The Economic Impact of Recreational Boating in Canada 2012

NMMA CANADA

Executive Summary

This is the third in a series of studies conducted by the National Marine Manufacturers Association (NMMA) Canada on the economic contribution made by the Canadian recreational boating industry. The study was conducted in cooperation with Discover Boating and the regional boating trade associations.

Canada's core recreational boating industry consists of boat and accessory manufacturers, boat and accessory dealers, marina operators, repair and maintenance shops, schools and boat clubs, and various other related companies.

Canada's core recreational boating industry consists of manufacturers, stores, marinas, repair and maintenance shops, schools and boat clubs, and various other related companies.

The core industry consists of about 4,400 companies that provide goods and services of value to Canadian and international boaters.

In addition to the core industry, related industries such as fishing, outfitters, and tourism, are strongly influenced by boating.

The core industry consists of about 4,400 companies that service the 35% of Canadians who participate in boating and their over 4.3 million boats.

About 35% of Canadians (9.4 million people) participate in boating and Canadians own over 4.3 million boats.

Canada's core recreational boating industry has direct revenues of about $4.4 billion per year and directly employs about 40,000 people. Those revenues make a contribution to Canada's national economy (GDP) of about $5 billion per year and are responsible for a total of about 67,000 jobs. The core industry is comparable in size to the Canadian radio and television broadcasting industry or the newspaper publishing industry.

The core industry has direct sales of $4.4 billion and employs 40,000 people. The economic contribution to the national economy of this is $5 billion and 67,000 jobs.

The impact of the core recreational boating industry ripples out into the Canadian economy in many ways. Three related industries that are strongly influenced by boating are fishing, outfitters, and tourism. For example, in 2010 recreational anglers spent $1.1 billion on boating equipment, another $254 million on fishing equipment, and a further $200 million on fishing supplies. On fishing vacation, they spent $395 million on package deals, $194 million on fishing services, $925 million on transportation, and $789 million on food and lodging. These related industries have not been included in the economic impact calculated for the core recreational boating industry in this study.

Table A summarizes the economic impact results of this study:

Table A: Economic Results Summary

	Direct	Indirect	Induced	Total
Revenues ($000)	$ 4,353,753	$ 2,388,852	$ 2,185,276	$ 8,927,881
GDP ($000)	$ 2,423,993	$ 1,280,999	$ 1,285,276	$ 4,990,267
Employment (FTE)	39,815	14,044	13,384	67,241
Wages & Salaries ($000)	$ 1,402,935	$ 649,134	$ 538,915	$ 2,590,985
Taxes & Subsidies ($000)	$ 375,122	$ 207,903	$ 191,031	$ 774,054

Figure A shows how the economic contribution to the national economy of the core industry is distributed among the industry subsectors. Boat Dealer and Service Stores, Marinas, and Boat Manufacturers have the largest impacts.

Figure A: Subsector Gross Domestic Product

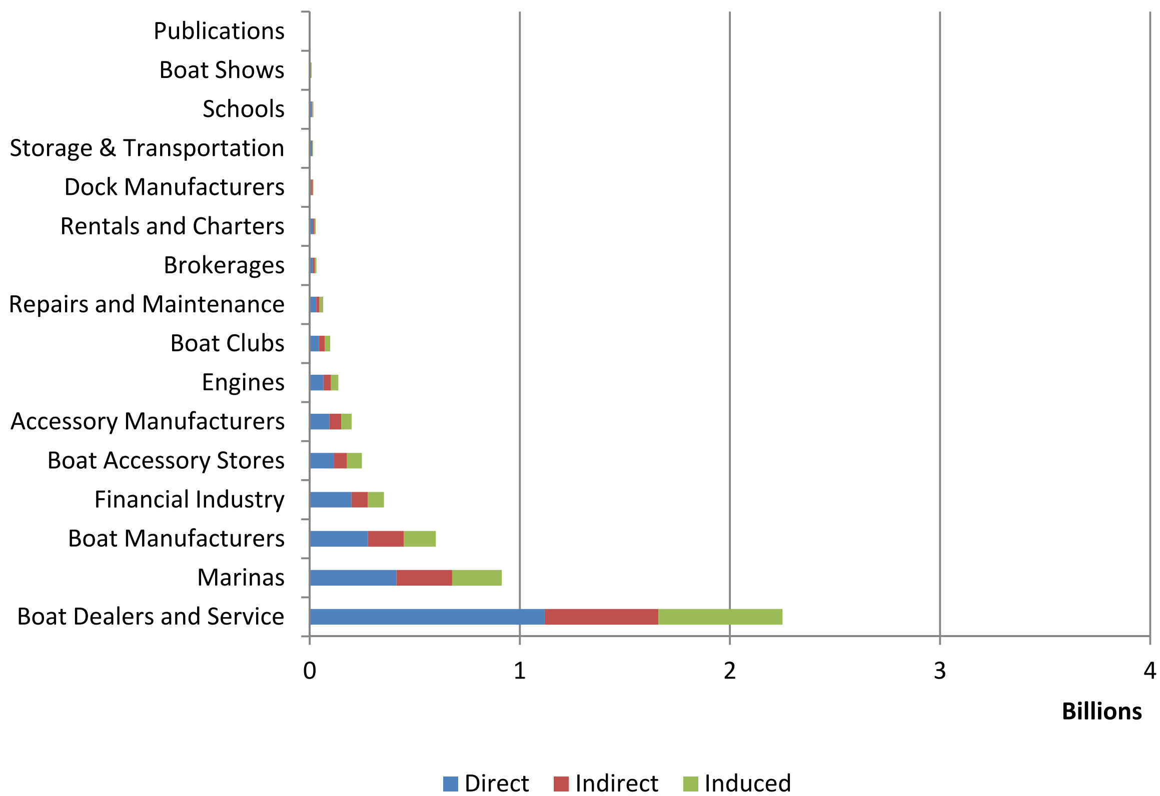
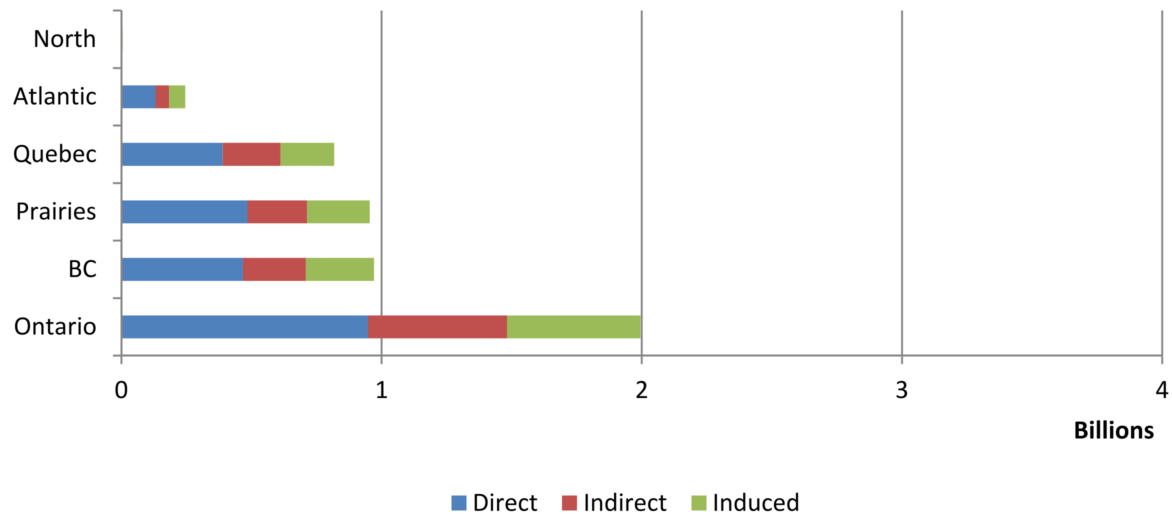


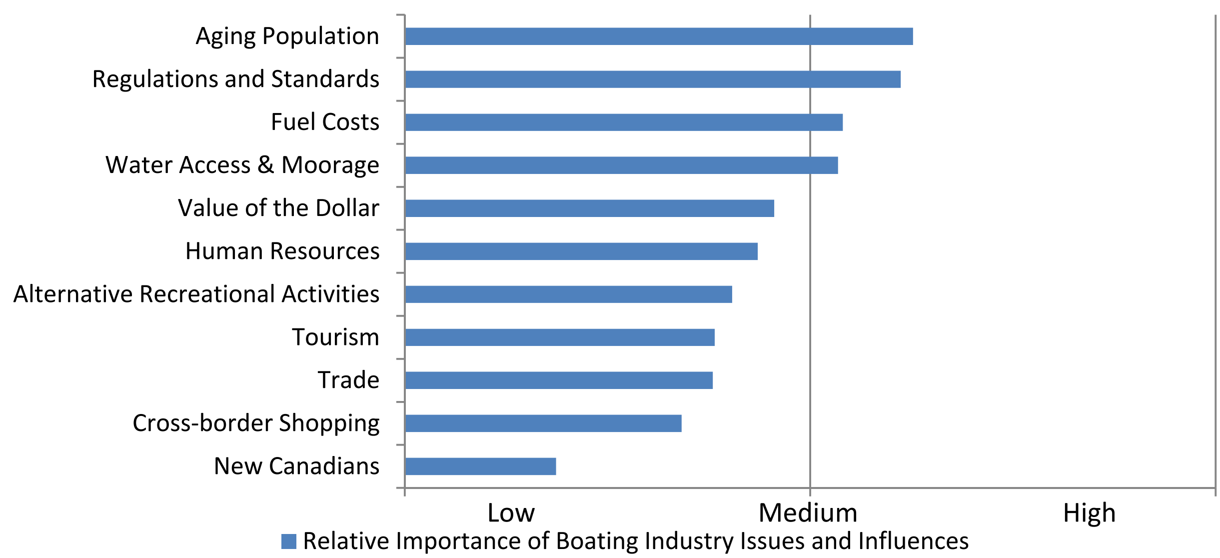
Figure B shows how that contribution is distributed among Canadian regions. Ontario accounts for the bulk of the impacts, with BC, the Prairies, and Quebec being about equal.

Figure B: Regional GDP



In a survey for this study, Canadian recreational boating organizations were asked a number of questions regarding their business outlook, issues facing the industry, and influences affecting the boating market. Figure C shows the average ranking of these issues and influences for the entire industry. At the top is Canada's aging population, followed by regulations and standards, fuel costs, and water access and moorage.

Figure C: Relative Importance of Boating Industry Issues and Influences



The core recreational boating industry has weathered a difficult period over the last few years due particularly to the economic situation in the United States. For example, exports to the US of boats have been declining since 2002, especially for motorboats. The impact of this decrease has fallen primarily on Quebec and British Columbia.

However, core industry companies are now guardedly optimistic about their future, as shown in Figure D. Within the industry there is a sense of those who have survived till now that they will continue to survive. Those organizations often cite their ability to adapt to changing times, find niche markets, and emphasize customer service. Many credit the 'reputation' that they have earned as the reason for their success.

Figure D: Business Outlook

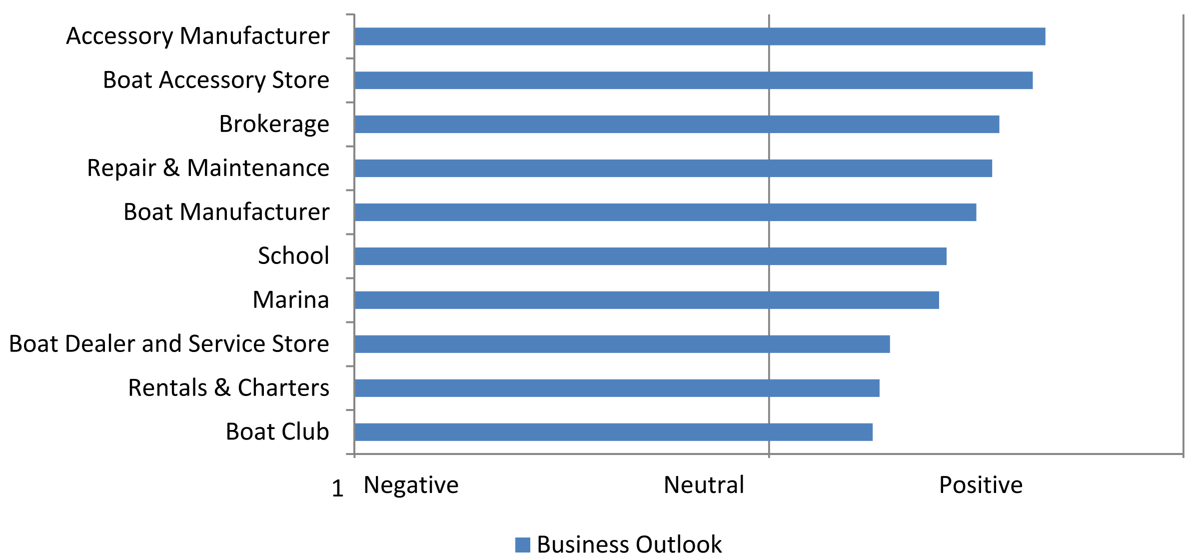


Table of Contents

1. Introduction

This report presents the third in a series of studies conducted for NMMA Canada on the economic contribution made by the Canadian recreational boating industry. Previous studies were completed in 2001 and 2006[1]. The study was conducted in cooperation with Discover Boating and the regional boating trade associations.

Scope

This study focuses on the ‘core’ Canadian recreational boating industry: boat dealers, manufacturers, marina operators and other sector related businesses that are directly involved in the production of goods and services related to recreational boating. The economic activity related to the *use* of boats in activities such as fishing and tourism has been excluded from the quantitative analysis. However, it must be recognized that these ancillary effects of recreational boating make an economic contribution that is much larger than that of the core industry.

Approach

Data to support the study was obtained from a variety of sources:

- Interviews with industry representatives.
- A survey of boating industry organizations.
- A survey of the general population regarding recreational boating.
- Boating industry economic statistics from Statistics Canada.
- Boat statistics from Transport Canada.

The analysis of the economic impacts of the boating industry was performed using an input-output econometric model. Results were calculated for direct, indirect and induced impacts at the national, regional, and local levels.

In addition to this paper version of the results, the study is also available as an interactive web application at statmaps.hal.ca/NMMA/index.php.

[1] Genesis Public Opinion Research (2007) *Economic Impact of the Canadian Recreational Boating Industry: 2006*, prepared for Discover Boating, September.

Report Overview

This report is structured in the following parts:

- Chapter 2 introduces boating in Canada – the core organizations that provide boating goods and services, additional sectors impacted by boating, and the boaters who own and use boats.

- Chapter 3 summarizes the performance of different subsectors of the industry in terms of their size, growth, costs, sales, and imports and exports.

- Chapter 4 details the economic contribution of the industry from the perspective of both the industry's subsectors and by geographical region.

- Chapter 5 examines the market influences and industry issues that are facing the boating industry. It also looks briefly at marina activity in particular.

- Chapter 6 compares this study to the previous study and highlights data issues for future studies.

2. Recreational Boating in Canada

This chapter provides a brief introduction to boating in Canada from the perspectives of the core recreational boating industry, additional sectors impacted by boating, and boating participants.

2.1 Core Recreational Boating Industry

The core Canadian recreational boating industry consists of about 4,400 companies that provide goods and services of value to Canadian and international boaters. The industry can be segmented into a number subsectors in the boating value chain. However, the traditional industry segmentation should not be confused with the activities carried out within the subsector because in this industry how an organization identifies itself does not always provide a complete picture of what it does.

Table 1 summarizes the relationships between core boating industry subsectors and boating industry activities. The table indicates whether, on average, the relative participation of a subsector in an activity is high, medium, or low. Subsequent paragraphs describe the subsectors and their activities.

Table 1: Boating Subsectors and their degree of Activity Participation

Boating Industry Subsector: / Boating Industry Activities:	Boat Manufacturer	Accessory Manufacturer	Boat Dealer and Service Store	Boat Accessory Store	Brokerage	Marina	Rentals & Charters	Repair & Maintenance	School	Boat Club
Boat Manufacturing	High							Med		
Accessory Manufacturing		High						Med		
New Boat Sales	Low		High	Med	Low	Low				
Used Boat Sales			High		High	Med		Low		
Engine Sales			Low	Low		Low		Low		
Accessory Sales		Med	Med	High	Low	Med		Med		
Rentals			Low			Low	High			
Accommodation						Low				
Moorage						High				Low
Fuel Sales						Med				
Food Sales						Low				
Repairs	Low	Low	Med		Med	Med	Low	High		
Storage			Low			Med				
Training									High	Med
Publications									Med	Low
Other Services						Low	Med			Med

2.1.1 Production

- **Boat Manufacturers:** This subsector builds boats: motor boats, sail boats, and human powered boats. Many of the parts required in their construction are obtained from accessory manufacturers.

- **Accessory Manufacturers:** This subsector builds products that are used on boats or by boaters. The products can be installed in new boats by boat manufacturers, installed later by the boaters themselves, or used by boaters on or off their boats.

- **Engine Manufacturers:** An important component of power boats is the engine. In actual fact, no marine engines are manufactured in Canada, although there are a number of engine manufacturers that have a significant presence in Canada for the distribution of their engines manufactured elsewhere.

- **Dock Manufacturers:** Boating requires land-based infrastructure. Some of this is generic to other uses, such as roads to get to boating destinations. But docks are an infrastructure particular to boating. Docks can be small and prefabricated, or large, custom built installations. Large industry wharves and piers that are used for purposes other than recreational boating have been excluded from this analysis.

2.1.2 Sales

- **Boat Dealer and Service Stores:** This subsector often participates in many activities: selling new, and possibly used, boats (see also brokerages below); selling accessories (see also boat accessory stores below); repairing and maintaining boats (see also repairs and maintenance below); and storing boats (see also transportation and storage below). Marinas often provide a similar range of services, but are differentiated by their location on the water.

- **Brokerages:** This subsector sells predominately used boats, although new boats are possible. They differ from boats sales and service stores in their more limited range of services.

- **Boat Accessory Stores:** This subsector sells boat accessories. They differ from boat dealer and service stores in that they tend not to sell boats. They are sometimes referred to as chandleries or marine supply stores. Wholesale distributors of boat accessories have been included here.

- **Mass Market Retail:** Some stores of a general nature, such as Canadian Tire, sell boats and accessories as part of a much larger range of goods. In this study, they have been included with Boat Accessory Stores.

2.1.3 Service

- **Marinas:** Marinas potentially provide the widest range of products and services of the boating subsectors, either directly or by housing other co-located companies. They are differentiated from other subsectors by their location on water and usually the provision of moorage space. They often sell fuel, boats, boating accessories, food and other sundries. They may provide rentals, repairs, maintenance, and seasonal storage. They may have accommodation available, either in a building or a campground. In such cases, the marina may be a secondary business to the accommodation business.

- **Boat Clubs:** This subsector often provides services similar to marinas, but is differentiated by their focus on members, rather than the general public, and social activities and infrastructure for the use of those members. They also tend to have a greater emphasis on education than marinas. When their focus is on sailing, they are often referred to as yacht clubs.

- **Schools:** This subsector provides educational programs for boaters. Most common are sailing schools, but schools exist for all types of boating. Educational programs are often also associated with boat clubs.

- **Rentals and Charters:** This subsector rents boats to occasional boaters or boaters who are travelling. When the rentals are for longer periods, for larger boats, and especially if the rental comes with a crew, they are often referred to as charters.

- **Repairs and Maintenance:** This subsector repairs boats and engines, and provides other maintenance services such as cleaning. Repair and maintenance services are also often provided by organizations in other categories, such as marinas and boat dealer and service stores.

- **Transportation and Storage:** This subsector helps move large boats or stores them during the off-season. Storage is often provided by organizations in other categories, such as marinas and boat dealer and service stores.

2.1.4 Other

- **Publications:** This subsector publishes magazines, books, and other media about boating to help promote boating and educate the public.

- **Boat Shows:** This subsector produces boat shows. These shows are a major way in which boat and boat accessories sellers make their wares available to boaters. The shows also educate and inform the boating and non-boating public about different aspects of boating, such as boating opportunities and safety. The Toronto and Vancouver boat shows have a national and international draw. Regional shows are held in Calgary, Edmonton, Montreal, Winnipeg, Ottawa, and Halifax. There are also numerous other shows with a local draw.

- **Boat Associations:** This subsector acts as a voice for other categories in the boating industry.
- **Financial Institutions:** This subsector provides boat insurance and financing for boat purchases.

Table 2,

Figure 1 and Figure 2 show the number and regional distribution of organizations in the major boating subsectors (boat shows, boat associations, and financial institutions were examined separately in the study and are not included in the table).

