

# The Economic Impact of Recreational Boating in Canada **2012**

# 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.

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.

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 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

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 service the **35% of Canadians** who participate in boating and their over **4.3 million boats**.

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**.

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**

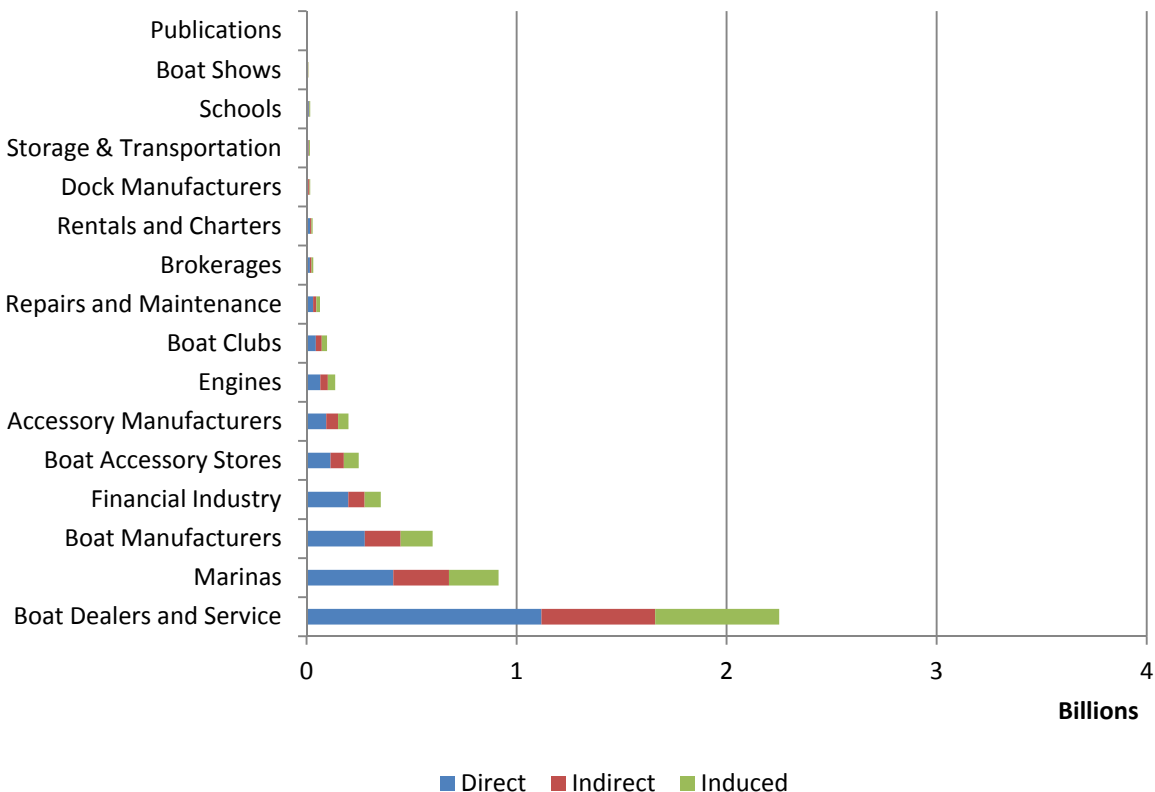
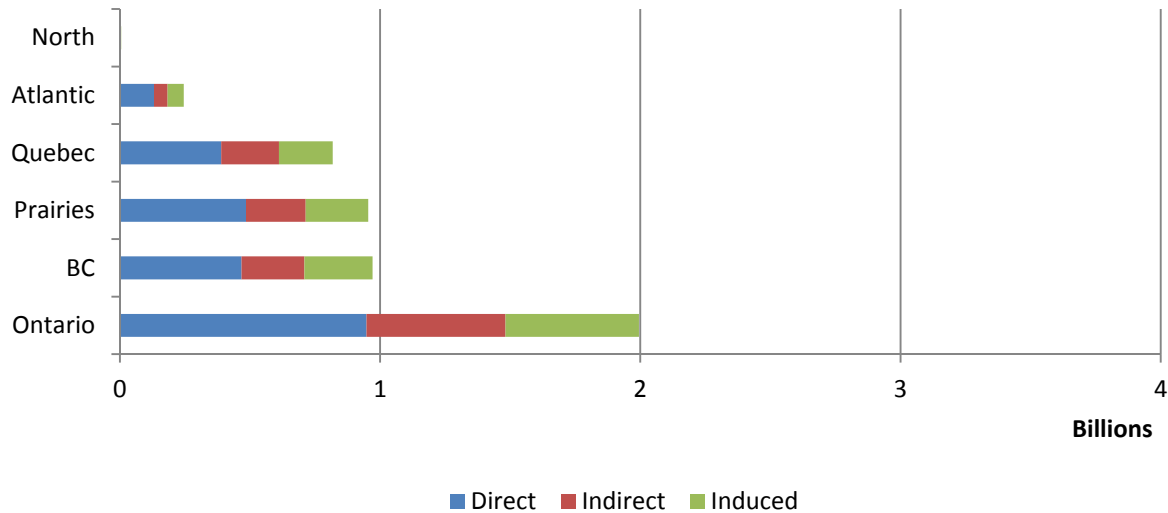


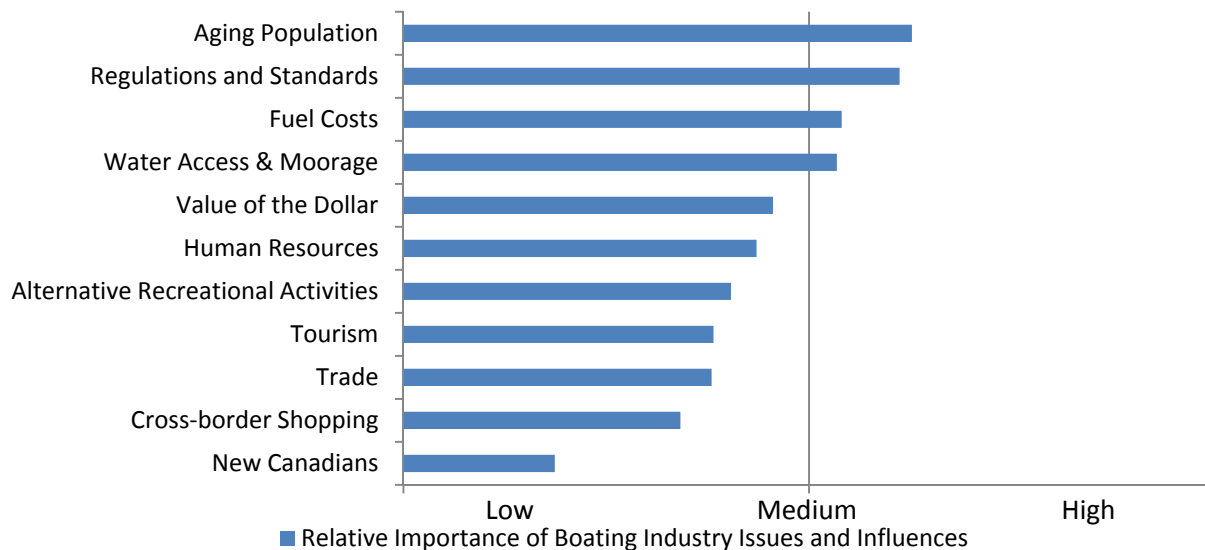
Figure B shows how that contribution is distributed among Canadian regions. Ontario accounts for the bulk of the impacts, with BC, the Prairies, and Quebec being about equal.

**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.

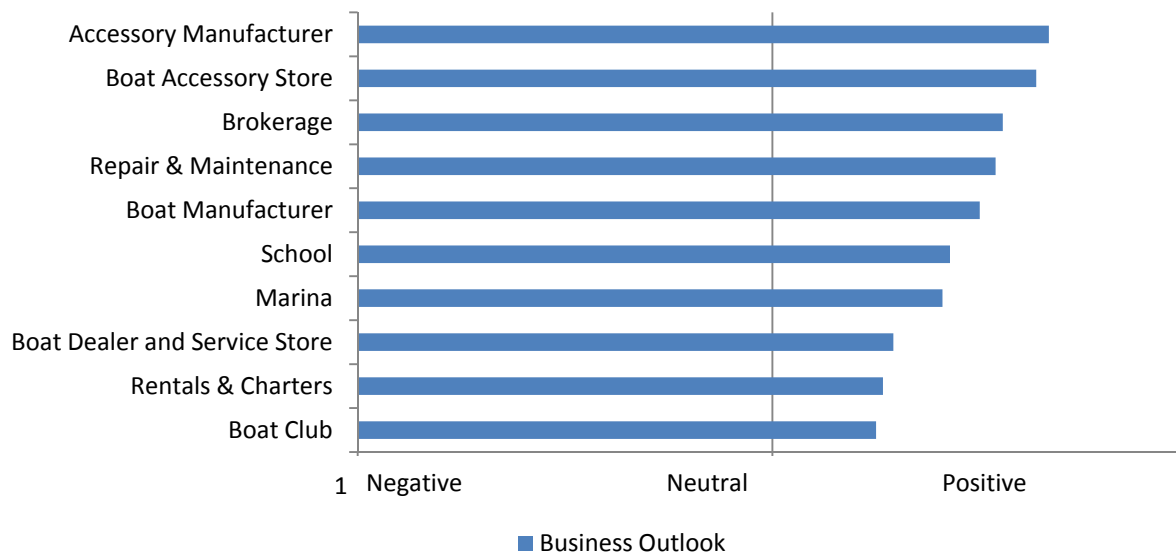
**Figure C: Relative Importance of Boating Industry Issues and Influences**



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**



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# 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<sup>1</sup>. 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](http://statmaps.hal.ca/NMMA/index.php).

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<sup>1</sup> 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 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 of 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:         | Boat Manufacturer | Accessory Manufacturer | Boat Dealer and Service Store | Boat Accessory Store | Brokerage | Marina | Rentals & Charters | Repair & Maintenance | School | Boat Club |
|-------------------------------------|-------------------|------------------------|-------------------------------|----------------------|-----------|--------|--------------------|----------------------|--------|-----------|
| <b>Boating Industry Activities:</b> |                   |                        |                               |                      |           |        |                    |                      |        |           |
| <b>Boat Manufacturing</b>           | High              |                        |                               |                      |           |        |                    | Med                  |        |           |
| <b>Accessory Manufacturing</b>      |                   | High                   |                               |                      |           |        |                    | Med                  |        |           |
| <b>New Boat Sales</b>               | Low               |                        | High                          | Med                  | Low       | Low    |                    |                      |        |           |
| <b>Used Boat Sales</b>              |                   |                        | High                          |                      | High      | Med    |                    | Low                  |        |           |
| <b>Engine Sales</b>                 |                   |                        | Low                           | Low                  |           | Low    |                    | Low                  |        |           |
| <b>Accessory Sales</b>              |                   | Med                    | Med                           | High                 | Low       | Med    |                    | Med                  |        |           |
| <b>Rentals</b>                      |                   |                        | Low                           |                      |           | Low    | High               |                      |        |           |
| <b>Accommodation</b>                |                   |                        |                               |                      |           | Low    |                    |                      |        |           |
| <b>Moorage</b>                      |                   |                        |                               |                      |           | High   |                    |                      |        | Low       |
| <b>Fuel Sales</b>                   |                   |                        |                               |                      |           | Med    |                    |                      |        |           |
| <b>Food Sales</b>                   |                   |                        |                               |                      |           | Low    |                    |                      |        |           |
| <b>Repairs</b>                      | Low               | Low                    | Med                           |                      | Med       | Med    | Low                | High                 |        |           |
| <b>Storage</b>                      |                   |                        | Low                           |                      |           | Med    |                    |                      |        |           |
| <b>Training</b>                     |                   |                        |                               |                      |           |        |                    |                      | High   | Med       |
| <b>Publications</b>                 |                   |                        |                               |                      |           |        |                    |                      | Med    | Low       |
| <b>Other Services</b>               |                   |                        |                               |                      |           | 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.

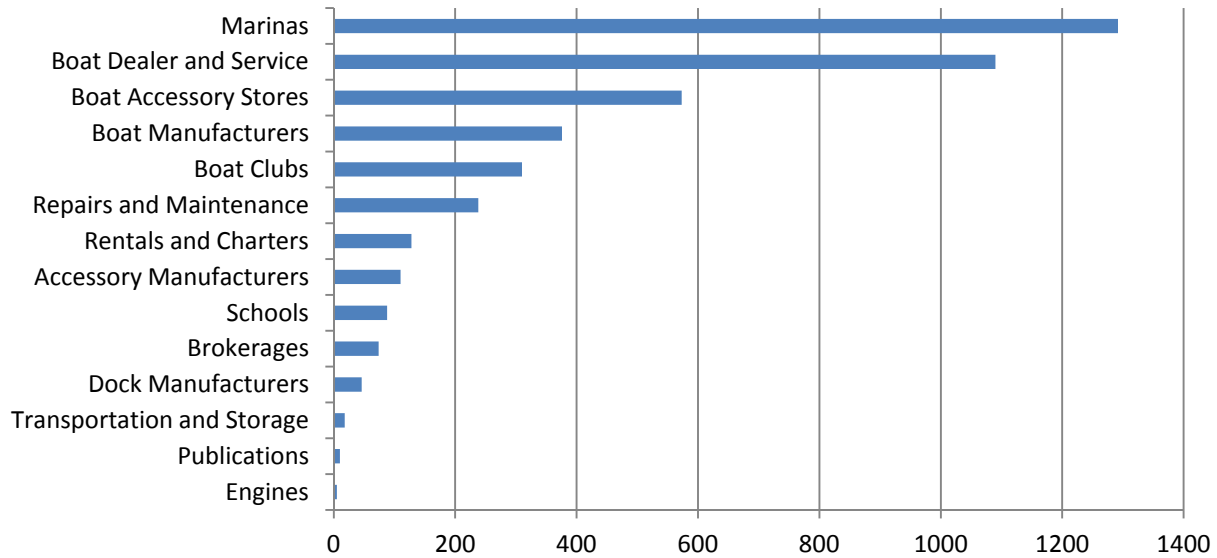
Table 2,

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).

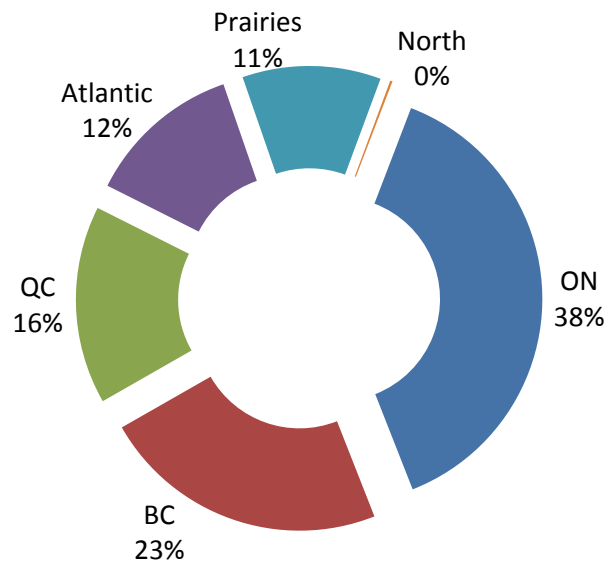
**Table 2: Number and Regional Distribution of Boating Organizations**

| 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        |
| <b>Total</b>               | <b>1672</b> | <b>975</b> | <b>686</b> | <b>538</b> | <b>479</b> | <b>8</b> | <b>4358</b> |

**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

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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<sup>2</sup>, 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<sup>3</sup>, recreational anglers spent \$395 million on package deals<sup>4</sup> and another \$194 million on fishing services<sup>5</sup>. Other than money spent on boating equipment, the economic activity of outfitters has not been included in this study.

