

Deloitte Access Economics

Fitness Industry Workforce Report: 2010 - 2020

Fitness Australia

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Glossary

Abbreviations	
ABS	Australian Bureau of Statistics
AIHW	Australian Institute of Health and Welfare
ANZSCO	Australian and New Zealand Standard Classification of Occupations
DAEDEM	Deloitte Access Economics Demographic Model
FTE	full-time equivalent
ICREPS	International Confederation of Registers of Exercise Professionals
ITAB	Industry Training Advisory Board
NCVER	National Centre for Vocational Education and Research
RTO	Registered training organisation
TAFE	Training and Further Education
VET	Vocational Education and Training
VTG	Victorian Training Guarantee

Executive summary

Deloitte Access Economics was commissioned by Fitness Australia to provide a detailed workforce analysis of fitness professionals in Australia, including a profile of current supply and demand, with projections for the future.

The Australian Bureau of Statistics (ABS) definition of fitness professionals was adopted, as those who *'direct, instruct and guide individuals and groups in the pursuit of physical fitness and wellbeing'*. The definition is applied to the broad range of fitness service occupations (e.g. gym and group instructors, and personal, aqua, yoga and other specialised trainers).

The fitness industry has substantially evolved from the 1980s model of gyms as places for well, fit people to pump iron and work out, to a more holistic concept of fitness that embraces expanded service offerings targeted towards new sub-populations. In 2009-10, 14.0% of Australians were estimated to have participated in aerobics, fitness and gym activities (ABS 2010), up from 12.6% in 2005-06. Including Pilates, weight training and yoga, the total was 18.3%. As the health of Australians becomes more complex – particularly as the incidence of physical inactivity related and obesity related disease increases and the population ages - the capacity for the fitness workforce to be able to contribute to the management of health issues is growing.

Methods and data

Current workforce demand was based on 2010 participation rates in aerobics, fitness and gym activities from ABS (2010). Three future workforce demand scenarios were modelled.

- **Projections under a base scenario:** Projections were based on maintaining the current per capita utilisation of fitness services by age, gender and jurisdiction.
- **Projections under scenario 1 (mid case):** Projections take account of real household disposable income growth (estimated at 1.6% per annum on average to 2020), and estimate the income elasticity as 1.2 (i.e. fitness is a luxury rather than a necessity).
- **Projections under scenario 2 (high case):** Projections assume demand growth is correlated to historical growth in revenue of health and fitness centres, in particular 'membership and competition fees'. This historical growth has been around 7.70% per annum, implicitly reflecting income growth as well as the better tailoring of services.

Current labour supply was estimated based on a survey of registered exercise professionals with Fitness Australia and an estimate for Physical Activity Australia¹ (Fitness Australia, 2011). Principal inflows of fitness professionals arise from public registered training organisations (RTOs), private RTOs, university graduates and overseas immigrants who join the workforce. The main outflows of fitness professionals are from permanent industry exits i.e. staff changing careers, retirement and, to a lesser extent, deregistration or mortality.

¹ Formerly known as Kinect Australia.

Findings

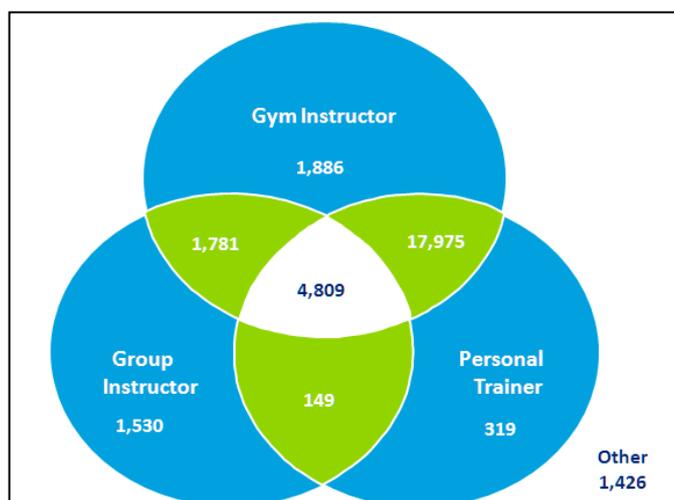
Participation in fitness activities in 2009-10 for males and females was highest in the Australian Capital Territory (ACT) and lowest in Tasmania. In terms of age groups, utilisation was highest in the 18-24 and 25-34 groups – with over 1 in 5 men and nearly 1 in 3 women in these age groups utilising fitness industry services. The utilisation rate falls with age to 8.1% for men and 10.2% for women in the 65+ age group. In 2011, a total of 3.31 million Australians were estimated to use the services of fitness professionals. Nearly half a million of these people were women aged 25-34 years.

Broadly in line with the population dispersion (but also reflecting different participation rates and age-gender structures in different jurisdictions), over half of the demand for fitness services emanates from New South Wales (NSW) and Victoria, while together, the ACT, Northern Territory (NT) and Tasmania account for less than 5% of total demand.

In the base case projection, growth in service utilisation is only around 1.1% to 1.4% per annum, based on population growth alone. In the mid-case scenario, real per capita income growth would add 1.9% per annum to fitness services growth and thus, with population growth also, total growth to 2020 would be 3.0% to 3.3% per annum. In the high case scenario, demand is projected to increase by 5.3% to 5.6%, reflecting population growth plus 4.25% additional revenue growth from higher incomes and tailoring services. By 2020, there would be 3.70 million people demanding fitness industry services in the base case, 4.38 million under scenario 1 (16% higher) and 5.35 million under scenario 2 (31% higher).

On the supply side, in 2011 the headcount for registered exercise professionals was 29,875 (24,875 registered with Fitness Australia and 5,000 registered with Physical Activity Australia), with average annual growth rate between 2005 and 2010 around 7.2% (Job Outlook, 2011). Approximately 56% of fitness professionals are female (16,749), and 44% male (13,126). Almost two thirds (62%) of fitness professionals are aged between 22 to 39 years, with only 4% over the age of 55 years. Figure i shows the breakdown by type of professional.

Figure i: Number of fitness professionals, by type, in 2011



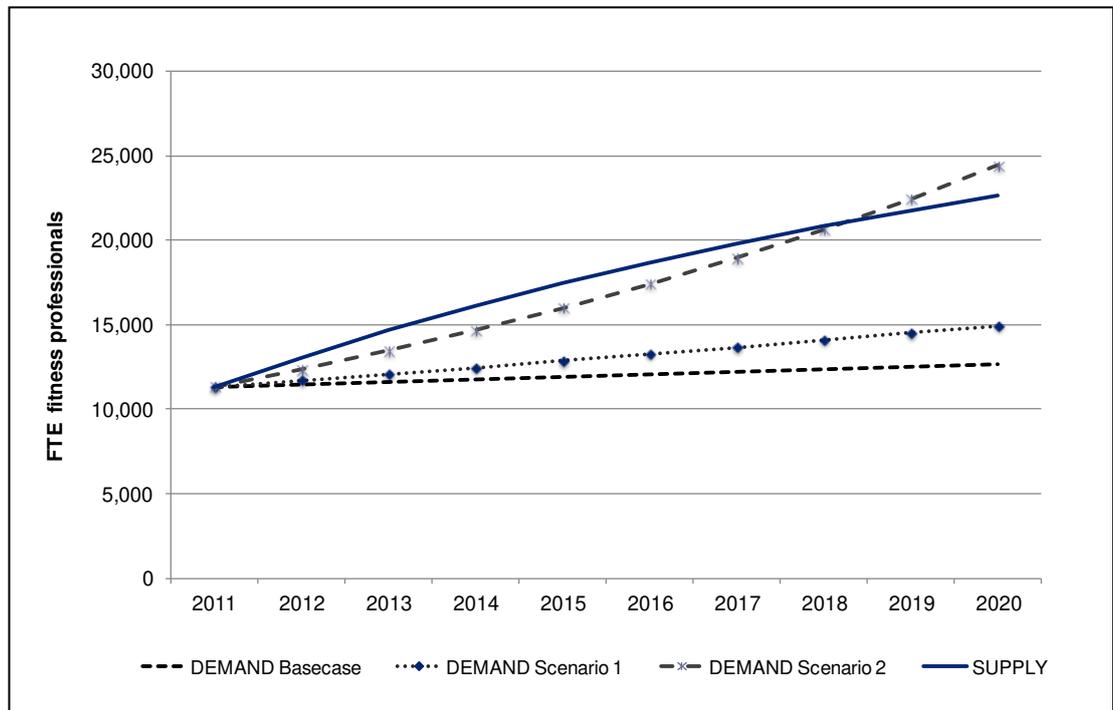
Source: Deloitte Access Economics calculations; Fitness Australia (2011).

Across jurisdictions there is less than one fitness professional for every 1,000 people in Tasmania and the Northern Territory. The rate is slightly higher in Victoria and SA, with WA around 1.5 fitness professionals per 1,000 population. In NSW and QLD, there are almost two fitness professionals per 1,000 people. The ACT has the highest per capita workforce, with over three fitness professionals per 1,000 people.

However, headcount is not a good proxy for supply as many professionals work on a part-time or casual basis. Hence, headcount is converted into full time equivalent (FTE) based on average hours worked. The average number of client contact hours per week was estimated to be 23.5 for a full-time professional, 9.5 for a part-timer and 4.5 for a casual. Labour Force Survey data (ABS, 2006) suggest that 68% of fitness professional workforce were employed on a casual basis, 12% permanent part-time, 18% permanent full-time and 2% are working proprietors and partners. Overall this suggests in 2011 there were 11,314 FTE fitness professionals, 53% full time, 13% part time and 34% casual.

In 2011, 17% of fitness professionals were qualified with Certificate III in fitness only, 77% with Certificate IV in fitness, 2% with a Diploma in Fitness, 3% with higher education (tertiary or post graduate) and 1% with international recognition by the International Confederation of Registers of Exercise Professionals (ICREPS) (Fitness Australia, 2011). To model changes in the workforce supply, graduates from vocational education and training and from Universities were projected to 2020 based on statistics from the National Centre for Vocational Education Research (NCVER) and population growth for those aged between 18 and 24 years. From consultations it was estimated that net immigration of foreign-trained fitness professionals is negligible. Of workforce exits, deaths account for less than 1%. All other exits comprise workforce attrition owing to retirement, change of career and deregistration (numerically immaterial). The probability of fitness professionals exiting the industry (10.4% per annum) was estimated from 2011 Fitness Australia data. Assimilating all entries and exits by age, gender and location, the fitness professional workforce was estimated to increase from 11,314 FTE in 2011 to 22,617 FTE by 2020 (Chart i).

Chart i Projection of supply and demand for FTE fitness professionals



Source: Deloitte Access Economics

Based on the three demand scenarios, the analysis suggests that supply will exceed the high demand scenario up until 2019. By 2020, in the highest demand scenario (1) there would be a shortage of around 1,800 FTE fitness professionals. In the mid-case scenario (2) there would be an excess supply of around 7,700 FTE fitness professionals.

Outcomes from consultations

Deloitte Access Economics contacted 20 fitness industry stakeholders to gain insights from the industry and to build a picture of the current workforce, using semi-structured interviews. Consultations supported the data that, on the demand side, the main drivers include:

- the recognition of physical activity, with endorsement and prescription by medical professionals, as a treatment for and/or prevention against obesity, cardiovascular related diseases conditions associated with ageing, coupled with the ageing population;
- changing lifestyle factors that may favour fitness above other forms of physical activity (e.g. fitness may be more convenient and less time consuming than organised sport);
- the increasing breadth of services that target an increasing pool of the population (e.g. yoga for pregnancy); and
- the attention given to fitness through, media, radio and print media.

Most stakeholders reported that the main supply issue for the workforce of fitness professionals is the level of turnover. Industry stakeholders reported a number of reasons for the high turnover. In no particular order, these included:

- low levels of remuneration (award wages are generally paid to fitness centre employees);

- lack of a career path – most consider that those in the workforce have limited experience, require additional ‘people skills’ and do not pursue higher qualification levels;
- undesirable hours (e.g. early starts, late finishes, weekend work and split shifts - compared to the ‘glamour’ of the industry portrayed in the media);
- inability to work in a full time capacity; and
- a mismatch of expectations and TV glamour compared to actual roles (some professionals do administrative, sales and other duties (such as cleaning) in addition to providing fitness services).

Consultations also identified that there are pockets of maldistribution - personal trainers, group fitness and gym instructors are relatively plentiful, perhaps even in oversupply, whereas other professionals such as aqua trainers, yoga and zumba instructors are lacking.

Employers, educators and the industry body all have interdependent roles to play in addressing these issues. For example, for remuneration to increase, the productivity of the workforce must increase and for this to happen, the workforce must become more skilled. To increase the skill overall, workforce education institutions must develop and maintain rigorous courses. Moreover, if the industry is perceived to be improving skill levels and professionalism, attitudes to the work as a ‘short term fill in’ may change.

Stakeholders consulted were of the view that there may be a need to improve the regulation of training institutions and the standard of training delivery, thereby improving the quality of the workforce. Greater skills and training are needed if fitness professionals are increasingly to deal with unhealthy clients. There is also a role for registration to ensure trainers stay within the scope of their profession. Currently, the National Skills Standards Council that oversees the fitness industry training package (Service Skills Australia) is undertaking a review to assess the characteristics and long-term viability of nominal hours in vocational education and training sector. This is a welcome review and a positive step forward for the industry.

Deloitte Access Economics

1 Introduction

Fitness Australia is a not-for-profit member-based industry association representing the diverse interests of over 25,000 registered exercise professionals, fitness service providers and industry suppliers Australia-wide.

Deloitte Access Economics was commissioned by Fitness Australia to provide a detailed analysis of the fitness industry workforce, focussing in particular on fitness services (as opposed to administration, sales and marketing, and fitness products). This report provides a profile of the current workforce and industry demand, and then makes projections for future demand and supply.

