost information through Call for Submissions 2 to support further refinement of the impact assessment.

Impact assumptions and existing HSR users

AFGC considers that some assumptions in the impact assessment may not accurately reflect the extent of change required across industry. For example, FSANZ estimates that around 70% of SKUs would be impacted. However, given existing HSR uptake of around 35% to 39% in Australia and New Zealand, this appears to suggest that many products already displaying HSR would not require further action. This may not reflect the breadth of the proposed changes, including updates to the algorithm, changes to FVNL treatment, new declaration requirements for FVNL percentage, calcium and fibre, and the proposed shift to a stars-only format.

In practice, many businesses that already display HSR would still need to review, recalculate, substantiate and update labels across their portfolios. Existing HSR users should therefore not be assumed to face only minimal implementation costs.

Opportunity cost and cumulative burden

AFGC considers that the impact assessment should recognise not only direct labelling and compliance costs, but also the opportunity cost of implementation. Food and grocery businesses will need to redirect limited technical, regulatory, packaging and commercial resources towards HSR implementation activities that would otherwise support innovation, renovation, reformulation, productivity improvement, cost optimisation and supply chain resilience.
This opportunity cost is particularly important in the current operating environment. Manufacturers are already managing sustained cost inflation, supply chain disruption, climate-related pressures, commodity constraints, geopolitical instability and increasing regulatory burden, often with leaner teams and limited spare capacity. These conditions reduce the ability of businesses to absorb additional regulatory change without displacing other important business activities.

Food supply chain and geopolitics

AFGC considers that FSANZ's impact assessment should more fully account for the broader supply chain and geopolitical [1]context in which mandatory HSR would be implemented. The AFGC's recent analysis of food supply chain and geopolitical risk highlights the increasing exposure of Australian food and grocery manufacturers to international disruption, including through dependence on imported ingredients, packaging materials, fuel and other critical inputs. These pressures are not temporary or isolated; they form part of a more volatile operating environment in which manufacturers are being asked to manage higher costs, greater uncertainty and reduced flexibility.

Mandatory HSR should therefore not be assessed as an isolated labelling change. It would require review, recalculation, substantiation, artwork changes, packaging redesign and implementation across large product portfolios at a time when many manufacturers are already operating with constrained margins and limited investment capacity.

FSANZ should consider the cumulative impact of mandatory HSR alongside broader supply chain pressures, including the potential for increased packaging costs, packaging waste, stock write-offs, SKU rationalisation, delayed innovation and disproportionate impacts on SMEs, importers and businesses with complex or mixed domestic and export portfolios.

Areas requiring further assessment

Further assessment should focus on the following areas:

- **Existing HSR users** — including the cost of reviewing, recalculating, substantiating and, where necessary, relabelling products that already display HSR. Existing users should not be assumed to face only minor or routine costs, as changes to the algorithm, FVNL treatment, declaration requirements and symbol format may still trigger significant work.
- **Implementation across large and complex portfolios** — including the cumulative cost of applying the requirements across multiple SKUs, packaging formats, brands, seasonal lines, short-run products and products sold through mixed domestic, export and foodservice channels.
- **Business size and capability** — including whether impacts fall disproportionately on SMEs, importers and businesses with limited regulatory, technical, packaging or procurement resources.
- **Packaging and operational impacts** — including artwork changes, packaging redesign, print changes, over-stickering, packaging inventory management, packaging waste, stock write-offs and the feasibility of aligning changes with normal packaging cycles.
- **Commercial and range impacts** — including whether implementation costs or practical constraints may contribute to SKU rationalisation, delayed innovation, reformulation decisions, changes to product ranges or reduced flexibility to respond to supply chain pressures.
- **Cumulative regulatory burden** — including how mandatory HSR would interact with other current or expected packaging, labelling, sustainability, recycling, health and regulatory change programs.

[1] AFGC. Geopolitics and the food supply chain: a resilience agenda. July 2026.

- **Import and export impacts** — including the cost and feasibility of over-stickering imported products, the potential need for separate domestic and export packaging, and the risk that HSR may not be recognised, permitted or accepted in key export markets.
- **Category-specific impacts** — including whether higher-level cost estimates adequately capture products or categories with unusual packaging formats, complex calculations, concentrated ingredients, mixed components, limited label space or specific substantiation requirements.

FSANZ should also evaluate whether its assumptions about transition timing, stock-in-trade, routine label changes and implementation costs remain valid when applied to these different scenarios. This would provide a more reliable basis for assessing the real-world impact of mandating HSR and for designing proportionate transition arrangements.

Recommendation
AFGC recommends that FSANZ:
Further refine its impact assessment to better reflect the range, scale, distribution and timing of implementation impacts across industry. This should include scenario-based assessment of impacts on existing HSR users, SMEs, importers, exporters, businesses with large or complex portfolios, and products with category-specific implementation challenges.

Evaluate whether its assumptions about routine label changes, transition timing, stock-in-trade and implementation costs are realistic in the current operating environment.

Use the additional cost information collected through Call for Submissions 2 to update its assumptions before finalising the impact assessment and designing transition arrangements.

Q17.Do you have information to provide to assist FSANZ in quantifying the costs and benefits currently identified as unquantified in Table 2 of SD6? Please provide data and evidence to support the inclusion of such information.

AFGC notes that FSANZ is seeking further information to quantify costs and benefits that have not yet been measured in SD6.

Preliminary cost modelling

To assist this process, AFGC has undertaken preliminary cost modelling of the likely relabelling burden associated with mandatory HSR. See Appendix 1. This analysis estimates that total one-off uncoordinated relabelling costs to Australian industry alone could range from approximately **$290 million to $510 million** across four modelling scenarios. This is materially higher than FSANZ's preliminary cost estimates for Australia and New Zealand combined and suggests that the potential industry cost burden may be significantly understated in the current assessment.

The AFGC analysis is not intended to provide a final definitive estimate, but it demonstrates the need for a more structured and transparent approach to cost quantification. It draws on per-SKU relabelling cost estimates, category-level SKU counts and Monte Carlo simulation to show that total costs are sensitive to the number of affected SKUs, product category, packaging format, business size and whether changes can be coordinated with routine packaging cycles. Across the four scenarios, the 90% intervals suggest an impact to Australian industry alone ranging from approximately $290 million to $510 million.

AFGC considers that FSANZ should quantify not only direct relabelling costs, but also broader implementation costs that businesses routinely incur when regulatory label changes are required. These may include product review, HSR recalculation, substantiation, artwork redesign, pre-press changes, printing changes, legal and regulatory review, product testing, logistics, photography, updates to digital and online product information, packaging inventory management, and disposal or write-off of old stock. These indirect and operational costs are important because they may not be captured in a narrow label-change estimate but can materially affect the real cost of implementation.

AFGC also considers that costs for existing HSR users should be quantified separately. Businesses that have already implemented HSR under the voluntary scheme may still need to review, recalculate, substantiate and update labels if the mandatory framework changes the HSR graphic, calculation rules, FVNL treatment, declaration requirements, Nutrition Information Panel requirements or permitted symbol format. Member feedback indicates that this is not a theoretical concern.

For example, one member that has already applied HSR to around 70% of its portfolio estimates it may still need to update around 50 labels at an estimated cost of approximately $250,000, with potential costs exceeding $1 million if further changes are required across the broader label portfolio, before accounting for packaging write-offs. See Appendix 2

AFGC therefore considers that Table 2 of SD6 should be expanded to quantify, or at least separately identify, the following cost categories:

- direct relabelling costs by product category and packaging format
- indirect implementation costs, including legal, regulatory, testing, logistics, photography and digital asset updates
- costs for existing HSR users that need to update labels or recalculate ratings
- costs associated with packaging inventory write-offs or stranded stock
- importer and over-stickering costs
- costs for SMEs and businesses with limited internal technical, regulatory or packaging capability
- ongoing compliance costs arising from future formulation changes, supplier changes, ingredient substitutions, artwork refreshes or HSR guidance and Code updates.

Recommendation

AFGC recommends that FSANZ

Revise its treatment of unquantified costs in SD6 using practical industry evidence consideration of the preliminary AFGC cost modelling. The final impact assessment should quantify direct and indirect implementation costs, distinguish between first-time HSR adopters and existing HSR users, and assess how costs vary by product category, packaging format, business size and transition timing.

Use this evidence to design proportionate transition arrangements, including adequate implementation time and stock-in-trade provisions, to minimise unnecessary costs, packaging waste and disruption.

Q18 Do you agree with the assumptions proposed to be used to estimate the costs to industry in SD6? Please provide data and evidence to support the inclusion of alternative assumptions.

AFGC does not agree with FSANZ's cost assumptions at this stage. The assumptions should be treated as preliminary because they rely on a simplified view of implementation and may not reflect the full range, scale or distribution of costs that businesses will face under a mandatory HSR framework.

Cost assumptions

A central concern is the use of simplified average cost assumptions. This approach risks treating all businesses as if they face similar per-SKU costs, even though costs vary significantly by business size, economies of scale, internal capability, packaging type, printing method, product category and supply chain structure. This limitation is particularly important for mandatory HSR because the proposal would apply across a much broader and more diverse range of food and beverage products than previous category-specific labelling reforms.

The AFGC preliminary modelling uses Monte Carlo simulation to fully consider cost uncertainty, rather than relying on a single average per-SKU figure. This approach better reflects the real-world spread of costs across categories, packaging formats and business types. It also allows decision makers to understand not only a central estimate, but the likelihood and magnitude of higher-cost outcomes.

Category-level SKU data

AFGC also considers that in FSANZ's further cost modelling, assumptions should be revised to reflect category-level SKU data. FSANZ currently reports the total number of products intended to display HSR but does not report those products by category. This limits the ability to scrutinise cost assumptions and masks substantial variation in relabelling costs across product categories. Category-level SKU data would allow more accurate modelling and would help identify where the compliance burden is likely to be concentrated.

In practice, implementation is likely to involve more than a routine label change. Costs may arise from:

- staff training
- product review, recalculation and substantiation
- updates to internal specifications and labelling systems
- review and updating of fibre, calcium and FVNL values where required
- legal and regulatory review
- product testing and verification
- artwork redesign and label layout changes
- pre-press changes and new print plates or cylinders
- packaging and label inventory management
- disposal or write-off of old stock
- updates to digital and online product information
- project management across large portfolios and transition timelines.

