

ARA AND NRA JOINT SUBMISSION

PREPARATORY WORK – APPLICATION OF THE HEALTH STAR RATING (HSR) SYSTEM

AUGUST 2025

The Australian Retailers Association (ARA) and National Retail Association (NRA) welcome the opportunity to contribute to Food Standards Australia New Zealand (FSANZ) consultation in response to the Preparatory Work – *Application of the Health Star Rating (HSR) system*.

The ARA and NRA (the Associations), which propose to amalgamate into the Australian Retail Council (ARC), represent a **\$430 billion sector**, and employs **1.4 million Australians** – making retail the largest private sector employer in the country and a significant contributor to the Australian economy.

Our membership spans the full spectrum of Australian retail, from family-owned small and independent retailers that make up 95% of our membership, through to our largest national and international retailers that employ thousands of Australians and support both metropolitan and regional communities every day.

With a significant portion of every dollar spent in retail flowing back to employees, suppliers, super funds, and local communities, a thriving retail sector benefits all Australians. After a uniquely challenging five-year period, which has had significant impacts on the sector, we are united in advocating for policies, reform and collaboration that will drive growth, resilience, and prosperity for the retail sector and all Australians.

EXECUTIVE SUMMARY

Australia's Health Star Rating (HSR) plays an important role in the choices that Australians make when purchasing food. As such, any proposed changes to the scheme must be carefully considered and grounded in appropriate evidence and consumer research. In responding to this consultation, the Associations recommend that further research is conducted to enhance the evidence base and improve decision making processes. Whilst there remains limited research, the consumer research currently available indicates that:

- When asked to think of anything shown on food packages that could help them choose a healthier food, 36.4% of participants reported being aware of the Health Star Rating.
- Most participants (74%) do not understand that the Health Star Rating cannot be used to compare dissimilar food products.
- Over half of participants (56.4%) trust the Health Star Rating system.
- The majority of participants (69.2%) reported using the Health Star Rating at least some of the time.

While consumers care about health and nutrition, they do not always understand how to interpret information on packaging. Barriers include complex and technical language, a lack of nutritional knowledge, serving size confusion, and confusion around Percentage Daily Intake (% DI) and Recommended Dietary Intake (RDI). These factors make it difficult for consumers to interpret and understand information in a meaningful way.

Any proposed changes to the Health Star Ratings (HSR) must be based on customer research to ensure that they enable consumers to make better informed and healthier choices, while improving consumer understanding and maintaining trust in the system.

ARA AND NRA RESPONSE TO CONSULTATION QUESTIONS

In response to the consultation, the ARA and NRA make the following recommendations.

HSR Scope and Objectives

1. **In a mandatory context, should the Health Star Rating (HSR) system:**
 - a. **be limited to packaged, manufactured, or processed foods for retail sale (unless prohibited), consistent with the original intent of the system; or**
 - b. **continue to apply to certain unprocessed foods (e.g. fresh fruit and vegetables, water, meat and eggs) to generally promote healthy food choices, as well as packaged, manufactured or processed foods for retail sale?**

The Associations recognise the importance of ensuring the Health Star Rating (HSR) system provides consumers with clear, accurate and trusted information to support healthier food choices.

In principle, the careful application of the HSR to certain unprocessed foods could help consumers make more informed decisions and may strengthen confidence in the system. However, it is important to note that the original HSR algorithm was not developed with these categories of food in scope. Moreover, the assumption that all unprocessed foods are inherently “healthy” is not accurate. For example, not all fresh meat and poultry products are nutritionally equivalent; some are relatively high in energy, total fat and saturated fat. Assigning such products a default five-star rating would risk misleading consumers, rather than assisting them.

Accordingly, the Associations support extending the HSR system to include unprocessed foods only where additional food-nutrient modelling has been undertaken to ensure the ratings are applied in a robust, evidence-based and meaningful way. This would help maintain the integrity of the system and ensure it continues to provide value as a trusted guide for consumers.

2. **In a mandatory context, should the Health Star Rating (HSR) system:**
 - a. **only apply to foods that are required to display a NIP (with some exemptions) and that vary in nutritional composition; or**
 - b. **is there any value when also applying the HSR to foods required to have a NIP but don’t have substantially vary in composition (e.g. sugar, eggs, honey)?**

The Associations recommend that, in a mandatory context, the Health Star Rating (HSR) system should only apply to foods that are required to display a Nutrition Information Panel (NIP), subject to existing exemptions.

Applying the HSR only to foods with an accompanying NIP is important to avoid unintended consequences and to preserve consumer trust in the system. If consumers are unable to compare the HSR against the detailed nutrition information in a NIP, confidence in the integrity and transparency of the system may be diminished.

Furthermore, as outlined in our response to Question 1, the current HSR algorithm was not developed to cover all food categories, particularly those that do not substantially vary in composition (e.g. sugar, eggs, honey). Extending the system to such products without further nutrient modelling could result in ratings that are neither accurate nor meaningful for consumers.

Accordingly, the Associations support maintaining alignment between HSR eligibility and NIP requirements, ensuring the system remains evidence-based, transparent and trusted.

3. Should the Health Star Rating be required on foods that voluntarily display a Nutrition Information Panel (NIP)? Why/Why not?

The Associations note that consumer awareness and trust in the Nutrition Information Panel (NIP) currently exceeds that of the Health Star Rating (HSR) system.

