



AUSactive

**AUSactive Budget
Submission 2024-2025**

A Genuine Wellbeing Budget

AUSactive is asking the government to:

1. Grant employers an exemption under the Fringe Benefits Tax (FBT) legislation, to enable them to provide their staff with gym memberships without penalty; and
2. Allow Australians to claim an income tax deduction for bona fide active health participation and gym memberships; and
3. Partner with us and grassroots organisations to develop and implement a national public health campaign to educate Australians about the vital role of physical activity in enhancing their physical and mental well-being.

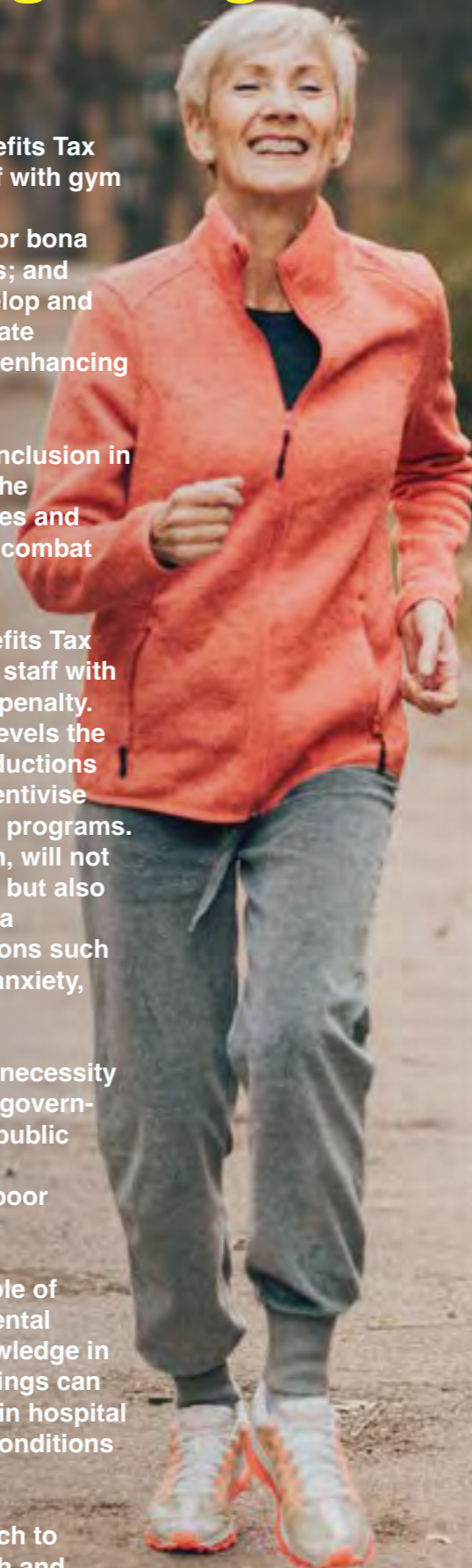
AUSactive is presenting a set of strategic initiatives for inclusion in the Federal budget that closely align with, and support, the government's objectives of easing cost-of-living pressures and implementing the National Preventive Health Strategy to combat chronic diseases in Australia.

Our proposals advocate for an exemption to Fringe Benefits Tax (FBT) policy that will allow all employers to provide their staff with gym memberships or active health participation without penalty. This will remove existing workplace discrimination and levels the playing field for all. Enabling Australians to claim tax deductions for genuine active health and gym memberships will incentivise individuals to invest in their health by taking up exercise programs. These changes, requiring no additional budget allocation, will not only encourage employers to champion physical activity but also support individuals to prioritise their health, resulting in a reduction in government healthcare spending on conditions such as obesity, diabetes, heart disease, cancer, depression, anxiety, dementia and mental health.

To leverage these strategies, AUSactive emphasises the necessity of a third crucial initiative: a collaborative effort with the government and grassroots organisations to launch a national public health campaign with a major focus on those who are disproportionately affected by chronic disease rates and poor mental health.

