



# Hygiene, Personal Care and Specialty Products industry: Economic State of the Industry report

Accord Australia Ltd

Final report

**31 October 2022**



**EY**

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## Foreword from the Accord Executive Director

***This 2022 State of the Industry Economics Report updates our 2019 Report and highlights the importance of the hygiene, personal care and specialty products industry for the national economy.***

Australia's hygiene, personal care and specialty products sector is a resilient and forward-looking industry. It is comprised of hundreds of innovative businesses ranging from large multinational firms to smaller Australian-owned enterprises. Binding all these businesses together are commitments to innovation, quality, sustainability and customer service and a general sense of optimism about the future.

There will always be a place for products that make life easier, safer and more enjoyable. And that is exactly what our industry's thousands of hygiene, personal care and specialty products do. Where would we all be without products like sunscreen, toothpaste, tampons, homecare cleaners, industrial sanitisers, household pest control products and medical disinfectants? And what would our world be like without the quality products we use every day for grooming, self-expression and personal care such as soaps, shampoos, deodorants, perfume, skincare treatments and beauty products?

Back in 2018 the Accord board of directors decided to partner with EY's Economics, Regulation and Policy team and invest in an Industry Economics Report so that we could provide Australian governments and policymakers with reliable data on the hygiene, personal care and specialty products industry's contribution to the national economy. Accord's goal back then was to work with policymakers to look for opportunities to strengthen and grow the industry. However, the arrival in early 2020 of the Covid-19 pandemic curtailed such policy use of our 2019 Report, as the attention of governments shifted fully to managing the impacts of the pandemic. During the most difficult and challenging periods of the Covid-19 pandemic, our

industry's hygiene products played an important role in helping to reduce the spread of infection.

Via this latest 2022 *State of the Industry Economics Report* we are pleased to provide updated data on our industry's total economic turnover, indirect economic value-add, jobs creation and wages value. And equally pleasing is that these data all show upticks in value over the last three years, including a 5.7 per cent increase in the industry's turnover and 5.1 per cent increase in local jobs. While the Report is dated October 2022, the data it relies on is primarily from 2021, representing the latest data sets available from sources such as the ABS and IBISWorld.

The Report also profiles two important case studies of industry sectors that are downstream from ours but which both rely heavily on our industry's products. The first is the hair and nail salon industry, a significant small business service sector operating in almost every town in Australia. And the second sector profiled includes the many industries that are kept safe and hygienic through use of our industry's business-to-business sanitiser and disinfectant products. These include dairy farming, food and beverage manufacturing, water treatment and healthcare institutions.

Before commending the Report to you, a couple of words about its scope and how data have been calculated. Plus, some clarifications that are necessary because of the somewhat eccentric way in which the ANZSIC classification industry descriptors relied on by the report's ABS and IBISWorld data sources bundle together products from across several distinct industries. For example, including homecare detergents and cleaners under the ANZSIC descriptor, 'Cosmetics and Toiletry Wholesaling'.



## Foreword from the Accord Executive Director

While Accord's membership represents the solid core of the mainstream industry in Australia in terms of iconic and branded products, this report looks at the entire value of the hygiene, personal care and specialty products industry. So, this means it includes all market segments such as retailer private label products, as well as economic activity from hundreds of micro and niche companies outside of Accord's membership.

This is a top-down economic report, not a bottom-up market value report. Prior to the 2019 Report, Accord often published retail-level sales estimates for our membership calculated in a bottom-up manner—that is, based on available but sometimes incomplete sales data sources. Such estimates may provide a market value but fall short of properly measuring the entire industry sector and of painting the real picture of the industry's economic turnover.

Great effort was applied by both EY and Accord in ensuring the industry definitions and coverage were justifiably appropriate. Where any doubt existed in attributing known industry products into an ANZSIC classification data point we adopted a strictly conservative approach and excluded the data from the methodology. For those ANZSIC categories<sup>1</sup> where industry products could be reliably proportioned to a calculated percentage of the value, this value was calculated. Details on how the methodology has been applied in specific instances and for which ANZSIC categories<sup>2</sup> is outlined in the report.

For the reasons stated above, the total values reported are conservative but credible and likely to therefore understate the actual industry value. Certainly, they understate the value of our industry to the nation in a broader sense, as the value we add goes far beyond balance sheets and economic data.

The hygiene, personal care and specialty products industry, as represented by Accord, is a forward-looking and progressive industry championing an evidence-based approach to public policy based on sound science. Rather than sitting back and waiting for directions from governments, our industry has a long history of taking the lead on important sustainability, consumer education and social contribution initiatives. These include more than 30 years of support for Australian cancer patients via the Look Good Feel Better program, the Recognised® environmental credentials scheme for commercial cleaning products, the successful BeadRecede campaign for the phase-out of solid plastic microbeads and Accord's six consumer education websites covering issues ranging from sun protection to keeping food premises hygienically safe. A summary of Accord's many pro-active initiatives is included as Appendix E of the Report. For more information on our industry's social and environmental contribution visit [www.accord.asn.au](http://www.accord.asn.au) and [www.lgfb.org.au](http://www.lgfb.org.au).

It is with great pleasure that Accord in partnership with EY launches this updated State of the Industry Economics Report for the Australian hygiene, personal care and specialty products industry. We hope that these data help policymakers engage with our industry to foster and harness its growth potential.

Bronwyn Capanna

Executive Director

October 2022

<sup>1</sup> For example, the Hardware Retailing category.

<sup>2</sup> For example, the Industrial and Agricultural Chemical Product Wholesaling category, which includes home pest products.



## Industry products

*The Hygiene, Personal Care, and Specialty Products industry covers a wide range of products across the supply chain, including.....*

Adhesives,	Conditioners,	Facecare wipes,	Household pest control products,	cleaners,
Aftershave,	Commercial laundry	Facial masques,	Insect repellent,	Self-tan lotions,
Aged care facility cleaners,	Dairy sanitisers,	Facial moisturisers,	Janitorial cleaners,	Shampoos,
Air fresheners,	Dentifrices,	Feminine hygiene products,	Kerosene,	Shoe polish,
Ammonia bleach,	Deodorants,	Floor cleaners,	Laundry bleach,	Shower and bath cleaners,
Anti-ageing skincare,	Deodorisers,	Floor cleaners,	Laundry detergents,	Shaving foams,
Antiperspirants,	Depilatory creams,	Floor polish/wax,	Laundry pre-soaks,	Silver polish,
Aromatherapy candles,	Detergents,	Flying insect spray,	Lavender oil,	Skincare products,
Automotive clean/wash products,	Dishwash detergents	Food manufacturing sanitisers,	Leather care products,	Soaps (bar),
Baby wipes,	Dishwash detergents (auto),	Foot balms,	Lip balms,	Soaps (liquid),
Babycare products,	Disinfectants,	Foundation,	Lip glosses,	Solvent cleaners,
Bath oils,	Drain cleaner,	Fragrance,	Lipsticks,	Specialty cleaners,
Bbq cleaners,	Dry cleaning fluids,	Fruit wax,	Make-up,	Stain removers,
Beard oil/wax,	Dry shampoo aerosols,	General purpose cleaners,	Manicure products,	Stainless steel cleaners,
Beer line cleaner,	Dust control sprays,	Glass cleaners,	Mascara,	Suncare products,
Beverage manufacturing	Degreasers,	Glues,	Medical grade disinfectants,	Sunscreen,
sanitisers,	Eau de toilette,	Hair gel,	Medical-grade hand sanitisers,	Surfactant ingredients,
Bleach,	Enzymes,	Hair spray,	Metal cleaners,	Tampons,
Blush,	Essential oils,	Hair dye (consumer),	Metal degreasers,	Tea tree oil,
Body balms,	Eucalyptus oil,	Hair dye (salon),	Methylated spirits,	Teeth whitening products,
Body moisturisers,	Eye liner,	Hand moisturisers,	Mineral turpentine,	Toilet bowl cleaners,
Body soap,	Eye make-up,	Hand sanitisers (consumer),	Mousses,	Toothpaste,
Body wash,	Eye make-up remover,	Hand sanitisers (medical),	Mouthwash,	Water treatment chemicals,
Brass polish,	Eye moisturisers,	Hand soap (liquid),	Nail polish,	Window cleaners,
Building maintenance products,	Eye shadow,	Hand soap (solid),	Nail polish removers,	Windshield cleaners,
Candles,	Eye eyebrow pencil,	Hand wash,	Operating theatre disinfectants,	Wipes (homecare),
Carpet cleaners,	Fabric cleaners,	Hard surface cleaners,	Oral hygiene products,	Wipe (specialty),
Carpet deodorisers,	Fabric softener,	Hard surface disinfectants,	Perfumes,	Wood polishes,
Ceramic tile/grout cleaner,	Face cleansers,	Healthcare facility cleaners,	Poultry sanitisers,	Wooden floor cleaners.
Chlorine bleach,	Facial hydrating products,	Hospitality industry cleaning	Rust inhibitors,	
Cologne,	Fabric stain repellents,	products,	Rust removers,	
Colour cosmetics,	Farm production sanitisers,	Household cleaning products	School and educational facility	



# 1. Executive summary



### Report purpose

The purpose of the report is to gain an understanding of the size and scale of the Hygiene, Personal Care and Specialty Products industry (the industry), understand the industry's broader economic contribution and assess how the industry is tracking over time. This report builds on the inaugural 2019 Economic State of the Industry report.

The report is divided into three sections which focus on:

1. Defining the Hygiene, Personal Care and Specialty Products industry.
2. Providing an economic profile of the Hygiene, Personal Care and Specialty Products industry by outlining the key economic indicators over the last five years: Turnover, Industry Value Add (IVA), Employment, Wage growth, and Trade.
3. Identifying the economic contribution of the Hygiene, Personal Care and Specialty Products industry to the economy.

This is the second time that the Hygiene, Personal Care and Specialty Products group of businesses have been defined as a specified industry. It is also the second time that the size and scale of the supply chain has been measured in this way. A key part of the report's development has been reaffirming and understanding the parameters of the industry (i.e. drawing conclusions as to what products are part of or are excluded from it).

This report has been prepared for Accord, the organisation that represents businesses across the supply chain for Hygiene, Personal Care and Specialty Products in Australia. Accord members are involved in operations across the supply chain from production through to retailing.

The industry definition used for the 2019 State of the Industry report has been retained for this analysis. It involved identifying which subsectors make up this supply chain and which products within each of the subsectors represent a part of Accord's membership base, given that this is not an industry that has been defined previously. The Australia New Zealand Standard Industry Classification system (ANZSIC) was used to identify the subsectors covered by Accord's members.

For the purpose of this report the Hygiene, Personal Care and Specialty Products industry is defined by the aggregation of identified subsectors. This is depicted at a high level in the diagram on the following page. The details of the definition process can be found in Part 2, page 16 of this report.



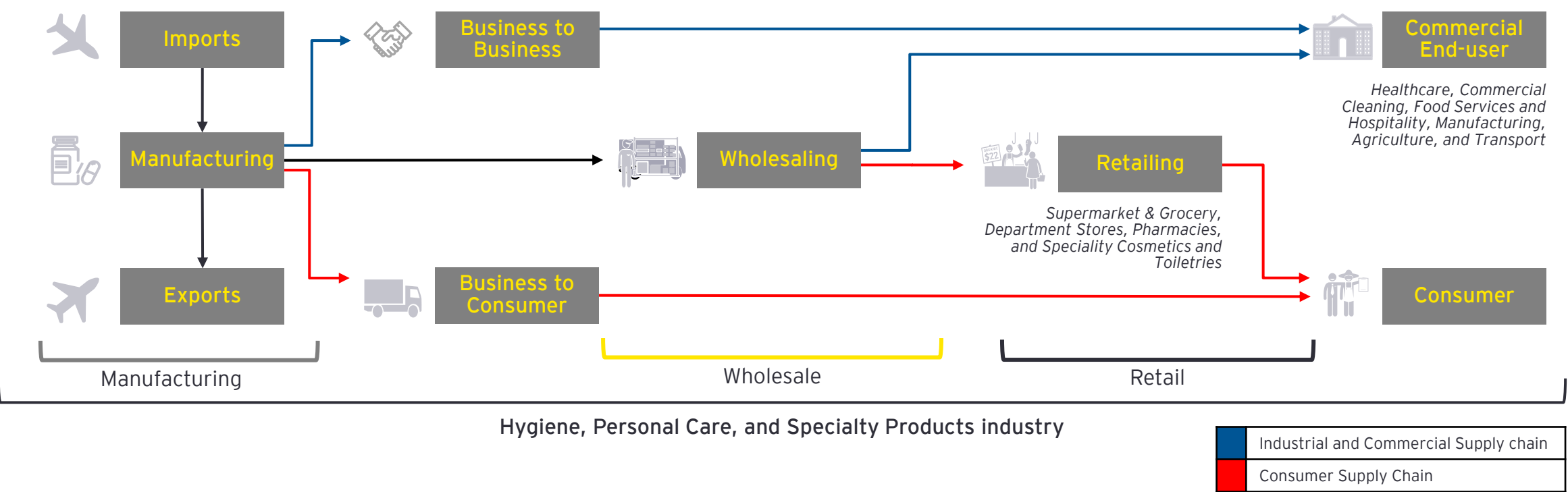


# The industry

The Hygiene, Personal Care and Specialty Products industry covers all aspects of the supply chain from manufacturing to final consumer. These supply chain components have been aggregated into three broad groupings; Manufacturing, Wholesaling, and Retail.

The manufacturing group contains subsectors that are involved directly in the production of hygiene, personal care and specialty products. Businesses in the manufacturing group sell directly to businesses, consumers, and on-sell to wholesalers. Subsectors in the wholesaling industry purchase from the manufacturing group and sell to commercial end-users and the retailing group. Some wholesalers may also sell product online. Retailers sell to consumers of the final product including online sales.

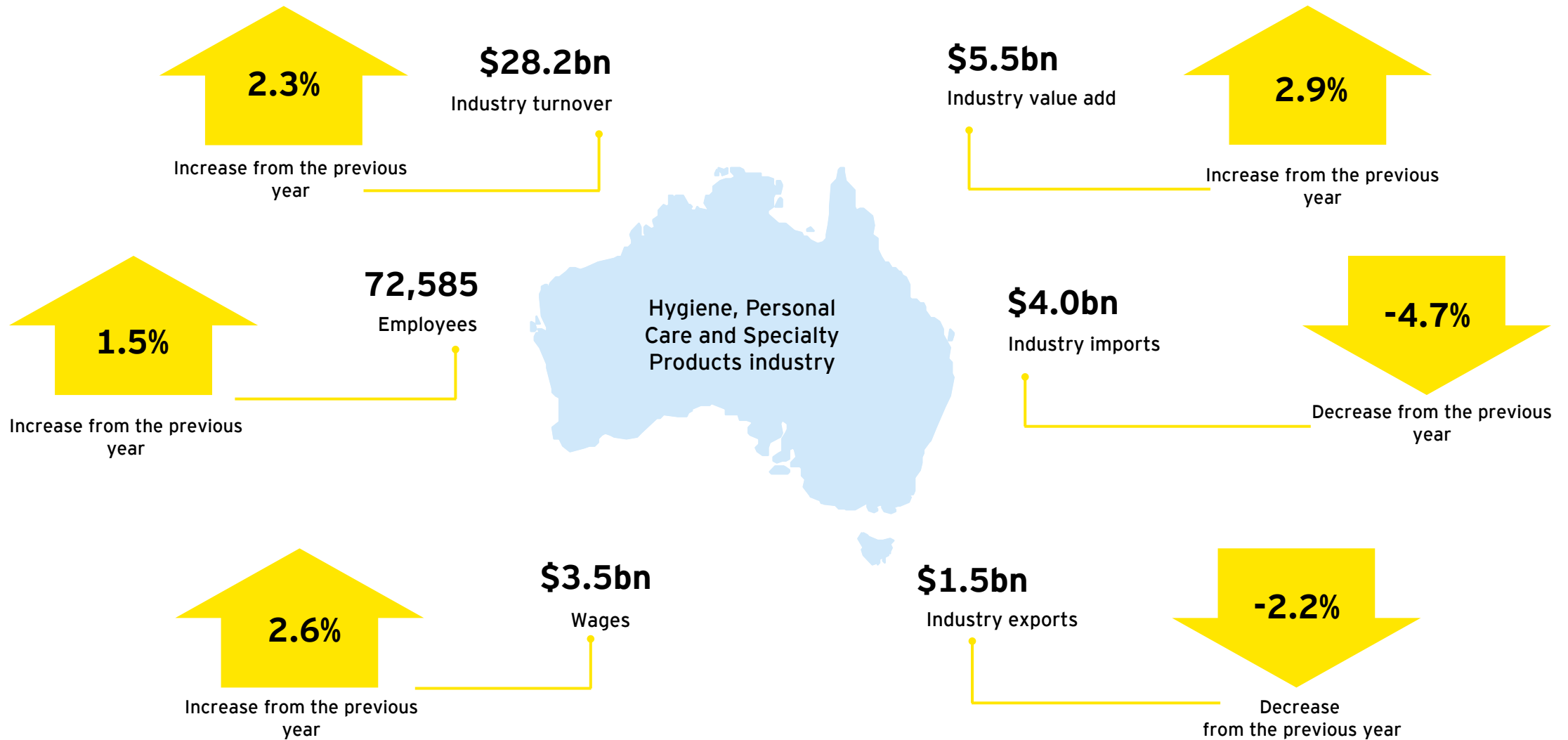
The subsectors included in each of these stages can be found on pages 17 and 18.