AFGC also considers that some costs are unlikely to be purely one-off. Businesses may incur ongoing costs where HSR calculations need to be reviewed following formulation changes, supplier changes, ingredient substitutions, portfolio changes, artwork refreshes, or future changes to the algorithm, guidance or Code requirements.

Assumptions requiring further testing

AFGC recommends that FSANZ evaluate the following assumptions before finalising the impact assessment:

- whether label changes can realistically be coordinated with normal packaging cycles
- whether existing HSR users have been assumed to face only minor or routine costs
- whether average per-SKU costs adequately reflect category, packaging and business-size variation
- whether SME costs are materially higher because of lower economies of scale and greater reliance on external providers
- whether importer, over-sticker and export packaging costs have been adequately captured
- whether transition periods and stock-in-trade provisions are sufficient to avoid unnecessary packaging write-offs and stranded inventory
- whether indirect costs, including legal, testing, logistics, photography and digital asset updates, have been included
- whether the final cost-benefit assessment treats uncertainty on both the cost and benefit sides with comparable rigour.

AFGC would welcome the opportunity to discuss its preliminary modelling and underlying assumptions with FSANZ, should this assist in refining the cost assessment and informing the next stage of the impact analysis.

Recommendation
AFGC recommends that FSANZ
Revise its cost assumptions before finalising the impact assessment. The final assessment should use a structured, replicable per-SKU cost model that captures both direct and indirect costs, differentiates costs by product category and business size, and presents results as a plausible range rather than a single point estimate.

Collect and publish category-level SKU data, test assumptions about coordinated label changes and transition timing, and incorporate practical industry evidence provided through Call for Submissions 2.

Q19.Please make any other comments that are not related to specific questions here.

Transition period

AFGC considers that any transition period for mandatory HSR must be realistic, practical and environmentally responsible. This is particularly important given FSANZ's indication that a large proportion of packaged foods in Australia and New Zealand may be affected.

Scale and complexity of implementation

With more than 70% of packaged foods being impacted, implementation goes well beyond a standard label update. Businesses would need to manage changes across product assessment, HSR calculation and substantiation, regulatory review, artwork, print cycles, packaging procurement, stock management, importer arrangements and retailer changeover processes.

This will affect both businesses applying HSR for the first time and businesses that already carry HSR. Existing HSR users may still need to reassess, recalculate or revalidate ratings under the mandatory framework, and may also need to update labels to comply with new requirements, such as FVNL calculation, fibre labelling or the stars-only format.

Packaging cycles and stock-in-trade

Transition timing should therefore be assessed against how packaging changes are managed in practice across large and diverse product portfolios. These updates are usually aligned with normal artwork cycles, print schedules and stock depletion. If the transition period is too short, businesses may face avoidable costs, duplicated print runs, packaging write-offs and stranded stock, particularly where changes apply across many SKUs.

AFGC considers that stock-in-trade provisions are essential. Products manufactured or imported before the end of the transition period should be able to continue to be supplied until stock is exhausted. Without this, businesses may be required to stop using otherwise compliant packaging before stock has naturally run down. This is particularly important for long shelf-life products, imported products, seasonal production runs and products supplied across multiple markets.

Alignment with previous FSANZ transition approaches

AFGC notes that FSANZ has previously recognised under Proposal P1062[2], that multiple and complex system-wide labelling reforms warrant extended transition periods, including 4 years plus 2 years stock-in-trade.

Mandatory HSR presents comparable, and in some respects greater, implementation complexity because it may require product reassessment, HSR recalculation, substantiation, artwork changes, NIP updates, packaging inventory management, importer arrangements and digital information updates across a large proportion of packaged foods.

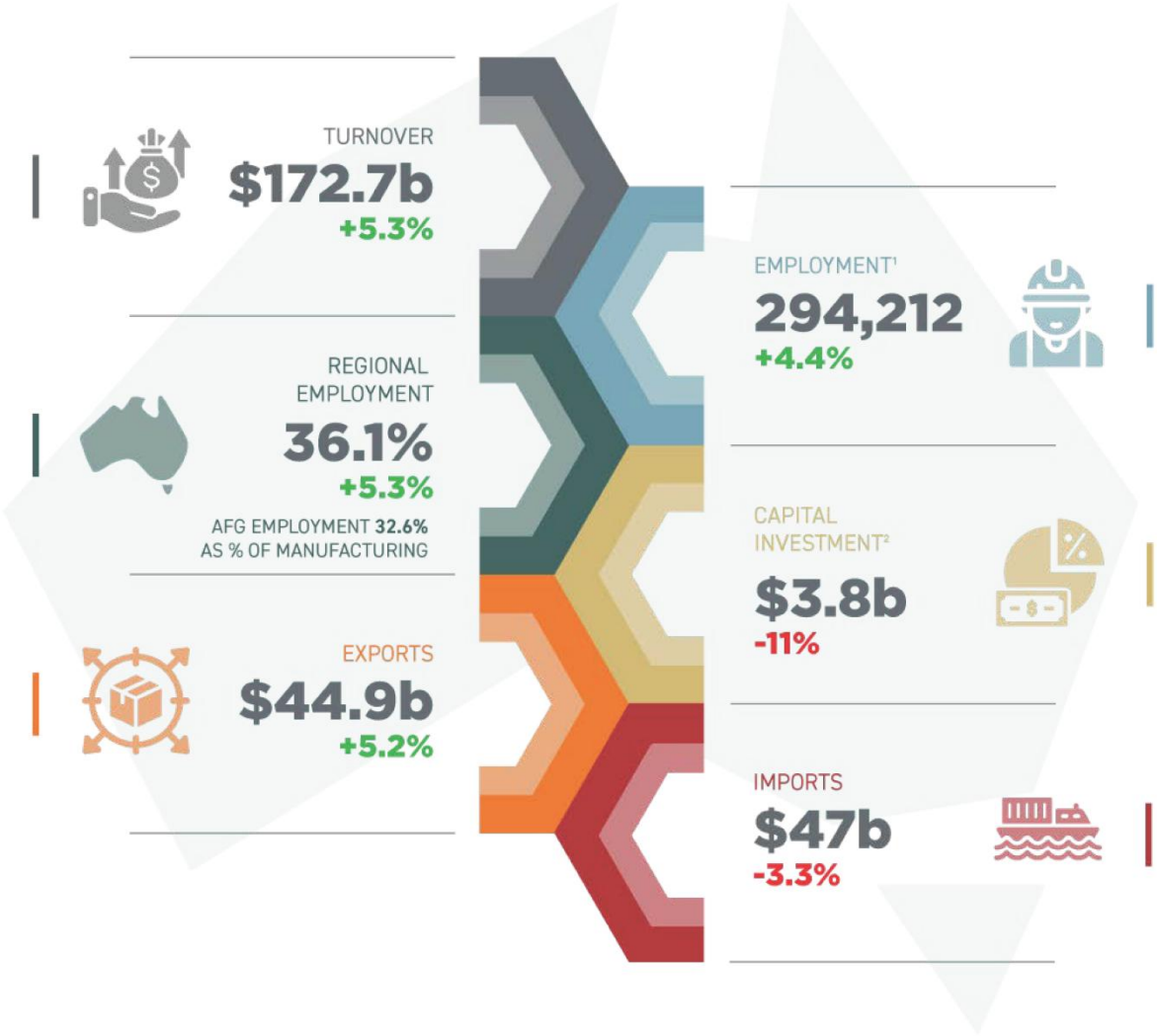
Recommendation
AFGC recommends that FSANZ provide a 4-year transition period with an additional 2-year stock-in-trade provision to reflect practical implementation timelines and management of significant costs for such complex and extensive label changes across the sector.

[2] P1062 – Defining added sugars for claims | Food Standards Australia New Zealand

AUSTRALIAN FOOD & GROCERY 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.

COST IMPACT ANALYSIS

SHIFT TO MANDATORY FRONT OF PACK REGULATION IN AUSTRALIA

EXECUTIVE SUMMARY

On 13 February 2026, Food Ministers agreed to request Food Standards Australia New Zealand (FSANZ) prepare a proposal to consider mandating the Health Star Rating (HSR) system in the Australia New Zealand Food Standards Code following slow uptake under the voluntary scheme. As of November 2025, only 39 per cent of intended products displayed the HSR, below the 70 per cent target.

Mandating HSR would introduce compliance costs for both non-adopters and businesses that have already implemented the system, many of whom may still be required to update labels to reflect changes arising from the proposal.

FSANZ is required to assess costs to industry, government, and consumers as part of its proposal process. That assessment is expected to be released with the second round of public consultation in late 2026, following the first call for submissions on 7 May. In this context, the AFGC has undertaken a preliminary assessment of potential industry costs to provide a baseline estimate and inform the broader policy discussion.

HEADLINE FINDINGS

Across the four modelling scenarios, the Australian industry alone is estimated to bear a total one-off uncoordinated relabelling cost of between $290 million to $510 million. This is 68 to 152 per cent above FSANZ's preliminary cost estimates for both Australia and New Zealand.

These results indicate the potential cost burden on industry may be materially higher than currently reflected in the proposal. Importantly, the analysis presented in this report assumes products already displaying HSR would not require changes. However, proposed amendments under P1067 mean many businesses that had voluntarily adopted HSR may still incur significant costs, including recalculation, artwork updates and packaging redesign.

Analysis of previous FSANZ costs assessments, and proposal P1067, suggests the scope of impact may be understated as these assessments focus on direct relabelling costs. They do not account for broader implementation impacts such as reformulation, updates to digital and marketing assets, or the management and potential write-off of existing packaging inventory. As a result, the total cost burden on industry is likely to exceed the estimates implied by FSANZ's own modelling.

There is also uncertainty around the expected benefits of mandating HSR. While the evidence presented in the *Call for Submissions* suggests that a mandatory system may improve the consistency and visibility of front-of-pack labelling, the potential for longer-term health outcomes remain mixed. This introduces uncertainty in the extent to which the policy will achieve its intended objectives.

Finally, FSANZ's preliminary cost-benefit analysis presents an imbalanced assessment. *Supporting Document 6* provides a preliminary quantification of costs. However, benefits are largely treated qualitatively and assessed through a high-level break-even framework. This approach limits the ability to robustly assess whether the proposal delivers a proportionate net benefit. Taken together, these factors indicate that the case for mandating HSR should be carefully considered in light of the scale, and uncertainty of the compliance burden on industry.