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<sup>2</sup> Fisheries and Oceans Canada (2012) *Survey of Recreational Fishing in Canada: 2010*.

<sup>3</sup> Ibid

<sup>4</sup> 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.

<sup>5</sup> 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<sup>6</sup> 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

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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.<sup>7</sup>

### 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<sup>8</sup>. 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 9.4 million adults in Canada who participate in boating<sup>9</sup>.

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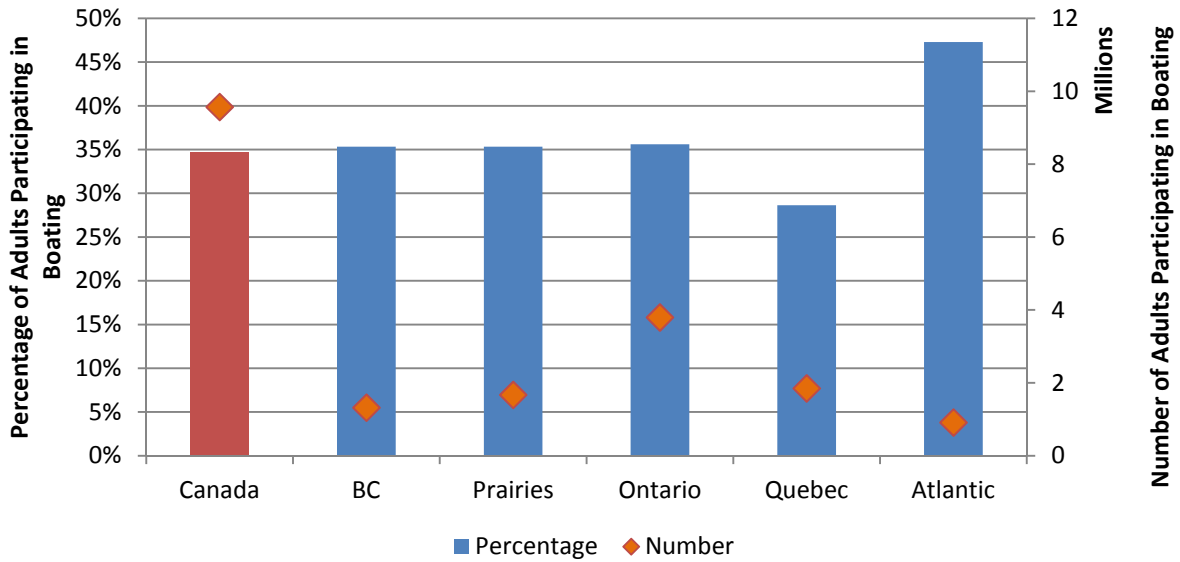
<sup>6</sup> Fisheries and Oceans Canada (2012) *Survey of Recreational Fishing in Canada: 2010*.

<sup>7</sup> 2013 NMMA Statistical Abstract, 2006 Travel Activities and Motivation Survey (TAMS)

<sup>8</sup> 2013 NMMA Statistical Abstract.

<sup>9</sup> 2012 NMMA Boating Survey

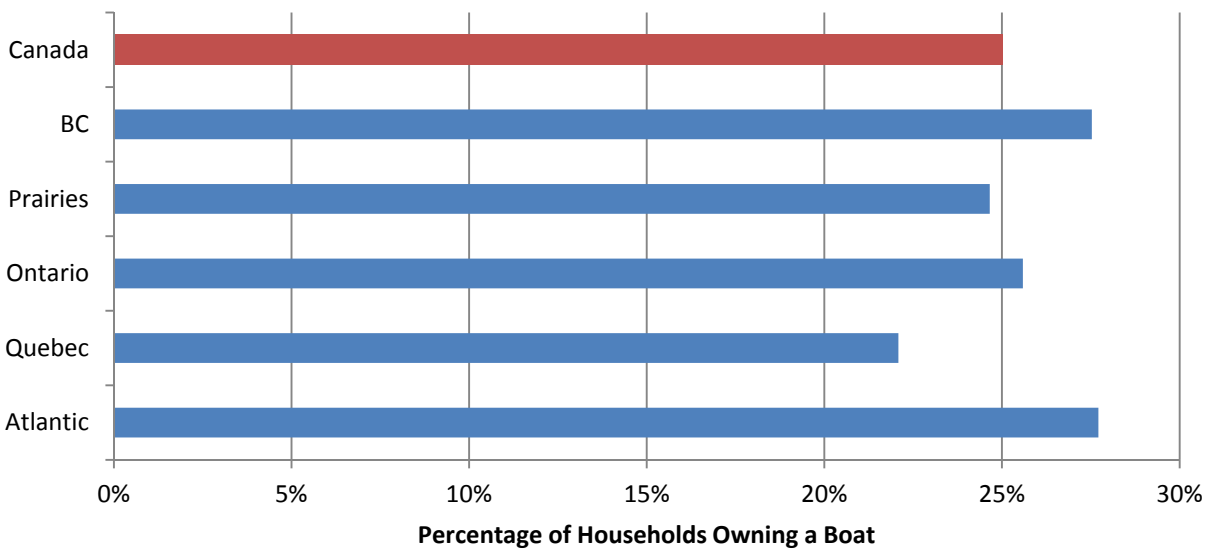
Figure 3: Boating Participation by Region



### 2.3.2 Ownership

The surveys have also examined boat ownership. Figure 4 shows the percentage of households that own a boat<sup>10</sup>. 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



<sup>10</sup> 2006 TAMS Survey

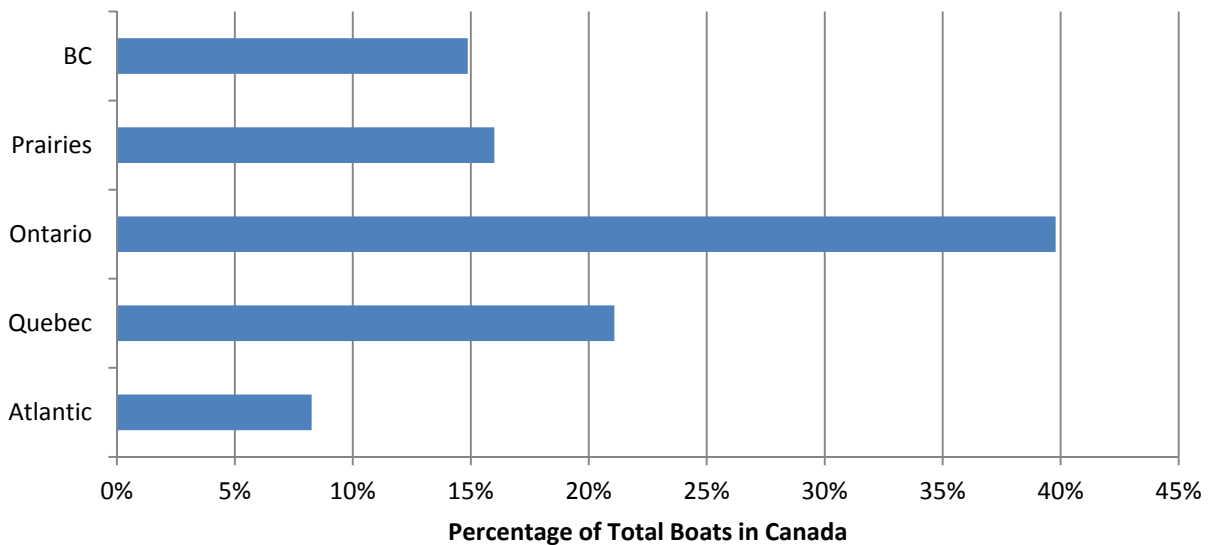


Because of the way the survey questions were asked, it is not possible to precisely determine the number of boats in Canada, but there are certainly over 4.3 million boats in total, and 1.8 million in Ontario, as shown in Table 3<sup>11</sup>. Figure 5 shows the percentage distribution of these boats 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                            |
| <b>Canada</b> | <b>4,300,000</b>                   |

**Figure 5: Number of Boats by Region**



<sup>11</sup> 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<sup>12</sup>, discriminant analysis<sup>13</sup> 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.

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<sup>12</sup> 2006 TAMS Survey

<sup>13</sup> 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 growth, costs, domestic sales, and imports and exports.

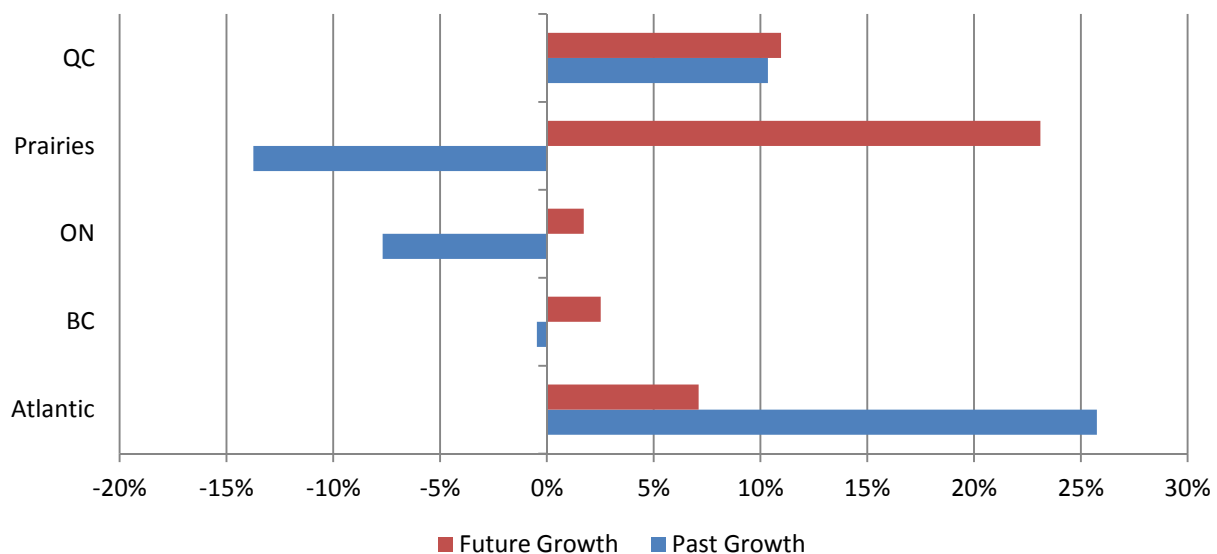
## 3.1 Growth

Figure 6 and Figure 7 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.

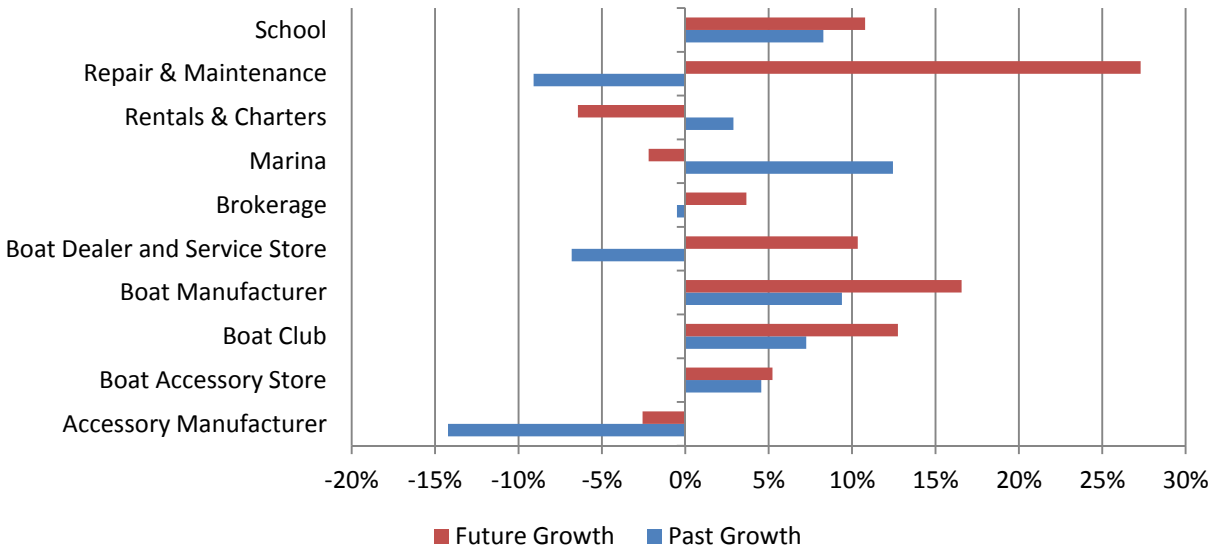
Past growth was negative for the Prairies and Ontario, neutral for BC, positive for Quebec, and strongly positive for Atlantic Canada. Future growth is expected to be positive for all regions, and strongly so for the Prairies.

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 6: Employment Growth by Region**



**Figure 7: Employment Growth by Subsector**



### 3.2 Annual Costs

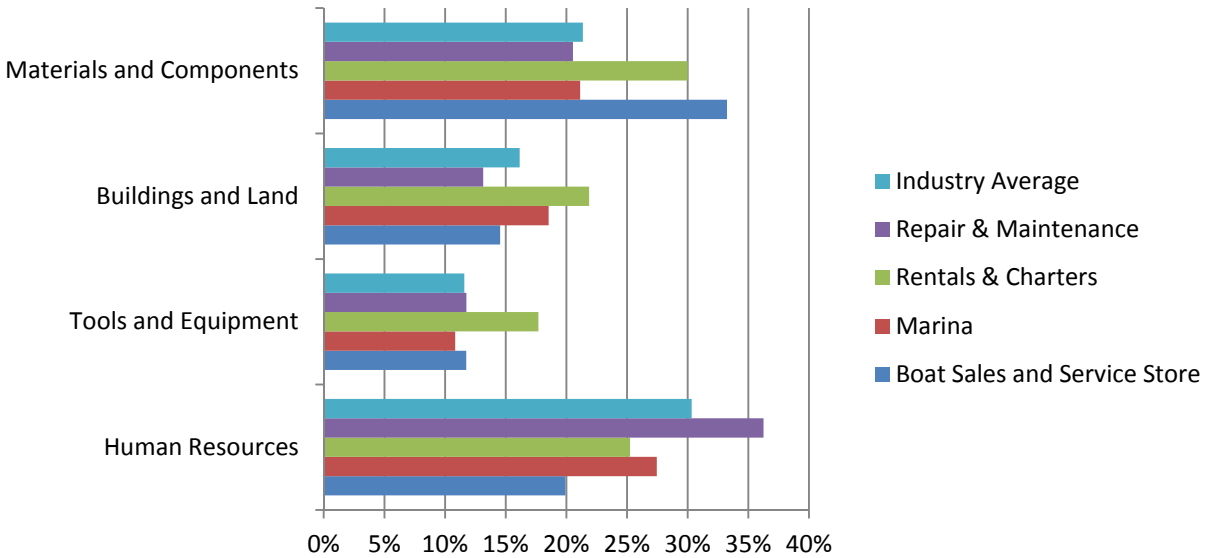
Boating organizations incur a variety of costs in their operations. For those subsectors from which sufficient responses were received, Table 4 and Figure 8 show the breakdown of the major expense categories as a percentage of revenue.