E-commerce is included in both production and wholesale. However online sales in the retail sector are only included if the point of sale has both a physical and an online presence. Those that operate solely online are not included in the analysis.



## Key economic indicators across the industry in FY22

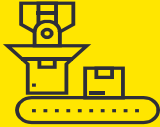




Data was collected from IBISWorld on the Hygiene, Personal Care and Specialty Products industry for FY22

### Key economic indicators across the supply chain

The industry definition covers all aspects of the Hygiene, Personal Care and Specialty Products industry. The table below displays the value of each stage of the supply chain and their average growth rates over the last five years.

Retailing is the largest component for the majority of the economic indicators. The exception to this is turnover where wholesaling is the largest aspect of the supply chain. Over the past five years, the manufacturing sector has grown the greatest, on average.

	 <b>Manufacturing</b>		 <b>Wholesaling</b>		 <b>Retailing</b>	
	FY22	Avg growth rate (FY18 - FY22)	FY22	Avg growth rate (FY18 - FY22)	FY22	Avg growth rate (FY18 - FY22)
Turnover	\$4.2bn	3.2%	\$13.4bn	0.6%	\$10.6bn	-1.3%
Industry Value Add	\$1.4bn	1.0%	\$1.9bn	0.5%	\$2.3bn	-1.8%
Employment	11,080	4.0%	18,850	0.5%	42,655	-1.5%
Wages	\$0.8bn	4.8%	\$1.2bn	0.4%	\$1.5bn	-0.7%

Data was collected from IBISWorld on the Hygiene, Personal Care and Specialty Products industry for FY22



### Overview of the industry during FY22 and economic outlook of Australia

The Australian economy experienced a relatively positive economic outlook in FY22 reflecting the strong rebound of economic indicators after the adverse impacts of the COVID-19 pandemic. The easing of pandemic related restrictions combined with increased residential property values, low interest rates, high service sector consumption and low unemployment were indicators of this. The economic outlook for FY23 remains broadly positive, however, the economy has experienced a downturn in some indicators following the post COVID-19 recovery that are expected to impact the Hygiene, Personal Care and Specialty Products industry. These include:

- ▶ Increasing cost-of-living pressures,
- ▶ High inflation,
- ▶ Declining residential property values, and
- ▶ Increasing interest rates.

The results of these changes have involved:

- ▶ The Australian economy grew 3.75 per cent, 0.49 percentage points below the forecast, in FY22. This has been driven by low unemployment figures. The labour market recovery since mid-2020 has been unprecedented resulting in a tight labour market and skill shortages. Low rates of migration have been a significant contributing factor to this. With the removal of travel restrictions in 2022, Australia's net overseas migration (NOM) is expected to grow by 95,900 people, alleviating some of the labour market constraints that are particularly evident in the service and retail industries.
- ▶ Overall, wages rose by 0.7 per cent in the first quarter of 2022, increasing by 2.4 per cent over the year. This is the highest wage growth Australia has seen since 2018. Acceleration in economy wide wage growth is likely to be slow, however the tightness in the labour market has forced employers to increase wages in order to attract and retain employees. Alongside this, household consumption grew in FY2022 as discretionary spending on goods and services continues to recovery from pandemic levels.
- ▶ Inflation increased 6.1 per cent in FY22, to the highest level since June 2001. This was driven by record petrol prices, high energy prices and surging home building costs as a result of global supply chain disruptions. Rising inflation coupled with slow income growth has resulted in increased cost-of-living pressures leading to a reduction in household wealth that will contribute to an ease in discretionary spending over the next year. This is likely to impact the consumer retailing industry and other industries dependent on consumer spending as the main source of revenue.
- ▶ The Reserve Bank of Australia (RBA) has begun increasing the cash rate in a bid to respond to inflationary pressures. Interest rate increases are expected to have implications on Australian's ability to service debt, consumption and the economy more broadly. With this, both business investment and consumer spending growth is likely to slow before inflation is expected to stabilise in the latter part of 2023. The forecast points towards further contraction of the economy as a result of inflating prices and interest rate hikes expected in the second half of 2022. This is likely to impact Australia's economic growth including the Hygiene, Personal Care and Specialty Products industry.



#### What does this mean for the Hygiene, Personal Care and Specialty Products industry?

- ▶ Considering the difficult economic environment the Hygiene, Personal Care and Specialty Products industry has faced in the past three years, it has performed well, with an average annual turnover growth rate of 0.6% similar to Australia's average GDP growth over this time.
- ▶ The industry generated a positive average annual growth rate in IVA between FY20 and FY22, which highlights the impact of increased household spending on discretionary goods and services and the essential nature of products in the industry.
- ▶ High inflation, rising interest rates, slow wage growth and increased cost-of-living pressures is forecasted to impact household spending with flow on effects to some products in the industry. Despite this, the industry has shown resilience over the past three years and is expected to continue growing.

### Key observations

The key observations from this report are below. These observations reflect the findings of both the economic profile and the economic contribution analysis to put the Hygiene, Personal Care, and Specialty Products industry in a broader economic context.

- ▶ **Diverse in production:** The industry benefits from a diverse range of business that operate across all aspects of the supply chain from production through to retail of final goods. This diverse scale allows the industry to perform throughout the sector supply chain from manufacturing to retail.
- ▶ **Varied client base:** In addition to a diverse membership base, the Hygiene, Personal Care, and Specialty Products industry produces products that are used by a wide range of consumers. These consumers are both commercial end users and general customers. Meaning that while the demand for some goods may decrease this can be compensated by increased demand for others to meet the needs of consumers. The variety in the client base ensures that the Hygiene, Personal Care and Specialty Products industry has demand for their goods in all phases of Australian economic performance.
- ▶ **Resilient:** The ability of the Hygiene, Personal Care, and Specialty Products industry to shift to consumer needs indicates it's resilient nature to changes in economic conditions such as COVID-19. This is due to both the diversity in the subsectors comprising the client base of the industry and the essential nature of some products produced in the subsectors. The industry as a whole is able to survive subsector specific downturns as evident is the industry growth over the past five years. The diversity in businesses and the client base allows the industry to capitalise on good economic conditions and survive poor business operating environments.
- ▶ **Manufacturing is the industry leader:** Over the past five years within the Hygiene, Personal Care, and Specialty Products industry, the manufacturing sector has experienced consistent growth evident in industry turnover, IVA, employment and the number of business. There has been a trend towards greater volume and demand of manufacturing of products in the domestic industry.
- ▶ **Industry interlinkages:** The Hygiene, Personal Care, and Specialty Products industry is closely linked to the Professional Services and Technical Services industry in terms of direct inputs and outputs of production including employment. Since the release of the 2019 State of the Industry report, industry interlinkages have remained similar, with the exception of a greater connection to employment in the Transport, Postal and Warehousing sector.
- ▶ **Retail rebound:** After consecutive years of decline in the retailing component of the Hygiene, Personal Care, and Specialty Products industry, subsectors such as Department Stores and Cosmetic and Toiletry Retailing have experienced growth in industry turnover, IVA, employment and wages in FY22. This indicates a resurgence in consumer spending towards discretionary items produced by the industry.



### The industry's economic contribution

Section three of this report outlines the economic contribution of the industry, using Input Output modelling to identify the industry's upstream and downstream impacts. This is a method of identifying the direct and flow on impacts of industry spending in an economy.

Input Output modelling relies on a series of multipliers to determine the value of the direct and indirect effects of employment or spending in an industry. These multipliers are produced by an economic impact software called REMPLAN. Further details on this can be found on page 41.

This method can also be used to identify the strength of the interlinkages between industries by examining the size of the flow on impacts of employment or spending in a given industry. The Hygiene, Personal Care and Specialty Products industry sits across all stages of the supply chain. The industry has upstream and downstream links to many of the industries in the Australian economy.

Input Output modelling captures the following:

*Direct effect* → e.g. the number of people employed by the Hygiene, Personal Care and Specialty Products industry.

*Indirect effect* → e.g. the amount of revenue generated in other industries as a result of employment on the Hygiene, Personal Care and Specialty Products industry.

*The sum of the direct and indirect effects yield the total impact of spending or employment in the Hygiene, Personal Care and Specialty Products industry.*

In FY22, the employment in the Hygiene, Personal Care and Specialty Products industry resulted in a total employment of over 82,000 (72,585 directly and 10,322 indirectly) people, the turnover generated \$32.1bn (\$28.2bn directly and \$3.9bn indirectly) of total output, and the Industry Value Add resulted in a contribution of \$3.5bn (\$3.0bn directly and \$0.4bn indirectly) to the Australian economy.



*\*Industries can be both upstream and downstream contributors, for example administration such as taxes and payroll occurs in both upstream and downstream of the economy.*



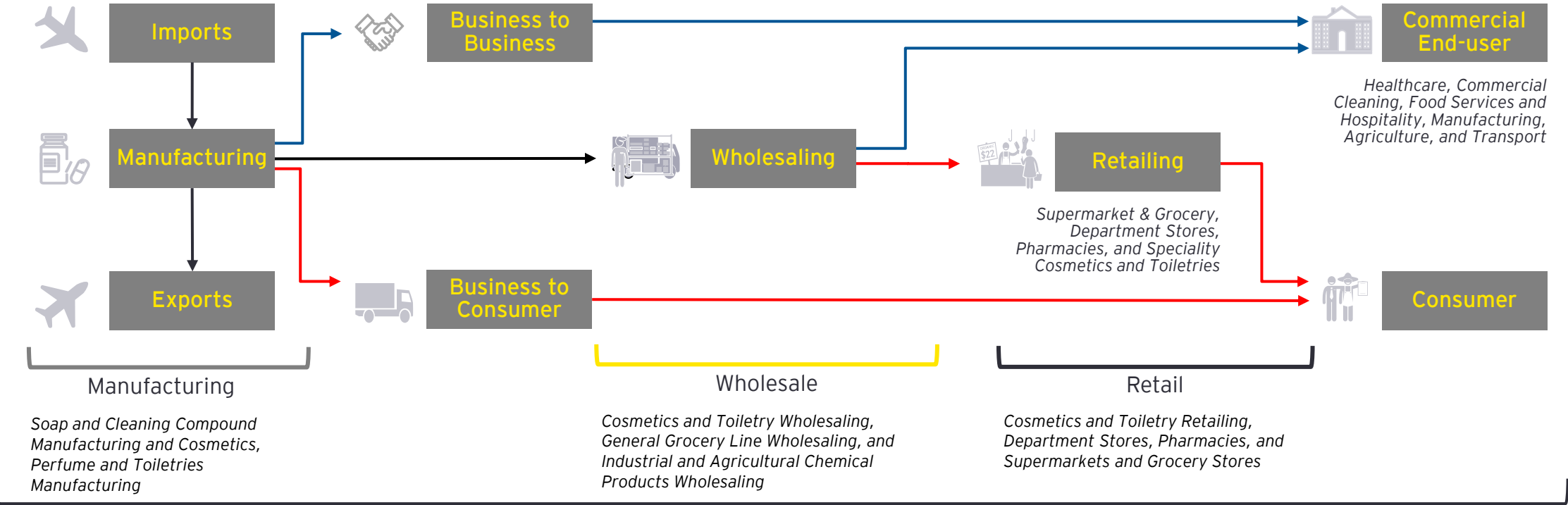
## 2. Defining the Hygiene, Personal Care and Specialty Products industry



Defining the industry

For the purposes of this report, the aggregation of the subsectors detailed below is referred to as the Hygiene, Personal Care and Specialty Products industry and comprises components of the manufacturing, wholesaling, and retailing aspects of the supply chain in the Australian economy. This reflects the fact that Accord members are involved in operations across the supply chain from production through to retailing in Australia.

A detailed description of the products included in this analysis can be found on pages 17 and 18. There are two case studies on the impact of Hygiene, Personal Care and Specialty Products industry can be found on pages 19, 20, and 21. The first case study highlights how the Hygiene, Personal Care and Specialty Products industry supports local beauty and hair salons and the second case study shows the wider impacts of hand sanitiser and hygiene safety across all industries.



Hygiene, Personal Care, and Specialty Products industry

E-commerce is included in both production and wholesale. However online sales in the retail sector are only included if the point of sale has both a physical and an online presence. Those that operate solely online are not included in the analysis.

	Industrial and Commercial Supply chain
	Consumer Supply Chain



## 2. Defining the Hygiene, Personal Care and Specialty Products industry

### Industry inclusions by IBISWorld product

Supply Chain	ANZSIC Industry Name	Included	Detailed inclusions	Not included
Manufacturing	Soap and Cleaning Compound Manufacturing	<ul style="list-style-type: none"> <li>Laundry Care Products (100%)</li> <li>Surface Care Products (100%)</li> <li>Oral Hygiene Products (100%)</li> <li>Dishwashing Products (100%)</li> <li>Surface-Active Agents (100%)</li> <li>Soap and Soap Based Products (100%)</li> <li>Glycerine (100%)</li> </ul>	<ul style="list-style-type: none"> <li>Laundry detergents, laundry aids and bleaches, commercial and domestic</li> <li>Abrasive cleaners, scouring compounds, degreasing compounds, and disinfectants</li> <li>Cleaning polishes, creams and waxes</li> <li>Toothpaste, dental floss</li> <li>Four main groups: anionic, cationic, non-ionic and organic</li> <li>Traditional hand washing detergents, and automatic dishwasher detergents and rinse agents</li> <li>Industrial soaps, and household and toilet soaps</li> <li>Glycerine is a key intermediary product used in the manufacture of other industry products like toothpaste</li> </ul>	
	Cosmetics, Perfume and Toiletries Manufacturing	<ul style="list-style-type: none"> <li>Beauty, Make-Up and Skincare Products (100%)</li> <li>Personal-Care Products (100%)</li> <li>Hair-Care Products (100%)</li> <li>Perfumes and Fragrances (100%)</li> </ul>	<ul style="list-style-type: none"> <li>Lipsticks, manicure products, face powders, skincare products and sunscreens</li> <li>Personal deodorants and room deodorisers, depilatories, shaving products, perfumed bath salts and other bath preparations</li> <li>Products containing fruits, keratin, and argan or Moroccan oils; green, organic or other natural ingredients; dry shampoo products</li> <li>Professional salon-style products produced for mass-market retail through supermarkets</li> </ul>	
Wholesaling	Cosmetics and Toiletries Wholesaling	<ul style="list-style-type: none"> <li>Cosmetics, Perfumes, and Fragrances (100%)</li> <li>Household Care Products (100%)</li> <li>Personal Care Products (100%)</li> <li>Hair Care Products (100%)</li> <li>Other Products (100%)</li> <li>Oral Hygiene Products (100%)</li> <li>Talcum Powders and Deodorants (100%)</li> </ul>	<ul style="list-style-type: none"> <li>A variety of household care items such as soaps and detergents, polishes and other household cleaning agents</li> <li>Skincare products, along with bath, body and soap products</li> <li>Talcum powders, deodorants and antiperspirants</li> <li>Products containing various oils, such as argan or Moroccan oil, hair straightening products and dry shampoos</li> <li>All other toiletry items, such as shavers, feminine hygiene products and male-specific grooming products</li> <li>Toothpaste, dental floss, and other oral hygiene products</li> </ul>	
	General Grocery Line Wholesaling	<ul style="list-style-type: none"> <li>Other Products (100%)</li> </ul>	<ul style="list-style-type: none"> <li>Some cosmetic and toiletry goods</li> </ul>	<ul style="list-style-type: none"> <li>Meat, Poultry, Fish, and Smallgoods</li> <li>Pre-Packaged Foods</li> <li>Fruit and Vegetables</li> <li>Bread and Bakery Products</li> <li>Beverages</li> <li>Dairy Produce</li> <li>Liquor and Tobacco</li> </ul>