This campaign will educate Australians on the integral role of physical activity in enhancing both their physical and mental well-being. By empowering individuals to apply this knowledge in their lives and make informed decisions, substantial savings can be realised in the healthcare budget through a decrease in hospital admissions and reliance on treatments for preventable conditions associated with a lack of physical activity.

Collectively, these proposals present a proactive approach to preventive healthcare, that will enhance the overall health and well-being of our nation.





Purpose and Mission of AUSactive

AUSactive, is the peak body for the exercise and active health sector and our mission is to inspire all Australians to embrace a more active lifestyle. With strong connections across academia, government and health organisations throughout the country and an extensive membership comprising fitness and active health professionals, council-operated leisure centres, large franchise gym chains, and boutique facilities, we are well-placed to play a pivotal role in tackling Australia's alarming physical inactivity crisis. AUSactive through its members has access to, over four million physically active Australians that can be leveraged to the wider community via effective messaging and activities.

AUSactive wants to work with the government to address the nation's physical inactivity crisis that has evolved into a major public health issue. In Australia, chronic diseases cause 9 out of every 10 preventable deaths¹ and account for 85% of years lost due to ill health or early death².

The detrimental impact of Australians' sedentary lifestyles is contributing to the staggering \$27 billion per annum³ spent treating chronic diseases.

It is estimated that the cost to the health system of diseases caused by physical inactivity was \$2.4 billion in 2018-19, with:

\$1.7 billion from the direct effects of physical inactivity, of which:



\$369 million was from coronary heart disease



\$319 million from falls (due to poorer muscle tone & balance)



\$302 million from depressive disorders



\$560 million due to high blood pressure caused by inactivity



\$125 million due to high blood plasma glucose caused by inactivity



\$81 million due to osteoporosis (low bone mineral density) caused by inactivity⁴

Yet these diseases are somewhat preventable as 36% of the burden of disease could be improved through modifying risk factors such as physical inactivity⁵. Even before the onset of the COVID-19 pandemic, alarming statistics revealed that one in nine Australians were becoming sedentary, costing an estimated \$15.6 billion annually in healthcare expenses and lost productivity. People cited reasons such as time constraints, numerous other commitments, age-related challenges, poor health, or injuries for their inactivity⁶.

For a nation that considers itself sporting, Australia's global ranking of 140th out of 146 countries for high physical inactivity levels for adolescents⁷ is embarrassing, with 75% of Australian adults not meeting the recommended physical activity guidelines, highlighting the seriousness of the issue⁸. Almost three-quarters of people aged 15 and over with disability also do not do enough physical activity⁹. Disturbingly, 67% of Australian adults, or 12.5 million people, are also overweight. When comparing the proportion of obesity in men and women across OECD countries, Australia had the 4th highest proportion of men living with obesity (32%), and the proportion of obesity in women in Australia was 9th highest out of 21 countries (29%) – higher than the OECD average of 26% for women¹⁰.

Our sedentary lifestyle is further compounded by spending an average of over ten hours daily on digital devices, contributing to an increase in depression in adolescents, with depression now being the third highest burden of all diseases in Australia¹¹. The urgency of our mission is highlighted by the World Health Organisation's classification of physical inactivity as the 4th largest global killer¹². The evidence is clear; physical activity is not just essential but one of the most successful and cost-effective strategies for preventing and managing a multitude of health problems in the population. It can lower coronary heart disease by 35% and the benefits also include a 50% lower risk of type 2 diabetes, a 50% lower risk of colon cancer, a 20% lower risk of breast cancer, an 83% lower risk of osteoarthritis, a 68% lower risk of hip fracture, a 30% lower risk of early death, a 30% lower risk of depression, and a 30% lower risk of dementia¹³.

Exercise through strength and balance work also lowers the risk of falls for older adults by 30%, which is a significant preventive health measure as people who are 65 years of age and over make up 94% of all fall-related deaths. In 2020, falls were the leading cause of hospitalised injuries and injury deaths among older Australians, making up 77% of all injury hospitalisations and 71% of injury deaths in this age group. Fall injuries in older adults also cost Australian healthcare systems \$2.3 billion each year¹⁴.

