

2010 Provincial Pre-Budget Consultation:

Aligning Priorities for the Future

Submitted to The Honourable Dwight Duncan, Minister of Finance

by Parks and Recreation Ontario

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"Dedicated to enhancing the quality of life for the people of Ontario"



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About Parks and Recreation Ontario

Parks and Recreation Ontario (PRO), representing over 1,900 leaders in the parks and recreation field, is a membership-based association that delivers and advocates for quality programs and environments to support the participation of Ontarians in recreation, sport, physical activity and other leisure activities as part of a healthy lifestyle. PRO is recognized as a strong collaborator and a partner for innovative leadership in the creation of resources, training and the development of public policy across diverse sectors.

PRO appreciates the opportunity to provide consultation and recommendations directly to the Minister of Finance for the 2010 Ontario Provincial Budget. PRO was pleased to present in person before the Minister in December 2009 and adds the following written submission for consideration.

Executive Summary

No pain, no gain is a phrase that can apply to both physical health and fiscal health. In 2009, Ontario charted a path to economic recovery that included significant investments at a time of declining revenues. Now, in 2010, we must capitalize on those investments and ensure that there is a long-term plan for fiscal health.

Parks and Recreation Ontario believes that this is also the time to ensure that we look after the physical health of our communities and our citizens by strengthening our health promotion efforts and aligning our priorities for the future. As the government has suggested in its fiscal review, there are opportunities to streamline services and to invest in the core services which Ontarians value.

Parks and Recreation Ontario has made recommendations for the budget in three areas:

1. Aligning Tax Policy with Health Policy

PRO believes that the current application of the harmonized tax is at odds with the government's other health promotion priorities such as building healthy communities, poverty reduction and reducing youth violence. By aligning the HST with the government's policies for health promotion, the government can ensure that all Ontarians have access to sport and recreation programs and services that improve their quality of life.

Recommendation #1

Provide an exemption from HST for sport and recreation programs, memberships and facility rentals, in order to ensure that all Ontarians receive the healthy and social benefits of participation.

2. Core Priority: Supporting Healthy Communities

Ontario's leadership investments in community recreation infrastructure in 2009 have had a significant impact in some communities. However, there is still an overwhelming need for a long-term, annual sport, parks and recreation infrastructure fund to ensure that Ontarians have access to facilities where they can lead a healthy lifestyle.

Recommendation #2

Support community revitalization and economic growth by continuing to fund a dedicated sport and recreation infrastructure program that invests \$195M for both new construction and renovation projects.

One of the core priorities for the Ontario government is health care. Ontario has one of the finest health care systems in the world. However, health care costs continue to escalate, each year consuming a larger proportion of the provincial budget. It is imperative that we invest in health promotion and prevention now in order to safeguard our publicly funded system and improve the health outcomes of our citizens.

Recommendation #3

Incrementally increase funding for the Ministry of Health Promotion from the current .35% to 1% of the provincial budget by 2015.

3. Streamlining Efforts in Health Promotion

The Minister of Finance has asked stakeholders to suggest ways in which the government can streamline and provide better public services to Ontarians. Parks and Recreation Ontario believes that there are opportunities for stakeholders and alliances to develop and deliver strategies and initiatives that are far-reaching and cost-effective.

Recommendation #4

Increase the reach and effectiveness of the government's health promotion efforts through a collaborative model that utilizes local, regional and provincial networks and stakeholders to develop and deliver programs and initiatives within the Healthy Communities Framework.

Detailed Recommendations

1. Aligning Tax Policy with Health Policy

PRO believes that the current application of the harmonized tax is at odds with the government's other health promotion priorities such as building healthy communities, poverty reduction and reducing youth violence. By aligning the HST with the government's policies for health promotion, the government can ensure that all Ontarians have access to sport and recreation programs and services that improve their quality of life and reduce dependence on the health care system.

Background

After the announcement in the 2009 Ontario Budget of the modernization of the tax system in Ontario, including the implementation of the HST, Ontario's major sport and recreation organizations came together to discuss the implications of the harmonization on the sport and recreation sector. A coalition, led by Parks and Recreation Ontario, was established to work collaboratively with other stakeholders and government to address the concerns of the sport and recreation sector and seek ways to achieve our common goals of a healthy and active Ontario and a strong economy. This coalition has presented its recommendations to the Ministries of Health Promotion, Finance and Revenue, as well as to the Standing Committee on Finance and Economic Affairs.