The remainder of this report is organised as follows:

- Chapter 2 provides a contextual overview of the fitness industry, definitions and a broad profile of the fitness industry, touching on observed trends and potential future challenges and opportunities.
- Chapter 3 details the modelling methodology, model assumptions and underlying data sources.
- Chapter 4 provides an estimate of the demand for fitness professionals in 2011, along with projections to 2020.
 - Projections are modelled under three scenarios and include: per capita utilisation of fitness services, real income growth and historical sales growth of health and fitness centres.
- Chapter 5 provides an estimate of the size and composition of the fitness industry workforce in 2011 along with a projection of the workforce to 2020.
 - The supply of skilled workers is examined for fitness professional graduates from the university and vocational education and training (VET) sectors.
 - The supply of skilled workers from migration is also investigated together with retirements and other turnover (as people leave the fitness industry to work elsewhere).
- Chapter 6 examines the projected supply-demand balance for the fitness workforce, highlighting where their services will be required in the future and what type of services will be in demand.
- Finally, in Chapter 7, responses from consultations with key stakeholders are summarised.

2 Contextual overview

The economic value of the fitness industry

In 2009, Access Economics conducted an important study that estimated the economic contribution of fitness centres in Australia. The report found that in 2007-08, Australia's fitness centres contributed a total of \$872.9 million in value added to the Australian economy. Around two thirds of this value added was paid in wages (both direct to the fitness industry and indirect to the additional activity across the broader economy that was generated by the fitness industry), and one third was returned to capital owners as operational profits.

In addition to the direct value added, the report estimated that fitness centres provided savings in direct health care costs of up to \$107.9 million in 2007-08 through their impact on physical inactivity and associated diseases. Furthermore, the preventative health benefits resulting from the fitness industry were estimated to generate an increase in Australia's workforce equal to 1,374 full time equivalent (FTE) employees through greater workforce participation and higher productivity. Further economic modelling revealed that a 3% increase in fitness centre utilisation by the adult population has the potential to deliver additional health care savings in the order of \$204.8 million and lead to around 2,609 extra full time employees in the workforce.

The fitness industry has grown further since this report was published, despite an overall period of decline resulting from the economic downturn and the associated pressures on household budgets. Revenue grew by around 5% per annum (on average) between 2002-03 and 2007-08, before declining slightly over 2008-09 and 2009-10 (MacGowan 2011). In 2010-11, the fitness industry generated \$1.93 billion in revenue (excluding footwear, clothing, equipment and supplements) equivalent to around 0.15% of annual gross domestic product (GDP) (MacGowan 2011 and ABS 2011a).

Although this current report does not directly examine the health impacts of the fitness industry, the effects of physical activity on reducing the burden of diseases, mortality and overall health costs have been convincing and consistent across many studies and countries (Gledhill et al, 2000). In particular, there is an extremely large body of research that supports the association between the lack of physical activity and increased risk of coronary heart disease (Berlin et al, 1990), colon cancer (Shephard et al, 1997) and breast cancer (Shephard et al, 1997). Furthermore, recent literature suggests that fitness centre membership is associated with increased health responsibility and broader health promoting behaviours (Access Economics, 2009)

Fitness industry definitions

The majority of services offered by the industry are provided through gyms and fitness facilities. These range from small studios to large, integrated centres offering a wide range of exercise options from resistance and cardiovascular training to group fitness theatres and swimming pools. Group fitness classes have been a driver of growth in this segment

over the past five years, due to their appeal to a wider market. In particular, this has assisted fitness centres in attracting greater numbers of female clients.

It is widely accepted that the fitness industry encompasses a wide range of businesses, products and services that are used specifically to aid fitness (MacGowan 2011). Fitness products include equipment, clothing and footwear and dietary supplements that are used specifically to aid fitness, as distinct from use for sports or weight loss. For example, treadmills, running shoes and protein powders are considered fitness industry products, but cricket bats, netball skirts and low calorie meal replacements are not.

Businesses operating in the fitness industry are distinct from businesses offering participation in organised sports. Fitness industry businesses comprise:

- gyms and fitness centres;
- outdoor group fitness businesses and franchises, including boot-camps; and
- personal training and specialist training studios and facilities.

For the purposes of this report, the ABS definition of fitness professionals has been used, and applied to the broad range of fitness service occupations (e.g. gym instructors, group instructors, personal trainers, aqua instructors, yoga trainers and specialised trainers).

Current fitness industry profile

A broad range of businesses supply fitness services to the Australian market, ranging from gyms and fitness centres to outdoor group-exercise companies to sole-trading personal trainers. In 2011, there were 1,200 fitness businesses registered with Fitness Australia. Based on estimates by the Health and Fitness Association, this represents approximately 53% of total fitness businesses Australia-wide so the total number of fitness businesses operating nationally is therefore estimated at 2,250 in 2011.

The services provided by these businesses are diverse, with many companies now targeting specific populations (e.g. women, older people and corporate professionals) and thus tailoring services to meet their specific needs. For example, women's only health clubs have entered the market and targeted services such as 'yoga for pregnancy' have become increasingly available.

The industry has substantially evolved from the 1980s model of gyms as places for fit people to "pump iron". A key driver of the industry's evolution has been a change in perceptions about the purpose of fitness. Fitness has evolved from being primarily about looking good, to being more about feeling good and improving health, and the industry has adapted to this holistic view with expanded service offerings. Concurrently, the client base of the fitness industry has expanded, and is likely to continue to expand as services are targeted towards new populations.

In 2009-10, 14% of the population were estimated to have participated in fitness (ABS 2010). This has grown from the 12.6% participation rate in 2005-06. One of the biggest opportunities currently facing the fitness industry is the potential for it to link in with the health sector. Traditionally, fitness has been about servicing the 'well', while the 'unwell' have been left for health sector professionals such as general practitioners (GPs), physiotherapists and dieticians. As the health of Australians becomes more complex –

particularly as the incidence of physical inactivity related and obesity related disease increases and the population ages - the need for the fitness workforce to be able to contribute to the management of health issues is growing. This is accentuated by the increasing evidence around the health benefits of physical activity, which range from physical benefits such as reducing cardiovascular risk factors, to mental and social benefits such as relieving symptoms of anxiety and depression (Sharma et al 2006) and increasing social inclusion. The Australian Institute of Health and Welfare (AIHW) note that 'participation in physical activity has important benefits for the physical and mental health of Australians, and for social and cultural values in our communities' (Armstrong et al 2000).

While the potential for fitness industry professionals to tap into the growing needs of the health sector presents an enormous opportunity, it comes with challenges and potential risks. Industry stakeholders noted that a key concern is the tendency for some fitness professionals to act and prescribe outside the scope of their capabilities. At present, most fitness professionals are not qualified to provide medical or health advice, for example around diet or physical activity targeted at rehabilitation. For the fitness industry to link with health services, training and qualifications must be enhanced to enable fitness professionals to address clients with special health needs and enforceable boundaries must be developed to ensure that fitness professionals practise within their scope and make referrals where necessary.

3 Modelling methodology

The workforce model used to quantify demand and supply of fitness professionals uses macroeconomic modelled outputs (e.g. real income growth) for demand and microeconomic modelled outputs (e.g. TAFE enrolments and completions) for supply.

This technique allows:

- demand to be based on current utilisation with growth based on changes in age, gender, consumer wealth and consumer spending;
- supply to be based on existing employees and expected new entrants and departures from the industry; and
- workforce balance to be interpreted as the amount of over or under supply of FTE workers.

Supply and demand modelling was undertaken in Excel, taking 2011 as the base year for relevant data points. The model does not capture any current imbalance or maldistribution that exists today but rather assumes that 2011 supply equals 2011 demand. This assumption was found to be realistic through stakeholder consultations as there were no apparent indicators of oversupply (e.g. fitness professionals unable to find jobs in the short term) or undersupply (e.g. long queues for fitness professional services). The analysis therefore provides a picture of change relative to current market conditions.

Demand methodology

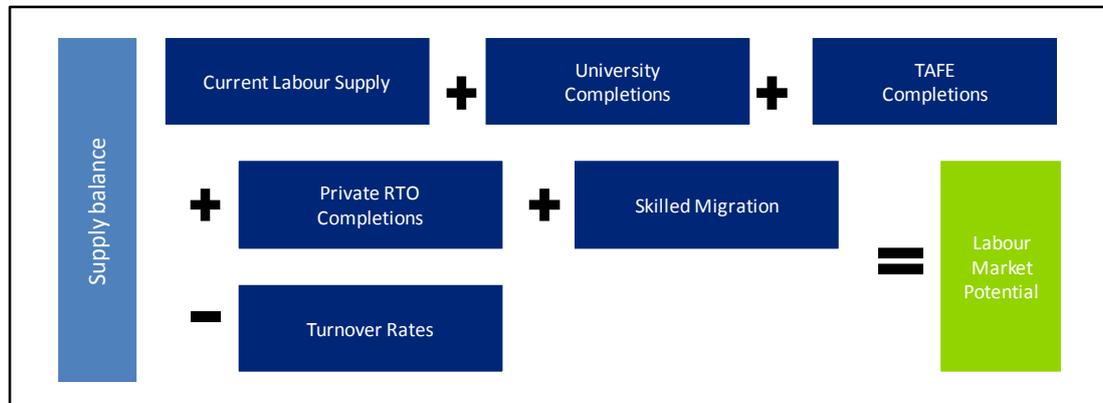
Current workforce demand was based on 2010 participation rates in aerobics, fitness and gym activities from the Australian Bureau of Statistics (ABS, 2010). Three scenarios were used to estimate future workforce demand.

- **Projections under a base scenario:** Projections were based on maintaining the current per capita utilisation of fitness services by age, gender and jurisdiction.
- **Projections under scenario 1:** Projections assume real household disposable income is an external driver of demand growth. This reflects that if fitness services have an income elasticity above unity (i.e. fitness is a luxury rather than a necessity), fitness services growth will exceed growth in per capita incomes.
- **Projections under scenario 2:** Projections assume demand growth is correlated to historical growth in revenue of health and fitness centres, in particular 'membership and competition fees'. This historical growth reflects that demand is comprised of both participation rates and the quantity and value of services demanded per person each year.

Supply methodology

The diagram below provides an overview of the modelling methodology used to estimate the supply of fitness professionals.

Figure 3.1: Overview of supply modelling methodology



Source: Deloitte Access Economics

The main definitions and data sources underlying the supply of fitness professionals include:

- fitness professionals providing a fitness service are defined in accordance with the Australian and New Zealand Standard Classification of Occupations (ANZSCO) - ANZSCO code ANZSCO 452111 - Fitness professionals i.e. gym instructors, group instructors and personal trainers (for more detail see Section 5.1.1): and
- current labour supply is estimated based on a survey of registered exercise professionals with Fitness Australia and an estimate for Physical Activity Australia (Fitness Australia, 2011).

Principal inflows of fitness professionals arise from public registered training organisations (RTOs), private RTOs, university graduates and overseas immigrants who join the workforce.

- Training and Further Education (TAFE) and private RTO completions were mapped to the occupation code ANZSCO 452111 - Fitness professionals, based on the National Centre for Vocational Education Research (NCVER) data (see Section 5.2.1).

New entrants from TAFE completions were assumed to be available to the labour force in proportion to the 2011 distribution of fitness professionals - i.e., the jurisdiction where they lived on application to the course is where they start to work after completing the course. Mapping of university completions to ANZSCO job codes was based on information from the 2011 supply of TAFE and private RTO completions i.e., new entrants from universities were assumed to be available to the labour force in proportion to the 2011 distribution of fitness professionals (Section 5.2.1).

- Immigration was not quantified in the model due to the very small number of migrant fitness trainers.

The main outflows of fitness professionals are from permanent industry exits i.e., staff changing careers, retirement and, to a lesser extent, deregistration or mortality (see Section 5.2.2).

- Temporary exits (e.g. for maternity leave, temporary residence overseas) are not well reflected in the data so have not been taken into account in a dynamic sense in the modelling, but are naturally reflected in the overall 'snapshot' of headcount and average hours worked – and hence in overall FTE.

4 Demand modelling

4.1 Demand side data

For this analysis, demand is estimated using Australian Bureau of Statistics (ABS) utilisation rates for participation in aerobics, fitness, gym activities, Pilates, weight training and yoga. While utilisation can be closely aligned with demand, it is not equivalent to demand. Service utilisation can be observed (for example, from ABS statistics), but it is driven by both demand and supply factors. Demand is extremely difficult to observe, but in the absence of supply constraints and with few barriers to workforce entry and a competitive market, demand can be inferred from utilisation rates. Estimates for fitness industry utilisation rates were sourced from the ABS (ABS 2010). The ABS collects data on a number of small, self contained topics including participation in sport and physical recreation in the ABS 2009-10 Multipurpose Household Survey.

Table 4.1 shows the distribution of fitness activities by age in 2009-10. For this analysis, data for participation in the 'aerobics/fitness/gym', 'Pilates', 'weight training' and 'yoga' category were used. As such, in the baseline analysis, demand for the 'fitness industry' is assumed to include activities such as aerobics, fitness, gym, Pilates, weight training and Yoga (Table 4.1).

Table 4.1: Participation in fitness activities (% of age group), by activity type 2009-10

	15-17	18-24	25-34	35-44	45-54	55-64	65+	Total
aerobics/fitness/gym	11.6	20.2	19.4	14.5	13.6	10.5	7.0	14.0
Pilates	0.2	0.5	1.4	0.7	1.3	1.5	0.5	1.0
weight training	0.9	3.1	2.1	2.2	1.1	0.9	0.8	1.6
yoga	0.8	0.3	2.7	2.1	2.3	1.7	0.9	1.7
Total	13.5	24.1	25.6	19.5	18.3	14.6	9.2	18.3

Source: ABS (2010). Note: total reflects the sum of each age group, noting that in actual fact some people may participate in multiple activities, so overall population participation may be lower than the 'total' (sum) here.

Since the ABS only reported total utilisation rates for aerobics, fitness and gym activities by gender and jurisdiction, utilisation rates by gender and jurisdiction were increased proportionately to include Pilates, weight training and yoga (from Table 4.1).

Table 4.2: Participation in aerobics/fitness/gym activities (%), by jurisdiction and gender, 2009-10

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
Males	10.4	11.6	12.4	11.4	10.6	6.8	7.5	17.8	11.2
Females	15.9	17.1	17.5	18.3	16.2	11.3	16.1	22.1	16.7
Total	13.2	14.4	15.0	14.9	13.4	9.1	11.8	20.0	14.0

Source: ABS (2010).

The utilisation matrix (stratified by age, gender and jurisdiction) was calculated using utilisation rates from Table 4.1 and Table 4.2 and presented in Table 4.3 for males and Table 4.4 for females. The distribution by age, gender and jurisdiction is critically important in projecting the total demand for fitness services in Australian as the groups can vary significantly.