It is accordingly critical that we promote exercise for older adults to ensure they remain independent and delay or prevent reliance on My Aged Care funding for age related health conditions such as impaired muscle function that can result in falls. AUSactive is committed to progressing our initiatives toward a healthier, more active Australia, where the profound and demonstrable benefits of regular physical activity are not only recognised but incorporated as an integral part of the government's national preventive health and well-being strategy.

Fringe Benefits Tax (FBT) Exemption

AUSactive is asking the government to prioritise the implementation of initiatives that promote a healthier workplace. This aligns with the recognised importance of workplace health by the World Health Organisation and the Australian Government. With 65% of the Australian population aged over 15 in the labour force, and 68.5% of the workforce classified as sedentary or engaging in low-level activity¹⁵, there is a critical need for initiatives that encourage and enhance physical well-being.

AUSactive urges the government to grant employers an exemption under the Fringe Benefits Tax (FBT) legislation, to enable them to provide their staff with gym memberships without penalty. According to a Deloitte Survey, a significant 91.8% of employers expressed a willingness to provide gym memberships and fitness benefits to their employees¹⁶. This exemption will improve access to physical activity programs for employees and will level the playing field for businesses of all sizes.

The current FBT exemption for fitness benefits, is applicable only to fitness training services sited on business premises, creating a disparity, penalising medium and smaller businesses without on-site gyms. AUSactive argues that this discrepancy is discriminatory and acts as a deterrent for businesses, particularly medium and smaller enterprises, to provide gym memberships to their employees. Allowing employers to pay for gym memberships without penalty becomes an economic relief measure for employees, especially as Australians seek government support in managing their cost of living. This aligns with the current sentiments of the population, particularly young people, who say that they believe that government intervention could significantly improve their financial challenges¹⁷. The looming cost-of-living crisis significantly weighs on the minds of Gen Zs and millennials, who identify it as their foremost concern. Fifty percent of individuals in these demographics express that they find themselves living paycheck to paycheck¹⁸.

