



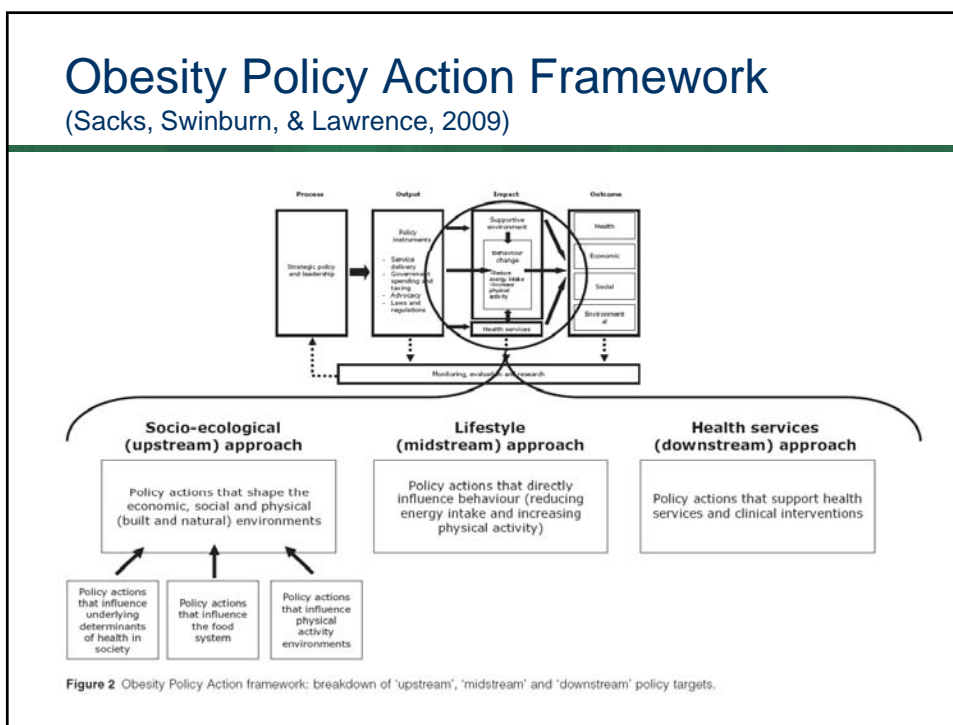
Cette présentation a été effectuée le 1er décembre 2011, au cours de la journée « L'analyse économique au service des politiques publiques favorables aux saines habitudes de vie » dans le cadre des 15es Journées annuelles de santé publique (JASP 2011). L'ensemble des présentations est disponible sur le site Web des JASP à la section Archives au : <http://jasp.inspq.qc.ca/>.

## Promoting Physical Activity Among Canadian Children: The Role of Tax Credits

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# How Active are the Kids?

active healthy kids CANADA

Physical Activity

**F**

**Physical Activity Levels**

According to newly released data from the Canadian Health Measures Survey, only 9% of boys and 4% of girls meet the new Canadian Physical Activity Guidelines. The Guidelines state that for health benefits, children and youth should accumulate at least 60 minutes of moderate- to vigorous-intensity physical activity daily.

- > 44% OF CANADIAN CHILDREN AND YOUTH ARE GETTING 60 MINUTES OF PHYSICAL ACTIVITY (MVPA) 3 DAYS PER WEEK, AND 78% ARE GETTING 30 MINUTES OF MVPA 3 DAYS PER WEEK.<sup>12</sup>
- > CHILDREN AND YOUTH FROM EUROPEAN COUNTRIES TAKE ALMOST 2400 MORE STEPS PER DAY THAN THEIR PEERS IN CANADA.<sup>14</sup>

**C**

**Organized Sport and Physical Activity Participation**

- > 75% OF PARENTS SAY THEIR CHILDREN PARTICIPATED IN SPORT IN THE PAST YEAR.<sup>8</sup>
- > CHILDREN WHO PARTICIPATE IN ORGANIZED SPORT TAKE 1,600 MORE STEPS PER DAY THAN THOSE WHO DON'T PARTICIPATE IN THESE SPORTS.<sup>14</sup>
- > STUDIES INDICATE THAT ORGANIZED SPORT DURING CHILDHOOD IS POSITIVELY RELATED TO FREQUENCY OF LEISURE-TIME PHYSICAL ACTIVITY IN EARLY ADULTHOOD.<sup>16</sup>

