

Industry Statement

Industry survey reveals supply issues for some essential ingredients and materials needed for hand sanitiser production

It is important adequate supplies of hygiene and cleaning products, like hand sanitisers, are maintained across Australia as we continue to battle the COVID-19 pandemic. Hygiene companies across Australia are stepping up to meet unprecedented demand for these products. Although this task has been made complex and difficult for many businesses due to disrupted supply chains, both globally and nationally, as well as the current unprecedented restrictions to daily life we are all necessarily facing.

This is why Accord, as the national hygiene industry representative body, has been actively working with the federal government to address possible roadblocks for sanitiser supply. As part of our engagement with the Hand Sanitiser Industry Roundtable established by federal Industry Minister the Hon Karen Andrews MP, Accord has completed an industry survey to gain insights into exactly which ingredients and other product supplies are in most need for the local manufacturing industry.

During the first week of April we received forty-four (44) company responses to our survey and of these twenty-nine (29) companies responded that they are currently in the hand sanitiser market.

Pleasingly, in a sign that local manufacturing capacity exists to meet demand, eighty-nine percent (89%) of companies in the hand sanitiser market responded that they manufacture locally, either in their own plant or via contract manufacturers. And a further nine (9) companies not currently making hand sanitisers responded that they intended to enter the market. Additionally, some thirty percent (30%) of the companies responding also stated that they import hand sanitiser products.

While most people think of hand sanitisers as being either consumer products or healthcare products, these are also routinely used in industry, especially in food production where hand hygiene is also important.

The survey asked responding companies to state which markets they supplied products to. For the twenty-seven (27) companies providing sufficiently detailed responses it was revealed that seventeen (17) companies (i.e. 63%) supply into the healthcare sector, including hospitals, clinics and aged care.

Similarly, sixty-three percent (63%) of the twenty-seven companies supplied household and consumer hand sanitisers. And the next largest categories were as follows: janitorial use (52%), food and beverage industry (48%), schools, childcare and educational institutions (37%), and agriculture (11%).

While current policy attention is being given to hand sanitisers for healthcare use, Accord's survey highlights that other important supply chains, such as safe food production, are also heavily reliant on hand sanitisers. Though it needs to be noted that wash-off hand sanitisers containing active ingredients other than alcohol feature in the food production market alongside alcohol-based hand rubs.

Key questions in the survey related to supply chain issues being experienced by respondents. Twenty-four (24) companies provided sufficient details to be included in this assessment of supply chain concerns.

From this cohort it was revealed that seventy-five percent (75%) of responding companies were reporting supply shortages for ethanol.¹ Similarly, fifty percent (50%) reported supply problems for isopropanol. And fifty-eight percent (58%) reported issues with obtaining supplies of gelling agents to make alcohol-based hand sanitisers.

¹ It should be noted that this reflects the supply situation that responding companies were experiencing in the period 1-6 April 2020, and that this result may therefore not accurately reflect the current situation.

Packs and packaging materials are also essential in the making of hand sanitiser products and Accord's survey also revealed some supply issues for these. Seventy-five percent (75%) of the responding companies (24) reported supply problems for bottle pumps and sprays, while sixty-three percent (63%) reported similar shortages with bottles and forty-six percent (46%) reported the same for caps and bottle closures.

Responding companies were also asked about distribution, transport and logistics issues they were experiencing. While just thirteen percent (13%) indicated they had experienced delays with road or rail freight, more than fifty percent responded they had been experiencing delays with air freight (54%) and sea cargo (58%).

Initial results from our survey have already been shared with the government's Hand Sanitiser Roundtable and strategies are being developed to assist with resolving these reported shortages of essential supplies and other related problems occurring in the supply chain for hand sanitisers.

Accord applauds the foresight of Minister Andrews in establishing the Roundtable. We look forward to ongoing engagement to help address these supply issues so that Australia's many hygiene product manufacturing companies can meet the unprecedented product demand with their proven, quality hand sanitiser products.

Key findings from our Survey follow:

Table 1: Reported raw material shortage/supply issues (based responses from 24 companies)

<u>Ingredient</u>	<u>% of respondents reporting shortage</u>
Ethanol	75%
Isopropanol	50%
Polymer gelling agents	58%

Table 2: Reported packaging shortage/supply issues (based on responses from 24 companies)

<u>Packaging component</u>	<u>% of respondents reporting shortage</u>
Bottles/pouches	63%
Bottle pumps and sprays	75%
Closures	46%

Table 3: Reported issues with product distribution (based on responses from 24 companies)

<u>Distribution channel</u>	<u>Availability</u> (% respondents reporting problems)	<u>Delays</u> (% respondents reporting problems)
Air freight	50%	54%
Sea freight	33%	58%
Road/rail	4%	13%

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ends

Media inquiries – Craig Brock, Accord Policy and Public Affairs Director – 0422 363 646