Table 2: Number and Regional Distribution of Boating Organizations

Subsector	Ontario	BC	Quebec	Atlantic	Prairies	North	Total
Engines	4	1					5
Publications	4	2	3	1			10
Transportation and Storage		13		3	2		18
Dock Manufacturers	15	9	10	7	4	1	46
Brokerages	28	38	1	6	1		74
Schools	35	18	20	7	8		88
Accessory Manufacturers	31	41	17	16	5		110
Rentals and Charters	44	46	11	10	15	2	128
Repairs and Maintenance	72	57	14	24	71		238
Boat Clubs	135	56	54	43	22		310
Boat Manufacturers	100	92	58	109	17		376
Boat Accessory Stores	218	92	113	63	85	2	573
Boat Dealer and Service	344	238	185	110	210	3	1090
Marinas	642	272	200	139	39		1292
Total	**1672**	**975**	**686**	**538**	**479**	**8**	**4358**

Figure 1: Number of Boating Organizations

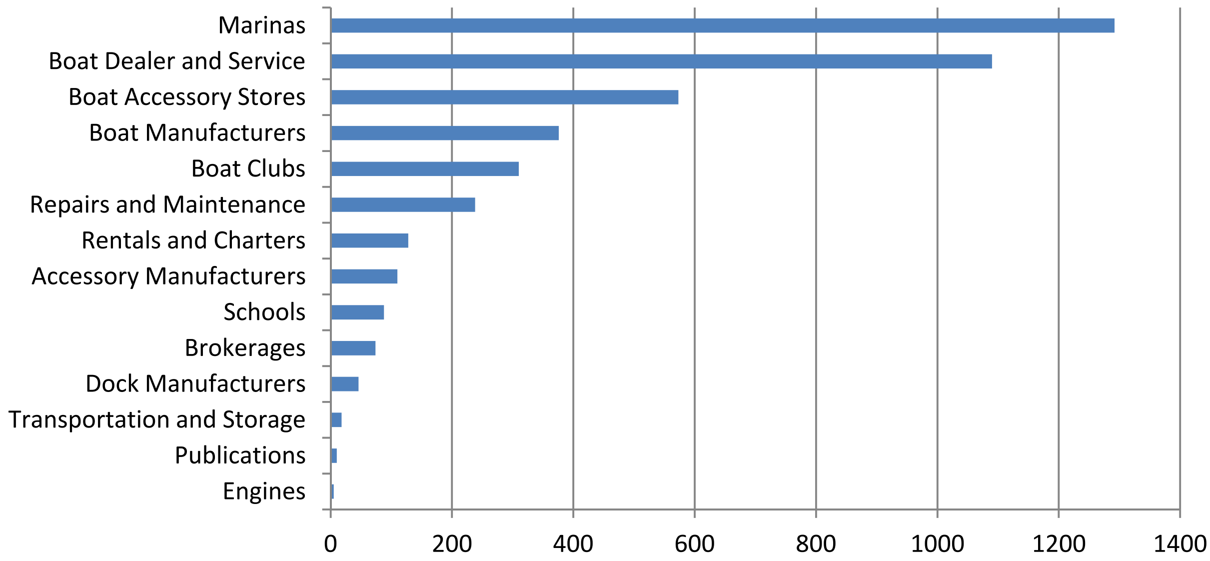
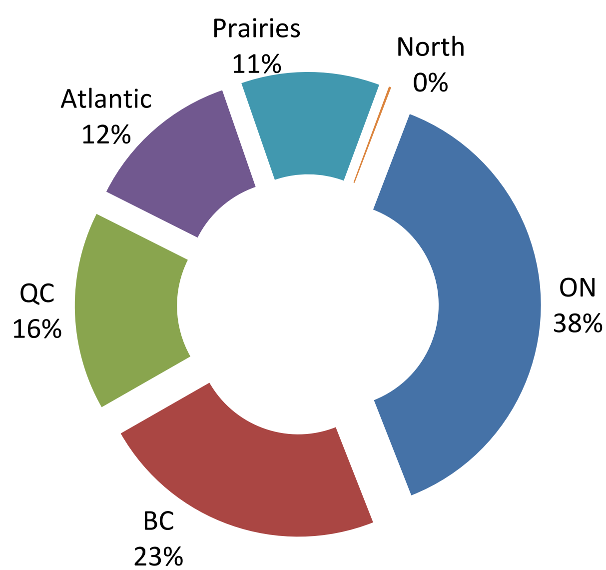


Figure 2: Regional Distribution of Boating Organizations



From these numbers, a few sectoral and regional differences are evident:

- Overall, marinas are the most numerous organizations in the boating industry, but there are significant regional differences. Marinas are most common in Ontario, with almost half of Canada's total. In contrast, marinas are relatively uncommon in the Prairies.

- In some cases, there is overlap between marinas and accommodations. For example, in Ontario, marinas are often co-located with campgrounds. In BC, lodges located on water may provide some marina services.

- Boat manufacturers are relatively more common in the Atlantic Provinces and BC. However, most of these are small operations providing custom work. In the Atlantic Provinces in particular, there is a high degree of overlap with the production of custom made commercial craft, such as fishing boats.

- There is often a loose distinction between boat repair organizations and custom boat manufacturers – the same organization have the skills to provide both types of services and the ability to move from one to the other depending on market conditions.

- There are only about a half dozen remaining large-scale manufacturers of recreational boats remaining in Canada. The bulk of that production is in Quebec.

2.2 Additional Sectors Impacted by Boating

The impact of the core recreational boating industry ripples out into the Canadian economy in many ways. Three related industries that are strongly influenced by boating – fishing, outfitters, and tourism – are reviewed in the following sections.

2.2.1 Fishing

In most cases, the best way to get near to the fish is by using a boat. Thus, fishing and boating are closely related.

In 2010[2], recreational anglers spent $1.1 billion on boating equipment, another $254 million on fishing equipment, and a further $200 million on fishing supplies. Other than money spent on boating equipment, the economic activity of recreational anglers has not been included in this study.

2.2.2 Outfitters

The best fishing is often found in remote locations. In such cases, an outfitter or lodge may be an important resource in accessing the area.

In 2010[3], recreational anglers spent $395 million on package deals[4] and another $194 million on fishing services[5]. Other than money spent on boating equipment, the economic activity of outfitters has not been included in this study.

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[2] Fisheries and Oceans Canada (2012) *Survey of Recreational Fishing in Canada: 2010*.
[3] Ibid
[4] Package deals often include a wide range of goods and services such as food, lodging, transportation, fishing supplies, equipment, etc., with the objective of making it easier for anglers to plan their fishing trips.
[5] Fishing services include boat rentals, guide services, and licence and access fees.

2.2.3 Tourism

It is a fortunate few who can indulge in their boating passion from their front door. Most travel some distance to find the perfect boating experience, often from outside of Canada. On these trips, boaters spend money along the road for accommodation, food, and fuel; expenditures that are typically considered to be part of the tourism industry.

For example, in 2010[6] one class of boaters – recreational anglers – spent $925 million on transportation and $789 million on food and lodging.

Clearly, the total tourism aspect of recreational boating is much larger than the numbers for fishing alone. The 2006 Recreational Boating Industry study estimated the intra-provincial vehicle travel costs to be $2 billion and boater expenditures while traveling to be another $2 billion.

However, as it difficult to differentiate the boating aspect from other vacation plans, such calculations are by necessity imprecise. For this reason, the tourism aspects of boating have not been included in this analysis.

2.3 Boating Participants

Except for limited exports (see Section 3.1.7), the Canadian recreational boating industry is dependent on Canadians participating in boating. This section provides a brief overview of Canadian boating behaviour. More detail is available in the source documents used for this analysis.[7]

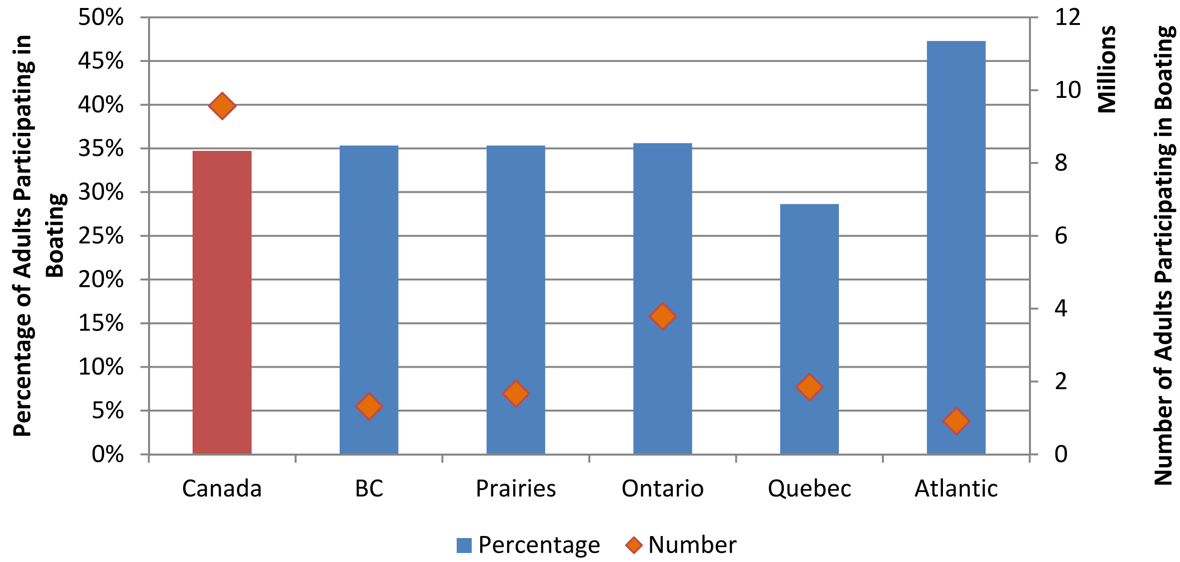
2.3.1 Participation

In a number of surveys, Canadians have been asked how often they participate in boating. Figure 3, shows the percentage of Canadians that have participated in recreational boating at least once in 2011/2012 months[8]. Overall, about 35% of Canadians participate in boating. Perhaps not surprisingly, boating participation is highest in Atlantic Canada. However, given the relative populations, the most boaters are in Ontario.

Overall, there are about 9.6 million adults in Canada who participate in boating[9].

[6] Fisheries and Oceans Canada (2012) *Survey of Recreational Fishing in Canada: 2010*.
[7] 2013 NMMA Statistical Abstract, 2006 Travel Activities and Motivation Survey (TAMS)
[8] 2013 NMMA Statistical Abstract.
[9] 2006 TAMS Survey

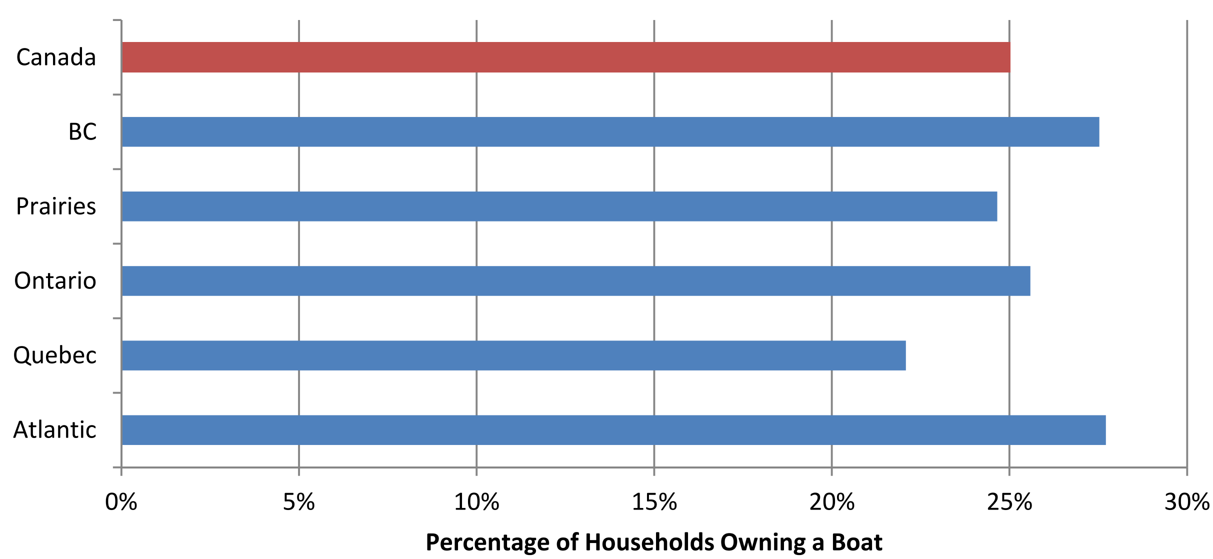
Figure 3: Boating Participation by Region



2.3.2 Ownership

The surveys have also examined boat ownership. Figure 4 shows the percentage of households that own a boat[10]. Overall, about 25% of Canadians live in such households. As with participation, the boat ownership rate is highest on the coasts, but the absolute number of boats owned is highest in Ontario and Quebec.

Figure 4: Boat Ownership by Region



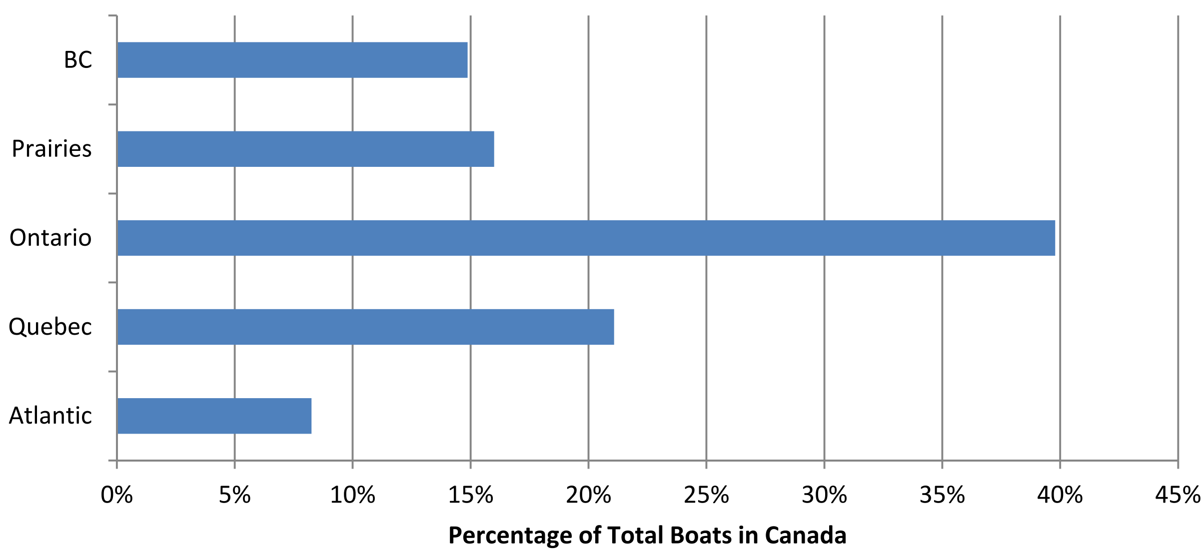
[10] 2006 TAMS Survey

Because of the way the survey questions were asked, it is not possible to precisely determine the number of boats in Canada, but there are certainly over 4.3 million boats in total, and 1.8 million in Ontario, as shown in Table 3[11]. Figure 5 shows the percentage distribution of these boats across the regions.

Table 3: Number of Boats by Region

Region	Lower Bound on the Number of Boats
Atlantic	350,000
Quebec	860,000
Ontario	1,830,000
Prairies	650,000
BC	610,000
Canada	**4,300,000**

Figure 5: Number of Boats by Region



[11] The TAMS survey asked about the number of boat types owned (human powered, sail, motor) in the household. A lower bound on the number of boats in each region can be established by assuming that each household owns no more than one of each boat type.

2.3.3 Boater Characteristics

Based on the survey responses[12], discriminant analysis[13] was used to examine how Boaters differ from Non-Boaters. The attributes, attitudes, and behaviours of boaters were examined from a number of perspectives:

- Personal situation and characteristics
- Activities at home
- Water activities while travelling
- Benefits sought from travelling
- Media consumption
- Memberships
- General Attitudes

The results of that analysis provide the following observations:

- Boaters are more likely to have access to a cottage, own other recreational vehicles, and travel, compared to non-boaters.

- They are more likely to participate in fishing, camping, and swimming, compared to non-boaters.

- They are more likely to seek physical challenge, solitude, and something different, compared to non-boaters.

- They are more likely to read outdoor, science, and automobile magazines, compared to non-boaters.

- They are more likely to be members of nature, sports, and community service clubs, compared to non-boaters.

- They have a greater preference for undiscovered places, participate more in fitness programs, and have more energy, compared to non-boaters.

Such discrimination between the characteristics of boaters versus non-boaters can be important in some applications. For example in marketing, the analyses will help in both formulating the message and choosing the medium with which to deliver it. In some cases, marketing messages may be targeted at boaters (e.g. selling boating accessories); in other cases messages may be targeted at non-boaters (e.g. attracting new participants to boating). Also, it is likely that non-boaters which share characteristics with boaters are more likely to become boaters.

[12] 2006 TAMS Survey
[13] Discriminant analysis is a statistical technique that finds a linear combination of features which characterizes or separates two or more classes of objects.

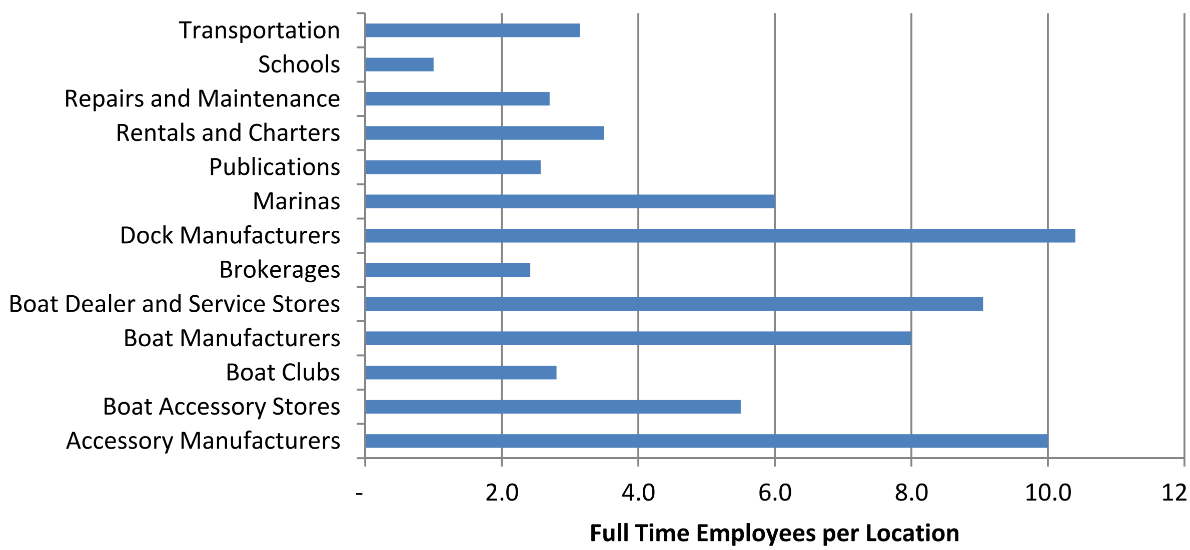
3. Industry Performance

This chapter examines the performance of the Canadian recreational boating industry; its size, growth, costs, domestic sales, and imports and exports.

3.1 Size

As Figure 6 shows, the average recreational boating organization is quite small – under 10 full time equivalent[14] (FTE) employees at a location (as are most businesses in other sectors). The vast majority of boating organizations are single location operations.

Figure 6: Full Time Equivalent (FTE) Employees per Location



3.2 Growth

Figure 7 and Figure 8 show past and future employment growth by region and subsector, respectively. Past growth is the difference between employment two years ago and today. Future growth is the difference between expected employment two years from now and today.

[14] FTEs are used to adjust part-time and seasonal workers to the full-time equivalents based on the number of hours worked in a year.

Past growth was negative for the Prairies and Ontario, neutral for BC, positive for Quebec, and strongly positive for Atlantic Canada. Future growth is expected to be positive for all regions, and strongly so for the Prairies.

Past growth was positive for most subsectors, except Accessory Manufacturers, Repair & Maintenance, and Boat Dealer & Service Stores. While Accessory Manufactures are still somewhat pessimistic about the future, Repair & Maintenance expect strong growth, and Sales & Service Stores expect moderate growth. On the other hand, after some past growth, Rentals & Charters, and Marinas expect a little contraction in the future. Section 5.1 below considers each subsector's business outlook. That estimation shows that all subsectors are, in general, mildly optimistic about the future.