**F**

**Active Play**

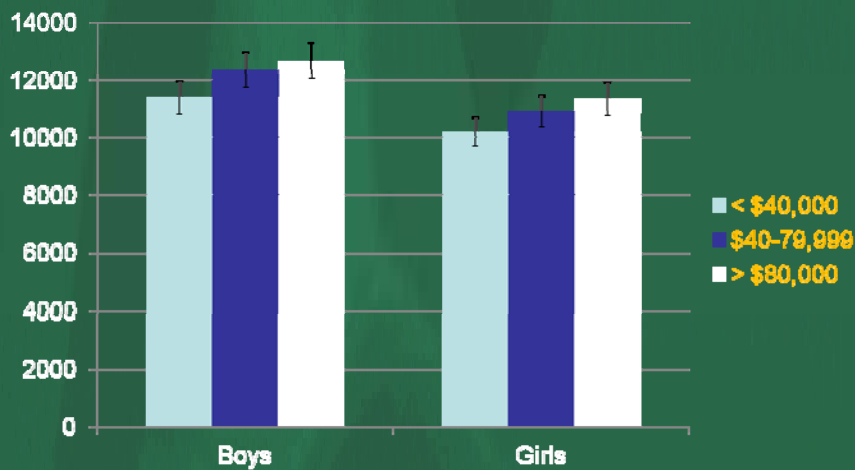
- > ONE QUEBEC STUDY NOTED THAT ONLY 1 IN 8 CHILDREN ARE ENGAGED IN ACTIVE PLAY 5 DAYS/WEEK IN THE AFTER-SCHOOL PERIOD.<sup>17</sup>
- > THERE IS A LACK OF DATA AVAILABLE ABOUT THE DEFINITION, FREQUENCY, INTENSITY AND DURATION OF ACTIVE PLAY. MORE RESEARCH IS NEEDED.

**D**

**Active Transportation**

- > 24% OF CANADIAN PARENTS SAY THEIR CHILDREN USE ONLY ACTIVE MODES OF TRANSPORTATION IN TRIPS TO AND FROM SCHOOL.<sup>9</sup>
- > A REGIONAL STUDY INDICATES THAT 42% OF KIDS ARE DRIVEN TO SCHOOL. THE MAJORITY OF PARENTS WHO CURRENTLY DRIVE INDICATED THAT THEY WOULD ALLOW THEIR CHILDREN TO WALK/CYCLE TO/FROM SCHOOL IF THE KIDS WERE NOT ALONE.<sup>18</sup>

## Mean Steps Per Day Among Canadian Boys and Girls by Household Income (Craig et al., 2010)



## Children's Fitness Tax Credit (CFTC)

- The Government of Canada implemented the Children's Fitness Tax Credit (CFTC) in 2007 that allows a **non-refundable tax credit** of up to \$500 to register a child 16 years old or younger in an eligible physical activity program.
- At most, it results in a **tax saving of \$75 per child**.
- Programs must be offered for a minimum of 8 consecutive weeks or 5 consecutive days, be supervised, and contribute to "cardio-respiratory endurance, plus one or more of: muscular strength, muscular endurance, flexibility, or balance."
- Parents may claim an extra \$500 for children with disabilities up to 18 years of age and include costs for equipment, assistive devices, and transportation.
- Based on the principles of effectiveness, simplicity, efficiency, and **equity**.

## Limiting Factors for the Effectiveness of Tax Credits in Promoting Physical Activity

(Von Tigerstrom et al., 2011)

- The amount of the credit is relatively modest (e.g., up to \$75 for the CFTC);
- The individual will not receive the benefit of the credit until after an annual tax return is filed;
- Even if it encourages registration in an organized program, it is not clear if the tax credit will have an impact on overall physical activity of a child;
- Will not provide an equal benefit or incentive to all families (i.e., lower-income groups).

