



IMPACT OF EXTENDING THE JOBKEEPER PAYMENT FOR THE FITNESS INDUSTRY

July 2020





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Summary

Australia's fitness industry plays a critical role for the Australian economy as a source of jobs, investment, spend and innovation. It also positively impacts individual's physical and mental health, consequently supporting greater productivity and happiness across the nation.

As a result of COVID-19, the sector has already faced, and will continue to face, unprecedented challenges.

The introduction of JobKeeper has allowed many in the industry to stay employed, while ensuring continued access to important services for the broader community.

Industry body Fitness Australia has surveyed its members to explore the impact of COVID-19, and the salvation provided by JobKeeper for businesses and exercise professionals.

This report highlights the critical role JobKeeper has played in supporting an industry that's designed to support Australians.

Continuation of JobKeeper supports a stronger Australia, fiscally and physically.

SNAPSHOT OF AUSTRALIA'S FITNESS INDUSTRY





Australia's fitness industry supports Australians in reaching their health and fitness goals through services like personal training, group fitness classes, gym membership and casual access, and fitness merchandise.

The fitness industry employs 35,000 people across 6,426 businesses, including health clubs, fitness centres, fitness franchises, indoor and outdoor personal training, and smaller fitness studios.

Women represent a large percentage of those employed by the industry, with survey data revealing 68% of the industry are female.

Personal trainers form an integral part of the industry, with the sector experiencing annual growth of 4.9 per cent over the past five years.

Collectively, more than 3.7 million people belong to fitness studios, groups and gyms. With 4,404 gyms, clubs and studios nationally, plus thousands of sole traders operating as personal trainers and group fitness instructors, the demand for fitness services has never been greater.

Fitness centres contribute a total of \$3.0 billion to our national economy annually¹, with Australians spending an estimated \$8.5 billion on fitness each year.

But the impact of the fitness industry extends beyond its contribution to the economy.

- » The sector plays a central role in improving the physical and mental health and wellbeing of Australians, delivering a range of long term social and economic benefits.
- » The cost of physical inactivity to the Australian economy is estimated to be \$13.8 billion.

With our nation facing so many challenges, from drought, bushfires and now a global pandemic, there's never been a greater need for services that help Australians look after their physical and mental health.

¹ IBIS World





The fitness industry primarily consists of health clubs, fitness and leisure centres fitness franchises, indoor and outdoor personal training, smaller fitness studios including yoga and Pilates.



These businesses provide a range of services including personal training, group exercise classes, casual gym entry or membership and merchandise.



A gym can mean a large multi-service gym, a boutique studio, yoga and Pilates studios, a personal training studio or a 24-hour fitness facility.

\$3b

Australia's fitness centres contribute a total of \$3 billion to Australia's economy



4.9%

Personal trainers also form an integral part of the industry, with the sector experiencing annual growth of 4.9 per cent over the past five years.



3.7m

With a collective membership of up to 3.7 million people, the demand for fitness services has never been greater.



A large proportion of employment in the fitness sector is on a part-time or casual basis.



Australian Bureau of Statistics National Health Survey (2017-18) reported that two-thirds (67.0%) of Australian adults are overweight or obese (12.5 million people)

\$8.5b

Australian's spend an estimated \$8.5 billion on fitness each year.



35,000
employees

The fitness industry's total employment contribution is 35,000 persons and the number of businesses totals 6,426.



6,426
businesses

The impact of the fitness industry extends beyond its contribution to the economy.

The sector plays a central role in improving the physical and mental health of Australians.

As a result, the fitness industry delivers a range of long term social and economic benefits to Australians.

\$13.8b

It has been estimated that the cost of physical inactivity to the Australian economy is estimated to be \$13.8 billion.



It is estimated that 16,178 Australians die prematurely each year due to physical inactivity.



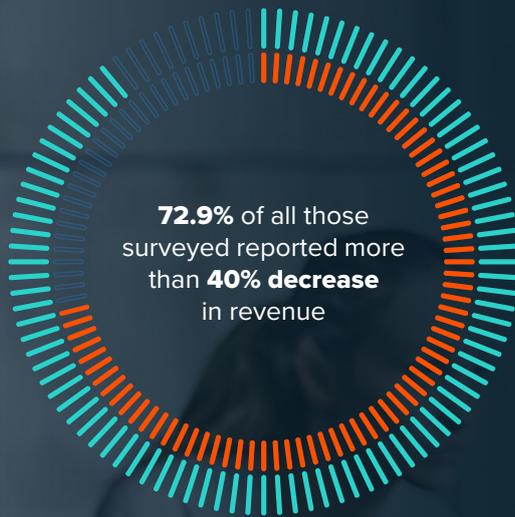
Productivity loss due to physical inactivity equates to 1.8 working days per worker per year.

