

Media Release

Australia's Hygiene, Personal Care and Specialty Products Industry: Study reveals the \$28.2bn sector is experiencing an upturn in both local manufacturing and jobs

Latest 2022 release of the Accord/EY State of the Industry Economic Report updates data from our previous 2019 study

Sydney, 16 November 2022. Newly released economic data for the Australian Hygiene, Personal Care and Specialty Products Industry reveals the industry's position as a resilient driver of national economic activity and jobs, with \$28.2bn in total turnover generated in FY22.

Accord Executive Director Ms Bronwyn Capanna said this expert analysis conducted by EY updates the industry's previous 2019 study and provides many useful insights into the sector's performance, especially throughout the height of the pandemic period.

"Aside from a total turnover of \$28.2bn, making us the 17th largest industry sector in Australia, it is gratifying to see that for FY22 we also delivered an estimated 72,585 jobs and \$3.5bn in wages," Ms Capanna said.

"Total industry turnover was up 2.3 per cent on the previous year with jobs and wages also up by 1.5 and 2.6 per cent, respectively.

"An interesting shift across the industry supply chain data has been the quite strong average growth rate of manufacturing within the sector, especially when compared to wholesaling and retailing operations. For the period FY18 to FY22, manufacturing turnover saw an annual average growth rate of 3.2 per cent, which coincided with an average annual growth over the period of 4.0 per cent for manufacturing jobs and 4.8 per cent for manufacturing wages.

"In comparison, the wholesaling sub-sector saw generally flat results over the same period, with only slight growth leading to an average 0.6 per cent increase in turnover annually. And the trend for retailing was mostly negative with turnover going backwards by an average of 1.3 per cent on an annual basis, over the last five years.

"Consistent with the boost in manufacturing and the closed borders and other supply chain disruptions attributed to the recent pandemic were the downturns measured for imports and exports in this latest study. Imports of hygiene, personal care and specialty products for FY22 were down by 4.7 per cent, compared to the previous year. Similarly, exports were down by 2.2 per cent.

"It is unsurprising local manufacturing stepped up production to supply essential hygiene products at the height of the pandemic.

"With the impacts of COVID-19 still disrupting our daily lives and other economic and supply chain disturbances in play, like the war in Ukraine, an ongoing trend for increased local manufacturing should likely remain a feature in our sector.

"Though of course no reliable crystal ball exists for such predictions. And instead, there is a concern that ongoing hits on the costs of local manufacturing from high inflation and extreme gas and energy prices could eventually kill this positive trend.

"The federal Government faces an unenviable task in managing all these challenges and it is hoped that they can tame inflation and correct the surge in gas and energy prices.

"While manufacturing is a vital element of our industry sector's commercial 'eco-system', it remains the smallest of our three supply chain sub-sectors, with annual turnover currently just 31 per cent of the wholesaling sub-sector and 39 per cent of the retailing sub-sector.

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“Despite the 5-year averaged results for wholesale and retail turnover being somewhat depressed, it was pleasing to see a 2.4 per cent rebound in turnover for cosmetic and toiletry retailing for FY22, compared to the last year. And similar increases for FY22 turnover of our sector products of 4.8 per cent for department stores, 4.3 per cent for pharmacies and 3.3 per cent for supermarkets. Cosmetic and toiletry wholesaling also rebounded by 3.2 per cent in FY22.

“Turnover is of course not a measure of profitability nor a firm’s commercial sustainability. High inflation and cost of living pressures for Australian households remain an ongoing threat to the future commercial health of many of our sector’s individual businesses.

“The study also highlights the essentiality of our sector’s products with two case studies. The first looks at our sector’s role in supporting the 20,000 plus businesses that make up Australia’s hairdressing industry. And the second case study looks at eight important industries and institutional settings that rely heavily on safe and effective disinfecting products for their operations.

“Technology-rich industries like ours require access to the latest ingredients and formulation technologies available globally to stay competitive and innovative. Not addressed in the study but still vital for our sector’s productivity, innovation potential and commercial success is the need for better balanced regulation.

“Local regulation of our sector’s products is overly complex and often weighed down by unproductive red tape. Australian regulation should be effective and fit for purpose but also better aligned to other advanced markets our nation trades with. Such alignment also allows Australian manufacturers to export their products more seamlessly to these overseas markets.

“This remains an unfinished policy endeavour where federal Government action to improve existing regulatory frameworks would help to foster productivity, innovation and investment locally.

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

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

- **Industry turnover: \$28.2bn** (2.3% increase from previous year)
- **Industry value-add: \$5.5bn** (2.9% increase from previous year)
- **Jobs data: 72,585 employees** (1.5% increase from previous year)
- **Wages data: \$3.5bn** (2.6% increase from previous year)
- **Imports: \$4.0bn** (4.7% decrease from previous year)
- **Exports: \$1.5bn** (2.2% decrease from previous year)

Access the 2022 study at: <https://accord.asn.au/about/economic-state-of-the-industry-report/>

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