Table 4.3: Male participation in fitness (%), by age and by jurisdiction, 2009-10

Age	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
15-17	11.2	12.4	13.2	12.5	11.1	7.5	7.3	18.4	12.0
18-24	19.5	21.5	23.1	21.7	19.3	13.2	12.5	31.5	20.9
25-34	19.1	21.1	22.4	21.0	18.6	13.1	12.5	31.1	20.4
35-44	14.4	16.0	17.0	15.9	14.1	9.9	9.2	23.5	15.4
45-54	13.6	15.1	16.0	15.1	13.4	9.3	8.5	22.5	14.5
55-64	10.5	11.7	12.2	11.8	10.3	7.1	6.4	17.5	11.2
65 +	7.6	8.4	8.7	8.6	7.4	5.1	4.3	12.5	8.1
Total	13.9	15.5	16.4	15.2	13.7	9.1	9.5	23.6	14.9

Source: Deloitte Access Economics calculations based on ABS (2010).

Table 4.4: Female participation in fitness (%), by age and by jurisdiction, 2009-10

Age	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUS
15-17	17.9	19.2	19.6	21.0	18.2	13.3	16.9	23.7	18.8
18-24	31.2	33.4	33.9	36.7	31.7	22.9	29.8	42.0	32.8
25-34	29.3	31.5	32.2	34.8	30.2	21.2	27.4	39.2	30.9
35-44	21.6	23.1	23.7	25.7	22.3	15.7	20.7	29.0	22.8
45-54	20.3	21.6	22.1	23.8	20.7	14.8	19.8	26.6	21.3
55-64	15.7	16.6	17.3	18.2	16.0	11.5	15.8	20.4	16.4
65 +	9.7	10.3	10.9	11.2	10.0	7.2	10.4	12.8	10.2
Total	20.5	22.0	22.8	23.5	21.3	14.5	21.8	28.5	21.7

Source: Deloitte Access Economics calculations based on ABS (2010).

Utilisation rates for males and females are highest in the Australian Capital Territory (ACT) and lowest in Tasmania. In terms of age groups, utilisation is highest in the 18-24 and 25-34 groups – with over 1 in 5 men and nearly 1 in 3 women in these age groups utilising fitness industry services. The utilisation rate falls with age to 8.1% for men and 10.2% for women in the 65+ age group.

4.1.2 Population data

To estimate the demand for fitness industry services in 2011, age, gender and jurisdiction specific utilisation rates were applied to population statistics.

The ABS collects population data every five years using the Census of Population and Housing. The Census gives a 'point in time' estimate of the resident population by counting the number of people on a particular day. Preliminary census data are available around one year after collection.

The ABS population projections (Cat. No. 3222.0) take the estimated resident population of Australia from the Census data and make projections based on certain assumptions about future levels of fertility, mortality, internal migration and overseas migration. That said, the projections are not predictions or forecasts, but are simply illustrations of the growth and change in population that would occur if these assumptions prevail over the projection period. High (series A), low (series C) and average (series B) population projections are updated every five years and projected annually up to 95 years from the most recent census. The average projections (series B) were used for this analysis. Table 4.5 and Table 4.6 show ABS series B average population for males and females in 2011 by jurisdiction. The data reflect factors such as a larger younger working age population in Western Australia (WA) due to the mining industry and many more older women than men in South Australia (SA) due to the relatively aged population.

Table 4.5: Male population by age and jurisdiction, 2011

Age	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
15-17	143.1	108.4	95.8	32.4	47.8	10.7	5.1	6.8
18-24	355.5	279.9	228.5	79.8	116.7	22.8	13.4	21.2
25-34	509.9	397.5	318.3	108.6	166.0	29.1	20.0	29.1
35-44	497.2	391.6	322.1	111.6	169.2	32.0	18.3	25.8
45-54	485.4	368.6	306.6	114.2	160.6	35.4	16.0	23.6
55-64	413.5	309.6	264.7	100.7	134.5	33.4	11.8	19.2
65 +	477.6	356.0	281.0	118.5	136.0	37.4	7.1	17.8
Total	2,882.1	2,211.7	1,817.0	665.9	930.9	200.8	91.7	143.4

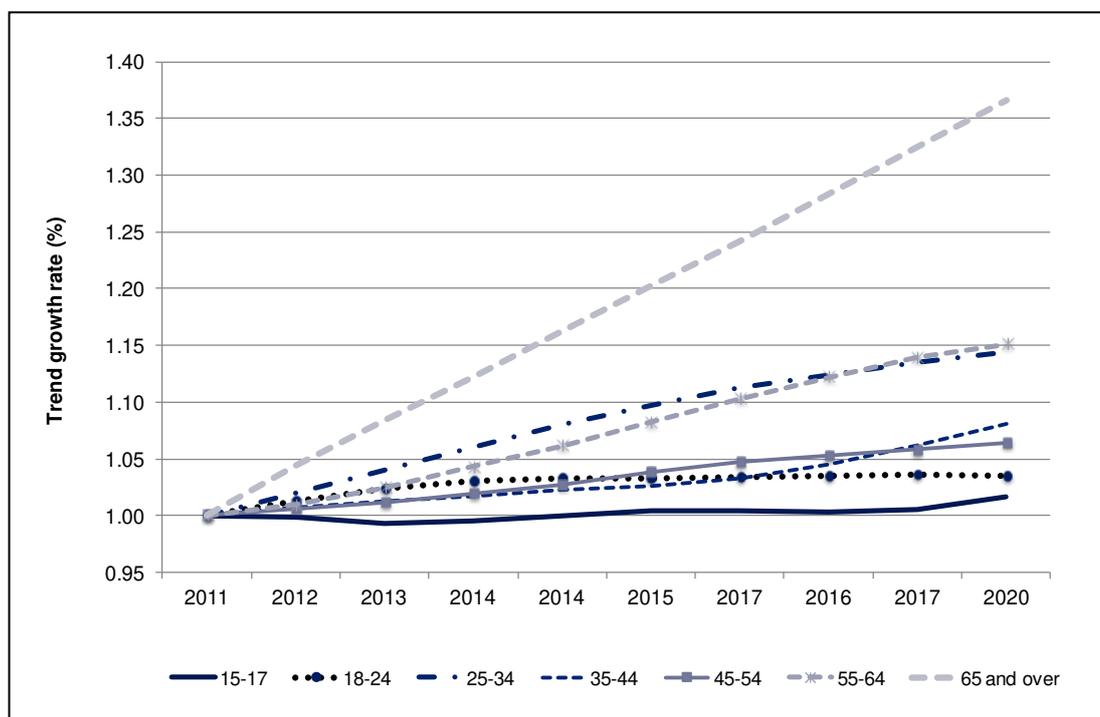
Source: Deloitte Access Economics; ABS (2010).

Table 4.6: Female population by age and jurisdiction, 2011

Age	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
15-17	136.5	103.0	91.0	30.9	44.3	10.1	4.7	6.5
18-24	338.9	265.8	219.1	75.7	108.6	21.8	12.1	19.8
25-34	508.7	392.2	312.6	105.3	156.4	29.9	19.6	28.6
35-44	507.3	400.0	325.9	111.2	163.9	33.5	17.5	26.0
45-54	495.8	379.2	314.2	116.4	158.6	36.8	14.8	24.8
55-64	421.6	321.4	264.1	104.9	132.1	34.2	10.2	20.4
65 +	570.8	427.7	316.0	146.5	154.2	44.3	6.4	21.4
Total	2,979.7	2,289.3	1,843.0	690.9	918.2	210.6	85.3	147.5

Source: Deloitte Access Economics; ABS (2010).

ABS population projections show that the Australian population is ageing. Between 2010 and 2020, the proportion of people aged 65 years or older is expected to increase from 13.6% to 16.8% of the total Australian population. As depicted in Table 4.1, the 65 year and older age group is expected to grow fastest over the years 2011 to 2020, with the 55-64 year age groups also showing fast growth. Slowest growth over the same time period is shown in the 15-17 year age group.

Chart 4.1: Australian population growth by age group, 2011 to 2020


Source: Deloitte Access Economics.

Table 4.7 displays the estimated number of resident Australians in each age group at years 2011, 2015 and 2020. As illustrated in the chart above, growth in the 65+ age group is almost four times that of the total population.

Table 4.7: Australian population growth by age group, 2011 to 2020

Age	2011	2015	2020	2015 % increase from 2011	2020 % increase from 2011
0-14	4,208,666	4,385,411	4,650,142	4.2	6.0
15-17	877,169	876,580	891,297	-0.1	1.7
18-24	2,179,604	2,250,309	2,256,646	3.2	0.3
25-34	3,131,768	3,382,638	3,582,415	8.0	5.9
35-44	3,153,074	3,223,844	3,409,301	2.2	5.8
45-54	3,051,040	3,132,981	3,246,489	2.7	3.6
55-64	2,596,451	2,755,859	2,989,043	6.1	8.5
65 +	3,118,821	3,625,936	4,260,112	16.3	17.5
Total	22,316,593	23,633,558	25,285,445	5.9	7.0

Source: Deloitte Access Economics calculations.

4.2 Modelling demand scenarios

In consultations, stakeholders expressed the view that the fitness industry is expected to continue to see strong demand over the next ten years. This chapter outlines the likely demand for fitness professionals under three scenarios. In the base case, only population growth and changes in the population age structure affect the utilisation of fitness services. Using this demographic scenario as the baseline, two additional demand scenarios have been modelled:

- Scenario 1 - allowing a further increase of 1.6% per annum from growth in real per capita incomes (prices constant) and;
- Scenario 2 - assuming demand for professional services follows current industry revenue growth.

4.2.1 Current demand of fitness professionals by headcount

To calculate the 2011 demand for fitness professionals, utilisation rates by age, gender and jurisdiction (from Table 4.3 and Table 4.4) were applied to population statistics (Table 4.5 and Table 4.6). Estimates of demand for fitness industry services by age-group and jurisdiction are presented in Table 4.8.

In 2011, approximately 3.3 million Australians are estimated to use professional fitness services that include aerobics, fitness, gym activities, Pilates, weights training and yoga.

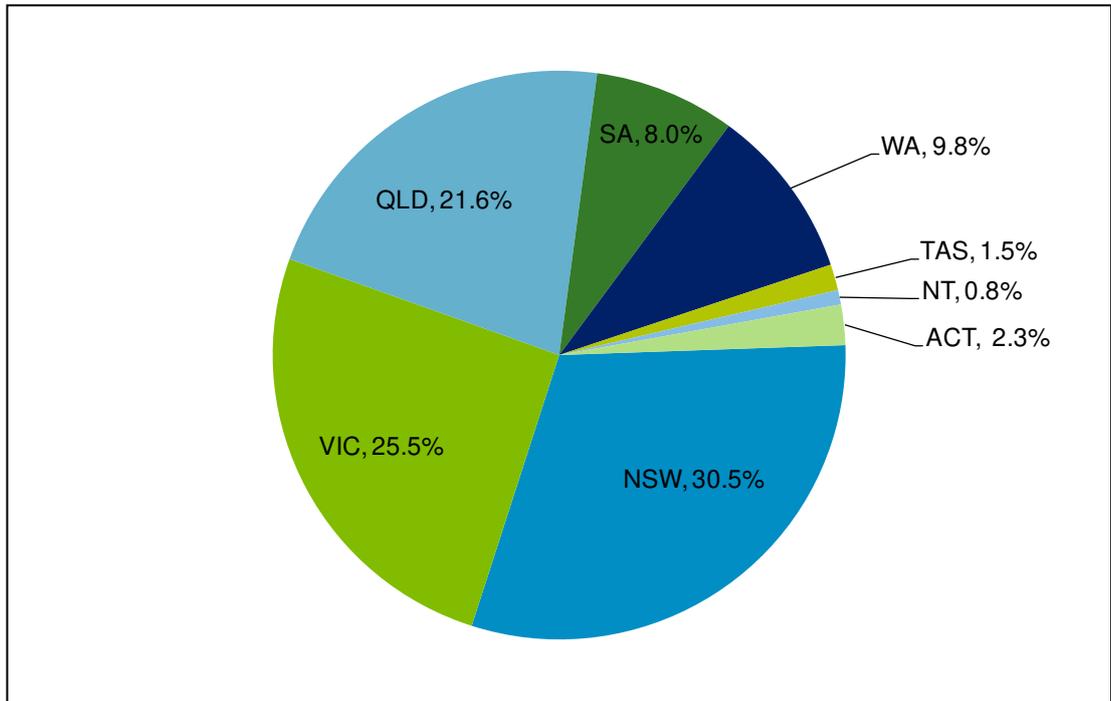
Table 4.8: Estimated demand, number of people ('000s), 2011

Age	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Total
15-17	40.4	33.2	30.5	10.5	13.4	2.1	1.2	2.8	134.1
18-24	174.9	149.2	127.1	45.0	56.9	8.0	5.3	15.0	581.4
25-34	246.4	207.3	172.0	59.5	78.2	10.2	7.9	20.2	801.7
35-44	181.6	155.3	132.0	46.4	60.4	8.5	5.3	13.6	603.0
45-54	166.4	137.6	118.6	45.0	54.3	8.7	4.3	11.9	546.9
55-64	109.3	89.7	78.0	31.0	35.0	6.3	2.4	7.5	359.2
65 +	91.5	74.2	58.7	26.6	25.4	5.1	1.0	5.0	287.5
Total	1,010.5	846.5	717.0	264.0	323.6	48.9	27.3	76.0	3,313.8

Source: Deloitte Access Economics; ABS (2010).

Broadly in line with the population dispersion (but also reflecting different participation rates and age-gender structures in different jurisdictions), over half of the demand for fitness services emanates from New South Wales (NSW) and Victoria, while together, the ACT, Northern Territory (NT) and Tasmania account for less than 5% of total demand (Chart 4.2). A key factor in operating successfully in this industry is locating premises close to where clients live and work, to offer convenience. Interestingly, in 2011, 41% of registered business locations were in NSW (compared to 31% of clients), 21% were in Victoria (compared to 26% of clients), while only 2% were in NT and TAS (broadly in line with demand) (IBIS, 2011). The differences may reflect data coding anomalies from 'registered business address' as well as business size variations. Unregistered businesses may also account for these differences.