POLICY CONTEXT AND PURPOSE

The Health Star Rating (HSR) is a voluntary front-of-pack (FOP) labelling scheme. It rates the overall nutritional profile of packaged food and assigns it a rating from ½ a star to 5 stars. It was implemented on a voluntary basis in Australia and New Zealand in June 2014 and is jointly funded by the Australian government, state and territory governments and the New Zealand government.

Following an independent review of the HSR system in 2019 (the Five Year Review), Food Ministers in Australia and New Zealand set the following uptake targets for the system:

- **Interim target 1:** 50 per cent of intended products apply an HSR by 14 November 2023
- **Interim target 2:** 60 per cent of intended products apply an HSR by 14 November 2024
- **Final target:** 70 per cent of intended products apply an HSR by 14 November 2025.

Food Standards Australia New Zealand (FSANZ, 2025) estimated that as of November 2025, the HSR appeared on 39 per cent of intended products in Australia. While this represented an increase from the previous year, uptake remained well below the final target. On 13 February 2026, Food Ministers agreed to request FSANZ prepare a Proposal to consider mandating the HSR system in the Australia New Zealand Food Standards Code.

Amending the Food Standards Code is expected to take 12 to 18 months, including two rounds of public consultation, followed by an additional transition period for industry compliance. If approved, the change will place a significant cost burden on businesses that have not yet adopted the HSR. Even businesses that have already adopted the HSR may face additional costs if the algorithm or other elements of the system are updated as part of the mandating process. Beyond relabelling, some manufacturers may also choose to reformulate products voluntarily to align with the new requirements, placing further cost pressure on the industry.

FSANZ is required to assess costs to industry, government and consumers as part of its proposal process. That assessment will be released with the second round of public consultation in late 2026. The AFGC has undertaken this preliminary assessment of the direct relabelling costs that industry could face under a mandatory HSR to provide a baseline and methodological reference point for the FSANZ assessment.

PROCESS OF RELABELLING PRODUCTS

To understand why FOP compliance costs can be substantial it is useful to consider the process involved. RTI International, a US-based independent research institute contracted by the US Food and Drug Administration (FDA) to develop its labelling cost methodology, mapped the process manufacturers follow when a regulatory label change is required (see Figure 1). While the process may differ in some respects in Australia, the diagram depicts the complexity and steps involved in complying to new regulation.

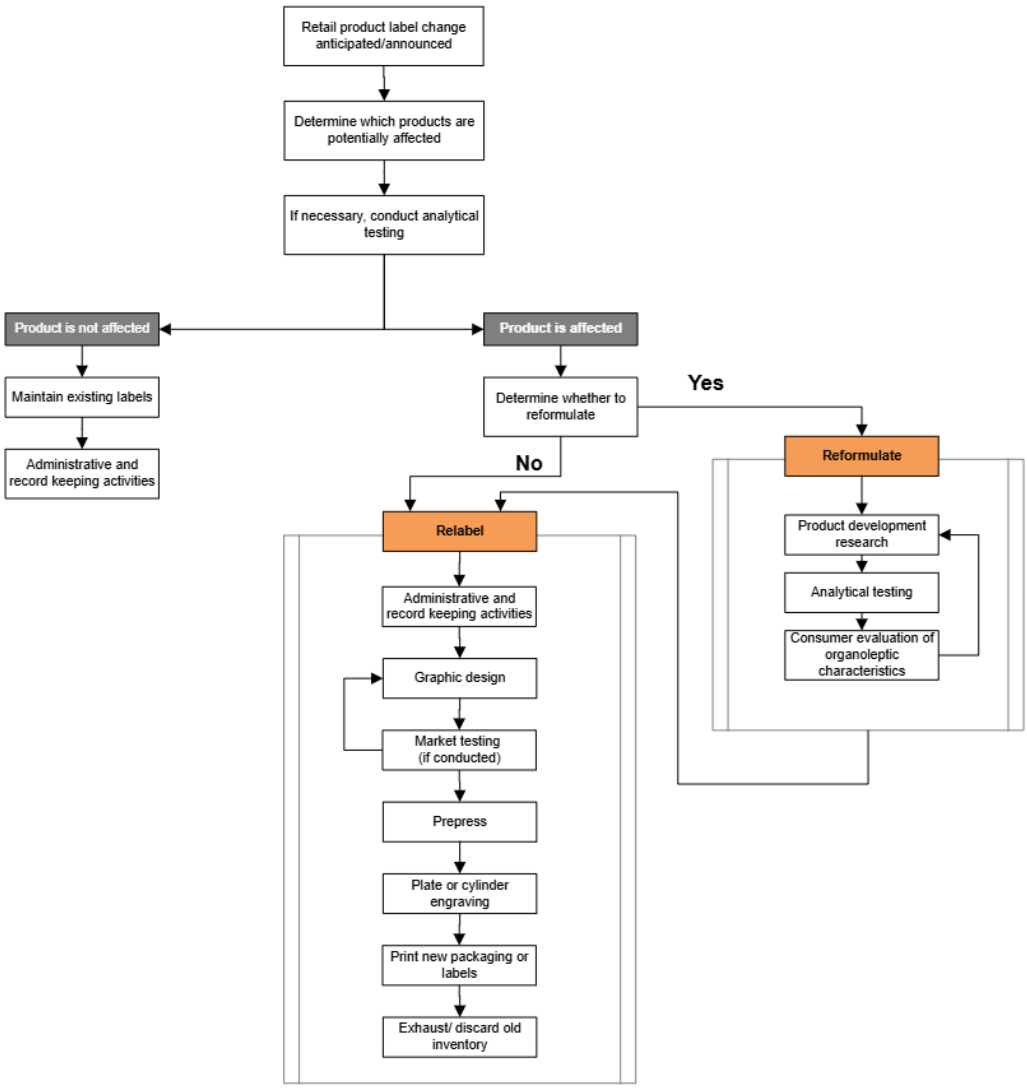
After a regulatory change, businesses must first assess which products are affected and determine whether to relabel, reformulate, or both. Relabelling requires internal coordination across marketing, legal, R&D, and regulatory teams, and engagement with external service providers to agree on scope and timing. The process typically involves administrative and record-keeping activities, artwork redesign, creation of new printing plates or cylinder engravings, and in some cases, structural changes to packaging to accommodate new label

requirements. Once new packaging is produced, businesses must also manage existing inventory, including decisions about disposal or use of old-label stock.

Where reformulation is involved, additional steps covering research and development, product testing, and consumer evaluation must be completed before relabelling can begin. At different stages, the process draws on graphic designers, market research firms, prepress companies, engravers, and packaging manufacturers.

Indirect costs such as legal fees, product testing, marketing, logistics and photography are frequently incurred but not always captured in cost estimates. In a modern economy, changes to product labels now extend well beyond physical packaging to digital assets such as product imagery and metadata used for online retail channels.

Figure 1 Process of changing labelling information on consumer products



Source: (2015) RTI International. FDA Labelling Cost Model.

FSANZ'S APPROACH TO COST ESTIMATION

The Australian Government's guide to policy impact analysis[1] requires that an impact analysis be prepared for any policy proposal that leads to more than a minor change in behaviour or impact. This applies to impacts on individuals, businesses, or community organisations. The analysis must address the nature of the problem, the objectives of government action, the options available, anticipated impacts on markets and competition, projected regulatory costs under the regulatory burden measurement framework, and key implementation timelines.

FSANZ has previously conducted impact assessments for regulatory changes, though these have been limited to specific product categories. Two recent proposals illustrate the approach taken to estimate the cost burden on industry.

PREGNANCY WARNING LABELS

A review of alcoholic beverage warning labelling in 2017 found that voluntary industry uptake of pregnancy warning labels had improved but remained inconsistently adopted across the market.[2] In 2018 the Food Regulation Standing Committee (FRSC) (Food Regulation Standing Committee, 2018) prepared a Consultation Regulation Impact Statement (CRIS) as part of policy options paper for requiring pregnancy warning labels on packaged alcoholic beverages.

Initial per-SKU cost estimates were sourced from an industry survey by Siggins Miller, which asked alcohol producers to report their expenditures on label changes. The survey produced an average cost of $338.76 per SKU, covering artwork redesign, production of new printing plates, administrative costs and additional expenses. (see Table 1). This figure was scaled across the estimated number of SKUs in the market to arrive at a total industry cost of $3.5 million.

Table 1 Pregnancy warning labels CRIS. Per-SKU cost estimates.

Cost item	Average estimated cost per labelled SKU	Range of estimated total cost per labelled SKU
Cost item breakdown		
Redesign and approval of artwork	$95.66	$0.00 - $1,132
Production of new print plates	$210.85	$0.00 - $3,397
Administration costs	$67.16	$0.00 - $1,000
Additional costs	$7.31	$0.00 - $126
Total costs	$338.76	$0.00 - $4,665

[1] (Office of Impact Analysis, 2024)

[2] (Siggins Miller, 2017)

Industry raised concerns that the initial cost estimates for label changes were too low, with FSANZ revising its approach ahead of the formal submission process. In 2019 FSANZ raised Proposal P1050 to consider mandating a standardised pregnancy warning label on all packaged alcoholic beverages in Australia and New Zealand.[3] The proposal included an updated methodology that incorporated industry feedback and drew on a PriceWaterhouseCoopers study[4] that examined direct label change costs. This produced a revised average cost of $7,575 per SKU.

The revised analysis also recognised that businesses able to coordinate changes with scheduled voluntary updates would incur lower costs. A coordinated change was estimated at 30 per cent of the full per-SKU cost or $2,272. FSANZ modelled three scenarios based on assumptions on the proportion of SKUs expected to coordinate changes within the proposed transition period and the cost savings from coordinating the new requirements with other label changes.

Table 2 Summary of cost estimates. Proposal P1050

	Assumed # of SKUs	Average per-SKU cost	Total cost to industry (excluding cost of Drinkwise awareness program)
Base case. Coordinated costs assumed at 30% of uncoordinated	71,223	50% ($7575) + 50% ($2272) = $4924	**$ 350,702,052**
Best case. Coordinated costs assumed at 10% of uncoordinated	61,853	50% ($7575) + 50% ($757) = $4166	**$ 257,679,598**
Worst case. 100% uncoordinated per-SKU costs	80,592	$7575	**$ 610,484,400**

Industry response was critical of the estimates. Alcohol Beverages Australia argued that actual per-SKU costs were between $4,166 and $16,800, while some submissions cited costs as high as $29,000 per SKU. Smaller and craft producers with many bespoke labels raised concerns about disproportionate costs given the volume and nature of their products. Food Ministers requested a review of the FSANZ assessment in late 2020, after which FSANZ engaged Marsden Jacob Associates to conduct an independent review. While the independent review recommended additional sensitivity analysis and supported extending the transition period by one year, the headline cost estimates were not revised.