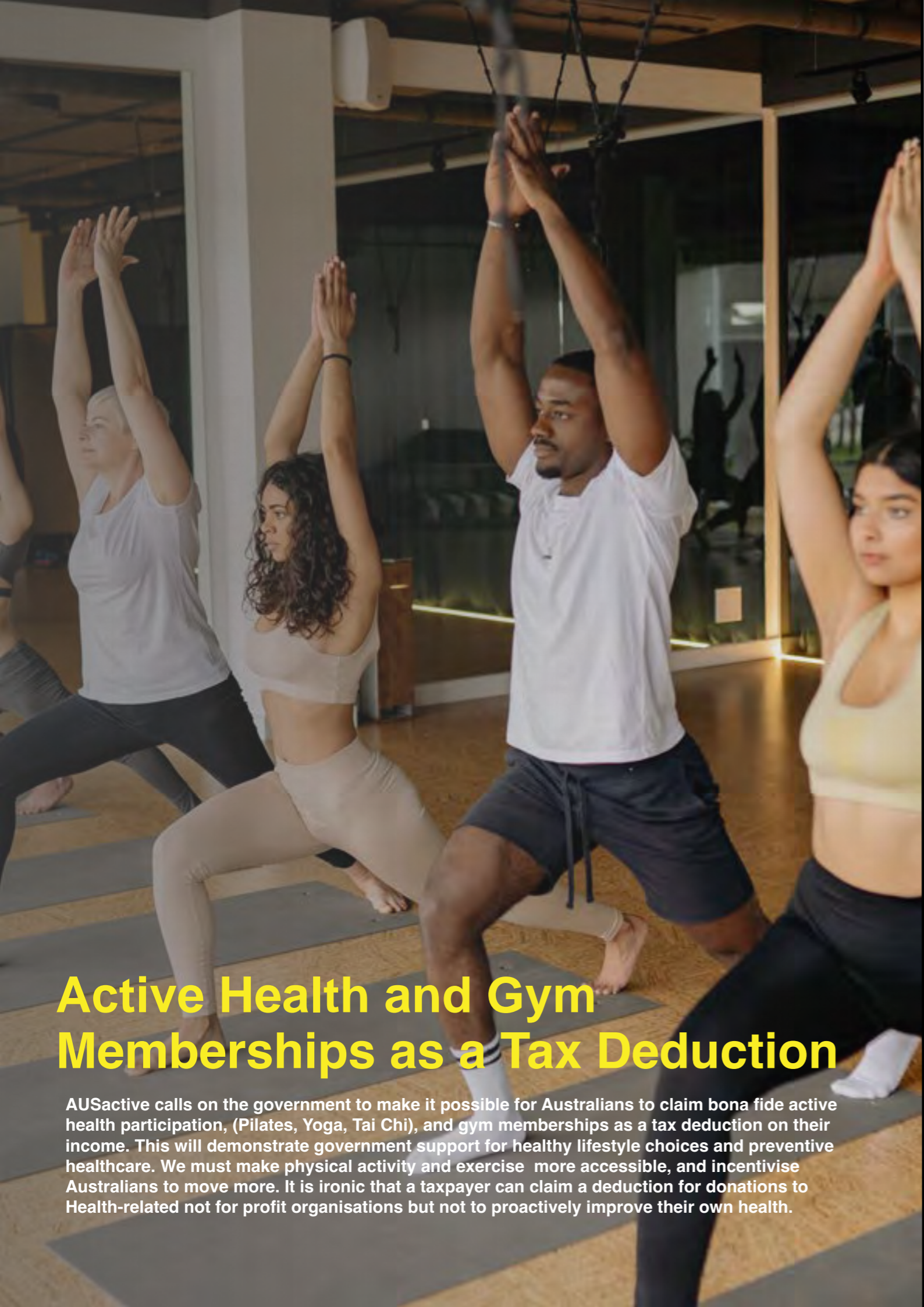
The benefits of such a policy change would be far reaching. It would will help businesses attract staff by offering desirable benefits, it would support businesses struggling with the challenges of empty central business districts due to increased remote work by incentivising individuals to return to cities to utilise gym memberships, and it would boost workplace productivity by increasing employee's cognitive function, improving workplace morale and addressing absenteeism, estimated to cost \$7 billion annually and presenteeism, costing nearly \$26 billion annually¹⁹.

Research indicates that increased physical activity levels lead to a decrease in absenteeism and presenteeism and workplace health programs have shown notable positive outcomes, including on average a 25.3% decrease in sick leave and absenteeism, 40.7% decrease in workers compensation costs, 24.2% decrease in disability costs and \$5.81 of savings for every \$1 invested in employee wellbeing²⁰.

While Deloitte estimates a potential cost of \$144 million in lost revenue for the government for this proposed FBT exemption, it is expected to be fully offset by a reduction in direct healthcare costs associated with addressing physical inactivity, estimated at \$204.8 million²¹.

In addition to the financial benefits to the healthcare system, the proposed policy change is expected to lead to improved health outcomes, reduced bias, and a level playing field for small and medium-sized businesses. AUSactive maintains that this comprehensive approach will not only enhance workplace productivity but will also contribute to economic productivity and Gross Domestic Product (GDP).





Active Health and Gym Memberships as a Tax Deduction

AUSactive calls on the government to make it possible for Australians to claim bona fide active health participation, (Pilates, Yoga, Tai Chi), and gym memberships as a tax deduction on their income. This will demonstrate government support for healthy lifestyle choices and preventive healthcare. We must make physical activity and exercise more accessible, and incentivise Australians to move more. It is ironic that a taxpayer can claim a deduction for donations to Health-related not for profit organisations but not to proactively improve their own health.