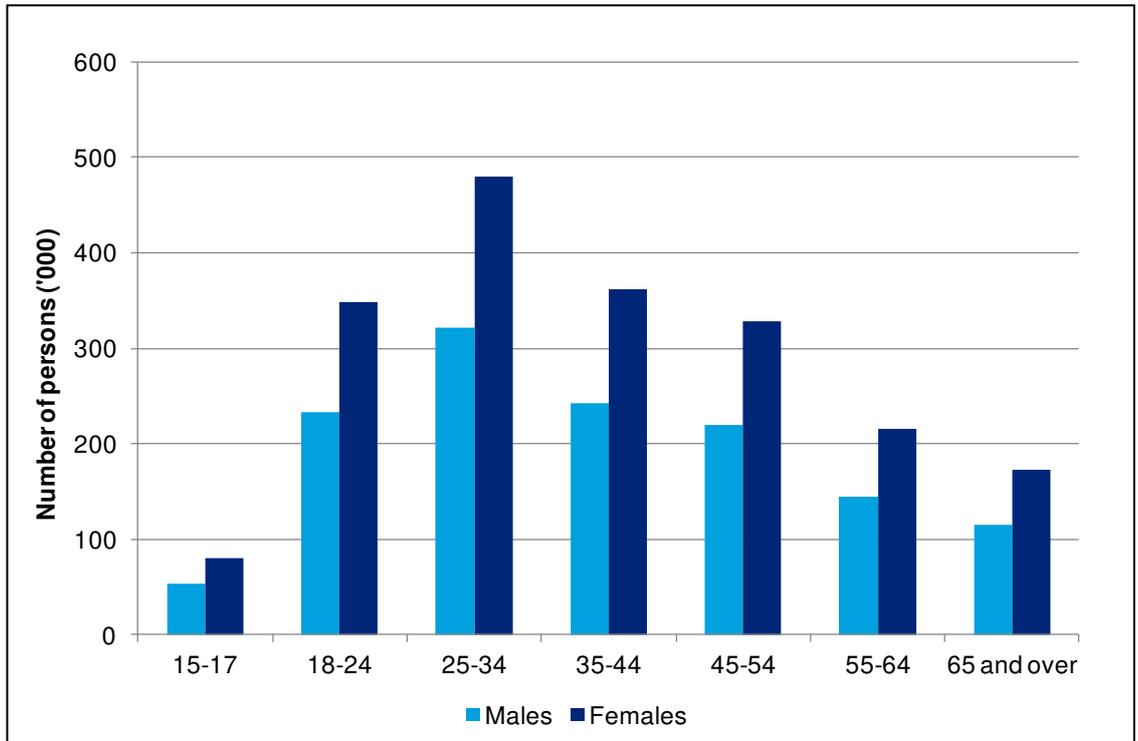
Chart 4.2: Demand for fitness industry services, by jurisdiction, 2011



Source: Deloitte Access Economics; ABS (2010).

The younger age profile of participation in aerobics, fitness, gym activities, Pilates, weights training and yoga is visible in Chart 4.3. Across Australia, one quarter of participants in fitness industry services are aged 25 to 34 years and over 60% are female. Industry consultation suggested utilisation may increase in the older age groups as awareness of the benefits of physical activity become more widespread over time and tailored programs are developed for and targeted to this demographic.

Chart 4.3: Demand for fitness industry services, by age group, 2011



Source: Deloitte Access Economics; ABS (2010).

4.2.2 Baseline demand for fitness professionals

The model projects the current per capita utilisation of fitness services by age, gender and jurisdiction (Table 4.9). This pure demographic demand scenario does not assume a growing role for fitness professionals. Rather, it holds current participation rates constant so growth in utilisation is only around 1.1% to 1.4% per annum. The base case may thus be considered conservative as it does not take account increasing income or consumer 'appetite' for services better tailored in future to meet needs and preferences.

Table 4.9: Projected baseline demand by jurisdiction, number of people, '000s

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
NSW	1,011	1,022	1,033	1,043	1,054	1,063	1,072	1,081	1,090	1,099
VIC	846	857	868	879	889	898	908	917	927	936
QLD	717	731	746	760	774	788	802	815	828	842
SA	264	266	268	270	272	274	276	278	279	281
WA	324	330	336	342	348	353	359	365	370	376
TAS	49	49	49	49	50	50	50	50	50	50
NT	27	28	28	28	29	29	30	30	30	31
ACT	76	77	77	78	79	79	80	81	81	82
Total	3,314	3,360	3,406	3,450	3,494	3,536	3,577	3,616	3,656	3,696
Growth		1.39%	1.37%	1.32%	1.26%	1.20%	1.15%	1.11%	1.10%	1.09%

Source: Deloitte Access Economics calculations.

4.2.3 Scenario 1 - demand for fitness professionals, accounting for income growth

Scenario 1 assumes that real household disposable income is an external driver of demand. In this scenario, projections are based on an income elasticity of demand of 1.20, as it is generally assumed that sports and leisure facilities are luxury goods (Gratton et al, 2000).² Real income (measured as GDP) per capita is projected to continue to rise over the period in question (2011 to 2020) at around 1.6% per annum³, enabling more Australians to afford to purchase fitness services (assuming no changes to real pricing). Scenario 2 thus comprises demand growth from income at 1.9% per annum and from population at 1.1% to 1.4% per annum, leading to total growth of 3.0% to 3.3% per annum over the next decade.

Table 4.10: Scenario 1 projected demand by jurisdiction, number of people, '000s

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
NSW	1,011	1,044	1,078	1,113	1,149	1,184	1,221	1,258	1,296	1,335
VIC	846	874	903	932	962	992	1,023	1,054	1,085	1,118
QLD	717	741	765	790	815	840	866	892	919	947
SA	264	273	282	291	300	309	319	329	339	349
WA	324	334	345	356	368	379	391	403	415	427
TAS	49	51	52	54	56	57	59	61	63	65
NT	27	28	29	30	31	32	33	34	35	36
ACT	76	78	81	84	86	89	92	95	97	100
Total	3,314	3,423	3,536	3,650	3,766	3,884	4,003	4,124	4,249	4,377
Growth		3.31%	3.29%	3.24%	3.18%	3.12%	3.07%	3.03%	3.02%	3.01%

Source: Deloitte Access Economics calculations.

² Income elasticity of demand measures the responsiveness of the demand for goods or services to a change in the income of consumers, all other factors remaining constant.

³ Projections of GDP growth from the Deloitte Access Economics Macroeconomic model. With elasticity of 1.2, a 1.6% increase in real per capita income will lead to a 1.92% (1.2*1.6%) rise in the demand for fitness services.

4.2.4 Scenario 2 - demand for fitness professionals accounting for income growth and service improvement

The level of demand under scenario 2 is calculated based on annual sales growth of health and fitness centres, in particular 'membership and competition fees' from 2004-05 to 2007-08 (Access Economics, 2009). As the fitness industry is a mature industry operating in a competitive market, growth in fee revenue represents a change in demand more so than an increase of profits at the margin. In 2004-05, membership and competition fees generated a total income of \$535.1 million (79% of total income). Latest data in 2007-08 shows that membership and competition fees generated \$741.3 million (79% of total income). Adjusted for inflation, average real sales growth was estimated at 7.70% per annum, implicitly reflecting income growth as well as the better tailoring of services. Together with population growth driving 1.1% to 1.4% demand increases, this results in an annual total demand projection of 8.8% to 9.1%. This scenario reflects a high case where future participation increases due to demographic factors, income growth and ongoing tailoring of fitness services to better meet consumer needs and preferences.

Table 4.11: Scenario 2 projected demand by jurisdiction, number of people, '000s

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
NSW	1,011	1,102	1,202	1,311	1,428	1,555	1,693	1,842	2,004	2,180
VIC	846	923	1,007	1,098	1,196	1,303	1,418	1,543	1,679	1,826
QLD	717	782	853	930	1,013	1,103	1,201	1,307	1,422	1,547
SA	264	288	314	342	373	406	442	481	524	570
WA	324	353	385	420	457	498	542	590	642	698
TAS	49	53	58	63	69	75	82	89	97	105
NT	27	30	32	35	39	42	46	50	54	59
ACT	76	83	90	99	107	117	127	138	151	164
Total	3,314	3,615	3,942	4,298	4,683	5,100	5,551	6,040	6,572	7,149
Growth		9.09%	9.06%	9.02%	8.96%	8.90%	8.85%	8.81%	8.80%	8.79%

Source: Deloitte Access Economics calculations.

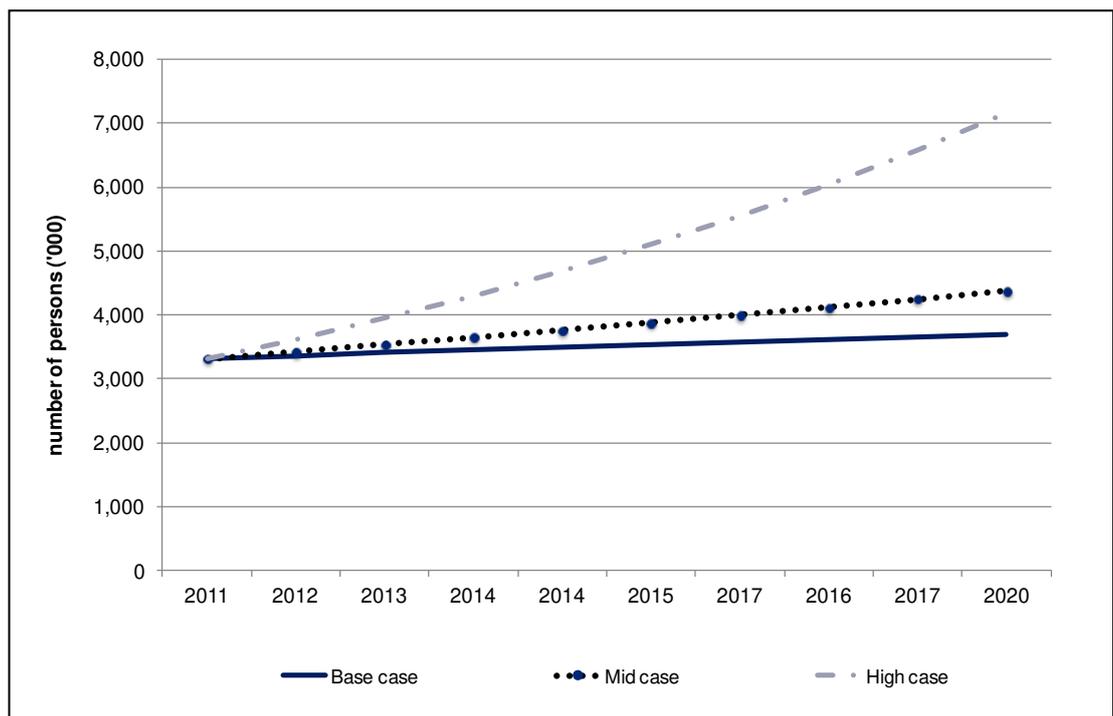
4.2.5 Demand summary

Chart 4.4 summarises the projected demand for fitness industry services under three possible scenarios. They include a:

- Baseline case - pure demographic demand scenario
- Scenario 1 - allowing an increase of 1.6% per annum from growth in real per capita incomes with income elasticity of demand of 1.2; and
- Scenario 2 - assuming demand for professional services follows historical industry revenue growth, in turn reflecting income growth and continuous service improvement.

Chart 4.4 shows that under all modelled scenarios, demand for fitness professionals is to be expected to increase. By 2020, the modelling suggests that 3.70 million people will demand fitness industry services (base case). Under scenario 1 – a mid case scenario, demand will increase to 4.38 million people. Under scenario 2 – a high case scenario, demand will increase to 7.15 million.

Chart 4.4: Demand for fitness industry services, by jurisdiction, 2011



Source: Deloitte Access Economics calculations

The relative difference under scenario 1 and scenario 2 from baseline in 2020 is shown in Table 4.12.

Table 4.12: Modelled demand growth by jurisdiction, 2020

Age	Baseline case	Scenario 1	Scenario 2	Scenario 1 increase from baseline (%)	Scenario 2 increase from baseline (%)
NSW	1,099	1,335	2,180	21.4	48.5
VIC	936	1,118	1,826	19.5	95.2
QLD	842	947	1,547	12.5	83.7
SA	281	349	570	24.2	102.9
WA	376	427	698	13.8	85.8
TAS	50	65	105	29.0	110.8
NT	31	36	59	17.3	91.6
ACT	82	100	164	22.7	100.5
Total	3,696	4,377	7,149	18.4	93.4

Source: Deloitte Access Economics calculations.

In general, it is expected that demand (per capita) for fitness services – and hence for fitness professionals – is likely to increase over the coming years for a number of reasons.

Firstly, health expenditure has been increasing historically as the population ages and the incidence of physical inactivity and obesity-related diseases increases. In an effort to limit the rise in public health system costs, the Government has invested heavily in preventative health – as evidenced by the establishment of the National Preventative Health Taskforce in 2008 and the associated national strategy. The strategy focuses profoundly on increasing physical activity, particularly in obese and older populations, noting that physical activity is the ‘best preventative medicine for old age’ (National Preventative Health Taskforce 2009). Furthermore in 2010, the Commonwealth Government established the Australian National Preventative Health Agency, specifically to strengthen Australia’s investment and infrastructure in preventive health.

As health funders and health professionals continue to advocate and prescribe physical activity, awareness of and demand for sport and recreation services including fitness is likely to continue to increase. These steps suggest increase demand for fitness services in older age groups particularly, which have traditionally had lower participation rates than younger age groups. Moreover, the market is increasingly meeting this need by tailoring services towards wellness rather than towards body image. In addition, as the industry has matured, younger people who have developed an early lifetime habit of utilising services may well carry that practice into older age, whereas current 65+ Australians had much lower exposure to the fitness industry as young adults.

A final consideration is that consumers already participating in other, non-fitness industry forms of physical activity (such as organised sports) may switch to using fitness services. There are a number of factors behind this potential change. First, fitness is often more convenient, efficient and accessible for flexibility and time-constrained consumers and may continue to become even more so as the breadth of fitness services continues to increase with new programs, targeted products and delivery methods (e.g. 24/7 gyms). Furthermore, fitness may be more preferred by older cohorts, and those that are concerned about sport-related injuries.

