



# Budget 2018 Submission

**Ireland  
active**

The Leisure  
Health and  
Fitness  
Association

**More People | More Active | More Often**

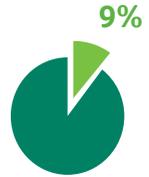
# Support for Getting Ireland Active

We have **one objective** : To Get Ireland Active

We have **five key priorities** for government in the budget

## 1. Keep the **9% VAT** rate for the leisure and fitness sector

We need government support to help get our country active. Since the introduction of the reduced rate of VAT in 2011, participation in personal exercise in leisure centres and gyms has increased from 11% to 13.8% of the adult population <sup>1</sup>. Measures covered by this reduced rate of VAT include gym membership, swimming pool admission and the renting of sports pitches and halls.



## 2. Extend the **Exemption from VAT** for swimming lessons to all exercise programmes for children and adults and consider a change to a **0% VAT** rate

Swimming lessons which align with the primary and secondary physical education curriculum are exempt from VAT. We would like to see this exemption extended to other physical activity programmes which help to keep our children active as well as to adult swimming lessons which are currently charged at 23%. The introduction of a 0% VAT rate for physical activity programmes would allow facility operators to offset VAT from other associated costs.



## 3. Reduce the tax burden on employers and employees by **Removal of Benefit in Kind** for leisure centre and gym membership

Employers have to pay PRSI on gym membership should they gift it to employees, whilst employees have to pay PAYE / USC on the receipt of any such benefit. We would like to see the removal of any such benefit in kind and the increase in the once off gift to employees from €500 to €1,000. This measure would encourage workplace wellbeing which will in turn contribute to a more productive workforce.



## 4. Support Ireland's sporting infrastructure with **annual investment in Sports Capital** and Local Authority Swimming Pool programmes

Sporting organisations benefit at community level through the investment of the sports capital and swimming pool programmes. More surety is required around both the level of investment and the need to have a programme on an annual basis. In addition, a more strategic approach should be taken to ensure investment is directed to where it is needed most.



## 5. Ringfence a certain portion of tax income received from the new **Sugar Tax** for programmes directed at education in schools around nutrition and physical activity

In the UK, the sugar tax is being used to invest in school sport programmes and a similar approach should be taken in Ireland. Over 20% of our children are overweight or obese and unless we invest in programmes to educate our children around healthy eating and physical activity the future population and cost to the exchequer will suffer.



1. Irish Sports Monitor, 2011-2016

## About Ireland Active

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Ireland Active is the representative body for the leisure, health and fitness sector in Ireland.

Our membership includes over 250 leisure centres, gyms, education providers and swimming pools in every community in Ireland. Our standards programme includes the White Flag National Quality Standards and Register of Exercise Professionals for the industry.

Physical inactivity is a growing problem in Ireland with over two thirds of the adult population and 80% of children not meeting the national physical activity guidelines.

- In 2017 we have been supported by the Healthy Ireland fund to deliver National Fitness Day and Get Ireland Swimming initiative in partnership with Swim Ireland.
- Brexit provides an imminent and immediate threat to the industry as lower visitor numbers from the UK and potential deflationary pressures, such as increased costs of imports, impact on consumer spending and employment in the sector. Increased VAT rates will only further impact on the sport and leisure sector which needs to be treated as an industry in itself when approaching the 9% VAT rate. Sweden which has the highest rate of physical activity in Europe has a VAT rate of 6% to encourage participation in sport and leisure.
- Our members are making an enormous contribution to creating a more active society and we are seeking the **support of government in helping us to get Ireland active.**

## Irish Leisure & Fitness in numbers

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- 490,000 people participate in personal exercise in gyms and leisure centres each week, making it the most popular sport in Ireland <sup>2</sup>
- 300,000 additional adults swim in our member's pools each week
- 33% of all club members are members of gyms or leisure centres, making it the most popular club membership in Ireland
- 81% of gym members exercise regularly, compared to only 60% of other club members meaning it is a proven forum to getting and keeping people active
- 9,500 people are employed in the leisure and fitness sector across Ireland <sup>3</sup>
- €450m is spent on health and fitness club memberships alone, contributing to a €2.4billion sport and physical activity sector in Ireland
- €30m approximately is contributed by leisure and fitness sector employers and employees alone in PAYE/USC/PRSI to the tax system in Ireland
- €1.4m approximately is paid in VAT alone to the exchequer for adult swims each year
- €4.27m was allocated through the Local Authority Swimming Pool programme in 2016

## Supporting Sports Policy

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The expected publication of the National Sports Policy later this year will also outline a masterplan for delivery of sports policy which we will be central in delivering. The actions contained in the National Physical Activity Plan include identifying 'existing resources across all sectors that support physical activity' and exploring 'new public and private funding and investment mechanisms for organisations promoting physical activity and sport.' We believe that the tax measures outlined in this document can support an increase in physical activity in Ireland.

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2. Irish Sports Monitor, 2015/2016

3. European Health & Fitness Market, Deloitte, 2016

## Supporting Government Policy

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We believe that government tax policy can help contribute to a more active population. Ireland Active and its members are working with its partners to deliver on three key pieces of government policy in the area of health, sport and physical activity;

1. **the National Physical Activity Plan,**
2. **the National Exercise Referral Framework and**
3. **the National Obesity Policy.**

All three documents cite physical activity as being a key factor in transforming our population from being sedentary, overweight and obese to becoming a more active nation which reaps the health benefits of physical activity:

- **35% lower risk of coronary heart disease and stroke**
- **50% lower risk of type 2 diabetes**
- **50% lower risk of certain cancers**
- **83% lower risk of osteoarthritis**
- **30% lower risk of depression**



## Supporting Children

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Only 19% of primary and 12% of post-primary school children meet the national physical activity guidelines<sup>4</sup>. It is essential that we provide every support mechanism possible to increase these figures in the years ahead. In other countries such as Canada<sup>5</sup> and the UK<sup>6</sup> tax measures have been introduced successfully to encourage participation of children in physical activity. In Ireland, the widening of the exemption from VAT beyond swimming lessons into other physical activity programmes will help support the efforts of our members in providing affordable programmes directed at children.



## Supporting Jobs

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The leisure and fitness sector supports 9,500 indigenous jobs in every community in Ireland. The 9% VAT rate has seen a 27% increase in employment in the tourism sector<sup>7</sup> (including leisure) since its introduction in 2011. The leisure and fitness sector is growing as the population is becoming more health conscious and public policy is being directed towards a more active population. The Irish leisure and fitness industry need the support of government to ensure the conditions exist to grow employment further in the sector and sustain a healthier workforce.



## Supporting a More Active Ireland

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Physical inactivity is estimated to cost the Irish state €1.6 billion each year<sup>8</sup>. We are asking government to maintain and expand existing tax measures to support the increase of physical activity. We believe that these measures will contribute to a more active Ireland.



4. CSSPA Report, Irish Sports Council, 2009

7. RAI, 2016

5. Children's fitness tax credit, 2016

8. NHF, 2010

6. Exemption for sporting and physical education services, UK, 2016

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Ireland Active is the representative and advocacy body for Ireland's leisure and fitness sector. Membership is comprised of over 250 different leisure and fitness providers. Ireland Active is a not for profit organisation.

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