Active and healthy living is an integral part of the Liberal government's health promotion plans and sport and recreation are also major contributors to Ontario's economy. Ontarians spend \$4 billion annually on goods and services related to sport, recreation and physical activity. More than 2.3 million Ontarians participate in sport and recreation activities, which are supported by 1,000,000 volunteers.

There are many important reasons for modernizing our tax system and PRO understands the enormity of the task and the urgency for Ontario to remain competitive. We also acknowledge that the government has stated that there will be no more exemptions from the HST. However, PRO urges the government to consider some opportunities to align health policy with tax policy through policy alternatives that will have a lasting effect on the health of our society.

Rationale

There are many factors that contribute to an individual's health and well-being, known as the social determinants of health. Where you live, the food you can afford to buy, the strength of your social support networks and your employment status all have an effect on one's health. At the same time, participating in sport and recreation goes a long way in positively affecting those very same things.

• The Benefits of Recreation

Research done in Canada and elsewhere validates the health and social benefits of participation in sport and recreation programs¹, including reducing obesity and contributing to the prevention of chronic disease, especially type-2 diabetes and some types of cancer. In addition, children and youth substantially benefit from positive sport and recreation experiences,

¹ For example: Canadian Parks and Recreation Association (CPRA). *The Benefits Catalogue*. 1997.



which contribute to mental and physical health, team building and leadership development. Children and youth who are involved in sport are less likely to exhibit risky behaviour, have better self-esteem, do better in school and are more likely to continue to be lifelong participants. Other Ontario research shows that by investing in recreation services for families, savings are accrued in health care, social services and justice costs.²

- **The Cost of Inactivity**

It is estimated that physical inactivity costs the Canadian health care system \$5.3 billion (\$1.6 billion of direct costs and \$3.7 billion in indirect costs), or almost 5% of our total health care budget.³ The Ontario government's own plan for Healthy Eating and Active Living argued that obesity alone costs Ontario \$1.6 billion each year.

More recently, the Fraser Institute released a study claiming that Ontario's health care expenditures are growing at a faster pace than revenues and that by 2014, Ontario will be spending half of all available provincial revenue on health care (just three years ago, it was estimated that the health care budget in Ontario would reach not reach that level until 2020).

If we want people to be less reliant on health care, we must make it easier for people to be active. This is at the core of Ontario's health promotion strategies. The HST places another barrier to participation, especially for low-income individuals - those who are affected by the social determinants of health. PRO congratulates the government for continuing to support healthy living through the Ministry of Health Promotion. We would now propose that there are even greater opportunities to have a positive impact on the health of Ontarians by aligning tax policy with health policy.

- **The Impact of the HST on Sport and Recreation Participation**

Under the new HST rules, youth and adult recreation membership and program fees and all facility rentals will be subject to the full HST. Currently, these fees are subject only to GST. The increase of 8% in direct costs for consumers will reduce access to recreation programs and services that help people remain healthy. PRO recognizes that the government has put in place certain measures which may mitigate the additional tax burden (i.e. transitional payments; rebates for the MUSH and not-for-profit sector). Still, when decisions are being made about purchases, sport and recreation are sometimes viewed as an extra or "nice to have" but not a must-have and are the first family activity to be curtailed.

Recommendation #1

Provide an exemption from HST for sport and recreation programs, memberships and facility rentals, in order to ensure that all Ontarians receive the healthy and social benefits of participation.

² Browne G, Byrne C, Roberts J, Gafni A, Whittaker S, When the Bough Breaks: Provider-initiated Comprehensive Care is More Effective and Less Expensive for Sole-support Parents on Social Assistance. *Social Science & Medicine*, 2001; 0:1-14

³ Katzmarzyk et al, The economic costs associated with physical inactivity and obesity in Canada: an update, *Canadian Journal of Applied Physiology*, 2004.

PRO recognizes that an incremental approach to the implementation of this recommendation may be necessary, given the current fiscal climate. There are interim measures that can be taken in order to minimize the impact of the HST on sport and recreation participation, with the ultimate goal of a total exemption for sport and recreation.