5 Supply modelling

5.1 Supply side data

The definition of 'fitness professionals' used in this report is presented and discussed in detail in this section. Data on the type of fitness professionals and age classifications are also presented.

5.1.1 Definition of fitness professionals

In general terms, fitness professionals are those who help people improve and maintain their physical strength and fitness through exercise programs and classes. They work with people together or one-on-one by assessing their fitness, developing fitness routines and teaching people how to use equipment correctly and exercise in ways that are safe and effective. They also deliver and supervise group exercise classes and a wide variety of tailored fitness activities.

For the purposes of this report, fitness professionals providing fitness services are defined in accordance with the Australian and New Zealand Standard Classification of Occupations (ANZSCO) - Minor group code 452 (Sport and Fitness Workers) and more specifically occupation code ANZSCO 452111 - Fitness professionals.

The ABS (2006) definition of fitness professionals is those who:

'direct, instruct and guide individuals and groups in the pursuit of physical fitness and wellbeing'.

The primary activities of fitness professionals include:

- conducting client health screening and consulting with various health professionals to develop and design fitness programs;
- designing and delivering individual exercise programs based on assessment of the client's health risk factors, level of fitness, goals and abilities;
- delivering group exercise classes and personal tuition in a variety of fitness activities in a safe and creative manner;
- demonstrating and teaching body movements and skills used in fitness routines;
- teaching and advising on the use of fitness equipment;
- setting up and monitoring fitness equipment and ensuring that equipment is safe, clean and in working condition;
- ensuring clients are aware of and adhere to safety and injury prevention procedures;
- reporting accidents and preparing accident reports;
- maintaining a working knowledge of current health and safety standards and ensuring work practices and procedures conform to current legislation; and
- maintaining current first aid and CPR certificates.

The ABS definition of fitness professionals is considered appropriate for the range of fitness service occupations in Australia currently (e.g. gym instructors, group instructors, personal trainers, aqua instructors, yoga trainers and specialised trainers).

Each state and territory has its own Fitness Industry Code of Practice with individual definitions of a 'fitness service'. In Victoria, for example, a fitness service is defined as⁴:

'a general fitness or exercise activity provided by, or under the supervision of, a Registered Fitness Professional in respect of which the Registered Fitness Professional has activity specific credentials'.

Queensland, on the other hand, does not distinguish between registered and unregistered providers of fitness services, defining services more broadly.

The most important distinction, common in one way or another across all definitions, is that a fitness service **does not** include services provided by a doctor, a physiotherapist (or other registered allied health professionals), a sporting club, an educational institution (as part of the institutions curriculum), or a service provided for the sole purpose of medical rehabilitation. A service for an unsupervised outdoor activity is also not considered a fitness service, nor is the hire of a court or other facility for playing sport.

5.1.2 Supply data

The size and composition of the fitness industry workforce assumed in this report comes from a Fitness Australia workforce survey conducted by Fitness Australia in 2011. The survey covered registered exercise professionals by age group and type of fitness professional. Workforce type was categorised according to the groups below, accounting for the overlap between the type of fitness service occupations. In summary these groups include:

- Group Instructor
- Gym Instructor
- Personal Trainer
- Personal Trainer AND Group Instructor
- Group Instructor AND Gym Instructor
- Personal Trainer AND Gym Instructor
- Personal Trainer AND Group instructor AND Gym Instructor
- Other Instructors (aqua instructors, yoga trainers and specialised trainers)

The fitness workforce population was further divided into age groups according to the following age brackets:

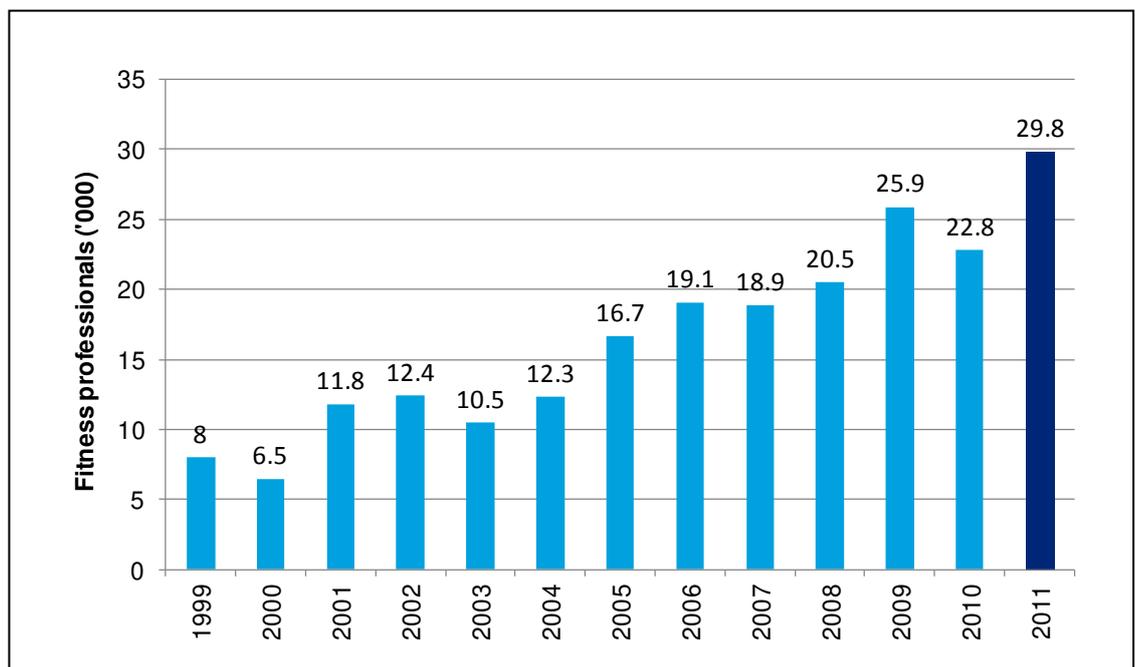
- 16-17
- 18-21
- 22-25
- 26-29

⁴ Fitness Victoria (2007), available at http://www.fitness.org.au/144044_40912055.html

- 30-34
- 35-39
- 40-44
- 45-49
- 50-54
- 55-59
- 60-64
- 65-69
- 70-83

The 2011 base year headcount for registered exercise professionals was 29,875 (24,875 registered with Fitness Australia and 5,000 registered with Physical Activity Australia)^{5,6}. Chart 5.1 shows the number of fitness professionals as reported by Jobs Outlook (2011) with the current estimate for 2011 also shown. Notably, growth rates in the supply of fitness professionals since 1999 have been increasing, with significant variation year on year. Average annual growth rate between 2005 and 2010 was around 7.2% (Job Outlook, 2011).

Chart 5.1: Historical employment levels of fitness professionals ('000)



Source: Job Outlook (2011) based on ABS Labour Force Survey, DEEWER trend. 2011 data from Fitness Australia (2011).

⁵ Fitness Australia and Physical Activity Australia represent Australia’s peak fitness industry bodies (pers., comm. 09/12/2011, Service Skills Australia).

⁶ An estimate of 5,000 fitness professionals registered with Physical Activity Australia was obtained from Kinect Australia's website - now updated as Physical Activity Australia (Physical Activity Australia, 2011)

5.2 Modelling supply scenarios

5.2.1 Supply model function

Supply is represented as the collective supply of hours by fitness professionals within a given calendar year. Supply of fitness professional arises, in the first instance, from a headcount. The function for fitness professional supply can be represented as:

$$S_{t,a,g,r} = f(S_{t-1,a,g,r} \text{ GRAD}_{t-1,a,g} \text{ IMMI}_{t,a,g} \text{ TEMP}_{t,a,g,r} \text{ DEA}_{t,a,g} \text{ EXITS}_{t,a,g} \text{ HOUR}_{S_{t,a,g}})$$

Here, S is the supply of service hours by fitness professionals, t is the time period, a is the age cohort, g is the gender, and r is the jurisdiction.

The functional input and output determinants for the supply of each cohort are:

- GRAD = the number of graduates entering the workforce (University, Private RTO, TAFE)
- IMMI = the net number of qualified immigrant fitness professionals entering the workforce (not modelled due to very small numbers)
- TEMP = net temporary movements of fitness professionals around, into and out of the workforce (not modelled due to small numbers and lack of data)
- DEA = the number of deaths of fitness professionals currently in the workforce
- EXITS = all other permanent exits from the workforce (e.g. career change, retirement)
- HOURS = hours worked, additionally dependent upon real wage (remuneration) and total hours practise per week spent.

The supply model is contingent upon supply inflows, and supply outflows, which are described below.

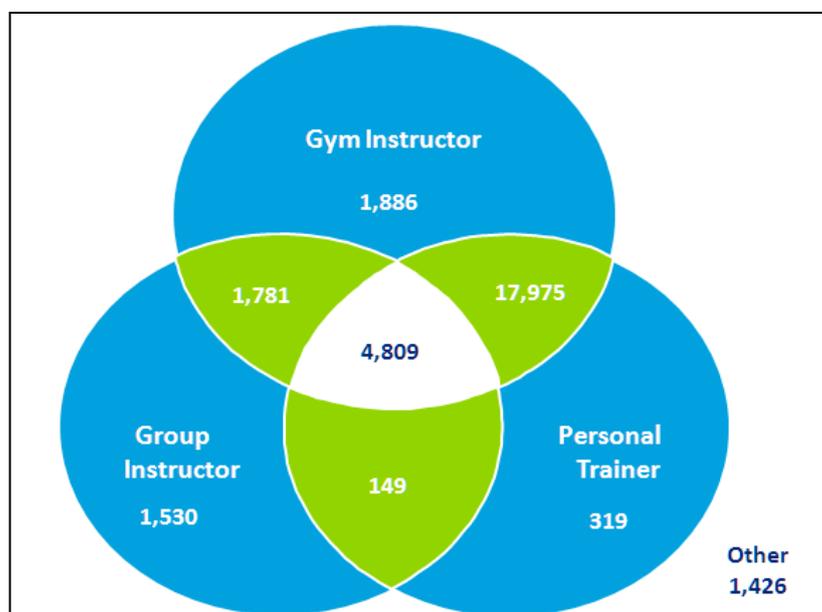
5.2.2 Current supply of fitness professionals by headcount

The number of fitness professionals in 2011 used in the modelling was taken from an estimate derived by Fitness Australia through a Survey of their members in 2011. The estimate relates to those registered with Fitness Australia (24,875) only but was factored up to include those registered with Physical Activity Australia (5,000). Registration with either organisation is not compulsory and it is very difficult to measure the number of unregistered professionals. Through consultations with key stakeholders, it was estimated that potentially around 75% of fitness industry professionals are registered with either Fitness Australia or Physical Activity Australia. However, given the varying responses (see Section 7.1), no adjustments were made.

In 2011, it is estimated that there are 29,875 people employed in the fitness industry as a gym instructor, group instructor, personal trainer and/or other trainer (note that instructor type is not mutually exclusive, i.e. a personal trainer can also be a group instructor). Figure 5.1 shows the crossover of qualifications/registrations evident in the current fitness workforce. The data show that almost 90% of workforce participants are registered gym instructors and around 80% are registered personal trainers. Less prevalent are yoga

instructors and aqua instructors, with only 0.3% and 1.5% of the workforce registered to supply these services, respectively (classified as ‘other trainers’).

Figure 5.1: Number of fitness professionals, by type, in 2011



Source: Deloitte Access Economics calculations; Fitness Australia (2011).

Approximately 56% of fitness professionals are female (16,749), and 44% male (13,126). Almost two thirds (62%) of fitness professionals are aged between 22 to 39 years, with only 4% over the age of 55 years (Table 5.1).

Table 5.1: Distribution of fitness professionals by age group

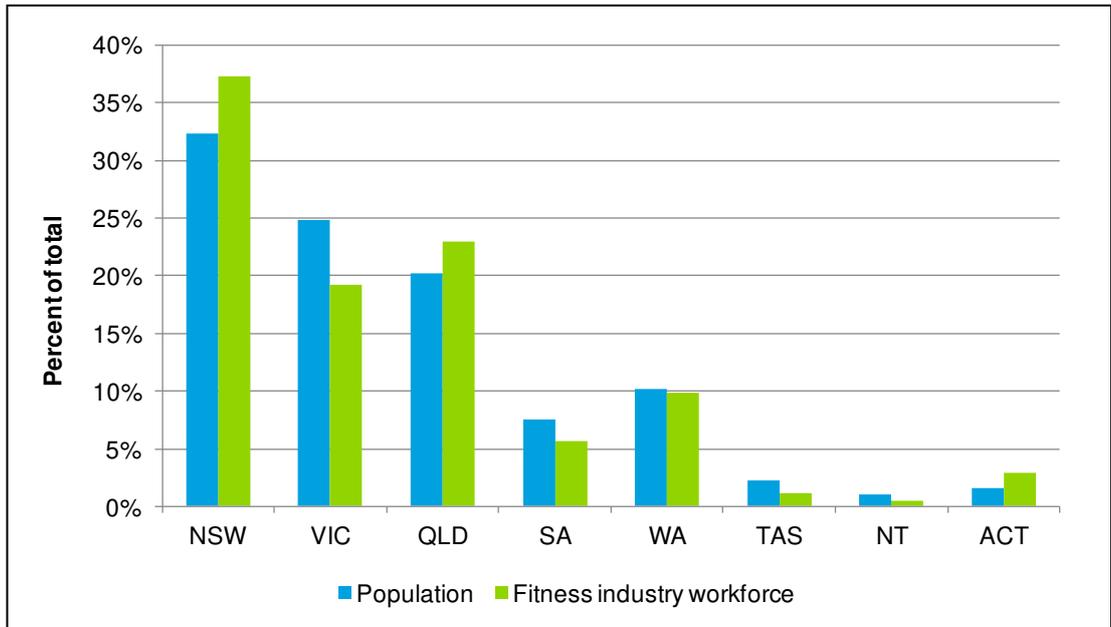
Age group	Age distribution
16-17	0.2%
18-21	9.4%
22-25	15.5%
26-29	15.3%
30-34	16.8%
35-39	14.0%
40-44	12.0%
45-49	7.8%
50-54	5.0%
55-59	2.4%
60-64	1.1%
65-69	0.4%
70-83	0.1%
Total	100%

Source: Fitness Australia (2011).

