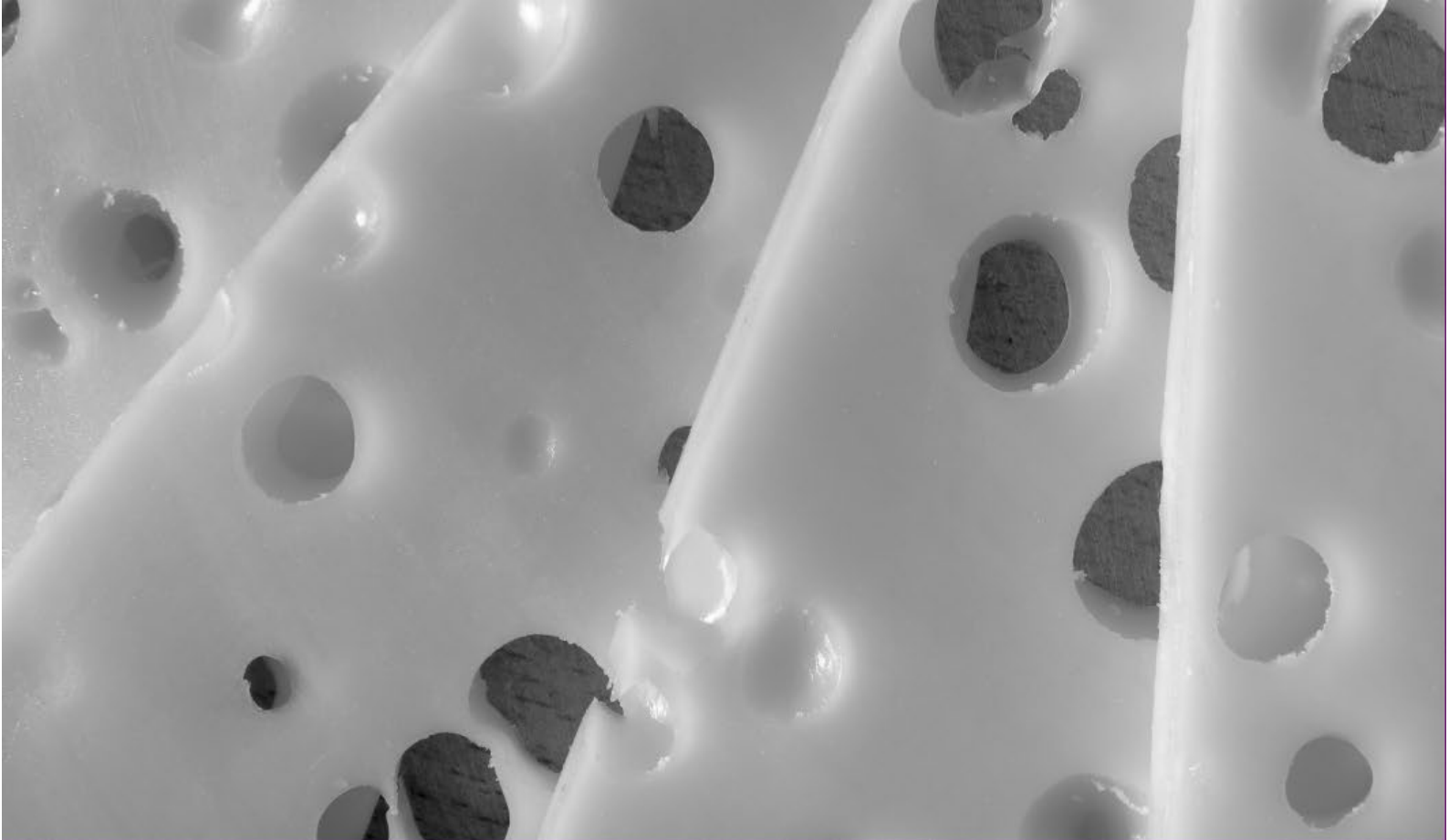




ADIC SUBMISSION

FSANZ Proposal P1067:
Health Star Rating System

July 2026



Australian Dairy Industry Council Inc.

P1067 Health Star Rating System – Dairy industry response

The Australian Dairy Industry Council (ADIC) appreciates the opportunity to provide comments on FSANZ Proposal P1067 (P1067) – Health Star Rating (HSR) System, which proposes to mandate the HSR system on foods for retail sale through the Australia New Zealand Food Standards Code (FSC).

We wish to acknowledge the numerous meetings with FSANZ staff to discuss the technical aspects of P1067, particularly given the significant number of proposed changes affecting dairy, the FSC, and the operation of the HSR system. Several technical aspects will require ongoing engagement with FSANZ to ensure the final approach aligns with the intended principles of the HSR system, while remaining practical for dairy processors to implement and regulators to administer and enforce.

This submission has been developed in collaboration with Dairy Australia and reflects the collective views of our member organisations.

Dairy is the third largest Australian rural industry and a key sector of the agricultural economy, with a farmgate value of \$6.0 billion and a direct workforce of almost 30,400 across dairy farms and processing. In 2024/25, 36% of milk production was exported, worth around \$3.8 billion¹. Australia is a significant exporter of dairy products and ranks fifth in terms of world dairy trade.

ADIC is the peak national representative body of the Australian dairy industry, representing the interests of dairy farmers and processors through its two constituent bodies, Australian Dairy Farmers (ADF) and the Australian Dairy Products Federation (ADPF). It aims to create a more prosperous and sustainable future for the local industry and the regional communities that rely on it.

Dairy Australia is the national services body for dairy farmers and the industry. Its role is to help farmers adapt to a changing operating environment, and achieve a profitable, sustainable dairy industry. As the industry's Research and Development Corporation, it is the 'investment arm' of the industry, investing in projects that cannot be done efficiently by individual farmers or companies.

¹ Dairy Australia, In Focus 2025. Available: <https://www.dairyaustralia.com.au/industry-reports/australian-dairy-industry-in-focus>.

Introduction

The Australian dairy industry has worked constructively with government to support the development, implementation and education of the Health Star Rating (HSR) front to pack labelling system since its inception in 2012, implementation in 2014, the five-year review in 2019, and through to the current review and proposal to mandate the HSR.

The overarching intention of the HSR system is to provide a simple, consistent and standardised tool for consumers to compare the nutritional value of similar packaged foods in a retail setting, and support informed, healthier food and beverage choices aligned with the Australian and New Zealand Dietary Guidelines.

It is not intended to be used as a policy tool beyond its original purpose, such as for school canteens, community settings, or restrictions on marketing to children, where an arbitrary 3.5-star threshold has been adopted to distinguish between 'healthier' and 'less healthy' foods.

With this in mind, it is important to restate the key principles underpinning the development and design of the HSR system. The HSR is intended to:

- Support healthier food and beverage choices
- Be based on the best and most current scientific evidence
- Align with the Australian and New Zealand Dietary Guidelines
- Enable comparisons between similar packaged foods
- Ensure nutritious core (Five Food Group; FFG) foods achieve a HSR of three stars or above as per HSR calibration principles^{2,3}.

The dairy industry recognises the work undertaken to improve the HSR of core dairy foods (all milk, cheese and yoghurt) by creating specific dairy categories (1D, 2D and 3D), and alignment with the Australian Dietary Guidelines (ADGs) and New Zealand Eating and Activity Guidelines (NZEAGs).

However, P1067 has identified several critical issues that will impact dairy foods and undermine the intent of the HSR and alignment with the ADGs and NZEAGs.

Until the HSR system and algorithm are amended to deliver outcomes consistent with the statutory objectives of the FSANZ Act, the Dietary Guidelines and the published HSR Design Principles for all FFG foods and beverages, most notably core cheeses, the dairy industry is unable to support the proposal to mandate its implementation. Our key concerns include:

- More than 50% of core, FFG cheeses continue to receive a HSR of less than three stars despite current scientific evidence demonstrating the health benefits of dairy, including cheese).

