

Healthy Workforce – Prosperous Canada

Summary: A Case for an Employee Fitness Tax Credit

Physical inactivity represents an expensive public health burden in Canada. It costs the provincial, territorial and federal governments lost tax revenues and slows economic growth through a loss in productivity resulting in lower wages and reduced consumption of goods and services. There are also additional health care costs incurred from illnesses derived from physical inactivity. Being physically inactive not only drains the energy of the inactive individual, it drains the economy of the entire country. To strengthen productivity and increase economic growth it may be advantageous for Canada Revenue Agency (CRA) to consider implementing an Employee Fitness Tax Credit for businesses to provide opportunities to employees to maintain or improve their physical fitness.

How could an Employee Fitness Tax Credit be implemented? An Employee Fitness Tax Credit could be constructed by using the existing Child Fitness Tax Credit as a template avoiding the need for a brand new policy. Just as there is a tax credit to improve the lives of Canadian children in the form of the Child Fitness Tax Credit an Employee Fitness Tax credit could improve the lives of Canadian workers. The main characteristics of the Child Fitness Tax Credit (excluding requirements to qualify for the Disability Tax Credits) are that:

- the maximum credit is \$500/year;
- the activities eligible for the tax credit must be ongoing for 8 weeks;
- the activity must truly be contributing to the health of the individual, in that they must provide a cardio-respiratory benefit, plus one of muscular strength, endurance, or flexibility;
- the activity must involve training or guidance (but explicit instruction is not required).

These characteristics could also be included in an Employee Fitness Tax Credit. A simple gym membership, for example a YMCA membership, would meet all requirements for the tax credits as well as provide the maximum tax benefit to the member. The average yearly cost of a YMCA membership is roughly \$45¹ per month or \$540 per year slightly over the \$500 proposed tax credit. The YMCA provides trainers who could assist members in maintaining weekly (or more) work-out routines thereby providing health benefits to the individual members. A stipulation for an employee to receive a membership from an employer could be that the employee attends the gym in good faith for at least eight weeks.

¹ YMCA used for the ease of comparing regions across the country: Kamloops YMCA: \$45/mth, Greater Vancouver YMCA: \$44/mth, Calgary: \$59/mth, Winnipeg: \$39/mth, National Capital Region: \$45/mth, Halifax \$40/mth

A recent document addressing the need for increased physical activity for Canadians was The Canadian Society for Exercise Physiology's (CSEP) new Canadian Physical Activity Guidelines announced on January 24th, 2011. The new guidelines state that adults (18-64 years) and older adults (65 years and older) must get at least 150 minutes of moderate- to vigorous-intensity physical activity per week. Importantly, Canadians should try and exceed the minimum activity thresholds as the greater the variety, intensity and duration of the physical activity, the greater the health benefit. "The new Physical Activity Guidelines provide a minimum target to gain substantial health benefits. Canadians must add more physical activity to their daily routines to promote and preserve their health and well-being." said Dr. Mark Tremblay, Chair of the Physical Activity Guidelines Committee of the CSEP.

Why is the Employee Fitness Tax Credit necessary? There is a definite trend towards an increasingly sedentary lifestyle in Canada which is already costing Canadians dearly. Over the past several years, Canada has experienced an alarming increase in obesity rates among adults, children and youth.ⁱ Recent studies suggest that weight-related chronic conditions cost Canada \$4.3 billion dollars.ⁱⁱ This amount includes \$1.8 billion dollars in direct costs and \$2.5 billion in indirect costs. Although already seemingly large, \$4.3 billion dollars may actually be an understatement of the costs to Canada as it only is a measure of cost concerning obesity alone. It does not include the costs for those who are "merely" overweight (to any degree), and it focuses only on costs associated with the most common chronic diseases which are associated with excessive weight and obesity, such as heart disease, hypertension, stroke, type II diabetes, osteoporosis, certain cancers, and depression.ⁱⁱⁱ

Specifically in British Columbia, the annual cost of physical inactivity to the government and employers is at least \$573 million dollars a year. Of this amount, \$211 million makes up direct costs (hospital, physician, drug, institutional and other costs), and \$362 million makes up indirect productivity losses. If just 10% fewer British Columbians were physically inactive, the province could save an estimated \$18.3 million every year in avoided hospital, drug, physician and other direct costs. If added to an estimated \$31.1million in productivity gains, total economic savings to British Columbia from a 10 % reduction in physical inactivity amount to \$49.4 million.^{iv}

When the cost of a nation's loss in productivity due to physical inactivity and the potential cost benefits of increased physical activity are taken into account, it is probable that an Employee Fitness Tax Credit could be economically beneficial for Canadian society and Canadian business.

THE CHAMBER RECOMMENDS

That the Federal Government implement an Employee Fitness Tax Credit of \$500.00 per year per taxpayer, with a cost of living increase applied annually.

Submitted by Nu-Tech Fire & Safety

ⁱ Tjepkema M. *Measured Obesity. Adult obesity in Canada: Measured height and weight.* Statistics Canada Cat. No. 82-620-MWE2005001. Also: Shields, M. *Measured Obesity. Overweight Canadian children and adolescents.* Statistics Canada Cat. No. 82-620-MWE2005001

ⁱⁱ Katzmarzyk, P.T., & Janssen, I. (2004). The economic costs associated with physical inactivity and obesity in Canada: an update. *Canadian Journal of Applied Physiology.* 29(1), 90-115. Also see and House of Commons 2007. <http://cmte.parl.gc.ca/Content/HOC/committee/391/hesa/reports/rp2795145/hesarp07/hesarp07-e.pdf>

ⁱⁱⁱ “*Obesity in Canada – Snapshot.* <http://www.phac-aspc.gc.ca/publicat/2009/oc/index-eng.php#eco>

^{iv} Walker, S. & Colman, R. (2004) *The Cost of Physical Inactivity in British Columbia.* GPI Atlantic: Genuine Progress Index for Atlantic Canada. <http://www.health.gov.bc.ca/library/publications/year/2004/inactivity.pdf>