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# Regulations Maintaining the Safety of Persons in Ports and the Seaway: SOR/2020-54

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Registration

SOR/2020-54 March 18, 2020

CANADA MARINE ACT

P.C. 2020-159 March 18, 2020

Her Excellency the Governor General in Council, on the recommendation of the Minister of Transport, pursuant to paragraphs 62(1)(d), 74(1)(d) and 98(1)(d) and section 129.03 <sup>a</sup> of the *Canada Marine Act* <sup>b</sup>, makes the annexed *Regulations Maintaining the Safety of Persons in Ports and the Seaway*.

## Regulations Maintaining the Safety of Persons in Ports and the Seaway

### Overview

#### Purpose

1 These Regulations temporarily restrict the number of persons arriving by cruise ship at ports managed by port authorities, at public ports, at public port facilities and in the Seaway to reduce the risk of persons in those areas contracting infectious diseases, including severe acute respiratory syndrome coronavirus 2, also known as SARS-CoV-2.

### Interpretation

#### Definition

**2** In these Regulations, *Act* means the *Canada Marine Act*.

## **Application**

### **Cruise ships**

**3** These Regulations apply to cruise ships capable of carrying 500 or more persons, including both passengers and crew members.

## **Restrictions — Port Authorities**

### **Navigation**

**4 (1)** A cruise ship must not navigate in a port.

### **Mooring**

**(2)** A cruise ship must not moor in a port.

### **Berthing**

**(3)** A cruise ship must not berth in a port.

### **Embarking**

**(4)** A cruise ship must not embark persons in a port.

### **Disembarking**

**(5)** A cruise ship must not disembark persons in a port.

## **Restrictions — Public Ports**

### **Navigating**

**5 (1)** A cruise ship must not navigate in a public port.

### **Mooring**

**(2)** A cruise ship must not moor in a public port or at a public port facility.

### **Berthing**

**(3)** A cruise ship must not berth in a public port or at a public port facility.

### **Embarking**

**(4)** A cruise ship must not embark persons in a public port or at a public port facility.

### **Disembarking**

**(5)** A cruise ship must not disembark persons in a public port or at a public port facility.

## Restrictions — Seaway

### Navigating

**6 (1)** A cruise ship must not navigate in the Seaway.

### Mooring

**(2)** A cruise ship must not moor in the Seaway.

### Berthing

**(3)** A cruise ship must not berth in the Seaway.

### Embarking

**(4)** A cruise ship must not embark persons in the Seaway.

### Disembarking

**(5)** A cruise ship must not disembark persons in the Seaway.

## Restrictions — Master

### Master

**7** A master of a cruise ship must not permit that cruise ship to contravene any of the restrictions set out in section 4, 5 or 6.

## Exception

### International obligations

**8** The Minister may permit an activity that contravenes any of the restrictions set out in section 4, 5 or 6 to be undertaken if

**(a)** the Minister, after consulting with the Minister of Foreign Affairs, is of the opinion that giving this permission is necessary to ensure that Canada meets its international obligations; and

**(b)** the activity is carried out in a manner that maintains, to the extent possible, the safety of persons in the affected port, public port or public port facility or in the Seaway.

## Penalties

### Designation

**9 (1)** The provisions of these Regulations set out in column 1 of the schedule are designated as provisions whose contravention may be proceeded with as a violation under sections 129.04 to 129.19 of the Act.

## Separate violations

**(2)** The provisions of these Regulations set out in column 1 of the schedule are designated as provisions whose contravention, if continued for more than one day, constitutes a separate violation in respect of each day during which the violation is continued.

## Maximum amounts

**(3)** The amounts set out in column 2 of the schedule are the maximum amounts of the penalty payable in respect of a contravention of the designated provisions set out in column 1.

## Service of Documents

### Individual

**10 (1)** A notice of violation under subsection 129.05(1) of the Act may be served on an individual

**(a)** personally, by leaving a copy of it

**(i)** with the individual, or

**(ii)** if the individual cannot conveniently be found, with someone who appears to be an adult member of the same household at the last known address or usual place of residence of the individual; or

**(b)** by sending a copy of it by registered mail, courier or electronic means to the last known address or usual place of residence of the individual.