² TAG technical paper, October 2018, History and development of the HSR algorithm, p.11

³ MP consulting Five Year Review of the Health Star Rating System – Consultation Paper: Options for System Enhancement (October 2018) p11. Available: [HSR System Consultation Paper, October 2018](#)

- There remains no assurance that this evidence will be comprehensively reviewed and incorporated into the HSR system following completion of the ADGs review, despite commitments arising from the 2019 five-year HSR review and the 2020 Food Ministers' request⁴.
- This means a majority of Five Food Group cheeses fail to meet the original HSR calibration principle that core foods should generally score three stars or above.
- The misalignment of timing between the HSR system and ADGs review process, creating uncertainty about how updated evidence will be reflected in the final HSR system.
- The proposed higher calcium thresholds for Category 1 dairy beverages, possibly leading to unnecessary fortification of products that are already naturally nutrient-rich.
- The proposed mandatory 75% dairy threshold for categories 1D, 2D and 3D and its implications for affected dairy products.
- The comparison of plant-based products with dairy foods in the HSR system, including the proposed Category name changes and revised definition of plant-based products as 'dairy analogues'.
- FSANZ's preliminary cost estimates are likely to underestimate the true burden of mandatory HSR, given the scale and complexity of the changes required, and the sustained cost pressures facing food manufacturers.
- The ability of the HSR to continue to foster genuine product innovation.
- The absence of a nationally coordinated ongoing education program to improve consumer understanding and appropriate use of the HSR system.

Before considering mandatory implementation of the HSR system, the following issues must be addressed as a priority:

1. Improve the HSR outcomes for core, everyday cheeses so that at least 90% achieve a HSR of three stars or above, consistent with the original intent of the HSR system and current nutrition science.
2. Ensure the HSR system reflects the latest scientific evidence and aligns with the outcomes of the ADGs review, including a comprehensive review of the evidence for dairy and cheese. If this review is not completed, or an evidence-based solution is not implemented, *core FFG cheeses should be temporarily exempt from mandatory HSR labelling until the HSR system accurately reflects the scientific evidence for cheese.*
3. Resolve outstanding technical issues affecting dairy categories, including the proposed 75% dairy ingredient threshold, revised dairy Category names and definitions, calcium thresholds for Category 1D, and other implementation matters to ensure equitable and practical outcomes.
4. Ensure plant-based products are assessed and categorised appropriately within the HSR system, with clear and scientifically justified distinctions between dairy foods and plant-based products that do not mislead consumers and not enable plant-based products to be assessed as nutritionally similar.

⁴ Australia and New Zealand Ministerial Forum on Food Regulation Communiqué Addendum to 17 July 2020 Communiqué – Health Star Rating outcomes

5. Ensure the regulatory burden imposed is proportionate to, and justified by, clear and demonstrable consumer and public health benefits.
6. Commit to the development and ongoing delivery of a comprehensive national consumer education program, aligned with the ADG, to build confidence in the HSR system, improve nutrition literacy, and support consumers to select core foods and beverages as part of a healthy dietary pattern.
7. Reaffirm that the HSR system is intended as a front-of-pack labelling tool for packaged retail foods and beverages and should not be used as a policy tool in other settings, or a regulatory threshold for procurement including school canteens, community settings or restrictions on marketing to children.
8. Establish transparent governance arrangements for the ongoing review, maintenance and continuous improvement of the HSR system, including a clear process for addressing anomalies, incorporating emerging scientific evidence, and ensuring ongoing alignment with the ADG.
9. Provide a minimum four-year transition period following any decision to mandate the HSR system, together with an additional minimum two-year stock-in-trade provision, to enable manufacturers to redesign packaging, exhaust existing packaging inventories, implement system changes, minimise unnecessary costs and avoid food waste.

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 this report)? Why/why not?

The Australian dairy industry recognises the intent of the HSR system to provide a simple, interpretive front-of-pack labelling tool that supports consumers to compare similar packaged foods and make informed, healthier food and beverage choices. A more consistent application of the HSR system, including through mandatory implementation, has the potential to improve its visibility and effectiveness, provided it is scientifically robust, delivers equitable outcomes and aligns with the Australian and New Zealand Dietary Guidelines.

However, mandatory implementation should not proceed until the HSR system is fully aligned with the Dietary Guidelines and the contemporary scientific evidence base. This is particularly important for Category 3D cheese, where HSR outcomes remain inconsistent with both. FSANZ has an obligation under the FSANZ Act to rely on the best available scientific evidence. Proceeding before the Dietary Guideline review is complete creates a foreseeable risk that the mandatory system will not reflect that evidence.

Without first addressing these issues, mandatory implementation risks entrenching outcomes that misrepresent the nutritional value and healthiness of nutrient-dense core foods, such as cheese, undermining FSANZ's objective of providing adequate information to enable informed consumer choice.

Insights from a major Australian retailer⁵ demonstrates that consumers:

- Misinterpret the HSR as a measure of the overall 'healthiness' of a food;
- believe HSR can be used to compare products across different food categories (61%)
- **Increasingly see 3 ½ stars as a benchmark for a 'healthy food', with sales of nutritious core foods scoring less than 3 ½ stars dropping since 2022.**

These findings reinforce that a mandatory system alone is unlikely to improve healthier food choices.

Significant further investment and development of a nationally co-ordinated, practical, targeted and ongoing consumer education program is also required to improve understanding of nutrition and the intended role of the HSR system, including how to select core foods in line with the Dietary Guidelines.

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 this report and section 2 of SD5)? Please provide reasons and describe any practical or implementation issues FSANZ should consider.

Please refer to individual manufacturer submissions.

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.

Please refer to individual manufacturer submissions.

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

We raise specific concerns for core cheeses, and technical aspects of the proposal related to dairy (which we address further in Q5 of this submission).

The current calculation methodology for Category 3D cheese continues to place significant emphasis on saturated fat. This results in 55% of core cheeses scoring less than 3 stars which is inconsistent with Dietary Guidelines and the growing evidence base relating to cheese, regular-fat dairy foods and the dairy matrix.

The issue is not that cheese receives a lower score than confectionery or beverages; rather, that a core food receives a score inconsistent with the HSR principles and national dietary advice.

⁵ Australian retailer data, Food and Health Survey 2025, IPSOS n=2000

The dairy industry has previously proposed several evidence-based options to improve the treatment of cheese within the algorithm, including reconsideration of the saturated fat penalty applied to cheese and facilitating Category 3D cheeses to receive protein points consistent with the significant contribution cheese makes to dietary protein intake. These proposals were intended to improve alignment between HSR outcomes, national dietary guidance and contemporary nutrition science, while maintaining the underlying integrity of the algorithm, and not impacting any other HSR categories.

We remain concerned that the current approach does not adequately reflect the totality of evidence regarding cheese and health outcomes, and that the resulting HSRs confuse consumers about the healthfulness of a nutrient-dense core food. Accordingly, the Australian dairy industry considers that further consideration of the calculation methodology for Category 3D cheese is warranted, including mechanisms that better recognise the nutritional contribution of cheese and the evolving evidence relating to dairy foods.

More broadly, the issues identified for Category 3D cheese highlight the importance of ensuring that the HSR algorithm remains responsive to advances in nutrition science and future revisions to national dietary guidance. The establishment of a formal review mechanism linked to updates or changes in national dietary guidance would provide an appropriate pathway for considering such changes over time.

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 this report and section 3.1 of SD5)? Please provide reasons for your response.

The Australian dairy industry appreciates the technical work related to P1067, however many of the proposed updates to the HSR system have critical implications for dairy foods. This includes:

- misaligned timings of the HSR and ADG reviews
- proposed higher calcium requirements for Category 1D dairy beverages
- that 50 per cent of core FFG cheeses in Category 3D continue to score less than three stars
- proposal to mandate the 75% ruling for categories 1D, 2D and 3D, and,
- proposed name changes for categories to reference “dairy analogues”, such as dairy beverage analogues.

