

One Percent of Federal Health Spending for Sport and Physical Activity

BRIEFING NOTE

Prepared by the Sport Matters Group

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Why One Percent?

For the past four years, sport organizations have been articulating the need for increased federal funding for sport and physical activity as an amount equivalent to at least one percent of the federal health care budget. The comparator underscores two facts: Sound health and fiscal policy requires that governments invest not only in the treatment of disease but also in illness prevention and health promotion. Secondly this level of investment is very modest in relation to the billions governments spend every year on the health care system.

One percent of health spending represents the level of funding necessary to fully implement the *Physical Activity and Sport Act*, based on the framework set out in the *Canadian Sport Policy*—Enhanced Excellence, Enhanced Participation, Enhanced Capacity, and Enhanced Interaction. This framework defines a comprehensive approach to sport and physical activity that would provide Canada with a leading edge sport system and would create the conditions necessary for Canadians of all ages and abilities to pursue a lifelong involvement in physical activity and organized sport.

In 2004, as Opposition Leader, Stephen Harper recognized the need for a significant investment in sport and physical activity, making an election pledge to provide one percent of health spending for the sector. During the 2006 election campaign, the platform of the Conservative Party reiterated Mr. Harper’s promise to provide this level of funding for sport and physical activity:

“A Conservative government will [c]ommit to spending at least one percent of total federal health funding annually on physical activity, including amateur sport and programs for school age children such as the Awards of Excellence program.”

Indeed, all federal parties acknowledged during the election campaign that sport and physical activity require this level of increased investment.

At present, federal funding for sport, through Sport Canada’s A-base budget, and for physical activity, primarily in the form of contribution agreements with the Public Health Agency of Canada, totals \$147 million per year. This funding is directed to the following broad priorities:¹

Sport Organizations (base funding)	\$57.0 million
Athlete Assistance Program	\$27.0 million
Sport Participation	\$13.8 million
Summer Sports	\$12.5 million
Sport Canada Operations	\$12.4 million
Own the Podium	\$11.0 million
Major Games (Canada Games, single sport hosting)	\$ 7.0 million
Physical Activity	\$ 3.5 million
Other	\$ <u>2.7 million</u>
TOTAL sport and physical funding	\$147.0 million

A funding increase for sport and physical activity equivalent to one percent of federal funding for health care would permit the federal and provincial/territorial governments to meet their goals of achieving the international performance targets for Canada and increasing physical activity by 10% by 2010; it would provide a dedicated federal budget to support physical activity initiatives; it would enable Canada to align its fiscal policy with its policy goals and international obligations related to sport and physical activity, including the International Charter of Physical Education and Sport (1978) and the International Convention on the Rights of the Child (1989); and, it would make possible the full implementation of the *Canadian Sport Policy*, a vision for Canada endorsed by all fourteen governments in 2002 that has yet to be realized.

One Percent of What?

A key question that remains, then, is what does “one percent of total federal health funding” mean, in other words, one percent of *what*?

According to the Finance Department, the Government of Canada’s contribution to health spending includes “the CHT (both cash and tax points), targeted funding for medical equipment and health reform ... equalization ... [and] substantial direct contributions to health care and health research.”² In 2005-06 the federal government made the following contributions to health care funding, totaling over \$43 billion:³

Canada Health Transfer (CHT)	\$31.80 billion
Includes both cash and tax points. The Finance Department states that it is “misleading for the provinces to ignore the \$17 billion in CHT/CST tax points provided by the federal government and about \$9.5 billion transferred to provinces through the equalization program. Provinces have the flexibility to spend all or any part of these amounts on health care.” ⁴	
Wait Times Reduction Transfer	\$ 0.625 billion
Equalization	\$ 4.25 billion
The federal government provides 8 of 10 provinces with equalization totaling \$10.9 billion in 2005-06. Provinces may allocate whatever they want to health. “On average, provinces spend about 39% of their program budgets on health care. It is reasonable to assume 39% of annual equalization goes to health.” ⁵	
Territorial Formula Financing	\$ 0.78 billion
Assumes 39% of \$2.0 billion in equalization payments to the territories goes to health (as with the provinces) = \$.78 billion	
Direct contributions to health care and health research	\$ 5.00 billion
For First Nations’ health, veterans’ health, health protection, disease prevention, health information, and health-related research. Figure from 2004-05; no figure found for 2005-06.	
Support through the tax system	\$ 1.00 billion
For tax measures such as credits for medical expenses, disability, caregivers, and infirm dependant. Figure from 2004-05; no figure found for 2005-06.	
TOTAL federal health funding	\$43.46 billion

Using the definition provided by the Finance Department—which is consistent with the Conservative Party’s election commitment of 1% of *total* health funding—one percent of health

funding equals one percent of \$43.46 billion or \$435 million per year. Although some may wish to argue that the Canada Health Transfer alone is the federal contribution to health spending, this reflects neither the accounting provided by Finance Canada nor the statements of Prime Minister Harper. Nonetheless, one percent of federal spending on health care even using this incomplete definition represents annual funding for sport and physical activity of \$318 million per year, well above the current annual funding of \$147 million.

Summary

For several years, the sport community has been calling for an annual investment in sport and physical activity by the federal government equal to at least one percent of federal health care funding. The Conservative Party committed to the one percent funding level in both its 2004 and 2006 election platforms. Using Finance Department figures, one percent would mean annual funding for sport and physical activity of \$435 million, an amount that would permit full implementation of the *Physical Activity and Sport Act* and the vision of the *Canadian Sport Policy*.

Sources

¹ Figures are estimates for 2006-07 provided by Sport Canada officials. Actual spending for 2005-06 (to March 31st, 2006) not yet available.

² Finance Canada website, "Federal Support for Health Care: The Facts," September 2004. URL: http://www.fin.gc.ca/facts/fshc7_e.html. Accessed April 2006.

³ Note 2005-06 figures taken from Finance Canada website, "Federal Transfers to Provinces and Territories," March 2006. URL: <http://www.fin.gc.ca/FEDPROV/ftpte.html>. Accessed April 2006.

⁴ Finance Canada website, "Federal Support for Health Care: The Facts," September 2004. URL: http://www.fin.gc.ca/facts/fshc7_e.html. Accessed April 2006.

⁵ Finance Canada website, "Federal Support for Health Care: The Facts," September 2004. URL: http://www.fin.gc.ca/facts/fshc7_e.html. Accessed April 2006.