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 8: Annual Costs**



### 3.3 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.

#### 3.3.1 New Boat Sales

Table 5 shows the number of new and pre-owned boat sales by year for the last four years<sup>14</sup>. These figures only include registered boats. For new boat sales in that period (Figure 9), 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%    |

<sup>14</sup> NMMA 2013 Statistical Abstract

**Figure 9: New Boat Sales by Year**

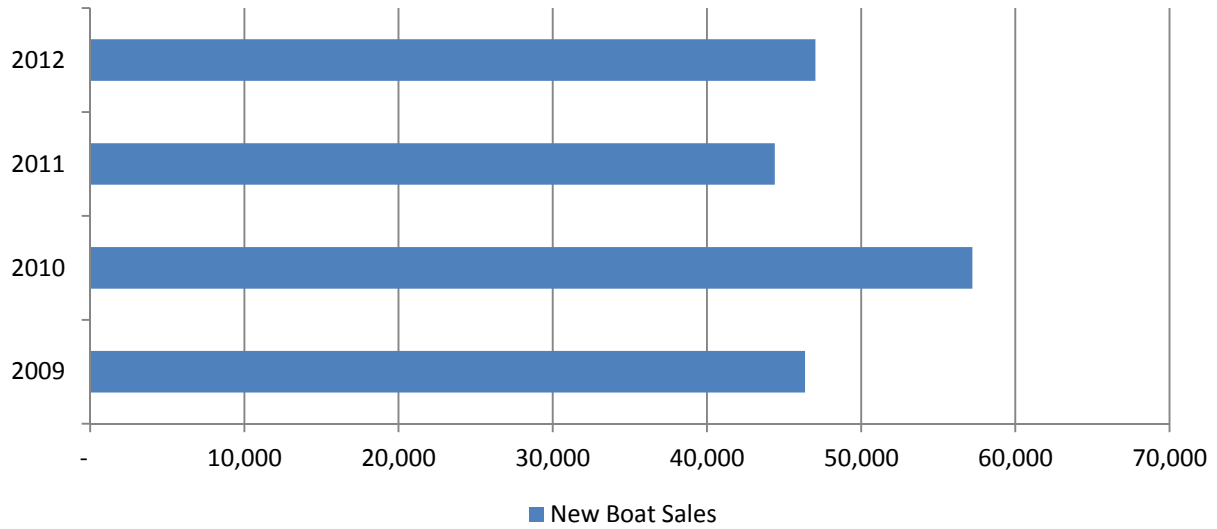
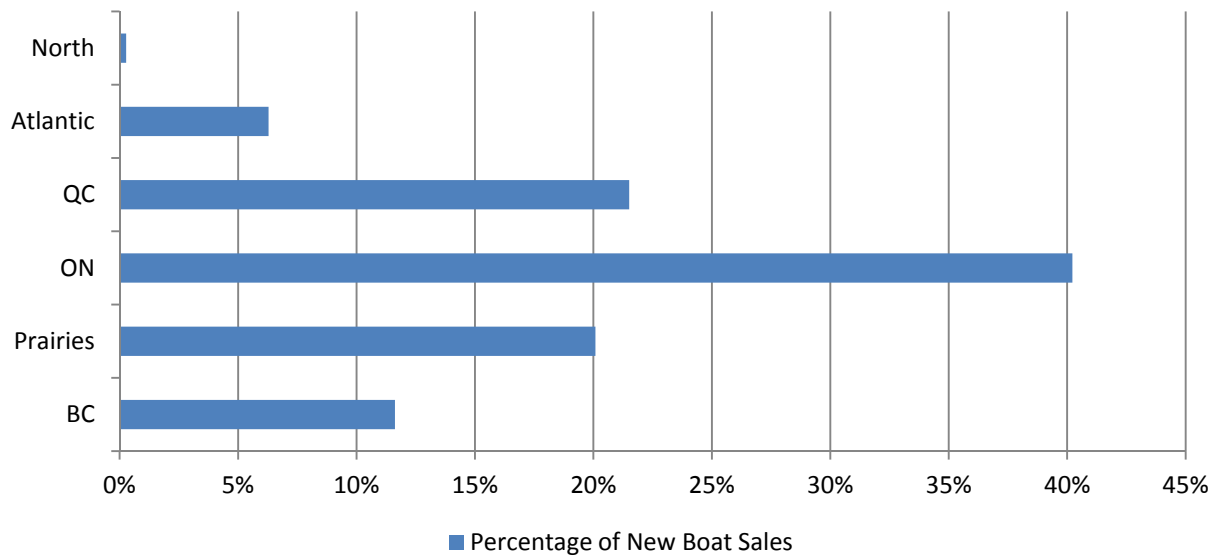


Figure 10 shows the percentage of new boats sold in each region for 2012, with Ontario accounting for 40% of new boats, followed by Quebec and the Prairies.

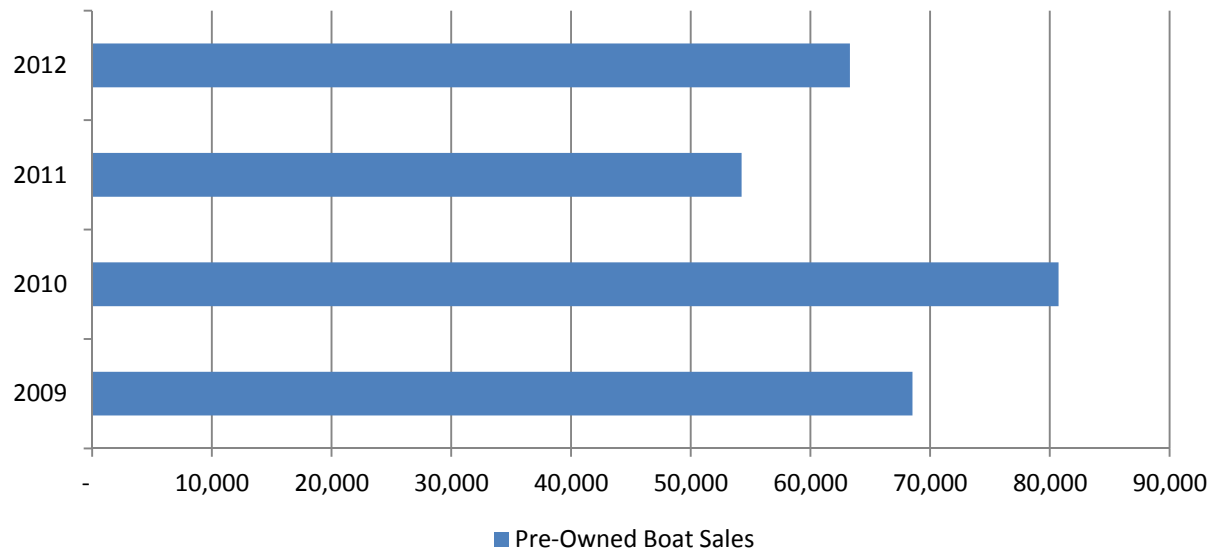
**Figure 10: Percentage of New Boat Sales by Region**



### 3.3.2 Pre-Owned Boat Sales

About 58% of boat sales are of pre-owned boats. As shown in Figure 11, 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<sup>15</sup>.

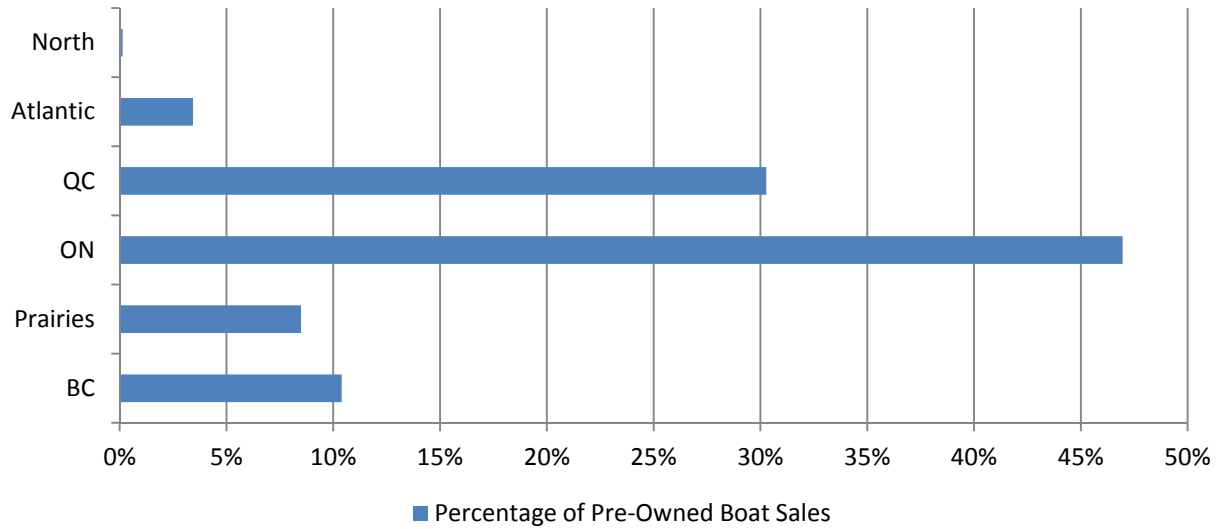
Figure 11: Pre-Owned Boat Sales by Year



Regionally, Ontario is again the biggest market, followed by Quebec, as shown in Figure 12. However, unlike for new boats, BC is a larger market for used boats than the Prairies.

<sup>15</sup> These figures only include registered boats. This does not include human-powered boats and only includes larger sailboats with engines.

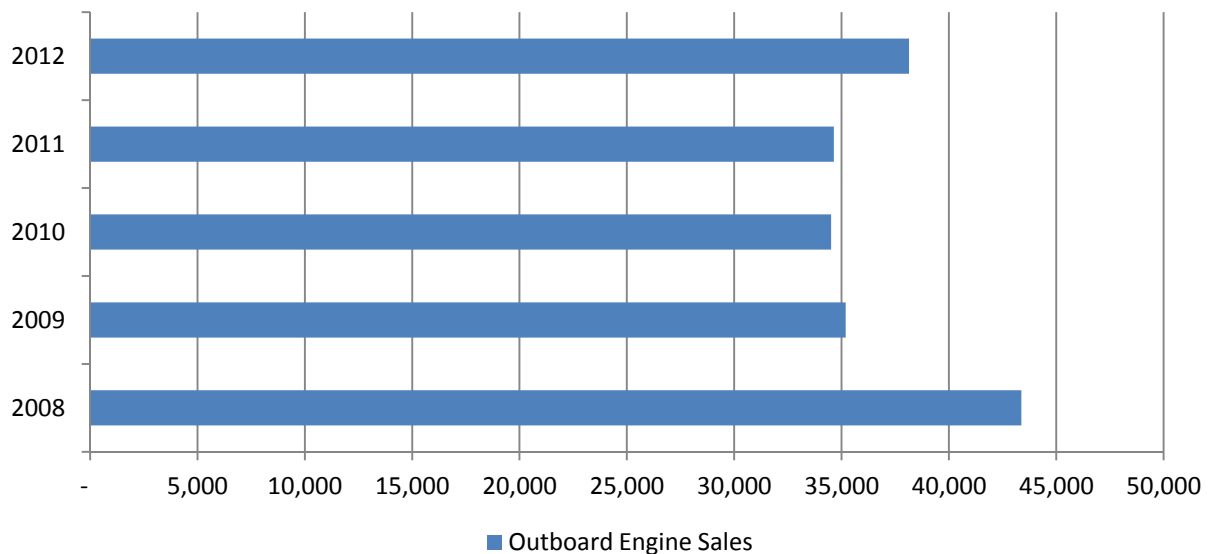
**Figure 12: Pre-Owned Boat Sales by Region**



### 3.3.3 Outboard Engine Sales

Figure 13 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 13: Outboard Engine Sales**



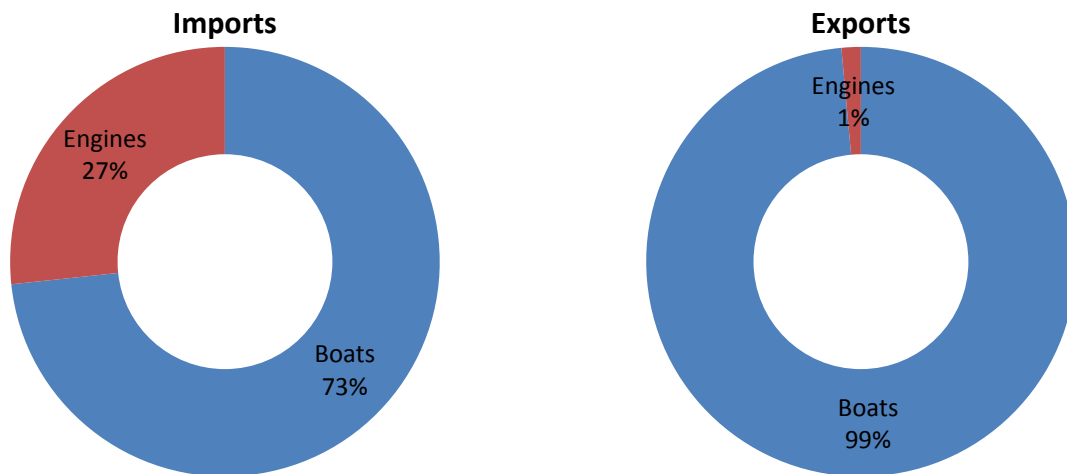


### 3.4 Imports and Exports

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 14 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.<sup>16</sup>

**Figure 14: Relative Proportion of Boat and Engine Imports and Exports (2011)**

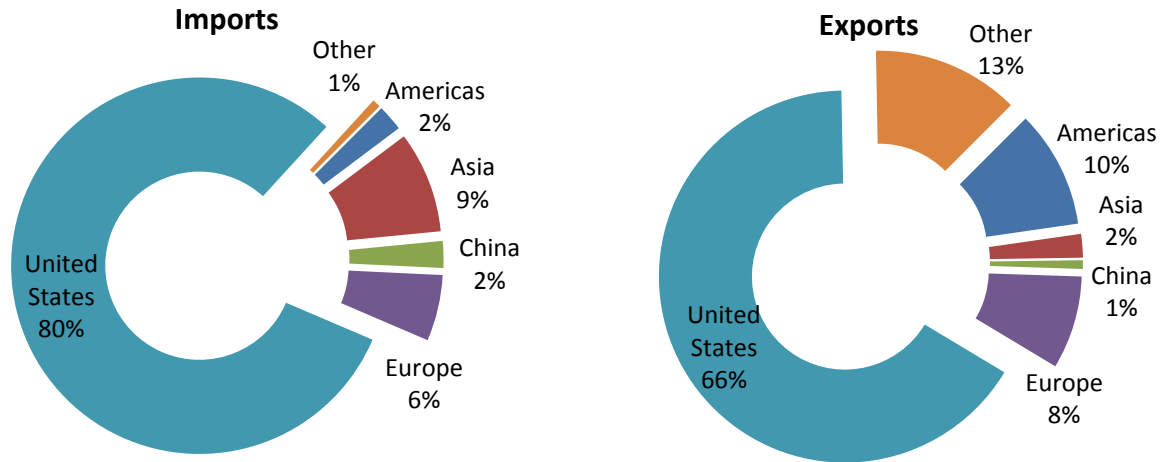


As Figure 15 shows, the story of Canada's trade in recreational boat products is intimately tied to the United States<sup>17</sup>. In 2011, that country accounted for fully 80% of our imports and 66% of our exports. Asia and Europe are the next most important sources of imports, and the Americas (other than the US) and Europe are the next most important destinations of our exports.