We address each of these points in more detail below.

5.1. Work on P1067 and the review of the HSR system should align with the ADGs review

The Australian dairy industry strongly recommends that any work on P1067 should align with the current ADGs review, ensuring the ADGs review is complete, and its findings can be fully considered and incorporated into the HSR system.

This includes a comprehensive review of the evidence base for dairy, including cheese. Otherwise, FSANZ risks:

- Finalising an HSR system that is not based on the best available and most current scientific evidence;
- Finalising an HSR system that does not align with the updated ADGs;
- Forcing the Australian dairy industry to update its product labels multiple times to reflect the ADGs, creating unnecessary costs, resource requirements, implementation complexity, training and education needs, and consumer confusion;
- Undermining consumer confidence in the credibility and trust of the HSR system.

We acknowledge that FSANZ has been instructed by the Food Ministers to continue work on P1067 notwithstanding the current and outstanding review of the ADGs – now in its sixth year of development.

However, we raise concerns that this is inefficient and contrary to FSANZ's own statutory obligations. Section 18 of the FSANZ Act requires FSANZ to have regard to the best available scientific evidence and to provide adequate information to enable informed consumer choice.

5.2. Category 1D – Milk and Milk-based beverages, including dried milk
Calcium change - proposal to change the 1D calcium requirement from 80mg per serve to 100mg/100mL

The proposal to increase the calcium requirement of Category 1D dairy beverages from 80mg per serve to 100mg per 100mL, to align with the fortification requirements for a plant-based beverage product is unjustified and should not proceed.

Dairy beverages inherently contain a package of essential nutrients within the dairy matrix, including highly bioavailable calcium, high-quality protein, phosphorus, zinc, magnesium and a range of other vitamins and minerals. The ADGs recognise this nutrient package as a reason to consume dairy foods each day.

For the plant-based beverage products to be considered as an 'alternative' to dairy within the ADGs they must be fortified to contain a minimum of 100mg calcium per 100mL. This requirement exists because plant-based beverages are not naturally calcium-rich. It should not be applied to inherently nutrient-dense dairy beverages that naturally provide calcium and other essential nutrients.

While FSANZ notes that only a small proportion of dairy beverages would not meet the higher proposed calcium threshold and may need to be fortified, this does not justify the change. Requiring fortification of naturally nutrient-rich dairy beverages is unnecessary and risks encouraging reformulation for the sole purpose of meeting an algorithmic requirement.

FSANZ also notes this proposed change could result in a HSR shift of between 2-4.5 stars. This is a significant variation and risks confusing consumers, particularly when the products composition has not changed. In these circumstances, the changed rating would reflect a change in the rules, rather than a meaningful change in the nutritional value of the product.

The suggestion that these affected products could simply reformulate is insufficient. Reformulation requires significant resourcing, product development, technical assessment and cost (which would ultimately be worn by the consumer), without a clear nutrition or public health rationale.

The ADGs do not set a calcium requirement for milk and milk beverages, but they do recognise the health outcomes associated with their consumption.

Schedule 4: Nutrition, health and related claims set out conditions for nutrition and content claims – a serving of food contains at least 10% of the Recommended Dietary Intake (RDI). On this basis, 80mg calcium per 250mL serve is an appropriate threshold for dairy beverages.

Conversely, as plant-based beverage products are not naturally high in calcium, both the ADGs and the NZEAGs set calcium requirements for these products to be considered as substitutes.

Milk provides a natural and highly bioavailable source of calcium within the dairy matrix and should not be assessed against fortification criteria designed for plant-based alternatives.

This proposal effectively requires naturally nutrient-rich foods to emulate the fortification standards developed specifically for products that are naturally deficient in calcium. Reformulation undertaken solely to satisfy an algorithm, rather than improve nutritional quality, is inconsistent with the policy objective of improving public health.

A recent paper by O'Sullivan and Nicholl 2026, concluded that *"Compared with plant-based milks, which often require fortification and extensive processing, the dairy milk matrix is particularly effective at promoting nutrient absorption"*⁶.

5.3. Practical challenges meeting 100mg calcium

The dairy industry notes the practical inconsistency between the proposed 75% dairy ingredient threshold and the proposal to increase the calcium requirement to 100mg per 100mL. As dairy content approaches the 75% threshold, it becomes increasingly difficult for dairy beverages to naturally achieve 100mg calcium per 100mL.

As demonstrated in Table 1, if flavoured milk with more than 90% dairy ingredients⁷ were to reduce to a level of 75%, calcium content would reduce and these products would therefore not qualify for Category 1D, unless fortified.

⁶ O'Sullivan TA, Nicholl A. Exploring the dairy milk matrix beyond isolated nutrients-a narrative review. Crit Rev Food Sci Nutr. 2026 Apr 15:1-21. doi: 10.1080/10408398.2026.2648097. Epub ahead of print. PMID: 41983252.

⁷ Examples provided are existing flavoured milks on retail shelves

Table 1: Impact of the 100mg/100mL calcium proposal

Product	Dairy content (%)	Current Calcium content (mg/100ml)	% RDI	75% dairy ingredients Ca content (mg/100ml)	% RDI
Chocolate Flavoured Milk	MT 90	115	14	92	12
Strawberry Flavoured Milk	MT 90	116	14	94	12
Iced Coffee Flavoured Milk	MT 90	119	15	92	12

This risks creating an unintended incentive for fortification solely to satisfy a categorisation requirement rather than address a nutritional need.

The HSR system should recognise the nutritional contribution of naturally occurring nutrients within dairy foods and avoid encouraging unnecessary reformulation.

The Australian dairy industry therefore recommends FSANZ retain the calcium requirement for Category 1D - dairy beverages at ≥ 80 mg calcium/serve.

5.4. Category 2D - Non-frozen dairy foods not included in Category 1D or 3D

Please refer to Question 6 – 75% dairy ingredients and reconstitution of milk powders as the main issue concerning Category 2D.

We support the inclusion of fermented milk beverages in Category 2D. However, fermented milk products have distinct regulatory requirements to contain no less than 10^6 CFU/g of the microorganisms used in fermentation. Given these compositional, microbiological requirements and *functional attributes*, we ask that FSANZ confirm the proposed Category 2D appropriately accommodates fermented milk products and clarify how these products will be recognised within the HSR categorisation framework.

In working through the technical challenges associated with the proposed mandating of the 75% dairy ingredient rule for Categories 2D (plus 1D and 3D) and the treatment of reconstituted milk powders, the Australian dairy industry:

- Appreciates FSANZ's constructive engagement and willingness to work collaboratively to resolve these issues;
- Supports FSANZ's positive approach to identifying a solution that recognises modern dairy processing practices, enables future innovation in milk and milk products, and preserves the integrity of the dairy categories by ensuring products that aim to replicate dairy (or components of) are assessed separately; and
- Welcomes the opportunity to continue to work collectively with FSANZ to finalise these technical matters.

Further written clarification is required on the calculation of dairy ingredients for the application of the proposed 75% rule and the treatment of reconstitution milk powders.

Refer to individual manufacturer submissions for specifics in Category 2D.

5.5. Category 3D – Cheese

The Australian dairy industry does not support the assessment and recommendation regarding Category 3D (cheese).

As recognised in previous reviews, technical papers and stakeholder submissions, cheese remains the core FFG food most misaligned with the Dietary Guidelines – 55% of all cheeses score less than 3 stars. Everyday nutritious cheese, such as cheddar receives a rating of 1.5 stars.

It is the clearest example of misalignment with national dietary guidance – yet the FSANZ consultation paper lacks action to find a solution to this beyond stating “FSANZ recommends awaiting the outcomes of the revised ADGs to determine whether there is sufficient evidence to support any changes to the algorithm for cheese”.

