Pre-budget Consultations 2017

This brief is submitted by: The Recreation Vehicle Dealers Association of Canada

About the RVDA of Canada

The Recreation Vehicle Dealers Association (RVDA) of Canada is a national, volunteer federation of provincial and regional RVDA associations and their members who have united to form a professional trade association for all businesses involved in the recreation vehicle industry.

The core objective of the RVDA of Canada is to bring together and represent the retail businesses involved in the recreation vehicle industry across Canada, thus providing the support and strength to protect and promote the interests and welfare of Canadian RV Dealers, and to maximize the potential of the industry for all involved.

Cross-Border Taxation on Aftermarket RV Parts

Facts:

- The changes in the 2012 Federal Budget to increase the value of goods travelers can bring back into Canada free of taxes and duties seriously worsens the ability of Canadian RV dealers to compete with U.S. dealers who already have the advantage of lower costs.

- Popular aftermarket parts now falling within the new exemption level gives customers a powerful reason to take their business to the U.S. Dramatically raising the limit when the Canada Border Services Agency are not actively enforcing the current threshold sends a contradictory message on behalf of the Canadian Government; that the Canadian Government is not serious about collecting duty and tax on imports by customers.

- March, 2015 – the Canada Border Services Agency increased tariffs on imported solar products. These products, which are used in RVs are now subject to the significant collection of provisional duty rates on these imports, which is 281%. This results in the local sale of theses products to cost over twice the value of its current cost in the USA.

- While American online merchants and couriers will argue that the raised de minimis level in Canada is only a fractions of the United States' current threshold of $800, the U.S. taxation process differs from that which is practiced in Canada. The United States does not collect federal, local or state taxes on interstate shipments. The tax advantage the U.S. would experience if the Canadian de minimis were raised to $200 is huge, while tax benefits on inbounds goods would be greatly reduced for Canada. Canadians will shop less often in Canada and as a result fewer goods will be sold nationally, leading to a significant decrease in government revenue.

Recommendation:

- **Duties on aftermarket RV parts and add-ons should be reduced to zero. Currently duties range between seven and 18 percent.**

- **The de minimis rate should remain at $20 as an increase to $200 would greatly disadvantage Canadian retailers. Raising de minimis rates to $200 would allow goods to be shipped to Canada free of federal and provincial sales tax, while Canadian merchants would be required to collect sales taxes on the same competing products.**

Increased Investment in Tourism Policies to Support the RV Industry

Facts:

- RVing and camping are large components of tourism, both internally (Canadian) and externally (from outside Canada). There is a crucial need for this to be recognized by Destination Canada as a viable growth area for tourism in Canada. Direct spending associated with recreation vehicles reached $11.5 billion. These expenditures generated $8.0 billion in net economic activity (GDP) and 98,800 jobs.

- RVDA was pleased to see the $50 million over two years contribution to Destination Canada in the 2016 Budget, however allocation of these funds towards RV-specific tourism is essential if we want Canadians to travel within Canada instead of going to the United-States.

Recommendation:

- **Destination Canada advertising and messaging should include particular reference to RV and Camping opportunities to those target markets where RV rentals are being offered in Canada. Promotion should gear towards highlighting a new way to discover Canada.**

Critical Infrastructure Investment to Support the RV Industry

Facts:

- There are over 4,231 campgrounds operated across Canada, each offering a unique experience for Canadians and international visitors. As campground services continue to rise in demand, critical infrastructure needs - such as sizing requirements to accommodate larger RVs and access to appropriate electrical outlets and waste disposal facilities -remain unfunded.

- As RVing is a large component of tourism, both internally and externally, investment in camping and RVing infrastructure will play a crucial role in the overall contributions of the tourism industry to future economic development and prosperity. Upgrades in infrastructure is essential if we want to be able to ensure the future of this industry and make it more accessible to all Canadians.

Recommendation:

- **The Government of Canada should provide targeted and dedicated investment in camping/RV infrastructure in Canada's National Parks. Investing in camping/RV infrastructure will play a critical role in the overall contributions of the tourism industry to future economic development and prosperity.**

Executive Summary:

RVing in Canada has a considerable economic impact; the manufacturing, purchasing, servicing and use of recreation vehicles contributes billions – both directly and indirectly – to the Canadian economy each year. In fact, in 2011, the total economic activity associated with the Canadian recreation vehicle industry reached **$14.5 billion**. There are over 4,231 independently operated campgrounds across Canada, each offering a unique experience for Canadians and international visitors.

Direct spending associated with recreation vehicles reached $11.5 billion. These expenditures generated $8.0 billion in net economic activity (GDP) and 98,800 jobs.

In total, the retail sales and services associated with Canada's more-than-400 recreation vehicle dealers generated $1.5 billion in net economic activity (GDP) throughout Canada and supported nearly 98, 800 jobs.

The implementation of the RVDA of Canada's key recommendations will ensure a bright future for the RV industry. By not extending the de minimis rates to $200 we can help give equal opportunity to Canadian businesses. With an increase in advertising for recreation vehicles and upgraded infrastructure to our campgrounds, Canadians will be less tempted to go to the United States and will stay within Canada for RV trips.