

Positioning Alberta for a Healthy Future

Issue

Fitness, physical activity, and wellness providers play an integral role in the overall health and wellbeing of Albertans of all ages, socio-economic backgrounds, and ability levels. Incentivizing Albertans to invest in health and wellness will result in lower costs for maintaining the provincial healthcare system, in turn, providing opportunity to reduce tax burdens on Albertans and employers.

Background

Economics of Health

Encouraging physical activity is of paramount importance to adopting lifelong behaviour changes which can result in lowering the costs of healthcare for Albertans. During the Covid-19 pandemic, many Albertans were forced to move to their living rooms, basements and outside for their fitness and activity.

Pre-Covid, in Canada, the annual economic burden of the risk factors excess weight and physical inactivity are estimated at \$30 billion in 2012. Of the \$30 billion, \$19.0 (\$13.8 to \$24.0) billion to excess weight and \$10.0 (\$7.8 to \$12.0) billion to physical inactivity. A 1 % relative annual reduction in each physical inactivity and obesity risk factor would result in an \$2.1 billion annual reduction in economic burden by 2031.¹

According to a recent study by Dalhousie University, 45% of Canadian's gained weight during the pandemic with the 38% reporting weight gain of 6-10 pounds.¹ In turn, the overall increases of individual's weight and sedentary lifestyles will have only increased and continue increasing the overall burdens on Alberta's and other provincial healthcare systems.

Economics of the Fitness Industry

Prior to the pandemic, many entrepreneurs in the fitness and health industry were thriving. Fitness professionals were earning good incomes and contributing to federal and provincial tax revenues.

According to survey of its members conducted by the Fitness Industry Council of Canada in March 2022, revenues in the industry decreased by 70% in Alberta during the pandemic:



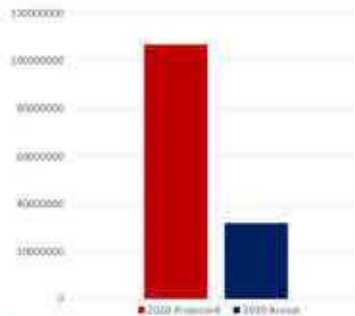
COVID-19's Impact on Revenue on Alberta's Fitness Industry

The projected revenue for 2020 for 160 Alberta locations prior to the pandemic: **\$106,803,207.00**

What was your ACTUAL revenue for 160 Alberta locations in 2020: **\$32,142,940.34**

The difference between the projected and actual revenue for 2020: **\$74,660,266.66**

Revenue Drop by 70%



The results above are from a survey conducted by Fitness Industry Council of Canada in March 2022 via our membership base.

Furthermore, according to research conducted by the Canadian Federation of Independent Business, entrepreneurs in the industry have taken on an additional \$160,000 in personal debt to navigate numerous closures and strict operating guidelines.¹

Without a dramatic shift in the use of these services, it is estimated that 30-40% of businesses in this sector will need to file for bankruptcy within five months of the termination of the wage subsidy program. In Alberta, some studio's have already started the process of "leaning out" their operations. Reducing salaries, classes, offerings in order to reduce their overall expenses. The closure of these businesses will have a dramatic impact on the economy and well being of Albertans, leading to lost jobs and less opportunities for Albertans to maintain their health, in turn, resulting in higher healthcare costs and higher tax burdens to maintain the health care system.

Opportunities of Health-Focused Tax Policy

A simple tax credit could provide a boost to the health and fitness industry, getting Albertan's back to being active and getting industry professionals back to work. This tax credit could be made available for individuals or families which engage the services of legitimate for-profit or non-profit entities, for example:

- Gym memberships
- Private studio memberships or classes
- Personal training sessions
- Group fitness classes
- Activity coaching sessions
- Team sports
- Children's programs such as dance, gymnastics, swimming, soccer, hockey, racquet sports etc.

Proactive tax policy to incent investment in personal fitness would enable a healthier and more productive workforce, reduce the economic impacts of business closures and job losses, while also reducing the costs of the healthcare system and improving quality of life for Albertans.

The Alberta Chambers of Commerce recommends that the Government of Alberta:

1. Provide a one-time, Physical Activity Tax Credit for Albertan's and families who invest in their own personal health or the health of their children via a legitimate private or non-profit organization with a valid CRA business number.