Figure 7: Employment Growth by Region

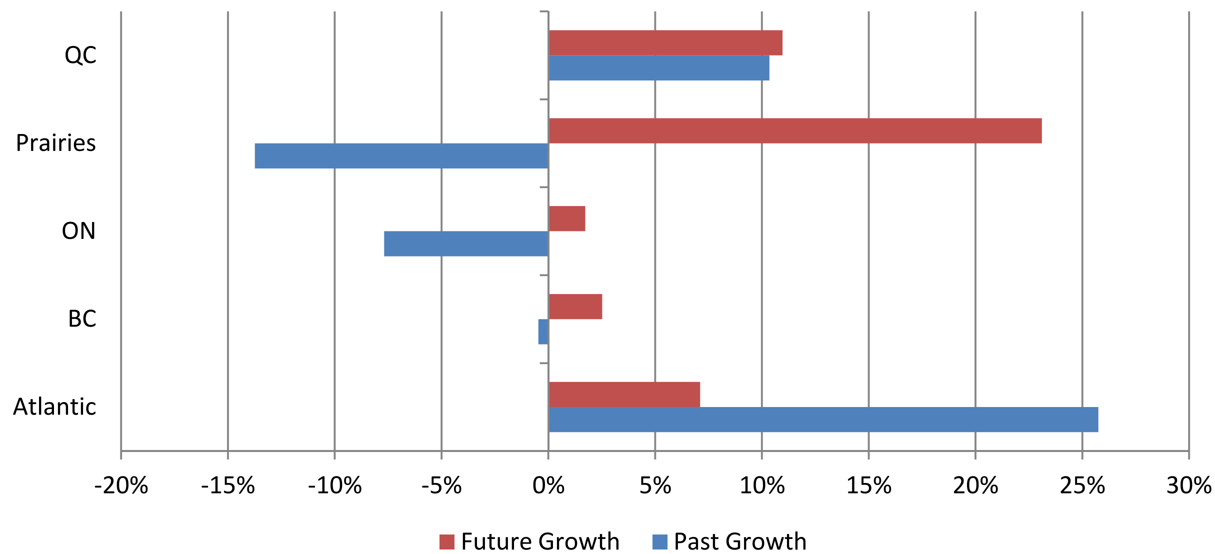
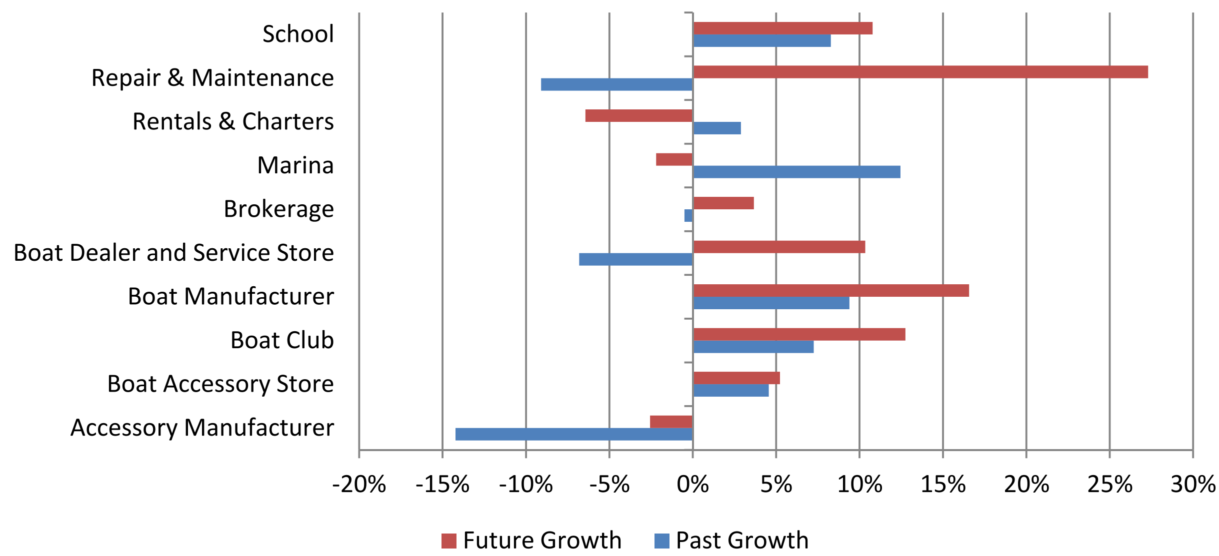


Figure 8: Employment Growth by Subsector



3.3 Annual Costs

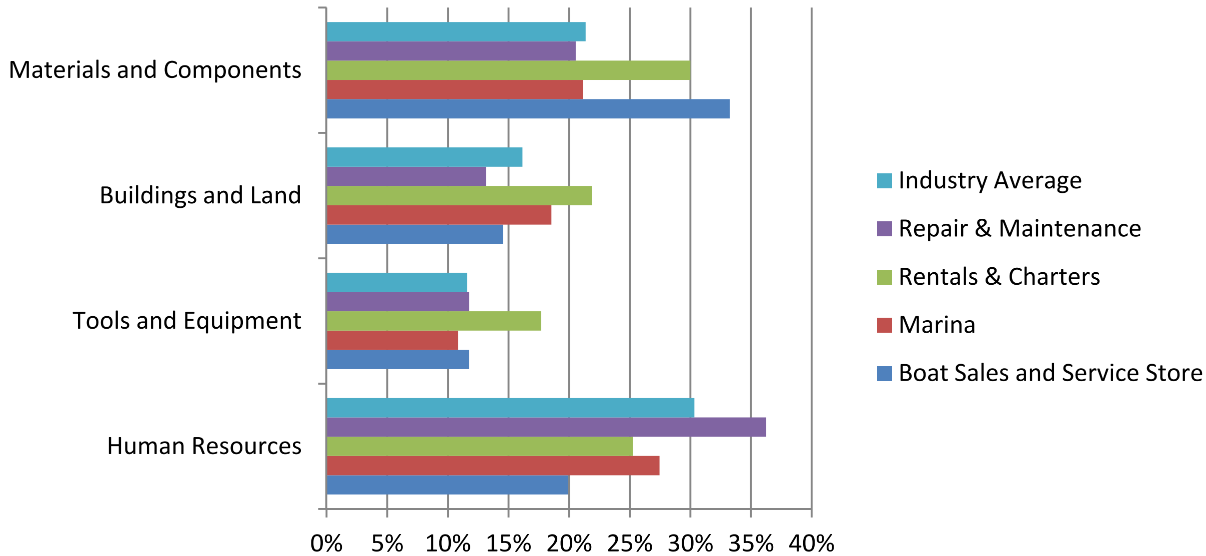
Boating organizations incur a variety of costs in their operations. For those subsectors from which sufficient responses were received, Table 4 and Figure 9 show the breakdown of the major expense categories as a percentage of revenue.

Human resource costs are highest for Rentals & Charters. Materials and components are highest for Boat Dealer and Service Stores.

Table 4: Annual Costs

	Human Resources	Tools and Equipment	Buildings and Land	Materials and Components
Boat Dealer and Service Stores	20%	12%	15%	33%
Marina	27%	11%	19%	21%
Rentals & Charters	25%	18%	22%	30%
Repair & Maintenance	36%	12%	13%	21%
Industry Average	30%	12%	16%	21%

Figure 9: Annual Costs



3.4 Sales

The large ticket items, boat and engine sales, are a useful barometer of the health of the overall recreational boating industry. The figures in this section come from boat registration data and therefore are primarily representative of power boats, as sailboats and human powered watercraft do not tend to be registered since Transport Canada does not require human powered boats or engines under 9.9 hp to be registered in Canada. However, the numbers do indicate the general sales trends in the industry.

3.4.1 New Boat Sales

Table 5 shows the number of new and pre-owned boat sales by year for the last four years[15]. These figures only include registered boats. For new boat sales in that period (Figure 10), 2010 was a particularly good year, but the other years have been relatively consistent. New boat sales have held constant at about 42% of total boats sold.

Table 5: Boat Sales by Year

	2009	2010	2011	2012
New boats	46,366	57,215	44,400	47,032
Pre-owned Boats	68,526	80,733	54,257	63,302
% New	40%	41%	45%	43%

[15] NMMA 2013 Statistical Abstract

Figure 10: New Boat Sales by Year

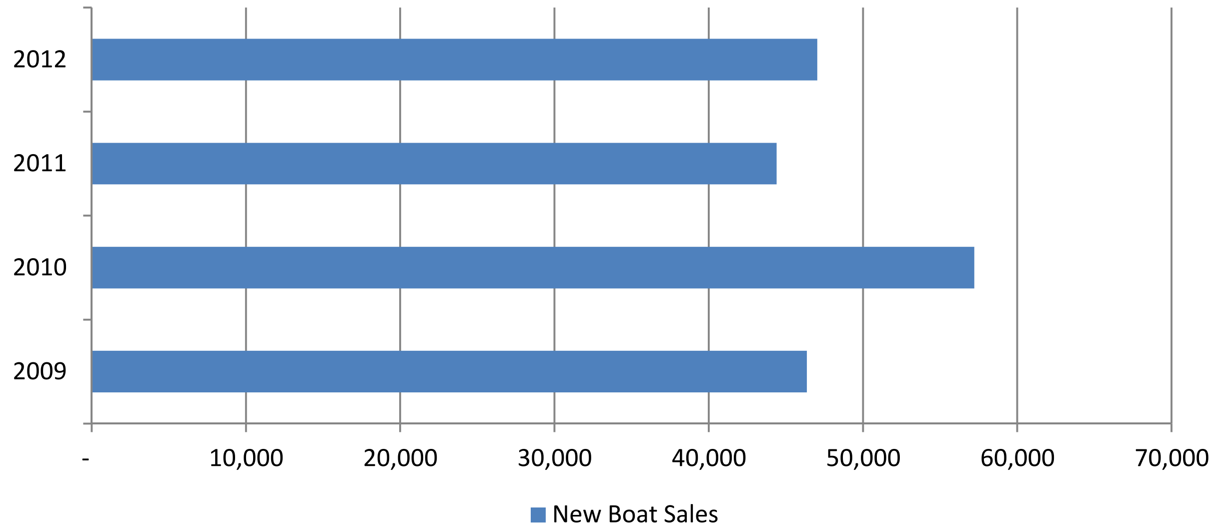
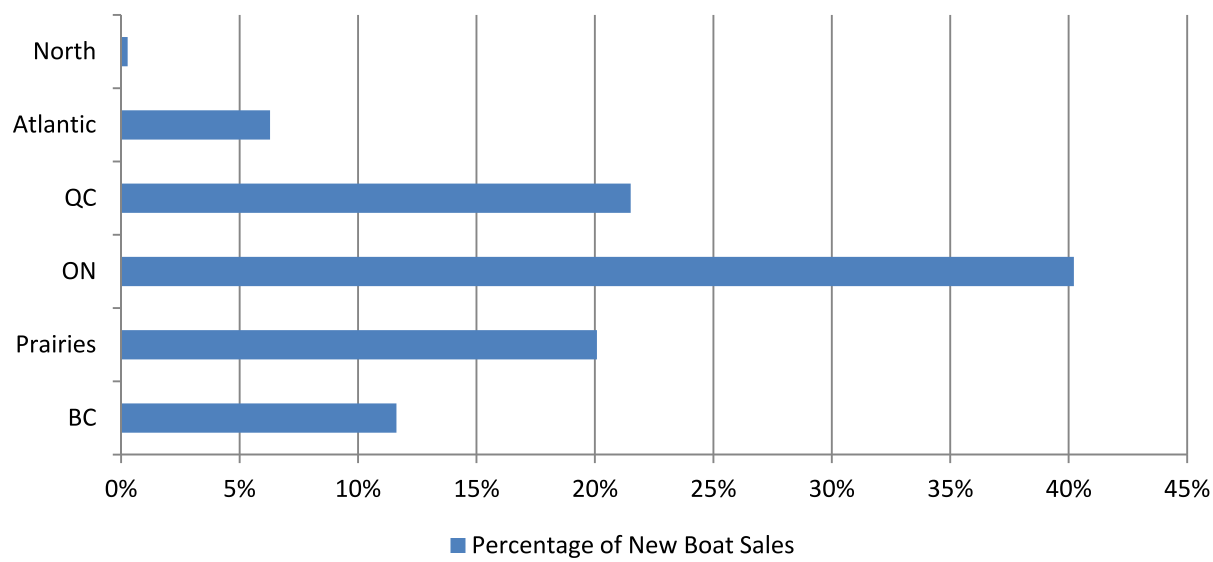


Figure 11 shows the percentage of new boats sold in each region for 2012, with Ontario accounting for 40% of new boats, followed by Quebec and the Prairies.

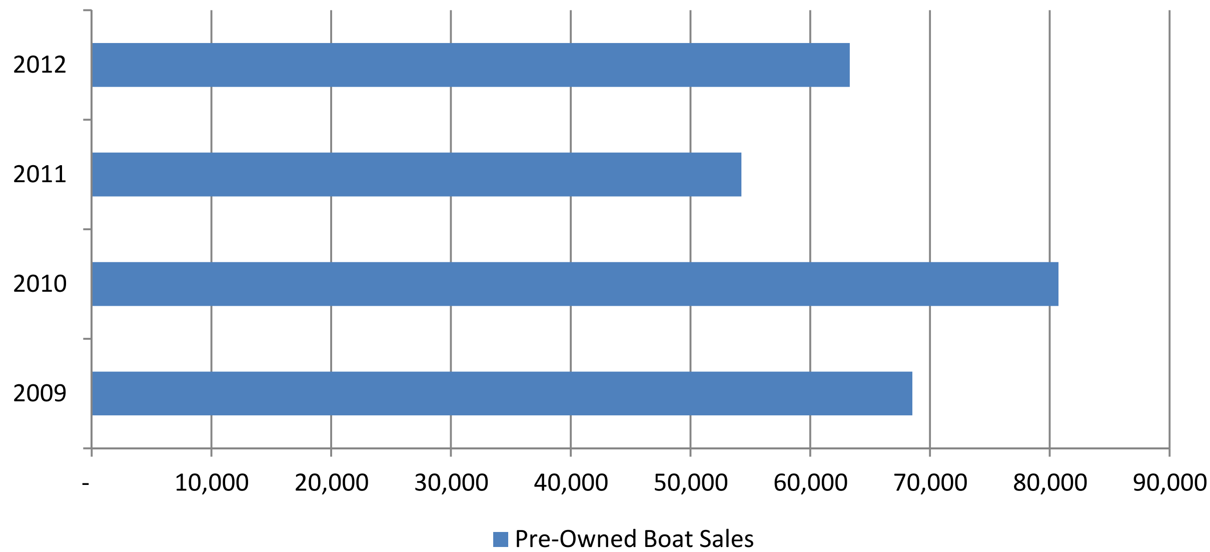
Figure 11: Percentage of New Boat Sales by Region



3.4.2 Pre-Owned Boat Sales

About 58% of boat sales are of pre-owned boats. As shown in Figure 12, the yearly pattern for pre-owned sales has followed that for new boats, with 2010 being the best year in the last four with an 18% increase over 2009, followed by a 33% decrease in 2011[16].

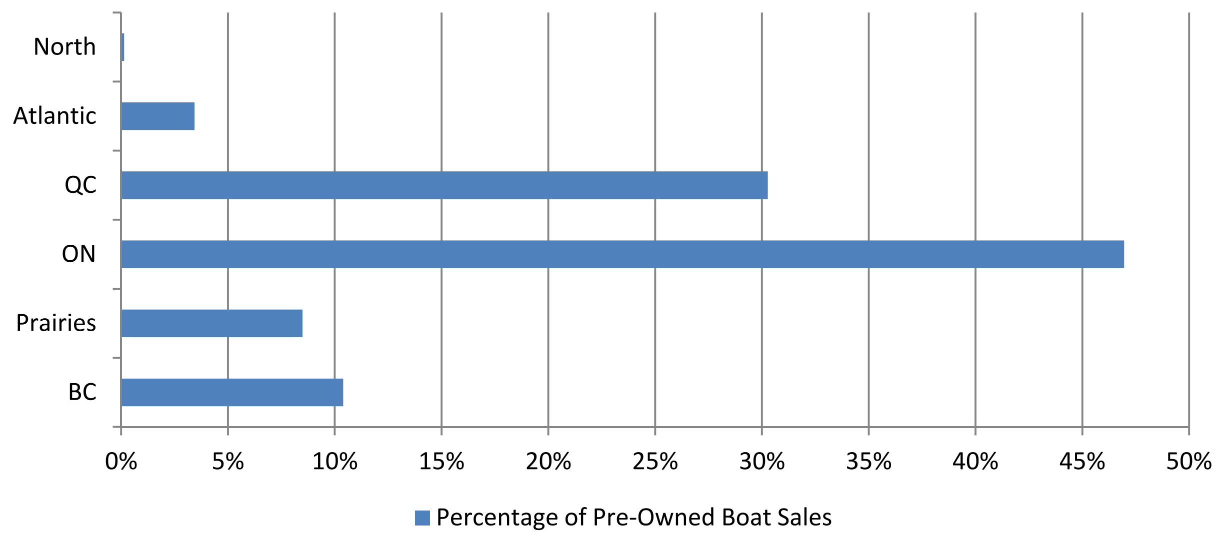
Figure 12: Pre-Owned Boat Sales by Year



Regionally, Ontario is again the biggest market, followed by Quebec, as shown in Figure 13. However, unlike for new boats, BC is a larger market for used boats than the Prairies.

[16] These figures only include registered boats. This does not include human-powered boats and only includes larger sailboats with engines.

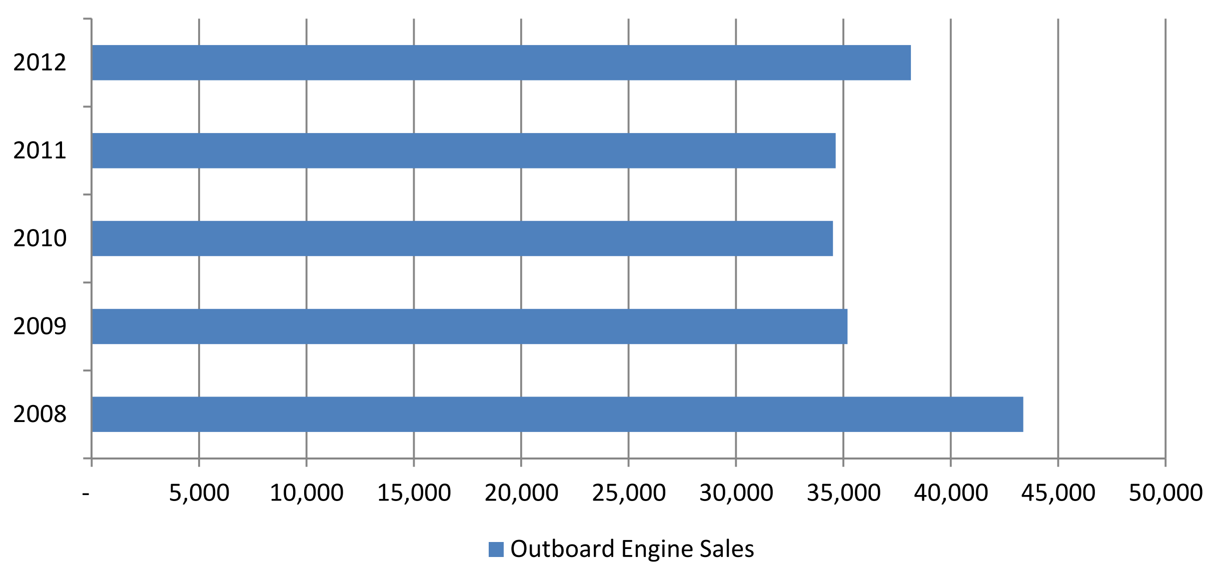
Figure 13: Pre-Owned Boat Sales by Region



3.4.3 Outboard Engine Sales

Figure 14 shows the number of outboard engines sales over the last four years. Unlike boat sales, which saw a peak in 2010, outboard engine sales are somewhat counter-cyclical with sales peaks in 2008 and, to a lesser extent in 2012. Engine sales are not available by region.

Figure 14: Outboard Engine Sales

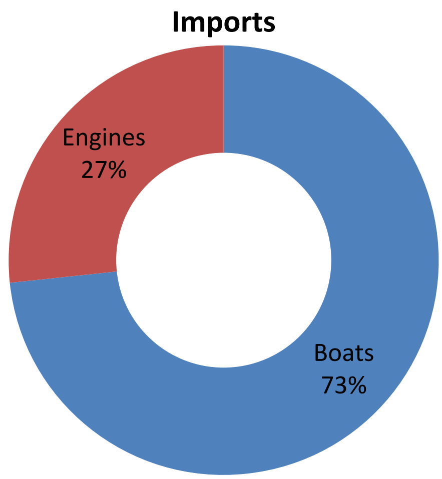


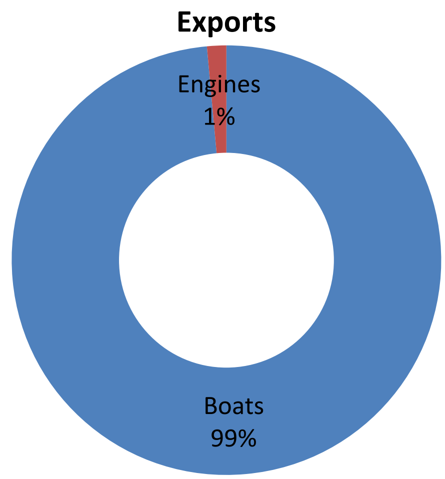
3.5 Imports and Exports

This section looks at the import and export of recreational boats and marine engines. Information on the import and export of marine accessories is not available.

Figure 15 shows the relative distribution of imports and exports for boats and engines. While Canada is a net importer of both boats and engines, we do export boats, but essentially no engines.[17]

Figure 15: Relative Proportion of Boat and Engine Imports and Exports (2011)

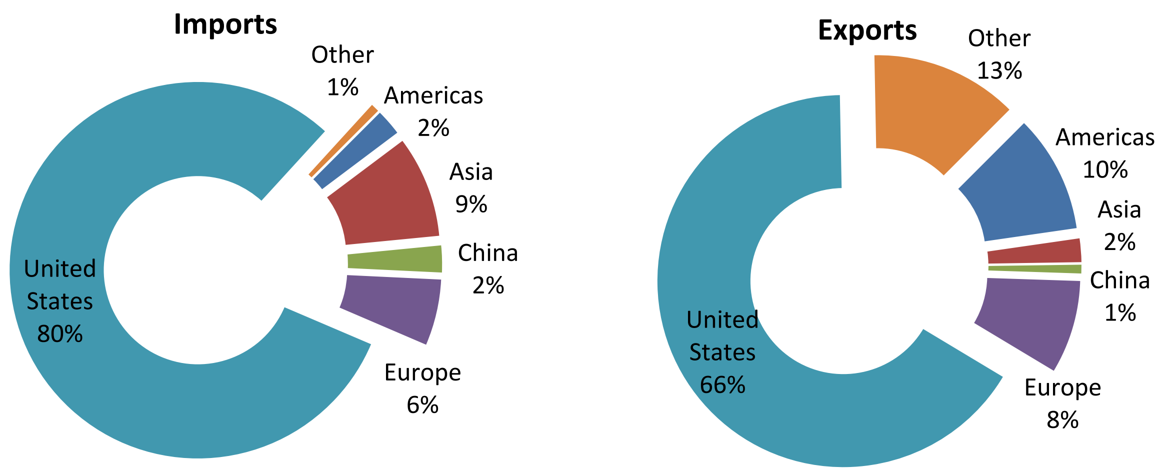




As Figure 16 shows, the story of Canada's trade in recreational boat products is intimately tied to the United States[18]. In 2011, that country accounted for fully 80% of our imports and 66% of our exports. Asia and Europe are the next most important sources of imports, and the Americas (other than the US) and Europe are the next most important destinations of our exports.

[17] Statistics Canada
[18] Ibid

Figure 16: Origin and Destination of Imports and Exports (2011)



In 2011, Canada imported about $590 million worth of recreational boats and exported about $380 million, for a trade deficit of $208 million. In the same year, Canada imported about $215 million worth of marine engines and exported about $3 million, for a trade deficit of $212 million.

However, Canada has not always been in a trade deficit position for recreational boating goods. Figure 17 shows how imports and exports have varied over the last decade. Before 2002, Canada was in a trade surplus position. There are two reasons for the change over time – one has to do with the state of the US economy, the other with the competitiveness of the Canadian industry.

Figure 17: Import and Export Time Series

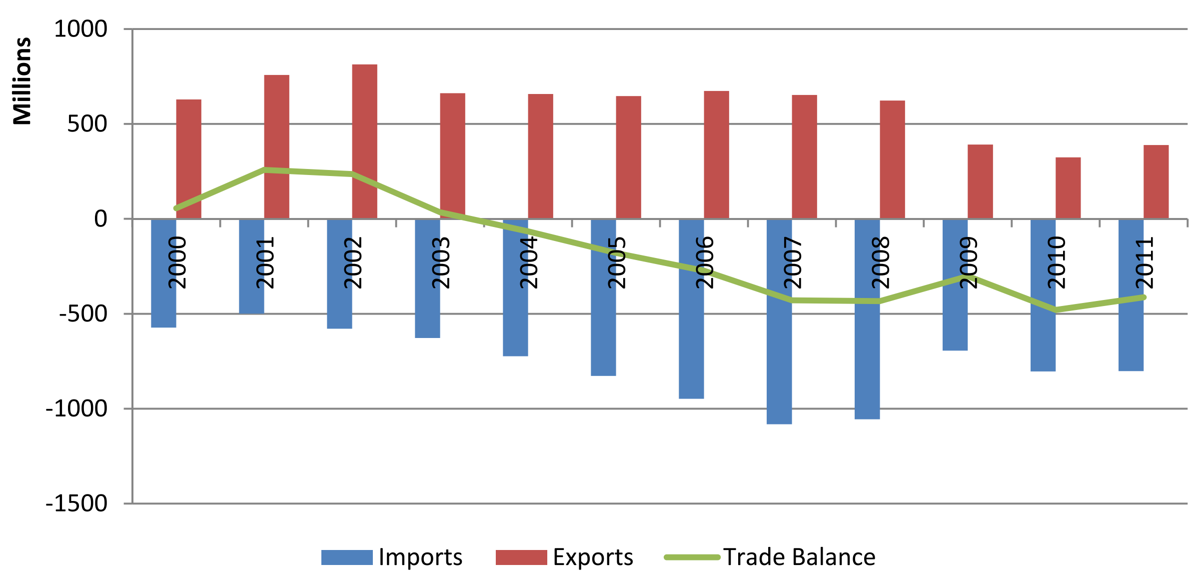
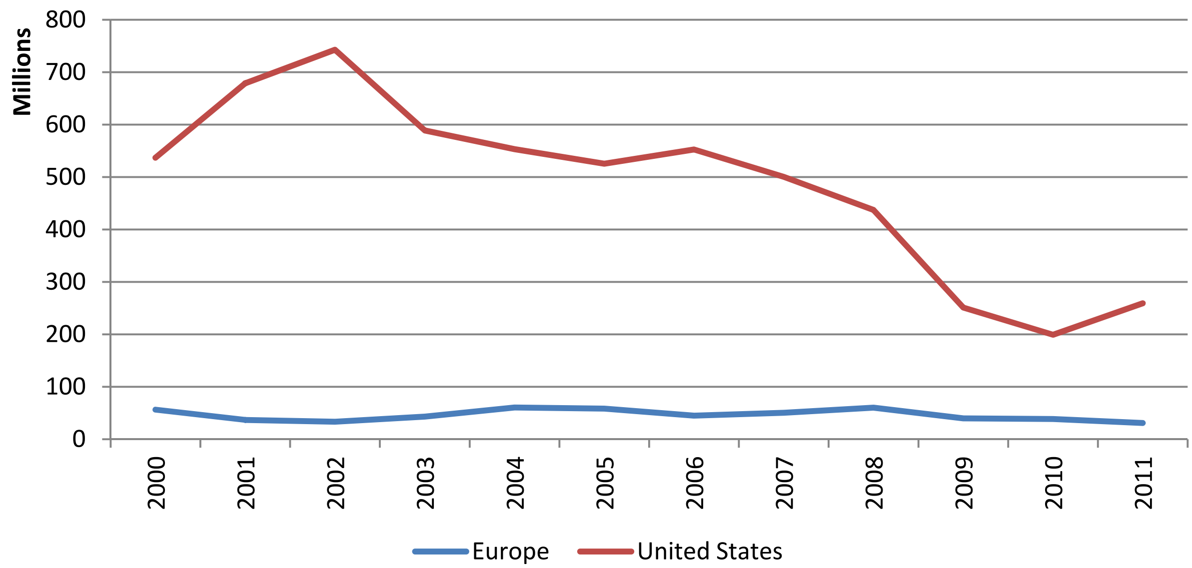


Figure 18 shows how exports to the US have decreased dramatically since 2002, and how exports to Europe, Canada's next largest boating customer over the period, have stayed relatively constant over the same period[19]. Some of the story here has to do with the weakness of the US economy, especially since 2008.

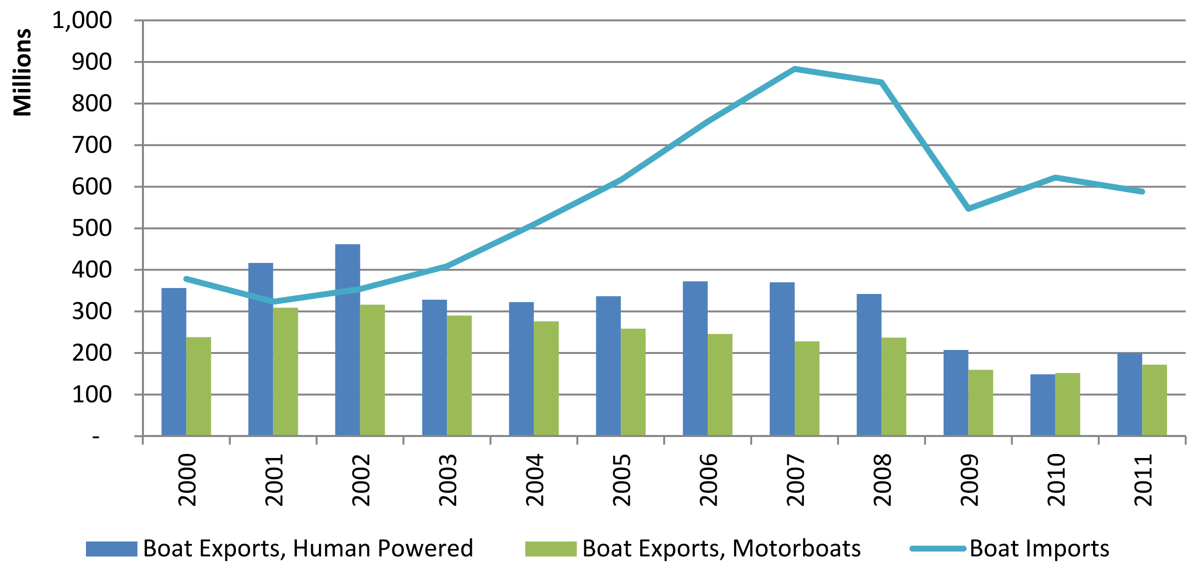
Figure 18: US and European Exports



However, it is also clear the Canadian industry has not remained internationally competitive. Figure 19 shows that during the period from 2002 to 2007 human powered boat exports remained steady, while motor boat exports fell to 72% of their former level[20]. When exports were falling, imports were rising. So, overall Canadian firms were losing in both foreign and domestic markets – mostly to their US competitors. Since 2008, both exports and imports have fallen, reflecting the poor economies of both Canada and the US.

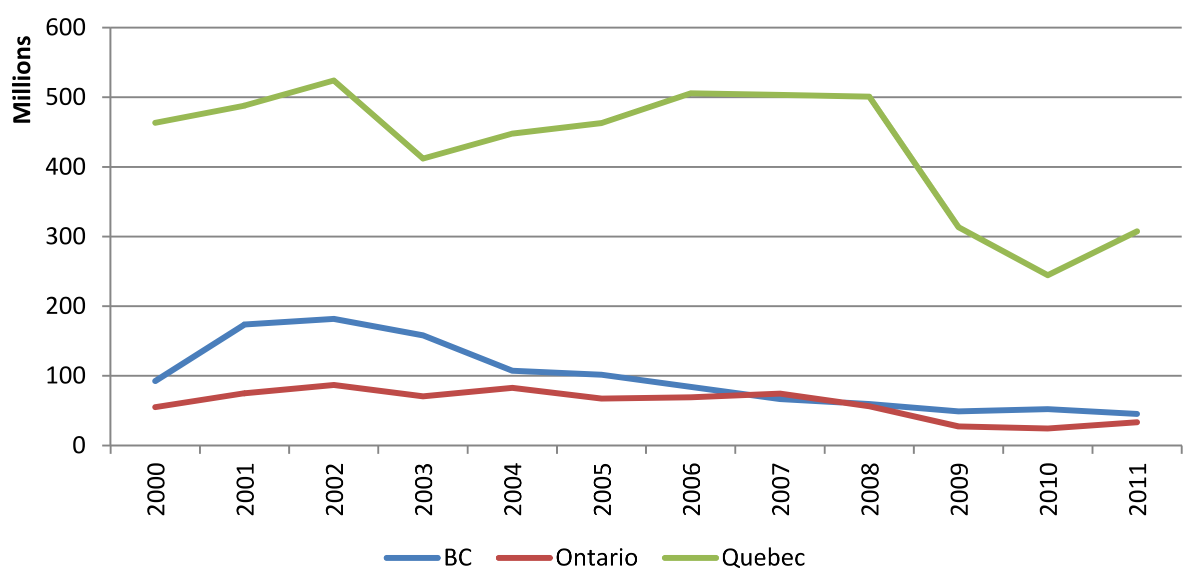
[19] Ibid
[20] Ibid

Figure 19: Boat Exports and Imports



The impact of this decrease in sales has fallen primarily on two Canadian regions. Figure 20 shows that in the period between 2002 and 2007 it was BC that suffered the most with boat exports for the province falling to 37% of their former level[21]. During that time, Quebec fared relatively well. However, since 2008 the exports of Quebec have also fallen 60% of their former level.

Figure 20: Exports by Province



[21] Ibid

4. Economic Contribution

The analysis presented in this chapter used a regional input-output model and economic multipliers to determine the total economic contribution of the Canadian recreational boating industry. The results were calculated at the national, provincial, and census division levels, although only the overall industry, subsector, and regional results are presented here for brevity. The census division results are available online in an interactive map[22].

The following three sections look at these results in more depth – first, for the overall Canadian recreational boating industry (Section 4.1), second by boating industry subsector across the Canadian regions (Section 4.2), and then regionally across the boating industry subsectors (Section 4.3).

In each case, the following results are presented[23]:

- **Revenues:** The gross output generated by the industry. It is the goods and services that are produced within an establishment that become available for use outside that establishment, plus any goods and services produced for own final use.

- **Gross Domestic Product:** The value added of the goods produced. It equals the sum of the factor incomes (wages and salaries, supplementary labour income, mixed income and other operating surplus) plus indirect taxes on production less subsidies on production and products[24].

- **Employment:** Results for employment are based on Full-Time Equivalents after adjustments for part-time and seasonal workers. Employment information presented here is based on the application of the multipliers derived from the economic model. That is, the direct employment values are a model result and not the sum of the employment at the establishments in the industry database developed for this study.

- **Wages and Salaries:** Employment earnings consisting of monetary compensation and payments-in-kind (e.g., board and lodging). Other forms of compensation included here are commissions, bonuses, tips, directors' fees, taxable allowances, and the values of stock

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[22] statmaps.hal.ca/NMMA/index.php

[23] http://www.statcan.gc.ca/nea-cen/gloss/ioa-ces-eng.htm

[24] Subsidies on production and products are current payments to enterprises made by governments (domestic or foreign) without reciprocation. Subsidies on production are paid to enterprises for engaging in prescribed activities. Examples include work-force subsidies paid on the basis of employment or training of certain persons, or on the basis of pollution abatement. Subsidies on products become payable as a result of production, sale, import, export, transfer, leasing or delivery of goods and services or as a result of their use for own consumption or capital formation and generally depend on the level such activities. Government subsidies received by industries are treated as revenues, and are shown as negative entries on the expenditure (input) side of industries. Direct payments to persons are not included here.

options of corporations. Bonuses, commissions, and retroactive wages are recorded in the period paid rather than earned. Wages and salaries are recorded on a gross basis, before deductions for taxes, employees' contributions to employment insurance, and private and public pension plans.

- **Taxes:** taxes include components paid to federal, provincial, and municipal levels of government:

  - **Indirect Taxes on Products:** This is the sum of taxes levied on goods and services beyond the producers' price valuation level. They are paid by business on their current purchases and by final users such as households on all their expenditures. Examples include the Goods and Services Tax (GST), the Harmonized Sales Tax (HST), provincial sales taxes, federal excise taxes, import duties, and fuel taxes.

  - **Indirect Taxes on Production:** These taxes include fees and surcharges incurred during the production of the goods and services and are levied by all three levels of government. Examples of federal taxes include capital taxes levied against corporate entities and Canada Deposit Insurance Corporation premiums. Provincial taxes include (personal and commercial) motor vehicle license fees, land transfer taxes, and capital taxes. Local taxes include real property taxes, developers' lot levies, and deed transfer taxes.

  - **Personal Income Tax:** federal and provincial income taxes paid by industry workers. Income taxes are dependent on an individual's family situation; the estimates calculated are sensitive to employment income and size of community. For this study, income taxes were calculated using the Social Policy Simulation Database and Model (SPSD/M). The results are based on average wages and salaries and community size. The estimates include basic tax credits and deductions. The model does not calculate tax data for the territories, thus no estimates are given for territorial taxes.

  - **Residential Property Tax:** residential property taxes paid by industry workers. Residential property taxes are based on one's place of residence instead of one's income and are therefore calculated separately by census division.

  - **Subsidies:** Government subsidies are considered here as 'negative' taxes. Subsidies are government expenditures and thus are considered negative revenue from the perspective of government accounts.

Two components of boating industry economic contributions were calculated outside of the economic model. These were:

- **Boat Shows:** Economic contributions were calculated for boat shows based on revenue and visitor spending. Results are derived from the application of the multipliers applicable for hotels and conventions.

- **Financial Institutions:** Economic contributions were calculated for boat insurance and loans for boat purchases. Results were based on the sale of new and pre-owned boats for loans, and the number of boats in Canada for insurance.

The economic impact analysis traces flows of money from core recreational boating spending, first to businesses where boaters spend their money, then to other businesses supplying goods and services to core recreational boating businesses, and finally to households earning income by working in core recreational boating industries and government through various taxes and charges on boaters, businesses and households.

- **Direct Effects** are associated with revenues from boaters on core recreational boating products and services – for example, the sale of a recreational boat.

- **Indirect Effects** result from supporting industries supplying goods and services to core recreational boating businesses – for example, the provision of cleaning services to the store that sold the recreational boat.

- **Induced Effects** result from household spending of the income earned in core recreational boating and supporting industries. Employees in recreational boating and supporting industries spend the income they earn on housing, utilities, groceries, and other consumer goods and services. This generates sales, income and employment throughout the economy.

A chain reaction of indirect and induced spending continues, with subsequent rounds of additional spending gradually diminished through savings, taxes, and expenditures made outside the country. This economic ripple effect is measured by an economic model, which uses a series of 'multipliers' to provide estimates of the number of times each dollar of direct spending cycles through the economy in terms of indirect and induced output. By means of indirect and induced effects, changes in core recreational boating spending can impact virtually every sector of the economy in one way or another.

Indirect and induced effects are sometimes collectively called secondary effects. The total economic impact of the core recreational boating industry is the sum of direct, indirect, and induced effects within a region. Any of these impacts may be measured as gross output or sales, income, employment, or value added.

4.1 Overall Industry Results

The economic results for the Canadian recreational boating industry as a whole are summarized in Table 6 and Figure 21.

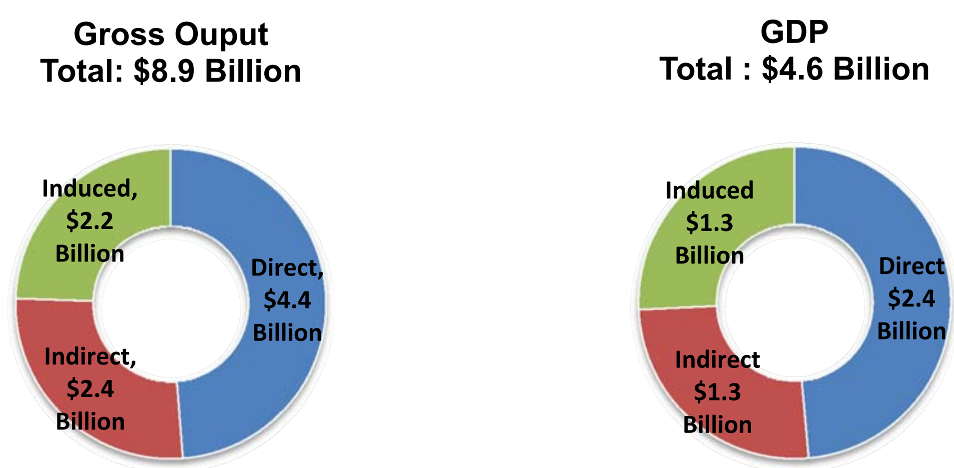
Overall, the direct recreational boating revenues of $4.4 billion resulted in further indirect and induced revenues totalling $8.9 billion. The value added portion of these revenues resulted in a direct contribution to Canada's GDP of $2.4 billion, and further indirect and induced contributions of almost $5 billion to the national economy. The direct employment for the industry is about 40 thousand, and the total employment influenced by the industry is estimated at approximately 67 thousand. Wages and salaries earned by those workers totaled $2.6 billion and taxes and subsidies remitted to governments totaled $774 million.

By way of comparison, the direct economic impact of the recreational boating industry is comparable in size to the Canadian radio and television broadcasting industry or the newspaper publishing industry. It is about 75% of that for the Canadian brewery industry[25].

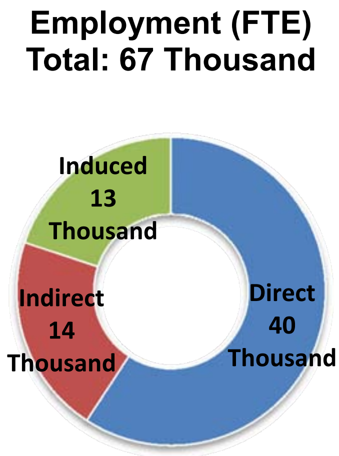
Table 6: Economic Results Summary

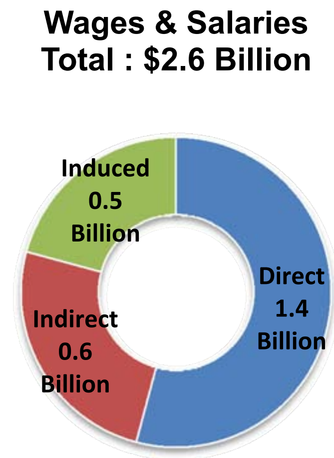
	Direct	Indirect	Induced	Total
Revenues ($000)	$ 4,353,753	$ 2,388,852	$ 2,185,276	$ 8,927,881
GDP ($000)	$ 2,423,993	$ 1,280,999	$ 1,285,276	$ 4,990,267
Employment (FTE)	39,815	14,044	13,384	67,241
Wages & Salaries ($000)	$ 1,402,935	$ 649,134	$ 538,915	$ 2,590,985
Taxes & Subsidies ($000)	$ 375,122	$ 207,903	$ 191,031	$ 774,054

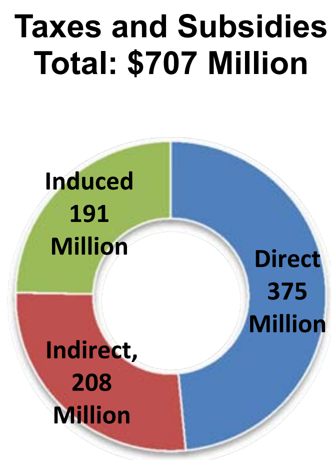
Figure 21: Economic Results Summary



[25] 2009 GDP (the latest available): Radio and television broadcasting - $2.8 billion; Newspaper publishing - $$2.7 billion; Breweries - $3.2 billion.







4.2 Subsector Results

This section provides the economic contribution of recreational boating by subsector. Table 7 summarizes the subsector results. Boat dealer and service stores provide the greatest contribution with revenues of $3.8 billion and contribution to GDP of $2.3 billion. This is followed by marinas, with a GDP contribution of $0.9 billion, and boat manufacturers at $0.6 billion.

Table 7: Subsector Results Summary

	Revenues ($000s)	GDP ($000s)	Employment (FTE)	Wages & Salaries ($000s)	Taxes & Subsidies ($000s)
Boat Dealer and Service	3,815,815	2,250,063	30,051	1,194,248	357,818
Marinas	1,659,553	914,528	14,671	479,098	152,532
Boat Manufacturers	1,293,227	600,236	8,243	308,442	76,711
Financial Industry	559,842	353,736	2,745	155,914	54,537
Accessory Manufacturers	439,412	199,747	3,568	131,935	27,674
Boat Accessory Stores	419,736	248,414	2,234	99,850	38,371
Engines	238,448	136,098	1,569	51,227	21,885
Boat Clubs	177,446	97,785	1,477	70,417	16,309
Repairs and Maintenance	110,885	64,233	971	35,734	9,555
Brokerages	53,552	32,168	474	17,311	4,964
Rentals and Charters	48,783	29,280	363	8,184	3,837
Dock Manufacturers	39,680	17,839	262	12,727	3,124
Storage & Transportation	26,028	16,349	228	9,507	2,519
Schools	25,194	17,250	204	8,996	2,342
Boat Shows	14,632	9,357	151	5,828	1,460
Publications	5,648	3,186	31	1,566	416
National Total	$ 8,927,881	$ 4,990,267	67,241	$ 2,590,985	$ 774,054

Values may not add due to rounding.

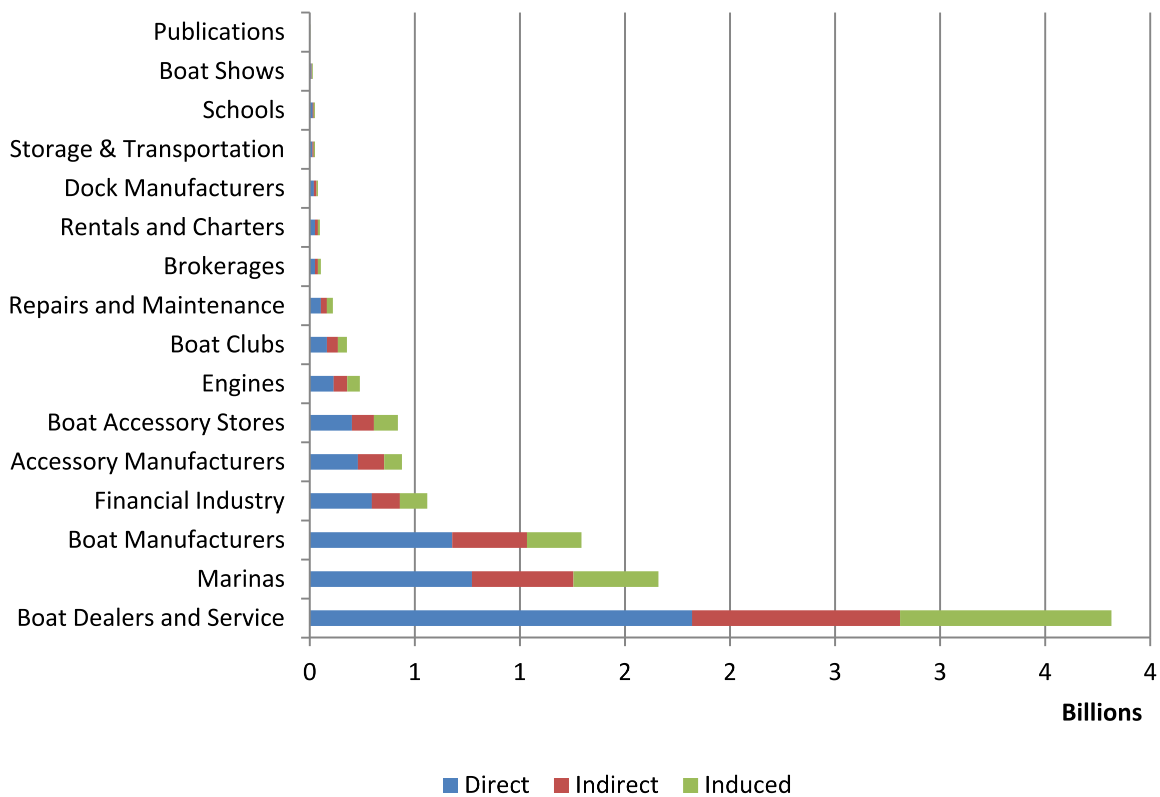
4.2.1 Revenues

Table 8: Subsector Revenues

	Revenues ($000s)			
	Direct	Indirect	Induced	Total
Boat Dealer and Service	1,820,683	988,734	1,006,399	3,815,815
Marinas	771,384	484,431	403,738	1,659,553
Boat Manufacturers	679,011	354,291	259,925	1,293,227
Financial Industry	295,000	133,453	131,390	559,842
Accessory Manufacturers	229,330	125,938	84,144	439,412
Boat Accessory Stores	200,817	104,576	114,343	419,736
Engines	113,244	65,864	59,341	238,448
Boat Clubs	82,479	51,797	43,169	177,446
Repairs and Maintenance	53,038	27,734	30,113	110,885
Brokerages	25,621	13,342	14,588	53,552
Rentals and Charters	25,983	12,074	10,725	48,783
Dock Manufacturers	19,671	12,427	7,581	39,680
Storage & Transportation	12,753	5,264	8,012	26,028
Schools	13,841	4,456	6,897	25,194
Boat Shows	8,193	2,849	3,590	14,632
Publications	2,705	1,623	1,320	5,648
National Total	$ 4,353,753	$ 2,388,852	$ 2,185,276	$ 8,927,881

Values may not add due to rounding.

Figure 22: Subsector Revenues



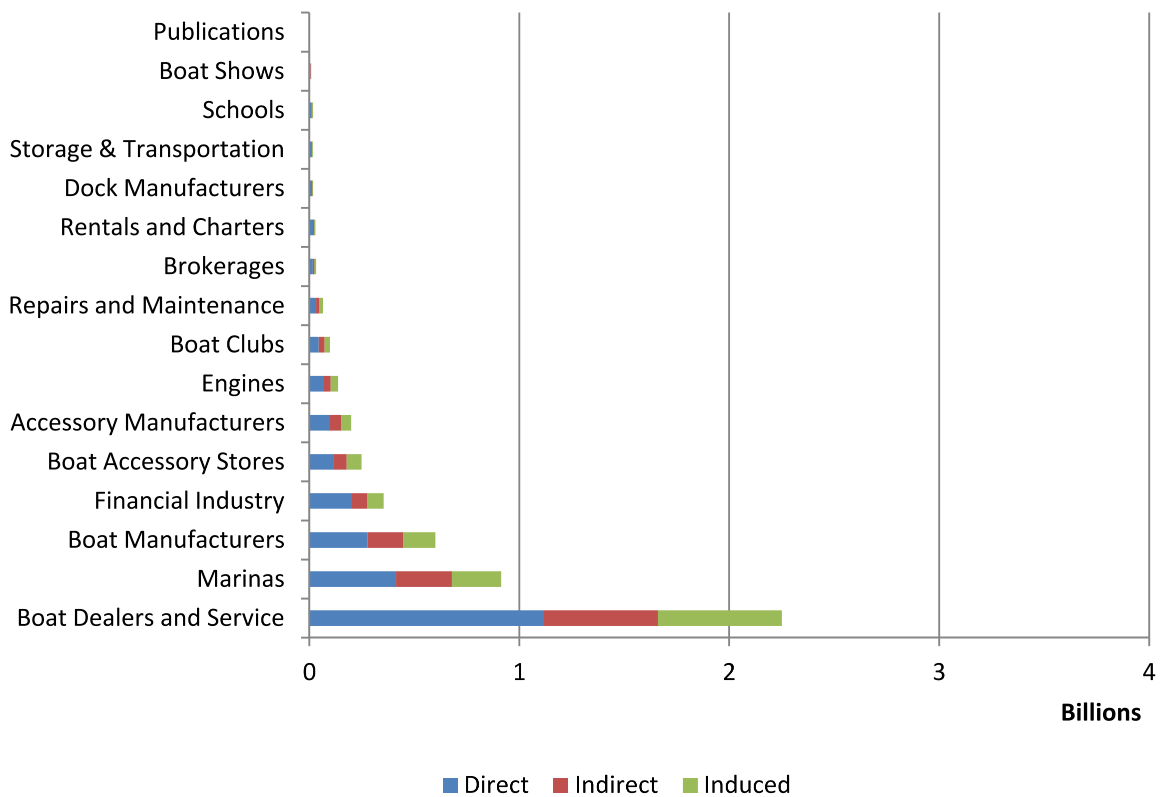
4.2.2 Gross Domestic Product

Table 9: Subsector Gross Domestic Product

	GDP ($000s)			
	Direct	Indirect	Induced	Total
Boat Dealer and Service	1,118,399	541,592	590,072	2,250,063
Marinas	413,008	264,800	236,720	914,528
Boat Manufacturers	277,038	170,798	152,400	600,236
Financial Industry	198,634	78,065	77,036	353,736
Boat Accessory Stores	114,143	63,154	71,117	248,414
Accessory Manufacturers	93,900	56,512	49,336	199,747
Engines	65,523	35,782	34,793	136,098
Boat Clubs	44,160	28,313	25,311	97,785
Repairs and Maintenance	31,659	14,919	17,656	64,233
Brokerages	16,267	7,347	8,553	32,168
Rentals and Charters	16,510	6,482	6,288	29,280
Dock Manufacturers	7,875	5,519	4,445	17,839
Storage & Transportation	8,986	2,666	4,697	16,349
Schools	10,681	2,525	4,044	17,250
Boat Shows	5,641	1,682	2,034	9,357
Publications	1,569	843	774	3,186
National Total	$ 2,423,993	$ 1,280,999	$ 1,285,276	$ 4,990,267

Values may not add due to rounding.

Figure 23: Subsector Gross Domestic Product



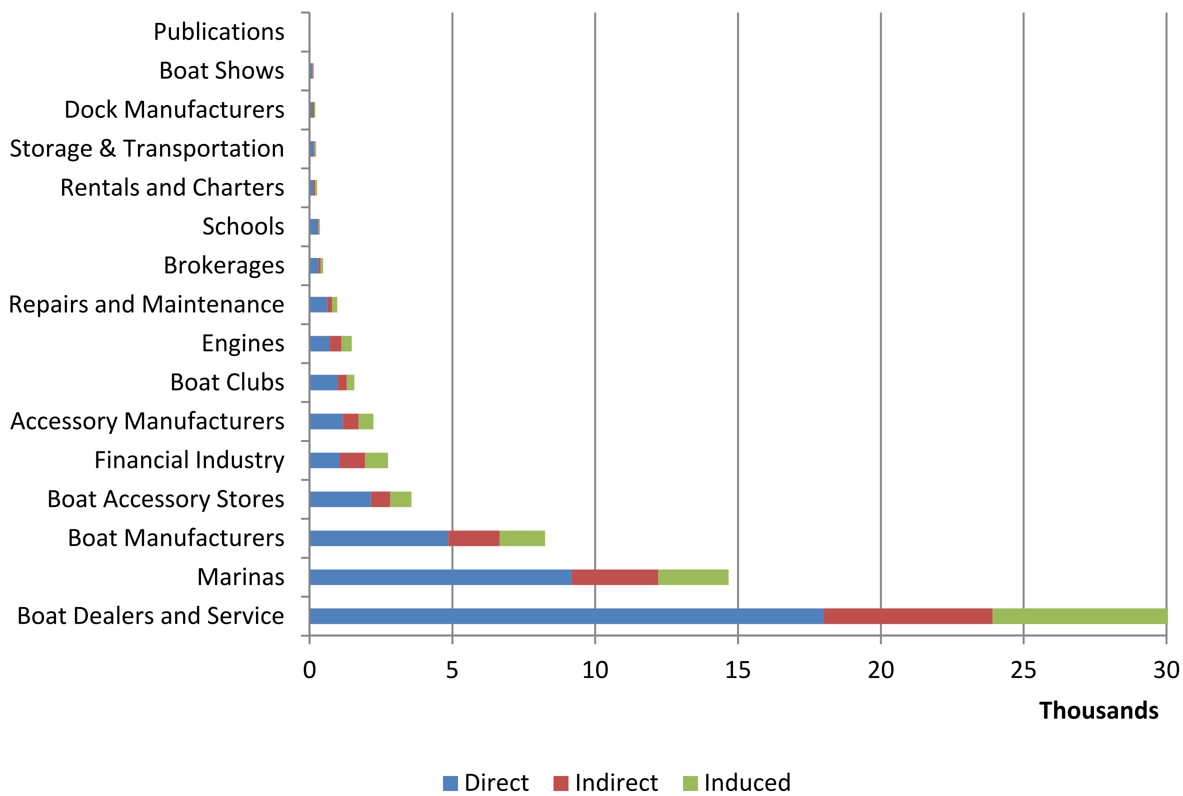
4.2.3 Employment

Table 10: Subsector Employment (FTE)

	Employment (Full-Time Equivalents)			
	Direct	Indirect	Induced	Total
Boat Dealer and Service	18,008	5,905	6,138	30,051
Marinas	9,184	3,024	2,462	14,671
Boat Manufacturers	4,854	1,804	1,585	8,243
Boat Accessory Stores	2,148	681	740	3,568
Financial Industry	1,050	893	801	2,745
Accessory Manufacturers	1,159	562	513	2,234
Boat Clubs	982	323	263	1,569
Engines	718	397	362	1,477
Repairs and Maintenance	620	168	184	971
Brokerages	306	79	89	474
Schools	297	24	42	363
Rentals and Charters	124	72	65	262
Storage & Transportation	152	27	49	228
Dock Manufacturers	103	55	46	204
Boat Shows	97	19	36	151
Publications	13	10	8	31
National Total	39,815	14,044	13,384	67,241

Values may not add due to rounding.

Figure 24: Subsector Employment (FTE)

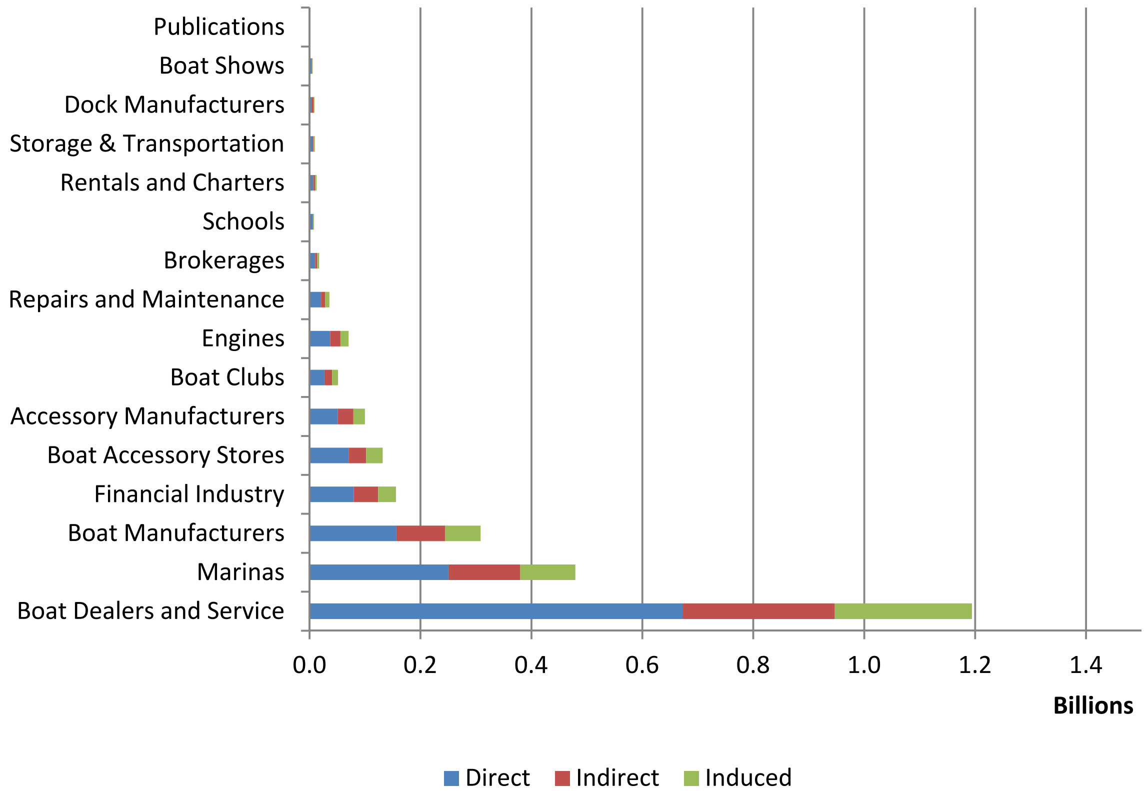


4.2.4 Wages and Salaries

Table 11: Subsector Wages and Salaries

	Wages & Salaries ($000s)			
	Direct	Indirect	Induced	Total
Boat Dealer and Service	672,302	274,607	247,339	1,194,248
Marinas	250,259	129,614	99,225	479,098
Boat Manufacturers	156,660	87,901	63,881	308,442
Financial Industry	79,558	44,066	32,291	155,914
Boat Accessory Stores	70,488	31,637	29,810	131,935
Accessory Manufacturers	51,081	28,090	20,680	99,850
Boat Clubs	26,759	13,859	10,610	51,227
Engines	37,348	18,485	14,584	70,417
Repairs and Maintenance	20,898	7,436	7,401	35,734
Brokerages	10,046	3,680	3,585	17,311
Schools	5,383	1,106	1,695	8,184
Rentals and Charters	6,783	3,307	2,636	12,727
Storage & Transportation	6,244	1,295	1,969	9,507
Dock Manufacturers	4,422	2,711	1,863	8,996
Boat Shows	3,927	878	1,022	5,828
Publications	779	463	324	1,566
National Total	$ 1,402,935	$ 649,134	$ 538,915	$ 2,590,985

Figure 25: Subsector Wages and Salaries

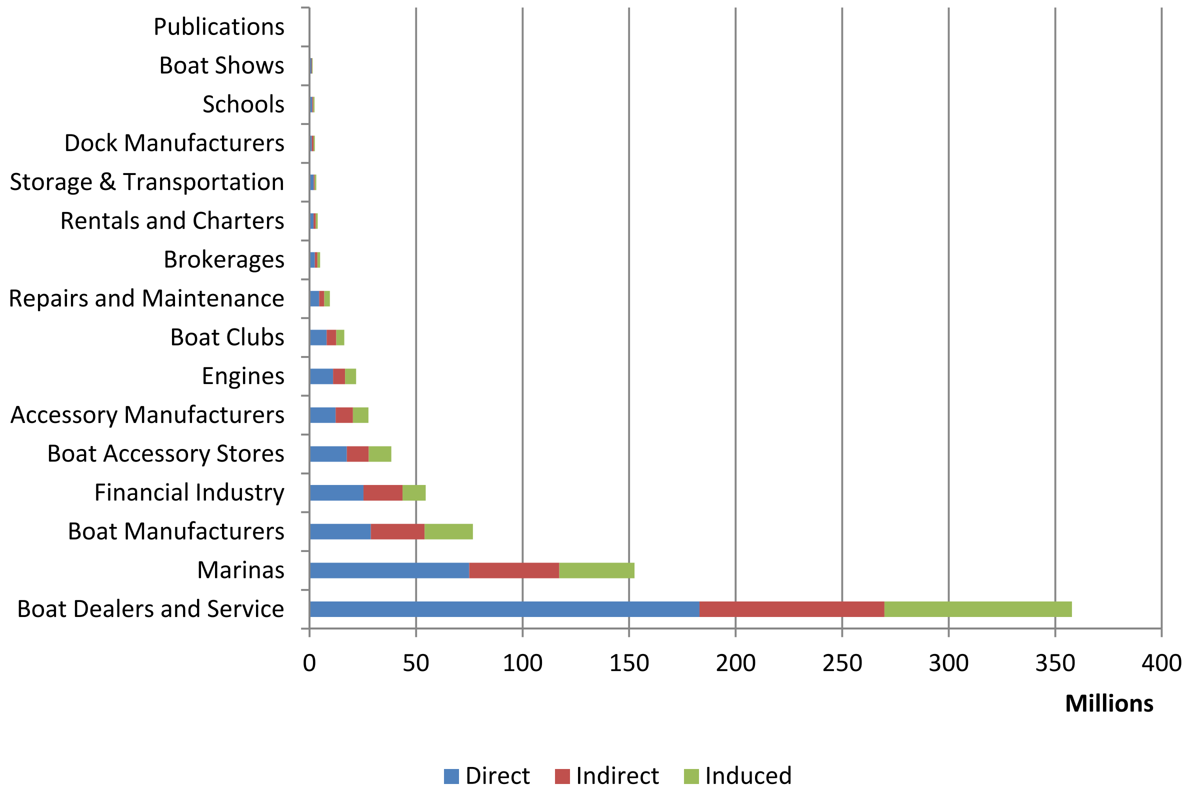


4.2.5 Taxes and Subsidies

Table 12: Subsector Taxes and Subsidies

	Total Taxes & Subsidies ($000s)			
	Direct	Indirect	Induced	Total
Boat Dealer and Service	183,038	86,811	87,969	357,818
Marinas	74,917	42,324	35,290	152,532
Boat Manufacturers	28,743	25,248	22,720	76,711
Financial Industry	25,280	18,345	10,911	54,537
Boat Accessory Stores	17,524	10,244	10,602	38,371
Accessory Manufacturers	12,219	8,100	7,355	27,674
Engines	11,070	5,628	5,187	21,885
Boat Clubs	8,010	4,525	3,773	16,309
Repairs and Maintenance	4,522	2,401	2,632	9,555
Brokerages	2,497	1,192	1,275	4,964
Rentals and Charters	1,898	1,001	937	3,837
Storage & Transportation	1,979	444	700	3,124
Dock Manufacturers	1,069	787	663	2,519
Schools	1,305	434	603	2,342
Boat Shows	883	282	297	1,460
Publications	167	134	115	416
National Total	$ 375,122	$ 207,903	$ 191,031	$ 774,054

Figure 26: Subsector Taxes and Subsidies



4.3 Regional Results

This section breaks down the economic contribution of recreational boating by region. Table 13 summarizes the regional results. Ontario stores provide the greatest contribution with revenues of $3.2 billion and contribution to GDP of $1.8 billion. This is followed by BC and the Prairies, with a GDP contribution of $0.9 billion each.

Of note, data for the North are not available for some analyses, including those for income taxes, as not all of the available models and simulation tools include data for the North.

Table 13: Regional Results Summary

	Revenues ($000s)	GDP ($000s)	Employment (FTE)	Wages & Salaries ($000s)	Taxes & Subsidies ($000s)
Ontario	3,507,578	1,995,068	26,625	1,023,744	328,581
BC	1,722,585	971,436	13,167	519,439	141,561
Prairies	1,623,994	954,504	11,668	493,412	145,505
Quebec	1,630,175	818,226	11,606	425,421	121,286
Atlantic	434,553	245,570	4,090	125,899	36,736
North*	8,996	5,464	87	3,070	384
National Total	$ 8,927,881	$ 4,990,267	67,242	$ 2,590,984	$ 774,054

Values may not add due to rounding.

**Data not available for all analyses*

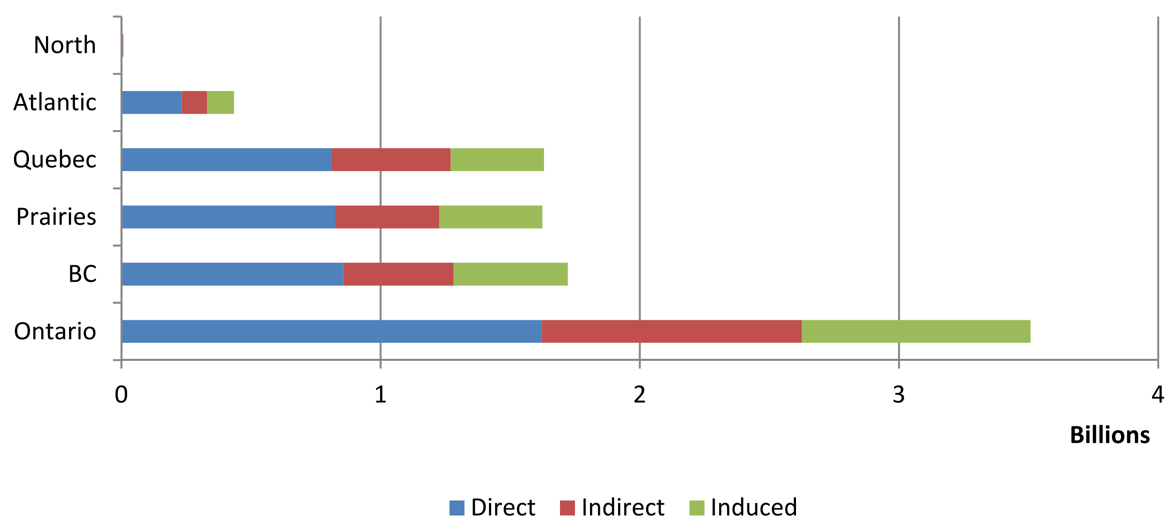
4.3.1 Revenues

Table 14: Regional Revenues

	Revenues ($000s)			
	Direct	Indirect	Induced	Total
Ontario	1,622,438	1,003,080	882,061	3,507,578
BC	856,017	425,892	440,677	1,722,585
Prairies	824,587	402,393	397,014	1,623,994
Quebec	812,276	458,119	359,780	1,630,175
Atlantic	233,148	97,614	103,791	434,553
North	5,288	1,755	1,952	8,996
National Total	$ 4,353,753	$ 2,388,852	$ 2,185,276	$ 8,927,881

Values may not add due to rounding.

Figure 27: Regional Revenues



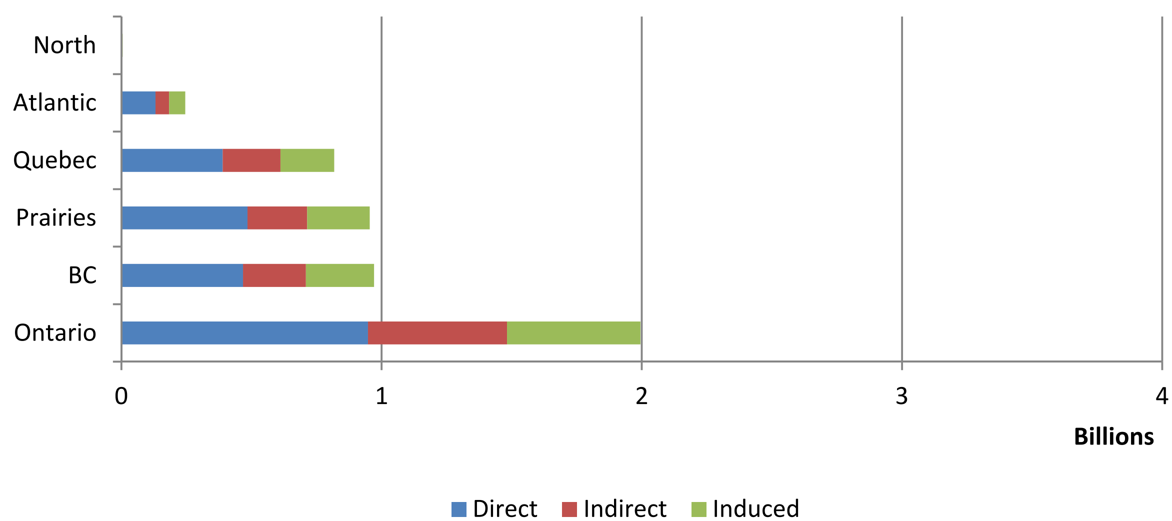
4.3.2 GDP

Table 15: Regional GDP

	GDP ($000s)			
	Direct	Indirect	Induced	Total
Ontario	947,563	534,449	513,056	1,995,068
BC	467,718	241,438	262,281	971,436
Prairies	485,036	229,382	240,086	954,504
Quebec	389,226	222,213	206,786	818,226
Atlantic	131,202	52,520	61,847	245,570
North	3,248	997	1,219	5,464
National Total	$ 2,423,993	$ 1,280,999	$ 1,285,276	$ 4,990,267

Values may not add due to rounding.

Figure 28: Regional GDP



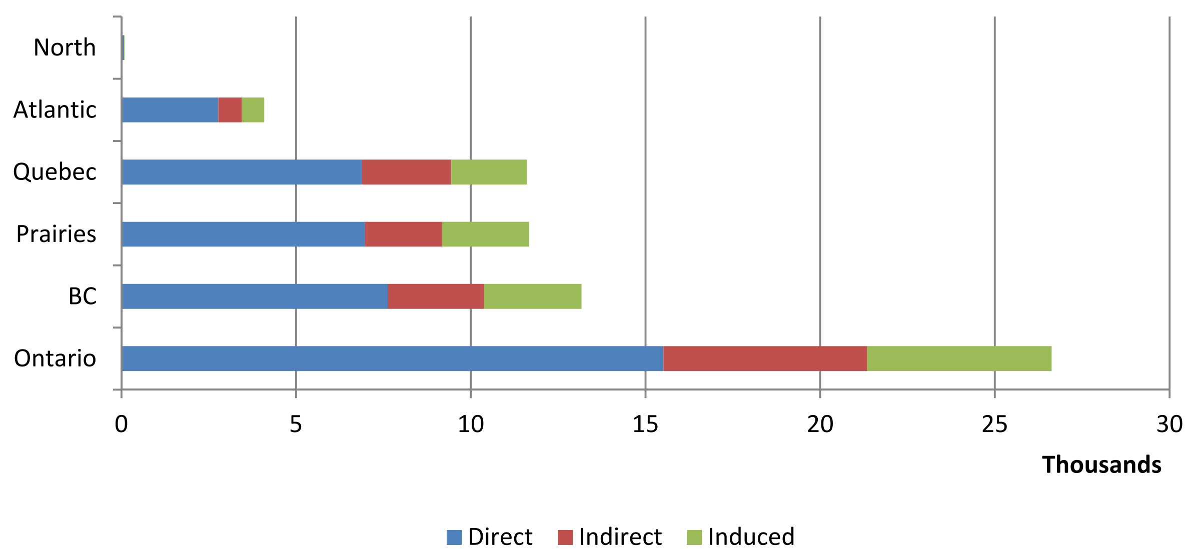
4.3.3 Employment

Table 16: Regional Employment (FTE)

	Employment (Full-Time Equivalents)			
	Direct	Indirect	Induced	Total
Ontario	15,517	5,830	5,278	26,625
BC	7,621	2,755	2,790	13,167
Prairies	6,965	2,205	2,497	11,668
Quebec	6,877	2,567	2,162	11,606
Atlantic	2,773	674	643	4,090
North	62	12	13	87
National Total	39,815	14,044	13,384	67,242

Values may not add due to rounding.

Figure 29: Regional Employment (FTE)



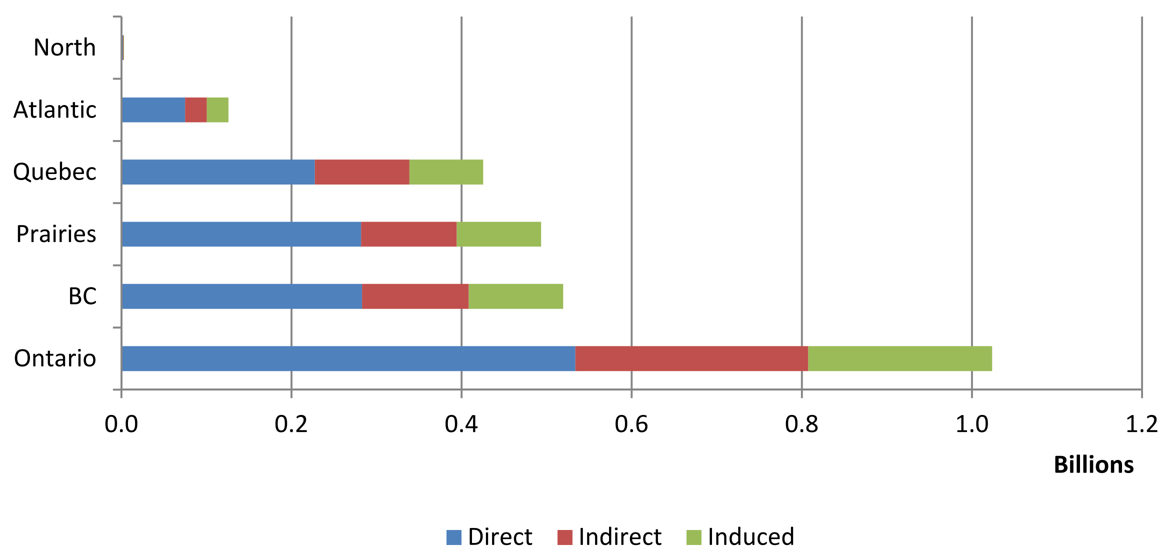
4.3.4 Wages and Salaries

Table 17: Regional Wages and Salaries

	Wages & Salaries ($000s)			
	Direct	Indirect	Induced	Total
Ontario	533,722	273,847	216,175	1,023,744
BC	282,930	125,558	110,951	519,439
Prairies	281,916	112,388	99,107	493,412
Quebec	227,484	111,149	86,787	425,421
Atlantic	74,876	25,683	25,340	125,899
North	2,007	508	555	3,070
National Total	$ 1,402,935	$ 649,134	$ 538,915	$ 2,590,984

Values may not add due to rounding.

Figure 30: Regional Wages and Salaries



4.3.5 Taxes and Subsidies

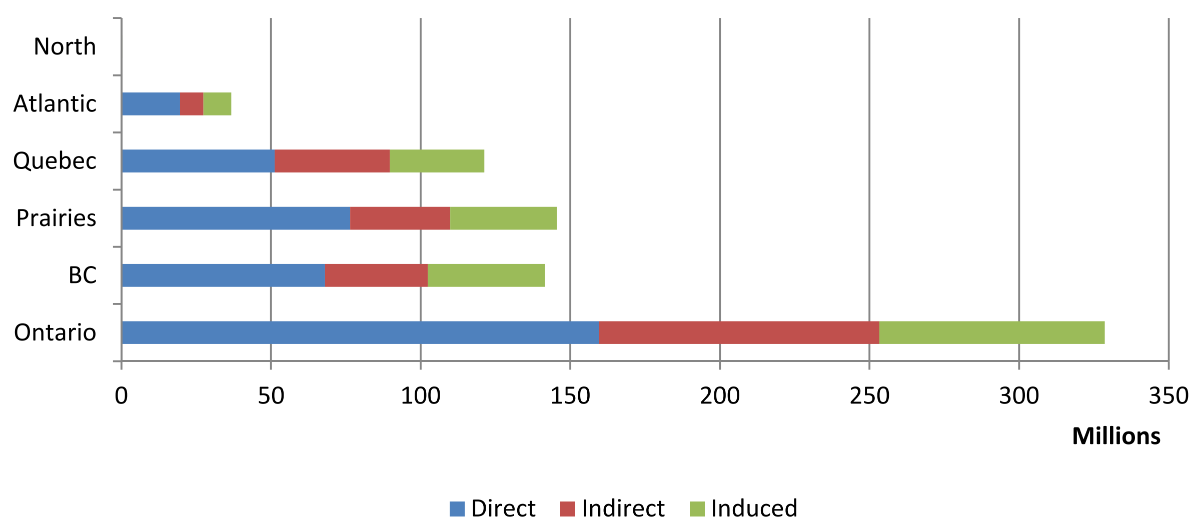
Table 18: Regional Taxes and Subsidies

	Total Taxes & Subsidies ($000s)			
	Direct	Indirect	Induced	Total
Ontario	159,643	93,661	75,277	328,581
BC	68,058	34,345	39,158	141,561
Prairies	76,455	33,443	35,608	145,505
Quebec	51,186	38,551	31,548	121,286
Atlantic	19,615	7,809	9,311	36,736
North	165	93	127	384
National Total	$ 375,122	$ 207,903	$ 191,029	$ 774,054

Values may not add due to rounding.

**Data not available for all analyses*

Figure 31: Regional Taxes and Subsidies

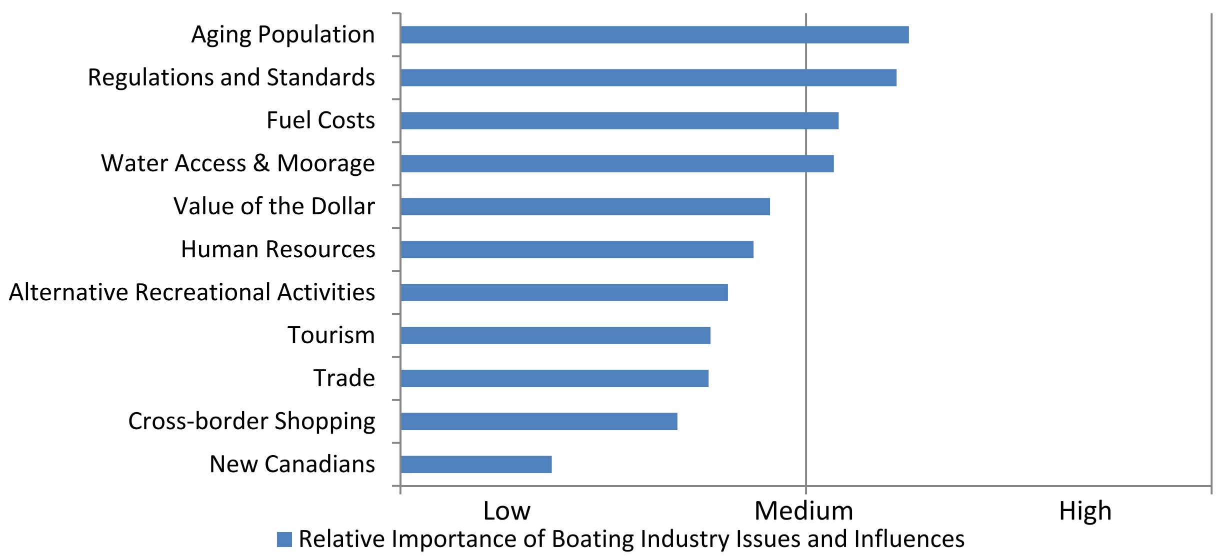


5. Industry Issues and Market Influences

In a survey for this study, Canadian recreational boating organizations were asked a number of questions regarding their business outlook, issues facing the industry, and influences affecting the boating market.

Figure 32 shows the average ranking of these issues and influences for the entire industry. At the top is Canada's aging population, followed by regulations and standards, fuel costs, and water access and moorage. Of course, the overall ranking is heavily influenced by the views of the high number of marinas and boat stores in the industry. Also, industry averages hide some important differences among the industry subsectors. The following sections look at each issue and influence in more detail by subsector to investigate these differences. But first, Section 5.1 looks at the overall business outlook for the industry.

