



National Marine Manufacturers Association

January 7, 2009

Honourable Jim Flaherty
Minister of Finance
Finance Canada
140 O'Connor Street
Ottawa, ON

SUBJECT: 2009 Pre-Budget Consultation – Submission

Dear Minister,

By way of introduction, NMMA Canada is the leading association representing the recreational boating industry in North America. It is a non-profit organization that achieves its income from membership dues provided by member companies who manufacture boats, motors, trailers, marine accessories and provide insurance, wholesale and retail financing services. Our industry provides a **\$26 billion** impact to Canada's economy, and produces over 370,000 jobs directly and indirectly through jobs in manufacturing, retail and tourism.

There are approximately three million recreational boats of all types in use among Canadians. These boats are used by an average of three Canadians per household, meaning there are approximately 9 million boaters in Canada. We are the largest single client group serviced by Transport Canada's Marine Safety office.

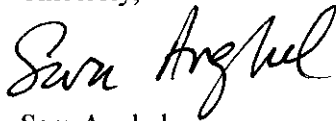
Our industry like many others is going through tough times in the current economic climate. As a significant number of our manufactured products are exported to the United States, the slowdown in the US has affected Canadian sales. In addition, there are a few other factors which are inhibiting our members in Canada. Below I have outlined a number of suggestions for the 2009 Budget to help stimulate our industry and promote job creation.

- The government should assist manufacturers in getting into new markets and expanding undeveloped market opportunities. While I understand there are some incentives for trade associations pursuing business for their members abroad, opportunities for business to business are key to Canadian manufacturers expanding their business in markets outside North America.
- Cross Border Shopping – It is a fact of life but we would ask that if products are going to be allowed into Canada from the United States that those individuals bringing them in abide by the same rules as those selling in Canada. There needs to be a level playing field.
- While Canada is not in the same situation as the United States surrounding credit and your government has already responded swiftly to make credit available, we urge you to keep a close eye on the credit situation in Canada. Canadian boat dealers will experience difficulties in the coming year if they are connected with financing institutions where financing has ceased to exist.

- The work share program is a great tool for some of our members. In particular a Canadian boat manufacturer in Kelowna BC has been able to keep his workforce intact by taking advantage of the program. However, the 38 week maximum is posing problems. It will save the government money to extend the program and remove the restrictions of 38 weeks on and 38 weeks off as soon as possible considering the market conditions. We understand that the forest and plastics industry are of a similar view.
- On the environment, the government should support marine manufacturers on going green, eliminating waste, reducing power and natural gas consumption. One of our members has built and successfully tested the first high-performance pleasure boats with hulls, liners and decks molded from composites with bio-resin matrices. This Canadian boat builder would like to do more on the environmental front but without government incentives and opportunities it is difficult to expand.
- On Technology, the government would see jobs remain in the country if there was a focus on providing financial assistance/incentives for equipment and technology upgrades, new product development and training. The federal and provincial governments offer tax credits of which most boat manufacturers take advantage. 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, it is important to 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.

On behalf of our 110 members, I thank you for the opportunity to provide a submission for the budget consultations. We anxiously await the release of the government's budget later this month and are available to discuss any of the points outlined above in more detail any time.

Sincerely,



Sara Anghel
Vice President, Government Relations and Public Affairs
National Marine Manufacturers Association

cc: Mr. Ted Menzies, MP Parliamentary Secretary to the Minister of Finance