[3] (FSANZ, 2019)

[4] (PricewaterhouseCoopers, 2014) Assessed labelling costs including design, proofing, and production, which varied based on packaging type. The study did not consider indirect costs.

INFANT FORMULA

FSANZ undertook a cost-benefit analysis as part of proposal P1028 that was seeking to modernise the compositional, labelling and regulatory framework for infant formula products, aligning requirements with current scientific evidence and international standards. As with P1050, FSANZ applied a break-even methodology to assess whether the benefits of the regulatory change outweighed the total cost to industry through product reformulation and label changes.[5]

To estimate the number of affected products, FSANZ built a dataset to identify the number of infant formula products on sale in Australia and New Zealand by searching across retail outlets, pharmacies and online channels. Each product was assessed against the proposed requirements to determine whether it would need reformulation, relabelling or both.

Reformulation costs were estimated at $200,000 per-SKU based on industry feedback. Relabelling costs were initially set at $8,000 per-SKU drawing on the same PriceWaterhouseCoopers study used in P1050 and the pregnancy warning label survey data. However, industry indicated the estimates were underestimated. Following further consultation and data from a Marsden Jacob survey of relabelling costs by packaging type, the estimate was revised to $16,000 per-SKU. Total industry costs were estimated at $44m in one-off reformulation costs, plus $2-4m in relabelling costs.

Table 3 Summary of cost estimates. Proposal P1028.

	# SKUs	Average per-SKU cost	Total cost
Reformulation	220	$ 200,000	$ 44,000,000
Relabelling	243	$ 8,000	$ 1,944,000
		$ 16,000	$ 3,888,000

LIMITATIONS OF FSANZ LABEL COST MODELLING

Taken together, the two proposals illustrate some limitations that are relevant to any future assessment of mandatory HSR labelling costs.

FSANZ's cost estimates have relied on ad hoc data rather than a consistent, replicable framework making it difficult to draw comparisons across proposals or build on prior work.

Each proposal has relied on different data sources gathered through the consultation process and survey work. Surveys have concentrated on direct costs, such as packaging type, printing method, and the scale of change, while often excluding indirect costs such as product testing, legal fees, marketing, logistics, photography, and the disposal of old stock. This means that estimates by design have captured only a portion of the total compliance burden.

[5] (FSANZ, 2023)

Participation in the underlying survey work has been low. The PriceWaterhouseCoopers study that informed both P1050 and P1028 drew insights from ten companies, with some unable to provide complete data. The study cited the lack and variability of the data as one of its limitations as a small number of responses could disproportionately influence the average, producing estimates that may not be representative of the broader industry.

While the information collected during the respective consultation rounds helped inform the per-SKU estimations, the updated average per-SKU costs have been used as the upper bound of total industry cost estimates. Using the mean, which sits at the midpoint of a distribution, as the ceiling underestimates the total cost to industry and artificially restricts the range of outcomes.

Both proposals also relied on a single-point estimate to characterise total industry costs, treating all businesses within a category as if they face the same per-SKU cost. In practice, costs vary significantly by business size, economies of scale, internal capability, packaging type, printing method, and supply chain structure. FSANZ, and the PriceWaterhouseCoopers report acknowledged this variability, but the modelling did not reflect it. This limitation might be manageable when the regulation targets single product categories with relatively similar market conditions. However, applied across the full food and beverage sector, as is likely required for mandatory HSR, it carries a risk of misrepresenting the total cost to industry.

FDA'S APPROACH TO COST ESTIMATION

The United States' experience with industry-wide regulatory compliance cost assessments can provide useful insights. Over the years, the FDA has developed a structured, replicable approach to estimating industry-wide compliance costs.

The FDA has periodically engaged RTI International to maintain and update a purpose-built labelling cost model covering all FDA-regulated consumer products.[6] Rather than commissioning ad hoc survey work for each regulatory proposal, the RTI model provides a consistent methodological framework that can be applied across proposals, updated as new data becomes available, and interrogated transparently. The model draws on structured interviews with manufacturers and service providers to estimate labour, materials, inventory write-off and testing costs on a per-SKU basis. These unit costs are then scaled by the number of affected SKUs, sourced from Nielsen ScanTrack data to produce estimates across different product categories. The model produces low, mid and high-cost estimates based on the complexity of the label change, differentiating by product category and branded versus private label products.

RTI's model also incorporates a coordination adjustment mechanism based on whether the product is branded or private label, recognising that manufacturers who can align a regulatory label change with a scheduled voluntary update incur a lower cost rather than the full cost of an uncoordinated change. For example, for a compliance period of one year, 89 per cent of branded and 95 per cent of private label products would face

[6] (RTI International, 2015)

uncoordinated costs. This approach reduces the reliance on a single average cost and allows the regulator to get an informed picture of the range of costs businesses face in the market.

US FRONT-OF-PACK NUTRITION INFORMATION: PRELIMINARY REGULATORY IMPACT ANALYSIS

In 2024, the FDA published a Preliminary Regulatory Impact Analysis[7] for a proposed rule that would require a standardised FOP nutrition label to appear on the principal display panel of packaged goods already bearing a Nutrition Facts label. The label would display the percentage of the daily value for saturated fat, sodium and added sugar accompanied by a description to help consumers assess how a product fits into a healthy diet. The proposed regulation would also update the regulatory definitions of low sodium and low saturated fat content to align with current nutritional science and ensure consistency with the new FOP label.

While the specific regulatory change differs from a potential mandate of the Health Star Rating in Australia, the FDA's analytical framework offers a rigorous and publicly documented methodology for estimating industry-wide compliance costs from FOP labelling changes. The remainder of this section draws on that analysis as a methodological reference point.

COST COMPONENTS AND ESTIMATION

The FDA identified the proposed regulation would likely result in two categories of compliance costs which were analysed separately.

The first and direct cost was relabelling. Manufacturers would be required to redesign their packaging to incorporate the new label within a 3-year compliance period. Using NielsenIQ retail scan data, the FDA estimated that 322,326 SKUs would be affected by the proposed rule.

The second category was voluntary reformulation. Although not a requirement, the FDA included it on the basis that the interpretive nature of the label would create commercial incentives for some manufacturers to reformulate products to achieve a more favourable rating or retain existing nutrient content claims. The FDA identified 49,328 SKUs as likely to reformulate for these reasons.

Costs were estimated under both coordinated and uncoordinated compliance scenarios across ten food categories:

1. Bakery
2. Non-alcoholic beverages
3. Breakfast cereals
4. Confectionery, desserts, sweeteners and sugars
5. Dairy products
6. Dressings, sauces, seasonings, savory and sweet spreads
7. Prepared dishes/meals

[7] (U.S. Food and Drug Administration, 2024)

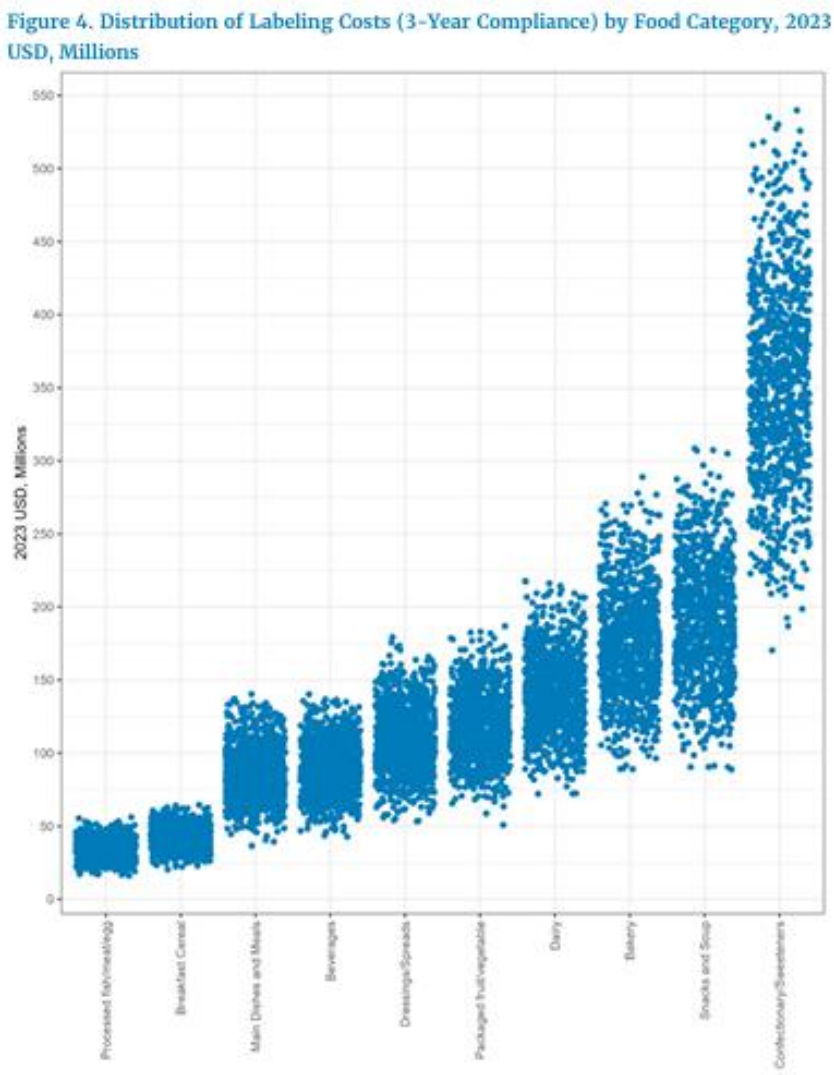
8. Packaged fruit or vegetables
9. Processed fish, meats or eggs
10. Snacks and soups

The FDA used low, mid and high per-SKU relabelling cost estimates drawn from the RTI model to reflect differences in packaging type, printing method, and supply chain characteristics across the 10 product categories.

