



CANADIAN CAMPING  
AND RV COUNCIL  
CONSEIL CANADIEN DU  
CAMPING ET DU VR



The Right Honourable Justin Trudeau, P.C., M.P.  
Prime Minister of Canada  
Ottawa, ON

Dear Prime Minister:

We are writing to you today on behalf of the dealers and member companies of the Canadian Off-Highway Vehicle Distributors Council, the Canadian Recreational Vehicle Association, the International Snowmobile Manufacturers Association, the Canadian Camping and RV Council, the National Marine Manufacturers Association, the Motorcycle and Moped Industry Council and the Recreation Vehicle Dealers Association of Canada.

First, we would like to thank the Government of Canada for recognizing the devastating impact COVID-19 has had on businesses and employees in Canada and the swift action your government has taken. We are requesting that your government work with us to support these industries, dealers and workers that have been especially hard hit by the economic fallout from COVID-19.

Our collective industries have contributed significantly to the Canadian economy. But the core of industries is mostly made up of small businesses (dealers) that play a vital role in the health and economic well-being of their communities, many in rural areas. Many of our small business owners closed their doors early in the pandemic to be responsible members of their communities and to safeguard their employees and families. However, they are now suffering potentially irreparable damage while undertaking important steps to mitigate the virus' spread, including physical distancing, travel restrictions, caps on mass gatherings, and more.

The crux of the issue is the costly build-up in financial carrying-cost due to the huge product inventory of dealerships. Vehicle dealer supply chains are very long and complex. Dealers must order product many months in advance to ensure product availability in key selling periods. The dealers order, stock and sell product based on the manufacturers build and delivery cycles tied to seasonality.

Most manufacturers or distributors provide a Free Floor Plan (FFP) for a 3 to 6 month period. Times vary with the different vehicle types.

Once the FFP expires, dealers must finance the unsold product. With the onset of the pandemic and the rapid shut down of retail activity, dealers are experiencing severe cash flow problems due to the additional interest charges of financing huge inventories which, in turn, is hindering their ability to fully re-open. It is important to note that there has never been an interruption in business of this magnitude.

Accordingly, we are specifically requesting interest relief on the financial carrying-costs of the extraordinarily large inventory build-up. Such an offset support for dealers could be based on a percentage of their interest carrying costs, or a percentage based on business downturn.

If nothing is done, there is a considerable risk of retail closures or insolvencies. The net damage may take until March 2021 to see relief.

In this light, we put forward these policy ideas for your consideration:

1. Support for dealer cash flow is necessary to protect the retail network. We are proposing a simple formula where dealers could use historic data to claim as relief the additional year-over-year interest expense paid.
2. As well, to kick start consumer confidence in order to get product moving through all channels of vehicle dealerships. We are proposing a one-time retail tax holiday for consumers of any of these vehicles.

We appreciate your attention to, and consideration of these important issues. We look forward to working with you to safeguard the health and wellbeing of the nation's citizens, small businesses and economy.

Sincerely,

Canadian Off-Highway Vehicle Distributors Council

Canadian Recreational Vehicle Association

International Snowmobile Manufacturers Association

National Marine Manufacturers Association

Canadian Camping and RV Council

Motorcycle and Moped Industry Council

Recreation Vehicle Dealers Association of Canada

Cc: The Hon. Bill Morneau, Minister of Finance

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