

August 4, 2011

Honourable Jim Flaherty  
Minister of Finance  
Ottawa, ON

Dear Minister:

Re: Pre-Budget Consultation 2012

NMMA 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 in North America. The association is dedicated to industry growth through programs in public policy, market research and data, product quality assurance and marketing communications. We represent 100 members in Canada and another 1300 members in the United States.

The recreational boating community has a \$26 billion impact on Canada's economy and produces 373,606 jobs both directly and indirectly. This includes close to 7,000 well paying manufacturing jobs. Of \$1 million spent on new boat purchases in Canada, this in turn generated \$1.46 million in real gross domestic product. Further, Canadian recreational boating manufacturers export over \$600 million worth of product out of Canada.

In 2006 nearly six million Canadians took to the water in a boat. These boaters have a \$6 billion impact on tourism through travel, fishing, trailering, angling and other tourism related activities in Canada. We also see many of our American friends taking to our waterways as they have 4.3 million boats in the eight Great Lakes states.

On behalf of our members across Canada, NMMA Canada would like to offer the following comments for consideration in the Budget.

On Technology, a focus on providing financial assistance/incentives for equipment and technology upgrades, new product development and training would help retain manufacturing jobs in Canada. The federal and provincial governments offer tax credits of which most boat manufacturers take advantage however, the federal government could stimulate our industry, by raising the 35% current tax credit to a higher level.

The government has previously announced its intention to develop a National Tourism Strategy. I have met with a number of government officials on this file and in each of my meetings the focus has been on how we can help to attract international travelers to Canada. While that is an important component, we must realize that in tough economic times, people tend to travel within their borders, therefore campaigns should have a strong element to promote boating within the country. Our industry has a **\$6 billion** dollar impact to our country's economy in tourism alone and we want to work with the government to ensure that recreational boating is a part of any national tourism strategy and campaign. Having said that, one way to attract those international travelers, especially the ones from the US, is to ensure that they have a hassle-free experience in border crossing.

Individual movement of consumer goods across the border will always happen. However, we would ask that if consumers are going to bring products into Canada from the United States that those individuals bringing them in abide by the same rules as those selling in Canada. As an example, if an engine manufacturer as the Canadian distributor imports a number of units from their plant in the U.S., they are required to pay NAFTA duties because of the rules of origin for the product. However in some cases the unit has a "Made in the U.S.A" sticker on it as the product was assembled in the U.S. The individual arriving at customs gets through without being charged NAFTA duties for the same product. There needs to be a level playing field so the individual does not receive a reward for cross border shopping and is subject to the NAFTA duties as is the Canadian distributor of the same product who will take the product to a Canadian dealer who must sell it at a higher price because of the NAFTA duties charged on the product.

Finally, I would like to like to comment on the Office of Boating Safety within Transport Canada. I realize that the government as a whole must find savings and while I believe every department can find savings, I want to outline the importance of the Office of Boating Safety and the Pleasure Craft Licensing Program within Transport Canada. As budget decisions are made, please keep in mind that the Program and the Office are of significant economic relevance to our industry.

On behalf of our members, I thank you for the opportunity to provide a submission for the budget consultations.

Yours truly,

Sara Anghel,  
Executive Director,

NMMA Canada