



National Marine Manufacturers Association

June 11, 2021

Hon. Bernadette Jordan
Minister of Fisheries, Oceans and the Canadian Coast Guard
200 Kent St
Station 15N100
Ottawa, ON K1A 0E6

Sent via email: BlueEconomy-EconomieBleue@dfo-mpo.gc.ca

Dear Minister:

Thank you for this opportunity to submit the recreational boating industry's views on protecting and growing Canada's blue economy. It was a pleasure to participate in the stakeholder consultation session with you and Minister Alghabra on May 20th.

National Marine Manufacturers Association (NMMA) Canada is the leading trade association representing boat, marine engine, and accessory manufacturers. Collectively, NMMA members manufacture an estimated 80 percent of marine products used in North America, supporting 75,000 direct and indirect jobs and more than 5,000 businesses in Canada.

Canadian boaters traveling along our coasts and waterways boost tourism by spending about \$400 for every trip; Canadian and foreign visitors spent \$7.4 billion dollars (2014 data) boating. Businesses like marinas, tourism operators and hotels on the water rely on boaters for their business. Annual meetings and events like boat shows contribute millions of dollars to local economies and draw-in much needed tourism traffic to rural areas and small towns across Canada. As well, recreational boating is a seasonal driver in many coastal communities.

Our industry is keen to do its part in building a more prosperous and sustainable ocean sector. However, there are policies that threaten this future. One such threat is the luxury tax on boats over \$250,000 announced in the recent federal budget, which would disproportionately affect boat builders and dealers in Atlantic Canada and British Columbia. History has shown that taxing discretionary goods such as boats leads to a severe drop in demand, which will negatively impact sales revenue and destroy jobs. Case studies prove that governments usually collect dramatically less revenue than expected from luxury taxes; the United States luxury tax in the early 1990s produced a net loss of \$8 million before it was repealed. We appreciate the need to raise revenue, but in the effort to collect more money from those who can afford to give back, the unintended consequences will be the loss of many service and maintenance jobs in our coastal communities.

Canada has already lost hundreds of thousands of manufacturing jobs since the early 2000s. Despite this, there are still a few proudly Canadian manufacturers that make bigger boats in the \$250,000+ range. The proposed luxury tax would put these companies and the jobs they support in jeopardy, along with many suppliers and dealers who sell and service vessels in that price range. Since the budget was tabled, multiple yacht brokers and dealers have already had customers cancel orders into the millions of dollars due to the impending tax. NMMA Canada strongly urges your government to repeal the tax proposal and work with our industry to find more sustainable sources of revenue.



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Another proposal to make Canada's blue economy more sustainable is through increased uptake of alternative fuels. However, we would caution against policies that focus solely on upping the ethanol content in gasoline from 10% to 15% (i.e. E15), which is highly destructive to marine engines. Misfuelling with E15 increases risk for both consumers by voiding product warranties and manufacturers by increasing warranty and liability claims, which harms companies' reputations and ultimately hits their bottom line. We strongly recommend your government partner with the provinces to ensure an adequate supply of E10 and educate consumers about the dangers of misfuelling non-road engines with E15. We would also welcome discussions about ways to grow the use of biobutanol, which has similar benefits to E15 without the damaging effects on marine engines.

Many of the stakeholders present at the consultation mentioned electrification for marine. We are working with manufacturers to help expand availability of electric boats. This however is a complex issue and we welcome support from the government on advancing the technology. Federal incentives/credits for building electric and hydrogen fueling stations and doing more to support manufacturers of zero-emission vehicles would be our suggestion.

Finally, we urge your government to continue investing in outdoor recreation infrastructure such as marinas, boat launches, and access points. Much of Canada's outdoor infrastructure is in disrepair which detracts from user enjoyment and erodes economic value to coastal communities. With the tourism industry in dire straits due to pandemic travel restrictions and shutdowns, this is the ideal time to stimulate the tourism economy and make our coastal destinations more accessible and attractive to visitors at home and from abroad.

Thank you once again for this chance to engage on your government's Blue Economy Strategy.

Sincerely,

A handwritten signature in black ink that reads "Sara Anghel". The signature is fluid and cursive.

Sara Anghel
President
sanghel@nmma.org