



National Marine Manufacturers Association

April 9, 2020

Hon. Bill Morneau, P.C., M.P.
Minister of Finance
90 Elgin Street
Ottawa, ON
K1A 0G5

RE: Canada Emergency Wage Subsidy

Dear Minister Morneau:

On behalf of the National Marine Manufacturers Association (“NMMA Canada”) and the entire recreational boating industry, please accept our sincere appreciation for your and your government’s efforts to help support Canadians during this challenging time. We recognize that the fiscal supports announced to date have been developed quickly to respond to the crisis, which has led to some unintended policy gaps.

It is in this context that we write to you today regarding the Canadian Emergency Wage Subsidy. While our members no doubt welcome the intention of the subsidy, there are some critical considerations that we believe must be addressed in order for it to respond to the specific needs of the recreational boating sector, which sustains 75,000 direct and indirect Canadian jobs and more than 5,000 small businesses across the country. As both you and the Prime Minister have indicated, the current one-size-fits-all approach for a diverse economy such as ours will produce some gaps that require attention.

As we understand it, in the near term you will be releasing further details for businesses currently falling into those gaps. We appreciate the measures announced today concerning the 15 percent threshold for March and alternative revenue benchmark to determine an employer’s eligibility. However, these are of limited help to seasonal businesses in our sector.

In your further deliberations, we would urge you to consider the following recommendations:

1. Provide flexibility for industries impacted by severe weather events/seasonality

Seasonal industries such as recreational boating tend to have a much higher variance in revenues on an annual basis. Much of this variability is, of course, related to the weather itself.

Last year, the severe flooding that took place in late April and May across Ontario, Quebec and New Brunswick caused close to \$208 million in damage and impacted many small business owners in our industry. Revenue loss was felt as a result of damage to marinas and the restrictions that were placed on boating in many of these areas. As a result, 2019 revenues for April and May were low for many SMEs in the affected provinces.

This year, as a result of COVID-19 and the almost assured slump in sales upcoming for April and May (and which have already occurred in March), a direct comparison of 2019 to 2020 for those months may not show

a 30 percent drop as the threshold needed to apply for the subsidy. However, this is only because many businesses have already endured major losses last year. Blocking them from accessing the wage subsidy would only add to their financial distress.

2. Recognize the special circumstances of industries impacted by the 232 tariffs/Canada countermeasures on steel and aluminum (2019)

The recreational boating industry was not only impacted by the Spring flooding this time last year, but was also caught in the crossfire of the dispute over steel and aluminum tariffs with the United States. As you know, within the Canadian countermeasures, four items related to recreational boats were subject to the tariff and, as a result, many Canadian boating SMEs took a severe financial hit in the March to April 2019 timeframe.

Again, for many of those same businesses that are now feeling the revenue pinch due to COVID-19, comparing this year's monthly revenues to last year during the tariff dispute may not show a 30 percent drop. However, when comparing 2020 to a normal sales year (e.g. 2018), they would almost certainly be eligible for the wage subsidy.

As an alternative, the government could enable seasonal businesses to use 2018 or an average of 2018/19 as the baseline year. NMMA Canada would be pleased to work with Finance officials on developing this option and provide any relevant industry data.

3. Enable payments to flow to businesses sooner

We understand that programs such as the Canada Emergency Wage Subsidy have had to be developed quickly and that policy details are still being confirmed. However, for many SMEs in the boating industry, the current six-week timeframe to receive the subsidy will be too long. We echo the statements of the Canadian Federation for Independent Business (CFIB) and chambers of commerce across Canada in urging your government to deliver the subsidy as quickly as possible.

Once again, thank you for your hard work to support individuals and businesses during this crisis. Should you and your team have any questions, I would be happy to provide further detail.

Thank you in advance for your consideration.

Sincerely,



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cc: Standing Committee on Finance
The Honourable Melanie Joly, Minister of Tourism
The Honourable Mary Minister Ng, Minister of Small Business, Export Promotion & International Trade