

# **LE SPORT EST IMPORTANT / SPORT MATTERS GROUP**

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## **FULFILLING CANADA'S PROMISE OF BECOMING A LEADING SPORT NATION**

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### **2006 Pre-Budget Consultation Brief**

**Submitted to the Honourable James Flaherty, P.C., M.P.  
Minister of Finance**

19 April 2006

## Sport Matters Group

The Sport Matters Group (SMG) is a voluntary group of national and provincial sport organizations and leaders who have come together to consider the future of sport in Canada and to collaborate on various sport policy issues. The SMG includes over 90 organizations and sport leaders actively involved in public policy issues that affect sport and physical activity. The SMG has been involved in bringing forward the sport sector's views on such things as the *Canadian Sport Policy*, the Voluntary Sector Initiative, the *Physical Activity and Sport Act*, federal budgets, and the linkages between sport and healthy living.

*Contributors include: 2010 Legacies Now, Aboriginal Sport Circle, Alpine Canada Alpin, Athletes CAN, Athletics Canada, Canada Games Council, Canadian Academy of Sport Medicine, Wrestling Canada, Canadian Association for Health, Physical Education, Recreation and Dance, Canadian Association for the Advancement of Women and Sport and Physical Activity, Canadian Canoe Association, Canadian Centre for Ethics in Sport, Canadian Cerebral Palsy, Canadian Council of Provincial and Territorial Sport Federations, Canadian Fencing Federation, Canadian Interuniversity Sport, Canadian Olympic Committee, Canadian Paralympic Committee, Canadian Parks and Recreation Association, Canadian Ski and Snowboard Association, Canadian Sport Tourism Alliance, Canadian Sporting Goods Association, Canadian Table Tennis Association, Canadian Wheelchair Sports Association, Centre for Substance Use in Sport and Health, Coaching Association of Canada, Coaches of Canada, Commonwealth Games Canada, Diving/Plongeon Canada, Equine Canada, Esteem Team, Federation of Canadian Archers, Judo Canada, Sport Information Resource Centre, Softball Canada, Sask Sport, Sport Alberta, Sport Alliance of Ontario, Sport Manitoba, Sport New Brunswick, Sport Newfoundland and Labrador, Sport North, Sport Nova Scotia, Sport Officials of Canada, Sport Prince Edward Island, Sport Yukon, Swimming Natation Canada, The Coalition for Active Living, Rowing Canada, Tennis Canada, Triathlon Canada, True Sport Foundation, Volleyball Canada, Water Ski and Wakeboard Canada.*

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### Introduction

Canadians and communities make sport happen in Canada. They make it happen through millions and millions of volunteer hours every week, by guiding local community clubs to provide safe and affordable places for children to play and to excel, by joining the fray themselves at the local recreation centre a few times a week, and by taking action when something needs to be done to make sport a better experience.

When given the opportunity, Canadians turn to sport to bring their community to life.

In response to all of that participation, Canadians have spent the past few decades creating some tens of thousands of citizen associations, a vast network of volunteer-driven non-profit organizations that have emerged in all parts of the country. Through these organizations, Canadians meet up with their neighbours, strengthen their community ties, support the highest aspirations of the most committed, and go about creating the communities that they want.

Clearly, the sport and recreational offerings of a community help to define its character. Almost three-quarters (72%) of Canadians believe that “sport makes a significant contribution to the quality of life in my community.”<sup>1</sup> Community sport and recreation represents the largest citizen and community participation activity in Canada. With some 34,000 organizations, most of which operate at the local level, sport and recreation organizations represent the largest component of the voluntary sector (21%). Over 2 million individuals fill some 5.3 million volunteer positions, enabling Canadians in every community to reap the benefits of participating in sport and physical activity.<sup>2</sup>

On a national level, sport contributes to the achievement of broader societal goals, including a healthy economy and a healthy population. The sport sector employs over 260,000 Canadians or about 2% of the jobs in Canada, and annual household spending on sport exceeds \$15.8 billion/year or about 1.2% of Canada’s GDP.<sup>3</sup> Research demonstrates that Canadians are healthier as a result of participating in organized sport and physical activity and that these pursuits are integral to their enjoyment of life. The Conference Board of Canada has concluded that “increasing sport participation as a strategy for improving the health of Canadians could significantly reduce national health-care costs.”<sup>4</sup> The Romanow Commission estimated immediate savings of \$150 million per year in direct health care costs alone from a ten percent increase in physical activity.<sup>5</sup>

Arguably even more significant is the contribution that sport makes to defining our national character and to generating national pride. There is no better example of what Canada can achieve on the world stage than the leading edge performances of our Olympic, Paralympic, and Commonwealth athletes during the recent Games in Turin and Melbourne. With the 2010 Olympic and Paralympic Games less than four years away, and the opportunity to host the 2014 Commonwealth Games in Halifax in our sights, Canada's role in the international sport arena is to provide leadership.