The FSANZ consultation paper yet again acknowledges this long-standing anomaly affecting cheese. Supporting Document 3 – Performance of the HSR algorithm (P 7) acknowledges that cheese is the most misaligned core food group. However, its analysis models cheeses across categories 2, 2D and 3D collectively, rather than assessing Category 3D cheeses separately, before concluding that the results are consistent with the Dietary Guidelines’ recommendation to consume ‘mostly reduced fat’ dairy. This approach masks the poor performance of many core FFG cheeses and does not adequately address the underlying issue.

For over 10 years, the dairy industry has presented the evidence demonstrating that the HSR algorithm does not appropriately reflect the nutritional value and health outcomes of cheese and requesting changes to cheese to score in line with Dietary Guidelines advice. The ADGs recommend Australians “Enjoy a wide variety of nutritious foods from the five food groups every day”. The recommendation for dairy food group is for ‘Milk, yoghurt, cheese, and/or alternatives – **‘mostly’ reduced fat or ‘preferably’ reduced fat.** **They do not recommend “consuming reduce fat milk, yoghurts and cheese and their alternatives, as stated on page 35, Supporting Document 5 (SD5).** This distinction is important, as the Guidelines apply the qualifier “mostly” to the dairy food group (as a whole), rather than requiring reduced-fat versions of every dairy food, including cheese.

Following the HSR five-year review, a commitment was made by Food Minister in 2020 to review cheese following the release of the new Dietary Guidelines. **With the delays in the ADG review, this commitment is still outstanding six years on.**

The dairy industry has since presented solutions for low scoring cheese, which have included changing the weighting of saturated fat in the algorithm, re-scaling of the Category, or facilitating cheese to score protein points, which have yet to be explored by FSANZ.

Deferring consideration of Category 3D cheese until completion of the ADG review simply delays resolution of a long-standing issue, as there is currently no clear commitment that

the latest evidence for cheese will be comprehensively reviewed as part of the Dietary Guidelines review, or that the findings will subsequently be incorporated into the HSR algorithm.

The dairy industry continues to seek a solution whereby 90% of everyday cheeses score ≥3 stars and above – as it has for all types of core milk and yoghurt.

Given FSANZ's commitment to complete the current HSR review within a defined time period, the Australian dairy industry does not seek to delay implementation. However, it is essential that the HSR system remains responsive to emerging scientific evidence and forthcoming national dietary guidance (including both the ADGs and NEAGs).

The review of the ADGs presents an important opportunity to consider contemporary nutrition evidence, including evidence related to dairy foods, food matrices and dietary patterns.

Given the potential implications of this evidence for the interpretation of cheese within healthy diets, it would be premature to conclude that no further consideration of Category 3D cheese is warranted without a transparent mechanism to assess and incorporate any relevant changes arising from future dietary guidelines.

Accordingly, the Australian dairy industry recommends that:

- FSANZ formally commit to a review of Category 3D cheese following completion of the NHMRC review of the ADGs (and NZ Children and Young People's Dietary Guidelines), including a defined review process, implementation timeline and transparent decision-making framework for assessing any implications for the HSR system.
- Where the NHMRC review or The Ministry of Health does not comprehensively assess the evidence relating to dairy, including cheese, dairy fat, and the dairy matrix effects, FSANZ should undertake a targeted review of Category 3D using the best available scientific evidence to ensure the HSR system remains current and evidence based. The review should explicitly consider alternative approaches to the treatment of cheese, as previously raised by the dairy industry including:
 - the weighting applied to saturated fat in Category 3D products;
 - facilitation of cheese to receive protein points, consistent with its contribution as a protein-rich core food;
 - rescaling of the Category
 - other mechanisms that improve alignment between HSR outcomes, Dietary Guidelines and contemporary scientific evidence.
- If a review of Category 3D cannot be completed or an evidence-based alternative not implemented before mandating the HSR, *core FFG cheeses should be temporarily exempt from the HSR until the HSR system accurately reflects the scientific evidence for cheese.*

This approach ensures that FSANZ can meet its commitments while also safeguarding the credibility, relevance, and scientific integrity of the HSR system over time.

Cheese and health outcomes – the evidence

The Australian dairy industry appreciates the acknowledgement of cheese and health outcomes in SD5 and reiterates that cheese is a nutritious core food, recommended for daily consumption within the ADGs.

However, the current HSR remains inconsistent with its nutrient profile, the totality of evidence relating to its health effects, and the established role of cheese consumption within a healthy eating pattern.

Dairy foods, including cheese, play a critical role in nutrient intakes in Australia. The most recent National Nutrition and Physical Activity Survey (NNPAS) indicates that the dairy food group contributes approximately 40% of total calcium intake and was a significant contributor to vitamin B12 and iodine intake⁸.

Despite this, more than 90% of the Australian population are not eating enough dairy serves⁹. The latest NNPAS data shows calcium intake remains inadequate with over two-thirds not meeting their requirements¹⁰.

Only one-third of Australians consume cheese¹¹, with an average intake of 14 grams per day, well below the 40 gram serve recommendation¹².

Despite the significant nutritional contribution, cheese is still characterised primarily by its saturated fat and sodium content. This is inconsistent with contemporary nutrition science which recognises the importance of the dairy matrix and the totality of evidence relating to cheese and health outcomes.

Over the past decade, the scientific understanding of cheese and health has evolved substantially.

A large 2023 umbrella review of more than 50 meta-analyses of prospective cohort studies found that cheese consumption is not associated with increased risk of chronic disease and is instead linked with small, but statistically significant inverse associations with key outcomes including all-cause mortality, cardiovascular disease, coronary heart disease, stroke, and type 2 diabetes¹³. Importantly, no consistent associations were identified with increased cancer or hypertension risk, indicating that cheese is at worst, neutral and at best modestly protective in relation to major public health concerns.

⁸ Australian Bureau of Statistics. Food and nutrients. Canberra: ABS; 2023. Available from: <https://www.abs.gov.au/statistics/health/food-and-nutrition/food-and-nutrients/2023>

⁹ Australian Bureau of Statistics. 4364.0.55.012 – Australian Health Survey: Consumption of Food Groups from the Australian Dietary Guidelines, 2011-12. 2016.

¹⁰ Australian Bureau of Statistics. Food and nutrients. Canberra: ABS; 2023. Available from: <https://www.abs.gov.au/statistics/health/food-and-nutrition/food-and-nutrients/2023>

¹¹ Australian Bureau of Statistics. 4364.0.55.007 – Australian Health Survey: Nutrition First Results – Foods and Nutrients, 2011-12. 2015.

¹² Australian Bureau of Statistics. Food and nutrients. Canberra: ABS; 2023 [cited 2026 July 2]. Available from: <https://www.abs.gov.au/statistics/health/food-and-nutrition/food-and-nutrients/2023>

¹³ Zhang M et al. Cheese consumption and multiple health outcomes: an umbrella review and updated meta-analysis of prospective studies. *Adv Nutr.* 2023 Sep;14(5):1170-1186.

Emerging intervention evidence supports these findings. Controlled trials examining higher intakes of regular-fat dairy within international Dietary Guidelines have demonstrated no adverse effects on body weight, blood lipids, glucose, or blood pressure, while improving intakes of under-consumed nutrients such as calcium, potassium and magnesium¹⁴.

A key factor underpinning these findings is the dairy matrix effect. Cheese is a complex fermented food in which nutrients interact in ways that alter digestion and metabolism. For example, calcium can reduce fat absorption, while fermentation generates bioactive compounds that may beneficially influence cardiometabolic health¹⁵. As a result, the physiological effects of cheese cannot be predicted by the saturated fat content alone.