The dispersion of fitness industry professionals throughout Australia broadly emulates the population (Chart 5.2), though a slightly higher proportion of the fitness workforce (relative

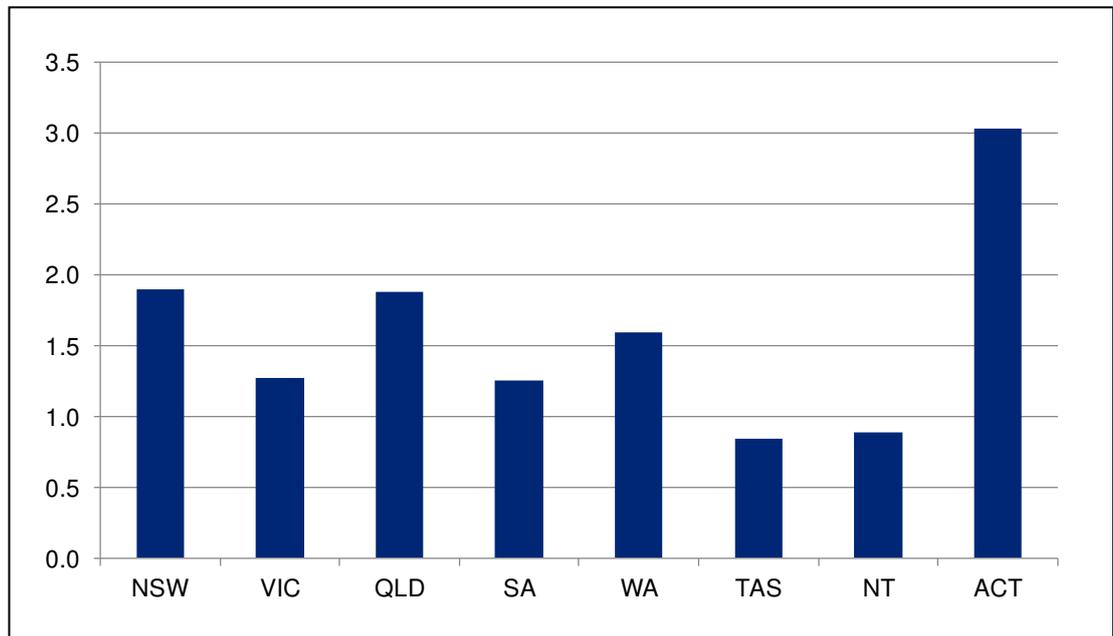
to the population) is located in ACT, NSW and Queensland and a smaller share of the workforce is located in Victoria, SA, Tasmania and the NT. In WA the shares are roughly equivalent.

Chart 5.2: Dispersion of population and workforce by jurisdiction, % of total, 2011



Source: Fitness Australia (2011).

Across jurisdictions there is less than one fitness professional for every 1,000 people in Tasmania and the Northern Territory. The rate is slightly higher in Victoria and SA, with WA around 1.5 fitness professionals per 1,000 population. In NSW and QLD, there are almost two fitness professionals per 1,000 people. The ACT has the highest per capita workforce, with over three registered exercise professionals per 1,000 people. Strong demand and utilisation rates in the ACT are thus mirrored in supply data also.

Chart 5.3: Number of fitness industry professionals per 1,000 people, by jurisdiction, 2011

Source: Fitness Australia (2011)

However, the headcount of fitness professionals is not a good proxy for the supply of fitness services as many professionals work on a part-time or casual basis. To model the supply of fitness services, headcount is converted into full time equivalent (FTE) based on average hours worked.

Data on the average number of hours worked by fitness professionals by age, gender and jurisdiction are not available. From consultations, the average number of hours worked by group fitness instructors on a casual basis was estimated to be on average 4.5 client contact hours per week⁷ (Table 5.2), although casual staff hours vary substantially across organisations.

There was also substantial variation in the average hours worked by full time and part time fitness professionals; the average number of client contact hours worked by a full-time personal trainer/fitness instructor was estimated to be 23.5 hours per week⁸ (ranging from 15 hours to 45 hours) and 9.5 hours per week⁹ for part-time fitness professionals (calculated from Table 5.3).

Since administration task performed by fitness professionals within a full time role may vary and may be paid or unpaid; the number of full time hours worked by employees (38 hours) and those self employed (60 hours) also vary accordingly (from Table 5.3). This is broadly in line with statistics from Job Outlook (2011) which shows that on average fitness professionals work 40 hours per week inclusive of all tasks.

⁷ $(1+7+1+8+3+6)/6 = 4.3$

⁸ $(15+30+15+30+25+25)/6 = 23.3$

⁹ $(6+16+5+10)/4 = 9.3$

The employment type composition was obtained from Labour Force Survey data (ABS, 2006). The data suggest that 68% of fitness professional workforce were employed on a casual basis, 12% permanent part-time, 18% permanent full-time and 2% are working proprietors and partners (ABS, 2006). Table 5.5 shows the number of FTEs thus derived, by employment type and fitness professional for the 2011 year. Overall there were an estimated 11,314 FTE fitness professionals in 2011, 53% full time, 13% part time and 34% casual.

Table 5.2: Group fitness instructor employment type and remuneration structure

Contact	Employment type	Pay rates			Contact hours (client contact)		Comments
		Level 1	Level 2	Level 3	Min	Max	
Healthy Balance Fitness	Casual	\$70 per session	\$80 per session	\$90 per session	1	7	Levels are distinguished by years of experience not qualifications. All staff members have a minimum of Cert IV. L1 has is new trainer, L2 has one year experience and L3 has at least 2 years experience.
Goodlife Fitness Centre	Casual	\$30 per session	\$45 per session	\$60 per session	1	8	Fitness professionals as a percentage of the overall workforce – 64% (4.5% Fitness directors) (16% gym floor instructors) (37.8% group fitness instructors) (4.4% swim school) (0.4% massage) (0.6% exercise therapy) (0.3% nutritional coaches). Classes run for 45-60 mins per session.
Health Mates	Casual	-	-	-	3	6	It varies significantly. Casual hours are kept to a minimum.

Source: Industry consultations, 2011

Table 5.3: Personal trainer/fitness instructor full time employment and remuneration structure

Contact	Employment type	Pay rates		Contact hours (client contact)		Comments
		Manager	General staff	Min	Max	
Contours	Full-time	\$45,000 per annum + bonus + commissions	\$40,000 per annum + commissions + bonus	-	-	Manager bonuses are fortnightly and based on net membership growth (must achieve 10 new members above cancellations). Bonus is \$300. General staff get sales commission of \$10 per person. If they reach 12 new members in a fortnight they get a \$150 bonus.
Health Mates	Full-time	-	\$55,000 per annum	-	25	It varies significantly.

Genesis Health Clubs	Full-time	-	-	15	30	All trainers are sub-contractors. Most dedicated trainers: 30 hours of client contact plus 10-15 hours of administration. More typical: 15-20 hours of client contact plus 10-15 hours of administration.
Fitrock (Independent gym)	Full-time	-	-	Typically 25		All trainers are employees and are rostered on to ensure a mix of activities (i.e. would not be rostered on for 30 hours client contact) A typical week would include about 25 hours of client contact and the rest reception/admin, however these hours may also include some client contact (clients needing demonstration/assistance).
Healthy Balance Fitness	Full-time	-	-	15	30	All trainers work 40-60 hours per week: 35-45 hours of client contact plus 10-15 hours of administration.

Source: Industry consultations, 2011

Table 5.4: Personal trainer/fitness instructor part-time employment and remuneration structure

Contact	Employment type	Pay rates		Contact hours (client contact)		Comments
		Manager	General staff	Min	Max	
Health Mates	Part-time	-	\$22.10 per hour	6	16	Employee trainers are all paid the award which varies state to state.
Genesis Health Clubs	Part-time	-	-	5	10	Part time trainers (doing other work outside): 5-10 hours per week client contact.

Source: Industry consultations, 2011

Table 5.5: Number of FTE fitness professionals, 2011

	Full-time	Part-time	Casual	Total
Personal Trainer	64	15	42	121
Group Instructor	306	74	199	579
Gym Instructor	377	91	246	714
Personal Trainer AND Gym Instructor	3,595	872	2,341	6,808
Personal Trainer AND Group Instructor	30	7	19	56
Group Instructor AND Gym Instructor	356	86	232	675
All three instructor types	962	233	626	1,821
Other (e.g. Yoga, Aqua Trainers)	285	69	186	540
Total	5,975	1,449	3,890	11,314
% of total	53%	13%	34%	100%

Source: Deloitte Access Economics calculations

5.2.1 Inflows of fitness professionals

Graduates from vocational education and training

Graduates in 2011 from relevant fitness courses add to the workforce headcount and thus to the overall supply of fitness services beyond 2011. Currently, there are three levels of academic qualification available to obtain a Fitness Qualification:

1. Certificate III in Fitness
2. Certificate IV in Fitness
3. Diploma of Fitness

Certificate III and Certificate IV account for the largest qualification type within the fitness industry. In 2011, 17% of fitness professionals were qualified with Certificate III in fitness only, 77% with Certificate IV in fitness, 2% with a Diploma in Fitness, 3% with higher education (tertiary or post graduate) and 1% with international recognition by the International Confederation of Registers of Exercise Professionals (ICREPS) (Fitness Australia, 2011).

Graduates of the Certificate III in Fitness are qualified to work as Gym Instructors or Group Instructors, although many fitness organisations only hire Certificate III as Group Instructors. There are three areas of specialisation available under the Certificate III in Fitness: Exercise Instructor – Gym, Exercise Instructor – Group Exercise and Exercise Instructor – Aqua. In order to work as a personal trainer, fitness professionals must obtain the Certificate IV in Fitness. The Diploma of Fitness allows for specialisation for working with special conditions and population groups.

This analysis estimates the supply of fitness professional graduates based on:

1. the number of vocational education and training (VET) qualifications completed by Certificates III and IV in Fitness (ANZSCO code: 4521-Fitness Instructors);
2. the rates of completion for these qualifications; and
3. the employment outcomes of graduates from these courses.

The above parameters were estimated according to the statistics reported by the National Centre for Vocational Education Research (NCVER) – a government-supported independent body responsible for collecting, managing, analysing, evaluating and communicating research and statistics about VET nationally in Australia.

Table 5.6 presents the estimation of the supply of graduates with Certificates III and IV in Fitness from public RTOs. The NCVER reported the number of enrolments and the number of graduates with Certificates III and IV from public RTOs in 2007-2009. Assuming the average time to completion was 1 year, the rates of completion were determined by dividing the number of graduates in one year by the number of enrolments in the previous year. This method estimated the completion rate as 60% for the cohort enrolled in 2007 and 65.4% for those enrolled in 2008. These estimates were supported by information collected during consultation with stakeholders (pers comm., 11/11/11, NSW TAFE).

The NCVER data also indicate that 82.9% of graduates participated in either full-time (24.9%) or part-time (58%) employment six months after completion of their training. Of these graduates, 51.4% were employed as Fitness professionals or in areas relevant to the course. Based on this information, the annual supply of fitness professional graduates from public RTOs was estimated to range from 1,511 in 2007 to 2,732 in 2011.

To project future workforce supply for the fitness industry, the expected number of enrolments was increased in line with projected population growth for those aged between 18 and 24 years. Completion rates for enrolments in 2009 – 2020 were assumed to be constant at 65.4% (the rate observed in 2008 enrolments). Similarly, the proportion of graduates employed in fitness within six months of graduation was assumed to remain constant at the levels observed in 2007 (i.e. no change in early drop-out rates or failure to obtain work).

Thus, the estimated annual supply of fitness professionals from public RTOs was estimated to be 2,768 in 2012, increasing to 2,985 in 2020 (Table 5.6).

Table 5.6: Estimated supply of Cert III and Cert IV graduates from public RTOs

Year	Enrolment	Growth ^(b)	Completed ^(b)	Employed ^(c)	Employed in fitness ^(c)	Supply from Public RTO
2007 ^(a)	5,910	-	60.0%	82.9%	51.4%	1,511
2008 ^(a)	6,206	5.0%	65.4%	82.9%	51.4%	1,728
2009 ^(a)	7,101	14.4%	65.4%	82.9%	51.4%	1,978
2010	9,686	36.4%	65.4%	82.9%	51.4%	2,697
2011	9,811	1.30%	65.4%	82.9%	51.4%	2,732
2012	9,939	1.30%	65.4%	82.9%	51.4%	2,768
2013	10,063	1.25%	65.4%	82.9%	51.4%	2,802
2014	10,168	1.05%	65.4%	82.9%	51.4%	2,832
2015	10,266	0.96%	65.4%	82.9%	51.4%	2,859
2016	10,342	0.73%	65.4%	82.9%	51.4%	2,880
2017	10,422	0.78%	65.4%	82.9%	51.4%	2,902
2018	10,516	0.90%	65.4%	82.9%	51.4%	2,929
2019	10,617	0.96%	65.4%	82.9%	51.4%	2,957
2020	10,720	0.97%	65.4%	82.9%	51.4%	2,985

Source: Deloitte Access Economics calculation; Note: ^(a)National VET Provider Collection, 2006-10; ^(b)ABS (2010); ^(c)NCVER Student Outcomes Survey 2009-10.

Private RTOs also play an important role in supplying workforce to the fitness industry. Because data are not routinely reported by private RTOs, estimation was largely sourced from consultation with stakeholders (pers comm., 17/01/12, Australian Institute of Fitness). From a consultation with the Australian Institute of Fitness, it was estimated that approximately 12,500 students graduated from private RTOs in 2011, representing an approximate completion rate of 90% per annum. The analysis presented in Table 5.7 calculates the supply from private RTOs using the same methods as described above for the supply from public RTOs.

The estimated annual supply of fitness professionals from private RTOs was estimated to be 5,395 in 2012, increasing to 5,764 in 2020 (Table 5.6).