## 2. Defining the Hygiene, Personal Care and Specialty Products industry

### Industry inclusions by IBISWorld product

Supply chain	ANZSIC Industry Name	Included	Detailed inclusions	Not included
Wholesaling	Industrial and Agricultural Chemical Products Wholesaling	<ul style="list-style-type: none"> <li>Fertiliser, Herbicide and Pesticide Wholesaling (11% only<sup>1</sup>)</li> <li>Speciality Chemical Product Wholesaling (100%)</li> <li>Other Agricultural Chemical Product Wholesaling (11% only<sup>1</sup>)</li> </ul>	<ul style="list-style-type: none"> <li>A proportion of crop-protection products, such as pesticides, herbicides and insecticides, and fertilisers</li> <li>Speciality Chemical Product Wholesaling Adhesives, sealants, detergents, bleaches, catalysts, pesticide products used in homes and non-farm premises, dairy and poultry sanitisers and industrial and institutional cleaning compounds</li> </ul>	<ul style="list-style-type: none"> <li>Pigment and colour chemical wholesaling</li> <li>Explosives wholesaling</li> <li>Polymer and plastic product wholesaling</li> <li>Industrial Chemical and gas wholesaling</li> <li>Other basic Chemical product Wholesaling</li> </ul>
Retailing	Cosmetics and Toiletry Retailing	<ul style="list-style-type: none"> <li>Make-up and Skincare Products (100%)</li> <li>Hair Care Products (100%)</li> <li>Fragrances (100%)</li> <li>Men's Grooming Products (100%)</li> <li>Other Products (75% only<sup>1</sup>)</li> <li>Bath and Shower Products (100%)</li> <li>Talcum Powders and Deodorants (100%)</li> </ul>	<ul style="list-style-type: none"> <li>Concealers, eyebrow make-up, mascara, lip colours and 'no make-up' make-up products</li> <li>Products containing particular oils (such as argan and macadamia) and new products such as dry shampoos and products containing natural ingredients and new sulphate-free products</li> <li>Traditional products in this category and unisex fragrances, body sprays and mists</li> <li>Toothpaste, teeth-whitening, manicure and pedicure preparations</li> <li>Bath and shower products</li> <li>Talcum powders and deodorants</li> </ul>	
	Department Stores	<ul style="list-style-type: none"> <li>Cosmetics and Toiletries (100%)</li> </ul>	<ul style="list-style-type: none"> <li>Cosmetics and toiletries, make-up, skincare products, perfume and nail polish</li> </ul>	<ul style="list-style-type: none"> <li>Clothing, Footwear and Accessories</li> <li>Furniture, Housewares and Textile Goods</li> <li>Household Appliances and Consumer Electronics</li> <li>Toys, Games, Books, Magazines, and Other Printed Materials</li> </ul>
	Pharmacies	<ul style="list-style-type: none"> <li>General Retailing (100%)</li> </ul>	<ul style="list-style-type: none"> <li>Baby products, bandages, body- and hair-care products, sun-care products, general health items, optical products, and herbal, aromatherapy and homeopathic products</li> </ul>	<ul style="list-style-type: none"> <li>Prescription Medicines</li> <li>Scheduled Non-Prescription Medicines</li> </ul>
	Supermarkets and Grocery Stores	<ul style="list-style-type: none"> <li>Toiletries, Health Products, and General Merchandise (3% only<sup>1</sup>)</li> </ul>	<ul style="list-style-type: none"> <li>Sunscreen, toothbrushes, toothpaste, soaps, deodorants, shampoos and cleaning agents</li> </ul>	<ul style="list-style-type: none"> <li>Dry and Packaged Foods</li> <li>Fresh Fruit and Vegetables</li> <li>Meat Products</li> <li>Bread and Bakery Products</li> <li>Milk and Other Dairy Products</li> <li>Tobacco Products</li> <li>Beverages</li> <li>Vitamins</li> </ul>

1: Please see Appendix D for further information on how these proportions were calculated. Due to data limitations alternative data sources had to be used to find the appropriate proportions attributable to the Hygiene, Personal Care, and Specialty Products industry.

### Hairdressing industry in FY22

The purpose of this case study is to highlight the importance of the Hygiene, Personal Care and Specialty Products industry to the Hairdressing industry.



Hairdressing is a key service provided to Australian consumers. The Hairdressing industry added \$5.3bn of turnover and \$3.8bn of value to the Australian economy in FY22. The Hygiene, Personal Care and Specialty Products industry is a key supplier to the Hairdressing industry and is integral to its performance. It supplies professional use shampoos, conditioners, hair dyes and tints, hair treatments and associated products to the Hairdressing industry.

**\$5.3bn**  
Industry Turnover



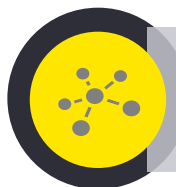
The Hairdressing industry was impacted by closures and capacity restrictions during COVID-19 seeing reduced industry turnover during 2020 and 2021. Despite this, the industry has seen a moderate pace of growth over the past five years accounting for a greater proportion of household expenditure than in prior years. Increased consumer spending and growth in discretionary income has contributed to higher demand and revenue in the industry. Despite this, the highly competitive nature of the industry has put downward pressure on prices leading to a decrease in profitability with a 4.5% decrease in turnover between FY21 and FY22.

**\$3.8bn**  
Industry Value Add



The Hairdressing industry comprises of a significant numbers of small businesses and self employed specialists. The average business in the Hairdressing industry had 3.4 employees in FY22. Small businesses and self employed professionals are a key priority of both the federal and state governments as they account for over 95% of actively trading businesses in Australia. Small businesses have access to grants and tax breaks that are aimed at helping them succeed. These small businesses would not be able to function effectively in their current manner without the contribution of the products from the Hygiene, Personal Care and Specialty Products industry.

**68,938**  
Employees



The interlinkages to the Hygiene, Personal Care and Specialty Products industry's wholesale and retail sales of professional use shampoos, conditioners, hair dyes and tints, and treatments and interdependent products supplied are integral to the continued success of these small businesses and sole traders.

**20,413**  
Businesses



Data was collected from IBISWorld on the Hairdressing industry for FY22

# Product investigation into sanitisers and disinfectant cleaning products in FY22

The purpose of this case study is to focus on the impact of the Sanitiser and Disinfectant Cleaning Products industry. The industry has come into focus over the past three years given the COVID-19 environment. The demand for products produced by this industry has increased in response to mandatory requirements and health advice. Furthermore, many industries are required by law to maintain a sterile environment, requiring sanitisers and disinfectant cleaning products as an integral input.



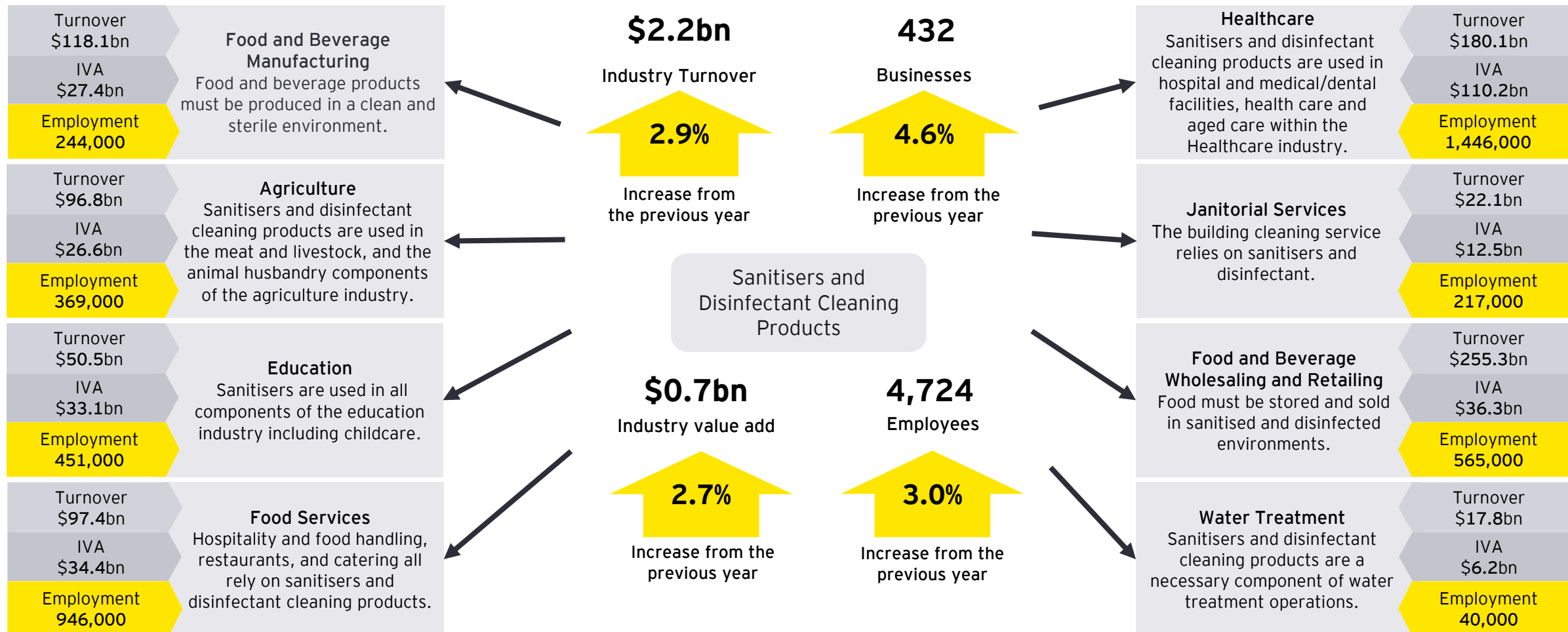
IBISWorld data was used to find the total value of production and wholesaling industries. The relevant product proportions were then applied to these values to capture only the relevant amounts of the economic indicator value. These values were then aggregated across the different products to find the total economic indicator value for the Sanitisers and Disinfectant Cleaning Products industry.



## 2. Defining the Hygiene, Personal Care and Specialty Products industry

### Product investigation into sanitisers and disinfectant cleaning products in FY21

Sanitisers and disinfectant cleaning products are integral to the operations of many key Australian industries. While the Sanitisers and Disinfectant Cleaning Products industry does not capture the value of these industries it does enable their operations, as a required input of the operating process. The values of these industries is detailed below.



### 3. The economic profile of the Hygiene, Personal Care and Specialty Products industry



## Data collection approach and limitations

### Economic Indicators Analysed

The approach used for this report captures key economic indicators over the last five years: Turnover, Number of businesses, Industry Value Add, Employment, Wage growth, and Trade. Data has been collected from IBISWorld, the Australian Bureau of Statistics (ABS), APVMA, REMPLAN and Retail World. All results are presented in financial years.

The industry definition including product inclusion was undertaken by EY in consultation with Accord in 2019. The industry definition is reflective of the data categories available which may not reflect standard product groupings used within the industry.

The following approach was undertaken for each of the subsector analyses:

- ▶ IBISWorld reports provided data by subsector over time.
- ▶ In some circumstances data is aggregated to include products not part of the Hygiene, Personal Care and Specialty Products industry. Therefore, for each subsector, the proportion of the subsector not relevant to the Hygiene, Personal Care and Specialty Products industry was excluded from the analysis (where required). These proportions are presented as the individual product's proportion of total subsector revenue.
- ▶ These proportions are then used as a proxy to decompose all other economic indicators (IVA, employment, etc.).

### Data Sources

The data was gathered and analysed as per the below approach.

1. Data was collected from IBISWorld at the four digit (most granular) industry level. IBISWorld collects data on the key economic indicators of interest providing the requisite granularity to identify the Hygiene, Personal Care and Specialty Products industry's economic performance.
2. IBISWorld also produces information on the products produced by each four digit ANZSIC industry. This is used to remove products not covered by the Hygiene, Personal Care and Specialty Products industry. The data for each four digit industry is scaled by the proportion of relevant end product produced in that industry.
3. Data collected from the ABS is available at the one or two digit (less granular) industry level. As the data is available only in aggregate, it is inappropriate to estimate the value of the Hygiene, Personal Care and Specialty Products industry solely using ABS data. This data is appropriate for contextualising the Industry Products in the broader economy (comparing to other ABS defined industries).





## Data collection approach and limitations

### Data Limitations

Due to data limitations the findings presented in this report form a conservative estimate of the contributions to the economy. Data in relation to some products was not available.

The following product categories are excluded from the analysis despite including relevant products as the value of these products can not be robustly determined:

- ▶ Other complementary medicines in Pharmaceutical Product Manufacturing,
- ▶ Other Products in General Line Grocery Wholesaling, and
- ▶ Household Goods in Consumer Goods Retailing.

For those where the value of a product category was material but could not be isolated using IBISWorld proportions, alternative methods were used to identify the value of these product categories. A list of the assumptions used can be found on page 49 and 50.

Further, conservative assumptions have been applied in areas where it was difficult to isolate products. For example, there is a lack of granular information at the product level on the “Other Product” category. This product category acts as a catch-all in many retailing and wholesaling subsectors.

The lists of product category inclusions by subsector are found on page 17 and 18.

### Retail World

Retail World data provided by Accord in 2019 has been used for this report due to limitations of more recent data. Retail World data informs some proportions of sub-industries, which comprise the Hygiene, Personal Care and Specialty Products industry.

### REMPPLAN

The report has used the most recent REMPLAN release (2021 release 1). Due to reporting time frames aspects of the data inputs may be dated. Data included in the release is outlined below. To note, the ABS Census Place of Work Employment data is set to be released in October 2022. This update may impact the data collected as the current available data dates to 2016. Place of Work data provide information on where a person goes to work and will impact employment figures in the final report.

The following data sets were included in the REMPLAN 2021 release 1:

- ▶ ABS 2016 Census Place of Work Employment
- ▶ ABS 2019/2020 National Input Output Tables
- ▶ ABS June 2021 Gross Domestic Product
- ▶ ABS 2020/2021 Tourism Satellite Account
- ▶ TRA June 2020 National and International Visitor Survey.





## Data collection approach and limitations

### Turnover and Industry Value Added

Turnover is defined as the total sales of industry goods and services (exclusive of excise and sales tax); subsidies on production; all other operating income from outside the business (such as commission income, repair and service income, and rent, leasing and hiring income); and capital work done by rental or lease. Receipts from interest royalties, dividends and the sale of fixed tangible assets are excluded.

Industry Value Added (IVA) is defined as the market value of goods and services produced by the industry minus the cost of goods and services used in production. IVA is also described as the industry's contribution to Gross Domestic Product, or profit plus wages and depreciation.

IVA isolates the additional value added to the Australian economy by an industry. It does this by removing the value of inputs into the industry's production.

Conversely, turnover captures the revenue generated by an industry. The revenue is the value of the goods sold by the industry. This includes the value of inputs to the good or service sold in addition to the mark up by businesses in the industry.

By design, turnover captures the price of inputs in the value of the goods sold by an industry. This does not double count the turnover of each industry as the cash inflow to each industry is separate from the preceding and following industries. However, the additional value added to the economy is found using the IVA value.

Turnover represents cash flow while IVA represents value added to the economy.

### E-commerce

E-commerce is included in both production and wholesale. However online sales in the retail sector are only included if the point of sale has both a physical and an online presence. Those that operate solely online are not included in the analysis.

This impacts all economic indicators including imports and exports.

It should be noted that trade values are only captured for businesses that have at least one physical store. Online only retailers and wholesalers are not captured in this analysis. The international trade figures are therefore a conservative estimate of the level of trade.

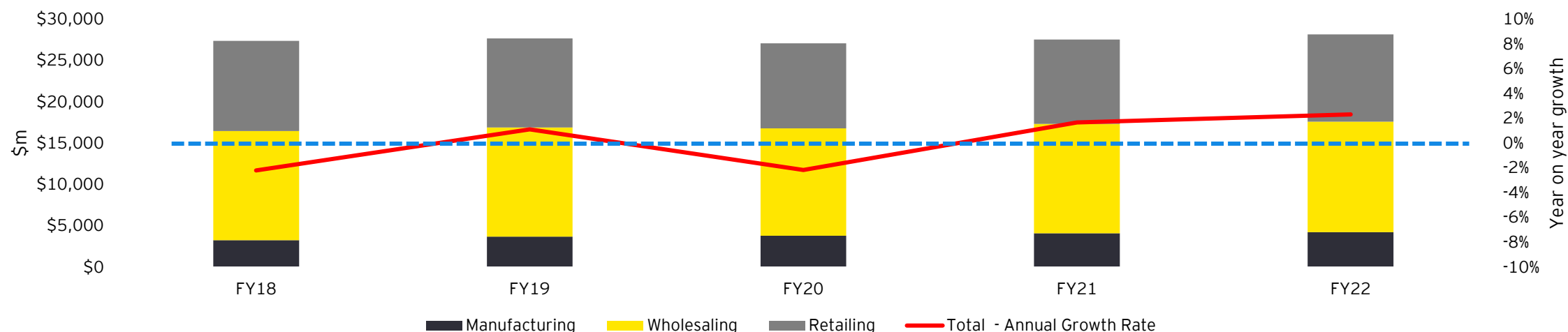
### JobKeeper Payments

JobKeeper payments are reflected in total income and earnings before interest, tax, depreciation and amortisation (EBITDA). Payments received under the JobKeeper scheme are therefore included in industry turnover in FY20 and FY21.