Consistent with this, large meta-analyses^{16,17} and Mendelian randomisation studies¹⁸ report neutral or inverse associations between cheese intake and cardiovascular outcomes, challenging the assumptions embedded in the HSR for Category 3D. Collectively, this evidence demonstrates that cheese does not behave in a manner consistent with traditional risk models based solely on saturated fat.

Importantly, this shift in evidence is increasingly reflected in Dietary Guidance. In 2019, the Australian Heart Foundation recognised that regular-fat dairy foods can be included in heart-healthy dietary patterns¹⁹, and international guidelines including the Dietary Guidelines for Americans²⁰ and Swiss Dietary Recommendations²¹ have evolved in a similar direction, with reduced emphasis on fat content alone or no differentiation by fat content. Also of note, the NZ Children and Young People's Dietary Guidelines (3–17 years) are currently under review (initiated January 2025), with consultation on draft

¹⁴ Anderson GH. et al. The effect of three daily servings of full-fat dairy for 12 weeks on body weight, body composition, energy metabolism, blood lipids, and dietary intake of adults with overweight and obesity. *J Nutr* 2026;101373.

¹⁵ Weaver CM, Givens DI. Overview: the food matrix and its role in the diet. *Crit Rev Food Sci Nutr*. 2025;65(30):6880-6897. doi: 10.1080/10408398.2025.2453074. Epub 2025 Feb 4. PMID: 39905830.

¹⁶ Drouin-Chartier JP et al. Systematic Review of the Association between Dairy Product Consumption and Risk of Cardiovascular-Related Clinical Outcomes. *Adv Nutr*. 2016 Nov 15;7(6):1026-1040. doi: 10.3945/an.115.011403.

¹⁷ Chen et al. Cheese consumption and risk of cardiovascular disease: a meta-analysis of prospective studies. *Eur J Nutr*. 2017 Dec;56(8):2565-2575. doi: 10.1007/s00394-016-1292-z. Epub 2016 Aug 12. Erratum in: *Eur J Nutr*. 2019 Mar;58(2):907. doi: 10.1007/s00394-018-1884-x.

¹⁸ Xie Y, Chen H, Xu J, Qu P, Zhu L, Tan Y, Zhang M, Liu L. Cheese consumption on atherosclerosis, atherosclerotic cardiovascular diseases and its complications: A two-sample Mendelian randomization study. *Nutr Metab Cardiovasc Dis*. 2024 Mar;34(3):691-698. doi: 10.1016/j.numecd.2023.11.008. Epub 2023 Nov 15. PMID: 38161113.

¹⁹ Heart Foundation. Dairy & heart-healthy eating: position statement. Melbourne (AU): National Heart Foundation of Australia; 2019. Available from: <https://assets.contentstack.io/v3/assets/blt8a393bb3b76c0ede/blt9ddc5fa8a9af4f6d/Dairy-Heart-Healthy-Eating-Dietary-Position-Statement.pdf>

²⁰ U.S. Department of Health and Human Services, U.S. Department of Agriculture. *Dietary Guidelines for Americans, 2025–2030*. Washington (DC): HHS and USDA; 2026

²¹ Swiss Federal Food Safety and Veterinary Office (FSVO). *Swiss Dietary Recommendations*. Bern, Switzerland: FSVO; 2024. Available at: <https://www.blv.admin.ch/blv/en/home/lebensmittel-und-ernaehrung/ernaehrung/empfehlungen-informationen/schweizer-ernaehrungsempfehlungen.html>

recommendations completed and final recommendations anticipated in the coming weeks.

Taken together, the evidence clearly establishes cheese as a nutrient-dense core food with neutral to beneficial health associations. The current HSR system for Category 3D – which places a disproportionate emphasis on the saturated fat in cheese through increasingly stringent scoring criteria – does not adequately reflect this evidence and risks misrepresenting the role of cheese within a health dietary pattern, undermining informed consumer choice and broader public health objectives.

Based on the above evidence, the Australian dairy industry is concerned that conclusions drawn in SD5 regarding higher HSR scores for reduced-fat cheeses, relative to regular-fat cheeses, may not appropriately reflect dietary guidance.

We disagree with the FSANZ assessment that *'Categorising cheese and processed cheese in Category 3D results in a HSR that is consistent with current dietary guidelines recommending reduced fat dairy to assist in meeting nutrient recommendations within energy requirements.'*

The ADGs do not position reduced-fat dairy, including cheese, as nutritionally superior to regular-fat dairy; This guidance²² does not negate the role of regular-fat cheese as a core, nutrient-dense food. In practice, regular-fat dairy has been growing in popularity across the last decade.

Review of the HSR in response to evolving evidence

The issue raised by Category 3D cheese also highlights a broader question about how the HSR system will incorporate evolving evidence.

Future revisions should include a clearly defined mechanism to ensure that the system remains responsive to advances in nutrition science and changes in national dietary policy. Failure to do so risks perpetuating HSRs that consumers may interpret as inconsistent with both current evidence and the role of core foods within healthy dietary patterns.

Embedding a structured and transparent governance and review framework will ensure that the HSR system remains responsive to evolving evidence and continues to support meaningful improvements in public health outcomes, aligned with Dietary Guidelines.

Industry supports the establishment of a transparent, predetermined review trigger whereby publication of updated Dietary Guidelines, or equivalent evidence-based guidance from recognised authoritative bodies, initiates a formal assessment of any HSR Category that may be materially affected.

²² National Health and Medical Research Council. Australian Dietary Guidelines, Canberra: Commonwealth of Australia; 2013, Glossary, p146

We are interested to further understand how this would work in practice, including the timing of the review, criteria for review and decision-making framework – and look forward to working with FSANZ on this.

Given the strength of the current scientific evidence supporting cheese as a core Five Food Group food, the long-standing anomaly affecting cheese should now be resolved.

The HSR system must reflect the latest scientific evidence and align with the outcomes of the Australian Dietary Guidelines review, including a comprehensive review of the evidence for dairy and cheese. If this review is not completed, or an evidence-based alternative is not implemented, core FFG cheeses should be temporarily exempt from mandatory HSR labelling until the HSR system accurately reflects the scientific evidence for cheese.

5.6. Plant-based products, Dairy category definitions, and HSR eligibility

The Australian dairy industry strongly recommends that FSANZ maintain clear separation between dairy foods and plant-based products in P1067 and across the HSR categories 1D, 2D and 3D.

Dairy categories were specifically developed to recognise milk, yoghurt and cheese as core foods within the Dietary Guidelines, reflecting their unique nutrient composition (including inherent lactose calcium and saturated fat), and evidence-based role in healthy dietary patterns.

Calcium fortification alone does not make a plant-based product nutritionally equivalent to dairy.

This distinction will support consumer understanding, preserve alignment with the Dietary Guidelines and the FSC, and avoid implying nutritional equivalence between dairy foods and plant-based products where it has not been established.

This distinction should be consistently reflected throughout P1067.

The Australian dairy industry does not support the proposed use of the term 'dairy analogues' in the HSR system, particularly Category names or definitions that imply nutritional similarity between dairy and plant-based products, or application of the proposed 75% plant-based ingredient threshold in a manner that allows non-dairy ingredients, such as oils and additives, to satisfy dairy Category requirements.

This justifies the need to maintain distinct HSR categories for dairy foods and separate plant-based products.

5.6.1. The use of the term “dairy analogue” to describe plant-based products is inappropriate and should not be permitted

5.6.1.a Food Standard Code 1.1.1-13 restricts the use of dairy descriptors

Section 1.1.1-13 of the FSC restricts specified dairy names and representations for products that do not meet dairy criteria.

Therefore, the term “dairy analogue” does not align with existing FSC definitions.

For non-dairy products, those terms may only be used where the context makes clear that the product is not a dairy product, for example soy milk.

5.6.1.b. FSANZ's proposed glossary term "dairy analogue" should be reconsidered, as it may imply functional and nutritional equivalence with dairy foods where this has not been established.