<sup>16</sup> Statistics Canada

<sup>17</sup> Ibid

Figure 15: 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 16 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 16: Import and Export Time Series

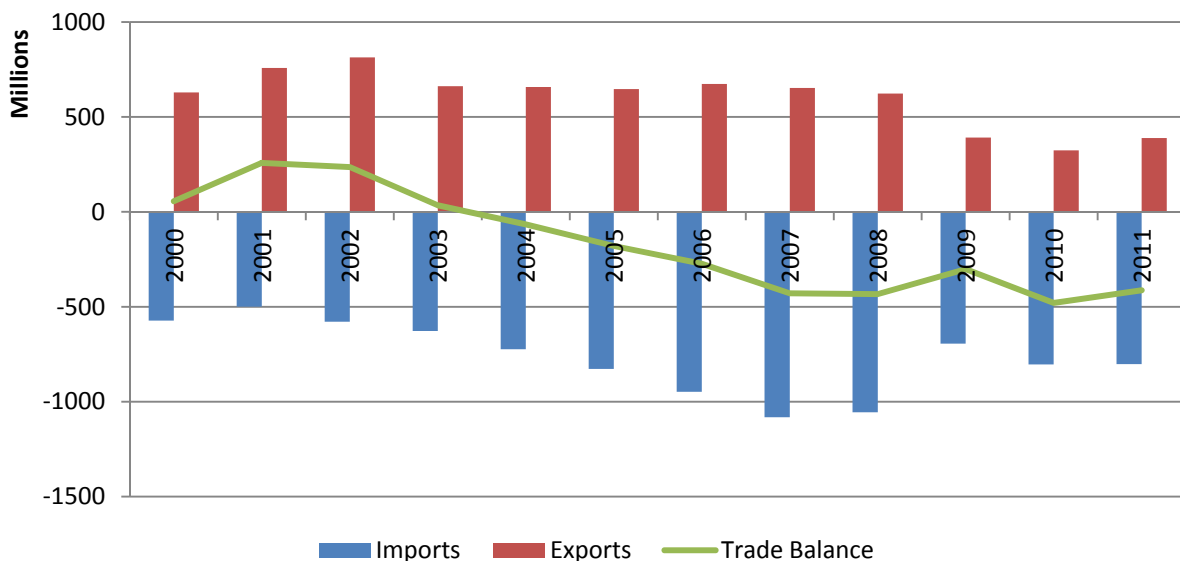
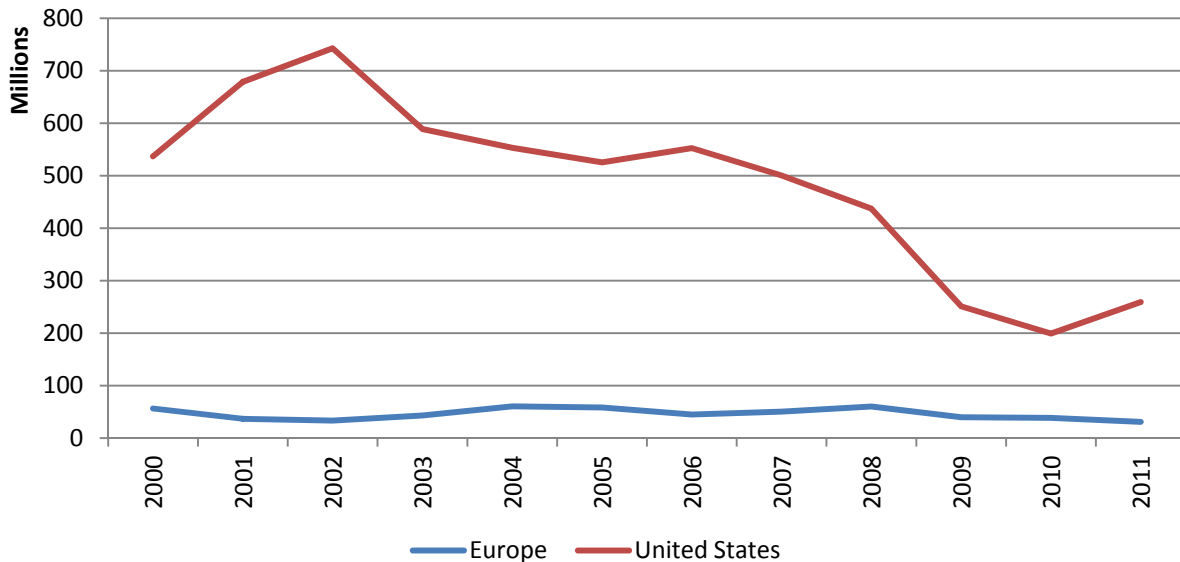


Figure 17 shows how exports to the US have decreased dramatically since 2002, and how exports to Europe, Canada's next largest boating customer over the period, have stayed relatively constant over the same period<sup>18</sup>. Some of the story here has to do with the weakness of the US economy, especially since 2008.

**Figure 17: US and European Exports**

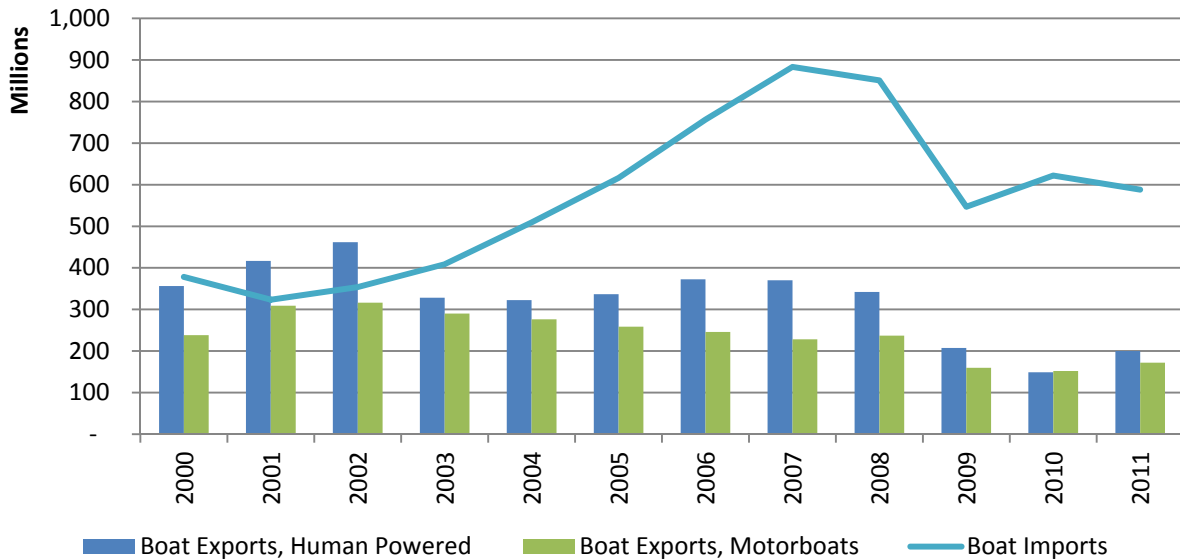


However, it is also clear the Canadian industry has not remained internationally competitive. Figure 18 shows that during the period from 2002 to 2007 human powered boat exports remained steady, while motor boat exports fell to 72% of their former level<sup>19</sup>. When exports were falling, imports 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.

<sup>18</sup> Ibid

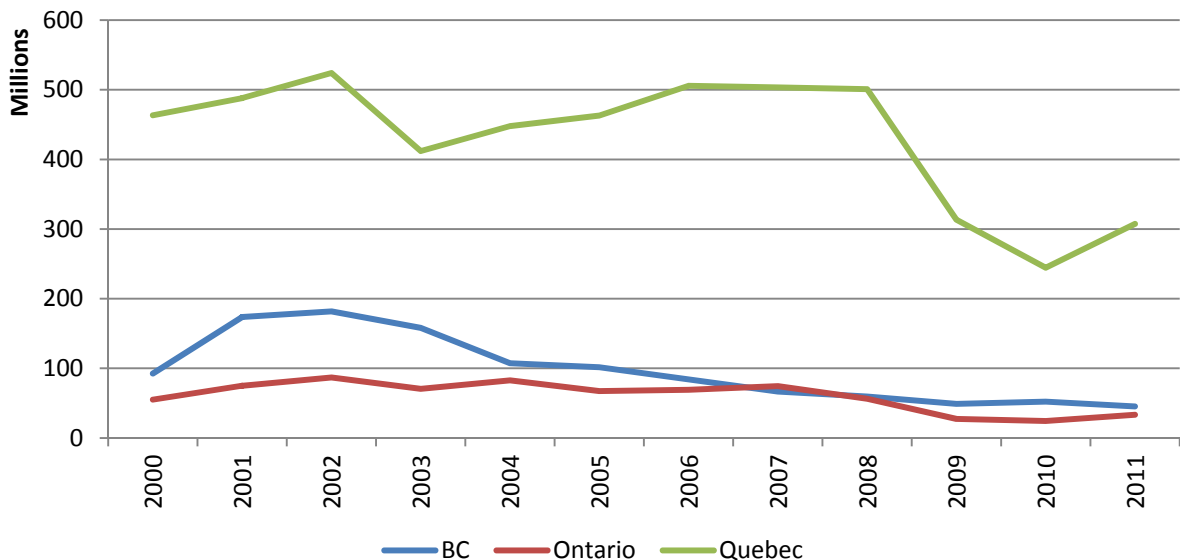
<sup>19</sup> Ibid

Figure 18: Boat Exports and Imports



The impact of this decrease in sales has fallen primarily on two Canadian regions. Figure 19 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<sup>20</sup>. During that time, Quebec fared relatively well. However, since 2008 the exports of Quebec have also fallen 60% of their former level.

Figure 19: Exports by Province



<sup>20</sup> 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<sup>21</sup>.

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<sup>22</sup>:

- **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<sup>23</sup>.
- **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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<sup>21</sup> [statmaps.hal.ca/NMMA/index.php](http://statmaps.hal.ca/NMMA/index.php)

<sup>22</sup> <http://www.statcan.gc.ca/nea-cen/gloss/ioa-ces-eng.htm>

<sup>23</sup> 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

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The economic results for the Canadian recreational boating industry as a whole are summarized in Table 6 and Figure 20.

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

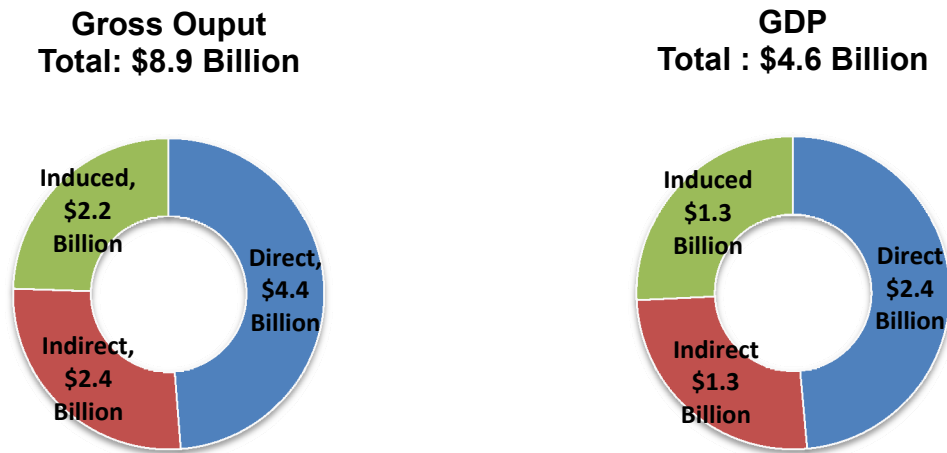
direct contribution to Canada’s GDP of \$2.4 billion, and further indirect and induced contributions of almost \$5 billion to the national economy. The direct employment for the industry is about 40 thousand, and the total employment influenced by the industry is estimated at approximately 67 thousand. 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<sup>24</sup>.

**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   |

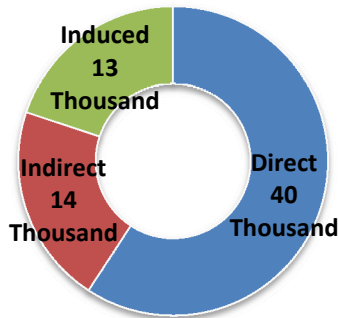
**Figure 20: Economic Results Summary**



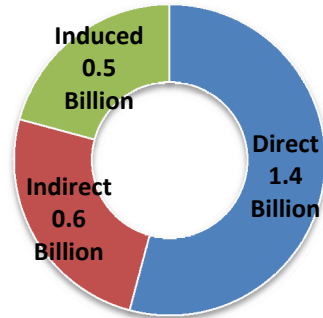
<sup>24</sup> 2009 GDP (the latest available): Radio and television broadcasting - \$2.8 billion; Newspaper publishing - \$2.7 billion; Breweries - \$3.2 billion.



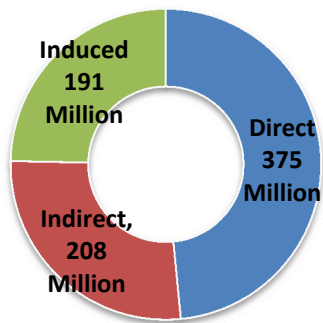
**Employment (FTE)  
Total: 67 Thousand**



**Wages & Salaries  
Total : \$2.6 Billion**



**Taxes and Subsidies  
Total: \$707 Million**



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

Values may not add due to rounding.