Interim Recommendations

- Increase the age for exemption for sport and recreation program fees to 15 years and younger, to align with the federal Children's Fitness Tax Credit. This will avoid confusion and streamline administrative processes for sport and recreation providers.
- Implement a fully-refundable provincial fitness tax credit that is applicable to all ages.
- Implement an exemption or point-of-sale rebate for drop in fees where the maximum drop in fee is under \$5. This would significantly reduce the administrative burden where drop in fees are charged on a variety of services.
- Provide an exemption from HST for all safety equipment for sport and recreation to ensure that children and youth have better access to safety gear and a decreased risk of preventable injury.

2. Core Priority: Supporting Healthy Communities

a. Infrastructure Investments

Over the past eighteen months, the Federal and Provincial Governments have invested significantly in community sport and recreation infrastructure through the Infrastructure Stimulus and Building Canada Funds, RInC and Ontario REC. PRO and its members applaud both orders of government for recognizing the need for and importance of community recreation, parks and sport infrastructure. Modern sport, recreation and green infrastructure contributes to the health of Ontario's citizens and builds safe, healthy and sustainable communities. However, there is still an overwhelming need for a long-term, annual sport, parks and recreation infrastructure fund to ensure that Ontarians have access to facilities where they can lead a healthy lifestyle.

Background

In 2007, PRO released a landmark report on the state of Ontario's sport and recreation infrastructure . and the news was not good. The vast majority of publicly-owned sport and recreation facilities were built between 1956 and 1980, and are in desperate need of retrofit or replacement. A study conducted by Parks and Recreation Ontario found that a total of 424 major facilities in 255 different municipalities are at or beyond their useful life and likely candidates for imminent capital rehabilitation with an estimated price tag of **\$5.6 billion**.⁴

In 2008, Parks and Recreation Ontario (PRO) launched a data collection initiative with the goal of developing a comprehensive catalogue of impending sport and recreation infrastructure projects in the province. The survey resulted in one hundred and eight (108) municipal respondents providing details of 468 projects. This represents a response rate of approximately

⁴ *Investing in Healthy and Active Ontarians through Recreation and Parks Infrastructure*. Parks and Recreation Ontario, 2007 (attached).



53% of provincial municipalities that provide sport and recreation facilities. Additionally, YMCA Ontario supplied details of capital projects in twenty-four (24) individual sites throughout the province. Reporting municipalities and Ys have plans to invest approximately nearly **\$1 billion** for new facility developments and renovations in the next 18 months.

PRO congratulates the Ontario government for its investments since 2007, which have begun to address the infrastructure deficit in Ontario. However, there is still a critical need for funding dedicated to sport and recreation.

Rationale

Municipalities across the province have voiced their concerns about the infrastructure deficit by passing resolutions in support of PRO's recommendation for dedicated, long-term sport and recreation infrastructure funding. To date, PRO has received more than fifty resolutions from communities large and small.

The sport and recreation sector plays a significant role in building strong communities across Ontario by contributing to physical, mental and social health of citizens. The Government of Ontario recognizes this important contribution. Through the creation of the Ministry of Health Promotion and the implementation of ACTIVE2010: Ontario's Sport and Physical Activity Strategy, the government identified the development and maintenance of safe and attractive recreation facilities and programs as a key factor in achieving increased levels of participation in sport and recreation. As noted above, sport and recreation is also an economic driver that contributes significantly to provincial revenues.

The cost of maintaining the status quo is a deteriorating infrastructure that:

- Costs more to operate, exerting more financial pressure on municipalities
- Imposes additional demands on Ontario's over-burdened utility resources
- Contributes to green house gas emissions
- Diverts potential facility upgrade and program dollars to operating costs / emergency repairs
- Increases costs to users, therefore limiting access for low-income families
- Increases risk to participant health and safety
- Decreases user satisfaction
- Discourages participation

PRO urges the government to maintain infrastructure investment for sport and recreation at levels comparable to those of the 2009 programs Ontario REC and Building Canada.

Recommendation #2

Support community revitalization and economic growth by continuing to fund a dedicated sport and recreation infrastructure program that invests \$195M for both new construction and renovation.