The HSR system should instead use accurate, consumer-focused terminology, such as “plant-based products” or “plant-based beverages”, consistent with the Australian and New Zealand Dietary Guidelines.

Many plant-based products do not provide comparable levels of key dairy nutrients, including high-quality protein, bioavailable calcium, iodine, riboflavin and vitamin B12²³, and should not be categorised or described in a way that implies nutritional equivalence with dairy foods.

Using the term ‘dairy analogue’ within the HSR system could also normalise its use in other policy settings, extending an unsupported implication of nutritional equivalence beyond the FSC.

The Australian and New Zealand Dietary Guidelines use terms such as ‘plant-based alternatives’ or ‘plant-based beverages’, recognising that these products have different nutritional characteristics and may require fortification to be considered suitable alternatives.

This principle should also apply to HSR Category names. The proposed use of terms such as ‘dairy beverage analogues’ (1D), ‘non-frozen dairy analogues’ (2D) or ‘cheese analogues’ (3D), should not be permitted.

The Australian dairy industry recommends FSANZ should use ‘plant-based products’ or ‘plant-based beverages’, not the term ‘dairy analogues’. These products should be assessed on their own composition, nutrition profile and supporting evidence, without implying equivalence with dairy foods.

²³ Beckett EL, Cassettari T, Starck C, Fayet-Moore F. Dairy milk: There are alternatives but no equivalents. Food Sci Nutr. 2024 Jul 19;12(10):8470-8482. doi: 10.1002/fsn3.4301

Food Standards Code naming provisions and HSR Category names should not create inconsistent regulatory terminology.

The Australian dairy industry also recommends that FSANZ not adopt proposed Category names such as 'dairy beverage analogues' (Category 1D), 'non-frozen dairy analogues' (Category 2D) or 'cheese analogues' (Category 3D).

5.6.2. Dairy and plant-based products are not nutritionally equivalent, with dairy delivering nutrition and health benefits beyond calcium

HSR categories should not treat calcium as the primary marker of dairy equivalence. This approach would be inconsistent with the broader nutritional focus of the ADGs and NZEAGs.

These guidelines recognise that dairy foods provide protein, calcium, phosphorus, zinc, iodine, riboflavin and vitamins A, and B12, with evidence linking milk, yoghurt and cheese to important health outcomes.

Plant-based products can provide alternatives for consumers who cannot or choose not to consume dairy. However, they are not naturally high in calcium or other key nutrients found in dairy, including vitamin B12 and riboflavin²⁴.

The NZEAG recommend that plant-based products be compared on protein, vitamin B12 and riboflavin, rather than calcium alone, recognising that calcium fortification does not by itself establish nutritional equivalence with dairy foods.

The ADG evidence statements for consuming 'milk, yoghurt, cheese and/or alternatives, mostly reduced fat'²⁵, include health evidence outcomes for milk, cheese and yoghurt only.

There are **no evidence statements** for plant-based beverages or other plant-based products in the 2013 ADGs.

Accordingly, HSR categories should recognise that calcium-fortified plant-based products do not automatically deliver the same nutrition or health contribution as dairy foods.

5.6.3. Dairy-based terminology on plant-based products risks misleading consumers

Describing plant-based products as 'dairy alternatives' or 'dairy analogues' can imply nutritional comparability with dairy foods. As outlined above, calcium fortification alone does not establish that equivalence. This may also cause consumer confusion regarding vegetarian/vegan status and dairy (milk) allergen status of products, who are purposely seeking to avoid dairy.

²⁴ Beckett EL, Cassettari T, Starck C, Fayet-Moore F. Dairy milk: There are alternatives but no equivalents. Food Sci Nutr. 2024 Jul 19;12(10):8470-8482. doi: 10.1002/fsn3.4301.

²⁵ National Health and Medical Research Council. Australian Dietary Guidelines, Canberra: Commonwealth of Australia; 2013. Page 56, Table 2.13.

Consumer evidence indicates that many consumers do not understand the nutritional differences between milk and plant-based milk alternatives and may perceive plant-based products as healthier because of naming, imagery, nutrition claims or positioning. Australian consumer research shows that 27% of adults, and 38% of adults aged 18 to 34, believe plant-based beverages are more nutritious than cow's milk despite insufficient evidence that they deliver comparable nutrition²⁶.

International evidence is consistent. The United States Food and Drug Administration has noted that consumers often do not understand the nutritional differences between milk and plant-based milk alternatives, and again some believe products labelled with 'milk' have similar nutritional content to dairy milk²⁷.

FSANZ's terminology should therefore avoid reinforcing false equivalence and should help consumers make clear, informed choices between different product types. Clear terminology would ensure plant-based products are positioned on their own merits, rather than relying on the reputation and evidence base of dairy foods.

5.6.4. The proposed 75% plant-based ingredient thresholds disadvantages nutrient rich dairy foods

FSANZ should ensure a fair and evidence-based approach across product categories

The Australian dairy industry supports alignment between HSR Category definitions and the FSC.

Dairy products are subject to prescribed compositional standards. However, plant-based products do not have equivalent standards of identity or compositional requirements.

Clear eligibility safeguards are needed to ensure plant-based products cannot qualify for favourable HSR categories through calcium fortification or broad ingredient counting alone.

Clear guidance on which plant-based ingredients count towards the 75% threshold would also support regulatory consistency and prevent an uneven approach between dairy and plant-based products. Currently oils and additives in a plant-based product could count towards the 75% threshold.

Without minimum nutritional criteria, plant-based products may receive favourable HSR treatment despite being largely water, oils, additives or other ingredients, provided they meet calcium and broad 75% plant-based ingredient thresholds.

This creates a regulatory incentive for less nutritious products to be compared with nutrient-dense dairy foods.

²⁶ Lewers Research. Dairy Australia Trust Tracker, Annual Wave Report, December 2025, n=1317. Nationally representative sample and market weighted.

²⁷ U.S. Department of Health and Human Services. Food and Drug Administration. Center for Food Safety and Applied Nutrition. Labelling of Plant-Based Milk Alternatives and Voluntary Nutrient Statements: Guidance for Industry Draft Guidance. February 2023. Available from: [Draft Guidance for Industry. Labelling of Plant-Based Milk Alternatives and Voluntary Nutrient Statements](#)

For example, a beverage containing 0.3% plant protein, added calcium and predominantly water could move from Category 1 to Category 1D and receive a higher HSR rating.

Appropriate criteria would avoid incentives to add minimal plant protein and calcium to otherwise nutrient-poor products, while recognising that dairy must meet higher compositional criteria and contains a broader range of naturally occurring nutrients.

Clear criteria are essential to ensure the HSR system rewards genuine nutritional contribution, not minimal reformulation designed to access a more favourable Category.

5.6.5. Protein minimums for plant-based products should be retained

Plant-based products remain in dairy-related HSR categories; protein requirements should be retained in the Category definitions.

Even if calcium fortification rules operate elsewhere in the Code, HSR Category definitions will be read and applied by consumers, media and industry participants.

Retaining protein criteria within the HSR section, which reflects the FSC requirements to fortify plant-based products, will also help signal that plant-based products must meet minimum nutritional expectations before receiving special HSR treatment.

Summary of recommendations

- Do not use the term 'dairy analogue' for plant-based products, including in HSR Category names, and remove the associated definition and reference to 'similar nutritional composition'.
- Use accurate, consumer-focused terminology such as 'plant-based products' or 'plant-based beverages'.
- Recognise that calcium fortification alone does not establish nutritional equivalence with dairy foods.
- Assess plant-based products on their own composition and nutritional contribution, rather than implying nutritional equivalence with dairy foods.
- Define eligible ingredients for the 75% plant-based threshold so products cannot qualify through broad ingredient counting or calcium fortification alone.
- Maintain distinct HSR categories for dairy foods, and separate plant-based products.

6. 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.

