

Standing Committee on Finance (FINA)

Pre-budget consultations 2012

Sport Matters Group

Responses

1. Economic Recovery and Growth

Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?

The federal government should invest in two sectors as significant economic contributors, both related to sport, recreation and physical activity: the health and wellness industry and the sport tourism industry. Such investment will result in employment for Canadians, attract tourism dollars (sport tourism is the fastest growing tourism industry segment), spur development of new facilities and engage millions of volunteers in civic action. Sport tourism is the fastest growing industry segment within Canada's tourism industry with spending reaching \$3.6 billion in 2010, an increase of 8.8% over 2008 (1) compared with less than 1% for the tourism industry overall. Canada hosts over 250,000 sport events annually that generates economic benefits from visitor spending. Sport tourism or hosting major multi-sport Games and single sport events can contribute millions of dollars to local economies. For example, the 2010 Vancouver Winter Olympic and Paralympic Games, which overall resulted in spending of \$1.8 billion created 45,500 jobs over a period of seven years from 2003, and attracted 24,000 volunteers. (2) The 2012 IIHF World Junior Championship held in Alberta, generated an estimated \$86.2 million in economic activity for the province, supported 400 jobs for Albertans, and engaged 1,200 volunteers. There is clearly an economic case to be made to enhance sport tourism. Aging baby boomers are likely to be more interested in health and longevity and more physically active than previous generations, creating a need for an expanded health and wellness industry. While the proportion of people who are at least moderately active decreases with increasing age groups (3), evidence suggests that the baby boom generation may break the mold. Time use studies of older Canadians (4) show that as Canadians retired from the labour force, they reallocated time once spent in paid work to other activities of unpaid work such a volunteer time, leisure and self care. Older Canadians remained engaged in a wide variety of activities well into later life. Healthy individuals in their retirement years, spent more on paid work, unpaid work and active leisure. As well, older women who were satisfied with their lives spent more time on active leisure like physical activities and other leisure time activities. As the baby boomers approach their retirement years, these changing interests and activities will likely result in the need to invest in programs and services catering to active living, health and wellness. The increasing demand could be reflected in a growing market segment in the future with a range of new suppliers and service providers. Helping to stimulate this sector would be good economics and might also help to limit the increases in health care costs in the coming years. The federal government should invest in sport, recreation and physical activity and a related health and wellness industry as significant economic contributors: employing Canadians, attracting tourism dollars (sport tourism is the fastest growing tourism industry segment), spurring development of new facilities and engaging millions of volunteers in civic action. (1) Statistics Canada, 2012, Statistics Canada TSRC (Cansim Table 426-0013), Accessed July 2012, <http://canadiansporttourism.com/value-sport-tourism.html> (2) University of British Columbia. 2011. "Olympic Games Impact Study for the 2010 Olympic and Paralympic Games. Accessed July 2012. <https://circle.ubc.ca/handle/2429/38239> (3) Canadian Fitness and Lifestyle Research Institute, 2010 "Physical activity among Canadians". Accessed July, 2012: <http://www.cflri.ca/node/82> (4) Statistics Canada: 2005. General Social Survey on Time Use: Cycle 19. Aging Well: Time Use Patterns of Older Canadians. Accessed July 2012:

http://www5.statcan.gc.ca/access_acces/alternative_alternatif.action?l=eng&loc=http://www.statcan.gc.ca/pub/89-622-x/89-622-x2006002-eng.pdf&t=Aging%20Well:%20Time%20Use%20Patterns%20of%20Older%20Canadians%20%28General%20Social%20Survey%20on%20Time%20Use:%20Cycle%2019%29

2. Job Creation

As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?