Table 5.7: Estimated supply of Cert III and Cert IV graduates from private RTOs

Year	Enrolment	Growth ^(b)	Completed ^(a)	Employed ^(c)	Employed in fitness ^(c)	Supply from Private RTO
2011 ^(a)	13,889	-	90.0%	82.9%	51.4%	5,326
2012	14,069	1.30%	90.0%	82.9%	51.4%	5,395
2013	14,245	1.25%	90.0%	82.9%	51.4%	5,463
2014	14,394	1.05%	90.0%	82.9%	51.4%	5,520
2015	14,533	0.96%	90.0%	82.9%	51.4%	5,573
2016	14,639	0.73%	90.0%	82.9%	51.4%	5,614
2017	14,753	0.78%	90.0%	82.9%	51.4%	5,658
2018	14,886	0.90%	90.0%	82.9%	51.4%	5,709
2019	15,029	0.96%	90.0%	82.9%	51.4%	5,764
2020	15,029	0.97%	90.0%	82.9%	51.4%	5,764

Source: Deloitte Access Economics; ABS (2010); Note: ^(a) Estimate from consultation (pers comm., 17/01/12, Australian Institute of Fitness); ^(b) ABS (2010); ^(c) NCVET Student Outcomes Survey 2009-10.

Graduates from higher education

Based on information collected, only a small number of students become fitness professionals after higher education (post graduation and undergraduate degrees), and specific data on the number of Australian graduates are not available (pers comm., 15/11/11, Deakin University). The 31 universities providing fitness courses are listed below for completeness but not used in the modelling. The modelling thus assumes that the number of graduates from higher education inflows remains at the same relative ratio to VET graduates as currently i.e. 3% of the total with higher education (tertiary or post graduate) and 1% ICREPS.

The percentage of people with higher education may be slightly underestimated within fitness industry registration data as there were no requirements to record higher education data historically. As such, the assumed percentage may represent a conservative estimate.

Table 5.8: University and fitness higher education courses

University Name	Course Name
Australian Catholic University	Bachelor of Exercise and Health Science
Australian National University	Master of Sport and Exercise Medicine
Bond University	Bachelor of Exercise Science
Central Queensland University	Bachelor of Exercise and Sport Sciences
Charles Darwin University	Bachelor of Exercise and Sport Science
Charles Sturt University	Bachelor of Exercise Science
Curtin University of Technology	Bachelor of Exercise and Sport Science
Deakin University	Bachelor of Exercise & Sport Science
Edith Cowan University	Bachelor of Science (Exercise and Sports Science)
Griffith University	Bachelor of Exercise Science
James Cook University	Bachelor of Sport and Exercise Science
Murdoch University	Bachelor of Science in Exercise Physiology
Queensland University of Technology	Bachelor of Clinical Exercise Physiology Bachelor of Exercise & Movement Science
RMIT University	Bachelor of Applied Science (exercise and sport science)
Southern Cross University	Bachelor of Exercise Science and Nutrition Bachelor of Sport and Exercise Science
The University of New England	Bachelor of Exercise and Sports Science
The University of New South Wales	Bachelor of Exercise Physiology
The University of Newcastle	Bachelor of Exercise and Sport Science
The University of Notre Dame	Bachelor of Exercise and Sport Science Master of Exercise Science
The University of Queensland	Bachelor of Exercise and Nutrition Sciences Bachelor of Exercise and Sport Science
The University of Sydney	Bachelor of Applied Science (Exercise, Sports Science and Nutrition)
The University of Western Australia	Bachelor of Exercise Rehabilitation Science
University of Ballarat	Bachelor of Exercise and Sport Science Bachelor of Applied Science (Human Movement)
University of Canberra	Bachelor of Sport Coaching and Exercise Science
University of South Australia	Bachelor of Applied Science (Human Movement and Health Studies)
University of Tasmania	Bachelor of Human Movement Bachelor of Exercise Science
University of Technology Sydney	Bachelor of Human Movement Bachelor of Management in Sport and Exercise
University of the Sunshine Coast	Bachelor of Sport and Exercise Science
University of Western Sydney	Bachelor of Health Science (Sport and Exercise Science)
University of Wollongong	Bachelor of Exercise Science and Rehabilitation
Victoria University	Bachelor of Exercise Science & Human Movement

Source: Study in Australia (2012)

Note: Only a sample of fitness courses are listed for each university. Universities may have more than one course relevant to individuals pursuing a career in the fitness industry as a fitness professional.

Net overseas migration

The contribution of net overseas migration to the Australian fitness professional workforce is minimal. From consultations it is estimated that net immigration of foreign-trained fitness professionals is negligible.

5.2.2 Supply outflows

The main outflows of fitness professionals from the fitness professional workforce are permanent and arise from mortality and exits out of the industry (staff changing careers and retirement).

Mortality rates

The ABS releases detailed data life tables that address mortality rates by year of age (ABS, 2011). Mortality rates vary by year of age and gender, although they are constant in relation to occupational status and jurisdictional location. Mortality rates were adapted in the modelling from single year of age. Deaths account for only 0.6% of exits for males and 0.89% for females; mortality rates are presented in Table 5.9.

Table 5.9: Mortality rates

Age	Females	Males
16-17	0.02%	0.04%
18-21	0.02%	0.06%
22-25	0.03%	0.07%
26-29	0.03%	0.07%
30-34	0.04%	0.09%
35-39	0.06%	0.11%
40-44	0.09%	0.16%
45-49	0.15%	0.24%
50-54	0.22%	0.37%
55-59	0.32%	0.55%
60-64	0.50%	0.84%
65-69	0.80%	1.37%
70-83	2.50%	3.89%
Total	0.60%	0.89%

Source: ABS (2011). Note: Adapted from single year.

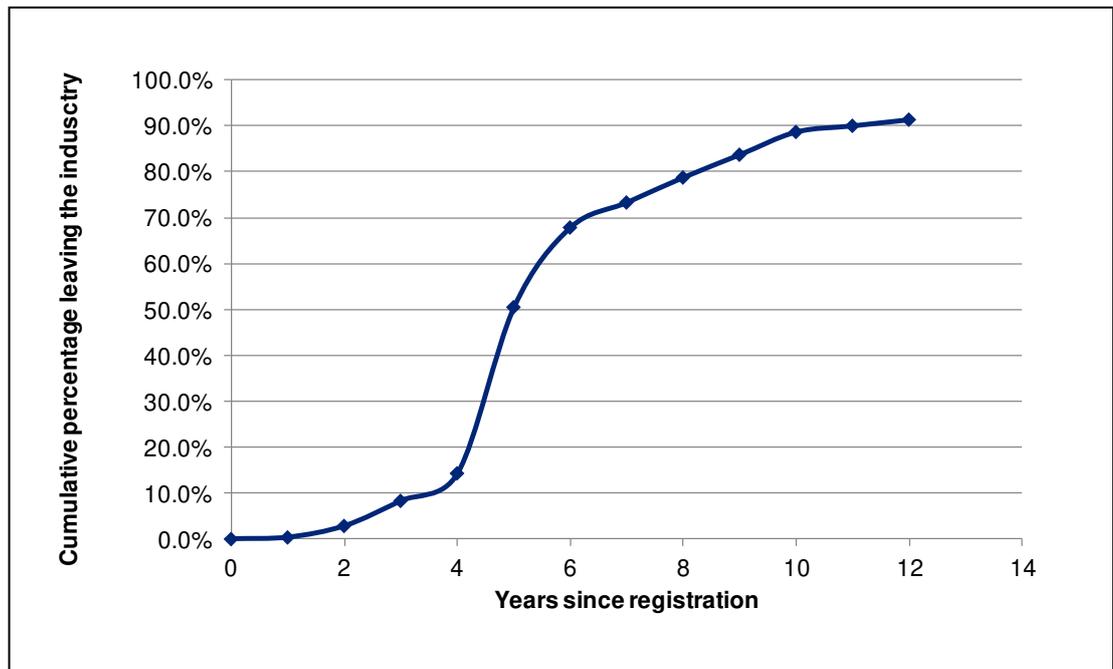
All other exits

All other exits comprise workforce attrition owing to age and invalidity retirement, a change of career or fitness professionals deregistered due to malpractice. Deregistration, according to views from consultation, is numerically immaterial.

In this report, the probability of fitness professionals exiting the industry was estimated according to the 2011 workforce statistics provided by Fitness Australia. In this dataset, there was a positive correlation between the number of years since registration and the probability of leaving the industry (Chart 5.4). The model assumes that the current fitness

professional population exhibits the same registration distribution as observed in 2011. Therefore, it is estimated that 10.4% of fitness professionals would leave the industry in any given year.

Chart 5.4: Likelihood of ‘other exits’ since registration



Source: Deloitte Access Economics calculations; Fitness Australia (2011).

The exit rate was assumed to be consistent across age and gender based on feedback from numerous industry professionals. One was noted as saying:

‘My retention historically has not been related to age. The industry tends to attract young applicants, but in saying this we have employed older applicants (change of career) who discover the pay rates and working hours unsuitable, making them revert back to their original careers. I have had this happen several times. So, therefore, being older does not necessarily make them stay longer (from my experience). This tends to be the same for all roles’

- (pers comm., 25/11/11, Health Mates)

Table 5.10 presents the modelled inflows of fitness professionals from public RTOs, private RTOs and university graduates. Table 5.11 presents the outflows of fitness professionals. Table 5.12 presents the total supply of FTE fitness professionals over the next ten years.

Table 5.10: Projected fitness professional graduates 2012-2020, number of people

	Qualification	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public RTO	Cert III Fitness	1,326	1,343	1,357	1,370	1,380	1,391	1,403	1,417	1,431
	Cert IV Fitness	1,441	1,459	1,475	1,489	1,500	1,512	1,525	1,540	1,555
Private RTO	Cert III Fitness	2,585	2,618	2,645	2,671	2,690	2,711	2,736	2,762	2,762
	Cert IV Fitness	2,810	2,845	2,875	2,902	2,924	2,946	2,973	3,002	3,002
TAFE/Private RTO	Diploma	208	211	213	215	216	218	220	222	223
Higher Education	Tertiary/Post Grad	231	234	237	239	241	242	245	247	248
International	International Recognition	55	55	56	57	57	57	58	59	59
	Total	8,657	8,765	8,857	8,942	9,008	9,078	9,160	9,248	9,278
	Growth		1.25%	1.05%	0.96%	0.73%	0.78%	0.90%	0.96%	0.33%

Source: Deloitte Access Economics calculations based on ABS (2010); NCVER (2011).

Table 5.11: Projected fitness professional exits 2012-2020, number of people

	Qualification	2012	2013	2014	2015	2016	2017	2018	2019	2020
Mortality	Deaths	42	48	52	57	61	64	68	71	73
All other exits	Career change, retirement	4,007	4,498	4,946	5,356	5,730	6,072	6,387	6,677	6,940
	Total	4,050	4,545	4,998	5,413	5,791	6,136	6,454	6,748	7,014
	Growth		12.24%	9.97%	8.29%	6.98%	5.97%	5.18%	4.55%	3.94%

Source: Deloitte Access Economics calculations based on ABS (2010); NCVER (2011).

Table 5.12: Projected FTE fitness professional by type

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Personal Trainer	121	140	157	172	187	200	212	223	233	242
Group Instructor	579	669	751	826	894	956	1,013	1,066	1,114	1,158
Gym Instructor	714	824	925	1,017	1,102	1,179	1,249	1,314	1,373	1,428
Personal Trainer AND Gym Instructor	6,808	7,858	8,819	9,698	10,503	11,236	11,906	12,523	13,093	13,609
Personal Trainer AND Group Instructor	56	65	73	80	87	93	99	104	108	113
Group instructor AND Gym Instructor	675	779	874	961	1,041	1,113	1,180	1,241	1,297	1,348
All three	1,821	2,102	2,359	2,595	2,810	3,006	3,185	3,350	3,503	3,641
Other Trainers	540	623	699	769	833	891	944	993	1,038	1,079
Total	11,314	13,059	14,657	16,119	17,455	18,674	19,788	20,813	21,760	22,617

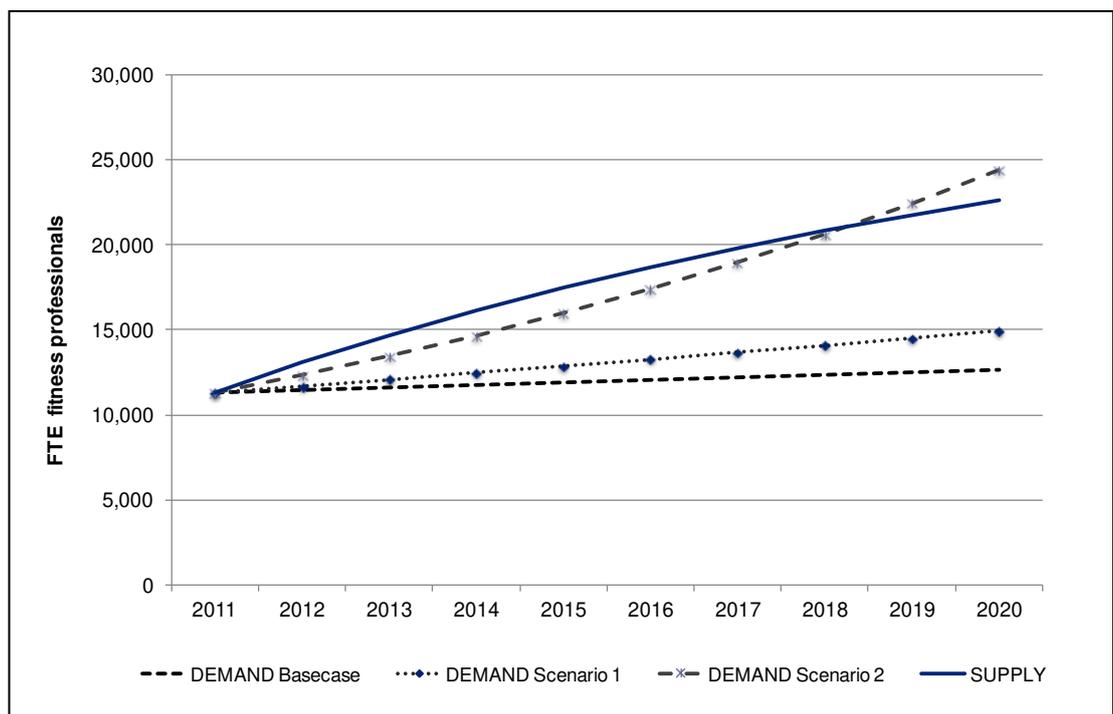
Source: Deloitte Access Economics calculations

6 Projected supply-demand balance

In earlier sections, demand and supply were described and discussed separately. In this section, demand and supply are compared to investigate whether the market for fitness professionals is projected to be balanced over the next 10 years. The model does not capture any current imbalance or maldistribution that exists today but rather assumes that 2011 supply equals 2011 demand.