### Corporation

**(2)** A notice of violation under subsection 129.05(1) of the Act may be served on a corporation by

**(a)** sending a copy of it by registered mail or courier to the head office or place of business of the corporation or to the corporation's agent or mandatary;

**(b)** leaving a copy of it at the corporation's head office or place of business with an officer or other individual who appears to be in control of or to manage the head office or place of business or with the corporation's agent or mandatary; or

**(c)** sending a copy of it by electronic means to an individual referred to in paragraph (b).

### Cruise ship

**(3)** A notice of violation under subsection 129.05(1) of the Act may be served on a cruise ship by

**(a)** delivering a copy of it personally to the master or any other person who is, or appears to be, in charge of the cruise ship;

**(b)** fixing a copy of it to a prominent part of the cruise ship;

**(c)** if the cruise ship's owner is an individual, sending a copy of it by registered mail or courier to the ship's owner; or

**(d)** if the cruise ship's owner is a corporation,

**(i)** sending a copy of it by registered mail or courier to the owner's head office or place of business,

**(ii)** leaving a copy of it at the owner's head office or place of business with an officer or other individual who appears to be in control of or to manage the head office or place of business or with the owner's agent or mandatary, or

**(iii)** sending a copy of it by electronic means to an individual referred to in subparagraph (ii).

### Registered mail

**(4)** A notice of violation under subsection 129.05(1) of the Act that is served by registered mail is deemed to be served on the fourth day after the day on which it is mailed.

## Repeal

**11** These Regulations are repealed on June 30, 2020.

## Coming into Force

### Registration

**12** These Regulations come into force on the day on which they are registered.

## SCHEDULE

(Section 9)

### Designated Provisions

Column 1	Column 2	
	Maximum Amount of Penalty (\$)	
Designated Provision	Individual	Corporation or Ship
Subsection 4(1)	5,000	25,000
Subsection 4(2)	5,000	25,000
Subsection 4(3)	5,000	25,000
Subsection 4(4)	5,000	25,000

Subsection 4(5)	5,000	25,000
Subsection 5(1)	5,000	25,000
Subsection 5(2)	5,000	25,000
Subsection 5(3)	5,000	25,000
Subsection 5(4)	5,000	25,000
Subsection 5(5)	5,000	25,000
Subsection 6(1)	5,000	25,000
Subsection 6(2)	5,000	25,000
Subsection 6(3)	5,000	25,000
Subsection 6(4)	5,000	25,000
Subsection 6(5)	5,000	25,000
Section 7	5,000	

## REGULATORY IMPACT ANALYSIS STATEMENT

*(This statement is not part of the Regulations.)*

### Issues

On March 9, 2020, the Government of Canada advised that Canadians avoid all travel on cruise ships due to the ongoing COVID-19 outbreak. Recent outbreaks of COVID-19 aboard cruise ships indicate that large numbers of individuals onboard can become infected due to the close contact. Cruise ship passengers and crew members — some of whom may be infected with COVID-19 — routinely embark and disembark at Canadian ports, which can both increase the risk of infection for port and Seaway workers, and as a consequence, spread to the surrounding communities.

To minimize the risk of COVID-19 spreading to port and Seaway workers, as well as among the Canadian population, regulations are needed to restrict cruise ships from accessing ports managed by port authorities, public ports, public port facilities, and the St. Lawrence Seaway until June 30, 2020 (and access could resume on July 1, 2020). If regulations restricting port and Seaway access by cruise ships were not made, then the risk of COVID-19 spreading among port and Seaway workers will be aggravated. Moreover, if regulations are not made, then the risk to the Canadian population would not be mitigated and an increased number of people would be exposed to the virus.

## Background

COVID-19 (i.e. the coronavirus disease) was first detected in Wuhan, China, in December 2019. The disease is caused by a new strain of virus never before seen in humans. As a result, information about the virus, how it causes disease, whom it affects, and how to appropriately treat or prevent illness has been limited and based on best practices approaches to coronaviruses at large. Originally seen to be a local and contained outbreak, COVID-19 has now affected many countries across the globe.

The COVID-19 is caused by a novel coronavirus capable of causing severe illness. The Severe Acute Respiratory Syndrome coronavirus 2 (SARS-CoV-2) is part of a family of viruses that includes Middle East Respiratory Syndrome coronavirus (MERS-CoV) and Severe Acute Respiratory Syndrome coronavirus (SARS-CoV). Coronaviruses are mainly responsible for mild upper respiratory tract infections; common signs of infection include respiratory symptoms, fever, cough, shortness of breath, and breathing difficulties. The novel coronavirus has clearly demonstrated that it can cause severe, life-threatening respiratory disease. In more severe cases, infection can cause pneumonia, severe acute respiratory syndrome, kidney failure and death.

On March 11, 2020, the World Health Organization announced its assessment that COVID-19 could be characterized as a pandemic. <sup>1</sup> While the Public Health Agency of Canada has assessed the public health risk associated with COVID-19 as “low” for the general population, this risk assessment could change rapidly. Despite that assessment, there is an increased risk of more severe outcomes for vulnerable sub-populations.