In working through the technical challenges associated with the proposed mandating of the 75% dairy ingredient rule for Categories 1D, 2D and 3D and the treatment of reconstituted milk powders, the Australian dairy industry:

- Appreciates FSANZ's constructive engagement and willingness to work collaboratively to resolve these issues
- Supports FSANZ's positive approach to identifying a solution that recognises modern dairy processing practices, enables future innovation in milk and milk products, and preserves the integrity of the dairy categories by ensuring products that aim to replicate dairy (or components of) are assessed separately, and
- Welcomes the opportunity to continue to work collectively with FSANZ to finalise these technical matters.

Further written clarification is required on the calculation of dairy ingredients for the application of the proposed 75% rule and the treatment of reconstitution milk powders.

We expand on this below.

6.1. Reconstitution

The Australian dairy industry supports, in principle, FSANZ's proposal not to prescribe a single reconstitution ratio for milk powders. This approach recognises the complexity of dairy manufacturing and provides greater flexibility across a diverse range of dairy products, while ensuring that dairy ingredients contribute appropriately towards the proposed 75% dairy content threshold for Categories 1D, 2D and 3D.

Dairy foods are often manufactured using a combination of dairy ingredients rather than fresh milk only. During processing, milk may be separated into its constituent components and subsequently recombined in different ways depending on the product being manufactured. Manufacturers may utilise ingredients such as skim milk, cream, whole milk powder, skim milk powder, milk protein concentrates, whey products and other dairy-derived ingredients to achieve the desired nutritional, functional and food safety outcomes.

Given the complexity and diversity of dairy formulations, prescribing a single reconstitution factor may not accurately reflect the true dairy content of all products and could create unintended challenges for manufacturers seeking to demonstrate compliance. A more flexible approach is therefore preferred, provided it continues to support the integrity of the dairy categories and prevents inappropriate access to Categories 1D, 2D or 3D by products with limited dairy content.

To support consistent implementation, FSANZ should develop clear and practical guidance outlining how dairy ingredients will be assessed for the purposes of the 75% threshold, including the treatment of concentrated, powdered and recombined dairy ingredients. Guidance should be sufficiently detailed to provide certainty for manufacturers while also supporting consistent interpretation and enforcement across jurisdictions.

6.2. All milk solids should count towards 75% threshold

All dairy components and milk solids defined in Schedule 10 of the FSC, should count as dairy ingredients for HSR categorisation, consistent with the current voluntary system and the treatment of milk solids elsewhere in the Code.

The Australian dairy industry supports FSANZ's intention to reduce the calculation burden on the food industry by proposing to align the calculation of 75% dairy ingredients with the calculation of percentage proportion under Standard 1.2.10.

Although aligning the 75% calculation with Standard 1.2.10 may appear efficient, that standard was designed for characterising ingredient declarations, not HSR categorisation. It may therefore exclude ingredients that should count towards dairy categorisation or include ingredients that should not. As such, the current proposal proposes to exclude milk solids (Schedule 10).

Schedule 10 provides for the use of "milk solids" as a generic name in the ingredients list. We strongly support the inclusion of milk solids within "dairy ingredients," while noting that "dairy ingredients" is not currently a defined term in the FSC. Standard 1.2.4 within the FSC sets out the requirements for reconstitution and the declaration of added water.

The industry welcomed numerous recent discussions with FSANZ on this topic. The Australian dairy industry understands FSANZ's rationale for their proposal, namely, to prevent products with limited dairy content from benefiting from dairy Category treatment through dilution, fortification or nutrient addition.

From this, we understand that all milk solids, including whey and casein, are intended to be included when determining compliance with 75% dairy threshold. Confirmation of this approach in the final guidance, is requested.

The dairy industry therefore recommends:

- Definitions, reconstitution rules and 75% thresholds should be clear and enforceable.
- The industry's position on the application of the 75% threshold and the reconstitution of milk powders, is guided by Standard 1.2.4 of the FSC and Schedule 10 in the Code that provides guidance on options to declare 'milk solids' as a generic name in the ingredients list.
- The Australian dairy industry supports allowing reconstituted dairy ingredients to count towards the 75% threshold. There is no sound HSR reason to distinguish between fresh milk and properly reconstituted milk. Moisture removal and restoration are normal manufacturing processes that support food safety, sustainability and efficiency.
- All genuine dairy components and milk solids should count appropriately towards dairy categorisation and the 75% dairy threshold.

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

The Australian dairy industry recognises the role of algorithm overrides however, we have concerns regarding specific HSR exemptions such as Formulated Supplementary Foods,

particularly where these products are positioned in the market as substitutes for, or directly comparable to, core dairy foods.

Products such as ready-to-drink breakfast beverages and formulated dairy-based drinks (e.g. flavoured milk-style products or meal replacement beverages) are often consumed in similar contexts to milk.

The exclusion of these products from displaying an HSR, while comparable dairy products remain subject to the system, has the potential to increase consumer confusion and reduce the comparability that the HSR system is intended to support.

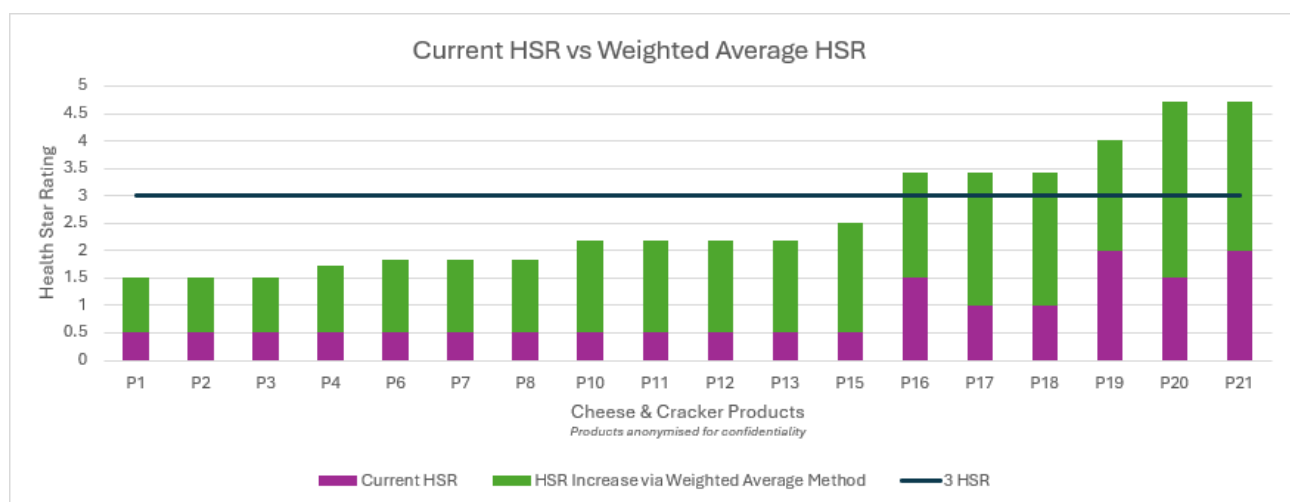
In practice, consumers may interpret the absence of an HSR as neutral or may default to comparing products on incomplete information.

Accordingly, the Australian dairy industry recommends that formulated supplementary foods which are marketed and consumed in a manner comparable to conventional foods and beverages, including dairy foods, be subject to the same HSR requirements as other products displaying an HSR. This would support consistency across the system and improve product comparability for consumers.

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

The Australian dairy industry is pleased to see a solution to low scoring cheese and crackers. We support FSANZ’s proposed approach to apply a weighted average HSR to multicomponent foods. This approach more accurately reflects how these products are intended to be consumed, ensuring the HSR provides a meaningful and realistic representation of the overall nutritional profile at the point of consumption.

Examples of cheese and crackers from industry indicates that the application of a weighted average HSR results in an increase of approximately 0.5 to 3.0 stars when compared to the current HSR methodology (Figure 1).