COVID AND AUSTRALIA'S FITNESS INDUSTRY



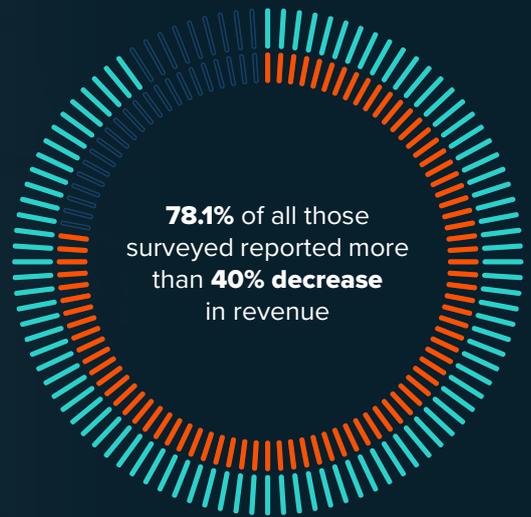
In July 2020 Fitness Australia conducted a survey with 1760 respondents, representing more than 27% of the industry. This involved both businesses (including clubs, gyms and studios), and individuals (including personal trainers and group fitness instructors) for a fair representation.

Gyms, health clubs and studios



95.9% of respondents have seen more than **20% decrease** in revenue as a result of COVID-19

Personal trainers and fitness professionals



90.5% of respondents have seen more than **20% decrease** in revenue as a result of COVID-19

Gyms, health clubs and studios



Personal trainers and fitness professionals



89.49% have lost more than **30%** of their clients

A HELPING HAND KEEPING OUR INDUSTRY FIGHTING FIT

Australia-wide, 97.2% of the industry has been negatively impacted by COVID-19.

93.4%

of **gyms, clubs and studios** are relying on JobKeeper to stay afloat and keep people employed through this unprecedented time

82.5%

of **personal trainers and fitness professionals** are relying on JobKeeper to stay afloat and keep people employed through this unprecedented time

Worryingly, without JobKeeper more than 60% of businesses and individuals reported they would remain viable for less than a month; and 86.8% for less than 3 months.

Even with gyms now reopening in some states, removing JobKeeper before the industry has had a chance to stabilise would leave thousands without an income – and many Australians with less opportunity to manage, improve and protect their physical health and mental wellbeing.

With 61.2% of survey respondents based in Victoria and NSW, the ‘second wave’ presently emerging in those states would negatively impact the figures shown to the left to reflect a more grim reality than reported here.

Case study: Collective Wellness Group

Collective Wellness Group, a health and fitness franchising operator representing brands Anytime Fitness and XTEND Barre, has been directly impacted by COVID-19.

With franchisees representing jobs across the nation, the average club turnover for Q4 of the 2019/20 financial year has dropped 82% from the previous year. This includes 99% and 97% reductions in membership sales in April 2020 and May 2020, and a 970% increase in frozen memberships in Q4, compared to February 2020. These startling numbers are presently far too common industry-wide.



***HEALTHY MINDS,
HEALTHY BODIES,
HEALTHY ECONOMY***





Mental ill health and suicide is estimated to cost the Australian economy around \$43bn-\$51bn a year.

Additional to this is an approximate \$130bn a year cost associated with diminished health and reduced life expectancy for those living with mental ill health.

The direct costs are broken down into healthcare support and services (\$18bn a year), lower economic participation and lost productivity (\$10bn-\$18bn) and informal care provided by friends and family (\$15bn) according to a recent report by the Productivity Commission.

Broader social effects such as the cost of stigma associated with mental health issues or lower social participation were not quantified in the report.

Physical activity is an acknowledged and important public health tool used in the treatment and prevention of depression and anxiety disorders.

Exercise stimulates hormones that improve mood and parts of the brain responsible for memory and learning.

Regular exercise reduces stress and symptoms of mental health conditions and can help with recovery from mental health issues.

The mental and emotional benefits of exercise include sharper memory and thinking, higher self-esteem, better sleep, more energy and stronger resilience.

Supporting Australia's fitness industry by extending JobKeeper will allow this key employer to support thousands of Australians with jobs; while supporting the broader population with improved physical and mental health outcomes.



Data sources

1. Department of Employment, Employment Projections, available from the Labour Market Information Portal Website
2. ANZSIC employment projections and ANZSCO, selected occupations, employment projections to May 2023
3. Australian Bureau of Statistics 2019, Employed persons by Industry, Sex, State and Territory
4. Australian Bureau of Statistics 2017, 2016 Census – Employment, Income and Unpaid Work
5. Sport and Recreation 2019 Skills Forecast
6. Data to represent employers in the fitness sector:
 - a. 4521 Fitness Instructors
 - b. 4523 Sports Coaches, Instructors and Officials
 - c. 5412 Information Officers
 - d. 1311 Advertising, Public Relations and Sales Managers
 - e. 4319 Other Hospitality Workers
 - f. 9111 Health and Fitness Centres and Gymnasia Operation
 - g. 9112 Sport and Physical Recreation Clubs and Sports Professionals
 - h. 9113 Sports and Physical Recreation Venues, Grounds and Facilities Operation
 - i. 9114 Sport and Physical Recreation Administrative Service
7. Australian Financial Review, The fitness industry goes fully digital, 14 April 2020
8. Fitness Australia Ltd 2020
9. Ibis World, Gyms and Fitness Centres in Australia – Market Research Report, October 2019
10. The Guardian Australia, Australian job loss tracker: the industries and places most affected by the coronavirus crisis, 23 April 2020
11. Australian Financial Review, No industry spared as job losses soar, 25 March 2020
12. Australian Institute of Health and Welfare, Australia's health 2018, Australian Government
13. Beyond Blue Ltd 2020
14. Mental health and wellbeing during the Coronavirus COVID-19 outbreak, Lifeline 2020.





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