

## Media Release

### **Australia's Hygiene, Personal Care and Specialty Products Industry: Study reveals the \$26.3bn sector as a quiet and steady driver of value within the Australian economy**

#### **Inaugural release of the Accord/EY State of the Industry Economic Report**

**Sydney, 12 December 2019.** Newly released data on the Australian Hygiene, Personal Care and Specialty Products Industry reveals the industry's role as a driver of national economic activity, jobs and exports should ideally be better acknowledged, with \$26.3bn in total turnover generated in 2018.

Accord Executive Director Ms Bronwyn Capanna said expert industry analysis conducted by EY reinforced the resilience and growth potential of the industry and supported greater policy attention to better harness growth, jobs and exports across the sector.

"Since the advent of the GFC over a decade ago, business leaders in our industry have quietly rolled up their sleeves and the fruits of their efforts are apparent in these latest data," Ms Capanna said.

"Aside from a total turnover of \$26.3bn, making us the 17<sup>th</sup> largest industry sector in Australia, it is gratifying to see that for 2018 we delivered an estimated 68,117 jobs, \$3.4bn in wages and an export value for the nation of \$1.3bn.

"As would be the case with many other industries presently, there are transition points and risks to growth showing up in both these data and in the industry's current sales environment. Though overall turnover across our industry has shown a steady growth of 2 percent per annum over the last five years.

"Turnover alone is not a measure of profitability and it is on this front many businesses in our sector remain under pressure.

"This is especially so within the industry's personal care and consumer products sector, which faces weak household demand and consumer uncertainty. Retail recession and household spending strike are two dreaded phrases we see appearing in some economic commentary currently. It is hoped sales over Christmas and the coming summer holidays buck the flat trend in household spending we have seen over the past year.

"Also feeling pressure are businesses in other cost-sensitive segments like our business-to-business cleaning products market, which is a mature market categorised by tight margins and lower prospects for overall growth.

"Rekindled government policy attention to address the current anaemic state of the Australian economy will help industry's growth performance. Especially with current trade and geopolitical tensions and the risks these pose to the national and global economies.

"The EY report shows that the value of hygiene, personal care and specialty products Australian exports increased by almost 10 percent last year. A \$1.3bn export figure is not insignificant in the scheme of Australian manufactured product exports. There is unquestionably great potential for increasing exports of quality Australian hygiene and personal care products in coming years.

"Technology-rich industries like ours operate much better with freer trade and stronger global connections. And this means Australian trade policy should strive to keep clear of any protectionist impulses. Imports of both quality finished products and novel manufacturing feedstocks remain vital for the transfer of technology and know-how within our industry.

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“Thankfully, the Morrison Government is a strong advocate for rules-based global trade along with new regional trade agreements. And this foundation trade policy position in the national interest is also, thankfully, broadly bipartisan.

“Australian manufacturers across the sector require access to the latest ingredients and formulation technologies available globally so they can stay competitive and build their own innovative products. To facilitate this outcome, local Australian regulation must be properly balanced and ideally should not throw up unjustified barriers or variants from global practice. Local regulation can be strong, effective and risk-proportionate but also better aligned to other advanced markets we trade with. Such alignment also directly benefits Australian manufacturers seeking to more seamlessly export their products into these overseas markets.

“Measured for the first time in the EY report are the upstream and downstream value-add our industry provides to the Australian economy. The total value-add figure of \$5.6bn is a resounding statement of how our sector drives economic activity on a daily basis.

“However, this industry’s value is much more than just dollars and cents. Hygiene and personal care products are by their nature public health protection products. They combat environments which if left uncleaned and untreated would harbour disease-causing microorganisms that can cause harm throughout the community. Clean hands help reduce the spread of flu and colds. While properly sanitised food preparation facilities help reduce food poisoning. This industry role is outlined in a specific case study in the EY-Accord report looking at the sanitisers across a number of key industries, including food and beverage manufacturing and agricultural production.

“Also profiled as a case study is the hair salon sector which operates in almost every town in Australia and employs more than 42,000 via its 17,400-plus small businesses. Key industry products such as salon-quality hair treatments and conditioning products drive value for thousands of small businesses in this important service industry.

“There is sadly a perception that our industry has been underestimated in terms of its potential within the national economy for generating jobs and investment. With this new data revealing our industry is a quiet but steady driver of significant economic value, it is hoped Australia’s governments will look for policies to better harness our sector’s growth potential.

“Having Australian governments more vocally promote the industry and its place in the local economy will also play a helpful role in attracting investment from global companies looking to set up or maintain their operations in Australia, rather than in other centres in the Asia-Pacific region.

“Australia is a stable and highly developed destination for investment and innovation into our growing industry and there couldn’t be a better time to promote this message on the global stage,” Ms Capanna said.

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**Key Economic Indicators** for the Hygiene, Personal Care and Specialty Products Industry (*measured by EY in the State of the Industry Economic Report using ABS, IBIS World and other sources*)

- **Industry turnover - \$26.3bn** (0.9% increase from previous year)
- **Industry value-add - \$5.6bn** (0.7% increase from previous year)
- **Imports - \$3.6bn** (11.8% increase from previous year)
- **Exports - \$1.3bn** (9.8% increase from previous year)
- **Jobs data - 68,117 employees** (2% decrease from previous year)
- **Wages data - \$3.4bn** (similar to previous year)

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