On March 13, 2020, the Minister of Transport announced the implementation of new measures to defer the start of the cruise ship season in Canada until July 1, 2020, at the earliest. <sup>2</sup> Cruise ships represent a high-risk medium for viral transmission to Canada and Canadians in several ways.

- The high transmission risk and difficulty in disease containment due to the large number of people in close proximity to each other for extended periods of time;
- The large number of passengers and crew that routinely embark and disembark in various locations, and then travel internationally means that an infection incubated in one ship can spread widely and quickly to a local population; and
- The large number of people per ship (often over 4 000), could easily overwhelm local healthcare and public health resources and programming in the event of an outbreak.

As seen with the recent quarantines of the Diamond Princess in Japan and the Grand Princess in the United States, preventing and containing an outbreak of COVID-19 onboard a cruise ship is extremely challenging and carries significant impacts to the health and safety of Canadians. Moreover, due to the routine interfacing, embarking, and disembarking of passengers, a COVID-19 outbreak on a cruise ship could easily be spread both directly to workers at ports, and to surrounding communities.

COVID-19 outbreaks onboard cruise ships have resulted in the illness of at least 56 Canadians, in some cases critical, and the need to repatriate more than 400 Canadians on an emergency basis at significant cost to the taxpayer. This does not include resources used by provincial and local public health agencies to contact and trace positive cases in Canada linked to other cruises or the health system impacts of those additional cases in Canada. Moreover, with increasing numbers of Canadians testing positive for COVID-19 daily, there is already added pressure on the public health system to manage testing and treatment of Canadian patients.

## **Objective**

The Regulations aim to minimize the risk of COVID-19 spreading to port and Seaway workers who directly interact with cruise ship crew and passengers during regular operations. Due to the routine interfacing, embarking, and disembarking of passengers, a COVID-19 outbreak isolated on a cruise ship could easily be spread both directly to workers at ports and workers on the Seaway.

## **Description**

The Regulations apply to cruise ships that are capable of carrying 500 or more persons, including crew members. Such ships will be prohibited from accessing ports managed by port authorities, public ports, public port facilities, and within the Seaway (i.e. St. Lawrence Seaway). Vessels and their masters that violate these prohibitions could be subject to administrative monetary penalties.

However, the Regulations provide that cruise ships may contravene the prohibitions if (1) the Minister believes contravention is necessary to ensure that Canada meets its international obligations; and (2) the impact of the contravention on the safety of persons is minimized.

The Regulations come into force on the day on which they are registered, and will remain in force until June 30, 2020.

## **Regulatory development**

### ***Consultation***

Transport Canada held targeted cruise ship industry calls on March 8, 9, 11, and 12, 2020, to discuss the issue of COVID-19 and the challenges being faced by affected stakeholders. On March 13, 2020, Transport Canada convened a marine industry-wide teleconference call that included 21 cruise ship-related participants of the total 175 participants. Though no tourism specific organizations were on the call, Innovation, Science and Economic Development has had conversations with its stakeholders. From a tourism perspective, affected stakeholders expressed concern about potential impacts on small businesses who are not directly impacted by the regulations. Small businesses within the tourism sector are anticipating further announcements of financial aid. Stakeholders did not expressly object to the proposed measures to delay the cruise ship season.



Some stakeholders raised the possibility of Transport Canada introducing measures to delay the start of the Canadian cruise ship season to mitigate the impacts of COVID-19. Moreover, stakeholders highlighted the need for the Government of Canada to communicate any measures urgently given the approaching start of the cruise ship season. Industry associations representing shipping and ferrying as well as ports and ports authorities did not raise opposition to the delay of the cruise season.

In a letter sent to the Minister of Transport, the City of Victoria, based on the advice of the British Columbia Provincial Health Officer and the concerns of residents, advised that the Council adopted a motion requesting that the Government of Canada, as the operator of the Port of Victoria, follow the advice of the Provincial Health Officer and suspend authorization of international cruise ships to Victoria until risks associated with COVID-19 have subsided.

The Regulations are needed to respond to the COVID-19 pandemic, which poses major risks to health and safety of Canadians. Due to these exigent circumstances, the Regulations were not republished in the *Canada Gazette*.

### ***Modern treaty obligations and Indigenous engagement and consultation***

Northern communities may be disproportionately affected by an outbreak of COVID-19 from a cruise ship given the limited public health capacity in the North. As the situation continues to develop into June 2020 (and noting that the Arctic cruise season is not scheduled to start until July 2020), Transport Canada will continue to consider the risk COVID-19 may have on northern communities. On March 13, 2020, the Government of Canada announced that the Arctic cruise season will be deferred for the entire 2020 season.