Figure 32: Relative Importance of Boating Industry Issues and Influences



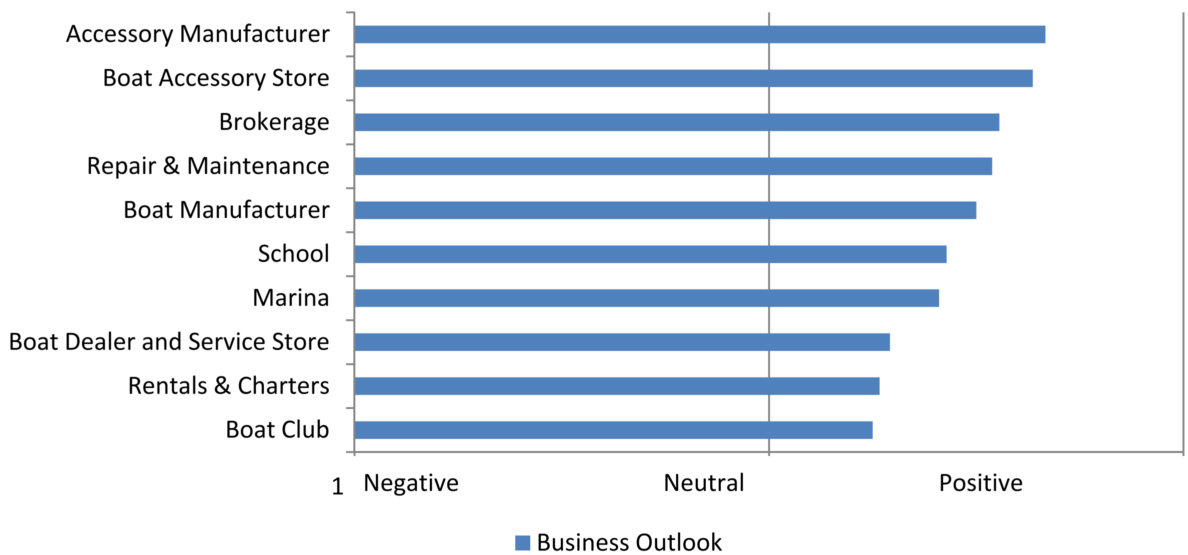
5.1 Business Outlook

After a number of austere years, the boating industry organizations that have survived have a guardedly positive outlook for their future. Figure 33 shows the business outlook for each of the industry's subsectors. On average, all are at least a little positive. Of course, many individual organizations have negative outlooks. The most positive subsectors are Accessory Manufacturers and Accessory Stores.

Within the industry there is a sense of those who have survived till now that they will continue to survive. Those organizations often cite their ability to adapt to changing times, find niche markets, and emphasize customer service. Many credit the 'reputation' that they have earned as the reason for their success.

The owners of a surprising number of organizations are looking to retire. They often are concerned by the lack of young people interested in taking over their business and see no succession option other than to close their doors.

Figure 33: Business Outlook



5.2 Market Influences

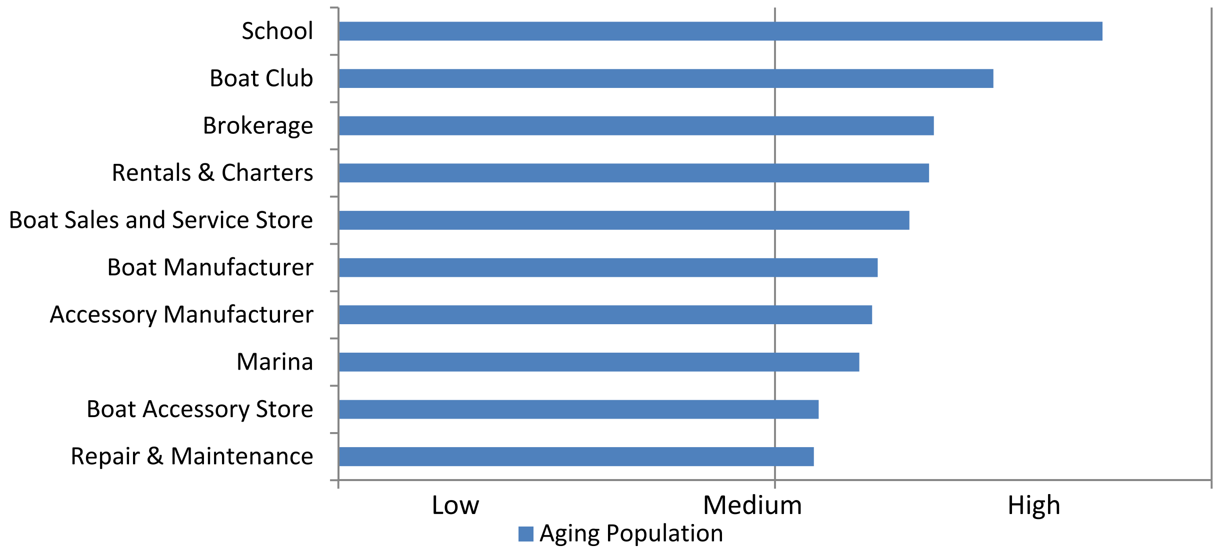
The survey of the boating industry asked organizations about the importance of a number of influences on recreational boating markets (Aging Population, Immigrants, Alternative Recreational Activities, Tourism, Cross-border Shopping).

Respondents rated the importance of each market influence on a scale of High, Medium, or Low. The results below are segmented by the type of organization.

5.2.1 Aging Population

Canada's aging population (Figure 34) was seen as the most significant influence on the recreational boating market.

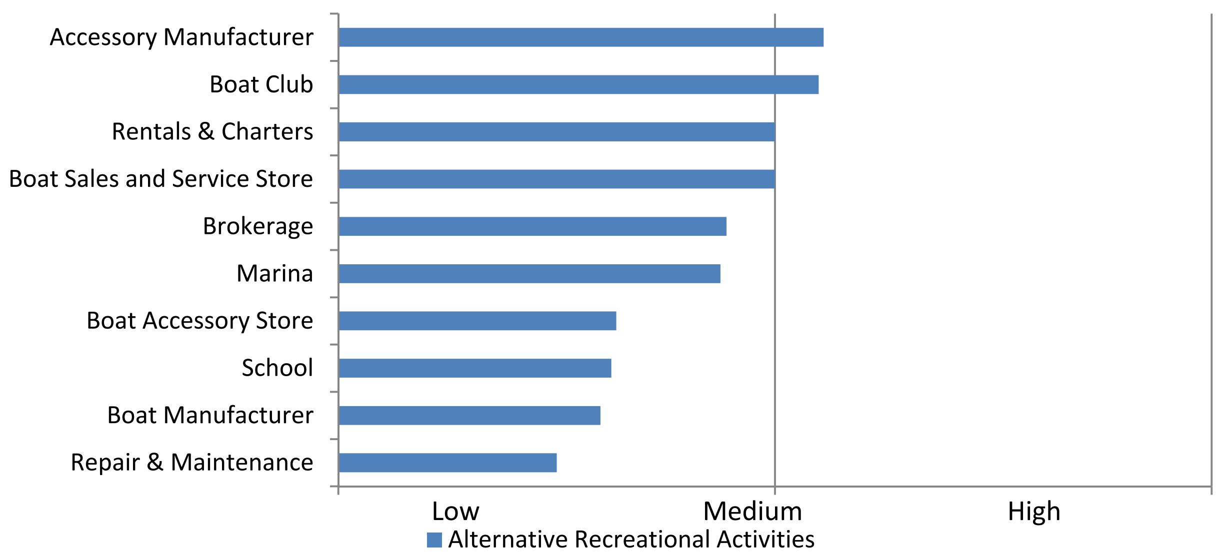
Figure 34: The Market Influence of an Aging Population



5.2.2 Alternative Recreational Activities

Alternative recreational activities (Figure 35) are seen by some as a distraction from boating, but many others are less concerned.

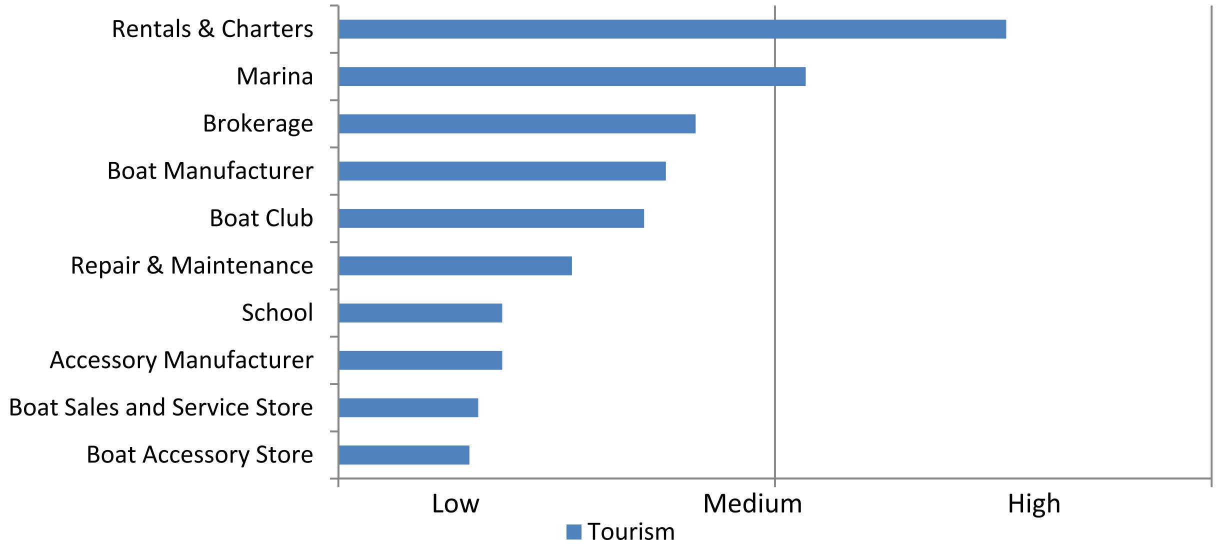
Figure 35: The Market Influence of Alternative Recreational Activities



5.2.3 Tourism

The impact of tourism (Figure 36) depends critically on the type of organization and its location. Rentals & Charters and Marinas are the most likely to be impacted. Organizations near the US border are likely to have noticed the impacts of the downturn in the US economy and the high value of the Canadian dollar.

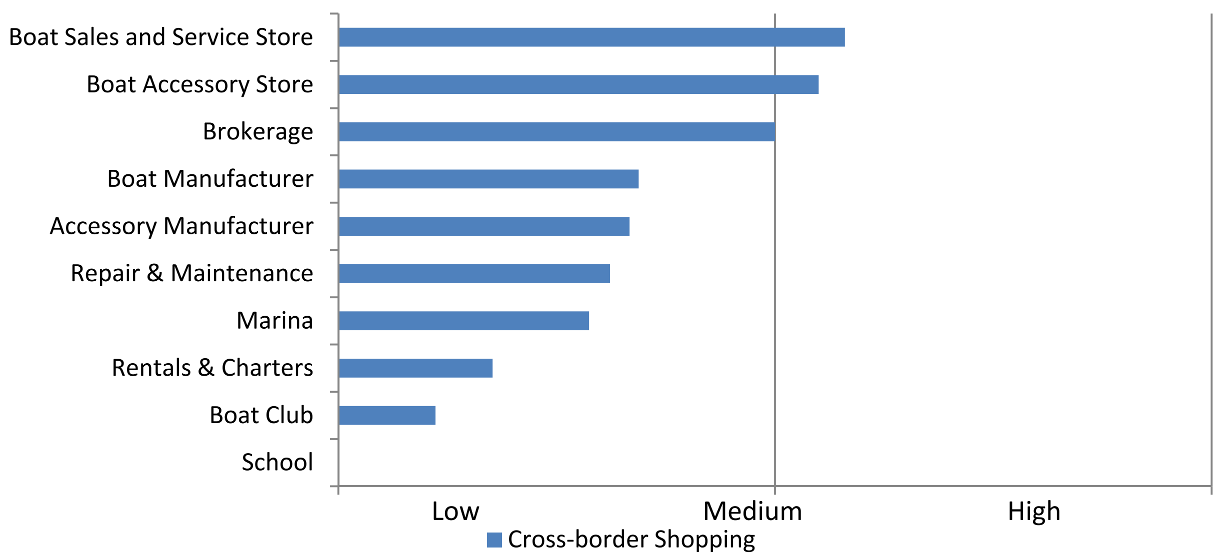
Figure 36: The Market Influence of Tourism



5.2.4 Cross-Border Shopping

As for tourism, views on the issue of cross-border shopping (Figure 37) depend on the organization's type and location. In this case, it is stores for boats and accessories that are most negatively affected.

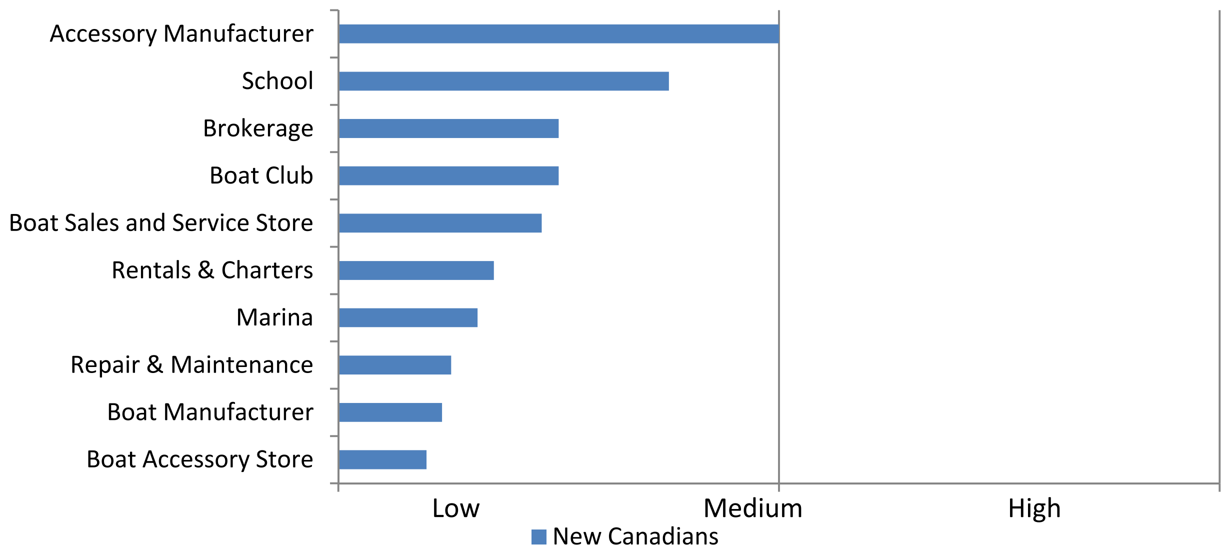
Figure 37: The Market Influence of Cross-Border Shopping



5.2.5 New Canadians

New Canadians (Figure 38) were considered the least import of the market influences asked about in the survey. However, doing a better job of engaging new Canadians is seen as important to the future vitality of the sector.

Figure 38: The Market Influence of New Canadians



5.3 Industry Issues

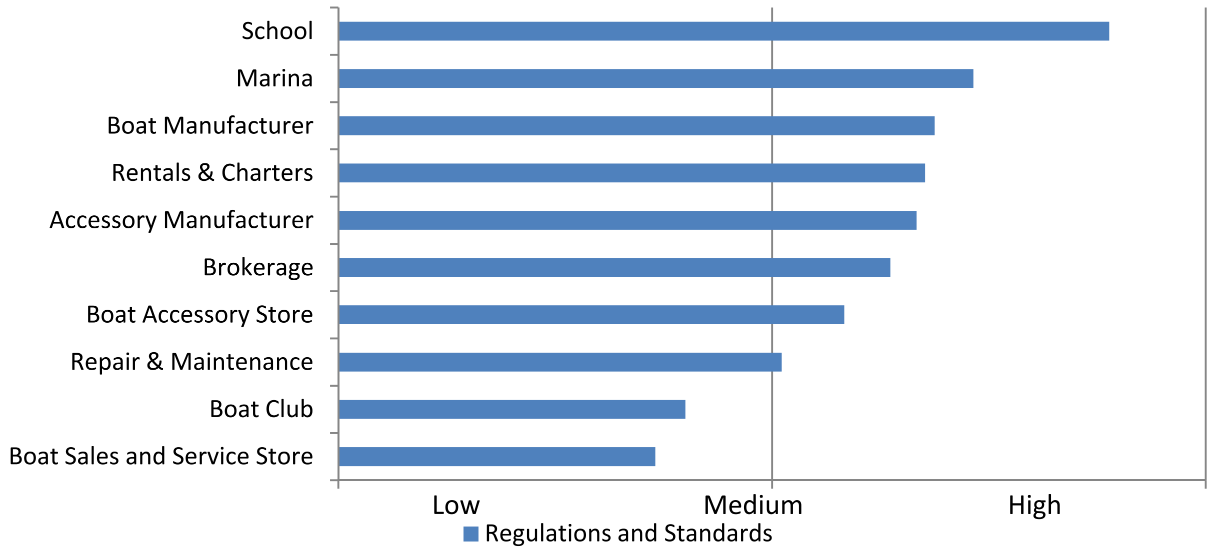
The survey of the boating industry asked organizations about the importance of a number of recreational boating industry issues (Regulations and Standards, Fuel Costs, Water Access and Moorage, Value of the Dollar, Human Resources, and Trade).

Respondents rated the importance of each industry issue on a scale of High, Medium, or Low. The results below are segmented by the type of organization.

5.3.1 Regulations and Standards

Regulations and standards (Figure 39) are considered to be the most important of the industry issues examined in the survey and they impact boating schools, marinas and boat manufacturers the most significantly.

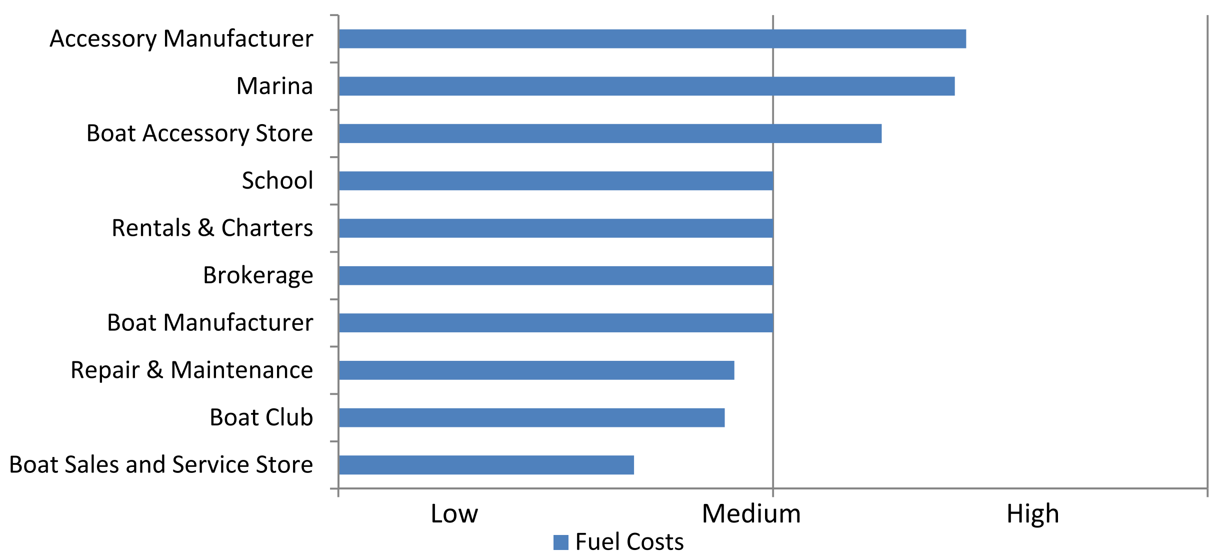
Figure 39: The Industry Issue of Regulations and Standards



5.3.2 Fuel Costs

Fuel costs (Figure 40) are a concern for a variety of different reasons. The most obvious is the impact it is perceived to have on power boaters. However, not everyone thinks that the effect is that great. Certainly, many in the boating industry benefit from high fuel costs – for example those selling human powered boats and sailboats. And the impact is not just on the behaviour of boaters; fuel costs are often an important part of a boating organization's expenses.