The federal government should expand the current definition of charity to make nonprofit community sport organizations eligible for charitable status. Community sport organizations, like many other voluntary organizations, continually grapple with how to raise the funds they need to meet program demands, sustain the quality of their programs, create jobs and invest in future capacity. Sport provides jobs, boosts tourism, contributes to neighbourhood economic renewal, and can enhance skills and productivity in the workplace. In 2004, Canadians spent \$15.8 billion on sport, employing 262,324 Canadians and accounting for 2% of all jobs and 1.2% of GDP. Sport currently commands 50% of Canada's \$1 billion sponsorship market (5), but only 2% of its \$10 billion philanthropic market (6). This suggests that the community sport sector needs to see philanthropy as an important strategic target and do a better job of securing a portion of this market. Right now, sport and recreation organizations rely heavily on earned income (65% of their revenues in 2005), with most of this coming from membership fees and fees for goods and services. Gifts and donations make up only 20% of revenues, followed by government funding at 12%. In 2007, 14% of Canadian donors supported sport and recreation organizations with an average donation of \$58. This represents a 4% drop in donor share from 18% in 2004, but a \$13 increase in the average amount donated (from \$45 in 2004). Right now, however, most sport organizations (except national sport associations) are not eligible to register as charities. The Supreme Court of Canada ruled in 2007, that under the current definition of charity used in Canada, sport associations may only qualify as charities if their sports activities are ancillary to a charitable purpose such as education or the alleviation of poverty (7). Sport organizations without charitable status are at a disadvantage when they fundraise, as donations are not eligible for charitable tax receipts. Given the evidence of the social and health benefits of sport, and the emerging health care funding crisis arising from physical inactivity and preventable diseases, there is a strong argument for the federal government to declare community sport organizations eligible for charitable status, as it did for national sport associations. Charitable status will help to level the fundraising playing field for community sport organizations and enable them better to meet program demands, sustain the quality of their programs and create jobs. The federal government should expand the current definition of charity to make nonprofit community sport organizations eligible for charitable status. (5) Norm O'Reilly, Canadian Sponsorship Landscape Study . Presentation to SMCC Conference, April 7 2011. Slide 17. (6) Statistics Canada, 2007. Giving and Volunteering for Sports and Recreation Organizations. Accessed July 2012 http://www.givingandvolunteering.ca/themes/volunteering_2007 (7) Cristin Schmitz, "No charitable status for sports group," The Lawyers Weekly , Oct 19, 2007. 118 Accessed July 2012.: <http://www.lawyersweekly.ca/index.php?section=article&articleid=557>

3. Demographic Change

What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?

The federal government should invest 2% of the \$200 billion spent on health care annually in Canada to increase its investment in the promotion of physical activity, recreation and sport because of demonstrated positive effects on reducing health care costs. Each year in Canada, more than two-thirds of deaths result from four chronic diseases: cardiovascular disease, cancer, Type 2 diabetes, and respiratory disease. (8) Risk factors that lead to these diseases, such as physical inactivity and unhealthy eating, are common, particularly among some vulnerable groups, including seniors. Physical activity plays an important role in the health, well being and quality of life of Canadians. People who are physically active live longer, healthier lives. Increased physical activity levels help to prevent and manage obesity and many major chronic diseases often associated with aging. In older adults, physical activity also helps to improve memory and learning, and reduce the risk of cognitive loss from Alzheimer's and stroke. Among women, physical activity has been shown to significantly reduce risk of osteoporosis, breast cancer, and depression and to improve health during pregnancy. Active people are more productive, and more likely to avoid illness and injury. In younger populations, increased physical activity and sport participation has also been used effectively to: reduce health risk behaviours; increase HIV awareness and prevention knowledge; and reduce stigma and improve the health of people living with HIV and AIDS. Adolescent female sport participation is also linked to lower rates of sexual activity, pregnancy, and thoughts of suicide. Physical activity and sport also helps enhance mental health through the acquisition of skills, and alleviates depression in people of all ages. The federal government should leverage the sport, recreation, physical activity sector's proven ability to get Canadians physically active. The federal government should invest 2% (or \$4 billion) of the \$200 billion spent on conventional health care annually in Canada to increase its investment in the promotion of physical activity, recreation and sport because of demonstrated positive effects on reducing health care costs. (8) Public Health Agency of Canada, 2010 Pan-Canadian Healthy Living Strategy. Accessed July 2012: <http://www.phac-aspc.gc.ca/hp-ps/hl-mvs/ipchlsinfo-spimmvsrens-eng.php>

4. Productivity

With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?

