

February 16, 2021

Hon. Chrystia Freeland  
Deputy Prime Minister and Minister of Finance  
Department of Finance Canada  
90 Elgin Street  
Ottawa, ON K1A 0G5

Dear Minister:

The National Marine Manufacturers Association (NMMA) Canada is the leading association representing the recreational boating industry in North America. NMMA member companies produce more than 80 percent of the boats, engines, trailers, accessories, and gear used by boaters and anglers throughout the U.S. and Canada.

In Canada, recreational boating supports 75,000 direct and indirect jobs and more than 5,000 businesses. We also form part of Canada's broader outdoor economy, which includes camping and recreational vehicles (RVs), sportfishing, snowmobiling, and more. The outdoor sector contributes an estimated \$26 billion in economic activity each year, generating an estimated 472,713 direct jobs, \$7.1 billion in taxes and \$52.1 billion in total revenues. While our industry together has a big economic impact, we are mostly made up of small businesses that play a vital role in the health and economic well-being of their regions.

The COVID-19 pandemic has and continues to affect our member businesses in diverse ways. At the start of the crisis last year, marine manufacturers, dealers, and marinas saw sharp declines in revenue resulting from mandatory shutdowns of non-essential businesses. As provinces and territories reopened later in the season, sales picked up and boating emerged as a popular way for families to enjoy time outdoors while physically distancing. However, with mounting consumer debt and great uncertainty around the future economic recovery, our industry cannot take for granted the current uptick in boating interest.

Moreover, not all parts of our industry have benefited from higher interest in boating. Tourism businesses such as fishing lodges and outfitters have sustained catastrophic losses due to the Canada-U.S. border closure and travel restrictions. These businesses are dependent on trips and travel bringing a steady stream of visitors to our public lands and waters. We are encouraged by your government's commitment to help hard-hit sectors such as tourism and outdoor recreation and we urge you to act quickly.

Within this context, NMMA Canada recommends the following actions for 2021 budget:

Scrap the proposed luxury tax on boats

Our industry is gravely concerned about the proposed 10% luxury tax on recreational boats valued at \$100,000 and above, as outlined in the finance minister's 2019 mandate letter. This tax would negatively impact middle-class Canadians and harm small businesses already reeling from the effects of COVID-19. The proposed luxury tax would result in job losses at small family-owned dealerships, local marinas, service shops, restaurants and other businesses who depend on recreational boaters across Canada. Yacht brokers and builders would also suffer losses as



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customers choose to spend their money elsewhere; each large recreational vessel is its own micro-economy, delivering huge benefits to the local community.

NMMA Canada notes that the luxury tax was not included in the refreshed mandate letters issued this year. We sincerely hope that the government has understood the very negative impact to Canadian middle-class jobs and the economy that a new tax would have, and that this measure will not be considered further.

### Fund outdoor recreation infrastructure

Despite Canada's world renown as an outdoor tourism playground, our outdoor recreation assets are in severe disrepair. The mounting multi-billion-dollar deferred maintenance and repair backlog at national and provincial parks negatively impacts visitor access, enjoyment, and safety on public lands and waters. As these prized public lands continue to crumble and degrade, it also makes the future cost of rehabilitation that much more unaffordable. The time to invest in Canada's outdoor recreational infrastructure is now.

Like the 2008-09 economic downturn, we see an historic opportunity today for your government to renew our outdoor infrastructure while bringing businesses back to strength and supporting good jobs. Canada's mounting multi-billion-dollar deferred maintenance and repair backlog at national and provincial parks negatively impacts local communities, visitor access and enjoyment, and safety on public lands and waters. There are many smaller infrastructure projects—renewing and expanding marinas, installing boat ramps, improving water access for boaters in rural areas and small towns—that could be started quickly and done within the next fiscal year. The jobs and economic impact of these investments would be felt greatly in all regions of Canada, including rural and remote and Indigenous communities. According to the US National Park Service, for example, every dollar invested in the national park system returns \$10 to the U.S. economy from visitor spending.

Apart from the economic angle, outdoor recreation also provides many social and health benefits for Canadians. Studies have shown that healthy, active outdoor recreation helps combat obesity, depression, diabetes and more. As people grapple with the effects of social distancing, outdoor recreation can be an essential outlet. Skiing, hiking, biking, boating, fishing, snowmobiling, hunting, camping, ATVing, horseback riding, and more can all be engaged in while adhering to guidelines for social distancing and preventing the spread of coronavirus.

### Maintain free and fair trade

As you know, our industry took a major hit when the Trump administration brought in punitive Section 232 tariffs on steel and aluminum. This was followed by damaging Canadian counter-tariffs on recreational boats imported into our country. Because about 85% of boats sold in Canada come from the U.S., the countermeasures did little to protect our small domestic manufacturing base while causing severe harm to Canadian dealers who saw sales plummet. We were grateful when your government recognized this reality and removed the counter-tariffs on recreational boats in Spring 2019.

With the new Biden administration, our industry faces new possible headwinds related to 'Buy America' policies. We would urge you to continue pressing the U.S. government to keep their



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procurement policies as open as possible to Canadian manufacturers and service providers. In these troubling times, we need to do everything we can to stimulate the economy and protect peoples' livelihoods. With the success of USMCA and our deeply integrated supply chains, free and fair Canada-U.S. trade is a huge opportunity to add to our mutual prosperity.

As pre-budget consultations proceed, should there be an opportunity for the government to invite witnesses to testify before the House of Commons Finance Committee, NMMA Canada would like to participate.

Sincerely,

A handwritten signature in black ink that reads "Sara Anghel". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Sara Anghel  
President  
[sanghel@nmma.org](mailto:sanghel@nmma.org)