Substantial data indicates 150 minutes of moderate to vigorous exercise weekly will help prevent chronic conditions, strengthen the heart, reduce risk of stroke and help prevent many types of cancer. A recent study showed aerobically fit individuals who contracted COVID-19 are less likely to be hospitalised and that physical exercise can collaborate with the reduction in the symptoms and severity of COVID-19. In addition, the findings suggest that exercise can be used in conjunction with drug therapies in the treatment of patients who have COVID-19²².

There is clear evidence that this policy change will be well received as Australians show a strong preference to exercise in an active health setting or fitness centre. It is no coincidence when gyms closed during the COVID-19 pandemic, international data saw a 47 percent drop in activity levels (as documented by the International Health, Racquet and Sportsclub Association (IHRSA)). The government's own AUSPlay data also indicates Fitness and Gym participation continues to increase, and is now the most popular form of physical activity or sport for males over 15 years and is second to walking for females in the same age cohort.

23% of Gen Z's and 25% of Millennials have ranked exercise as most important to their sense of identity and physical exercise like yoga or running was also ranked as the second top driver of positive mental health by Gen Z's and Millennials which is significant when mental health weighs heavily on their minds²³.

Joining a gym can also help people who aren't getting enough exercise become more physically active, and in a safe supportive environment. For example, Researchers at an Iowa University found that having a gym membership was related to 14 times higher odds of meeting weekly physical activity guidelines.

The results were similar for both men and women²⁴. They observed that not only did gym members exercise more than their non-member peers, they also had better cardiovascular measures and were less likely to be obese. Gym-goers, especially those who had kept a membership for a year or more, also tended to have lower resting heart rates, higher cardiorespiratory fitness, and smaller waist circumferences²⁵. Making gym memberships tax-deductible will relieve cost of living pressures for people who are proactively endeavouring to look after their health and will encourage people to engage in regular exercise, contributing to a healthier and more productive population.

This policy change will be significant to those experiencing exceptional financial stressors as, according to the National Australia Bank, those people are neglecting their fitness and well-being with gym memberships being among the first expenses to be cut²⁶.

We have an obligation to lend a hand to people who particularly need support in times of financial stress for their mental health. Good mental health is a state of well-being where individuals can cope with the normal stresses of life and contribute to her or his community²⁷. The World Health Organisation says that the need for action on mental health is indisputable and urgent, as one in every eight people worldwide (970 million people) live with a mental disorder. Poor mental health costs the world economy approximately \$2.5 trillion each year, a cost projected to rise to \$6 trillion by 2030²⁸. In Australia, an estimated one in five people (aged 16–85) have experienced a mental disorder in the past 12 months and of great concern, 54% of people with mental illness do not access any treatment²⁹.

Lead University of South Australia researcher, Dr Ben Singh, says physical activity must be prioritised to better manage the growing cases of mental health conditions. The University published in the British Journal of Sports Medicine, the most comprehensive research to date about exercise and mental health. The meta-analysis shows that physical activity is extremely beneficial for improving symptoms of depression, anxiety, and distress³⁰ and that physical activity can be 1.5 times more effective than counselling or the leading medications³¹.

Gyms and active health settings also serve as community hubs and people should be incentivised to access their services as they provide opportunities for social interaction and support. This will help foster social cohesion and combat loneliness, which is important at a time when the Australian Institute of Health and Welfare has described loneliness as an 'epidemic' and as one of the most pressing public health concerns in Australia³². The risk of premature death associated with social isolation and loneliness is similar to the risk of premature death associated with well-known risk factors such as obesity, based on a meta-analysis of research³³. Encouraging individuals to join these spaces through tax incentives will facilitate a sense of community and connection.

National Public Preventive Health Campaign

To accelerate these initiatives AUSactive also asks the government to provide funding for a public health campaign encouraging physical activity, emphasising its potential to transform the health landscape of Australia. AUSactive is urging the government to collaborate with us and other grassroots and/or community organisations to develop and activate a comprehensive national public health campaign aimed at elevating the physical activity levels of the Australian population. This initiative will significantly enhance the physical and mental well-being of Australians, strengthen the healthcare system, and bolster the economy, while encouraging a healthier and more active Australia.