### 3. The economic profile of the Hygiene, Personal Care and Specialty Products industry

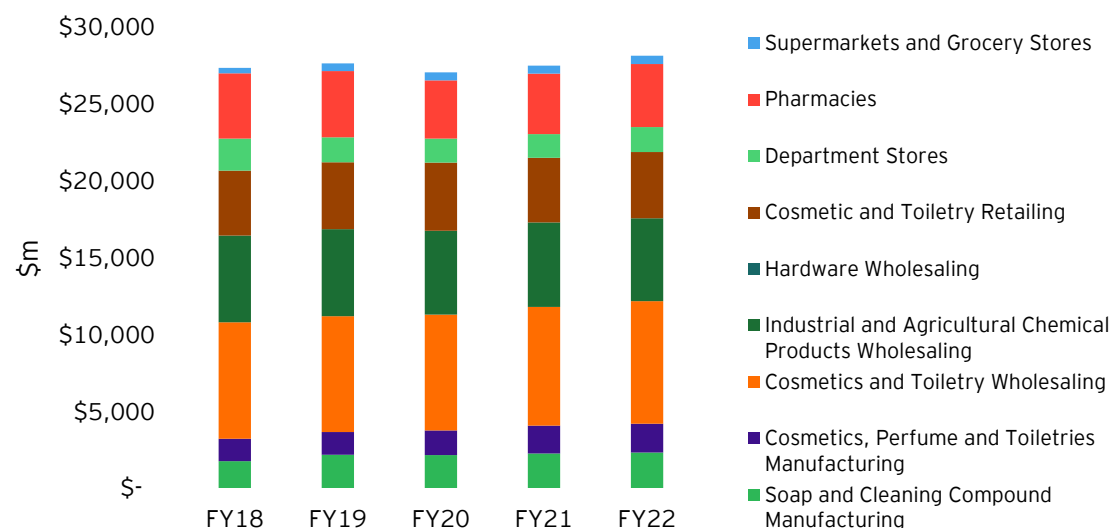
#### Industry turnover - overview



- ▶ In FY22, the total turnover in the Hygiene, Personal Care and Specialty Products industry reached \$28.2bn. This is an increase of 2.3% on the FY21 turnover level and represents a increase of \$641.7m.
- ▶ The average annual growth rate of turnover in the Hygiene, Personal Care and Specialty Products industry was 0.2% per annum across the five years analysed (FY18 - FY22).
- ▶ Industry turnover peaked in FY19 before experiencing a decline in FY20 of 2.2% but has seen consistent growth since. This trend is consistent across all economic indicators analysed in this report excluding industry value add.
- ▶ Wholesaling is the largest contributor to industry turnover contributing \$13.4bn and accounting for 47.5% of the total industry turnover in FY22. This contribution has increased 1.1% on FY21 and 0.6% on average over the past five years.
- ▶ Retailing is the second largest contributor to the industry. In FY22, retailing accounted for 37.5% of the industry turnover. Retailing increased by 3.6% between FY21 and FY22 following four consecutive years of decline. The decline was consistent with the broader industry trend of declining growth in retailing activity and the initial impacts on consumer confidence from COVID-19. However, the easing of restrictions in 2021 and re-opening of business contributed towards increased demand in the retailing industry.
- ▶ Manufacturing has remained the smallest contributor to industry turnover. In FY22, the manufacturing component contributed \$4.2bn to the industry, accounting for 15.0% of the total industry turnover. The manufacturing component grew 3.1% on the FY21 level and 29.5% on the FY18 turnover levels making it the fastest growing contributor to industry turnover over the past five years.
- ▶ In FY22 there were 9,598 businesses in the industry, this represented a 0.3% growth rate on FY21 levels. Retailing represented 58% of the total number of businesses making it the largest contributor to the number of businesses, conversely manufacturing was the smallest accounting for 15% of the industry.

### 3. The economic profile of the Hygiene, Personal Care and Specialty Products industry

#### Industry turnover - by subsector



	FY18	FY19	FY20	FY21	FY22
Soap and Cleaning Compound Manufacturing	-14.5%	22.9%	-0.3%	4.4%	3.2%
Cosmetics, Perfume and Toiletries Manufacturing	-6.4%	1.3%	7.4%	12.8%	3.0%
Cosmetics and Toiletry Wholesaling	0.3%	-0.6%	0.2%	2.7%	3.2%
Industrial and Agricultural Chemical Products Wholesaling	3.4%	0.7%	-3.9%	0.5%	-1.7%
Cosmetic and Toiletry Retailing	0.5%	2.9%	1.5%	-4.8%	2.4%
Department Stores	-6.1%	-22.0%	-3.1%	-2.0%	4.8%
Pharmacies	-6.6%	1.4%	-12.0%	3.8%	4.3%
Supermarkets and Grocery Stores	-0.7%	42.9%	1.0%	5.1%	3.3%

#### Subsector analysis

- ▶ Cosmetic and Toiletry Wholesaling was the largest contributor to turnover in FY22, accounting for 28.3% of the Hygiene, Personal Care and Specialty Products industry's turnover. This was followed by Industrial and Agricultural Chemical Products Wholesaling which contributed 19.1% to total turnover.
- ▶ The Supermarkets and Grocery Stores subsector was the smallest contributor to Hygiene, Personal Care and Specialty Products industry turnover, accounting for 2.0% in FY22. However, the subsector has seen consistent growth in the past five years, growing 56.7% since FY18, the greatest growth of all subsectors between FY18 and FY22.
- ▶ The Department Stores subsector was the fastest growing between FY21 and FY22. The subsector grew 4.8% on its FY21 turnover. All subsectors, excluding Industrial and Agricultural Chemical Products Wholesaling, saw moderate growth between FY21 and FY22.

#### Commentary

In line with the findings of the 2019 report, the industry has continued to grow consistently, generally in line with GDP as would be expected for a mature industry. Importantly, given the backdrop of economic challenges, particularly COVID-19 and more recently inflationary pressures, the resilience of the industry is evident. However, while the industry as a whole has been resilient, impacts have been felt differently across the subsectors.

The Industrial and Agricultural Chemical Products Wholesaling subsector experienced the largest decline in growth between FY20 and FY22, though this only related to the relatively niche category of dairy sanitisers and household pest products.

The Department Stores subsector declined by 22.4% over the past five years. This decline reflects the weak retail environment with strong competition from online retailers, specialist stores and international retailers. Ongoing lockdowns and restrictive measures have further hindered revenue in the past three years. However, growth seen in FY22 is reflective of a return to retail trade following easing of restrictions.

### 3. The economic profile of the Hygiene, Personal Care and Specialty Products industry

## Comparing industry turnover to other industries

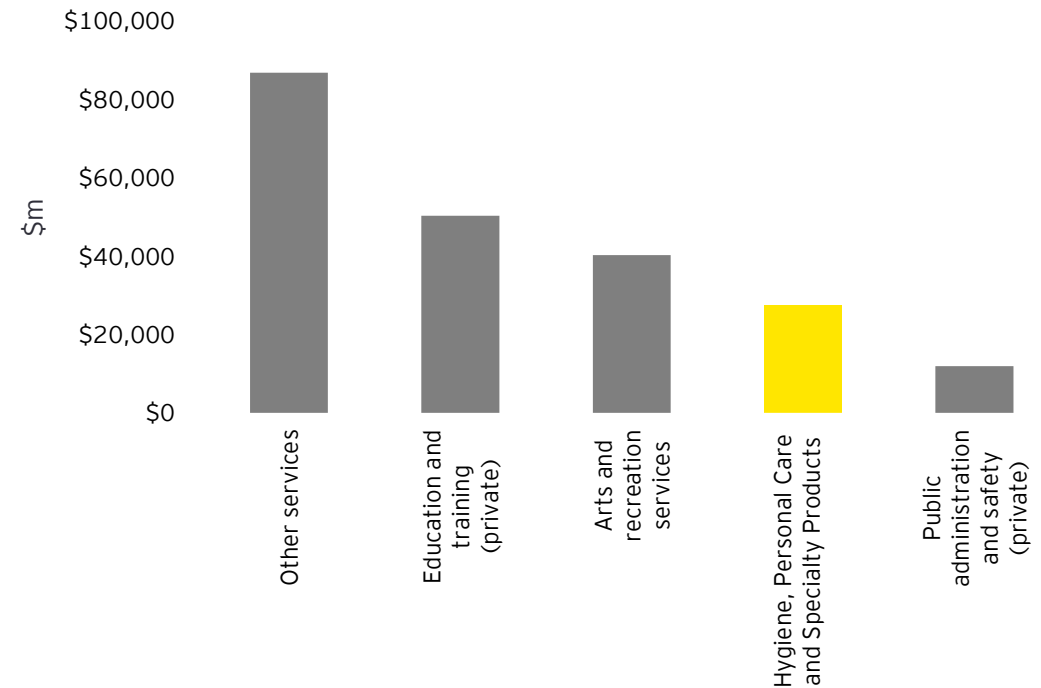
While the Hygiene, Personal Care and Specialty Products industry is not defined in its own right (its subsectors are categorised by the ABS as falling within the manufacturing, wholesaling, and retailing industries), its turnover is comparable to other industries within Australia indicating its importance to the economy.

It is noted that FY21 data is the most up to date industry size data for Australia and thus has been used for this analysis.

The Hygiene, Personal Care and Specialty Products industry value is reported as its absolute value, as such the values in the charts below cannot be added together to find the total value of the Australian economy as this would double count the Hygiene, Personal Care and Specialty Products industry's contribution to manufacturing, wholesaling, and retailing.

The chart to the right displays the 14<sup>th</sup>-18<sup>th</sup> largest industries in Australia. The largest industry was Wholesale Trade with a turnover of \$569.0bn in FY21. Key findings are:

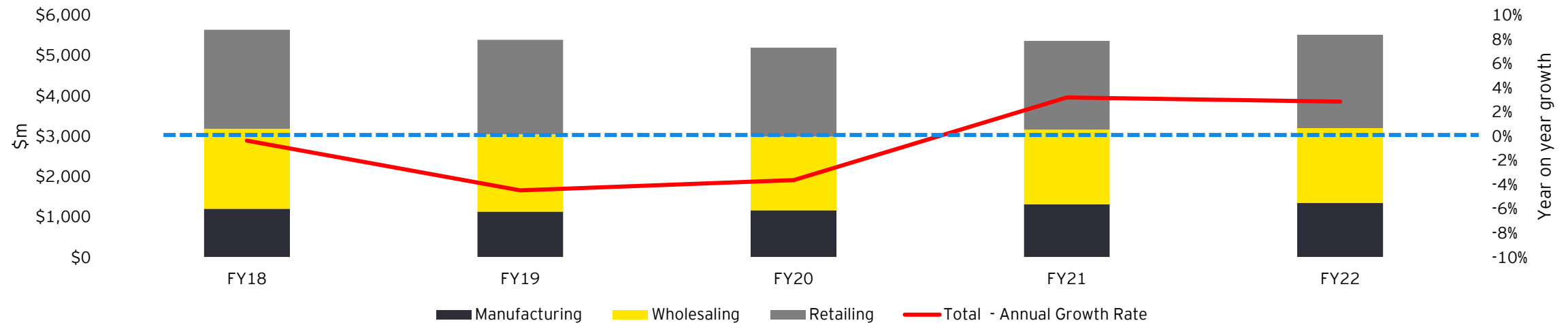
- ▶ In FY21, the Hygiene, Personal Care and Specialty Products industry was the 17<sup>th</sup> largest industry.
  - ▶ The Hygiene, Personal Care and Specialty Products industry was larger than Public Administration and Safety (private).
  - ▶ The Hygiene, Personal Care and Specialty Products industry was of comparable size to the Arts and Recreation Services.
  - ▶ The position of the industry has remained consistent since 2019 reporting.





### 3. The economic profile of the Hygiene, Personal Care and Specialty Products industry

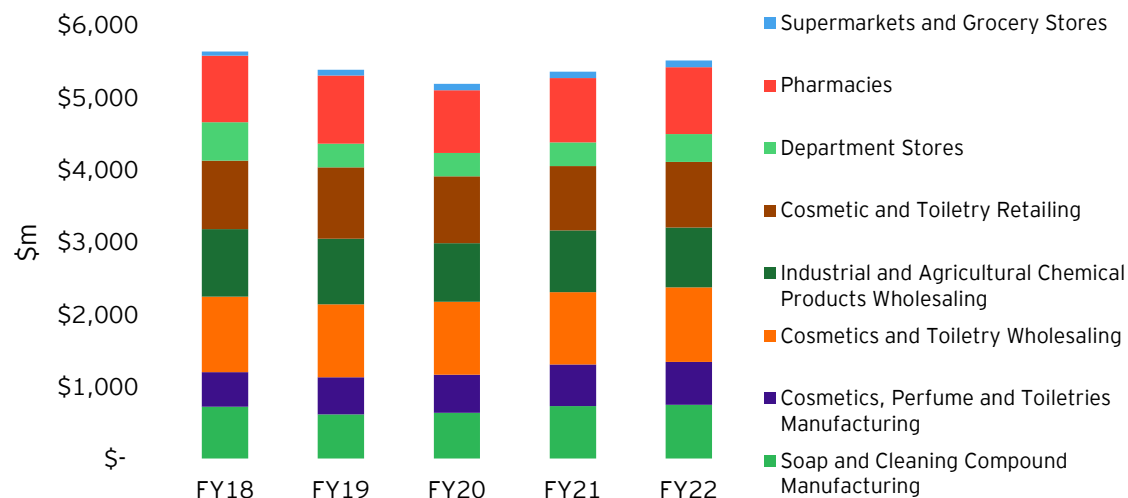
#### Industry Value Add - overview



- ▶ In FY22, the IVA was \$5.5bn. This was an increase of 2.9% on the FY21 IVA level, representing a increase of \$154.4m.
- ▶ The annual average growth rate between FY18 and FY22 in IVA was -0.5%. The annual growth rate since FY20 largely follows the same growth path as turnover. However unlike other economic indicators outlined in this report, IVA experienced a decrease in FY19 of 3.6%.
- ▶ Retailing has been the largest contributor to the Hygiene, Personal Care and Specialty Products industry's IVA contributing 41.9% of the total IVA in FY22. Retailing's contribution saw an increase of 5.2% between FY21 and FY22 showing its increasing contribution to IVA. Despite this, overall, it decreased 5.8% on FY18 levels.
- ▶ Wholesaling has contributed 33.6% of the Hygiene, Personal Care and Specialty Products industry's IVA in FY22. Wholesaling has remained a consistent contributor to IVA since FY18 growing on average 0.5% each year. In previous years the Wholesale component drove IVA growth, however the industry has declined 6.2% in the past five years.
- ▶ Manufacturing is the smallest contributor to the Hygiene, Personal Care and Specialty Products industry's IVA accounting for 24.5% of the industry's IVA in FY22, a 3.1% increase in contribution since FY18. Manufacturing drove the spike in IVA in FY21 with an annual growth rate of 12.1% on the FY20 level.
- ▶ The growth rate shows a decline in FY19 and then slow growth between FY19 to FY20, followed by a peak in FY21 growing 3.2% on the FY20 level. This is largely due to an increase in manufacturing's contribution to Hygiene, Personal Care and Specialty Products industry's IVA. Since FY21, IVA annual growth rate has declined slightly by 0.5%.
- ▶ When measuring IVA against turnover, for every \$1.00 of turnover there was \$0.68 of value added to the overall GDP by the Hygiene, Personal Care and Specialty Products industry in FY22. The ratio of IVA to turnover for the Retail industry in FY22 was \$0.22 for every \$1.00 of turnover, an average growth rate of 1.6% IVA was generated in the Retail industry, the most of all the contributing industries.