However, due to the current cheese algorithm (Category 3D) and 55% of cheese continuing to score less than 3 stars, scores for cheese and crackers often remain lower than 3 stars as shown in the graph and misaligned with Dietary Guidelines.

We do believe that there is a risk that when consumers approach this Category as a snack, they may incorrectly compare low scoring cheese and cracker packs, across Category with higher scoring discretionary snack foods such as chips, with cheese and crackers perceived as being healthier.

Until the evidence for cheese is reviewed, as per the Food Ministers recommendation from the HSR 5-year review (2020) and the algorithm for core cheeses updated to reflect the current evidence for cheese, we recommend that cheese and crackers be temporarily exempt from mandatory HSR labelling until the HSR system accurately reflects the scientific evidence for cheese.

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

The dairy industry supports FSANZ's proposal to adopt the stars-only format as the core HSR symbol, as this may improve consistency and readability.

Please refer to individual dairy manufacturer submissions for additional information.

12. 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 ADGs and Eating Statement 1 of the NZEAG? Please provide any consumer evidence and/or information on implementing the use of colour in the HSR symbol.

The Australian dairy industry does not support FSANZ's proposal to introduce colours as an additional interpretive element within the HSR system.

Introducing colour would have significant implementation and compliance costs for industry and may adversely affect label design, legibility and consumer interpretation.

The priority should be to ensure the HSR system and algorithm are scientifically robust, aligned with the Australian and New Zealand Dietary Guidelines, and functioning as intended before additional interpretive elements are considered.

At this stage, the evidence supporting the use of colour is limited and has not been adequately tested in real-world retail settings, particularly in relation to consumer understanding of core and discretionary foods.

Accordingly, the Australian dairy industry considers it premature to introduce colour into the HSR system. Efforts should instead focus on addressing the existing shortcomings of the HSR algorithm and improving its alignment with contemporary nutrition science and the Dietary Guidelines.

Please refer to individual dairy manufacturer submissions for additional information.

13. 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 this report and section 1.2 of SD4)? Please provide reasons for your response, including any evidence on consumer use or implementation considerations.

The Australian dairy industry supports the principle that all imported foods displaying a HSRs should do so in a manner that is clear, consistent, and comparable to domestically produced products. We however are concerned that the HSR does not need to be displayed on the front-of-pack for certain imported foods, those with an over-sticker. We estimate that 1 in 4 dairy foods consumed by Australian are imported (mostly cheese and butter) – mainly from New Zealand, Europe and the United States.

With the Australian-EU free trade agreement expected to enter into force within the next 12-18 months, we are expecting to see an increase in European cheeses, long-life milk and frozen products.

It would be an unfair disadvantage to locally manufactured dairy products to require the HSR logo on front of pack and imported dairy the ability to over sticker on back of pack.

Should the HSR system be mandated, the Australian dairy industry recommends that all imported foods and beverages must include the HSR on front-of-pack.

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

Please refer to individual dairy manufacturer submissions.

17. 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.

Please refer to individual dairy manufacturer submissions for detailed costs.

18. 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.

The Australian dairy industry considers that the preliminary cost estimates presented by FSANZ are likely to underestimate the true implementation burden associated with mandating the HSR system.

Implementation of the proposed HSR changes will impose substantial costs across all businesses, regardless of whether products currently display an HSR. Businesses will need to review product portfolios, recalculate HSRs, update packaging artwork, manage

packaging transitions, and in some cases consider reformulation efforts and ongoing changes.

Implementation extends well beyond HSR recalculation and label redesign, requiring updates to specifications, product databases, regulatory and quality systems, packaging artwork, inventory management processes, staff training, internal governance frameworks and importer or over-sticker arrangements. Businesses will also incur costs associated with packaging transitions, stock run-out, potential packaging write-offs, waste management and ongoing maintenance of systems and specifications. For many manufacturers, these requirements will necessitate significant investment of both financial and technical resources.

While industry recognises the importance of providing consumers with clear nutrition information, it is important that the regulatory burden associated with implementing HSR changes is proportionate to the public health benefit achieved.

Every dollar invested in regulatory compliance is a dollar unavailable for other business decisions, including product innovation, reformulation, nutrition research, sustainability initiatives and investment in manufacturing capability.

This is particularly relevant in the current operating environment, where food manufacturers continue to face increasing cost pressures across labour, energy, packaging, compliance and supply chains, compounded by ongoing geopolitical uncertainty, freight disruption and import cost pressures.

In addition, ongoing costs associated with evaluating the effectiveness of the HSR system should be factored into any cost-benefit assessment. Evaluation activities, future reviews of the algorithm, monitoring requirements, education, and associated stakeholder engagement will require continued investment from both industry and government.

As a result, the cost of the HSR system should not be viewed as a one-off implementation expense, but as an ongoing regulatory commitment that requires resources to maintain, monitor and periodically revise over time.

The Australian dairy industry encourages FSANZ to further assess the cumulative implementation burden associated with the proposed HSR changes using a broader evidence base and real-world industry experience. Any regulatory costs should be proportionate to, and justified by, clear and demonstrable consumer and public health benefits. The dairy industry welcomes continued engagement with FSANZ as this work progresses.

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

19.1. FSANZ Statutory Obligations

Section 18 of the FSANZ Act requires FSANZ to have regard to the protection of public health and safety, the provision of adequate information to enable informed consumer choice, and the best available scientific evidence.

Where substantial new evidence about dairy foods is expected through the NHMRC Dietary Guidelines review, finalising a mandatory HSR algorithm beforehand, risks producing a regulatory outcome that does not fully satisfy these statutory considerations.

19.2. Transition period

Any implementation timeframe should provide sufficient flexibility for businesses, be realistic, practical and give regard to the current operating environment to align changes with packaging renewal cycles, deplete existing packaging inventories, update compliance system and minimise avoidable waste.

Clear stock-in-trade provisions will also be essential to minimise these impacts.

FSANZ has previously recognised that major regulatory reforms require extended transition periods. For example, the added sugars reforms (Proposals P1062/P1063) provided a four-year transition period, together with an additional stock-in-trade provision, while the more comprehensive infant formula reforms (Proposal P1028) provided a five-year transition period. These precedents demonstrate that extended transition periods are appropriate where reforms are complex and have broad implications across the food supply.

The dairy industry therefore recommends a minimum four-year transition period following any decision to mandate the HSR system, together with an additional minimum two-year stock-in-trade provision.

19.3. Governance and evaluation

Embedding a structured and transparent governance framework will help ensure that the HSR system remains scientifically robust, fit-for-purpose and aligned with its public health objectives. A formal governance and review mechanism would help ensure that the HSR system remains responsive to scientific developments, while balancing the need for evidence-based updates against the implementation costs and regulatory burden associated with required system changes.

As noted in Q5, the dairy industry supports the establishment of a transparent and predetermined review 'trigger' whereby publication of revised dietary guidance or other significant evidence-based policy changes initiates a formal assessment of any HSR Category that may be materially affected by the new evidence base.

This review process should be undertaken within defined timeframes and be supported by transparent publication of the evidence considered, the rationale for decisions made, opportunities for stakeholder engagement and proposed implementation pathways.

Governance should also consider ongoing and regular monitoring and evaluation of the effectiveness of the System, with transparent reporting of outcomes. This will help assess whether the HSR system is achieving its intended objectives over time and should include periodic assessment of consumer understanding, purchasing behaviours and alignment with contemporary dietary guidance.

It will also support accountability by demonstrating whether the benefits delivered by the HSR system and any associated education initiatives continue to justify the regulatory and compliance costs incurred by industry.

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The Australian dairy industry appreciates the opportunity to provide this submission and looks forward to continuing to work constructively with FSANZ to deliver an evidence-based, practical and equitable HSR system.

Yours sincerely,



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