Requiring a mandatory HSR on all foods that display a NIP - whether voluntarily or involuntarily - may create unintended consequences. Specifically, some manufacturers or retailers may opt not to include a voluntary NIP on pack to avoid disclosing a low HSR (e.g. below 3.5 stars). This would disadvantage consumers who rely on the NIP for other purposes, such as managing specific medical conditions, by reducing the overall availability of nutrition information.

Such an outcome would undermine transparency and could erode consumer trust in both the NIP and the HSR systems. For these reasons, the Associations do not support requiring the HSR on foods that voluntarily display a Nutrition Information Panel.

Permitted but not intended foods

4. In a mandatory system, should the Health Star Rating (HSR) be required, prohibited, or permitted voluntarily on foods 'permitted but not intended'? Why?

As per our responses to Questions 1-3, we believe that the Health Star Rating (HSR) should not be required on all foods 'permitted but not intended'. Further food-nutrient modelling is required to objectively determine these foods Health Star Rating and consumer research to determine if provision of a HSR on these foods improves trust in the system.

Formulated meal replacements and formulated supplementary foods

5. In a mandatory system, should the Health Star Rating (HSR) be required, prohibited, or permitted voluntarily on foods regulated under Divisions 2 and 3 of Standard 2.9.3? Why?

In a mandatory system, should the HSR be required, prohibited, or permitted voluntarily on sports foods regulated under Standard 2.9.4? Why?

Response to Consultation Question 5: Application of the HSR to Foods Regulated under Standards 2.9.3 and 2.9.4

The Associations note that many foods regulated under Divisions 2 and 3 of Standard 2.9.3 (including infant formula products, formulated meal replacements, and formulated supplementary foods) and under Standard 2.9.4 (supplementary sports foods) were not incorporated into the Health Star Rating (HSR) algorithm development process.

As acknowledged by FSANZ, the HSR system is designed to guide the general healthy population. Applying the HSR to specialised products such as meal replacements and supplementary sports foods may not adequately capture the complexity of their formulations or their intended use. This situation risks providing consumers with misleading information about the health benefits of these products and may compromise their ability to make informed choices based on specific nutritional needs.

For these reasons, the Associations do not support the mandatory application of the HSR to these categories. Further nutrient modelling and consumer research would be required before any consideration of extension could be supported.

5. In a mandatory system, should foods intended to be prepared with at least one other food (e.g., recipe bases, simmer sauces, cake mixes) be required to display the HSR? Why/why not?

The Associations consider that further consumer research is required before determining whether the mandatory application of the Health Star Rating (HSR) to foods intended to be prepared with at least one other food (e.g. recipe bases, simmer sauces, cake mixes) would be appropriate.

It is unclear whether displaying the HSR on such products would meaningfully support consumers in making healthier choices or whether it may inadvertently create confusion, given that these products are rarely consumed in isolation and their nutritional contribution depends heavily on preparation and accompanying ingredients.

Accordingly, the Associations recommend that additional consumer research be undertaken to assess both the potential benefits and risks before mandating the HSR for this category.

RECOMMENDATIONS

To support the effective operation and future development of the HSR, the ARA and NRA make the following recommendations:

1. Adopt a Whole-of-Government Approach

Consistent with the National Obesity Strategy 2022–2032, a coordinated, whole-of-government approach is required to make healthier food and beverage choices easier for consumers.

2. Align HSR and NIP Updates with Dietary Guidelines

The Australian Dietary Guidelines are updated periodically, though without a fixed schedule. To ensure consistency and scientific integrity, changes to the Nutrition Information Panel (NIP) and the HSR should occur only after the most recent version of the Guidelines has been published.

3. Enhance Alignment with the 2026 Australian Dietary Guidelines

The forthcoming 2026 edition of the Dietary Guidelines may identify new or revised nutrients of concern, as well as additional risk-reducing nutrients. Following its release, a careful revision of both the NIP and HSR will be essential to ensure continued relevance, consumer understanding and trust in these core labelling elements.

4. Coordinate Label Changes with Sufficient Transition Periods

Any proposed changes to front-of-pack or back-of-pack labelling should be coordinated to minimise the frequency of label redesigns. To reduce financial costs, prevent unnecessary food and packaging waste, and limit environmental impacts, a minimum five-year transition period - with a three-year stock-in-trade allowance - should be provided for the implementation of HSR changes.

5. Balance Information with Usability

While consumers must be provided with sufficient information to make informed choices, care must be taken to avoid overwhelming or disengaging them. The HSR system should remain simple, accessible, and easy to interpret.

6. Maintain Industry Flexibility in Label Presentation

Many industries have invested significantly in reformulation and labelling in response to the HSR system. Any future changes to the algorithm should consider these impacts. Current flexibility regarding the size, placement, and colour of HSR labels is appropriate and should be retained.

7. Invest in Consumer Education and Awareness

Retailers note that food labelling alone is not sufficient to drive meaningful behaviour change. Any changes to the HSR must be supported by well-funded, evidence-based education and awareness campaigns, designed to engage diverse population groups across Australia and New Zealand.

CONCLUSION

The ARA and NRA strongly recommend that any proposed changes to the Health Star Rating should be rigorously tested with consumers prior to implementation, to ensure they achieve the intended outcomes of enhancing consumer understanding, trust, and use of the system.

Any queries in relation to this submission can be directed to our policy team at bonnie.marshall@retail.org.au and a.barclay@nationalretail.org.au