To reflect the variability in per-SKU costs across businesses, the FDA applied a Monte Carlo simulation rather than relying on a single-point estimate. The method assigns a probability distribution to each uncertain input – in this case, per-SKU relabelling cost – and runs the model repeatedly, each time drawing a random value from that distribution. After a large number of iterations, the outputs converge on a full distribution of possible total cost outcomes, from which expected values, confidence intervals, and the probability of exceeding any given cost threshold can be derived. All costs were annualised over a ten-year period at a two per cent discount rate. Relabelling costs were estimated to range from $66m to $154m USD per year, with a primary (median) estimate $105m annually. Combined with reformulation costs, the FDA estimated total annualised cost to industry ranged from $191m to $530m with a primary estimate of $333m. Over the full ten-year period, the total undiscounted cost was estimated at $3.2 billion USD.

In contrast to an approach based on a single average per-SKU cost, Monte Carlo simulations produce a range of possible total cost outcomes that reflects the distribution of costs businesses are likely to face. This allows policymakers to consider not only a central estimate but also the likelihood and magnitude of higher-cost outcomes. Figure 2 shows the full distribution of estimated costs from the FDA's Monte Carlo simulation.

Figure 2 FDA's Monte Carlo simulation results



Source: (2024) Food and Drug Administration. Food labelling: Front of package nutrition information. Preliminary regulatory impact analysis.

ESTIMATING THE COST OF MANDATORY HSR TO THE AUSTRALIAN INDUSTRY

A move to mandatory HSR labelling would affect a significantly broader range of products and businesses than either of the FSANZ proposals examined in this report. The per-SKU average approach used in previous FSANZ impact assessments may be a reasonable simplification when a regulation targets a narrow product category. However, applied across hundreds of thousands of SKUs spanning multiple food categories, the same assumption carries greater risk of producing estimates that do not reflect the actual distribution of costs across the industry.

The AFGC proposes an alternative methodology for estimating total industry relabelling costs. It draws on per-SKU cost estimates from (RTI International, 2015) adapted for the Australian market and applies the Monte Carlo simulation approach used by the FDA (U.S. Food and Drug Administration, 2024) in its FOP nutrition labelling impact analysis. The goal is not to produce a definitive cost estimate, but to demonstrate a structured and transparent approach to cost estimation and to identify data and assumptions that would need to be refined to support a full regulatory impact assessment.

Ideally, this analysis would draw on a purpose-built structured cost model developed through consultation with government and industry. Such a model would establish consistent, replicable per-SKU cost estimates by food category and business size, while also determining relabelling cycles for each product category affected by the regulation. Developing that model falls outside the scope of this document. The approach set out here is a practical starting point that can be built upon as better data becomes available.

DATA INPUTS

Per-SKU relabelling costs

Per-SKU relabelling cost estimates are drawn from the RTI International model as applied in the FDA's 2024 preliminary regulatory impact analysis. These estimates cover label redesign, artwork updates, pre-press changes, and print production changes required to add or modify a front-of-pack element across ten food categories. They represent the cost range, low and high, observed across different packaging types, printing methods and product characteristics within each category.

The analysis assumes that relabelling costs in Australia are broadly comparable to those in the United States as the physical process and labour inputs involved are similar. The FDA estimates were adjusted for inflation and

converted to Australian dollars using the relevant exchange rate.[8] The resulting per-SKU estimates were then validated through consultation with AFGC member companies (see Table 4).

Table 4 Per-SKU costs in AUD

Product Categories	Cost estimates	
	Low (AUD)	High (AUD)
Bakery	$ 9,753	$ 34,805
Beverages	$ 10,180	$ 35,688
Breakfast cereal	$ 8,620	$ 29,824
Confectionery/dessert/sweeteners and sugars	$ 10,961	$ 35,558
Dairy	$ 9,050	$ 31,005
Dressings/sauce/seasoning/savory and sweet spreads	$ 8,642	$ 29,659
Main dishes and meals	$ 7,564	$ 27,315
Packaged fruit/vegetables	$ 9,364	$ 32,155
Processed fish/meat/egg	$ 8,537	$ 30,393
Snacks and soups	$ 9,374	$ 32,512

SKU Counts

The number of products requiring relabelling is estimated using two data sources, each tested as a separate scenario.

The primary source is NIQ's Homescan Consumer Panel (NIQ, 2026) for the year to February 2026, covering products sold in Australia across mainstream retail channels for the ten product categories analysed. Homescan captures consumer purchasing behaviour across the supermarket channel, providing a real-world view of products in the market. This results in a total of 32,434 SKUs across ten food categories.

As a cross-check, the analysis also used the total number of products intended to display an HSR as estimated by FSANZ in its *2025 HSR Uptake Report*, which identified 27,939 SKUs in the Australian market based on data from the four major retailers and in-market collection.[9] As FSANZ does not report this figure broken down by product category, these SKUs were allocated across categories using the same distribution observed in the NielsenIQ data. This is an acknowledged limitation as having official category-level data would produce more reliable results. Table 5 shows the breakdown of SKUs per category identified.

[8] As of February 2026

[9] (FSANZ, 2025) estimated the number of intended products available in Australia using data from product range files provided by Australia's four major retailers and with data collected by FSANZ through in-market collection. It reports SKUs classified on whether they are permitted and intended to display an HSR and not based on product categories.

Table 5 Estimated SKUs in the Australian market

Product Categories	SKU Count	
	NIQ Homescan	Derived from FSANZ report
Bakery	4,167	3,589
Beverages	4,378	3,771
Breakfast cereal	1,079	929
Confectionery/dessert/sweeteners and sugars	8,539	7,356
Dairy	2,568	2,212
Dressings/sauce/seasoning/savory and sweet spreads	2,594	2,234
Main dishes and meals	2,535	2,184
Packaged fruit/vegetables	1,127	971
Processed fish/meat/egg	4,791	4,127
Snacks and soups	656	565
TOTAL	**32,434**	**27,939**

Both SKU datasets are adjusted to remove 39 per cent of products across all categories, reflecting the current level of voluntary HSR adoption. Products already displaying the HSR are assumed not to require relabelling under a mandatory scheme.

METHODOLOGY

The analysis runs four scenarios defined by two modelling choices: whether per-SKU costs vary by business size, and which SKU data set is used. All scenarios model uncoordinated compliance meaning manufacturers bear the full cost of a label change rather than coordinating it with a scheduled voluntary update. This represents a ceiling on likely industry costs.

Each scenario uses Monte Carlo simulation rather than relying on a single-point estimate. The method draws a value randomly from the low-to-high costs range for each category.[10] The sampled per-SKU cost for each category is then multiplied by the corresponding number of SKUs that will have to be relabelled. Costs are summed across categories to produce one estimate of total industry cost. This process is repeated 100,000 times to generate a distribution of possible total cost outcomes. This makes the uncertainty in the estimate explicit and allows the results to be read as a probability range rather than a single figure.

Accounting for business size

The base scenarios (unstratified) apply a single per-SKU cost range to all businesses within a category, regardless of size. The stratified scenario extends the model by allowing compliance costs to vary by business size. Data from ABS Australian Industry Statistics on businesses operating in Australia as at the end of June 2025 was used to classify businesses by category and four firm-size groups: micro (0–4 employees), small (5–19 employees), medium (20–199 employees), and large (200 or more employees). The stratified scenario applies cost multipliers to reflect the expectation that smaller businesses face higher per-SKU costs due to lower

[10] These draws are taken from a uniform probability distribution, meaning all cost estimates within the specified range are treated as equally likely.

economies of scale, limited capability, and reliance on external suppliers. The multipliers used are set out in Table 6.

There are no publicly available data on how labelling costs vary by business size, however, this issue has been noted in previous FSANZ impact assessments. Some studies from the broader regulatory literature suggest a negative relationship between business size and regulatory cost intensity.[11]

The multipliers and SKU shares used here are informed by the broader regulatory literature and ABS business count data but remain assumptions. The stratified scenarios are therefore not intended to produce a definitive estimate of costs by firm size. They are designed to show how sensitive the total cost estimate is to this dimension of cost variation, and to make the case for collecting the data needed to replace these assumptions with observed values.

Table 6 Assumptions underpinning stratified cost model

Firm Size	Assumed cost multipliers (Large firm based)	Assumed share of SKUs
Micro (0-4 emp.)	+50%	5%
Small (5-19 emp.)	+30%	15%
Medium (20-199 emp.)	+5%	35%
Large (200+ emp.)	--	45%

[11] (Tu, 2020) provides firm-level econometric evidence that regulatory compliance costs fall disproportionately on smaller businesses. Defining regulatory cost intensity as compliance expenditure as a share of operating costs, the study finds cost intensity for micro businesses can be five times higher than larger firms. The authors attribute this disparity to the fixed-cost component of compliance which large firms can amortise over a greater revenue and workforce base.

KEY FINDINGS

The four scenarios together provide a plausible range for total uncoordinated relabelling costs. That is, the full cost of a label change where it cannot be aligned with a scheduled voluntary update. Two modelling approaches are used:

- **Unstratified model**: applies a single average per-SKU cost range to all businesses within each food category.
- **Stratified model**: allows costs to vary by business size, reflecting feedback that smaller businesses face higher per-SKU costs due to lower economies of scale and more limited internal capability.

Both approaches are run against NIQ Homescan Consumer Panel data and FSANZ-derived SKU estimates, producing four scenarios in total. Results are summarised in Table 7.

Table 7 Summary of results

Scenario	SKU data source	Business Size variation	Total industry cost 90% interval range (Million AUD)	Mean total cost (Million AUD)
1. Unstratified	NIQ	No	$333.6 to $506.3	$419.8
2. Stratified	NIQ	Yes	$403.3 to $510.2	$456.6
3. Unstratified	FSANZ derived	No	$289.5 to $427.1	$358.2
4. Stratified	FSANZ derived	Yes	$347.2 to $432.3	$389.8

Two patterns are clear across the scenarios. First, the choice of SKU data source matters: NIQ Homescan estimates produce higher totals than FSANZ-derived counts because Homescan captures a wider universe of products tracked through household purchasing. Second, allowing per-SKU costs to vary by firm size raises the cost range in both data sources, because smaller firms carry proportionally higher per-SKU costs.