Canadians clearly have the potential to create a leading sport nation, not only in terms of podium finishes in major international competitions but also in terms of the priority accorded sport and physical activity by the general public and by Canadian governments.

As a leading sport nation, Canada would:

- Get young people off the obesity track.
- Reduce the incidence of and health care costs associated with major chronic diseases such as diabetes, heart disease, and cancer.
- Become the healthiest nation ever to host an Olympic and Paralympic Games.
- Reduce youth crime by addressing one of its systemic causes.
- Exploit the potential of sport and recreation to reduce the linguistic, religious, and cultural barriers experienced by new Canadians.
- Foster private-public partnerships that benefit both sport organizations and business.
- Develop the potential of our cities to attract sport tourism.
- Recognize athletes as true Canadian role models who embody excellence both in sport and in life.

A leading sport nation requires a comprehensive package of investments in sport and physical activity — in the form of financial resources, programming, and infrastructure — to leverage the contributions of some two million sport and recreation volunteers and to ensure that all Canadians have access to physical activity and sport at all levels.

To this end, the Sport Matters Group urges the Conservative government to implement in the 2006-07 Federal Budget its election commitments to provide stable, annual funding for sport and physical activity equal to 1% of total federal health spending, to implement a tax credit for fees to register children in organized sport, and to eliminate the capital gains tax on donations of publicly-listed securities to charities. In addition, the Sport Matters Group recommends that the federal government establish a designated envelope to provide substantial long-term federal funding for sport and recreation facilities and infrastructure.

## Annual Investment Equal to 1% of Health Funding

The Sport Matters Group fully supports the Conservative Party's election commitment to provide annual funding for amateur sport and physical activity that is equivalent to one percent of total federal health spending. Indeed, for the past four years, sport organizations have been articulating the need for increased federal investment in sport and physical activity as an amount equal to at least one percent of the federal health care budget. This comparator underscores three important facts: Sound health and fiscal policy requires that governments invest not only in treatment but also in prevention and health promotion. Secondly, that spending on prevention defrays the spending required for treatment. And finally that this level of investment is very modest in relation to the billions governments spend on the health care system. Using the definition provided by the Finance Department, federal health spending totals \$43.46 billion per year, putting the recommended funding level for sport and physical activity at \$435 million per year.<sup>6</sup>

One percent of health spending represents the level of funding necessary to fully implement the *Canadian Sport Policy*, a vision for Canada endorsed by all fourteen governments in 2002 that has yet to be realized. The framework set out in the *Canadian Sport Policy* — Enhanced Excellence, Enhanced Participation, Enhanced Capacity, and Enhanced Interaction — defines an approach to sport and physical activity that would provide Canada with a leading edge sport system, while creating the conditions necessary for Canadians of all ages and abilities to pursue “*Sport for Life*”:

- It would permit the federal and provincial/territorial governments to meet their goals of achieving the international performance targets for Canada and of increasing physical activity by 10% by 2010.
- It would provide a dedicated (A-base) 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).
- It would redress the imbalance between the contributions of individual Canadians to the functioning of sport and physical activity organizations on the one hand — 73% of Canada's 34,000 sport/recreation organizations are operated entirely by volunteers — and the contribution of the federal government to the viability of the sector on the other hand.

## New Sources of Funding

In addition to greater financial support from the federal government, sport and physical activity organizations are seeking innovative ways to use fiscal policy to promote greater participation in sport and physical activity and to leverage additional funding from the

private sector and the general public. At present less than 12% of total revenues in the sport and recreation sector come from governments and only 15% come from corporate sponsorships, donations, and non-government grants.<sup>7</sup>

Given the challenges and costs of promoting widespread sport participation and of developing excellence, a broad set of fiscal policy measures is required. As one element of this approach, the Conservative Government's commitment to provide a tax credit of up to \$500 for fees to register children in organized sport is a productive start.<sup>8</sup> Recent polling by The Strategic Counsel for the True Sport Foundation found that almost three-quarters (71%) of Canadians believe that "many people can't participate in sports simply because it costs too much."<sup>9</sup> The Sport Matters Group recommends that benchmarks related to participation be established in conjunction with the introduction of the tax credit and that the credit be evaluated to determine what impact it has on participation and how its benefits are distributed. We also urge that serious consideration be given to extending the tax credit to fees paid by volunteers who are required to take courses in order to serve as coaches and officials.