### 3. The economic profile of the Hygiene, Personal Care and Specialty Products industry

#### Industry Value Add - by subsector



	FY18	FY19	FY20	FY21	FY22
Soap and Cleaning Compound Manufacturing	-6.8%	-14.1%	3.5%	13.9%	2.9%
Cosmetics, Perfume and Toiletries Manufacturing	-7.6%	6.7%	2.5%	9.8%	3.0%
Cosmetics and Toiletry Wholesaling	4.9%	-3.4%	0.2%	-0.9%	2.8%
Industrial and Agricultural Chemical Products Wholesaling	13.7%	-2.7%	-10.8%	5.1%	-3.0%
Cosmetic and Toiletry Retailing	3.8%	4.1%	-6.0%	-3.6%	1.9%
Department Stores	14.6%	-37.9%	-2.7%	2.4%	17.6%
Pharmacies	-17.3%	2.4%	-7.7%	2.1%	3.9%
Supermarkets and Grocery Stores	3.7%	37.8%	9.8%	1.5%	5.1%

#### Subsector analysis

- ▶ Cosmetics and Toiletry Wholesaling has been the largest contributor to the Hygiene, Personal Care and Specialty Products industry's IVA in FY22. Contributing 18.6% of the total IVA over this period. Over the past five years Cosmetics and Toiletry Wholesaling has consistently been the largest contributing subsector.
- ▶ The Supermarkets and Grocery Stores subsector is the smallest contributor to IVA, contributing 1.7% of the total Hygiene, Personal Care and Specialty Products industry's IVA between FY21 and FY22. Despite this, the subsector was the fastest growing between FY18 and FY22 where the contribution to IVA increased from \$59m to \$95m.
- ▶ The Industrial and Agricultural Chemical Products Wholesaling subsector saw the largest decline in growth between FY21 and FY22, decreasing 3.0%.
- ▶ The manufacturing subsectors both saw consistent growth in recent years. From FY20 Soap and Cleaning Compound Manufacturing has grown 20.3% and, since seeing a decline in FY20, Cosmetics, Perfume and Toiletries Manufacturing has grown 21.9% in the past three financial years.

#### Commentary

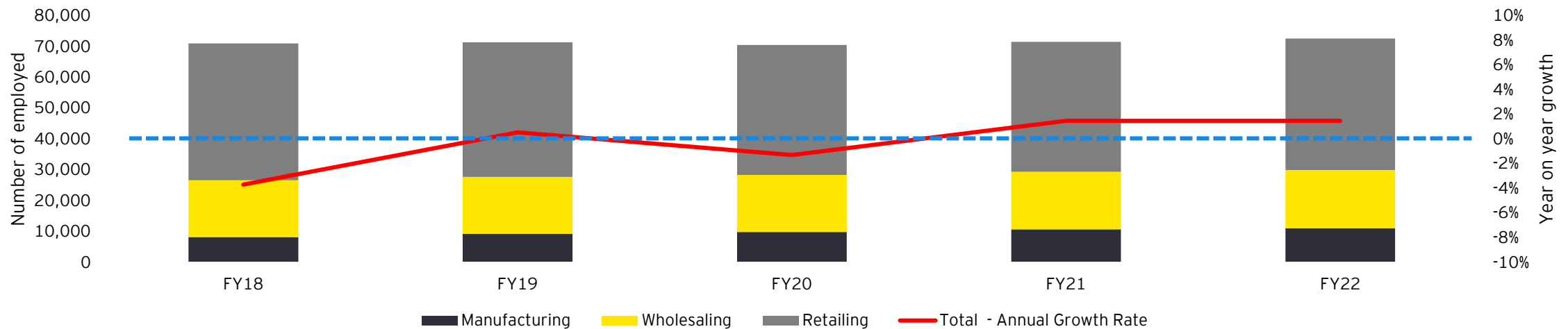
Industry IVA declined in FY20 reflecting the impact of COVID-19 on the economy. However, since then IVA has grown, with growth of 2.9% from FY21 to FY22. Over the last five years subsectors have experienced varying changes to IVA and this is particularly prominent in FY22. This reflects the different subsectors demand profiles and how they have been impacted by recent economic conditions.

The Hygiene, Personal Care and Specialty Products industry has not been as susceptible as other industries to broader economic fluctuations in response to COVID-19 and other global supply chain issues. This has largely been due to the industry's product base being comprised of necessities and every day goods (i.e. soap and dish wash) as well as substitute goods making it more resilient to price changes and supply chain disruptions.

IVA grew at a greater rate than turnover in FY22. This suggests that the industry may be transforming products to a greater degree or capturing a greater share of their value. For example, as can be seen above, higher growth in retailing subsectors, with more moderate growth in wholesaling and moderate growth or declines in wholesaling, suggests that there has been a greater share of products sold to consumers, enhancing IVA.

### 3. The economic profile of the Hygiene, Personal Care and Specialty Products industry

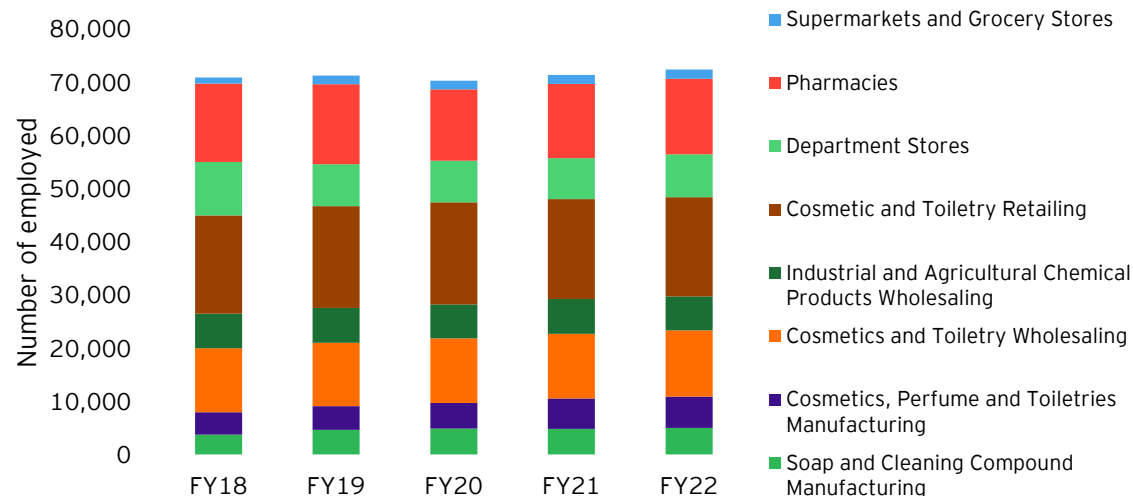
#### Employment - overview



- ▶ In FY22, the number of people employed in the Hygiene, Personal Care and Specialty Products industry was 72,585. This is an increase of 1.48% from FY21 representing a total increase of 1,056 jobs in the industry.
- ▶ The average year on year growth rate of employment in the Hygiene, Personal Care and Specialty Products industry was -0.3% between FY18 to FY22.
- ▶ Employment has remained relatively consistent compared to other industry factors such as turnover and IVA. However, the indicator follows the same shape and growth path as turnover and wages between FY18 and FY22.
- ▶ Retailing is the largest contributor to employment accounting for 58.8% of total employment in FY22 and has experienced 1.3% increase since FY21. Despite this over the past five years the retailing component has decreased by 3.9% consistent with the decline of industry turnover in the retailing sector and reduction in the number of businesses of 1.1%.
- ▶ Wholesaling is the second largest employer accounting for 26.0% of the industry's employment and has experienced 1.0% growth on the FY21 level and an average annual growth rate of 0.5% since FY18.
- ▶ Manufacturing is the smallest contributor to employment accounting for 15.3% of total industry employment and has experienced 3.1% growth on the FY21 employment level. Since FY18 the employment in manufacturing has increased by 35.8% alongside a 22.8% increase in the number of businesses contributing to the industry's rising contribution to the Hygiene, Personal Care and Specialty Products industry.
- ▶ When measuring employment against turnover, for every one person employed in the Hygiene, Personal Care and Specialty Products industry there was \$385,001 of turnover generated in FY21. The average employment to turnover measure across other one digit ANZSIC industries in FY21 was \$441,771. The Hygiene, Personal Care and Specialty Products industry is therefore more labour intensive relative to turnover compared to the average of other ANZSIC industries. It is noted that due to ABS data availability, FY21 data has been presented.

### 3. The economic profile of the Hygiene, Personal Care and Specialty Products industry

#### Employment - by subsector



	FY18	FY19	FY20	FY21	FY22
Soap and Cleaning Compound Manufacturing	-10.5%	23.2%	5.6%	-1.2%	3.2%
Cosmetics, Perfume and Toiletries Manufacturing	-13.2%	4.3%	7.7%	19.9%	3.0%
Cosmetics and Toiletry Wholesaling	-2.1%	-1.0%	1.9%	-0.1%	2.5%
Industrial and Agricultural Chemical Products Wholesaling	5.6%	1.5%	-3.0%	2.3%	-1.7%
Cosmetic and Toiletry Retailing	-2.4%	3.7%	0.6%	-2.2%	-0.9%
Department Stores	-3.4%	-21.4%	-0.8%	-1.6%	4.3%
Pharmacies	-5.8%	2.2%	-10.9%	3.7%	2.3%
Supermarkets and Grocery Stores	-0.3%	40.5%	1.7%	4.1%	3.0%

#### Subsector analysis

- ▶ The subsectors have collectively seen an increase in total employment since FY18 from 71,035 to 72,585 representing a 2.2% increase.
- ▶ Cosmetic and Toiletry Retailing is the largest employer in the Hygiene, Personal Care and Specialty Products industry, in FY22 it accounted for 25.7% of total employment. The subsector has seen small growth in employment since FY18 increasing by 1.2%.
- ▶ The Supermarkets and Grocery Stores subsector are the smallest contributor to the Hygiene, Personal Care and Specialty Products industry's employment, it accounts for only 2.4% of employment in FY22 but has seen consistent growth since FY18.
- ▶ Cosmetics and Toiletry Retailing and Industrial and Agricultural Chemical Products Wholesaling were the only two subsectors that experienced negative growth in the number of employees between FY21 and FY22. The remaining eight subsectors saw positive employment growth over this period.

#### Commentary

The Hygiene, Personal Care and Speciality Products industry subsectors have seen fluctuations in employment levels. This is particularly exhibited in the employment levels in the retailing subsectors including Supermarkets and Grocery Stores and Pharmacies, where it is likely that there are high levels of casual and seasonal employees. The retailing subsectors, Cosmetics and Toiletry Retailing and Department Stores, are also likely to have been impacted greatly from mandatory shutdowns and border closures as they are characterised by a high volume of non-essential retail businesses.

The manufacturing and wholesaling subsectors employment remained relatively constant in comparison to the retailing subsectors over the period. This suggests that there are higher numbers of permanent staff in these positions.

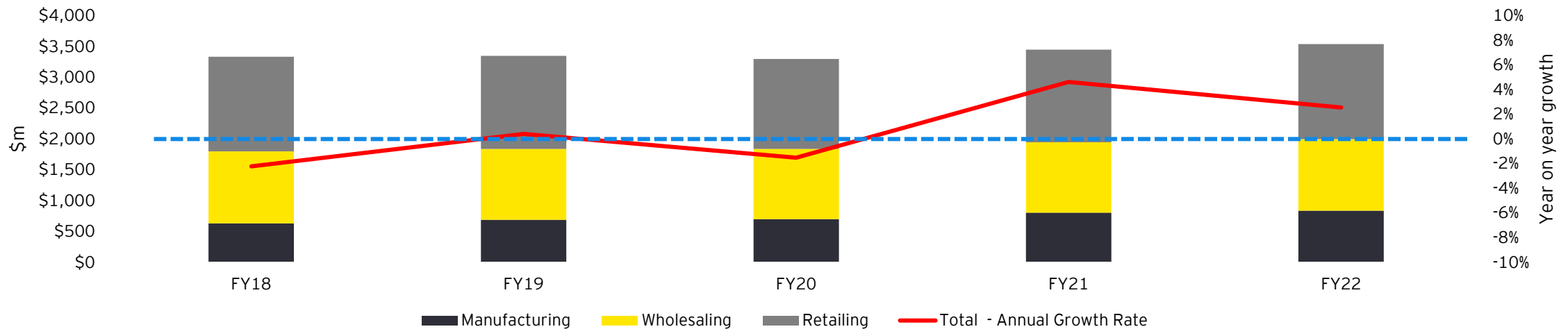
The decrease in employment in the Industrial and Agricultural Chemical Products Wholesaling subsector is consistent with the declining turnover and industry value add of the subsector. Research indicates that low profit margins have limited the number of new firms entering and operating in the market, as a result overall employment has decreased since FY18.<sup>1</sup>

<sup>1</sup> IBIS World, *Agricultural Chemical Products Wholesaling*, 2022.



### 3. The economic profile of the Hygiene, Personal Care and Specialty Products industry

#### Wages - overview

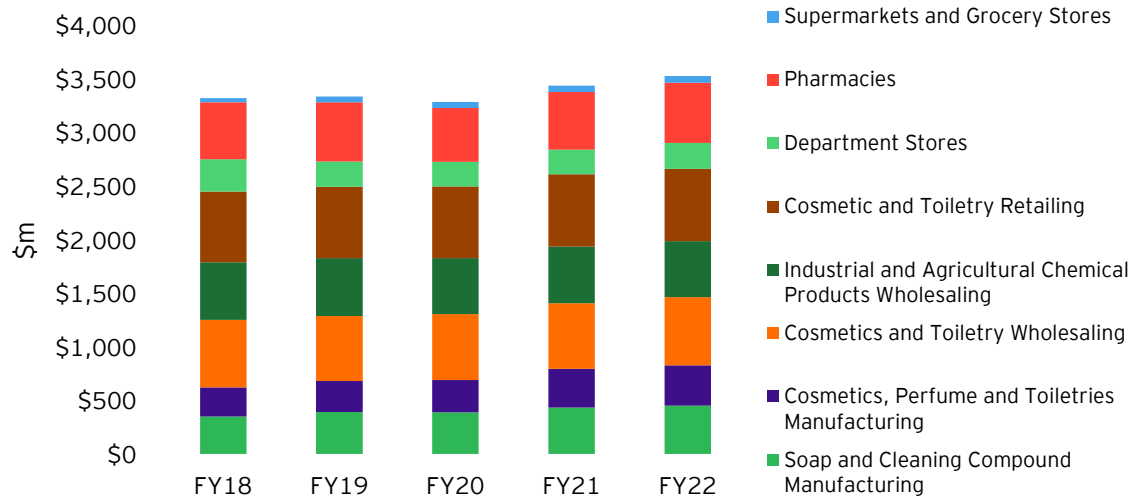


The gross total wages and salaries of all employees in the Hygiene, Personal Care and Specialty Products industry and additional benefits (bonuses, etc.) and on-boarding costs are included in this figure. Wage growth shows the contribution to the Australian economy from the worker income generated in the Hygiene, Personal Care and Specialty Products industry.

- ▶ **Total wages were \$3.5bn in FY22. This is an increase of \$0.9m from FY21 representing growth of 2.6%.**
- ▶ Over the past five years wages paid have increased 6.1% representing an increase of \$203.9m since FY18. This is most prominent in the manufacturing industry.
- ▶ The annual growth rate has fluctuated over the past five years experiencing a sharp increase from FY20 to FY21 of 4.6% followed by further growth in FY22 of 2.6%.
- ▶ The retailing sector is the largest contributor to the wage bill level accounting for 43.6% of the total wages paid in FY22, an increase of 2.6% from the previous year.
- ▶ Manufacturing was the largest driver of growth between FY21 and FY22; growing 4.2% from \$805m to \$839m over this time. Manufacturing was also the fastest growing sector in terms of wage growth over the past five years. The sector grew 32.8% over the five year period between FY18 and FY22.
- ▶ Wholesaling was the second largest contributor to the wage bill level accounting for 32.7% of the total wages paid in FY22. Year to year growth has fluctuated since FY18, growing on average 0.4% annually in the past five years. However, wages in this area have declined by 0.8% since FY18.
- ▶ Conversely, retailing saw annual decline of 0.7% on average over the five year period. This is consistent with broader industry trends of a decline in retailing, and employment effects from COVID-19 on the industry.
- ▶ In FY21 and FY22, wages in the Hygiene, Personal Care and Specialty Products industry have grown faster than the wage price index. Wages grew 4.6% and 2.6% respectively.

### 3. The economic profile of the Hygiene, Personal Care and Specialty Products industry

#### Wages - by subsector



	FY18	FY19	FY20	FY21	FY22
Soap and Cleaning Compound Manufacturing	-1.0%	11.6%	-0.6%	11.4%	4.0%
Cosmetics, Perfume and Toiletries Manufacturing	-11.9%	7.0%	4.0%	19.4%	4.4%
Cosmetics and Toiletry Wholesaling	1.6%	-4.2%	1.4%	-0.3%	4.0%
Industrial and Agricultural Chemical Products Wholesaling	4.5%	1.1%	-3.4%	1.4%	-1.7%
Cosmetic and Toiletry Retailing	-3.0%	0.6%	0.4%	0.9%	0.3%
Department Stores	-4.6%	-21.0%	-1.8%	-1.2%	5.9%
Pharmacies	-5.8%	3.0%	-8.8%	7.4%	4.0%
Supermarkets and Grocery Stores	-2.4%	41.2%	1.0%	6.3%	3.9%

#### Subsector analysis

- ▶ Cosmetics and Toiletry Retailing is the largest contributor to wages paid accounting for 19.1% of total wages paid in the industry for FY22. The subsector had an average wage of approximately \$36,300 per employee per annum which is the sixth highest average wage across the subsectors in FY22.
- ▶ The Department Stores subsector was the fastest growing subsector, with wages increasing 5.9% from FY21. This represents an increase of \$13.6m over the financial year. This is following consistent declines in wages since FY18.
- ▶ Soap and Cleaning Compound Manufacturing had the highest average wages of \$89,100 per annum across the subsectors. This is likely due to the high skill level requirements of occupations in this subsector.
- ▶ The manufacturing subsectors had the highest average wages, while the retailing subsectors had the lowest.