### ***Instrument choice***

The *Canadian Marine Act* (CMA) provides that the Governor in Council may make regulations respecting the maintenance of order and the safety of persons and property in a port or in the Seaway. Therefore, restricting access to ports managed by port authorities, public ports, public port facilities, and the Seaway to minimize the spread of COVID-19 through regulations made pursuant to the CMA was selected as the instrument of choice. As well, given that the CMA does not provide the Minister with the authority to make emergency or interim orders, regulations are the only available statutory instruments under the CMA to restrict port and Seaway access on a temporary basis.

Maintaining status quo in the current risk environment is untenable, especially given that there is an ongoing shortage of personal protective equipment such as gowns and masks that would otherwise protect workers exposed to persons with COVID-19. COVID-19 has demonstrated the ability to spread if introduced to the general population, given the lack of immunity, and cause widespread illness. Current data suggests that approximately 16% of cases are severe or critical in nature, and approximately 3% of total cases are fatal. <sup>3</sup>

Due to the close proximity of port and Seaway workers and cruise ships during regular operations, work stoppages due to fear of contagion could shut down Canadian ports. This would cause significant damage to the economy of Canada and, due to the nature of the supply chain, international partners. Moreover, the people who would come into contact with cruise ships in ports and the Seaway, would also enter into contact with other Canadians as they go about their lives, which would increase the risk of a COVID-19 outbreak. Given the number of passengers on a cruise ship capable of carrying 500 persons or more, in the event of a COVID-19 outbreak, local public health authorities could quickly and easily be overwhelmed. The Regulations will provide certainty to workers and the public with respect to safety measures in place for a three-month period of time.

## **Regulatory analysis**

### ***Benefits and costs***

The Regulations are expected to benefit port and Seaway workers, local residents, governments and Canadians living elsewhere in the country. By minimizing the risk of COVID-19 spreading via cruise ship activity in Canada (i.e. navigating, berthing, mooring, loading and unloading persons within a port or Seaway), the Regulations improve health and safety, reduce medical care cost, and loss of productivity of Canadians, and lower the costs to governments of dealing with consequences of the widespread of COVID-19. The range of estimated, monetized total cost of the Regulations is from \$43 million to \$115 million. The most probable value is approximately \$94 million over three months, which represents the value of lost economic activity of businesses catering to cruise ships around Canadian ports.

### ***Analytical framework***

Benefits and costs associated with the Regulations are assessed based on comparing the baseline against the regulatory scenarios. The baseline scenario depicts what is likely to happen in the future if the Government of Canada (Government) does not implement the Regulations. The regulatory scenario provides information on the intended outcomes as a result of the Regulations.

### ***Baseline scenario***

Under this scenario, the cruise ship season in Canada will start in April 2020 as planned, and ports and local communities will conduct their usual businesses. However, the cruise activity in Canada in the 2020 season is expected to be less than previous years, as a result of multiple warnings from health authorities on the dangers of the virus, travel advisories and bans from various levels of government, suspensions of operation of cruise ships and other modes of transportation (e.g. airlines), cancellations of various key events, and the terms of cancellations putting forward by cruise lines.

Without the measures to delay the start of the 2020 cruise ship season, passengers and crew members will dock at Canadian ports as scheduled. If some persons onboard a cruise ship are carrying the virus when embarking or disembarking, then the virus is likely to be spread. Such

contamination threatens the health and safety of workers at ports and Seaway as well as local residents. In cases of infections, patients have to pursue medical care in hospitals or self-quarantine. Canadians living elsewhere in the country may also sense the potential risk and feel stress and anxiety. If presumed virus carriers onboard are reported, then governments will need to establish a quarantine process at ports to contain the spreading of the virus.

### ***Regulatory scenario***

Restricting cruise ships' access to Canadian ports will reduce the demand for businesses supplying cruises and catering to cruise ship passengers, as well as result in lost tourist revenues from passenger and crew excursions. Business owners are expected to scale back operations to avoid incurring the full cost of reduced demand. For example, fuel suppliers will adjust their supply to avoid being overstocked.

By implementing the Regulations, the cruise ship season in Canada will not begin until July 1, 2020. As a result, the risk of COVID-19 spreading to passengers and crew members on cruise ships is minimized. Measures that would have been taken under the baseline scenario to treat patients or contain the virus will be avoided.

### ***Affected stakeholders***

Stakeholders to be affected by the Regulations are mostly businesses that serve cruise ships and passengers around ports. Ports docking cruise ships of at least 500 persons between April and June 2020 are mainly located in British Columbia, Quebec, and the Atlantic provinces. <sup>4</sup> Workers at ports and Seaway are also affected by the Regulations because the health and safety of their workplaces will be protected.

