



**FITNESS INDUSTRY COUNCIL OF CANADA**

**Written Submission:**

**Pre-Budget Consultations in Advance of the Upcoming  
Federal Budget**

**August 2020**

## Recommendations

- **Recommendation 1:** That the government amend the Canada Emergency Commercial Rent Assistance (CECRA) in order to provide a more successful solution to rent relief for fitness facilities. The federal and provincial governments need to collaborate to adjust the CECRA program by establishing an alternative way to get rent relief money directly to tenants who need it.
- **Recommendation 2:** That the government provide funding in the amount of \$1 million dollars for the Prescription to Get Active program that will support individuals to become more active that will result in lower health care costs.
- **Recommendation 3:** That the government introduce a Fitness Tax Credit in order to motivate the public to get more active and rebuild the economy of the fitness industry. This Fitness Tax Credit will allow Canadians to claim a non-refundable tax credit of up to \$1,000 for eligible physical activity program costs against their taxable income at a rate of 15 per cent, or a maximum of \$75 deducted from tax payable.
- **Recommendation 4:** That the government conduct a study to outline Canadian statistics in relation to the impact of COVID-19 on the fitness industry and their members.

## Introduction & Background

Fitness Industry Council of Canada (FIC) is the not-for-profit trade association that represents the voice of fitness facility operators across Canada. Representing over 6,000 facilities with over 6 million members nationwide, FIC pursues a legislative agenda in the hope of bettering the fitness industry for both consumers and operators. FIC aims to work with both industry and government to improve the health and physical activity levels of Canadians.

When the COVID-19 pandemic hit, the fitness industry was devastated. Since mid-March, fitness facilities closed their doors for an extended period. This pandemic has cost our members millions of dollars in lost revenues. In addition to the complete halt in the industry, many businesses have gone bankrupt. The industry is no longer able to create communities for people to work on their health and wellness, and to be supported along their journey. While many clubs pivoted and offered some online options to keep people engaged and moving, they knew that the key to their businesses surviving the pandemic was in re-opening.

Fitness facilities are dedicated to continuing to adapt to the needs of consumers wherever and whenever they choose to be active and increase its role as part of the extended healthcare system. The fitness industry is here to help the public stay active and healthy – both physically and mentally. To do so, we need the support from the Government.

FIC would like to propose the following recommendations to be included in 2021 federal budget:

- Effective solution to rent relief
- Funding for a Prescription to Get Active program
- Introduction of a Fitness Tax Credit
- Conducting a study on the impact of COVID-19 on the fitness industry

## **Recommendation 1: Effective Solution to Rent Relief**

We recommend that the government amend the Canada Emergency Commercial Rent Assistance (CECRA) in order to provide a more successful solution to rent relief for small businesses, such as fitness facilities. The current issue with how the CECRA program is set up is problematic as many landlords are not participating with the program. This is due to the arbitrary and unfair criteria for getting help through the program (i.e. minimum 70 per cent revenue loss). The process is convoluted and not appealing to landlords to go through the efforts.

We understand that finance ministers across the country agreed to the design of the CECRA program. As such, the fitness industry was optimistic that the program would assist the many fitness businesses struggling to make rent. However, since the launch of the program, it has become clear that the CECRA has left the majority of fitness businesses (who have no or limited revenue being generated) without the ability to meet rent, and in need of a better designed form of rent relief.

According to the federal government, less than 10 percent of the total amount allocated amount to the CECRA program has been spent. Which means that something in the process is not working, which is making the program unsuccessful.

Being able to have rent relief directly has an impact on the sustainability of fitness facilities and businesses. As such, we urge the government to amend the current process of the CECRA program in a way where funds within the CECRA budget can go directly to tenants who may use it to keep their business alive and assist to rebuild the economy.

We suggest that the provincial and federal finance ministers work together to adjust the CECRA program by establishing an alternative way to get rent relief money directly to tenants who need it. The ideal way to do this is to have funds flow directly to the business. We request that those with rents higher than \$50k per month and 2019 revenues of over \$20m be included in the CECRA program. This way, more can benefit from the government assistance.