## Awareness and Use of the CFTC

(Spence et al., 2010)

**Table 1: Proportion (%) of Canadians with Children Involved in Organized PA and their Level of Awareness and Uptake of the Children's Fitness Tax Credit (CFTC).**

	Child in Organized PA	Aware of CFTC in 2009	Claimed CFTC in 2007	Plan to Claim CFTC for 2008
Total sample (N = 2135)	25.6	42.8	12.3	15.5
Parents with children aged 2 to 18 years (N = 1004)	54.4	55.5	26.1	33.1
Parents with children in organized PA (N = 546)		64.9	41.8	52.0
Household Income <sup>a</sup>				
Lowest quartile	40.1	38.8	28.2	40.3
2	45.9	56.5	36.9	57.3
3	59.0	62.5	55.7	76.5
Highest quartile	67.7	71.9	54.8	69.5

PA = physical activity, sport, or dance.

<sup>a</sup>For parents with children aged 2 to 18 years.

## Use and Effectiveness of the CFTC

(Spence et al., 2010)

**Table 3: Associations between Household Income and Child Involvement in Organized Physical Activity (PA), Awareness, and Claiming of the Children's Fitness Tax Credit (CFTC) among Canadian Parents (N = 1004).**

	Child in Organized PA		Aware of CFTC in 2009		Claimed CFTC in 2007		Plan to Claim CFTC for 2008	
	OR	95% CI	OR	95% CI	OR	95% CI	OR	95% CI
Lowest income quartile	1.00		1.00		1.00		1.00	
2	1.18	0.81-1.73	2.10	***1.42-3.10	1.43	0.78-2.61	1.93	*1.05-3.56
3	1.88	**1.28-2.76	2.85	***1.92-4.25	3.04	***1.68-5.50	4.48	***2.37-8.45
Highest income quartile	2.49	***1.70-3.64	4.10	***2.75-6.13	2.96	***1.66-5.30	3.14	***1.72-5.72

Adjusted for sex, age, and education level of the parent and region of residence.

\*  $p < .05$

\*\*  $p < .001$

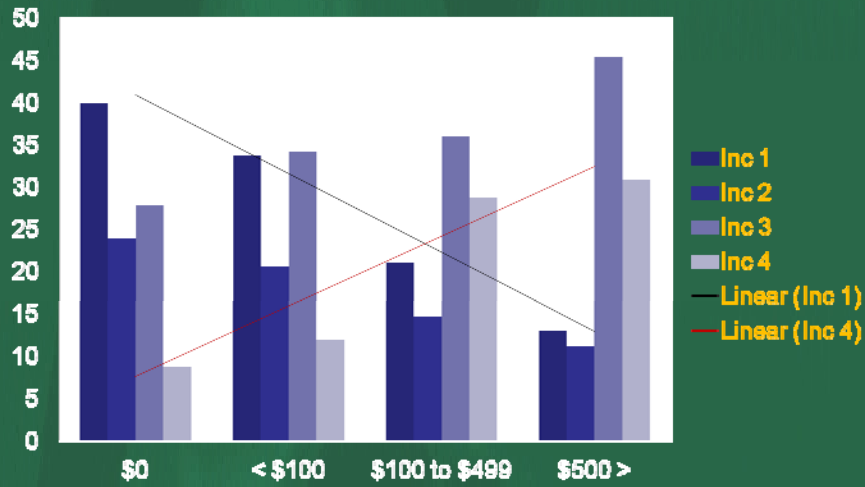
\*\*\*  $p < .0001$

15% of Canadian parents believe the CFTC increased their child's physical activity

- Highest income quartile = 10%

- Lowest income quartile = 40%

Average Amount of Money Spent Per Year to Register Child in Organized Physical Activity by Household Income: CFTC (Spence et al., 2010)