Across the four scenarios, the 90 per cent intervals suggest an impact to the Australian industry alone that ranges from approximately $290 million to $510 million. The breadth of this range shows that even within a structured, transparent model, the choice of data source, the assumption about business-size cost variability, and the underlying per-SKU cost range all materially affect the headline number. The scale of these estimates needs to be understood in the operating context of the sector. Over the past five years, industry has faced major supply chain disruptions and sustained cost pressures, including higher energy and freight costs. These pressures affect businesses' capacity to absorb additional regulatory costs within compressed timeframes.

The stratified results indicate that businesses with fewer than 20 employees are estimated to bear around 25 per cent of total industry costs despite accounting for only 20 per cent of total SKUs. This finding rests on assumed rather than observed cost multipliers, but the direction of the effect is consistent with the broader regulatory literature and has been noted qualitatively in previous FSANZ assessments. This has direct implications for the design of a mandatory regulation and the distributional impact it is likely to have on affected businesses.

The diversity of products, business sizes and maturity and likely category-specific impacts means that a single industry-wide cost ceiling is not sufficient for sound policy design. A single-point estimate, as used in previous

FSANZ proposals, would mask this sensitivity. The 90 per cent probability intervals produced by the simulation make clear that the true cost is a range, and that the boundaries of that range are significant.

RELEVANCE TO FSANZ'S PRELIMINARY CONSIDERATIONS OF COST AND BENEFITS

In May 2026, FSANZ released the *Call for Submissions on Proposal P1067* (CFS*),*[12] together with *Supporting Document 6* (SD6),[13] its preliminary consideration of costs and benefits and the accompanying break-even analysis. While SD6 is not an exhaustive economic analysis, as a fuller Consultation Regulation Impact Statement (CRIS) will follow, it seeks feedback to improve the analysis. The AFGC welcomes this and responds on the basis that the assumptions adopted now will frame the CRIS and so warrant scrutiny at this stage.

Given the breadth of the proposed changes compared with the current voluntary framework, it is likely that most businesses would need to take some action. At a minimum, this may include recalculating HSR outcomes, updating labels, changing the symbol format, or revising the declared score where rule changes apply. Manufacturers that have not participated in the voluntary framework to date would need to introduce the HSR on pack for the first time, creating a significant compliance burden. SD6 acknowledges that around 70 per cent of the packaged food supply would be affected, yet its quantified costs capture little beyond direct label change and over-stickering.

The main concern is that the preliminary finding of net benefit is shaped by assumptions that lean toward that conclusion on both sides of the comparison.

On the cost side, SD6 applies a single average per-SKU figure across all products and businesses. This oversimplifies the complexity and diversity of market conditions across the broad range of product categories that could be impacted. Additionally, previous cost assessments have excluded indirect costs businesses incur when relabelling. The AFGC's probabilistic modelling estimates the cost to Australian industry alone at approximately $290 million to $510 million, 68 to 152 per cent above FSANZ's preliminary cost estimates for both Australia and New Zealand. Even allowing for the difference in scope, the direction is clear and with a lower cost estimate, any break-even threshold is easier to clear.

On the benefit side, SD6 outlines a break-even analysis that sets relabelling costs alone against the entire ten-year cost of overweight and obesity to conclude that a minimal reduction would offset the cost. This framing warrants caution for two reasons. First, a break-even threshold is a feasibility benchmark, not an estimate of the expected effect. Identifying the reduction at which benefits equal costs establishes only what the intervention would need to deliver to be cost-neutral, but does not provide any information about the magnitude or likelihood of the expected impact. A finding of net benefit requires an ex-ante estimate of the effect, with plausible uncertainty intervals, rather than a low hurdle expressed against a very large number.

[12] (FSANZ, 2026)

[13] (FSANZ, 2026)

Second, total cost of obesity is the wrong benchmark because that cost is multifactorial, reflecting total dietary intake, physical activity, out-of-home consumption and socioeconomic factors, most of which lie beyond the causal reach of a front-of-pack label. The appropriate benchmark should be the share of that cost attributable to the food choices the label can plausibly change, not the entire burden. FSANZ's own evidence supports this caution. SD6 reports that consumer understanding of the HSR system is mixed, with the CFS indicating that the effect of HSR on purchasing decisions is minimal. While a mandatory HSR would make the label appear more consistently across products, the evidence provided by FSANZ does not clearly show that mandating front-of-pack labelling, on its own, would reduce obesity rates or improve alignment with dietary guidelines.

Achieving the health outcomes sought by this proposal is likely to require a government-led consumer education program, on the use and importance of HSR, in addition to any changes made to the HSR system itself. The costs and benefits of this and other measures that do not involve regulatory change should therefore also be assessed and included as part of the CRIS.

Finally, SD6 sets out the expected benefits but provides no means of confirming whether they are realised. The assessment would be strengthened by making the pathway to those benefits explicit and measurable. Adding these elements would allow the expected benefits to be tested against experience over time and give FSANZ a clear basis to refine the settings based on measurable outcomes.

APPENDIX

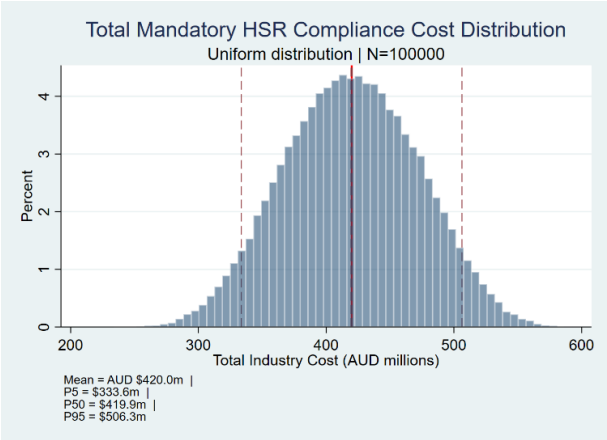
This appendix presents detailed results from four Monte Carlo simulations estimating the uncoordinated cost burden that a mandatory Health Star Rating (HS) system would place on industry. The scenarios vary by the data source used to estimate the number of affected SKUs and whether per SKU relabelling costs are assumed to vary by business size. Comparing results across scenarios shows how sensitive total cost estimates are to these modelling choices, supporting a more transparent and robust regulatory impact assessment.

Scenario 1. Unstratified, NIQ's SKU data

This base scenario estimates costs using the number of affected SKUs identified in the NIQ data set. No further assumptions are made on cost differentiation due to business size.

The results indicate a 90 per cent probability that total uncoordinated industry costs fall between $333.6 million and $506.3 million with a mean estimate of $419.9 million.

Percentile	Total Cost (AUD m)
P1	$303.4
P5	$333.6
P25	$382.8
P50	$419.9
P75	$457.3
P90	$488.6
P95	$506.3
P99	$535.7
Mean	$420.0
Std Dev	$52.4



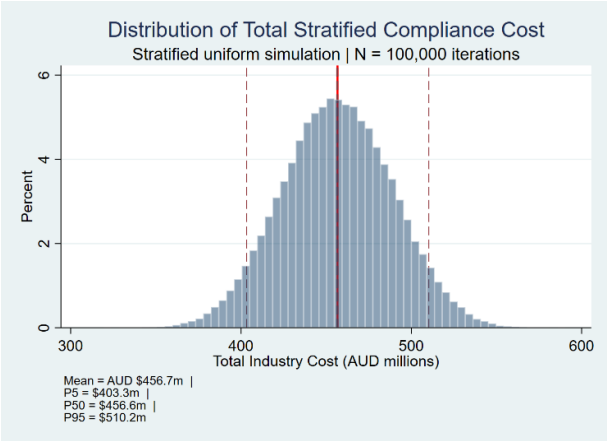
Scenario 2. Stratified, NIQ's SKU data

The second scenario retains the NIQ SKU count from the base scenario but relaxes the assumption that all businesses within a product category face the same per-SKU relabelling cost range. Within each product category, affected SKU's are split into four business size groups, reflecting the fact that businesses of different sizes each contribute a share of the products sold in that category. Smaller businesses are assumed to face higher per-SKU costs than larger firms.

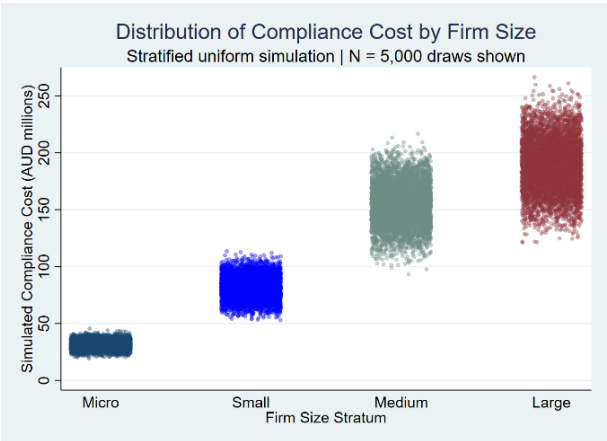
The simulation indicates a 90 per cent probability that total uncoordinated industry costs fall between $403.3 million and $510.2 million, with a mean estimate of $456.6 million, around 9 per cent higher than the unstratified estimate in scenario 1.

The distributional effect of stratification is worth highlighting. Under these assumptions, businesses with fewer than 20 employees are assumed to manufacture around 20 per cent of affected SKU's yet bear around 25 per cent of total industry costs.

Percentile	Total Cost (AUD m)
P1	$382.8
P5	$403.3
P25	$434.5
P50	$456.6
P75	$478.9
P90	$498.6
P95	$510.2
P99	$530.9
Mean	$456.7
Std Dev	$32.4



Firm Size	Mean Cost (AUD m)	Share of total Cost (AUD m)	Share of SKUs
Micro (0-4 emp.)	$ 31.5	7%	5%
Small (5-19 emp.)	$ 81.9	18%	15%
Medium (20-199 emp.)	$ 154.4	34%	35%
Large (200+ emp.)	$ 188.9	41%	45%
TOTAL	$ 456.7		



Scenario 3. Unstratified, FSANZ-derived SKUs

This scenario reproduces the modelling in scenario 1 using FSANZ's estimate of the number of SKUS's intended to display HSR drawn from the 2025 HSR uptake report. As in scenario 1, no assumption is made on cost variation by business size.

The results indicate a 90 per cent probability that total uncoordinated industry costs fall between $289.5 million and $427.1 million with a mean estimate of $358.2 million.