The scope of this cost-benefit analysis is Canadians and Canadian businesses affected by the Regulations. Given that cruise ships capable of carrying 500 or more persons are not owned by Canadian companies, they fall outside the scope of the analysis. Accordingly, only impacts on Canadian companies are considered and the impacts on non-Canadian companies are not considered.

### ***Timeframe and data***

The timeframe for this cost-benefit analysis is three months, from April to June 2020, because the cruise ship season in Canada typically begins in April, and the Regulations will be repealed on June 30, 2020.

Data used to describe the benefits are based on a case study on SARS by Gupta et al. (2004) <sup>5</sup> and the income per capita (also known as the GDP per capita) from the World Bank and the Conference Board of Canada (NOTE: these values are originally presented in different dollar years, and are converted to the 2019 Canadian dollar using the inflation rate and annual exchange rate published by Bank of Canada). <sup>6</sup> <sup>7</sup>

Costs are estimated using data from the *Economic Contribution of the International Cruise Industry in Canada*<sup>8</sup> and cruise ship schedules are obtained from 18 Canadian ports on March 13, 2020. Unless elsewhere stated, benefits and costs are presented in 2019 Canadian dollars.

## **Caveat**

Based on cancellations that have already occurred in the baseline scenario, it is expected that more cancellations could take place in the future. Therefore, it suggests that the impacts of the Regulations are likely to be lower than estimated. Due to uncertainty, the costs of the Regulations presented in the analysis are likely overestimated. A sensitivity analysis was conducted to capture the costs of the Regulations under other possibilities.

## **Benefits**

Benefits expected from the mitigation of the widespread infection of the COVID-19 via cruise ships may be wide ranging. Workers at ports and Seaway, residents in local communities, governments, and Canadians living elsewhere in the country will all benefit from the Regulations. Since the pandemic of COVID-19 is unprecedented, data is not available to quantify these benefits. However, given the similarity between SARS and COVID-19 (e.g. medical treatment, measures of containment), costs related to SARS are presented as an indicator of potential avoided costs or benefits for the Regulations.

### **Increased health and safety**

The Regulations will increase the health and safety for approximately 12 900 workers at ports and Seaway, local residents, and Canadians living elsewhere in the country.<sup>9</sup> This will lead to lower stress and anxiety among the population, which in turn may contribute to lower levels of physical and mental illness. This benefit could also correspond to a reduction in healthcare spending. Therefore, the improved health and safety has both direct and indirect benefits for individuals and the Canadian society.

### **Reduced medical care cost**

In cases where the virus spreads within ports and the surrounding communities, some patients will require medical care in hospitals. During the SARS outbreak in 2003, the average length of hospital stay for a SARS patient was 14 days, with the per diem cost of \$776. For SARS patients who needed to stay in the intensive care unit (ICU), the length of stay varied between 5 and 14 days, and the average cost of stay per night is approximately triple of the typical care, at about \$2,330. These medical care costs, as a proxy to those related to COVID-19-related-costs, would be avoided as a result of the Regulations.

### **Avoided loss of productivity**

Patients infected by the virus, with either mild or severe symptoms, are not able to work for a certain period of time. This will result in lost productivity, or the opportunity cost to the patients, which is measured by the patient's income. In 2019, the income per capita in Canada was about \$60,800, or \$242 per day (based on 251 working days). Given that affected Canadian ports are mainly located in British Columbia, Quebec, and the Atlantic provinces, most lost productivity as a result of these Regulations will be avoided in these areas. The income per capita (income per capita per day) in British Columbia, Quebec, and the Atlantic provinces in 2019 were \$59,000 (\$235), \$49,000 (\$195), and \$50,000 (\$200), respectively. <sup>10</sup>

### **Avoided cost to governments**

If virus carriers are detected onboard, then the governments, perhaps at all of the local, provincial, and federal levels, would need to establish a quarantine process. This process will include, but is not limited to, testing passengers and crew personnel, and disinfecting the ships. The cost of taking such quarantine measures by governments will be avoided as a result of the Regulations.

### **Costs**

The total monetized costs of the Regulations is about \$94 million, which is the value of lost economic activity by businesses catering to cruise ships. In addition, Canadians who choose to accept the risks involved with cruise ship travel will incur costs associated with rescheduling trips to go to a new port of embarkation, or a welfare loss from the cancellation of their trip. However, such costs are not quantified or monetized due to the lack of data.

