

Message from the Chair

Unparalleled challenges facing our industry since the COVID-19 pandemic and economic recession make it even more vital we pull together under Accord

A common theme of conferences and industry events over recent years has been that of *disruption*. Focusing squarely on how disruption, often via new technologies, can challenge us and sometimes even tear down many traditional business models or ways of thinking. And as business managers we have sought to embrace this concept so our companies could adeptly ride the tide of change, rather than risk being washed away instead.

But who could have predicted the scale and depth of disruption we are all currently experiencing?

Never in my time in business has there been anything like the impacts, disruption and rolling uncertainty as in these days of the COVID-19 pandemic. No industry has been immune. Some businesses face an existential crisis. Others will take years to claw back their financial situation.

Economic pain is being felt everywhere. Sadly, this business pain also translates directly to our industry's valued employees, customers and partners. All the way across the Australian community. And this is on top of the health impacts caused by the virus and the necessary but frustrating curtailments to our daily lives as we try to halt the pandemic's spread.

“providing advice, expertise, assistance and advocacy remains at the forefront for Accord”



Tracey Raso

All of which is why having a strong and effective industry body like Accord is essential in these uncertain and difficult times.

As we ended 2019, it was with a sense of optimism that Accord launched the first ever economic value study for the Australian hygiene, personal care and speciality products industry. Leading accounting firm EY measured our industry sector as the 17th largest in the Australian economy. Generating annually, at the time, \$26.3 billion in total economic activity value for the nation, with an economic value-add of \$5.6 billion.

During 2020, our plan was to promote the EY study and engage strongly with the Government and federal parliament on how to further unshackle our industry's economic potential. Although this earlier plan was shelved because of the pandemic, Accord was instead quick to shift gears to position our industry and its hygiene and cleaning products as essential in the COVID-19 fight.

In times of crisis, governments invariably look for a central point of communication with industries, and this is exactly what Accord provided. Under the oversight of the Board of Directors, the association's secretariat pivoted to a comprehensive suite of activities to help member businesses navigate these difficult times, while at the same time advancing the status of our industry. And I know well that member businesses have also stepped up and adapted, as best able, to the many challenges imposed by the pandemic.

More information on the urgent and unanticipated activities the Accord team has undertaken are outlined in a special pandemic report included with this year's Annual Report.

It is still much too early to say just how badly impacted the economy, businesses and the overall community will be because of the pandemic and the recession it has caused.

A detailed survey of Accord members conducted in June/July revealed a mixed bag of findings, but some severe declines in business activity for certain sectors.

With a survey response of nearly 70 percent of Accord member businesses, 38 percent of responding companies reported sharp declines in revenue. And of these adversely impacted companies, 60 percent reported that their revenue has dropped by greater than 20 percent due to the pandemic, with some reporting revenue losses of near 40 percent. Dreadfully steep and sudden revenue downturns like these, if sustained over a longer period, can of course lead to deeper problems throughout the economy, including job losses. Most impacted in this regard has been the cosmetics, skincare and fragrance segment of our industry.

Against this pain and downturn has been an uptick in business for a number of companies in another segment of Accord's membership, our specialty hygiene and cleaning products segment. Twenty-nine percent of companies responding to the survey reported an increase in revenue during the pandemic. This should come as no surprise. Consumer and community awareness that good hygiene is essential to controlling the spread of pandemics like COVID-19 is at an all-time high. Hand sanitisers, disinfectants and hard-surface cleaners are all in great demand.

The mixed bag revealed by this survey, in this early stage of the pandemic and recession, points to one key finding of the 2019 EY report. That the Australian hygiene, personal care and specialty products industry is resilient. And that this is due in great part to

the diversity of its businesses, with no one segment dominating the others. That said, this initial survey of the impacts of COVID-19 on Accord businesses has revealed more companies in damaging downturn than enjoying robust sales. What is also clear is that until an effective vaccine is found, we likely face what is being touted as 'a new normal', with ongoing disruption to daily life and commercial activity.

In these circumstances, Australia's governments must do their utmost to provide certainty and confidence moving forward. This means more realistic policy settings that will remove unnecessary red tape, regulatory burdens and costs on industry. The next steps towards a successful economic recovery will require a move away from bureaucratic business-as-usual and instead a focus on policies that foster consumer confidence, investment, innovation and jobs creation.

In times like this, it is also vitally important that businesses within our industry stick firm to the idea that we are all in this together. Difficult economic times call for greater collaboration and unity within our industry, not less. And strengthened engagement, under Accord, will help ensure that collectively our businesses maintain the strongest possible voice with governments, so that our industry's specific needs are better understood and taken into consideration.

Accord's Board of Directors and the secretariat recognise the importance of offering value for money. As the year progresses, we will hopefully gain clearer insights into how 2021 may look for the industry and adjust the association's work plans accordingly.

All members can be assured that providing advice, expertise, assistance and advocacy remains at the forefront for Accord. I thank Bronwyn, Craig, Dusanka, Catherine, Jen, Rachael, Erly and Stephanie for the nimble and dedicated way in which they have helped the industry through the COVID-19 crisis.

Like most of my industry colleagues I remain confident about the future and fully expect we will eventually rebound, though in what timeframe is anyone's guess at the moment. I thank all members and supporters of our industry for their support and commitment to staying united in these difficult times.

Tracey Raso

Chair
July 2020