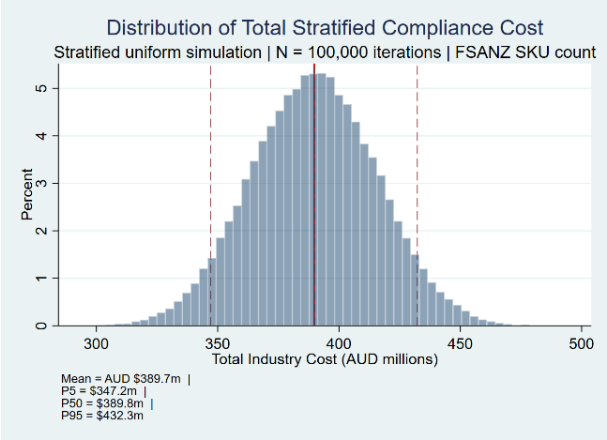
Percentile	Total Cost (AUD m)
P1	$263.9
P5	$289.5
P25	$329.1
P50	$358.2
P75	$387.3
P90	$412.8
P95	$427.1
P99	$451.5
Mean	$358.2
Std Dev	$41.7

Scenario 4. Stratified, FSANZ-derived SKUs

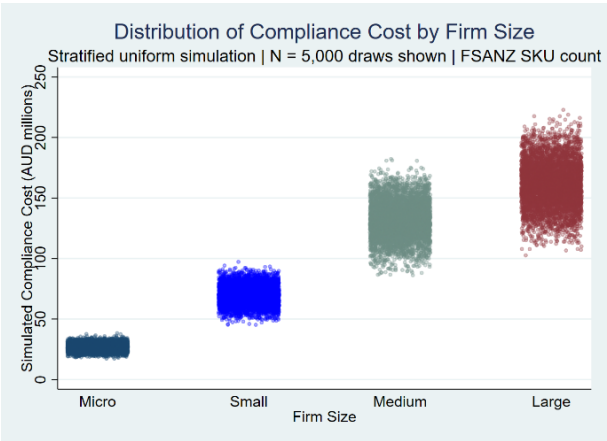
This scenario combines the FSANZ derived SKU counts used in scenario 3 with the business size cost stratification applied in scenario 2.

The results indicate a 90 per cent probability that total uncoordinated industry costs fall between $347.2 million and $432.3 million with a mean estimate of $389.8 million. As in scenario 2, stratifying costs by business size raises the mean estimate by close to 9 per cent relative to scenario 3 with distributional impacts based on business size.

Percentile	Total Cost (AUD m)
P1	$330.2
P5	$347.2
P25	$372.0
P50	$389.8
P75	$407.4
P90	$422.9
P95	$432.3
P99	$449.3
Mean	$389.7
Std Dev	$25.8



Firm Size	Mean Cost (AUD m)	Share of total Cost (AUD m)	Share of SKUs
Micro (0-4 emp.)	$26.9	7%	5%
Small (5-19 emp.)	$69.9	18%	15%
Medium (20-199 emp.)	$131.7	34%	35%
Large (200+ emp.)	$161.2	41%	45%
TOTAL	$389.7		



REFERENCES

Food Regulation Standing Committee. (2018). *Consultation Regulation Impact Statement. Policy options targeted consultation paper: Pregnancy warning labels on packaged alcoholic beverages.*

FSANZ. (2019). *Call for submissions – Proposal P1050. Pregnancy warning labels on alcoholic beverages* . Retrieved from https://www.foodstandards.gov.au/sites/default/files/food-standards-code/proposals/Documents/CFS%20-%20Pregnancy%20Labelling.pdf

FSANZ. (2020). *Approval report: Proposal P1050 – Pregnancy warning labels on alcoholic beverages (Approval No. 113-20).* Retrieved from https://www.foodstandards.gov.au/code/proposals/Pages/P1050Pregnancywarninglabelsonalcoholicbeverages.aspx

FSANZ. (2020). *Review report: Proposal P1050 – Pregnancy warning labels on alcoholic beverages (Review No. 128-20).* Food Standards Australia New Zealand.

FSANZ. (2023). *Supporting document 4. Costs and benefits. Proposal P1028- Infant formula 2nd CFS.* Retrieved from https://www.foodstandards.gov.au/sites/default/files/food-standards-code/proposals/Documents/Supporting%20Document%204%20-%20Costs%20and%20benefits.pdf

FSANZ. (2025). *Uptake of the Health Star Rating system as at November 2024.* Retrieved from https://www.healthstarrating.gov.au/sites/default/files/2025-03/Uptake%20of%20the%20Health%20Star%20Rating%20system%20as%20at%20November%202024%20-%20PDF.pdf

FSANZ. (2025). *Uptake of the Health Star Rating system as at November 2025: A report on progress against the final target of the Health Star Rating system.* Food Standards Australia New Zealand .

FSANZ. (2026). *Call for submissions – Proposal P1067.Health Star Rating System.* Retrieved from https://www.foodstandards.gov.au/sites/default/files/2026-06/P1067_1st%20Call%20for%20Submissions%20-%20Health%20Star%20Rating_updated.pdf

FSANZ. (2026). *Supporting document 6. Preliminary consideration of costs and benefits. P1067 – Health Star Rating System.* Retrieved from https://www.foodstandards.gov.au/sites/default/files/2026-05/P1067_SD6%20-%20Preliminary%20consideration%20of%20costs%20and%20benefits_0.pdf

NIQ. (2026). *NielsenIQ Homescan Consumer Panel data.*

Office of Impact Analysis. (2024). *Australian Government guide to policy impact analysis.* Retrieved from https://oia.pmc.gov.au/sites/default/files/2025-08/user-guide-australian-government-guide-policy-impact-analysis_1.pdf

Office of Impact Analysis. (2024). *Infant formula (P1028): Decision regulation impact statement.* Retrieved from https://oia.pmc.gov.au/sites/default/files/posts/2024/06/Infant%20formula%20%28P1028%29%20-%20Decision%20Regulation%20Impact%20Statement.pdf

PricewaterhouseCoopers. (2014). *Cost schedule for food labelling changes.* Australian Government Department of Health.

RTI International. (2015). *2014 FDA labeling cost model: Final report.* Retrieved from https://downloads.regulations.gov/FDA-2021-N-1351-0006/content.pdf

Siggins Miller. (2017). *Second evaluation of the voluntary labelling initiative to place pregnancy health warnings on alcohol products: Final report*.

Tu, J. (2020). *The impact of regulatory compliance costs on business performance.* Retrieved from Innovation, Science and Economic Development Canada: https://ised-isde.canada.ca/site/paperwork-burden-reduction-initiative/sites/default/files/attachments/Impact-regulatory-compliance-costs-business-perf-5.pdf

U.S. Food and Drug Administration. (2024). *Food labeling: Front-of-package nutrition information—Preliminary regulatory impact analysis.* Retrieved from https://www.regulations.gov/docket/FDA-2024-N-2910

ARTWORK UPDATE COST ESTIMATOR — 200 SKU PORTFOLIO

Australia — Packaging Artwork Cost Model | Primary Labels · Folding Cartons · Printed Plastic

COST CATEGORY	LABELS (SKUs)	FOLDING CARTONS (SKUs)	PLASTIC JARS & TUBS (SKUs)	TOTAL (AUD)
SKU Count Allocation	80	80	40	200 ← *Adjust allocations (must sum to 200)*
Artwork Creation / Redesign	66,500.00	106,600.00	28,000.00	201,100.00
Print Plates / Cylinders	146,250.00	83,000.00	37,750.00	267,000.00
Pre-press & Colour Separation	16,000.00	22,400.00	6,400.00	44,800.00
Proof Printing (Hard/Digital)	28,450.00	37,550.00	12,550.00	78,550.00
Artwork Approval Management	30,000.00	39,400.00	19,700.00	89,100.00
Regulatory / Legal Review	12,500.00	15,700.00	6,200.00	34,400.00
Supplier Coordination & Admin	35,600.00	46,400.00	14,800.00	96,800.00
Contingency (10%)	33,530.00	35,105.00	12,540.00	81,175.00
GRAND TOTAL ESTIMATE	368,830.00	386,155.00	137,940.00	892,925.00
Cost Per SKU (avg)	4,610.38	4,826.94	3,448.50	4,464.63

KEY ASSUMPTIONS & NOTES

- All costs in AUD (2024/25 Australian market rates). Ranges reflect simple vs complex artwork.
- Label costs assume pressure-sensitive labels (flexo or digital printing), 1–4 colour separations.
- Folding carton costs assume CMYK + 1 special (e.g. spot UV / foil) offset lithography.
- Printed plastic (jars/tubs) assumes in-mould labelling (IML) or pad/screen print.
- Print plates: Labels = flexo plates ~$300–600/colour; Cartons = litho plates ~$150–250/colour; Plastic = screen/pad ~$200–400/screen.
- Artwork approvals include internal (R&D, Marketing, Regulatory) and external (retailer/ARTG if applicable) rounds.
- Contingency of 10% applied to cover reworks, artwork rejections, and scope creep.
- Blue cells = inputs you can adjust. Black cells = formula-driven outputs.