The campaign will also have a strong focus on lower socioeconomic groups, people living in rural or remote areas, those from non-English speaking backgrounds, and Aboriginal and Torres Strait Islander peoples who are disproportionately affected by chronic disease rates. If all Australians experienced the same disease burden as the most advantaged Australians do, one fifth of the burden of chronic disease would be reduced³⁴.

Drawing inspiration from the successful “Life. Be in it.” campaign launched in the late 1970s to promote physical activity, AUSactive advocates for a contemporary iteration of this proven model in a multimedia context. This approach has demonstrated remarkable success, with a reported twenty percent of surveyed individuals taking affirmative steps to embrace a more active lifestyle. By adapting this successful framework to contemporary Australia, we believe it can provide a tested and effective strategy for driving positive behaviour change at a national scale to increase physical activity.

AUSactive proposes taking a leadership role in this campaign, leveraging our partnerships with academia, government agencies, health organisations, and our extensive nationwide membership to collaborate with community-based stakeholders. This inclusive approach ensures that the campaign is tailored to the diverse needs and contexts of different communities across the country.

This initiative aligns with the government’s National Preventive Health Strategy, that advocates for mass media campaigns linked to actionable behaviour change, fostering healthier social norms by increasing physical activity. The strategy sets ambitious targets to reduce the prevalence of insufficient physical activity among adolescents and adults by at least 15% by 2030.

Importantly, our proposal strategically aligns with the government’s campaign to reduce vaping and smoking rates. Research shows a correlation between smoking and lower levels of physical activity³⁵. Recognising the efficacy of exercise in reducing the desire for cigarettes, integrating the promotion of increased recreational physical activity into a broader public health initiative becomes a pivotal strategy to achieve the government’s goal of reducing the smoking rate to 5% or less by 2030.

AUSactive is urging the government to provide support for this impactful public health campaign, emphasising its potential to revolutionise the health landscape of Australia and contribute to a more active and resilient nation.

AUSactive looks forward to discussing our proposals to grant employers an FBT exemption for off-site gym memberships, to allow Australians claim an income tax deduction for bona fide active health participation and gym memberships and partner with us and grassroots organisations to develop and implement a national public health campaign about the vital role of physical activity. If implemented, these initiatives will reduce barriers to accessing physical activity programs, will help ease cost of living pressure, create a level playing field for small and medium-sized businesses and will support the productivity and well-being of the nation. This will enable a reduction in government expenditure on Medicare as less Australians develop chronic conditions such as obesity, diabetes, heart disease, cancer, depression, anxiety and dementia and improve their mental wellbeing.

Conclusion

AUSactive is presenting a set of strategic initiatives for inclusion in the Federal budget that closely align with the government’s objectives of easing cost-of-living pressures and implementing the National Preventive Health Strategy to combat chronic diseases in Australia.

Our proposals advocate for amendments to Fringe Benefits Tax (FBT) policy that will allow all employers to provide their staff with gym memberships or active health participation without penalty. Enabling Australians to claim tax deductions for genuine active health and gym memberships removes existing discrimination and levels the playing field for all.

These changes, requiring no additional budget allocation, will not only incentivise employers to champion physical activity but also encourage individuals to prioritise their health, resulting in a reduction in government healthcare spending on conditions such as obesity, diabetes, heart disease, cancer, depression, anxiety, and dementia.

To leverage these strategies, AUSactive emphasises the necessity of a third crucial initiative: a collaborative effort with the government and grassroots organisations to launch a national public health campaign that has also has a focus on those who are disproportionately affected by chronic disease rates.

This campaign will educate Australians on the integral role of physical activity in enhancing both their physical and mental well-being. By empowering individuals to apply this knowledge in their lives and make informed decisions, substantial savings can be realised in the healthcare budget through a decrease in hospital admissions and reliance on treatments for preventable conditions associated with a lack of physical activity.

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