### **Cost to the local port businesses**

Based on the cruise ship schedules obtained from 18 Canadian port websites on March 13, 2020, affected cruise ships (with the capacity of 500 or more persons) were planned to make 341 port calls at 14 ports between April 2 and June 30, 2020. <sup>11</sup> As cancellations continue in the baseline scenario, it is assumed that cruise ships would be operating with half (50%) of their passenger capacity. Furthermore, it is assumed that the portion of passengers and crew that disembark for excursions and leisure into the areas around the port regions would be reduced by 50%. This would result in a total of approximately 201 000 disembarkation of passengers and crew at these 14 ports.

Restricting the cruise ships' access to Canadian ports and Seaway will result in loss of these visits. Therefore, the loss of net revenue to local businesses is estimated to be \$94 million. Lost net revenue from cruise ship port calls can be divided into three categories — lost tourist revenue from passenger and crew excursions (e.g. shopping, restaurants, museums), other cruise-related expenditures (e.g. airfare and trip insurance), and lost revenue for businesses supporting cruise ship operations (e.g. fuel, food, and other supplies). Table 1 represents the cost associated with the Regulations in the three regions in which cruise ships operate: the Atlantic provinces, British Columbia, and Quebec.

### **Table 1 — Total lost net revenues (in millions) by region and by category**

<b>Region</b>	<b>Passenger and Crew Excursions</b>	<b>Additional Cruise-related Expenditures</b>	<b>Cruise Ship Support</b>	<b>Total</b>
<b>Atlantic</b>	\$ 4.79	\$ 0.05	\$ 2.54	<b>\$ 7.37</b>
<b>British Columbia</b>	\$ 24.45	\$ 15.98	\$ 38.59	<b>\$ 79.02</b>
<b>Quebec</b>	\$ 3.48	\$ 0.87	\$ 3.45	<b>\$ 7.81</b>
<b>Total</b>	<b>\$ 32.73</b>	<b>\$ 16.90</b>	<b>\$ 44.58</b>	<b>\$ 94.21</b>

### **Passenger and crew excursions**

Cruise ship passengers are expected to spend between \$72 and \$370 on average per person per excursion, while crew members are expected to spend between \$57 and \$137 per visit.<sup>12</sup> Given the outbreaks of the COVID-19 on two cruise ships since February 2020, and the cruise ship travel advisories issued by the United States and Canada, it is expected that fewer passengers are on board cruise ships, and therefore the number of passengers and crew visiting areas around ports will be less. The percentage of passengers expected to disembark at each port is estimated to range between 33% and 50%, while that of crew is on average 21%. As previously stated, there would be a total of approximately 201 000 disembarkations of passengers and crew at 14 Canadian ports between April 2 and June 30. The lost net revenue from passenger and crew excursions is \$33 million.

### **Additional cruise-related expenditures**

Cruise passengers originating from Canadian ports may need to travel to the departure city. It is expected that half of foreign passengers and all Canadian passengers embarking at a Canadian port would take flights to the cruise site. In addition, a portion of Canadians on cruises will purchase travel insurance. In 2016, around 20% of Canadian cruise passengers purchased travel insurance.

Travel costs are expected to be greatest at ports where cruises originate, and could be almost nothing for ports that are exclusively excursions. On a per-passenger basis, the expected additional cruise-related expenditures range between \$0 and \$107. The lost net revenue from additional cruise-related expenditures is estimated at around \$17 million.

### **Cruise ship support**

While anchoring at Canadian ports, cruise ships take the opportunity to resupply, refuel, and perform any necessary maintenance. Ships are also required to pay port charges, navigation fees and incur other expenses related to day-to-day operations. In 2016, cruise lines spending with Canadian businesses totalled \$933 million. Cruises are expected to spend between \$45 and \$389 per

passenger, per port. An industry-specific expected net revenue loss ratio (ranging between 0% and 100%) is then applied to these totals to determine the loss of revenue to local businesses supporting cruise lines. The total expected loss is estimated at around \$45 million.

### **Cost of rescheduling or cancellation to travelers**

Canadians who accept the risk associated with COVID-19 and choose to go on cruises will incur costs associated with rescheduling trips or a welfare loss due to cancelled excursions or the entire trip. The Regulations are likely to cause the cancellation of cruises where the itinerary is highly dependent on access to Canadian ports. Less reliant voyages that originate from a foreign port and only make few stops in Canada may adjust their routes and continue to operate as usual. Some cruises originating in Canada may shift their embarkation port to somewhere outside of Canada.

However, data is not available to determine the magnitude of the changes to cruise itineraries in response to the Regulations, or the ratio of Canadians who would cancel plans versus those who would continue. Therefore, these costs to Canadian travellers are not quantified.