## **Recommendation 2: Funding for a Prescription to Get Active program**

We recommend that the government provide funding in the amount of \$1 million dollars for the Prescription to Get Active program. This program (one of FIC's main initiatives) is a uniquely designed prescription that gives healthcare partners the opportunity to discuss the importance of physical activity and provide patients access to community recreation. This motivational tool breaks down barriers and encourages patients to find the right activities for them as they work towards a healthier life. This program is dedicated to *preventive care* instead of "sick care" and focuses on lowering the net-healthcare costs in Canada.

Canadian health reports state that exercise leads to lower cases of chronic diseases which resulting in lower health care costs due to less sick leave, medical costs, etc. (Colley et al., 2011):

Regular physical activity is associated with a reduced risk of cardiovascular disease, some types of cancer, osteoporosis, diabetes, obesity, high blood pressure, depression, stress and anxiety. As well, strong evidence suggests that higher levels of physical activity are associated with health benefits; in fact, the more activity, the greater the health benefit.

The goal of the program is to support individuals to become more active in order to support their mental and physical health and to equip doctors and their healthcare teams with the tools to educate their patients on the importance of physical activity, and to partner with recreation facilities to provide accessible spaces within all communities.

Funding for this program will allow for the establishment of the program to be expanded across Canada. In 2019, we saw the Alberta program receive funding from Alberta Health, and was able to increase the number of exercise prescriptions by 25% in five short months! We aim is to use the recommended funding to grow the program by hiring personnel across the country to expand the program and develop successful procedures in other provinces to produce similar results by getting more people active more often.

### **Recommendation 3: Introduction to a Fitness Tax Credit**

We recommend that the government introduces a Fitness Tax Credit in order to motivate the public to get more active and rebuild the economy of the fitness industry. In association with the Prescription to Get Active program, having a Fitness Tax Credit offered by the government is a great way to get the public involved with physical exercise.

The Fitness Tax Credit aims to be based on the previous Children's Fitness Tax Credit and expanded to include everyone. This tax credit would be for anyone who upholds a regular routine of physical activity and any sport, activity, or membership which contributes to the improvement of cardio vascular endurance, muscular strength, muscular endurance, flexibility and balance could be eligible for the Fitness Tax Credit.

Studies have also shown that only 15% of Canadian adults meet the national activity recommendations (Colley et al., 2011). To mitigate this, fitness professionals have created the Canadian Physical Activity Guidelines which recommends that adults aged 18 to 64 should do at least 150 minutes of exercise a week (as well as muscle and bone strengthening exercises two days a week) (CSEP, 2018). These guidelines are acknowledged by Health Canada. Having a tax credit will not only a decrease in the instances of obesity and inactivity across Canada but will also see a decrease in overall healthcare costs due to increased physical activity levels.

We recommend the Fitness Tax Credit to allow Canadians to claim a non-refundable tax credit of up to \$1,000 for eligible physical activity program costs against their taxable income at a rate of 15 per cent, or a maximum of \$75 deducted from tax payable.

This tax credit will also motivate individuals to get active during the pandemic in order to support their own physical and mental health and wellness. It will also draw attention to what the fitness industry has to offer and stimulate economic regrowth.

## **Recommendation 4: Undertake a study on the impact of COVID-19 on the fitness industry**

We recommend that the government conduct a study to outline Canadian statistics in relation to the impact of COVID-19 on the fitness industry and their members.

We as an industry need to know the direct impacts of COVID-19 on a larger scale and its relation to physical activity and the fitness industry. As an industry, in order to succeed, we need to know from the public how interested individuals are in attending fitness facilities when it comes to their wellbeing. Our trade association and individual clubs have sent out smaller surveys, but it would be ideal to have a government issued survey that identifies all the different types of fitness facilities in the country, what demographics they cater to and what their opinions are surrounding fitness facility re-openings.

More information and knowledge is always required to help fitness businesses assist the public the best we can. FIC would be happy to help develop a list of questions for the research study.

## Conclusion

The Canadian fitness industry has been hit hard during the pandemic. In order to rebuild our industry, our recommendations put forward would assist our members to recover financially as well as improve the health and well-being of Canadians. Not only will the recommendations help to rebuild the economy, as studies have shown, physical exercise contributes to mental health, which is particularly important as we emerge from COVID-19.

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