#### Commentary

The average annual wages by supply chain component in the Hygiene, Personal Care and Specialty Products industry in FY22 are detailed below:

- ▶ Manufacturing \$76,500,
- ▶ Wholesaling \$66,300, and
- ▶ Retailing \$35,300.

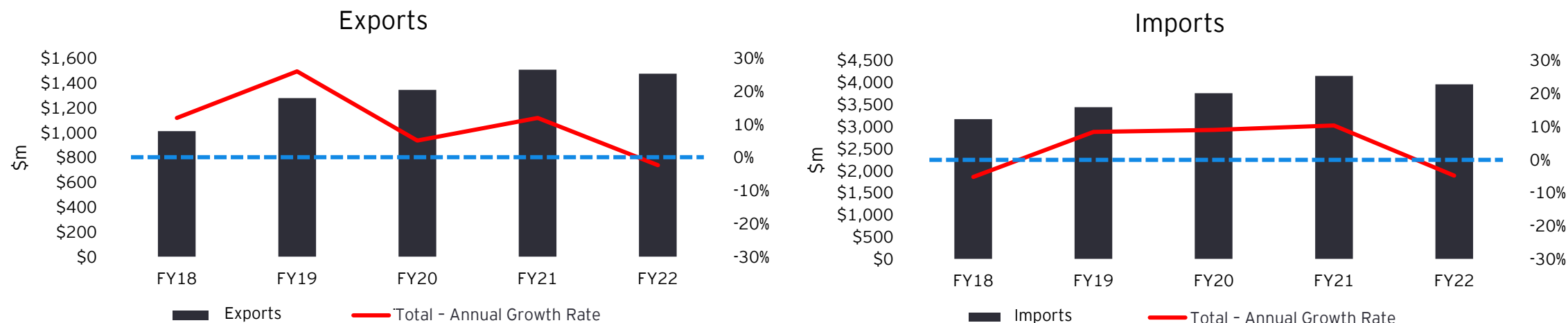
Average annual wages are indicative of the skill level required by an industry or occupation, the risk of physical harm and the nature of the employment contract (full time permanent versus casual).

The average wage was highest in manufacturing. This was likely due to the skills required for chemical manufacturing such as qualified chemists, plant operators, engineers and specialist tradespeople.

Retailing had the lowest average wage. This was likely due to the high number of part time and casual workers in this sector.

### 3. The economic profile of the Hygiene, Personal Care and Specialty Products industry

#### International Trade - overview

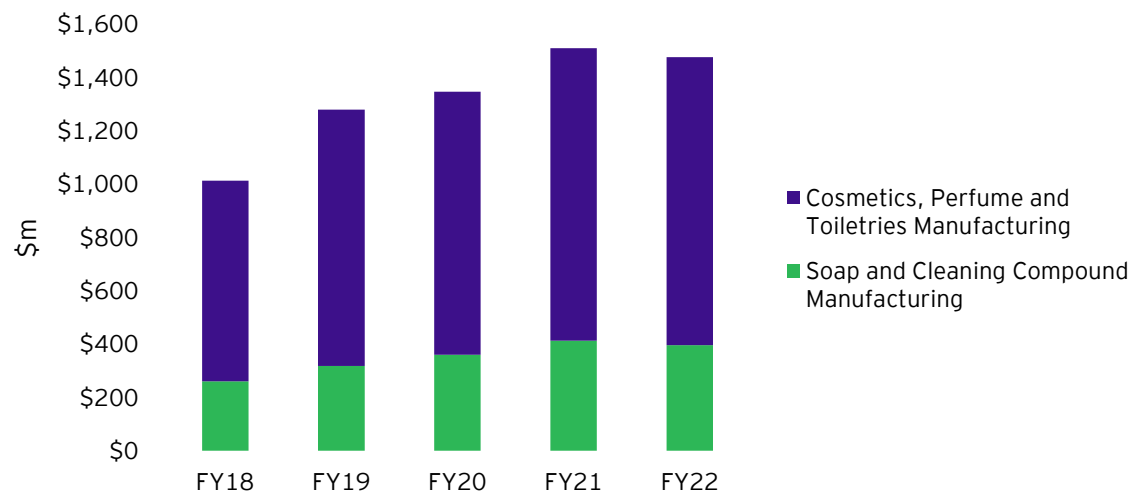


- ▶ The Hygiene, Personal Care and Specialty Products industry was a net importer of Hygiene, Personal Care and Specialty Products in FY22. The industry imported \$4.0bn and exported \$1.5bn in FY22. The industry had an export:import ratio of 0.37 in FY22. This means that for every \$1.00 of imports there were \$0.37 of exports.
- ▶ Imports saw consistent growth between FY18 and FY21. Alternatively, exports have seen an inconsistent growth pattern since FY18, however the rate of growth remained positive until FY21. Since, international trade has declined with both exports and imports falling in FY22.
- ▶ The annual growth rate in imports increased from FY18 till FY21, reaching 10.5% in FY21. The exports spiked growing by 26.2% in FY19 before falling by 5.2% in FY20 and then increasing again in FY21 by 12.1%. In FY22 following growth in trade, imports and exports fell by 4.7% and 2.2% respectively.
- ▶ Exports increased by 45.5% since FY18, increasing from \$1.0bn in FY18 to \$1.5bn in FY22.
- ▶ Imports increased 24.7% on FY18 levels increasing from \$3.2bn to \$4.0bn in FY22.
- ▶ Due to a statistical convention of the data collection process, the international trade figures are reported on the following pages at the total Hygiene, Personal Care and Specialty Products industry level. The products are grouped into two main categories; Soap and Cleaning Compounds and Cosmetics, Perfume and Toiletries.<sup>1</sup>
  - ▶ **Soap and Cleaning Compounds:** Dishwashing Products, Fertiliser, Herbicide and Pesticides, Fragrances, Glycerine, Household Care Products, Laundry Care Products, Other Products, Soap and Soap Based Products, Speciality Chemical Products, and Surface Care Products.
  - ▶ **Cosmetics, Perfume, and Toiletries:** Bath and Shower Products, Beauty, Make-Up and Skincare Products, Cosmetics, Perfume, and Fragrances, Hair Care Products, Make-up and Skincare Products, Men's Grooming Products, Oral Hygiene Products, Perfume and Fragrances, Personal Care Products, and Talcum Powders and Deodorants.

<sup>1</sup> The relevant product proportions for these products can be found on pages 48 and 49.

### 3. The economic profile of the Hygiene, Personal Care and Specialty Products industry

#### International Trade: exports - by subsector



	FY18	FY19	FY20	FY21	FY22
Soap and Cleaning Compounds	-1.4%	21.8%	12.9%	14.8%	-4.0%
Cosmetics, Perfume and Toiletries	17.7%	27.7%	2.7%	11.1%	-1.5%

**Soap and Cleaning Compounds<sup>1</sup>:** Dishwashing Products, Fertiliser, Herbicide and Pesticides, Fragrances, Glycerine, Household Care Products, Laundry Care Products, Other Products, Soap and Soap Based Products, Speciality Chemical Products, and Surface Care Products.

**Cosmetics, Perfume, and Toiletries:** Bath and Shower Products, Beauty, Make-Up and Skincare Products, Cosmetics, Perfume, and Fragrances, Hair Care Products, Make-up and Skincare Products, Men's Grooming Products, Oral Hygiene Products, Perfume and Fragrances, Personal Care Products, and Talcum Powders and Deodorants.

#### Subsector analysis

- ▶ Cosmetics, Perfume, and Toiletries were the largest exporter in the Hygiene, Personal Care and Specialty Products industry, accounting for 73.0% of total exports in FY22. The subsector exported \$1.1bn in FY22. This was a decrease of 1.5% on the FY21 level and an increase of 43.5% on the FY18 level. These growth rates represented a decrease of \$17m and an increase of \$327m respectively.
- ▶ Soap and Cleaning Compounds were the second largest exporter accounting for 27.0% of total Hygiene, Personal Care and Specialty Products industry exports in FY22. The subsector exported \$400m in FY22 a decrease of 4.0% on the FY21 level but an increase of 51.5% on the FY18 level. These represented a \$17m decrease and \$136m increase respectively.
- ▶ Export growth in the Soap and Cleaning Compounds subsector grew from FY18 spiking in FY21 before falling in FY22.

<sup>1</sup> The relevant product proportions for these products can be found on pages 49 and 50. Product proportions ensures the relevant products are counted e.g., that the domestic use and farm sanitiser component of the Fertiliser, Herbicide and Pesticides is counted rather than other unrelated products).

#### Commentary

Exports in both Soap and Cleaning Compounds and Cosmetics, Perfume and Toiletries declined in FY22. The growth rate fell below zero meaning that there was a reduction in the level of exporting occurring. Both subsectors had a slowing in the growth rate however this is following significant growth in exports from FY18 to FY21.

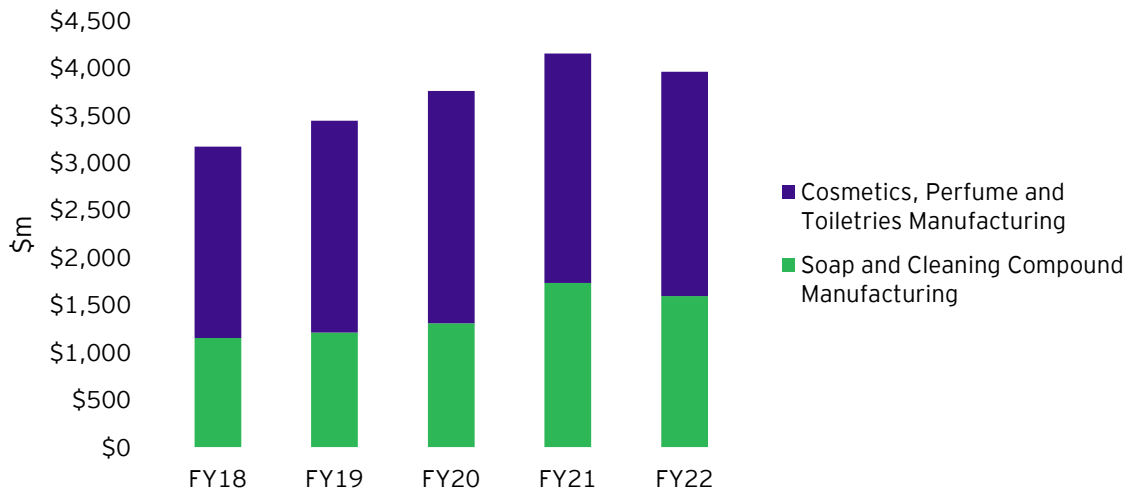
During the pandemic, supply chains were interrupted globally, placing strain on international trade. In FY22, supply chains have been further constrained by the Russia-Ukraine conflict. These disruptions may be resulting in reduced exports in the Hygiene, Personal Care and Specialty Products industry.

This decline in export growth may also be representative of higher domestic consumption. Given the industry has experienced an increase to overall turnover in FY22 and the characteristics of products in the industry (essential and substitutional goods), the reduction in exports and imports of these subsectors indicates that consumers are now consuming goods which would have previously been exported.



3. The economic profile of the Hygiene, Personal Care and Specialty Products industry

International Trade: imports - by subsector



	FY18	FY19	FY20	FY21	FY22
Soap and Cleaning Compounds	-2.5%	4.9%	8.0%	32.2%	-7.9%
Cosmetics, Perfume and Toiletries	-6.5%	10.6%	9.7%	-1.2%	-2.3%

**Soap and Cleaning Compounds<sup>1</sup>:** Dishwashing Products, Fertiliser, Herbicide and Pesticides, Fragrances, Glycerine, Household Care Products, Laundry Care Products, Other Products, Soap and Soap Based Products, Speciality Chemical Products, and Surface Care Products.

**Cosmetics, Perfume, and Toiletries:** Bath and Shower Products, Beauty, Make-Up and Skincare Products, Cosmetics, Perfume, and Fragrances, Hair Care Products, Make-up and Skincare Products, Men's Grooming Products, Oral Hygiene Products, Perfume and Fragrances, Personal Care Products, and Talcum Powders and Deodorants.

Subsector analysis

- ▶ Cosmetics, Perfume, and Toiletries were the largest importer in the Hygiene, Personal Care and Specialty Products industry. The subsector imported \$2.4bn in FY22. This was a decrease of 2.3% on the FY21 level but an increase of 17.2% on the FY18 level. This represents a decrease of \$56m and an increase of \$346m respectively. This subsector accounted for 59.6% of total exports in the Hygiene, Personal Care and Specialty Products industry in FY22.
- ▶ Soap and Cleaning Compounds were the second largest importer accounting for an average of 40.4% of total Hygiene, Personal Care and Specialty Products industry imports in FY22. The subsector imported \$1.6bn in FY22, a decrease of 7.9% on the FY21 level and an increase of 37.9% on the FY18 level. This represents a decrease of \$138m and an increase of \$440m respectively.
- ▶ Both subsectors experienced import growth from FY18 to FY20. In FY21 imports in the Cosmetics, Perfume and Toiletries subsector then began declining while the Soap and Cleaning experienced high growth (32,3%). In FY22 both subsectors have declined.

Commentary

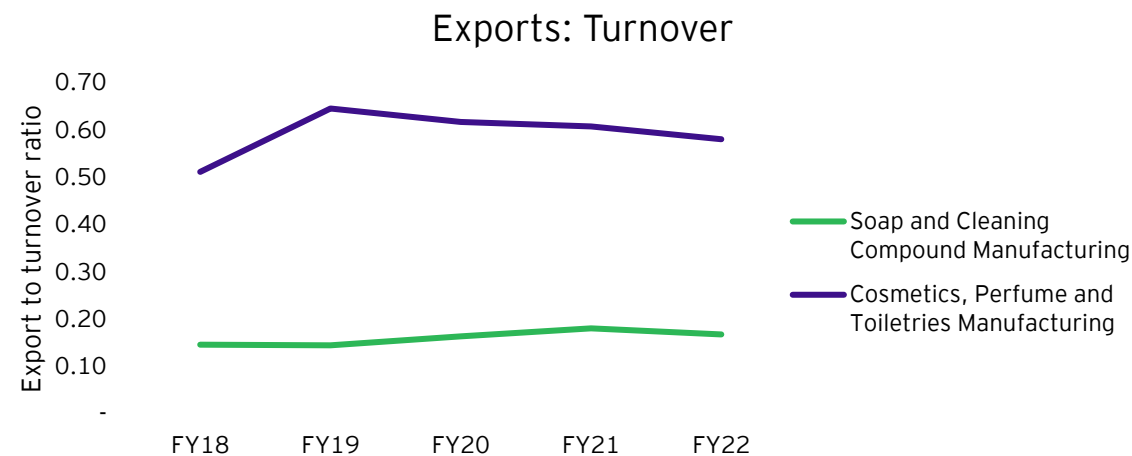
Similar to exports, imports in the Hygiene, Personal Care and Specialty Products industry saw growth from FY18 to FY21, followed by a decline in FY22. The decline in international trade in FY22, can be in part be contributed to ongoing supply chain disruptions initiated by COVID-19. Supply chain bottlenecks occurring throughout FY21 may be reflected in FY22 data as importers and exporters seek to balance order books and backlogs. Volatile international conditions have further contributed to major disruptions to global markets with the effect being higher prices of some intermediate goods.

Imports in the Soap and Cleaning Compounds and Cosmetics, Perfume and Toiletries subsectors fell in FY22. This was more evident in the Soap and Cleaning Compounds industry which decreased by 7.9%. This reduction in the subsector indicates a return to trend from the large spike seen in FY21 where imports increased from \$1.3m in FY20 to 1.7m in FY21. This spike was likely due to the increased requirements from COVID-19 for outputs from Soap and Cleaning Compound Manufacturing.



### 3. The economic profile of the Hygiene, Personal Care and Specialty Products industry

#### International Trade: comparing exports, imports and turnover



#### Subsector analysis

- ▶ The export to import ratio was 0.25 in the Soap and Cleaning Compound subsector in FY22. This means that for every \$1.00 of imports there were \$0.25 of exports. This was an increase of 4.3% from 0.24 in FY21.
- ▶ Cosmetic, Perfume, and Toiletries had an export to import ratio of 0.46 in FY22. This was an increase of 0.8% from 0.45 in FY21.
- ▶ The export to turnover ratio was 0.17 in the Soap and Cleaning Compounds in FY22. This means that for every \$1.00 of turnover there was \$0.17 of exports. This was a decrease of 7.0% from 0.18 in FY21.
- ▶ Cosmetic, Perfume, and Toiletries had an export to turnover ratio of 0.58 in FY22. This was a decrease of 4.4% from 0.61 in FY21.
- ▶ Both subsectors saw increases in both ratios over the past five years.