### **Consolidated tables of benefits and costs**

**Table 2 — Consolidated table of benefits and costs (2019 Canadian dollar, in millions)**

	Compliance Month			Total
	April	May	June	
<b>MONETIZED COSTS</b>				
<b>Costs to businesses catering to cruise ships</b>				
<b>Passenger and crew excursions</b>	\$ 1.09	\$ 13.89	\$ 17.75	\$ 32.73
<b>Additional cruise-related expenditures</b>	\$ 0.49	\$ 7.55	\$ 8.87	\$ 16.90
<b>Cruise ship support</b>	\$ 1.27	\$ 19.32	\$ 23.98	\$ 44.58
<b>Total net revenue loss</b>	\$ 2.85	\$ 40.76	\$ 50.60	\$ 94.21
<b>QUALITATIVE COSTS/BENEFITS</b>				

**Benefits:**

- Increased health and safety
- Reduced medical care cost
- Avoided loss of productivity
- Avoided cost to governments

**Costs:**

- Costs associated with rescheduling trips to go to a new port of embarkation or welfare loss from the cancellation of their trip

***Distributional impact analysis***

Based on the cruise ship schedules obtained from 18 Canadian ports on March 13, 2020, affected cruise ships (capable of carrying 500 or more persons) were planned to make 341 port calls at 14 ports between April 2 and June 30, 2020. Approximately, 82% of the total cost of the Regulations will be incurred by businesses catering to cruise ships visiting Vancouver and Victoria ports. Table 3 shows a breakdown of the total net revenue loss by different ports.

**Table 3 — Total lost net revenues (in millions) by port and by category**

<b>Port</b>	<b>Passenger and Crew Excursions</b>	<b>Additional Cruise-related Expenditures</b>	<b>Cruise Ship Support</b>	<b>Total</b>
<b>Charlottetown</b>	\$ 0.79	\$ 0.00	\$ 0.25	<b>\$ 1.04</b>
<b>Corner Brook</b>	\$ 0.09	\$ 0.01	\$ 0.04	<b>\$ 0.14</b>
<b>Gaspésie</b>	\$ 0.09	\$ 0.03	\$ 0.12	<b>\$ 0.24</b>
<b>Halifax</b>	\$ 2.04	\$ 0.01	\$ 1.26	<b>\$ 3.31</b>
<b>Montréal</b>	\$ 1.17	\$ 0.27	\$ 1.08	<b>\$ 2.52</b>
<b>Nanaimo</b>	\$ 0.08	\$ 0.11	\$ 0.27	<b>\$ 0.46</b>
<b>Prince Rupert</b>	\$ 0.12	\$ 0.16	\$ 0.41	<b>\$ 0.69</b>



<b>Québec</b>	\$ 2.16	\$ 0.54	\$ 2.15	<b>\$ 4.85</b>
<b>Saguenay</b>	\$ 0.06	\$ 0.02	\$ 0.11	<b>\$ 0.19</b>
<b>Saint John</b>	\$ 1.05	\$ 0.01	\$ 0.39	<b>\$ 1.45</b>
<b>St John's</b>	\$ 0.10	\$ 0.01	\$ 0.04	<b>\$ 0.14</b>
<b>Sydney</b>	\$ 0.72	\$ 0.01	\$ 0.56	<b>\$ 1.28</b>
<b>Vancouver</b>	\$ 17.89	\$ 7.12	\$ 17.30	<b>\$ 42.31</b>
<b>Victoria</b>	\$ 6.36	\$ 8.60	\$ 20.62	<b>\$ 35.57</b>
<b>Total</b>	<b>\$ 32.73</b>	<b>\$ 16.90</b>	<b>\$ 44.58</b>	<b>\$ 94.21</b>

### ***Sensitivity analysis***

The costing estimate is determined using a number of assumptions. A sensitivity analysis was conducted by altering two key variables: the number of passengers on each cruise and the ratio of passengers expected to disembark at each port. A summary of the impacts of the sensitivity analysis is presented in Table 4.

**Table 4 — Sensitivity analysis: Total lost net revenues (in millions)**

<b>Percentage of passengers and crew disembark</b>	<b>Percentage of cruise booked</b>				
	<b>20%</b>	<b>30%</b>	<b>40%</b>	<b>50%</b>	<b>60%</b>
<b>20%</b>	\$ 43.47	\$ 53.84	\$ 64.21	\$ 74.57	\$ 84.94
<b>30%</b>	\$ 46.89	\$ 58.30	\$ 69.71	\$ 81.12	\$ 92.53
<b>40%</b>	\$ 50.31	\$ 62.76	\$ 75.21	\$ 87.66	\$ 100.11
<b>50%</b>	\$ 53.73	\$ 67.22	\$ 80.71	<b>\$ 94.21 *</b>	\$ 107.70
<b>60%</b>	\$ 57.15	\$ 71.68	\$ 86.22	\$ 100.75	\$ 115.29

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\*  
\_ \*Represents the central scenario.