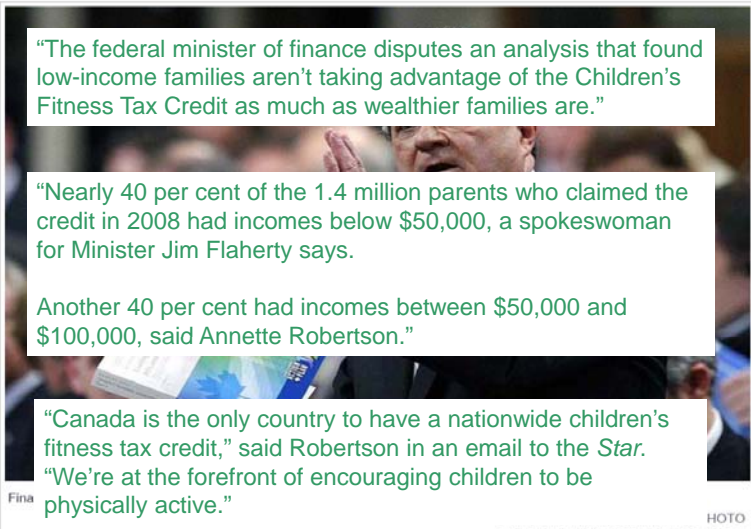


### Flaherty defends kids' fitness tax break

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Published On Thu Aug 5 2010

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"The federal minister of finance disputes an analysis that found low-income families aren't taking advantage of the Children's Fitness Tax Credit as much as wealthier families are."

"Nearly 40 per cent of the 1.4 million parents who claimed the credit in 2008 had incomes below \$50,000, a spokeswoman for Minister Jim Flaherty says.

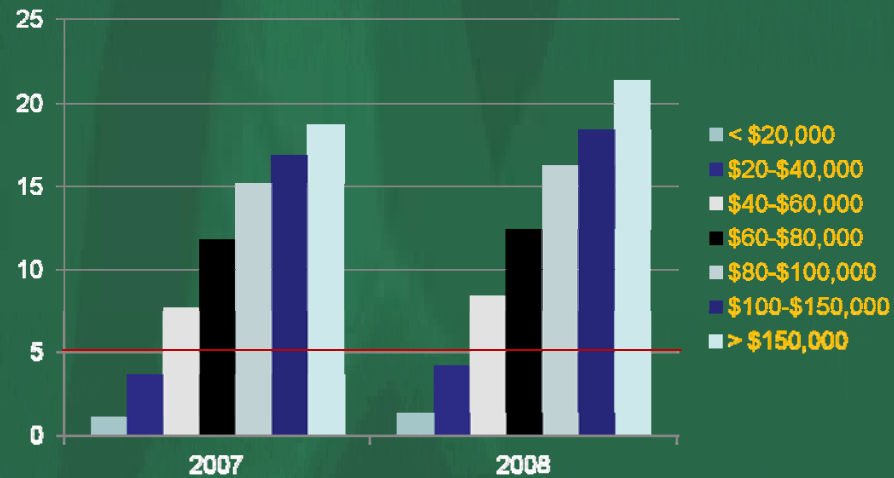
Another 40 per cent had incomes between \$50,000 and \$100,000, said Annette Robertson."

"Canada is the only country to have a nationwide children's fitness tax credit," said Robertson in an email to the *Star*. "We're at the forefront of encouraging children to be physically active."

Lesley Clarula Taylor  
Staff Reporter

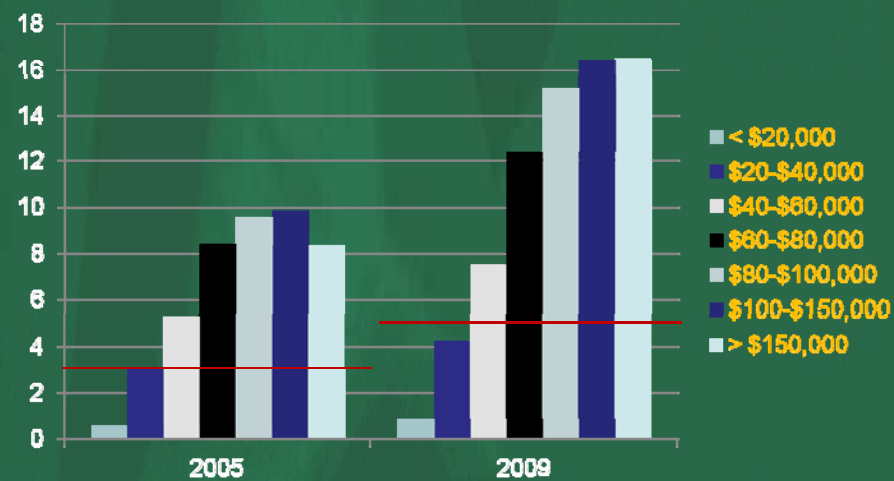
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## Proportion of Federal Income Tax Returns Claiming the CFTC 2007-2008



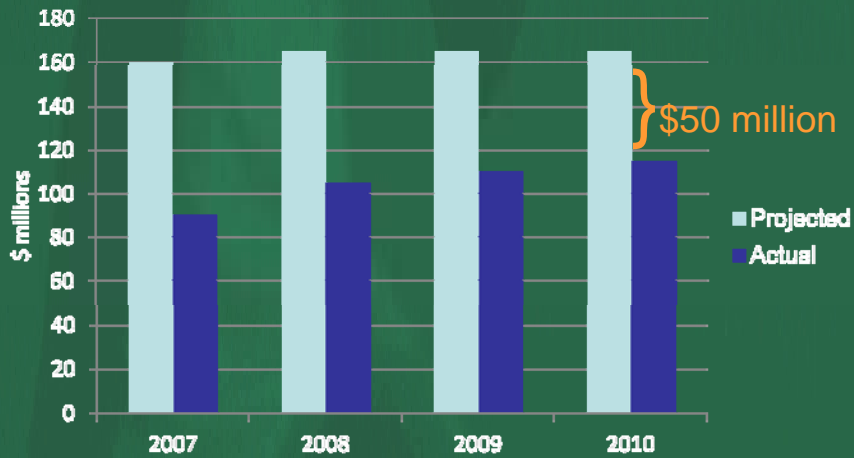
Canada Revenue Agency. Income statistics 2009 – 2007 tax year; 2008 tax year.

## Proportion of Income Tax Returns Claiming the HLTC in Nova Scotia, 2005 & 2009



Personal communication: Taxation & Fiscal Policy Division, NS Department of Finance

## Projected and Actual Tax Expenditures for the CFTC, 2007-2010



Department of Finance Canada (2010). *Tax expenditures and evaluations 2010*.

## Annual Provincial Tax Expenditures for Fitness Credits

Province	Year	Credit	Type	Cost (\$ million)
Ontario	2010	Children's Activity Tax Credit	Refundable	75.0
Manitoba	2007	Fitness Tax Credit	Non-refundable	1.2
Nova Scotia	2005	Healthy Living Tax Credit	Non-refundable	1.3
Saskatchewan	2009	Active Families Benefit	Refundable	18.0
Yukon	2007	Yukon Child Tax Credit	Non-refundable	0.2
<b>Total Expenditures</b>				<b>95.7</b>

## Summary

- Federal and provincial governments forego approximately \$211 million in tax credits to facilitate physical activity for Canadian children;
- The majority of these credits are non-refundable and thus cannot be claimed by families earning low income;
- No evidence these tax credits are effective.

## Next Steps

- At a minimum, physical activity tax credits should be refundable (e.g., Ontario, Saskatchewan);
- But, in the absence of other subsidies for registration, equipment, and travel costs, it is unlikely refundable tax credits will smooth out the income gradient in organized physical activity;
- The effectiveness of physical activity tax credits needs to be examined.
  - Can \$200 million be used more effectively?
  - How useful are these credits for families of children with disabilities?



## Ideologies Clashing

“The most difficult subjects can be explained to the most slow-witted man if he has not formed any idea of them already; but **the simplest thing cannot be made clear to the most intelligent man if he is firmly persuaded that he knows already, without a shadow of doubt, what is laid before him.**”

Leo Tolstoy (1897)

## Questions?



**Warning:** Sitting, watching, and listening to this presentation may be hazardous to your health. Please go for a walk to ward off the negative side effects of being sedentary.