The federal government should transfer the responsibility for sport hosting from Sport Canada to an arms' length agency tasked with increasing the number of international sport events that Canada identifies and successfully bids for. Labour productivity is measured as real Gross Domestic Product (GDP) for every hour worked in Canada's business sector. The business sector excludes public administration, non-profit organizations and the Canadian System of Economic Accounts imputation of the rental value of owner-occupied dwellings. Community sport amenities help cities to attract and retain highly valued knowledge-workers and the companies that seek to employ them, and can boost the fortunes of disadvantaged neighbourhoods by providing employment and helping local residents to acquire experience, training and accreditation they need to access these jobs. In the workplace, sport and fitness programs can reduce annual absenteeism by 1.6 days per employee, leading to 1.1% in payroll savings annually. Employers also value the transferable skills acquired by sport participants and volunteers because these skills improve workplace performance. The sport, recreation and physical activity sector also contributes to productivity through hosting sport events/sport tourism. Hosting provides an economic benefit to the community in which the event is hosted and to the

province/territory and country through increased bed nights in hotels, increased restaurant meals, employment, construction and related economic activity. Additionally, hosting sport events provides a community benefit through enhanced volunteerism and civic engagement and increased emphasis on physical activity and healthy communities; and builds the capacity of the sport system, thus contributing to the pursuit of excellence, increased participation, and the development of sport infrastructure. At present, the full potential of sport tourism in Canada is not being realised. Sport Canada's approach to the implementation of Canada's Strategic Hosting Framework has not met expectations: industry tools have not been developed, and partnerships with NGOs, municipalities and other segments of the tourism industry have not been exploited to increase the number of international sport events hosted in Canada. Canada needs to adopt a much more proactive approach to bidding for international sport events, with resultant increase in productivity in the business sector. An alternative to promoting hosting from within Sport Canada is to follow the model of Own the Podium (OTP), an external agency that manages \$65 million in sport excellence funding. This funding goes directly to coaches and athletes and is disbursed in accordance with the advice of OTP's technical advisors. With hosting, significant policy expertise resides outside of Sport Canada such that the process of identifying, bidding for and coordinating the hosting of international sport events, and the related function of promoting visitation to Canada, could be performed very well by the private sector and crown entities such as the Canadian Tourism Commission. Transferring the responsibility for hosting from Sport Canada to an arms-length/stand-alone agency that could actively pursue hosting of sport events, would result in a significant boost in sport tourism and related economic activity. The role of a stand-alone agency would be to advise, co-ordinate and assist the process of bidding and staging major sporting events and games throughout Canada. Own the Podium's precedence has underlined the ability of arms-length agencies in sport to deliver federal dollars in a highly transparent, accountable and effective manner. The federal government should transfer the responsibility for sport hosting from Sport Canada to an arms' length agency tasked with increasing the number of international sport events that Canada identifies and successfully bids for.

5. Other Challenges

With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?

The health of young Canadians—not the treatment but prevention of disease—is the greatest challenge, with youth having insufficient places to be physically active. The federal government should reinstate the Recreational Infrastructure Canada (RIInC) program to provide more places for all Canadians especially youth to be physically active. One quarter of Canadians are obese, as are one quarter of children and youth. Obesity causes up to 18 chronic diseases, creating a health care treatment burden of \$7.1 billion. As noted, if 2% of annual expenditures in health treatment were invested in health promotion and disease prevention through sport, recreation, physical activity, lives could be saved, as could millions in health care dollars. The challenge is that Canadians don't know how to get active nor do they have sufficient places in which to get active. The federal government can address this latter challenge by investing in a sport and recreation infrastructure program. The Recreational Infrastructure Canada (RIInC) program was an infrastructure fund that invested \$500 million in recreational facilities across Canada from 2009 - 2011. It renewed, upgraded and expanded recreational infrastructure in Canadian communities. Canada's sport and recreation infrastructure is a critical enabling foundation for the sport and recreation system—indoor and outdoor places to play for individuals and communities to enjoy all kinds of recreation and sport activity from informal children's games to workplace-based recreation leagues to international high performance sport events. The federal government should work with the municipal, provincial/territorial governments in consultation with the sport and physical

activity and recreation sector to establish a national multi-year sport and recreation infrastructure strategy as well as a multi-year sport and recreation infrastructure fund. As part of this initiative the federal government should reinstate the RInC program in order to address ongoing recreational, physical activity and sport infrastructure needs. The health of young Canadians—not the treatment but prevention of disease—is the greatest challenge, with youth having insufficient places to be physically active. Reinstating the Recreational Infrastructure Canada (RInC) program would provide more places for all Canadians especially youth to be physically active.