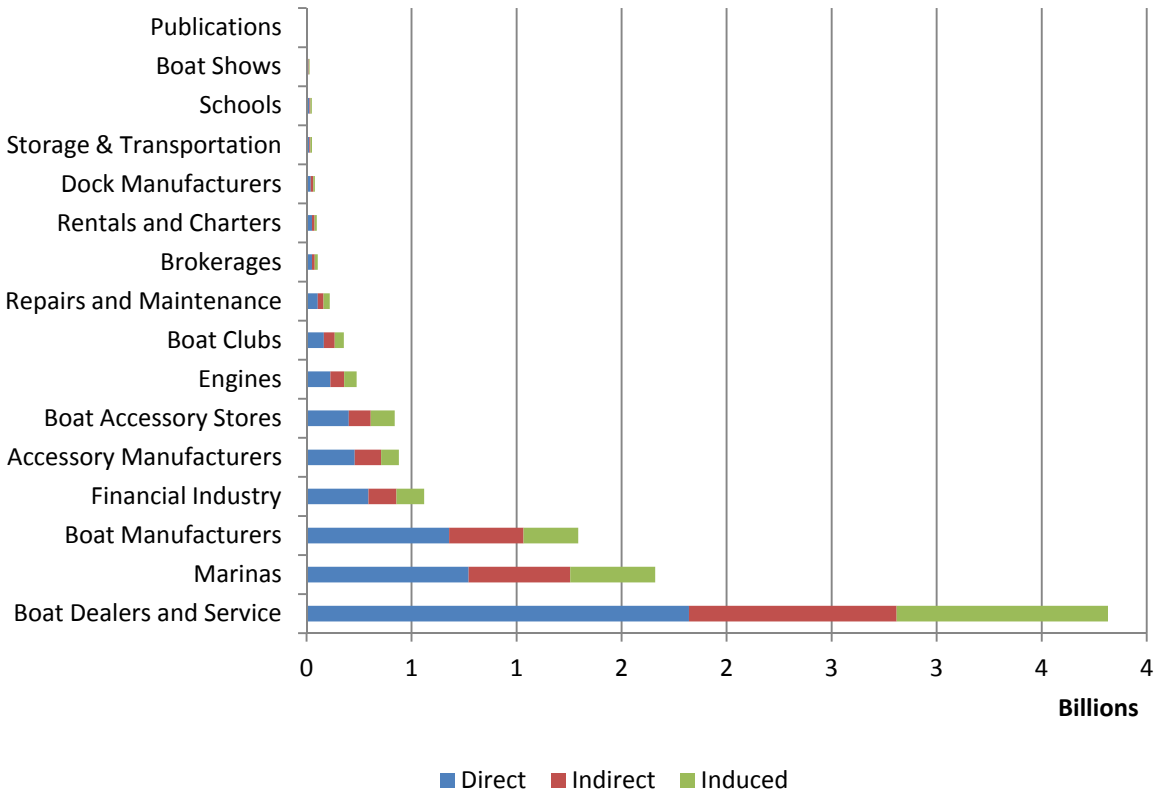
## 4.2.1 Revenues

**Table 8: Subsector Revenues**

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

*Values may not add due to rounding.*

Figure 21: Subsector Revenues



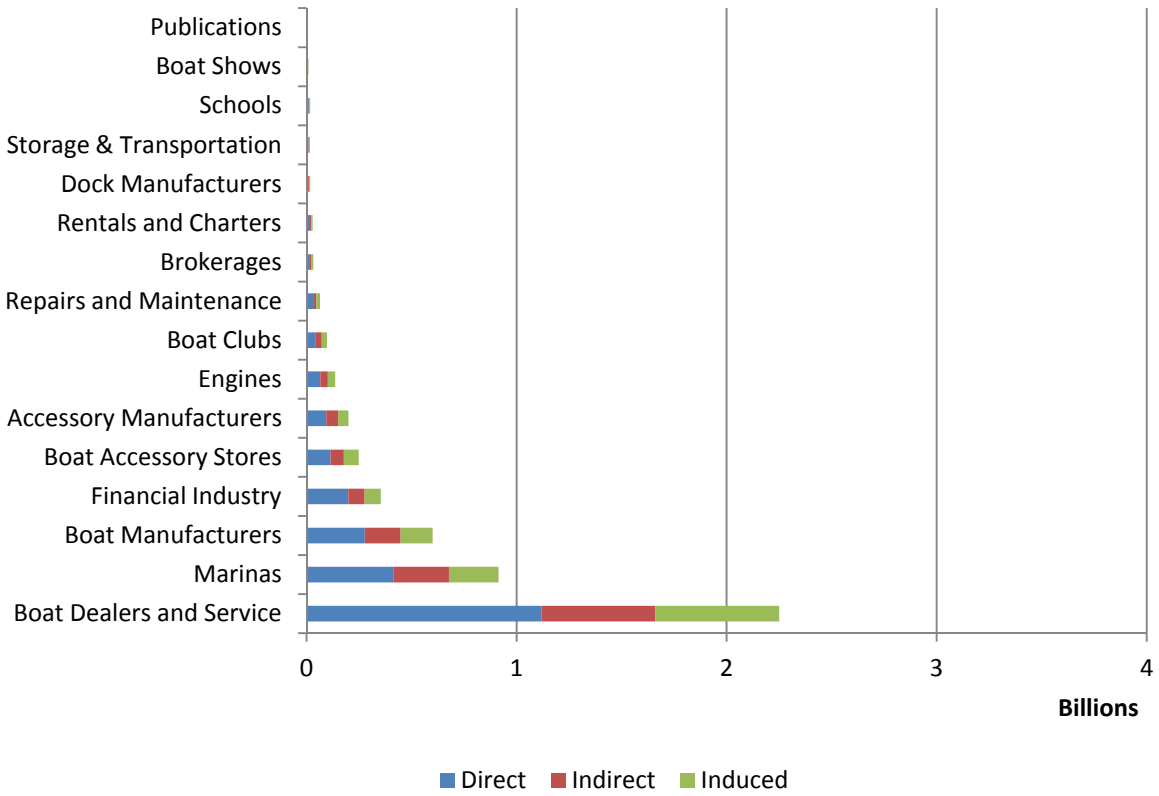
## 4.2.2 Gross Domestic Product

Table 9: Subsector Gross Domestic Product

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

*Values may not add due to rounding.*

Figure 22: Subsector Gross Domestic Product



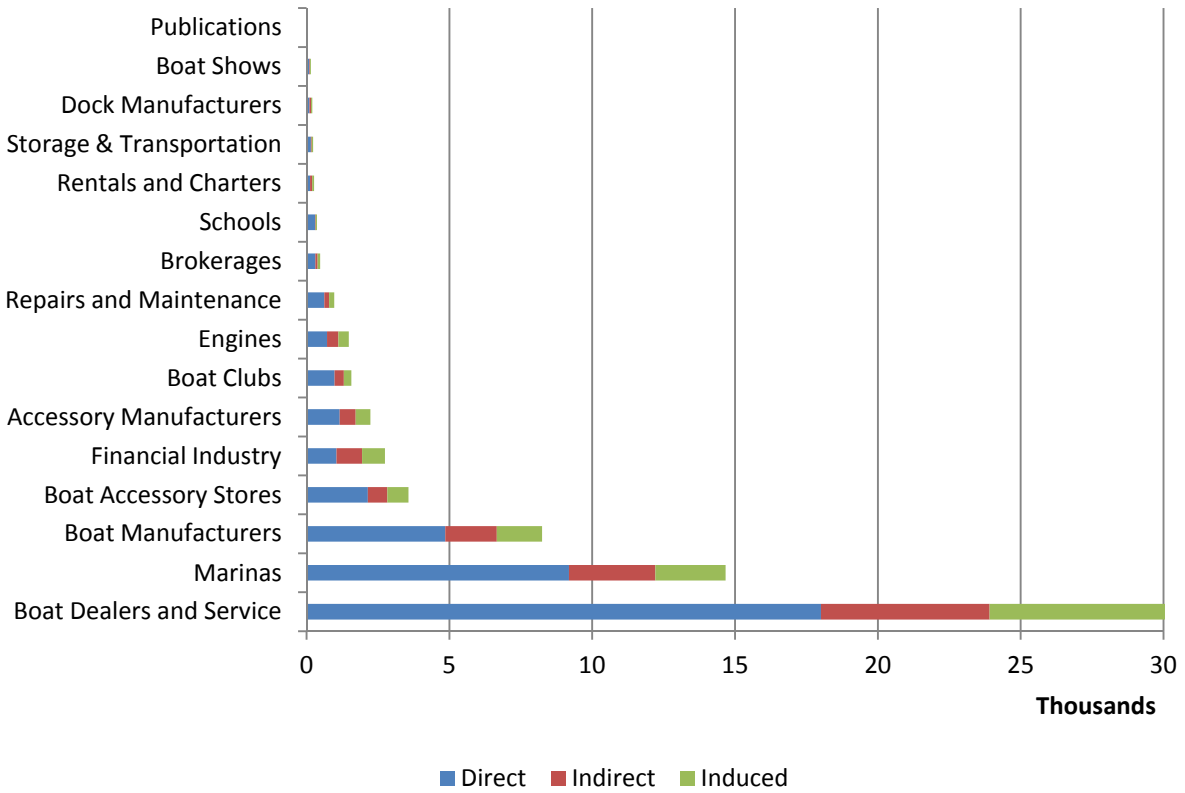
### 4.2.3 Employment

Table 10: Subsector Employment (FTE)

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

*Values may not add due to rounding.*

Figure 23: Subsector Employment (FTE)



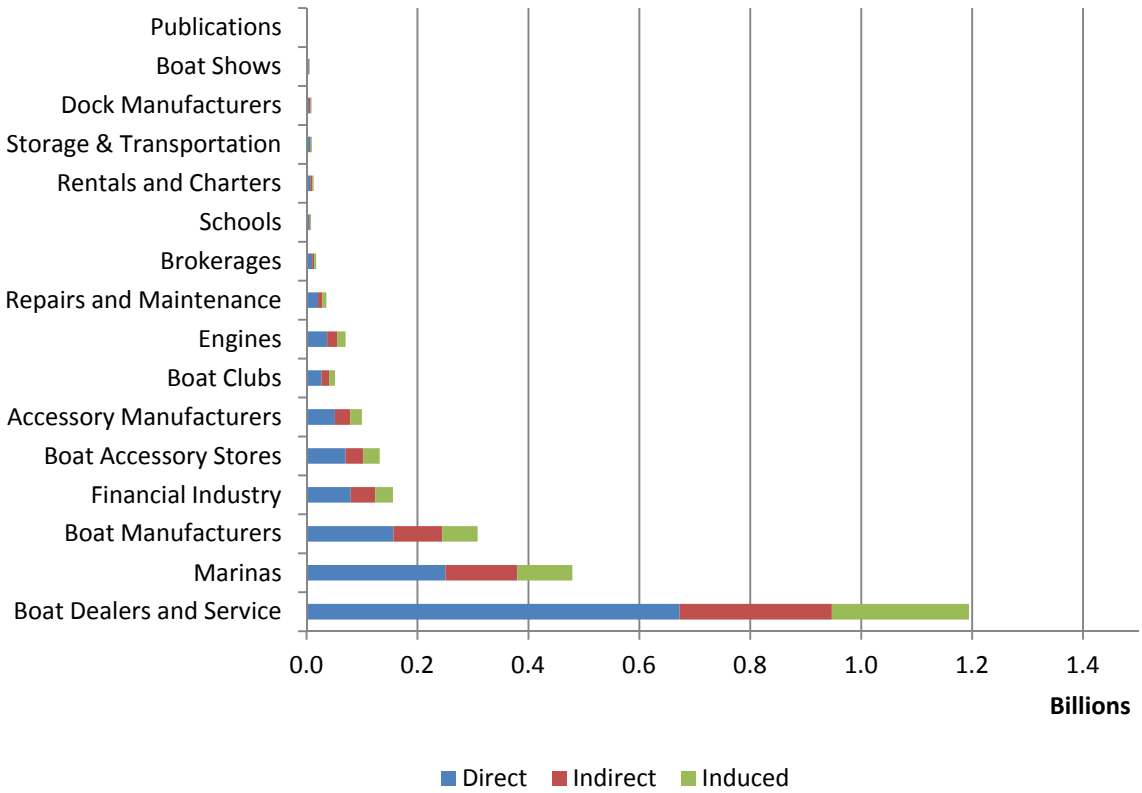


## 4.2.4 Wages and Salaries

Table 11: Subsector Wages and Salaries

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

Figure 24: Subsector Wages and Salaries

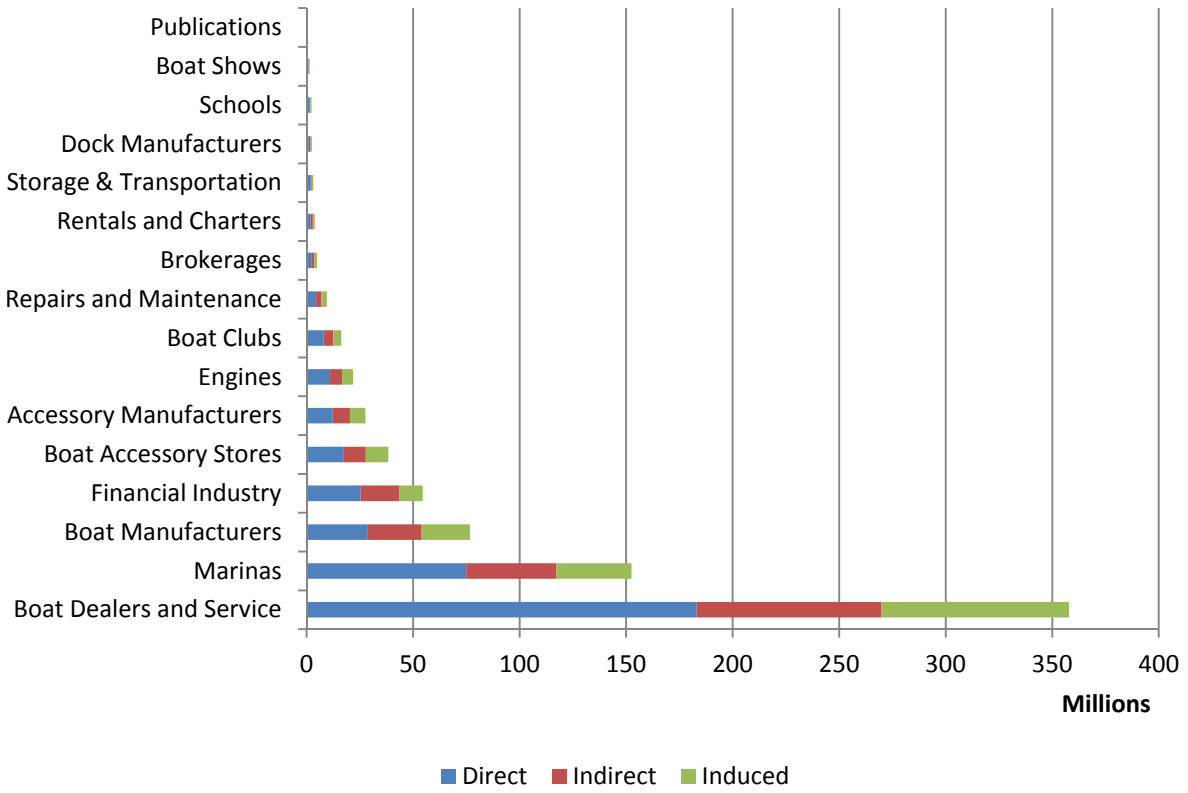


## 4.2.5 Taxes and Subsidies

Table 12: Subsector Taxes and Subsidies

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

Figure 25: 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<br>(\$000s) | GDP<br>(\$000s) | Employment<br>(FTE) | Wages &<br>Salaries<br>(\$000s) | Taxes &<br>Subsidies<br>(\$000s) |
|-----------------------|----------------------|-----------------|---------------------|---------------------------------|----------------------------------|
| <b>Ontario</b>        | 3,507,578            | 1,995,068       | 26,625              | 1,023,744                       | 328,581                          |
| <b>BC</b>             | 1,722,585            | 971,436         | 13,167              | 519,439                         | 141,561                          |
| <b>Prairies</b>       | 1,623,994            | 954,504         | 11,668              | 493,412                         | 145,505                          |
| <b>Quebec</b>         | 1,630,175            | 818,226         | 11,606              | 425,421                         | 121,286                          |
| <b>Atlantic</b>       | 434,553              | 245,570         | 4,090               | 125,899                         | 36,736                           |
| <b>North*</b>         | 8,996                | 5,464           | 87                  | 3,070                           | 384                              |
| <b>National Total</b> | \$ 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*

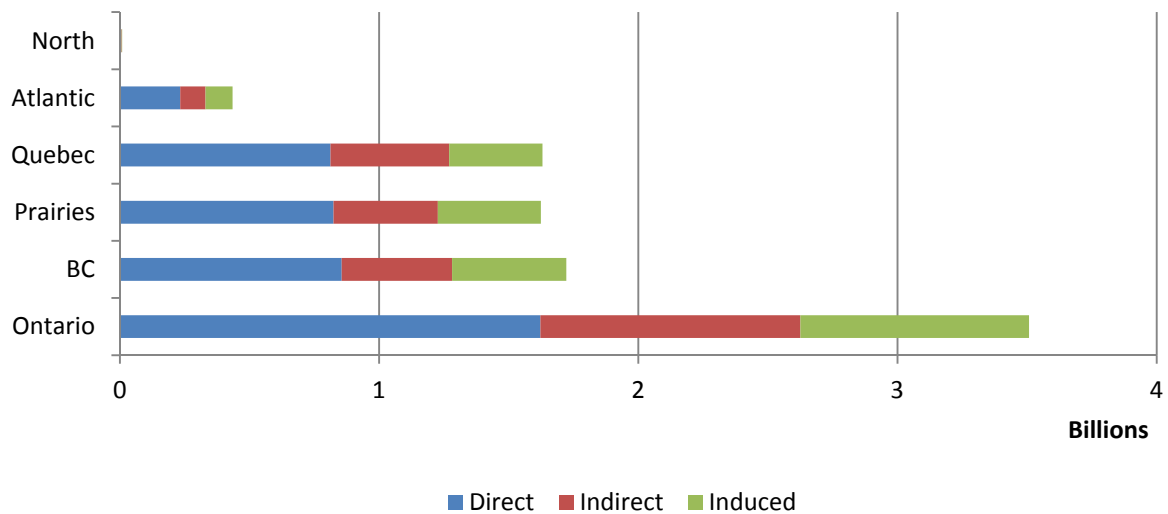
### 4.3.1 Revenues

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               |
| <b>National Total</b> | <b>\$ 4,353,753</b> | <b>\$ 2,388,852</b> | <b>\$ 2,185,276</b> | <b>\$ 8,927,881</b> |

Values may not add due to rounding.