Chart 6.1 summarises the supply and demand projections over the next 10 years for fitness professionals. Based on the three demand scenarios, the analysis suggests that supply will exceed the high demand scenario up until 2019. By 2020, in the highest demand scenario (1) there would be a shortage of around 1,800 FTE fitness professionals. In the mid-case scenario (2) there would be an excess supply of around 7,700 FTE fitness professionals.

Chart 6.1: Projection of supply and demand for FTE fitness professionals



Source: Deloitte Access Economics calculations

Consultation from stakeholders confirmed information that was used as inputs to the modelling. On the demand side, and recalling section 4.2.5, these include:

- the projected increase in the prevalence of obesity and cardiovascular related diseases and the role of physical activity in prevention and treatment of these conditions;
- changing lifestyle factors that may favour fitness above other forms of physical activity (e.g. fitness may be more convenient and less time consuming than organised sport);

- the recognition of physical activity as a treatment for and/or prevention against conditions associated with ageing, coupled with the ageing population;
- the increasing breadth of services that target an increasing pool of the population (e.g. yoga for pregnancy); and
- the attention given to fitness through television print, radio and media.

The main supply issue is the level of turnover - reflecting movement to another job within the sector as well as permanent exit. Anecdotally, almost all stakeholders reported that they observe 'high' turnover of fitness industry professionals. One stakeholder provided turnover data indicating a turnover rate for gym instructors of 3.9% per month and 1.5% per month for group fitness instructors (approximately 19% per annum). This is high, particularly for gym instructors, compared to the turnover of around 15% per annum observed as an average across most industries (Access Economics 2004).

As discussed more fully in Chapter 7, industry stakeholders reported a number of reasons for the high turnover. In no particular order, these included:

- low remuneration;
- lack of a career path;
- undesirable hours;
- inability to work in a full time capacity; and
- mismatch of expectations with actual job roles.

The high level of casual employment also suggests a potential attitude to the work as a 'short term fill in'. Employers, educators and the industry body all have interdependent roles to play in addressing these issues. For example, for remuneration to increase, the productivity of the workforce must increase and for this to happen, the workforce must become more skilled. To increase the skill overall, workforce education institutions must develop and maintain rigorous courses. Moreover, if the industry is perceived improving skill levels and professionalism, attitudes to the work as a 'short term fill in' may change.

7 Consultation responses

Deloitte Access Economics contacted 20 fitness industry stakeholders to gain insights from the industry and to build a picture of the current workforce. The consultations were semi-structured interviews of around one hour. SSIs involve developing scripts which raise pre-assigned questions and issues prior to the interview, which stakeholders have an opportunity to consider, and then respond to at interview, while also being able to direct the discussion to other areas of relevance at their discretion (Appendix A). We spoke directly to industry professionals and business owners, as well as stakeholders from educational institutions offering fitness courses and external stakeholders from the health and corporate sectors. This section provides a summary of the key themes and insights from the consultation phase.

7.1 Industry professionals and businesses

Deloitte Access Economics interviewed nine stakeholders who work directly in the fitness industry to help form a view about the size and composition of the workforce and their perceptions of the industry. Stakeholders included:

- an employee of Fitness Australia;
- an employee of a fitness centre;
- a sole-trader supplying outdoor group exercise;
- employees/owners of a variety of fitness industry businesses, including:
 - a local government fitness centre;
 - a 24-hour fitness facility;
 - a personal training studio;
 - a female-only weight loss circuit;
 - an outdoor group training provider; and
 - an allied health and wellness centre.
- 3 members of the consultation group were also current Registered Exercise Professionals.

Employees of fitness centres (including local government facilities) are generally on award wage. Only one stakeholder interviewed pays staff above the award and does so because she feels that employers must lead the way in addressing the turnover in the industry. Employees and sole-traders generally do administrative, sales and other duties (such as cleaning) in addition to providing fitness services. The proportion of time spent doing these tasks varies.

Perceptions vary about what proportion of the workforce is registered. Most have no real idea about the workforce outside of their direct contact and thus their views are based on what they know is true in their circles. For example, one stakeholder has never come across anyone who is not registered with either Fitness Australia or Physical Activity Australia, but another estimated that only 50% of the workforce is registered.

From consultations, most consider that those in the workforce are in their 20s or 30s and that most have limited experience. Some feel that trainers and instructors are employed straight out of training with no experience, and they generally only stay for two years before moving on. The gender of the workforce is mixed, with no apparent bias towards males or females.

The general feeling is that personal trainers and gym instructors are relatively plentiful, perhaps even in oversupply, whereas other professionals such as aqua trainers and fitness industry sales consultants are lacking. There are enough group fitness instructors on the whole, but there is often a scarcity of instructors for specific classes such as yoga and zumba, largely reflecting the trend-based demand for these services.

On the whole, stakeholders feel that education and qualification levels of fitness industry professionals are in line with the roles they are required to perform. Most view the qualification framework as sound and reasonable, but note that practical implementation is lacking. There was a general view that graduates have appropriate technical capabilities but need more on-the-job training to develop 'people skills'. Some stakeholders expressed the view that training should be in the form of an apprenticeship or traineeship.

Views about remuneration are mixed. For employees, some think that the award is relevant and correct, while others think that it is much too low. There was a view that fees charged by sole-trading personal trainers are excessive from the payer's perspective, but necessary for them to obtain a decent income once allowing for the rents they pay fitness facilities and the fact that many do not work at full-time capacity. Regardless of whether or not remuneration is deemed to be correct and relevant, stakeholders agree that it is low and a key reason for turnover in the industry. Equally, the remuneration structure of personal trainers who are not on a salary makes it hard to budget and apply for loans, which for some induces exit from the workforce.

Opinions about turnover vary. Some feel that high turnover is the nature of the industry and as long as entry to the workforce continues, exit is not a problem. Opposing this is the view that experience is valuable and thus retention is important. In addition, some take the view that having older people in the workforce enables the industry to better service older clients who may prefer trainers of a similar demographic. Taking this view, the need for retaining experienced older fitness professionals will become even stronger as the ageing population and associated health issues will likely increase the number of older clients to the fitness industry.

Another strong, recurring view of these stakeholders is that there is not a clear career path for fitness professionals. Some believe this is real but most feel it is perceived and due to a lack of information and awareness about careers within the industry other than working in a gym or owning a personal training studio. Stakeholders feel that there should be more career guidance during training courses. Most feel that the different levels of qualification do not enhance the career path. A common view is that the diploma qualification does not add any extra value above the Certificate IV. This view appears to be borne out in the small proportion of the workforce who have undertaken the Diploma.

There is a strong view that personal training has been glamorised by the media through television print, radio and media and that this has misaligned expectations with how the job will actually be, resulting in turnover once reality is confronted.

7.2 Educational institutions

Five educational institutions were contacted as part of the consultation process, including a private RTO, a public RTO (TAFE), two tertiary providers and an industry skills council. The main purpose of the consultations with this group was to obtain data on the number of enrolments in fitness courses to edify estimates of future workforce supply. In addition, some perspectives of this sector on the fitness industry were also sought.

One of the education providers feels that the qualification courses are good in their own right but that outcomes vary a lot between training providers because the delivery of the curriculum varies. This stakeholder believed that regulation of training institutions could be enhanced in order to improve the standards of training and hence the quality of the workforce. Across Australia, the Industry Training Advisory Board (ITAB) oversees fitness qualification training in the relevant States and Territories.

Education providers also noted that some courses do contain on-the-job training and a mentorship program. Furthermore, one stakeholder expressed the view that retention in the industry seems to be improving, and that this may be attributed to career consultants painting a more realistic picture of the industry and job prospects during training.

Several educational providers highlighted the difference in funding programs between Victoria and the rest of the country. In Victoria, 70% of enrolments at private RTOs are publicly funded. Funding eligibility requirements in Victoria are quite broad and subsidised training places are uncapped. Funding is provided to people who do not hold a post-school qualification, or who want to gain a higher level qualification than they already hold (e.g. moving from Certificate III to Certificate IV). With funding, out-of-pocket expenses are between \$300 and \$400 whereas without funding, course costs are between \$3,000 and \$4,000.

Across the country, funding is available through specific Australian, state and territory government run programs to address regional or industry needs or skills shortages, for example the Productivity Places Program. In addition, training awards, scholarships, and other funding initiatives are sometimes offered by private training providers, colleges or professional organisations.

7.3 External stakeholders

In order to form a view of the perceptions of external stakeholders on the fitness industry, Deloitte Access Economics interviewed professionals from the health sector, including a sports dietician, a physiotherapist and a GP.

These stakeholders generally feel that the Certificate III and IV qualifications are appropriate for professionals dealing with healthy clients. However, the common view is that these qualifications do not provide enough knowledge to enable fitness professionals to deal with unhealthy clients. Most feel Certificate III and IV qualified fitness professionals do not have appropriate knowledge and experience to deal with common injuries. However, these stakeholders generally take the view that increasing the scope of fitness professionals is not the desirable outcome, mainly because the health industry is already sufficiently serviced with professionals such as physiotherapists and exercise scientists.

These stakeholders feel that the most important thing is for fitness professionals to stay within the scope of their training and not prescribe dietary advice or exercise for medical rehabilitation.

Most allied health professionals interviewed feel comfortable referring to fitness professionals and do so if they have an established relationship and trust with the trainer. Most feel that there is great potential for referrals to and from both industries to increase, but that the quality and consistency of the fitness workforce needs to increase in order for this to culminate. In particular, trainers need to be able to be trusted to know and stay within the scope of their profession. Stakeholders in this group feel there is a role for registration to ensure this takes place.

Like professionals within the fitness industry, external stakeholders also take the view that having older people in the workforce will better equip the industry to service older clients. One stakeholder gave as an example the superior competency of an older trainer to understand issues relating to incontinence and its impact and relevance to exercise.

One way to address rising demand is to increase the provision of government-subsidised training places for fitness professionals. The State Government of Victoria introduced the Victorian Training Guarantee (VTG) policy since July 2009 which means there are no longer limits on the availability of subsidised places, although students are required to meet certain eligibility criteria. The introduction of VTG has resulted in almost a 50% increase in the number of training providers offering government-subsidised places. Private RTOs accounted for a large part of this growth.

However, it is also important to ensure the quality of training courses such that graduates are competent and equipped with the necessary skill set. One issue noted by stakeholders during consultations is the significant variations in the number of nominal hours in fitness courses offered by different providers, ranging from four to six weeks to one year to qualify for a Certificate III in Fitness. Currently, the National Skills Standards Council that oversees the fitness industry training package (Service Skills Australia) is undertaking a review to assess the characteristics and long-term viability of nominal hours in vocational education and training sector. This review is welcomed by stakeholders and a positive step forward for the industry.

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Appendix A – Consultation questions

Table 7.1: Matrix of consultation questions

Issue/question	Industry professionals (employees and sub-contractors/sole-traders)	Industry businesses	Industry education	Health Sector	Corporate health sector
1. Contextual information					
What services do you (or your organisation) provide?	✓	✓		✓	✓
What fitness courses are offered at your institution, and what qualification levels do they provide?			✓		
Can you describe your training and experience including when and where you received your qualification?	✓			✓	
In general, what level of training and experience do your staff members/contractors have?		✓		✓	✓
2. Working and remuneration arrangements					
Can you describe the current working arrangements (e.g. full time/part time/casual, hours worked per week etc) undertaken by yourself or the staff employed or contracted in your organisation?	✓	✓		✓	✓

What are the job roles of the different staff employed or contracted by your organisation?		✓		✓	✓
How is your remuneration structured and what is your current level of remuneration?	✓	✓			✓
Would you be willing to provide us with a summary of your remuneration structure?		✓			
If you are registered to supply a number of fitness services (i.e. personal training and group exercise), what proportion of your time per week do you spend doing each?	✓				
How much time per week (if any) do you spend undertaking non-technical work such as sales, administration or other duties?					

3. Industry environment

<p>What are your general perceptions about the fitness industry? Please consider:</p> <ul style="list-style-type: none"> • the level of education/qualification (i.e. competency) of the workforce • the quality and accessibility of education and training • the level of remuneration • career opportunities/satisfaction/incentives • reasons for retention/attrition of professionals in the fitness industry • what proportion of professionals are registered • barriers to registration/ reasons an organisation or a professional may not register with the industry Association • opportunities for growth in the sector • What do you believe is the public perception of the fitness industry? 	✓	✓	✓	✓	✓
<p>In what areas do you feel there is unmet demand within the fitness industry?</p>	✓	✓	✓	✓	✓
<p>Why do you think this demand is currently unmet and how can the industry go about filling this gap?</p>	✓	✓	✓	✓	✓

<p>Do you think that current job roles/ opportunities within the fitness industry will adequately service future demand?</p> <p>If future demand requires professionals to have a higher level of education/ qualification, how do you think this will impact the expectation of job status?</p>					
<p>How (if at all) have the spending habits of your clients/members changed over time (i.e. long term memberships vs short term or session based purchase; one-to-one sessions vs group sessions)?</p>	✓	✓			
<p>How do you think the fitness industry impacts the health of their clients?</p>	✓	✓	✓	✓	✓
<p>Do you make referrals to fitness industry services? Why/why not?</p>				✓	✓
<p>How could the fitness industry better service your clients?</p>				✓	✓
<p>What trends are you observing in entry to fitness training/ education courses? You might consider:</p> <ul style="list-style-type: none"> • Numbers • Age, sex, social demographic • prior education / experience • career goals 			✓		
<p>How do you think the industry can increase retention of expertise and develop long term career pathway opportunities for professionals?</p>	✓	✓	✓	✓	✓

For those members of the public that do not currently use fitness services – what do you believe are the barriers to participation? How could these barriers be overcome?	✓	✓	✓	✓	✓
What percentage of your clients/members were new to fitness services when they first engaged your services?	✓	✓			
How can the education/registration systems improve the capacity of professionals and businesses in the fitness industry to integrate with broader health service delivery?	✓	✓	✓	✓	✓

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Contact us

Deloitte Access Economics
ACN: 49 633 116

Level 1
9 Sydney Avenue
Barton ACT 2600
PO Box 6334
Kingston ACT 2604 Australia

Tel: +61 2 6175 2000
Fax: +61 2 6175 2001

www.deloitte.com/au/economics

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