Another aspect of a broad-based approach to using fiscal policy to enhance sport and physical activity is the implementation of the Conservative Party's election commitment to eliminate capital gains tax on donations of publicly-listed securities to charities.<sup>10</sup> Supported by all parties in the House, this measure would boost the impact of donations on charitable revenues, of particular importance to Registered Charitable Amateur Athletic Associations and community foundations.

Several other fiscal measures deserve equally serious consideration by the government, given their potential to reduce financial barriers and to build capacity and thus enhance participation in sport and physical activity:

- An increase in the allowable tax deduction for the sponsorship of community sport by private corporations from 100% to 150%.
- A non-refundable tax credit for parents supporting high performance athletes.
- Establishment of a new non-profit, non-governmental foundation or use of an existing foundation to unite the efforts of government and the sport and physical activity sectors to encourage innovative public-private partnerships in sport and physical activity.
- The renewal of Canada's national sport lottery.

## **Investments in Community Infrastructure**

Increased annual funding for sport and physical activity is clearly needed to get Canadians moving and to support our high performance athletes and coaches. However, more funding for sport and physical activity organizations alone is not the answer. A comprehensive approach to developing a leading-edge sport system also requires

significant, long-term strategic investments in sport and recreation infrastructure and facilities. Without such an investment in community infrastructure, Canadian governments will not be able to meet their commitment to increase the number of active Canadians by 10% by 2010, nor will they be able to capitalize on the increased interest in sport leading up to Canada's turn as host of the next Olympic and Paralympic Winter Games.

The problem of insufficient infrastructure is clearly a concern to Canadians. In a 2005 survey by The Strategic Counsel, 43% of Canadians agreed that "it's difficult for many people to participate in sport because the facilities are too inconvenient to get to," and 41% agreed that they do not have adequate sports facilities in their community.<sup>11</sup> The problem of insufficient infrastructure is compounded by the aging of existing facilities. Many facilities were constructed in the 1960's and 1970's and are now approaching the end of their lifecycle. A study done by Parks and Recreation Ontario in 2005 estimated that the deficit in sport and recreation facilities and infrastructure in Ontario alone totals over \$5 billion.<sup>12</sup>

The lack of facilities that meet international standards causes many Canadian communities to miss out on the opportunity to reap the economic benefits from hosting competitive games. Similarly many communities are unable to fully exploit their potential to attract sport tourism because of inadequate or insufficient facilities.

There is a direct connection between levels of participation in physical activity and sport and the availability and accessibility of sport and recreation facilities. During their annual conference in August 2005, Federal and Provincial/Territorial Ministers Responsible for Sport, Physical Activity and Recreation identified sport and recreation infrastructure as their top priority:

*"Improved infrastructure will advance sport and physical activity in communities across the country while addressing critical health challenges and strengthening Canadian communities."*<sup>13</sup>

This priority was subsequently endorsed by the Big City Mayors' Caucus (BCMC) of the Federation of Canadian Municipalities (FCM) at their November 2005 meeting.

The Sport Matters Group recommends that the federal government establish a designated envelope for facilities and infrastructure for sport and physical activity and provide adequate, long-term funding for this envelope. We also recommend that the federal government pursue innovative approaches to facilitate greater investment in facilities and infrastructure. One such initiative is the decision by Ontario Strategic Infrastructure Financing Authority (OSIFA) to include municipal recreation infrastructure projects among infrastructure renewal projects eligible for long-term low-interest loans.<sup>14</sup>

## **Conclusions**

Canada is poised to become a leading sport nation, both in terms of the number of medals earned by our elite athletes when we host the world at the upcoming Olympic and Paralympic Games and also in terms of the access by all Canadians to opportunities to participate in sport and physical activity at all levels.

To make this vision a reality, the federal government needs to support the contributions made by over two million volunteers in some 34,000 sport and recreation organizations operating in communities across the country by introducing a comprehensive package of investments in sport and physical activity:

1. Stable, long-term federal funding for sport and physical activity equal to 1% of total federal health care spending, or approximately \$465 million per year.
2. New fiscal policy measures, including tax measures, to remove economic barriers to participation and to promote sport and physical activity at the community level.
3. A designated envelope to provide substantial long-term federal funding for sport and recreation facilities and infrastructure.

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