Figure 26: Regional Revenues



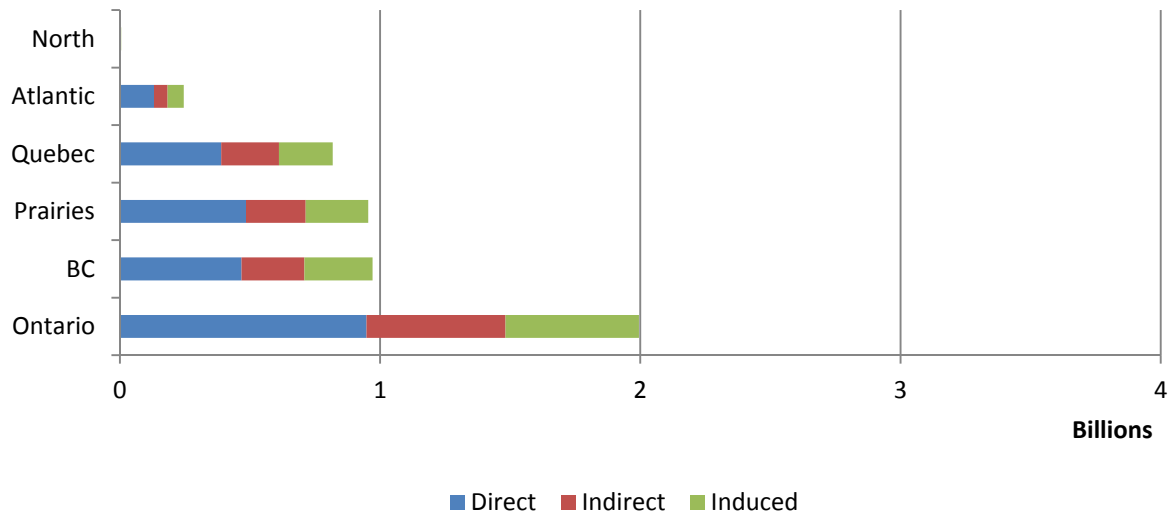
### 4.3.2 GDP

Table 15: Regional GDP

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

Values may not add due to rounding.

Figure 27: Regional GDP



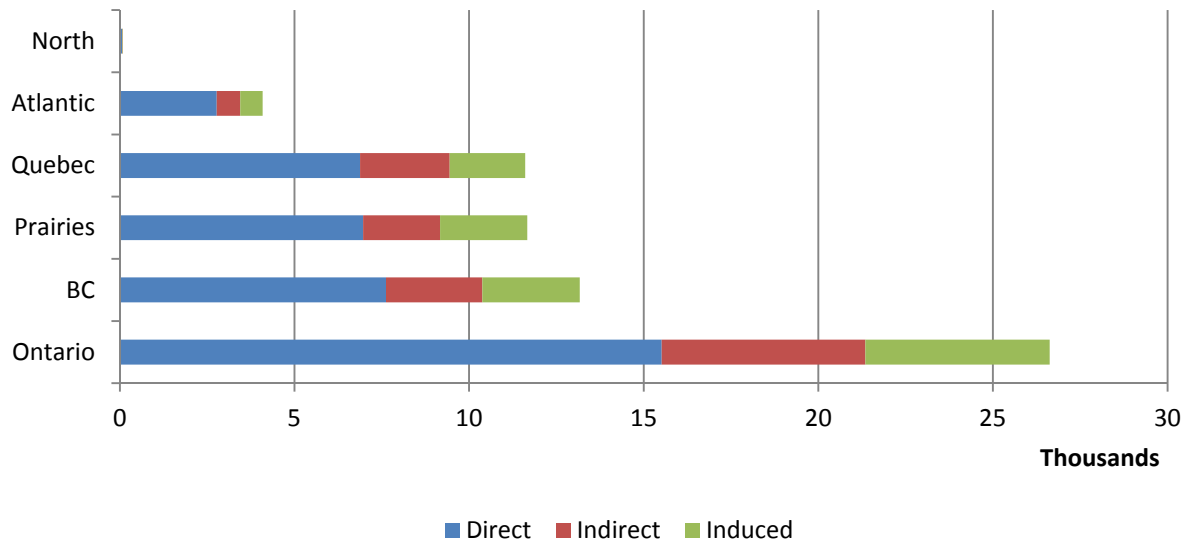
### 4.3.3 Employment

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            |
| <b>National Total</b> | <b>39,815</b>                      | <b>14,044</b> | <b>13,384</b> | <b>67,242</b> |

Values may not add due to rounding.

Figure 28: Regional Employment (FTE)





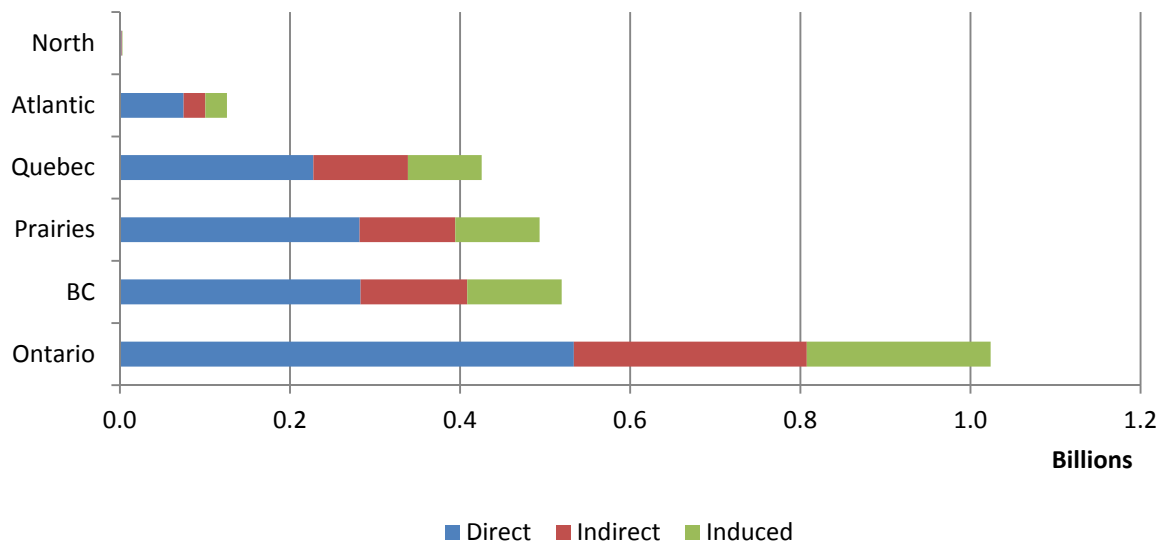
### 4.3.4 Wages and Salaries

Table 17: Regional Wages and Salaries

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

Values may not add due to rounding.

Figure 29: Regional Wages and Salaries



### 4.3.5 Taxes and Subsidies

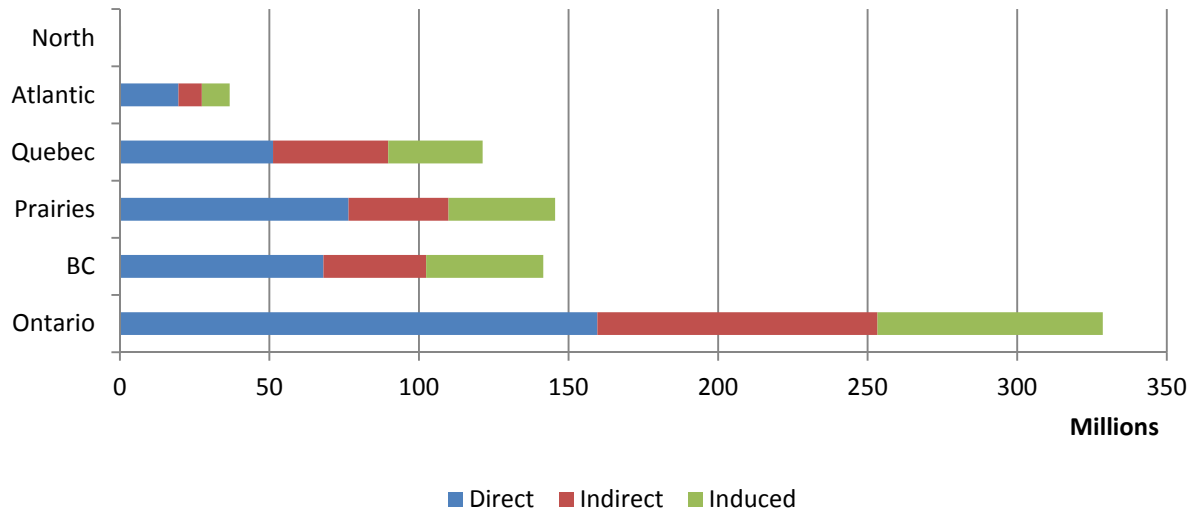
Table 18: Regional Taxes and Subsidies

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

Values may not add due to rounding.

\*Data not available for all analyses

Figure 30: Regional Taxes and Subsidies

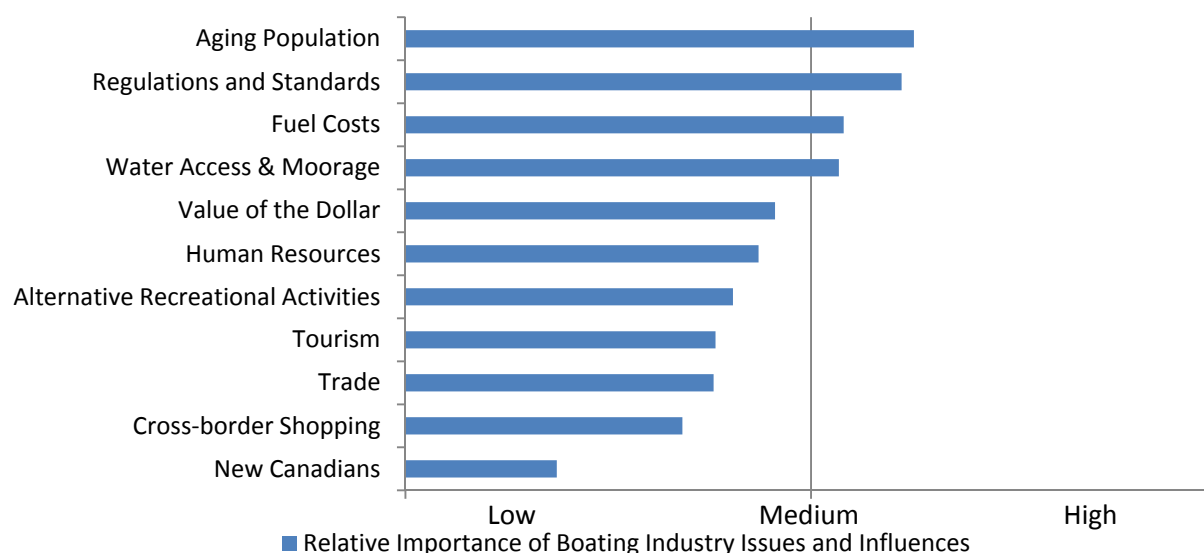


## 5. Industry Issues and Market Influences

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 31 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 31: Relative Importance of Boating Industry Issues and Influences**



### 5.1 Business Outlook

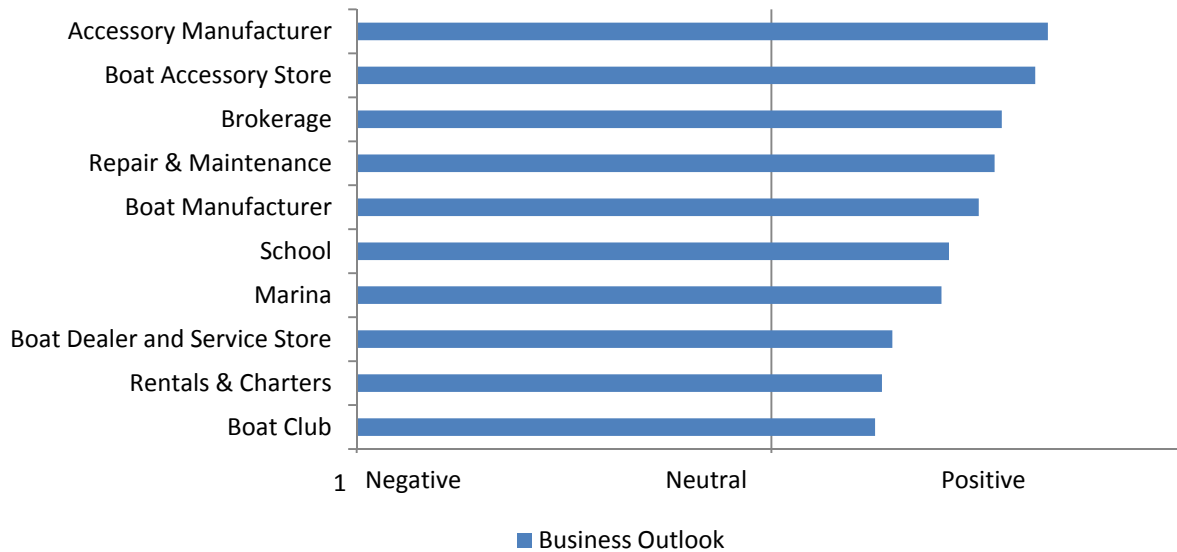
After a number of austere years, the boating industry organizations that have survived have a guardedly positive outlook for their future. Figure 32 shows the business outlook for each of the industry’s subsectors. On average, all are at least a little positive. Of course, many individual

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 32: Business Outlook**



## 5.2 Market Influences

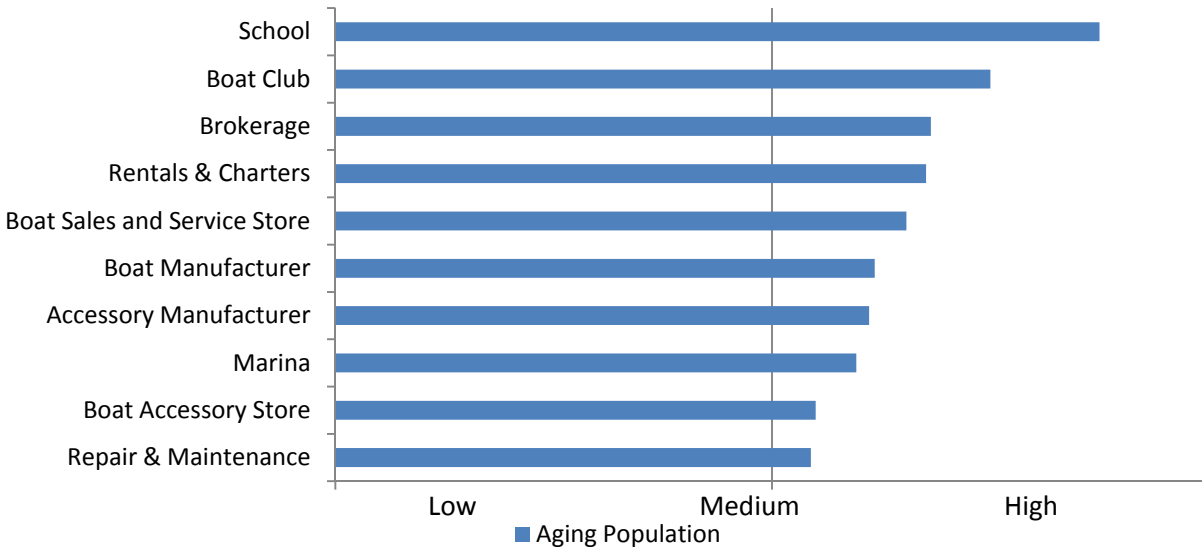
The survey of the boating industry asked organizations about the importance of a number of influences on recreational boating markets (Aging Population, Immigrants, Alternative Recreational Activities, Tourism, Cross-border Shopping).