#### Commentary

Soap and Cleaning Compounds saw an increase in the exports:imports and decrease in the exports:turnover in FY22. Likewise, the Cosmetic, Perfume, and Toiletries subsector saw an increase in the export:import ratio and a decrease in the export:turnover ratio in FY22. This shows that exports increased as a proportion of trade but decreased compared to total industry activity.

The increase import:export ratios shows that imports fell more than exports in both the subsectors. This is likely in response to the supply chain bottlenecks experienced globally interrupting distribution of goods to Australia. This implies a movement towards consuming domestically produced goods instead of importing the products.

The export:turnover ratios indicate a reduction in exports relative to turnover. Again, this demonstrates that there has been increased domestic consumption. As discussed above, this is likely a result of the global disruption to supply chains. It may also reflect increasing preferences for locally produced products and a willingness of consumers to support local businesses during the COVID-19 pandemic.

#### 4. The economic contribution of the Hygiene, Personal Care and Specialty Products industry





## 4. The economic contribution of the Hygiene, Personal Care and Specialty Products industry

### Understanding economic contribution

Input Output modelling is a method of identifying the direct and flow on effects of industry spending in an economy. This can also be used to identify the interlinkages between industries by examining the size of the flow on effects of employment or spending in a given industry.

The Hygiene, Personal Care and Specialty Products industry sits across all stages of the supply chain (e.g., manufacturing, wholesaling and retailing). The industry has upstream and downstream links to many of the industries in the Australian economy. These links can be identified using Input Output modelling.

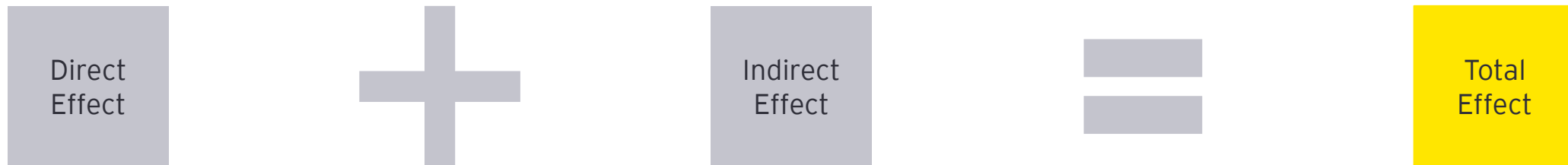
Input Output modelling captures both the direct impact of an industry as well as the flow on impacts.

1. Direct effect - the industry turnover, industry value add and the number of people directly employed by the Hygiene, Personal Care and Specialty Products industry.
2. Indirect (flow-on) effect - the impacts in the remainder of the economy as a result of the direct activity in the Hygiene, Personal Care and Specialty Products industry e.g. the number of people or the amount of revenue generated in other industries as a result of employment or spending in the Hygiene, Personal Care and Specialty Products industry.

The indirect effect can be broken down into two separate effects:

- Supply chain effect - this is an increase in industry activity as the result of employment and spending in the Hygiene, Personal Care and Specialty Products industry. Every new employee in the industry requires a certain number of resources in order to perform their duties. For example, a bricklayer can not do their job without bricks. For each additional person employed as a bricklayer, more bricks are needed. This requires increases in manufacturing, wholesaling, and transport activity as the additional bricks must be produced, sold, and transported to the new bricklayer.
- Consumption effect - this is the increase in economic activity as a result of household consumption induced by the Hygiene, Personal Care and Specialty Products industry. For example, if the industry employs an individual, this individual has a salary which will be spent or saved. If the employee spends this salary on groceries, there will be an increase in the revenue of the retailing sector. However, if this person does not spend all their salary on groceries, it will be divided amongst other industries instead.

The sum of the direct and indirect effects yield the total impact of spending or employment in the Hygiene, Personal Care and Specialty Products industry.





4. The economic contribution of the Hygiene, Personal Care and Specialty Products industry

Economic contribution methodology

Input Output modelling relies on a series of multipliers to determine the value of the direct and indirect effects of employment or spending in an industry. These multipliers are produced by an economic impact software called REMPLAN. REMPLAN calculates these multipliers based on ABS data using their own calculation method.

REMPAN uses it’s core data set which are based on ABS national accounts figures of the Australian economy and the latest Census data, to calculate the Input Output multipliers. REMPLAN’s key advantage over other Input Output models or “off-the shelf multipliers” is that it can be region specific.

Industry interlinkages are calculated at a granular level of industry activity. Activity is modelled at the four digit ANZSIC level, ANZSIC is used by the ABS and other government bodies as a way of identifying industries.

To calculate the values of these multipliers for a given industry, these four digit ANZSIC industries must be grouped into a defined industry. In this case, the four digit industries included can be found on slides 17 and 18 in the industry definition section. This grouping is then used to calculate the remaining multipliers using REMPLAN software. The total Hygiene, Personal Care and Specialty Products industry employment turnover and IVA figures were then used to find the direct and flow on impacts of the industry in the Australian economy.

An important limitation of input-output analyses such as this is that they do not consider capacity constraints in the economy (e.g. full employment). Such constraints limit the extent to which economic impacts can increase in a linear fashion with changes in demand. The alternative Computable General Equilibrium (CGE) approach addresses some of these issues, although the nature and scale of this project did not warrant the use of a detailed CGE analysis at this time.

114 Input Coefficients										
Boiling (Demand) Sectors										
	Sheep, Goats, Beef & Dairy Cattle	Poultry & Other Livestock	Other Agriculture	Aquaculture	Forestry & Logging	Fishing, Hunting & Trapping	Agriculture, Forestry & Fishing Support Services	Coal Mining	Oil & Gas Extraction	Iron Ore Mining
Sheep, Goats, Beef & Dairy Cattle	0.0982	0.0284	0.0130	0.0002	0.0000	0.0001	0.0010	0.0000	0.0000	0.0000
Poultry & Other Livestock	0.0020	0.0144	0.0040	0.0000	0.0000	0.0027	0.0001	0.0000	0.0000	0.0000
Other Agriculture	0.0485	0.0382	0.0242	0.0001	0.0000	0.0000	0.0246	0.0000	0.0000	0.0000
Aquaculture	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Forestry & Logging	0.0008	0.0014	0.0005	0.0006	0.0781	0.0001	0.0008	0.0002	0.0001	0.0000
Fishing, Hunting & Trapping	0.0008	0.0008	0.0004	0.0001	0.0002	0.0043	0.0001	0.0001	0.0002	0.0002
Agriculture, Forestry & Fishing Support Services	0.0645	0.0156	0.0591	0.0128	0.1286	0.0509	0.0321	0.0009	0.0001	0.0012
Coal Mining	0.0008	0.0004	0.0008	0.0002	0.0000	0.0002	0.0003	0.0339	0.0040	0.0131
Oil & Gas Extraction	0.0006	0.0002	0.0004	0.0009	0.0001	0.0003	0.0123	0.0047	0.0064	0.0083
Iron Ore Mining	0.0011	0.0005	0.0006	0.0005	0.0000	0.0006	0.0009	0.0017	0.0010	0.0009
Non Ferrous Metal Mining	0.0002	0.0001	0.0001	0.0001	0.0000	0.0001	0.0001	0.0008	0.0005	0.0017
Non Metallic Mineral Mining	0.0002	0.0001	0.0002	0.0001	0.0000	0.0001	0.0001	0.0011	0.0005	0.0006
Exploration & Mining Support Services	0.0003	0.0001	0.0001	0.0001	0.0000	0.0001	0.0001	0.0298	0.0034	0.0115
Meat & Meat Product Manufacturing	0.0044	0.0091	0.0001	0.0034	0.0000	0.0007	0.0008	0.0001	0.0000	0.0001
Processed Seafood Manufacturing	0.0000	0.0000	0.0000	0.0063	0.0000	0.0017	0.0006	0.0001	0.0000	0.0001
Dairy Product Manufacturing	0.0015	0.0025	0.0001	0.0001	0.0000	0.0000	0.0001	0.0000	0.0001	0.0000
Fruit & Vegetable Product Manufacturing	0.0001	0.0001	0.0001	0.0011	0.0000	0.0004	0.0004	0.0000	0.0001	0.0000
Crisp & Paste Manufacturing	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

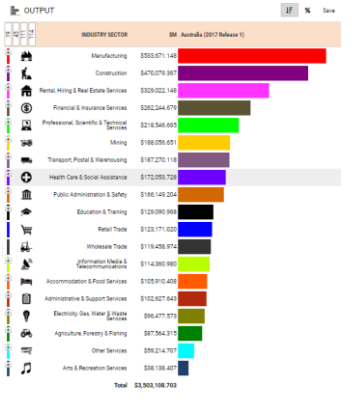
Input coefficients

Output	Direct Change Value	Direct Change Output (\$M)	Direct Effect (\$M)	Spillover Effect (\$M)	Government Effect (\$M)	Total (\$M)
Accord's Industry		\$1,000	\$1,000	\$0.547	\$0.107	\$1,154
Agriculture, Forestry & Fishing			\$0.022	\$0.023	\$0.047	
Mining			\$0.020	\$0.008	\$0.028	
Manufacturing			\$0.086	\$0.129	\$0.215	
Electricity, Gas, Water & Waste Services			\$0.027	\$0.032	\$0.060	
Construction			\$0.040	\$0.024	\$0.064	
Accommodation & Food Services			\$0.012	\$0.034	\$0.046	
Transport, Postal & Information Media & Communications			\$0.078	\$0.056	\$0.134	
Financial & Insurance Services			\$0.040	\$0.039	\$0.080	
Retail, Hiring & Real Estate Services			\$0.086	\$0.122	\$0.188	
Professional, Scientific & Technical Services			\$0.110	\$0.047	\$0.157	
Administration & Support Services			\$0.046	\$0.028	\$0.074	
Public Administration & Safety			\$0.039	\$0.006	\$0.019	
Education & Training			\$0.002	\$0.034	\$0.036	
Health Care & Social Assistance			\$0.001	\$0.044	\$0.045	
Arts & Recreation Services			\$0.003	\$0.018	\$0.021	
Other Services			\$0.014	\$0.029	\$0.043	
TOTAL	\$1,000	\$1,000	\$0.702	\$0.961	\$2.713	
Multiplier			1.702	2.713		

Impact multipliers

Impact GDP Report			
GDP Expenditure Method	Before \$M	Impact \$M	Change %
Household Consumption	\$1,093,123.129	\$1,093,124.181	0.00%
Government Consumption	\$350,644.402	\$350,644.491	0.00%
Private Gross Fixed Capital Expenditure	\$430,006.907	\$430,007.060	0.00%
Public Gross Fixed Capital Expenditure	\$85,922.197	\$85,922.225	0.00%
Gross Domestic Expenses	\$1,959,696.635	\$1,959,697.957	0.00%
plus Exports	\$435,700.658	\$435,700.885	0.00%
minus Domestic Imports	-\$346,495.377	\$0.000	-100.00%
minus Overseas Imports	-\$294,177.915	-\$640,673.519	117.78%
balancing item	\$0.000	\$0.067	
GDP	\$1,754,724.000	\$1,754,725.389	
Population	23,356,682		
Per Capita GDP (\$'000)	\$75.127	\$75.127	0.00%

Total economy effect



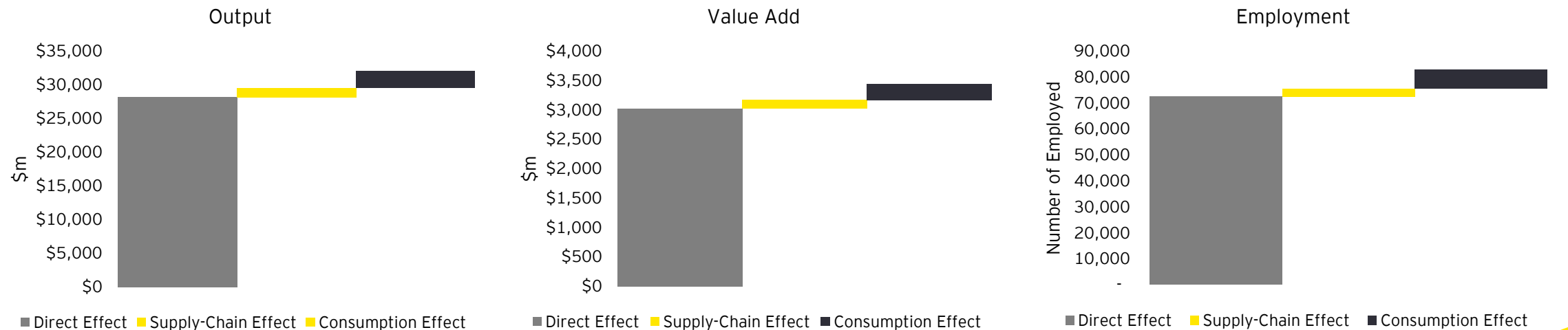
Total effect by one digit ANZSIC industry



## 4. The economic contribution of the Hygiene, Personal Care and Specialty Products industry

### Economic contribution of the industry in FY22

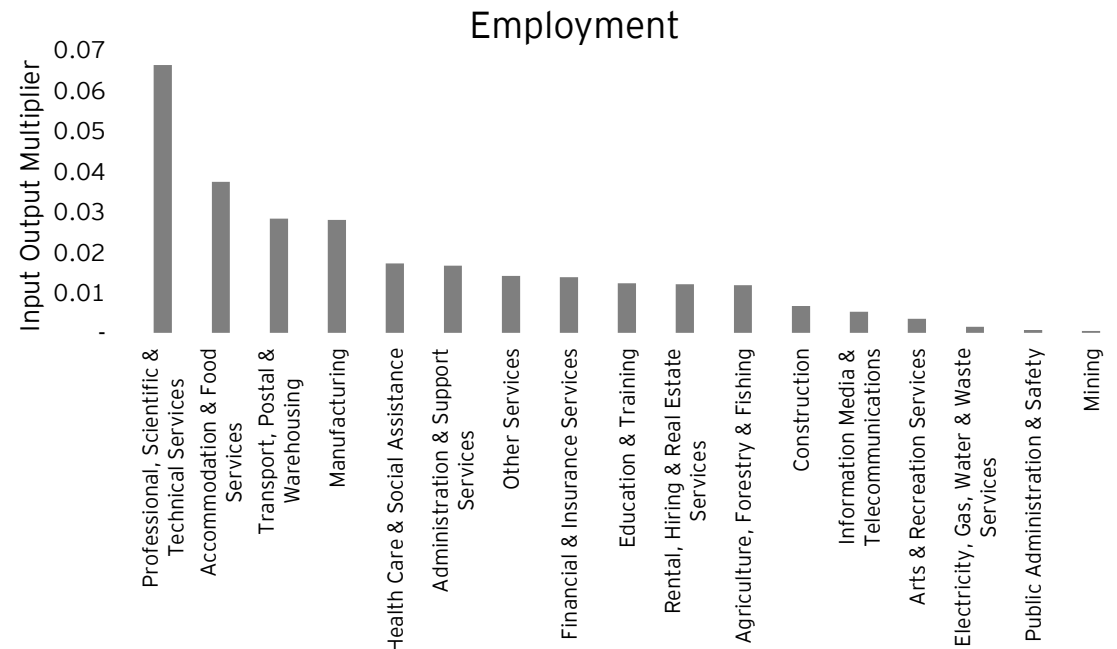
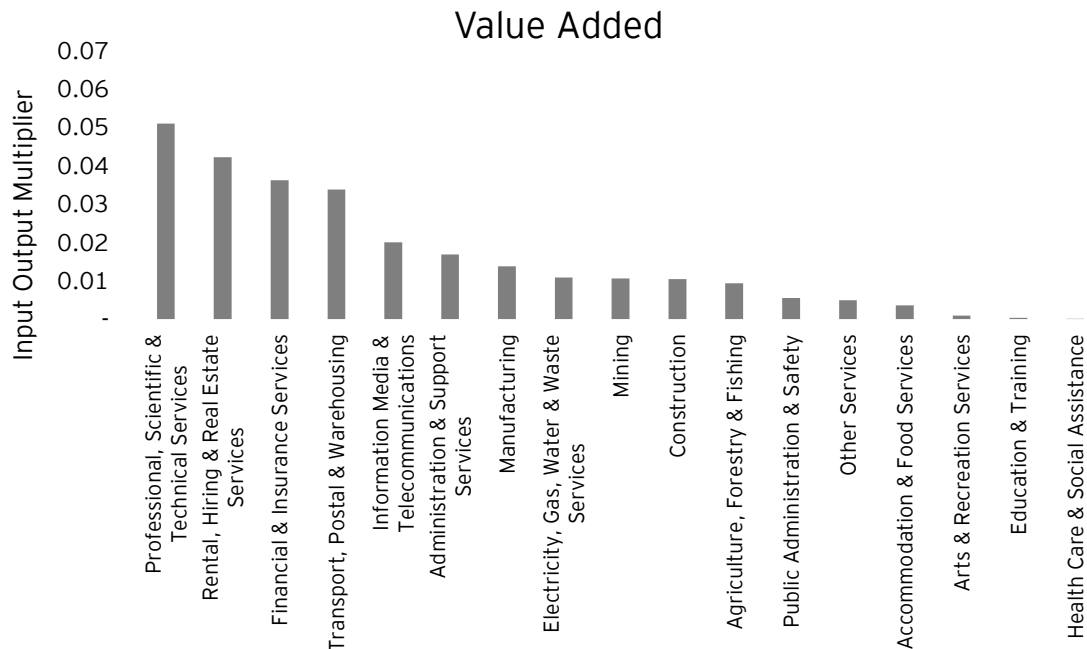
- ▶ The subsectors within the Hygiene, Personal Care and Specialty Products industry sit across the supply chain and have direct effects on the supply chain as the industry provides inputs and outputs at different stages along its own supply chain. As a result of defining the industry in this way, a variety of supply chain linkages are already captured in the economic indicator analysis and the additional contribution of the industry is not as large as if only one element of the supply chain was assessed.
- ▶ As an example, in a hypothetical industry that is comprised of wholesaling, there will be strong linkages to manufacturing subsectors upstream (as a result of use of inputs) and to retailing subsectors downstream (as a result of the sale of products to consumers). The supply chain effect on direct employment in the hypothetical wholesaling industry would be much larger than the supply chain effect for an industry that sits across the supply chain.
- ▶ In FY22, the Hygiene, Personal Care and Specialty Products industry generated \$28.2bn of turnover. This led to an additional \$3.9bn of turnover in upstream and downstream industries. Turnover has a multiplier of 0.14, which means that for every \$1.00 of turnover \$0.14 is generated in upstream and downstream industries. This turnover effect is generated through increased demand for inputs and outputs of production and increased consumption by people working in the Hygiene, Personal Care and Specialty Products industry.
- ▶ The IVA of the Hygiene, Personal Care and Specialty Products industry was \$3.0bn in FY22. This led to a supply chain impact of \$145m and a consumption impact of \$274m. IVA has a multiplier of 0.14, which means that for every \$1.00 of IVA \$0.14 is generated in upstream and downstream industries.
- ▶ The employment contribution gives an indication of the volume of people that were employed as a result of the existence of the Hygiene, Personal Care and Specialty Products industry. In FY22 the Hygiene, Personal Care and Specialty Products industry employed 72,585 people and as a result of this employment a further 3,037 people were employed in industries to support the supply chain of the Hygiene, Personal Care and Specialty Products industry. A further 7,285 people were employed in industries outside of the defined industry as a result of increased consumption by the industry's employees.



