



July 25, 2018

The Honourable Wayne Easter, MP (Malpeque)
Chair, House of Commons Standing Committee on Finance
House of Commons
Ottawa, Ontario
K1A 0A6

Written Submission for the Pre-Budget Consultations in Advance of the 2019 Budget

Dear Mr. Easter,

The National Marine Manufacturers Association (NMMA) Canada, the national association representing the recreational boating industry in Canada, represents the producers of more than 80 percent of boats, engines, trailers, accessories and gear used by North American boaters. The regional marine trade associations represent dealers and marinas in each province and together our industry generates \$10 billion in revenues with a GDP of \$5.6 billion and employs 75,000 Canadians.

There are nearly 5000 marine related businesses across Canada, many of them small and family-owned, with \$2.9 billion in wages and remitting \$868 million in taxes. Our association is committed to towards ensuring Canada's competitiveness, growing our industry through public policy dialogue with government, market research initiatives, product quality assurance and marketing communications and public awareness programs. Approximately 43% of Canadians went boating last year and there are an estimated 8.6 million boats in use in Canada. Further, our industry is an important contributor to the Canadian export market, generating over \$200 million in international sales. For more information you can visit www.nmma.ca.

On behalf of NMMA's members across Canada, I am very pleased to provide the following recommendations for consideration as part of the House Standing Committee on Finance's consultations in advance of the 2019 federal budget.

Sincerely,

A handwritten signature in black ink that reads "Sara Anghel".

Sara Anghel
President
National Marine Manufacturers Association (Canada)



- **Recommendation 1:** That the Government of Canada remove 8901.10, 8903.91, 8903.92, 8903.99.90 from the list of countermeasures action against the United States in response to tariffs on Canadian steel and aluminum products to align with other recreational products.
- **Recommendation 2:** That the Government of Canada provide funding towards improved infrastructure in areas such as parks, local waterways and ports.
- **Recommendation 3:** That the Government of Canada maintain Parks Canada length of season/hours of operation, particularly on the Rideau Canal.
- **Recommendation 4:** The Government of Canada expand access to recreational boating internationally via trade and new markets, as well as locally through more boat launches and marina slips (where environmentally feasible).
- **Recommendation 5:** The Government of Canada create a list of derelict and abandoned vessels to better understand the scope, scale and risks of this issue and to assist Transport Canada in its efforts.
- **Recommendation 6:** That Transport Canada implement a Memorandum of Understanding with NMMA transferring the boat construction regulations to NMMA for management.
- **Recommendation 7:** The Government of Canada engage with NMMA on changes to the Renewable Fuel Standard as it relates to the introduction of E15.



Rationale for Recommendations:

Recommendation 1 regarding the removal of countermeasures and tariffs related to recreational boats.

These proposed countermeasures severely impact the flow of manufactured boats across our border and have resulted in prohibitive price increases to Canadian consumers. In 2017, more than 100,000 new and pre-owned boats were sold in Canada. Of those, more than 65% were imported from the U.S. In terms of dollars, U.S. imports represent 81% of total import dollars. The value of boats imported into Canada last year from the U.S. totaled \$667.8 million. In particular, for outboard boats, which are the most popular, 95% were imported from the U.S. We simply do not have a domestic manufacturing sector in Canada that can replace our reliance on U.S. sourced boats.

75,000 Canadians are employed in the core of the industry, should sales slowdown as a result of the tariff those jobs will be impacted. Indeed, the greatest impact of maintaining the four proposed tariffs on recreational boats will be mostly felt by middle-class Canadians. Of the more than 43% of Canadian adults who enjoy boating each year, nearly 60% of them have an average household income of under \$100,000. In addition, boaters in Canada spend about \$7.35 billion each year when they are on boating trips. These tariffs would have a significant impact on middle-class communities across Canada as prices of boats are expected to increase by more than 25%, affecting middle-class employees who depend on the industry for jobs.

Should removal from the list not be an option NMMA would like to ask that boats which have already been purchased, but not yet delivered be exempt from the tariff. Should the tariffs be removed in a few months, we request the tariff be paid back. Since the product is often imported before it is sold we ask that the tariff not need to be paid at the border and rather after the boat has been sold. Finally, there is a lot of confusion in our industry on how this will all work so we would also like to request that NMMA is able to provide some facts and messaging to the industry on the details.