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 33) was seen as the most significant influence on the recreational boating market.

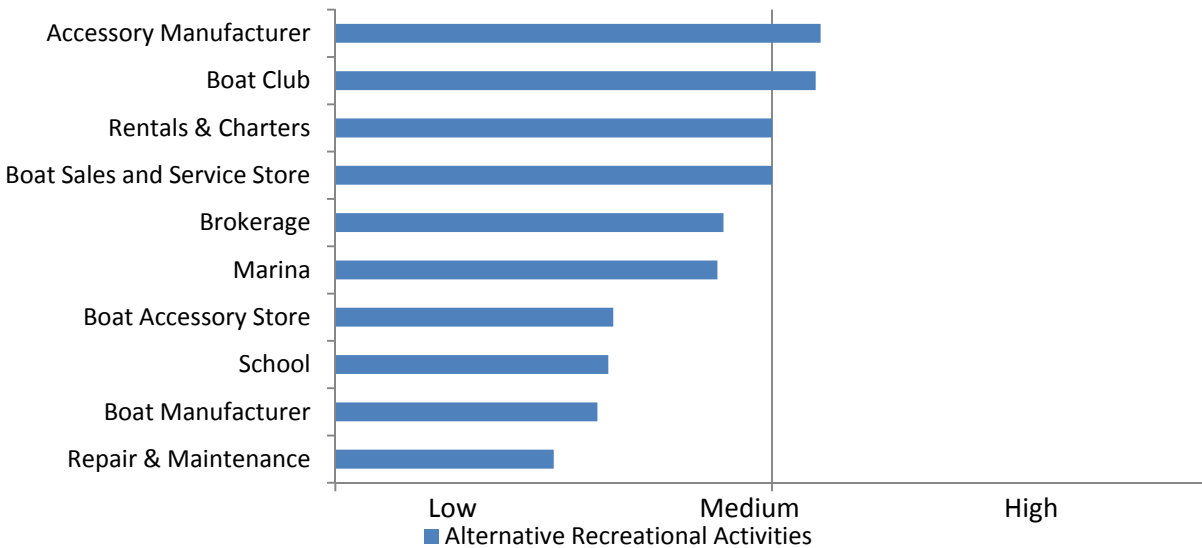
**Figure 33: The Market Influence of an Aging Population**



### 5.2.2 Alternative Recreational Activities

Alternative recreational activities (Figure 34) are seen by some as a distraction from boating, but many others are less concerned.

**Figure 34: The Market Influence of Alternative Recreational Activities**

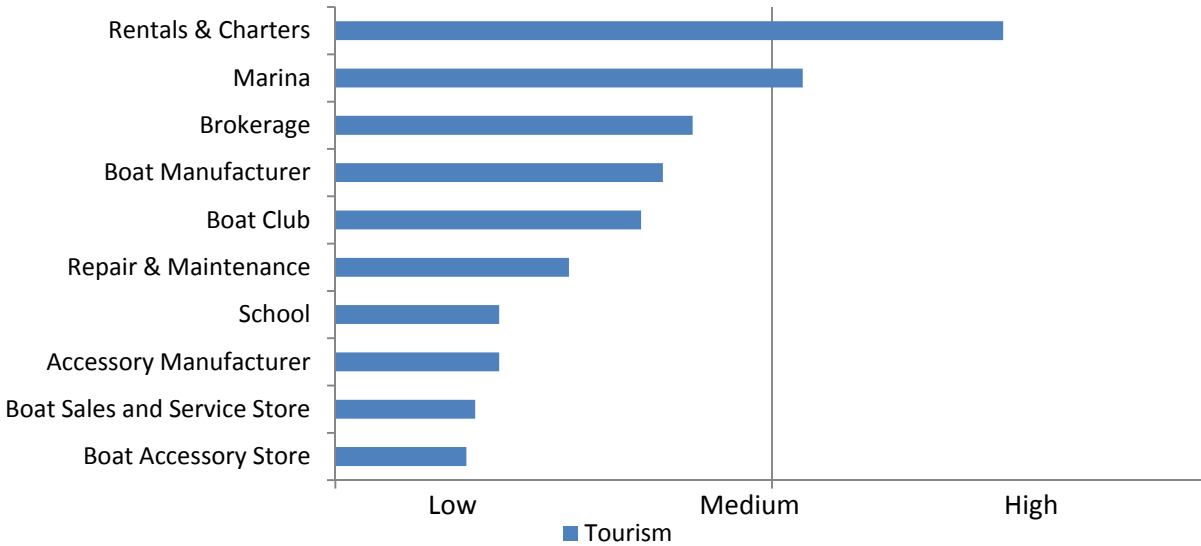


### 5.2.3 Tourism

The impact of tourism (Figure 35) 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.

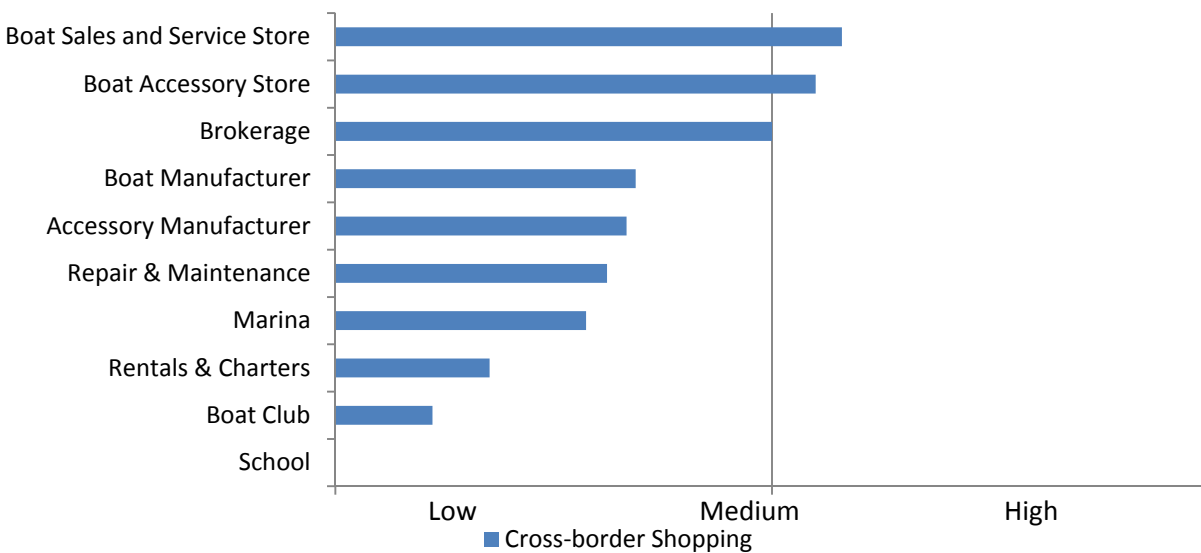
**Figure 35: The Market Influence of Tourism**



### 5.2.4 Cross-Border Shopping

As for tourism, views on the issue of cross-border shopping (Figure 36) depend on the organization’s type and location. In this case, it is stores for boats and accessories that are most negatively affected.

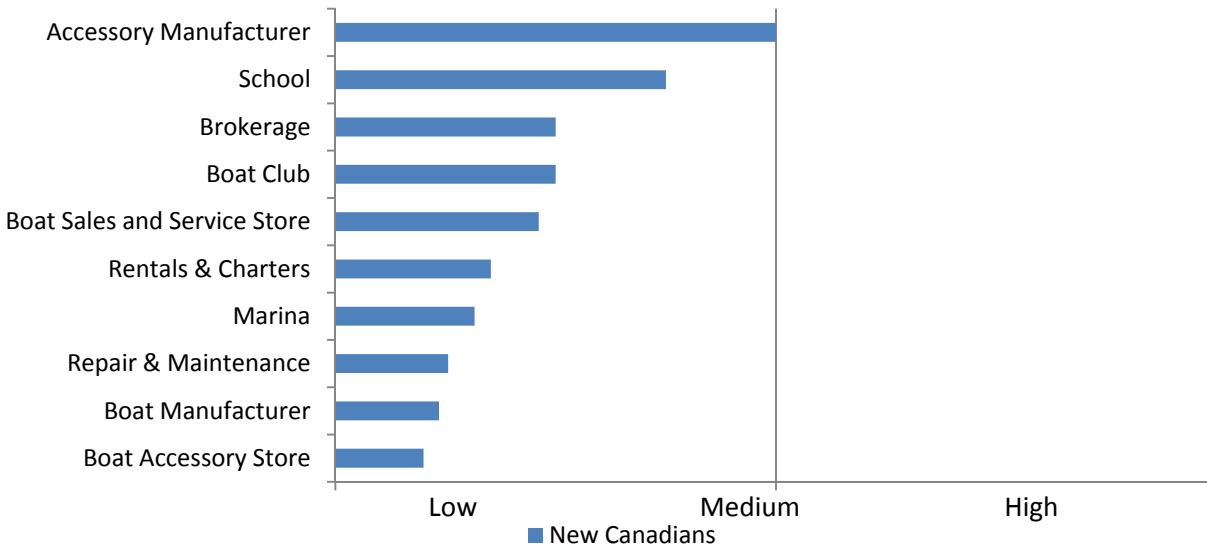
**Figure 36: The Market Influence of Cross-Border Shopping**



### 5.2.5 New Canadians

New Canadians (Figure 37) 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 37: The Market Influence of New Canadians**



## 5.3 Industry Issues

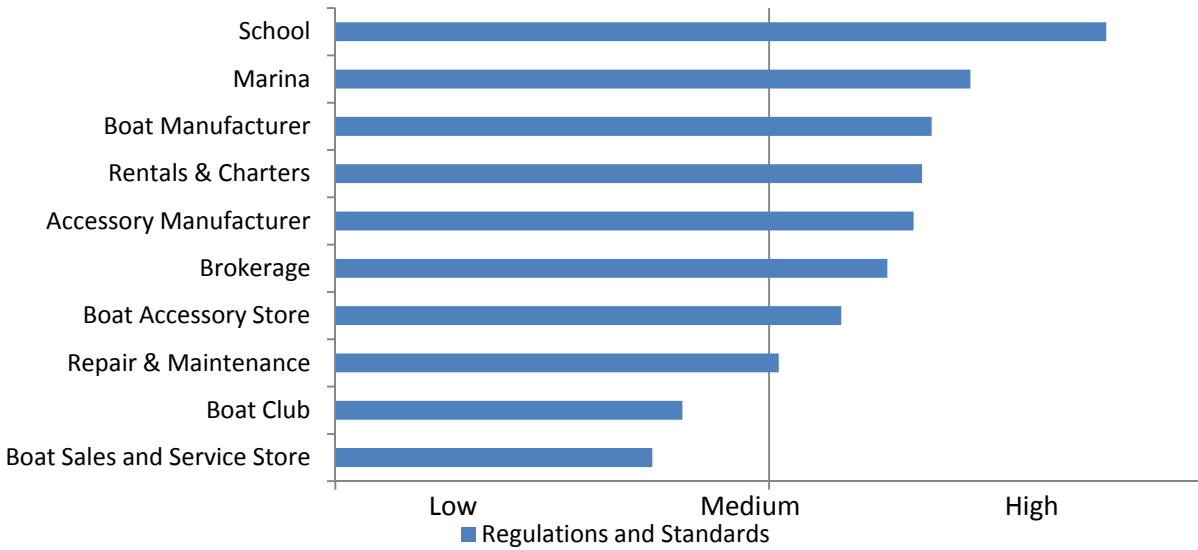
The survey of the boating industry asked organizations about the importance of a number of recreational boating industry issues (Regulations and Standards, Fuel Costs, Water Access and Moorage, Value of the Dollar, Human Resources, and Trade).

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 38) 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.

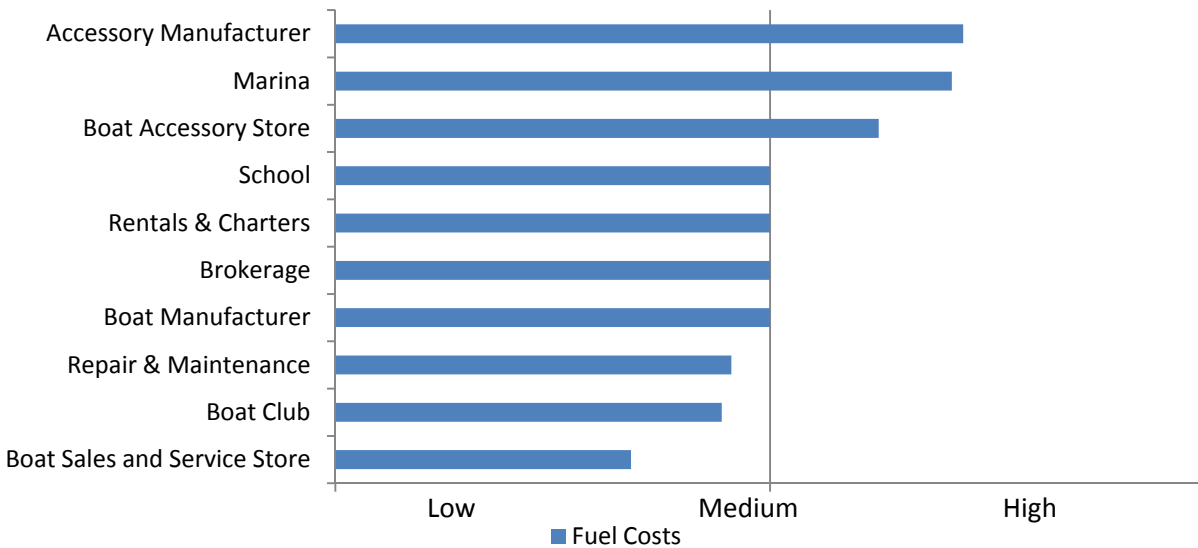
**Figure 38: The Industry Issue of Regulations and Standards**



### 5.3.2 Fuel Costs

Fuel costs (Figure 39) 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 39: The Industry Issue of Fuel Costs**

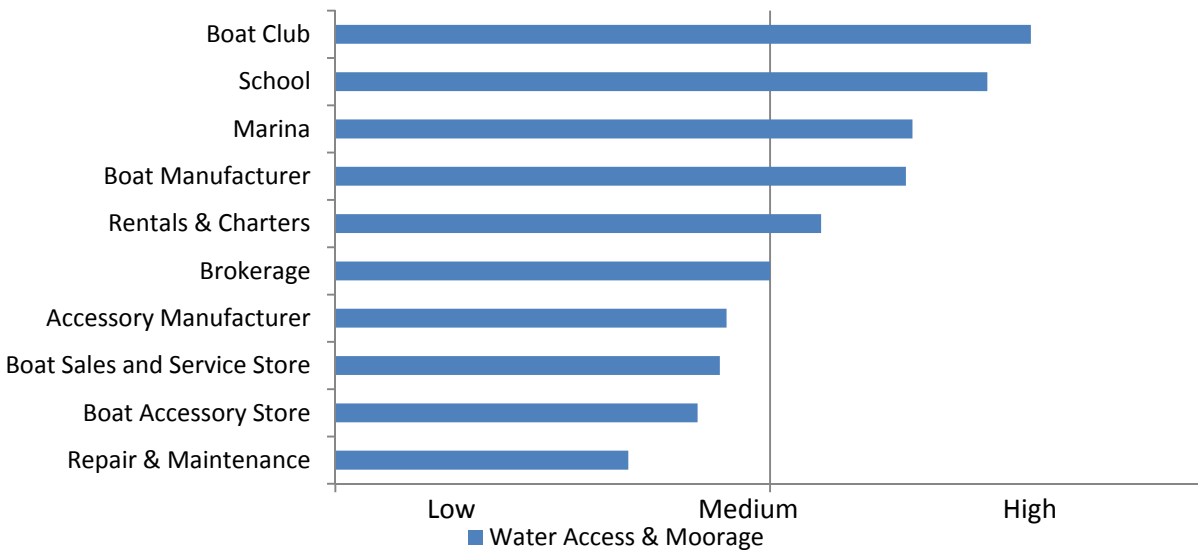




### 5.3.3 Water Access & Moorage

Water access and moorage problems (Figure 40) 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.