## 4. The economic contribution of the Hygiene, Personal Care and Specialty Products industry

### Supply-Chain effect multipliers in FY22

- ▶ The charts present the supply chain effect multipliers for the Hygiene, Personal Care and Specialty Products industry for both employment and IVA in FY22.
- ▶ A higher multiplier implies a stronger relationship between the relevant industry and the Hygiene, Personal Care and Specialty Products industry. Employment and IVA have different multiplier rankings due to the differences in resource requirements and the impact of the industry's production.
- ▶ IVA multipliers in the Professional Scientific and Technical Services, Rental, Hiring and Real Estate Services, and Financial and Insurance Services have the strongest linkages to the Hygiene, Personal Care and Specialty Products industry in FY22. This means that for every \$1.00 of value added to the economy by the Hygiene, Personal Care and Specialty Products industry, there are corresponding increases of between \$0.04 and \$0.05 in these industries' IVA.
- ▶ Employment multipliers in the Professional Scientific and Technical Services, Accommodation and Food Services, Transport, Postal and Warehousing and Manufacturing have the strongest linkages to the Hygiene, Personal Care and Specialty Products industry in FY22. This means that for every one person employed in the Hygiene, Personal Care and Specialty Products industry, there are corresponding increases of between 0.03 and 0.07 employees in these industries.
- ▶ The Hygiene, Personal Care and Specialty Products industry has strongest linkages to the Professional Scientific and Technical Services industry in both employment and IVA suggesting that the two industries are relatively more intertwined than other one digit ANZSIC industries.



# Appendices



## Project methodology

The methodology consisted of three main phases which are detailed below. Noting that the industry definition was undertaken in collaboration with Accord in 2019 and has been utilised for this report.

Phase 1		Phase 2		Phase 3				
Data collection		Data analysis		Economic contribution		Reporting		
Key activities	<ul style="list-style-type: none"><li>▶ Compile list of assumptions to be used in the modelling.</li><li>▶ Collection of data for key economic indicators (REMPAN, ABS, IBISWorld, Industry stakeholders and Accord survey data, etc.).</li><li>▶ Data was collected on employment, turnover, industry value add, number of businesses, trade, industry inter-linkages, size and scale of businesses, investment, and R&amp;D activity.</li></ul>		<ul style="list-style-type: none"><li>▶ Undertake industry economic analysis including industry interlinkages.</li><li>▶ Undertake trend analysis to capture industry performance.</li></ul>		<ul style="list-style-type: none"><li>▶ Undertake economic contribution analysis to capture economic value add.</li><li>▶ Complete qualitative case studies into key supporting (upstream downstream) industries.</li></ul>		<ul style="list-style-type: none"><li>▶ Draft report combining both industry economic analysis and trend analysis submitted to Accord for review and feedback.</li><li>▶ Final report written incorporating comments from Accord.</li></ul>	
	<ul style="list-style-type: none"><li>▶ Complete data book for economic performance.</li><li>▶ Data for economic contribution and supply chain links collected.</li><li>▶ Confirmed assumptions list.</li></ul>		<ul style="list-style-type: none"><li>▶ Industry economic analysis.</li><li>▶ Trend analysis.</li></ul>		<ul style="list-style-type: none"><li>▶ Industry value add analysis.</li><li>▶ Supporting case studies.</li></ul>		<ul style="list-style-type: none"><li>▶ Draft report.</li><li>▶ Final report.</li></ul>	



## Glossary

Term	Definition
<b>Hygiene, Personal Care and Specialty Products industry</b>	The manufacturing, wholesaling, and retailing components of the Hygiene, Personal Care and Specialty Products supply chain in Australia.
<b>Australia New Zealand Standard Industry Classification</b>	Australia New Zealand Standard Industry Classification (ANZSIC) is a well recognised method of classifying industries. There are six levels of granularity beginning at one digit (least granular) and ending at six digit (most granular). Most Australian Bureau of Statistics (ABS) and IBISWorld productions are at either the one or four digit level.
<b>Business</b>	A division that is separately managed and keeps management accounts. Each business consists of one or more establishments that are under common ownership or control.
<b>Employment</b>	The number of permanent, part-time, temporary and casual employees, working proprietors, partners, managers and executives within the industry.
<b>Gross Domestic Product</b>	Gross Domestic Product (GDP) is the total value of goods produced and services provided in a country during one year.
<b>Industry Value Add</b>	<p>The market value of goods and services produced by the industry minus the cost of goods and services used in production. Industry Value Add (IVA) is also described as the industry's contribution to Gross Domestic Product, or profit plus wages and depreciation.</p> <p>IVA isolates the additional value added to the Australian economy by an industry. It does this by removing the value of inputs into the industry's production.</p>
<b>International Trade</b>	The local currency value of importing and exporting activity occurring in an industry or subsector.
<b>Turnover</b>	<p>The total sales of industry goods and services (exclusive of excise and sales tax); subsidies on production; all other operating income from outside the business (such as commission income, repair and service income, and rent, leasing and hiring income); and capital work done by rental or lease. Receipts from interest royalties, dividends and the sale of fixed tangible assets are excluded.</p> <p>Turnover captures the price of inputs in the value of the goods sold by an industry. This does not double count the turnover of each industry as the cash inflow to each industry is separate from the preceding and following industries.</p>

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Note on sources: Historical data sets

IBISWorld and ABS periodically update their historical data. As such historical data used in the 2019 report has been updated by both sources. This may cause some historically reported figures and calculations in the 2022 report to differ slightly from previously reported figures to Accord.

- ▶ IBISWorld: the 2022 report uses data collected (including historical) from the most recent 2022 IBISWorld releases. IBISWorld notes that historical revisions and other updates reflect any market changes not previously captured due to some lags in receiving some inputs for its reports.
- ▶ ABS: the 2022 report uses data has been collected (including historical) from the most recent 2022 ABS releases. ABS note that any historical revisions are due to better estimations being made available.

Furthermore, the 2022 report uses data collected from Retail World in 2019. Outlined on page 22, historical Retail World data provided by Accord in 2019 has been used for this report due to limitations of more recent data.



## Assumptions table

The following product categories were identified as being important to the value of the Hygiene, Personal Care and Specialty Products industry. However, proportions were unavailable from IBISWorld. The approaches used are detailed in the table below.

Model Item	Assumption	Source	Methodology applied
Other Product Category - Grocery Retail, defined as Supermarkets and Grocery Stores	3%	Retail World data and IBISWorld Turnover figures	<p>IBISWorld data does not have a sufficient product break-up of the "Other Product Category" in relation to grocery retailing to identify the proportion of this category which should be attributable to the Hygiene, Personal Care and Specialty Products industry.</p> <p>Retail World data contains an equivalent categorisation of turnover for Toiletries and Cosmetics as IBISWorld. However, since these are different data sources, the total values are different.</p> <p>To account for these differences a scaling factor was identified to ensure that the total value of this data set is the same as the total value of the IBISWorld data set. To do this, the proportional difference between turnover in the Retail World category and the IBISWorld category in FY18 were compared and the scaling factor calculated. As data is now reported differently in Retail World, these proportions are assumed static at FY18 values (detailed in the 2019 Report).</p> <p>Then using this multiplier, the remaining Retail World turnover figures were scaled to meet IBISWorld levels.</p> <p>The next step entailed identifying the proportion of Retail World turnover attributable to the "Other products". The proportion of Grocery Retail turnover attributable to the Hygiene, Personal Care and Specialty Products industry was found to be 3% in FY18.</p> <p>This assumption was then applied to the "Other Product Category - Grocery Retail" IBISWorld data to ensure the appropriate proportion of the IBISWorld category was include in the economic indicator calculations. It is noted that the turnover proportion was used as a proxy in calculating all economic indicators.</p>
Other Product Category - Cosmetics and Toiletry Retailing	75%	Retail World data and IBISWorld Turnover figures	<p>IBISWorld data does not have a sufficient product break-up of the "Other Product Category" in relation to Cosmetics and Toiletry Retailing to identify the proportion of this category which should be attributable to the Hygiene, Personal Care and Specialty Products industry.</p> <p>Retail World data contains an equivalent categorisation of turnover for Toiletries and Cosmetics as IBISWorld. However, since these are different data sources, the total values are different.</p> <p>To account for these differences a scaling factor was identified to ensure that the total value of this data set is the same as the total value of the IBISWorld data set. To do this, the proportional difference between turnover in the Retail World category and the IBISWorld category in FY18 were compared and the scaling factor calculated. As data is now reported differently in Retail World, these proportions are assumed static at FY18 values (detailed in the 2019 Report).</p> <p>Then using this multiplier, the remaining Retail World turnover figures were scaled to meet IBISWorld levels.</p> <p>The next step entailed identifying the proportion of Retail World turnover attributable to the "Other products". The proportion of Cosmetics and Toiletry Retailing turnover attributable to the Hygiene, Personal Care and Specialty Products industry was found to be 72% in FY18.</p> <p>This assumption was then applied to the "Other Product Category - Cosmetics and Toiletry Retailing" IBISWorld data to ensure the appropriate proportion of the IBISWorld category was include in the economic indicator calculations. It is noted that the turnover proportion was used as a proxy in calculating all economic indicators.</p>

## Assumptions table

The following product categories were identified as being important to the value of the Hygiene, Personal Care and Specialty Products industry. However, proportions were unavailable from IBISWorld. The approaches used are detailed in the table below.

Model Item	Assumption	Source	Methodology applied
Fertiliser, Herbicide and Pesticide Wholesaling and Other Agricultural Chemical Product Wholesaling - Industrial and Agricultural Chemical Products Wholesaling	11%	APVMA and IBISWorld Turnover figures	<p>IBISWorld does not produce a data at a granular enough level to determine the amount of the 'Other Agricultural Chemical Product Wholesaling' in Industrial and Agricultural Chemical Products Wholesaling attributable to the Hygiene, Personal Care and Specialty Products industry.</p> <p>APVMA data contains the equivalent categorisation of turnover for the broader Industrial and Agricultural Chemical Products Wholesaling as IBISWorld. However, since these are different data sources, the total values are different.</p> <p>To account for these differences a scaling factor was identified to ensure that the total value of this data set is the same as the total value of the IBISWorld data set. To do this, the proportional difference between turnover in the Retail World category and the IBISWorld category in FY18 were compared and the scaling factor calculated. As data is now reported differently in Retail World, these proportions are assumed static at FY18 values (detailed in the 2019 Report).</p> <p>Then using this multiplier, the remaining Retail World turnover figures were scaled to meet IBISWorld levels.</p> <p>The next step entailed identifying the proportion of APVMA data turnover attributable to the "Other products". The proportion of Industrial and Agricultural Chemical Products Wholesaling turnover attributable to the Hygiene, Personal Care and Specialty Products industry was found to be 11% in FY18.</p> <p>This assumption was then applied to the "Other Product Category - Industrial and Agricultural Chemical Products Wholesaling" and to the "Fertiliser, Herbicide and Pesticide Wholesaling - Industrial and Agricultural Chemical Products Wholesaling" IBISWorld data to ensure the appropriate proportion of the IBISWorld category was include in the economic indicator calculations. It is noted that the revenue proportion as used was a proxy in calculating all economic indicators.</p>
Hardware Retailing	0%	Accord	Turpentine, White Spirit and Other Solvents sold in Hardware Wholesaling and Hardware Retailing are a relatively small subcategory of Hardware Wholesaling and have not been counted in the industry total figure for this study.



## Accord initiatives

### Sustainability & CSR Leadership

Accord and our Member Companies have an important and valuable role to play in creating positive social and environmental impacts through our products, practices and performance.

Accord's sustainability leadership in social responsibility and environmental stewardship is showcased through many proactive initiatives.



# 1990

#### Look Good Feel Better

Cancer patient support program to boost self-esteem and wellbeing.



# 1994

#### Phosphorus Standard

Phosphorus content and labelling requirements for household laundry detergents.

(Updated 2002, 2010)



# 2005

#### Accord Quality Commitment

Assurance that Accord Members take seriously their responsibility for quality, safety and the environment.



# 2010

#### WashWise® (Relaunched 2019)

Consumer information on sustainable laundry practices and product use.



#### What's in it?

Ingredient information to aid choice and enhance confidence in household products.



# 2011

#### Hygiene for Health

Information on the vital role of hygiene in preventing the spread of infection and illness.

(Relaunched 2020)



# 2012

#### Sustainability Charter

Fostering social responsibility and environmental stewardship on key industry-related issues. (Relaunched 2019)

#### Furphies

Clarifying myths and misconceptions relating to cosmetics, personal care and cleaning products.



#### Recognised®

Third-party assessed ecolabel for commercial cleaning & hygiene products.



# 2016

#### Sunsible®

Promoting effective sun protection through correct use of sunscreen and other sun safety measures.



# 2017

#### BeadRecede

Industry-led voluntary phase-out of plastic microbeads in rinse-off cosmetics, personal care and cleaning products.



# 2019

#### WipeSmart

Promoting better use and disposal of wet wipes.



# 2021

#### Animal Test Ban Voluntary Code of Practice

Assisting industry to meet its animal test ban obligations & communicate with consumers with greater transparency and consistency.



# 2022

#### FitForFood

Guiding decision-making on the suitability of cleaning and sanitising products for use in food premises.



These are Accord's major sustainability initiatives. For additional Industry Codes, Industry Guidelines and information initiatives see [accord.asn.au/sustainability](https://accord.asn.au/sustainability) or [accord.asn.au/sustainability/accord-sustainability-charter](https://accord.asn.au/sustainability/accord-sustainability-charter)

Accord was established in 2005 by the merger of the Australian Consumer and Specialty Products Association (ACSPA) and the Australian Cosmetic Toiletry and Fragrance Association (CTFA). Formerly, ACSPA was the Australian Chemical Specialties Manufacturers Association (AC SMA).



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