Recommendation 2 regarding infrastructure funding.

Funding towards improved infrastructure in areas such as parks, local waterways and ports is of critical importance to NMMA and its members. Infrastructure funding to increase access (more boat launches and marina slips where environmentally feasible) for recreational boaters will only help to grow our industry and help others that rely on it. Funding opportunities to promote the recreational boating industry and NMMA members is also important.

NMMA supports Parks Canada waterway infrastructure improvements outlined under the federal government investment priorities. As you may know, in April 2017, the federal government announced an investment of \$330 million to rehabilitate the infrastructure of the Trent-Severn Waterway. These



kinds of investments are crucial to ensuring that there will continue to be growth and long-term viability in the recreational boating sector.

NMMA hopes that continued financial investments in marinas and boat launches are maintained to allow greater access to Canadian waterways for the boating public. This could be through the use of fees collected at these locations to ensure they are used to stimulate the economy and support our industry. Fees for boating access are also important in keeping Canadians on the water. Lock fees and mooring charges must remain reasonable in order to continue to attract boaters. Parks Canada has helped to get more people on the water through its Canada 150 free seasonal lockage permits in 2017 and NMMA would like to congratulate them again for making this possible.

Our industry also welcomed the announcement by the Government of Canada, Ontario and City of Toronto for their combined investment of \$1.185 billion for Waterfront Toronto remediation and development. We urge the government to consider improvements and access for recreational boating as part of this initiative, which could include projects like new docks, boat launches and mooring spaces for boaters wishing to enjoy the waterfront in downtown Toronto.

Recommendation 3 regarding Parks Canada length of season/hours of operation.

NMMA supports the federal government's actions to maintain Parks Canada length of season/hours of operation, particularly on the Rideau Canal. Doing so is crucial for sustaining the recreational boating sector and many businesses, including marinas, tourism operators, and hotels among others that directly and indirectly rely on such initiatives.

Recommendation 4 regarding expanding access to recreational boating internationally via trade and new markets.

NMMA has worked to promote Canadian product through Global Opportunities for Associations (GOA) funding and has received more than \$280,000 in GOA funding over the past six years to support Canadian marine manufacturers and their international pursuits. The Government needs continue to expand access to international trade and new markets.

Recommendation 5 regarding derelict and abandoned vessels.

NMMA is supportive of Transport Canada's program that helps to remove abandoned and derelict vessels. We believe that vessel owners should be made responsible and liable for the cost of any vessel clean-up. This can be achieved through improving the accuracy of vessel owner identification as well as promoting education and outreach activities to inform owners of their responsibilities. NMMA would like to work with all levels of government to support the clean-up of small high-priority vessels as well as take a more proactive approach on hazardous vessels. We believe a list of problem vessels needs to be created in order to understand the scope, scale and risks of this issue and to assist Transport Canada in its efforts.



Recommendation 6 regarding an MOU between Transport Canada and NMMA.

NMMA would like to have a nonbinding agreement created between the two parties that outline the responsibilities and requirements of both Transport Canada and NMMA with regards to boat construction regulations.

Recommendation 7 regarding changes to the Renewable Fuel Standard as it relates to the introduction of E15.

NMMA and the recreational boating industry support renewable fuels and innovation in the fuel supply and is supportive of sound conservation policies to protect Canada's lands and waterways. In the U.S., one of the greatest concerns facing the recreational boating industry today relates to the Renewable Fuel Standard, specifically the introduction of E15 into the marketplace. E15 is a fuel that is 15% ethanol in volume. The introduction of E15 is a great concern to the recreational boating industry as it has been proven to be a dangerous risk to boater safety and boating performance.

The potential for consumers to use fuel with a percentage of ethanol above 10% in boat engine is detrimental to the recreational boating industry, an important economic driver for large parts of the country. There are serious and well-documented human safety, environmental, and technological concerns associated with ethanol blends over 10% in recreational boat fuel tanks and engines. NMMA has conducted a number of tests to prove this fact and moving forward, NMMA would like to be a part of the discussion of a renewable fuel policy as it relates to communicating to the public the ill-effects of E15 to their off road and boat engines before they fill up their tanks. We ask that the Government consider the use of bio-isobutanol as a safe alternative to E15 while it continues to develop the Clean Fuel Standard.