LABELS — ARTWORK UPDATE COST MODEL

INPUTS / ASSUMPTIONS

Number of SKUs	80
Average colours per SKU	4
% requiring full redesign (vs minor update)	40.0%
% requiring regulatory/legal check	25.0%

COST ITEM	UNIT COST LOW (AUD)	UNIT COST HIGH (AUD)	TOTAL ESTIMATE (AUD)	BASIS / NOTES
A. ARTWORK CREATION / REDESIGN				
Artwork studio fee – full redesign (per SKU)	800.00	1,800.00	41,600.00	*guidelines, typography, imagery*
Artwork studio fee – minor update (per SKU)	250.00	600.00	20,400.00	*structural redesign*
Artwork studio project management (flat)	3,000.00	6,000.00	4,500.00	*project*
SECTION A SUBTOTAL			**66,500.00**	
B. PRINT PLATES / CYLINDERS				
Print plate cost per colour per SKU (Flexo)	300.00	600.00	144,000.00	*colours × SKUs*
Plate management / storage fee (annual)	1,500.00	3,000.00	2,250.00	*storage*
SECTION B SUBTOTAL			**146,250.00**	
C. PRE-PRESS & COLOUR SEPARATION				
Pre-press file preparation per SKU	120.00	280.00	16,000.00	*gain correction*
SECTION C SUBTOTAL			**16,000.00**	
D. PROOF PRINTING				
Digital soft proof per SKU	50.00	120.00	6,800.00	*PDF / remote proof sign-off*
Hard contract proof per SKU (if required)	150.00	350.00	20,000.00	*Chromaline / Fujifilm Proof*
Press pass attendance (per print run)	800.00	2,500.00	1,650.00	*flat cost*
SECTION D SUBTOTAL			**28,450.00**	
E. ARTWORK APPROVAL MANAGEMENT				
Artwork management platform / tooling (annua	5,000.00	15,000.00	10,000.00	*Flow, or manual routing*
Internal approval coordination (hrs × rate)	2.00	110.00	17,600.00	*rate*
External retailer approval fee (per SKU, if req.)	0.00	200.00	2,400.00	*retailer review (Coles/WW)*
SECTION E SUBTOTAL			**30,000.00**	
F. REGULATORY / LEGAL REVIEW				
Regulatory consultant fee per SKU (if triggered	200.00	500.00	7,000.00	*warning text review*
Legal IP / trademark review (flat, if needed)	3,000.00	8,000.00	5,500.00	*naming*
SECTION F SUBTOTAL			**12,500.00**	
G. SUPPLIER COORDINATION & ADMIN				
Internal PM time (hrs × rate) across project	3.00	120.00	28,800.00	*SKU*
Change management / SAP updates (per SKU	50.00	120.00	6,800.00	*updates*
SECTION G SUBTOTAL			**35,600.00**	
H. CONTINGENCY (10%)				
Contingency allowance (10% of subtotals)			33,530.00	
TOTAL ESTIMATED COST (AUD)			**368,830.00**	

CARTONS — ARTWORK UPDATE COST MODEL

INPUTS / ASSUMPTIONS

Number of SKUs	80
Average colours per SKU	5
% requiring full redesign (vs minor update)	45.0%
% requiring regulatory/legal check	30.0%

COST ITEM	UNIT COST LOW (AUD)	UNIT COST HIGH (AUD)	TOTAL ESTIMATE (AUD)	BASIS / NOTES
A. ARTWORK CREATION / REDESIGN				
Artwork studio fee – full redesign (per SKU)	1,200.00	2,800.00	72,000.00	*guidelines, typography, imagery*
Artwork studio fee – minor update (per SKU)	400.00	900.00	28,600.00	*structural redesign*
Artwork studio project management (flat)	4,000.00	8,000.00	6,000.00	*project*
SECTION A SUBTOTAL			**106,600.00**	
B. PRINT PLATES / CYLINDERS				
Print plate cost per colour per SKU (Litho Offs	150.00	250.00	80,000.00	*colours × SKUs*
Plate management / storage fee (annual)	2,000.00	4,000.00	3,000.00	*storage*
SECTION B SUBTOTAL			**83,000.00**	
C. PRE-PRESS & COLOUR SEPARATION				
Pre-press file preparation per SKU	180.00	380.00	22,400.00	*gain correction*
SECTION C SUBTOTAL			**22,400.00**	
D. PROOF PRINTING				
Digital soft proof per SKU	80.00	150.00	9,200.00	*PDF / remote proof sign-off*
Hard contract proof per SKU (if required)	200.00	450.00	26,000.00	*Chromaline / Fujifilm Proof*
Press pass attendance (per print run)	1,200.00	3,500.00	2,350.00	*flat cost*
SECTION D SUBTOTAL			**37,550.00**	
E. ARTWORK APPROVAL MANAGEMENT				
Artwork management platform / tooling (annua	5,000.00	15,000.00	10,000.00	*Flow, or manual routing*
Internal approval coordination (hrs × rate)	3.00	110.00	26,400.00	*rate*
External retailer approval fee (per SKU, if req.)	0.00	250.00	3,000.00	*retailer review (Coles/WW)*
SECTION E SUBTOTAL			**39,400.00**	
F. REGULATORY / LEGAL REVIEW				
Regulatory consultant fee per SKU (if triggered	250.00	600.00	10,200.00	*warning text review*
Legal IP / trademark review (flat, if needed)	3,000.00	8,000.00	5,500.00	*naming*
SECTION F SUBTOTAL			**15,700.00**	
G. SUPPLIER COORDINATION & ADMIN				
Internal PM time (hrs × rate) across project	4.00	120.00	38,400.00	*SKU*
Change management / SAP updates (per SKU	60.00	140.00	8,000.00	*updates*
SECTION G SUBTOTAL			**46,400.00**	
H. CONTINGENCY (10%)				
Contingency allowance (10% of subtotals)			35,105.00	
TOTAL ESTIMATED COST (AUD)			**386,155.00**	

PLASTIC — ARTWORK UPDATE COST MODEL

INPUTS / ASSUMPTIONS

Number of SKUs	40
Average colours per SKU	3
% requiring full redesign (vs minor update)	35.0%
% requiring regulatory/legal check	20.0%

COST ITEM	UNIT COST LOW (AUD)	UNIT COST HIGH (AUD)	TOTAL ESTIMATE (AUD)	BASIS / NOTES
A. ARTWORK CREATION / REDESIGN				
Artwork studio fee – full redesign (per SKU)	700.00	1,500.00	15,400.00	*guidelines, typography, imagery*
Artwork studio fee – minor update (per SKU)	200.00	500.00	9,100.00	*structural redesign*
Artwork studio project management (flat)	2,000.00	5,000.00	3,500.00	*project*
SECTION A SUBTOTAL			**28,000.00**	
B. PRINT PLATES / CYLINDERS				
Print plate cost per colour per SKU (Screen/Pa	200.00	400.00	36,000.00	*colours × SKUs*
Plate management / storage fee (annual)	1,000.00	2,500.00	1,750.00	*storage*
SECTION B SUBTOTAL			**37,750.00**	
C. PRE-PRESS & COLOUR SEPARATION				
Pre-press file preparation per SKU	100.00	220.00	6,400.00	*gain correction*
SECTION C SUBTOTAL			**6,400.00**	
D. PROOF PRINTING				
Digital soft proof per SKU	40.00	100.00	2,800.00	*PDF / remote proof sign-off*
Hard contract proof per SKU (if required)	120.00	300.00	8,400.00	*Chromaline / Fujifilm Proof*
Press pass attendance (per print run)	700.00	2,000.00	1,350.00	*flat cost*
SECTION D SUBTOTAL			**12,550.00**	
E. ARTWORK APPROVAL MANAGEMENT				
Artwork management platform / tooling (annua	5,000.00	15,000.00	10,000.00	*Flow, or manual routing*
Internal approval coordination (hrs × rate)	2.00	110.00	8,800.00	*rate*
External retailer approval fee (per SKU, if req.)	0.00	150.00	900.00	*retailer review (Coles/WW)*
SECTION E SUBTOTAL			**19,700.00**	
F. REGULATORY / LEGAL REVIEW				
Regulatory consultant fee per SKU (if triggered	150.00	400.00	2,200.00	*warning text review*
Legal IP / trademark review (flat, if needed)	2,000.00	6,000.00	4,000.00	*naming*
SECTION F SUBTOTAL			**6,200.00**	
G. SUPPLIER COORDINATION & ADMIN				
Internal PM time (hrs × rate) across project	2.50	120.00	12,000.00	*SKU*
Change management / SAP updates (per SKU	40.00	100.00	2,800.00	*updates*
SECTION G SUBTOTAL			**14,800.00**	
H. CONTINGENCY (10%)				
Contingency allowance (10% of subtotals)			12,540.00	
TOTAL ESTIMATED COST (AUD)			**137,940.00**	

AUSTRALIAN PACKAGING ARTWORK — MARKET RATE CARD (2024/25)

SERVICE	TYPICAL RANGE (AUD)	PREMIUM RANGE (AUD)	COMMENTS
ARTWORK STUDIOS			
Simple label artwork redesign	$400 – $1,200	$1,500 – $3,000	Per SKU, AU studios (Sydney/Melb)
Complex carton artwork redesign	$1,000 – $2,500	$2,500 – $5,000+	Structural + graphic design
Minor text / compliance update	$200 – $500	$500 – $1,200	Ingredient, advisory, date changes
Artwork project management	$3,000 – $8,000	$8,000 – $20,000	Flat fee for 200 SKU project
3D pack render (per SKU)	$150 – $400	$400 – $900	Optional – retail shelf ready image
PRINT PLATES & CYLINDERS			
Flexo plate per colour (labels)	$280 – $550	$550 – $900	1-piece plate; digital flexo
Litho plate per colour (cartons)	$120 – $220	$220 – $400	CTP plate; offset printing
Screen / pad print tool (plastic)	$180 – $380	$380 – $700	Per screen per colour
Gravure cylinder (high vol)	$1,500 – $3,000	$3,000 – $6,000	Only for very high-vol runs
PRE-PRESS			
Pre-press per SKU (standard)	$100 – $250	$250 – $500	Trapping, sep, dot gain
Colour management / profiling	$500 – $2,000	$2,000 – $5,000	Flat for whole project
PROOFING			
Digital soft proof per SKU	$40 – $100	$100 – $200	Remote PDF sign-off
Hard contract proof per SKU	$120 – $300	$300 – $600	Fogra / SWOP proof
Press pass (per print run)	$700 – $2,000	$2,000 – $4,000	Travel + time, on-site
REGULATORY / LEGAL			
FSANZ / food labelling review	$150 – $400	$400 – $900	Per SKU if triggered
ARTG / TGA review (health)	$300 – $800	$800 – $2,000	Per SKU, regulated goods
Legal / trademark review	$2,500 – $6,000	$6,000 – $15,000	Flat fee, brand refresh
APPROVAL PLATFORMS			
Artwork Flow / Esko / similar (SaaS)	$5,000 – $12,000 p.a.	$12,000 – $30,000 p.a.	Annual licence, AU market
Manual routing (internal cost)	$80 – $120/hr	$120 – $180/hr	Internal coordinator rate
INTERNAL COSTS (INDICATIVE)			
Packaging Manager time (per SKU)	$360 – $480	$480 – $720	3–4 hrs × $120/hr
R&D Technologist time (per SKU)	$200 – $300	$300 – $480	2–3 hrs × $100/hr
SAP / ERP update per SKU	$40 – $100	$100 – $200	Internal IT/data admin time