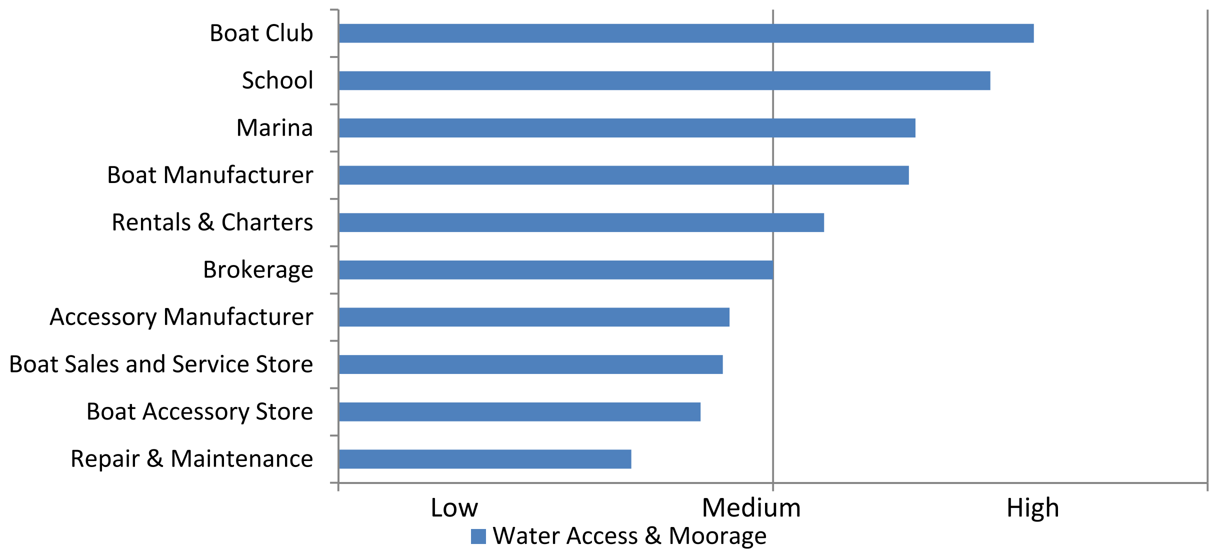
Figure 40: The Industry Issue of Fuel Costs



5.3.3 Water Access & Moorage

Water access and moorage problems (Figure 41) are localized, but are significant for the boat clubs, schools, and marinas impacted. A problem related to water access is water levels. Again this is localized, but is particularly common in the Great Lakes. A similar access problem that is restricted to the Trent-Severn Waterway has been caused by a reduction in operating hours by Parks Canada.

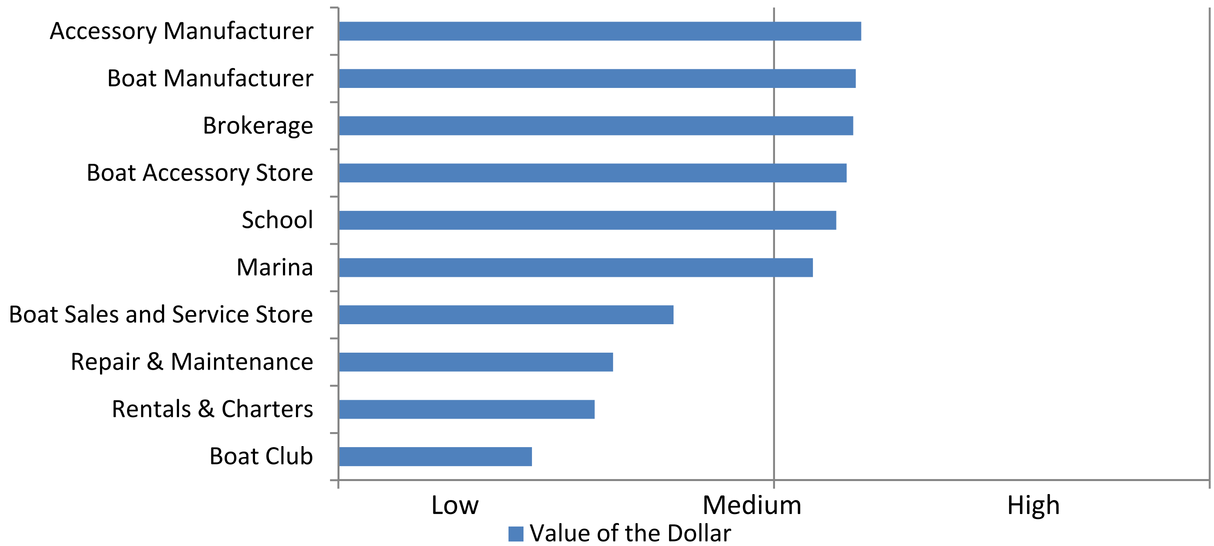
Figure 41: The Industry Issue of Water Access & Moorage



5.3.4 Value of the Dollar

Some boating organizations that have in the past benefited from US customers, either through exports or tourists, have been negatively affected by the relative strength of the Canadian dollar (Figure 42). However, many others have profited from the strong Loonie, especially those who are bringing boating goods in from the US.

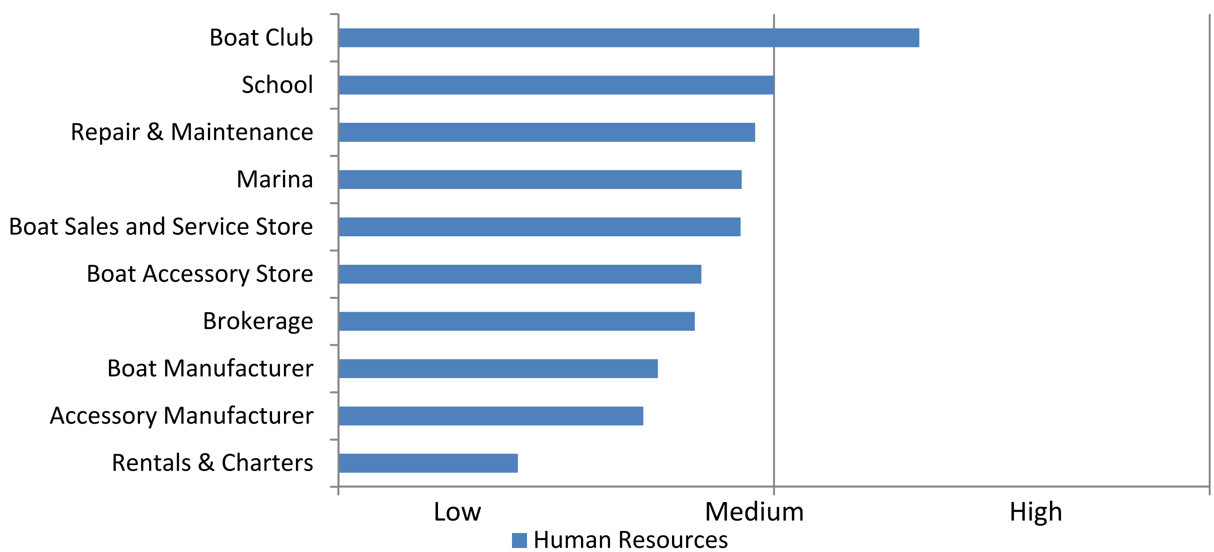
Figure 42: The Industry Issue of the Value of the Dollar



5.3.5 Human Resources

Human resources (Figure 43) is generally not a significant issue for the boating industry. However there are particular areas of concern, especially with regard to mechanical skills.

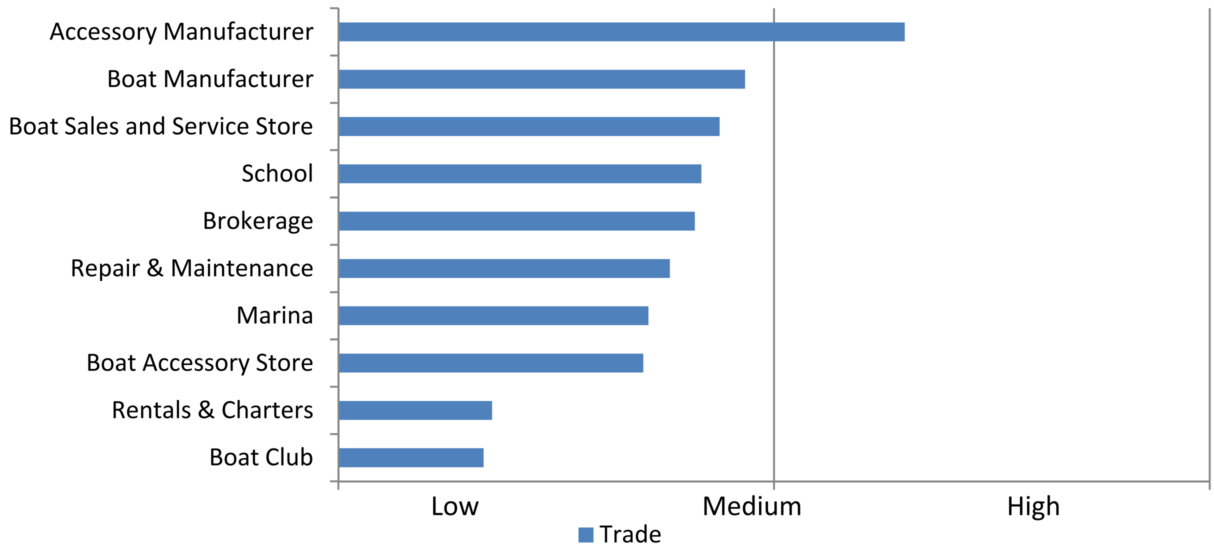
Figure 43: The Industry Issue of Human Resources



5.3.6 Trade

Trade issues (Figure 44) were generally not considered an issue of high importance. Manufacturers are impacted the most.

Figure 44: The Industry Issue of Trade



5.4 Marinas

5.4.1 Marina Activity

Marinas that responded to the boating industry survey were asked some specific questions about their recent business. Figure 45 shows the average change in a number of indicators of marina activity for Quebec, Ontario, and BC (the regions for which there were a significant number of responses). In general, activity has been constant or seen a very small increase. Fuel sales are best in Quebec, followed by BC. The average length of stay has increased the most in BC, but the number of slip nights has not changed. In contrast, the number of slip nights has increased the most in Quebec, but there the average length of stay is almost unchanged. The increase in the size of vessels is relatively consistent across the regions.

Figure 45: Marina Activity

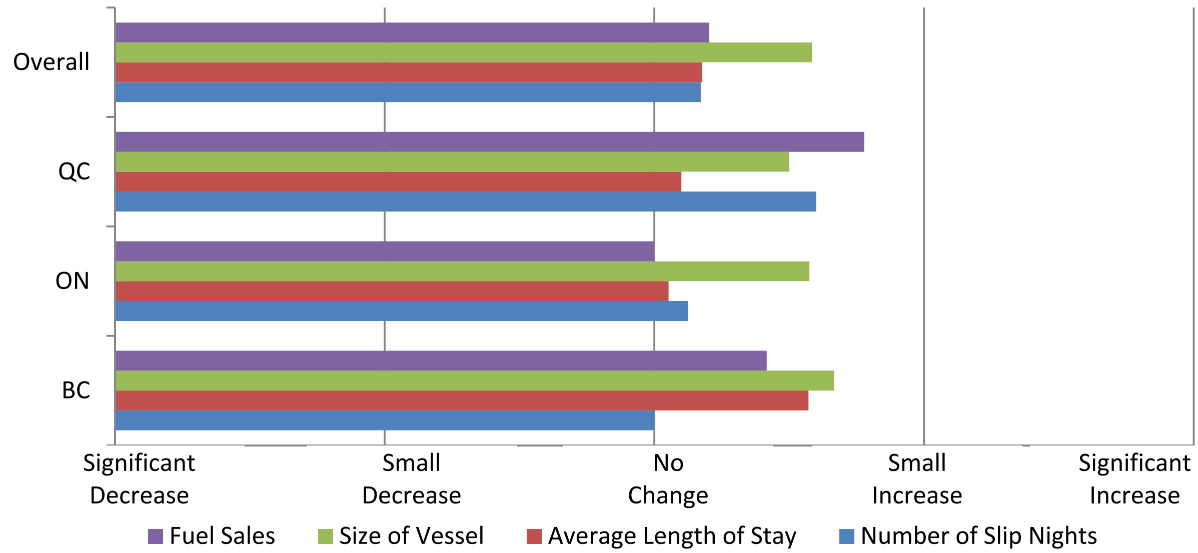
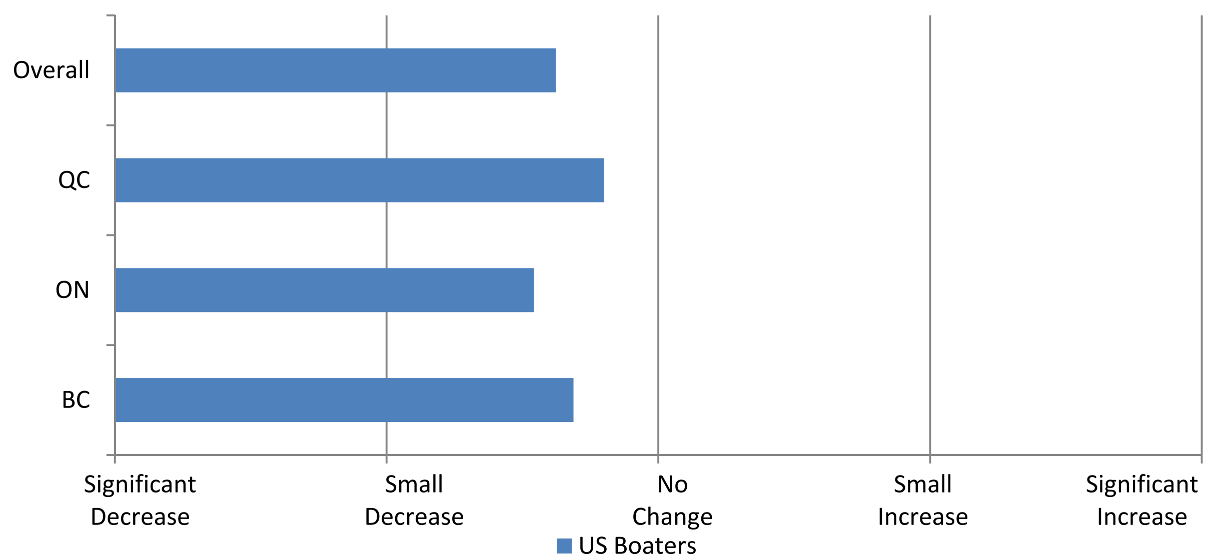


Figure 46 shows the change in the number of US boaters visiting Canadian marinas. In all regions, there has been a very small decrease on average, although the impact in some areas has been much greater.

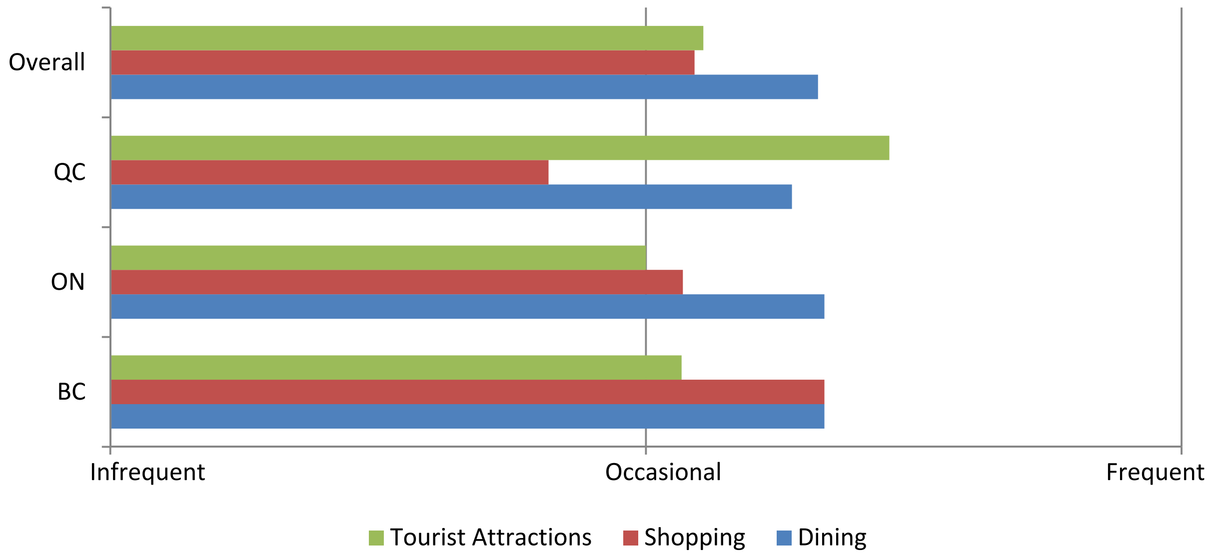
Figure 46: US Boaters



5.4.2 Boater Activities

Marinas were also asked about the activities of their boaters when on shore. As shown in Figure 47, dining is common in all regions. Shopping is most popular in BC and least in Quebec. Tourist attractions are most popular in Quebec.

Figure 47: Boater Activities



6. Previous and Future Studies

6.1 Previous Studies

The economic contribution of the Canadian recreational boating industry was last looked at in 2006[26]. That study produced significantly different results primarily for two reasons:

1. The 2006 study included a much wider range of impacts, such as:

   - The cost of travel between a boater's home and the place they boat.
   - Expenditures by boaters while traveling on items such as accommodation, food, and alcohol at non-boating establishments.
   - Spending on fishing equipment by anglers who may use a boat while fishing.
   - Expenditures by non-boating tourists at national parks and the canal system.

   The value of that extra direct spending was calculated in the 2006 study to be about $7.5 billion.

   The position taken in this study is that such spending is once removed from the core recreational boating industry. Including it confuses the impact of boating with other industries, such as tourism. While this study is more limited in its scope, it is important to remember that other related industries, such as food services and lodging, do see increased business as a result of the boating industry.

2. The 2006 study used a different methodology to calculate the induced impacts of boating. That methodology produced induced impacts that are about twice those produced by the methodology used in this study. While both approaches have their arguments, the approach used here is more conservative.

   Induced effects are determined from the re-spending of the direct, indirect and induced effects. The 2006 study recycles 80 per cent of direct, indirect and induced effects for labour income, operating surpluses *and government sales tax revenues*. That method results in induced impacts that are about 2.76 times the direct impacts, compared to 1.35 for the current study.

   The use of government revenue as an input to the calculation is the main reason for the difference in relative magnitude of the induced effects for the two studies. In studies of this sort, government expenditures resulting from direct and indirect effects are not typically fed through the induced impact model. This is because there is no expectation

[26] Genesis Public Opinion Research & Sminth Gunther Associates (2007) *Economic Impact of the Canadian Recreational Boating Industry: 2006*, prepared for Discover Boating, September.

that the government would do anything with additional revenues. If there is a change to how government would spend revenue, other than servicing debt, an assumption would need to be made given the context of the impact. In this case, the impact is based on the economic contribution of the recreational boating industry and not based on a government expenditure impact.

6.2 Future Studies

For future updates to this study, there will be a change to the industry aggregation available from Statistics Canada. This change will affect the available multipliers due to a change in the industry aggregations.

In 2012, Statistics Canada revised the aggregations used for certain NAICS industry codes at the most detailed level reported. This is the level of data used in the System of National Accounts and for these analyses. The changes mean that some categories are combined with others, reducing the detail available. Conversely, some industries are more disaggregated.

Of particular note to the current study, boat building (NAICS 336612) will now be combined with ship building in the most detailed level of data. Other miscellaneous wood product manufacturing, a category which includes oar and paddle manufacturing, will also be aggregated with several other wood manufacturing categories. These aggregations will reduce the precision of future calculations as they will necessitate the use of estimates for calculating impacts based on data for 2009 and beyond.

Sub-industries in wholesale trade are being disaggregated in the revision, affecting the reporting for wholesalers and retailers of pleasure craft, outboard motors and other goods; other gasoline stations; sporting goods stores; and rental agencies (including boat rentals). These categories are still included in a larger parent category, but there is a narrower focus that may provide more useful information.

A newly created category will also focus on repair and maintenance, including repair and maintenance services for boats and boat motors.

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The study was conducted by Hickling, Arthurs, Low on behalf of the National Marine Manufacturers Association (NMMA) Canada, in cooperation with the recreational boating industry's national marketing program, Discover Boating Canada, and regional marine trade associations across the country.

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 and anglers throughout the U.S. and Canada. The association is dedicated to industry growth through programs in public policy advocacy, market statistics and research, product quality assurance and promotion of the boating lifestyle.

DiscoverBOATING® Découvrez le nautisme®

Discover Boating Canada is a public awareness effort managed by the NMMA on behalf of the North American recreational boating industry. Discover Boating programs focus on increasing participation and creating interest in recreational boating by demonstrating the benefits, affordability and accessibility of the boating lifestyle while helping to educate potential boaters and offering opportunities to experience the fun and togetherness of being on the water in a boat.

IN PARTNERSHIP WITH:

AMQ Association Maritime du Québec · AMTA Atlantic Marine Trades Association · BC Marine Trades Association · Boating Ontario · MMPDA Mid-Canada Marine and Powersports Dealers Association