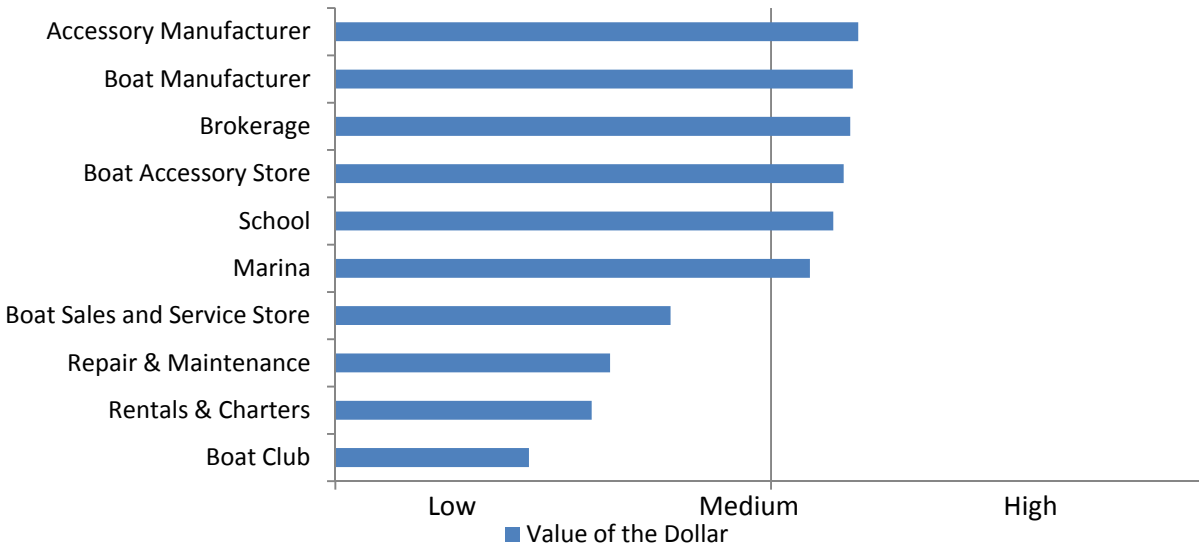
Figure 40: The Industry Issue of Water Access & Moorage



### 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 41). However, many others have profited from the strong Loonie, especially those who are bringing boating goods in from the US.

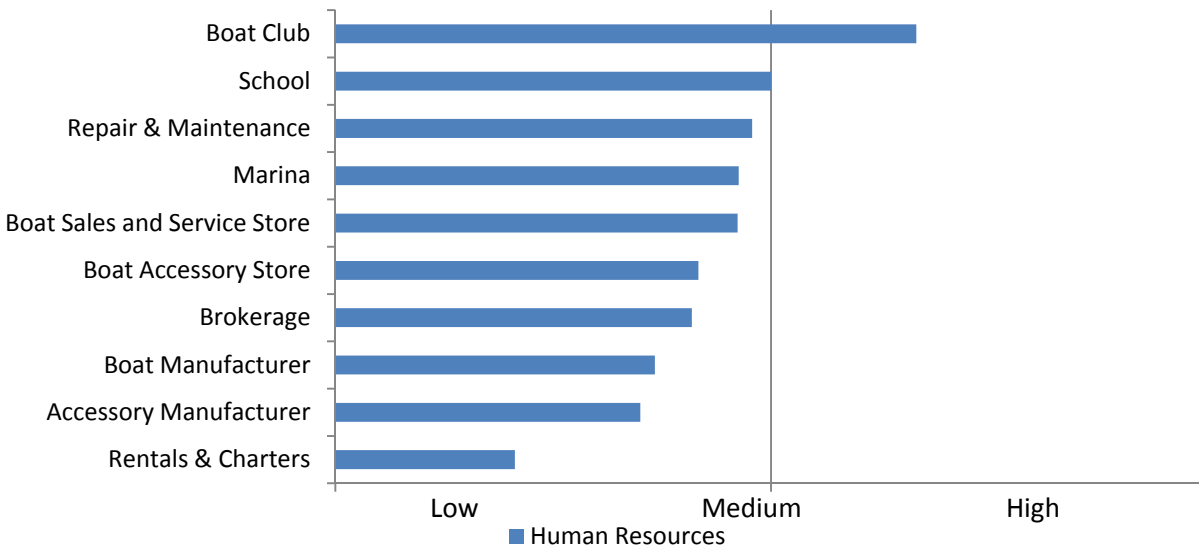
**Figure 41: The Industry Issue of the Value of the Dollar**



### 5.3.5 Human Resources

Human resources (Figure 42) is generally not a significant issue for the boating industry. However there are particular areas of concern, especially with regard to mechanical skills.

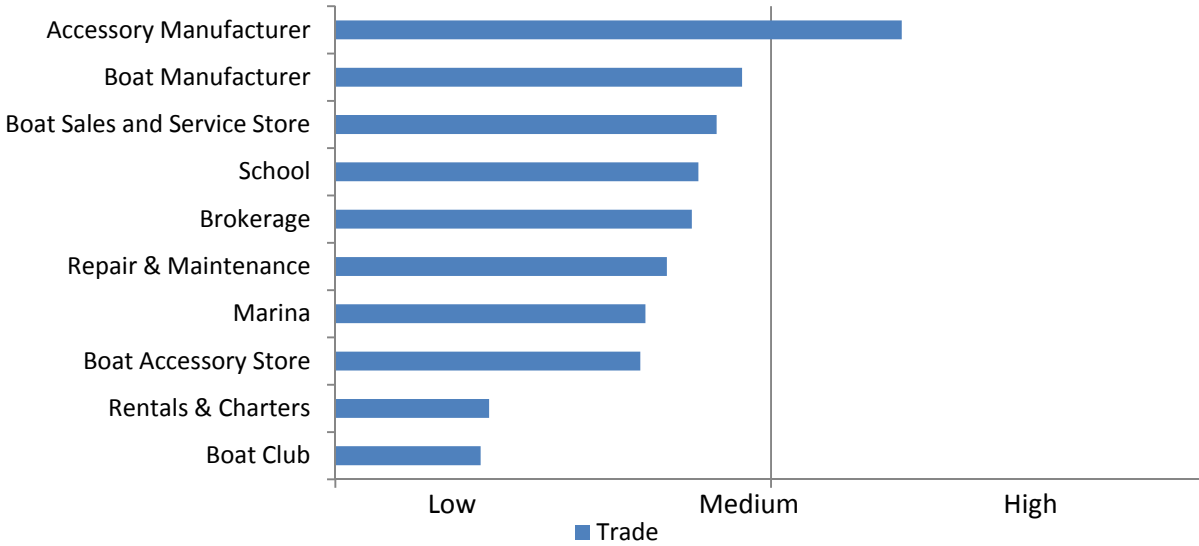
**Figure 42: The Industry Issue of Human Resources**



### 5.3.6 Trade

Trade issues (Figure 43) were generally not considered an issue of high importance. Manufacturers are impacted the most.

**Figure 43: 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 44 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 44: Marina Activity**

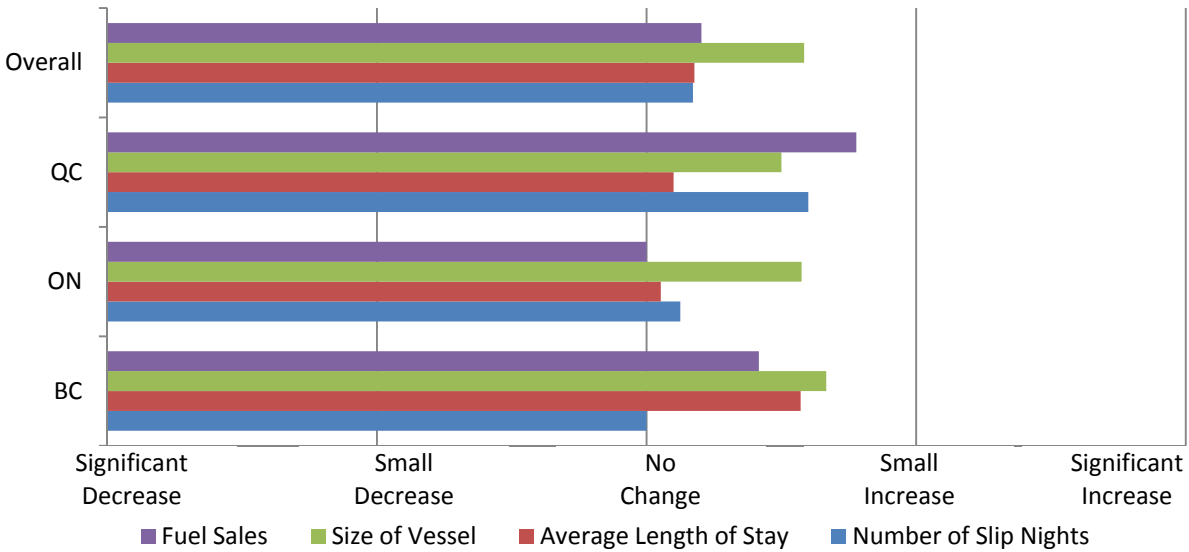
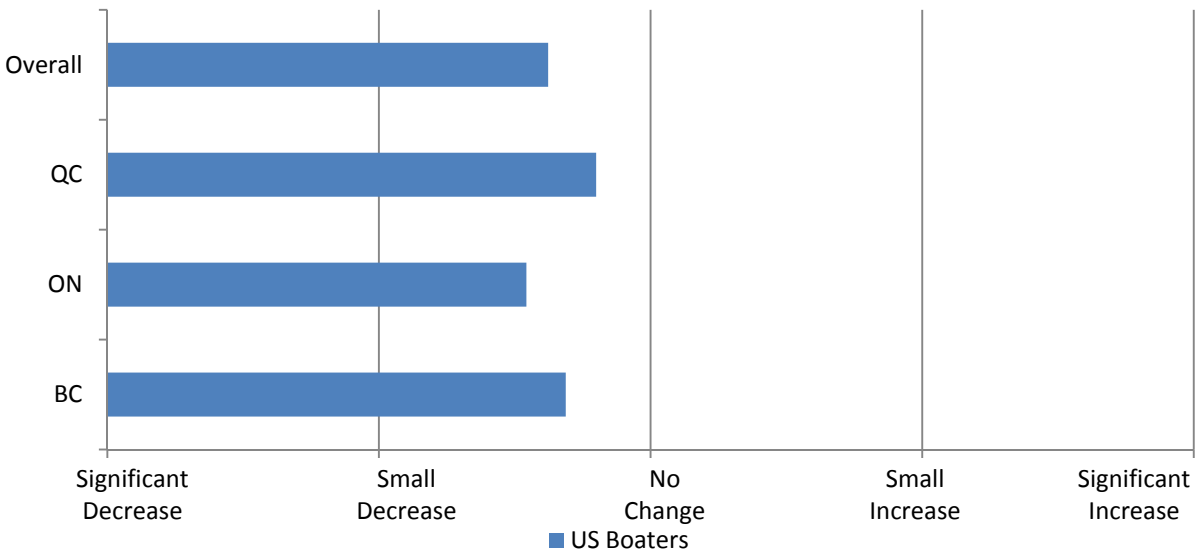


Figure 45 shows the change in the number of US boaters visiting Canadian marinas. In all regions, there has been a very small decrease on average, although the impact in some areas has been much greater.

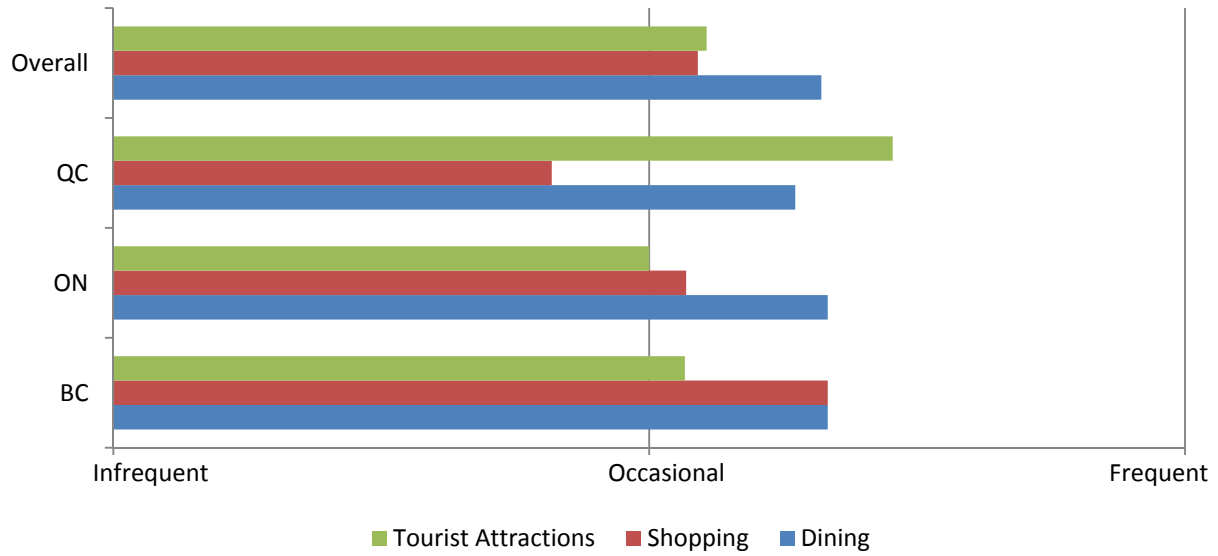
**Figure 45: US Boaters**



### 5.4.2 Boater Activities

Marinas were also asked about the activities of their boaters when on shore. As shown in Figure 46, dining is common in all regions. Shopping is most popular in BC and least in Quebec. Tourist attractions are most popular in Quebec.

Figure 46: Boater Activities



# 6. Previous and Future Studies

## 6.1 Previous Studies

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The economic contribution of the Canadian recreational boating industry was last looked at in 2006<sup>25</sup>. 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

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<sup>25</sup> 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**

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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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[discoverboating.ca](http://discoverboating.ca)

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.



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:

