



Chronic Disease Prevention Alliance of Canada

2014-2015 pre-budget consultation submission to the Standing Committee on Finance

The Chronic Disease Prevention Alliance of Canada (CDPAC) is pleased to submit this brief to the House of Commons Standing Committee on Finance as part of the 2015 pre-budget consultation. We would welcome an opportunity to meet with the Committee to discuss our recommendations.

CDPAC (cdpac.ca) is an alliance of twelve national organizations sharing a common vision for an integrated system of research, surveillance, policies, and programs for maintaining health and preventing chronic disease in Canada.

Background

The prevention of chronic diseases is a complex issue and requires a comprehensive approach. In 2011, the UN General Assembly unanimously endorsed the Political Declaration on the Prevention and Control of Non-Communicable Diseases - mainly cardiovascular diseases, some cancers, diabetes and chronic respiratory diseases. These non-communicable diseases (NCDs), also commonly referred to as chronic diseases are largely preventable and are predominantly caused by a common set of avoidable risk factors, most notably: tobacco use and exposure to second hand smoke; unhealthy diet; insufficient physical activity; unhealthy weights; and, harmful use of alcohol.

In Canada, a staggering three out of five people over the age of twenty live with one of these preventable diseases, and four out of five are at risk. Every year, over 150,000 Canadians die from them. Together, these preventable diseases account for 65% of all deaths in Canada.

While Canada has made some progress in the area of tobacco control, there has been an increase in unhealthy weights. According to the latest data, approximately 60% of adults and 32% of children and youth are overweight or obese.

Evidence suggests that upstream prevention of unhealthy weights in children and youth will lead to a significant reduction in the rates of adulthood overweight and obesity. According to the OECD, unhealthy weights "foreshadow increases in the occurrence of health problems (such as diabetes, cardiovascular diseases and some cancers) and higher health care costs in the future."ⁱ It is well understood that early childhood development is a critical determinant of health. CDPAC acknowledges the ongoing role the Government of Canada is playing, in

partnership with the provinces and territories to develop and deliver comprehensive, culturally appropriate early intervention and prevention programs that promote the health and social development of vulnerable children in communities across Canada (notably, via the *Canada Prenatal Nutrition Program* and *Community Action Program for Children*).

CDPAC urges the Government of Canada to strengthen its commitment to the support of healthy living by adopting these three budget priorities:

- Improving the Child Tax Benefit
- Improving the Children's Fitness Tax Credit
- Establishing a tax on Sugary Drinks

The following specific recommendations will strengthen the Government of Canada's ability to reach a number of its objectives outlined in the Public Health Agency of Canada's *Preventing Chronic Disease Strategic Plan 2013-2016* and support the accomplishment of goals outlined in the *Integrated Strategy on Healthy Living and Chronic Disease*.

Improving the Child Tax Benefit

While the average Canadian child is relatively healthy by global standards, not all Canadian children have an equal chance to be healthy. Further to the risk factors discussed above, it is known that factors associated with disease also include preventable circumstances such as low birth weight, poorer quality of pre-natal nutrition and infant feeding, and exposure to poorer air quality. These are conditions to which children in families of lower socio-economic status are known to be more vulnerable.ⁱⁱ

"[C]hildren from poor households also have higher rates of chronic conditions, such as asthma, diabetes, and hearing, vision, and speech problems... Associations between childhood poverty and health extend into adulthood. Economic disadvantage in childhood has been linked to worse overall health status and higher rates of mortality in adulthood."ⁱⁱⁱ

Income security is considered one of the most important determinants of health because of the central role it plays in shaping living conditions, opportunities for healthy living and protecting against negative health outcomes.

The Canada Child Tax Benefit together with the National Child Benefit (NCB) Supplement have been proven to effectively increase income security for Canadian children with high levels of disadvantage and heightened risk for ill health.^{iv,v}

Restructuring a number of family-focused tax benefits today could improve the long-term outcomes of some of Canada's most disadvantaged children and significantly reduce their future risk for illness and chronic disease. Specifically, redirecting the Universal Child Care Benefit and the non-refundable child tax credits into the Canada Child Tax Benefit (CCTB) and National Child Benefit Supplement and raising **the maximum amount to \$5,400 per child** could bring the child poverty rate down by 15%.^{vi} This shift in tax benefits has the potential to lift 174,000 Canadian children out of poverty.^{vi}

CDPAC recommends the following changes to strengthen the Canada Child Tax Benefit by further reducing the child poverty rate and lifting an additional 174,000 Canadian children out of poverty.^{vi}

Roll-in the UCCB and non-refundable tax credits to the Canada Child Tax Benefit

- Increase the maximum available benefit per child to \$5,400
- Increase the income threshold at which the National Child Benefit begins to be reduced
- Require provinces not to claw back the benefit from provincial social assistance programs

Children's Fitness Tax Credit

In 2007 the Government established the Children's Fitness Tax Credit. While this tax credit was a first step in addressing the high cost of children's fitness programs, it does not in its current form benefit all families, most notably low-income families. According to the Canadian Health Measures Survey 2009-2011, only 7% of 5-11 year olds and 4% of 12-17 year olds meet Canada's Physical Activity Guidelines.

In 2011, the Government announced its intention to double the value of the Children's Fitness Tax Credit and make it refundable up to \$1,000 to help cover the costs of registration fees for children's physical activities. Making this credit refundable will make it more accessible to low income populations.

"Parents know that regular exercise is a key part of their children's development. Whether it's hockey or dance or another program of physical activity, it gets them started on a lifetime of healthy, active living. But the financial costs can put a strain on the family budget. In 2007 Stephen Harper's Government established the Children's Fitness Tax Credit, in the amount of \$500, to help cover these costs. In 2008, almost 1.4 million Canadians benefitted from the measure in their tax returns. Due to the success of the measure, we will double the value of the tax credit, and make it refundable – up to \$1,000 to help cover the costs of registration fees for children's physical activities. This measure will be implemented when the federal budget is balanced within our next full term of office."

CDPAC recommends that the federal government double the value of the Children's Fitness Tax Credit and make it refundable up to \$1,000 to help cover the costs of registration fees for children's physical activities as part of the 2015 budget. The federal government should also look at other ways to structure the tax credit so that it is equitable and supports those families that most need it. This could include:

- “Changing the credit to cover the cost of the program up to a specified limit, as opposed to a percentage which is currently a maximum of 15 percent. This would cover a larger proportion of the cost of programs - perhaps even the full cost of less expensive programs - and could thereby increase take-up by lower-income families.”^{vii}
- Expand the scope of the program to include less structured, less costly, family-oriented activities (for example, using public swimming pools and ice rinks).^{vii}

Taxation of Sugary Drinks

Research evidence shows a clear association between consumption of pop and other sweetened beverages and the development of childhood obesity.^{viii,ix} Research also shows that children who consumed sugary drinks between meals from the ages of 2.5 and 4.5 years of age were twice as likely to be overweight compared to children who did not consume sugary drinks. By contributing to unhealthy weights, sugary drink consumption increases the associated risks for diabetes, heart disease, stroke, arthritis and some cancers. The consumption of sugary drinks has also been linked to dental caries among young children, as well as other diseases.

As with tobacco control, price/tax increases of the target product, in this case sugary drinks are associated with reduced consumption. Research models suggest that the higher the tax, the more impact it will have on consumption.^x Several jurisdictions have already implemented such a tax and in some cases there are early indications of reduced consumption, particularly where the tax has been substantial. An added benefit of such a tax is increased government revenue. For example, if the federal government implemented a tax of five cents per 100 mL of sugary drinks, it would generate estimated revenues of \$1.8 billion dollars annually.^{xi} This revenue could be used to support healthy living initiatives such as offsetting the price to consumers of healthier foods and drinks such as vegetables and fruit and low-fat non-flavoured milk. This would be particularly beneficial in areas of the country where healthy affordable foods are not sufficiently available. The tax could also help offset downstream health care costs associated with the negative health impacts of sugary drink consumption.

Either a sales or excise tax could be applied to sugary drinks. However, it has been indicated that taxes are likely to be more impactful if they are made visible to consumers, for example at the point of purchase.^{xii} An excise tax could be made visible to consumers at point of purchase and would be easier to implement versus a sales tax.

CDPAC recommends that the federal government, as part of a comprehensive approach to achieving healthy weights, introduce a tax on sugary drinks and use some of the revenues generated from this tax to fund healthy living initiatives. A tax on sugary drinks would serve as an important added component of the federal government’s multi-pronged, comprehensive approach to addressing sugary drink consumption, obesity and chronic disease prevention.

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