Additional Recommendation

In addition, current Development Charges Legislation limits a municipality's ability to fund recreation and sport infrastructure to 90% of the total project budget. PRO recommends a review of this legislation in order to increase the eligibility for recreation and sport infrastructure to 100%, providing additional support to deliver needed facilities at the local level and leveraging municipal tax funding for infrastructure renewal.

b. Investing in Health Promotion

One of the core priorities for the Ontario government is health care. Ontario has one of the finest health care systems in the world. However, health care costs continue to escalate, each year consuming a larger proportion of the provincial budget. It is imperative that we invest in health promotion and prevention now in order to safeguard our publicly funded system and improve the health outcomes of our citizens.

One of the core priorities for the government is health care. Ontario has one of the finest health care systems in the world, and the McGuinty government has addressed several key issues including wait times and access to doctors. PRO also feels that the government has taken an important step by creating a Ministry of Health Promotion, which supports and compliments the essential services provided by the Ministry of Health and Long-Term Care.

An Ounce of Prevention = Savings

The Minister of Finance has asked Ontarians to consider ways to move out of the current deficit. Managing escalating health care costs through prevention strategies must be a central part of Ontario's debt reduction plan.

As noted above, health care costs are continuing to rise at an alarming rate and our children's health is in jeopardy due to childhood obesity and the early onset of other chronic diseases. It is also clear that health promotion pays dividends on the health care side of the ledger, just as we have already seen in the Smoke Free Ontario strategy.

PRO urges the government to increase the funding for health promotion efforts. Currently, the investment in health promotion is just .35% of the overall Ontario budget. Spending on health care is at 43% of the total budget and rising exponentially. PRO believes that by investing more in health promotion, the government will ensure the sustainability of our publicly-funded health care system, which is ranked as one of the finest in the world. It will also achieve the government's goal of making Ontario the healthiest province in the country.

The 2015 Pan Am Games also present a significant opportunity to build a sustainable legacy for the sport and recreation system across the province through additional funding for the Ministry of Health Promotion.



Recommendation #3

Incrementally increase funding for the Ministry of Health Promotion from the current .35% to 1% of the provincial budget by 2015.

3. Streamlining Efforts in Health Promotion

The Minister of Finance has asked stakeholders to suggest ways in which the government streamline and provide better public services to Ontarians. Parks and Recreation Ontario believes that, as suggested in the 2009 Fiscal Review, there are opportunities for stakeholders and alliances to develop and deliver strategies and initiatives that are far-reaching and cost-effective.

The alignment of sport and recreation and public health within the Ministry of Health Promotion is an important platform for streamlining service. There now exists an opportunity for provincial stakeholders including organizations like PRO, the Ontario Public Health Association and the Association of Local Public Health Agencies to provide a shared leadership role in the Healthy Communities Approach of the Ministry of Health Promotion. By engaging provincial stakeholders in the implementation of this program, the government will be able to increase the impact and reach of this initiative through enhanced local planning in communities across the province. By using provincial organizations with expertise in health promotion and recreation, the government will also be able to leverage its investment and will realize a greater depth of impact for the funds it provides.

Recommendation #4

Increase the reach and effectiveness of the government's health promotion efforts through a collaborative model that mobilizes local, regional and provincial networks and stakeholders to develop and deliver programs and initiatives within the Healthy Communities Framework.

SUMMARY: The Cost of Inaction

In conclusion, PRO encourages the government to support programs and services that encourage active living and healthy eating, aimed at improving the high quality of life for Ontarians and recommends a collaborative approach that engages stakeholders in the delivery and implementation of key initiatives. Only by joining forces will we meet the needs of all our citizens, from the newest residents, to the youngest children, and to our wise elders.

We know that the cost of inaction will be high, as health care costs continue to rise exponentially. Clearly, with our aging population and the rise in childhood obesity, the crisis will only worsen unless the provincial government takes action immediately to ensure that Ontarians are encouraged to be active and have access to the facilities and health promotion programs they need.

We believe that during these uncertain economic times McGuinty Government can achieve its goal of supporting a high quality of life for all Ontarians, by investing in recreation, parks and sport. By aligning tax and health promotion, policy, supporting communities in their efforts to improve the health of citizens and by streamlining health promotion efforts, the current government will be positioned as a national leader in creating healthy and safe communities.