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### ***Small business lens***

A small business is any business, including its affiliates, that has fewer than 100 employees or less than \$5 million in annual gross revenues. Small businesses are not expected to be unduly or disproportionately affected by the Regulations as the prohibition will apply to large cruise ships that have the capacity to carry over 500 persons. There are currently no Canadian businesses who own cruise ships that can carry 500 or more passengers. Given the scope of application of the Regulations and the nature of the affected industry, the small business lens does not apply. However, certain businesses that are not subject to the Regulations (e.g. restaurants, souvenir shops) may be indirectly affected by the Regulations.

### ***One-for-one rule***

The one-for-one rule does not apply, as there is no incremental change in administrative burden on business.

### ***Regulatory cooperation and alignment***

Targeted Seaway access restrictions could run counter to international treaties, such as the *Treaty of Washington (1871)* or the *Boundary Waters Treaty (1909)*, as well as international conventions. As there are no cruise ships capable of carrying 500 persons currently operating on the Seaway, the Regulation is not projected to raise specific concerns in relation to these treaties.

### ***Strategic environmental assessment***

In accordance with the *Cabinet Directive on the Environmental Assessment of Policy, Plan and Program Proposals*, a preliminary scan concluded that a strategic environmental assessment is not required.

### ***Gender-based analysis plus (GBA+)***

At this time, the Public Health Agency of Canada has assessed the public health risk associated with COVID-19 as low for the general population in Canada but this could change rapidly. There is an increased risk of more severe outcomes for

- persons aged 65 and over;
- persons with compromised immune systems; and
- persons with underlying medical conditions. <sup>13</sup>

In the World Health Organization's *Report of the WHO-China Joint Mission*, issued in February 2020, it was noted that the COVID-19 transmission in children appeared to be limited compared with influenza, and that, as opposed to Influenza A(H1N1)pdm09, pregnant women do not appear to be at higher risk of severe disease.

## **Rationale**

Cruise ships represent a high-risk medium for viral transmission of respiratory infectious diseases like COVID-19. Close contact among passengers and crew make successful quarantines onboard cruise ships virtually impossible. As can be seen with the recent quarantine of the *Diamond Princess* in Japan and the *Grand Princess* in the United States, even the best efforts of leading cruise ship operators have failed to prevent and contain outbreaks of COVID-19.

In addition to the impact COVID-19 outbreaks onboard cruise ships has had to the public health of Canadians, ships carrying the virus also pose a significant risk to the health and safety of port and seaway workers. Port and Seaway workers (including inspectors) who directly interact with infected cruise ships during regular operations may be at a significantly higher risk of contracting COVID-19. Moreover, due to the routine interfacing, embarking, and disembarking of passengers, a COVID-19 outbreak isolated on a cruise ship could easily spread both directly to workers at ports, and to persons in surrounding communities.

As cruise ships that carry large numbers of people for an extended period of time pose the most significant risk to public health — particularly the health and safety of persons working in Canadian ports and the Seaway — the Regulations will apply only to cruise ships capable of carrying 500 persons or more.

These Regulations are part of a larger strategy the Government of Canada is implementing that prioritizes the health and safety of Canadians, ensures the capacity of the public health-care system, aligns Canada's international and domestic approaches, and strives to mitigate the health and economic impacts in Canada.

## **Implementation, compliance and enforcement, and service standards**

The Canadian cruise ship season begins on April 2, 2020, and will reach the high-season in June 2020. The Regulations will enter into force upon registration and remain in force until June 30, 2020. Additional analysis will be undertaken while the regulations are in force to determine if COVID-19 continues to pose a significant health risk to Canadians and to determine appropriate and necessary measures (if any) beyond June 30. The Government of Canada will continue to engage with ports and port authorities as well as with the tourism sector and regional partners to understand the effects of COVID-19 on local businesses and their employees.

The Regulations designate certain provisions as violations and establish administrative monetary penalties (AMPs) for those violations. The maximum penalty for an individual or a corporation (including a cruise ship) is \$5,000 and \$25,000, respectively. Where a particular violation continues

for more than one day, an AMP could be issued for each day during which a violation continues (e.g. a corporate entity whose violation continues for a period of four days could be subject to four penalties for each of those four days totalling \$25,000 each). These penalties will be administered in accordance with existing Transport Canada enforcement standards and guidelines.

Transport Canada will be closely monitoring the implementation of the Regulations and will be developing guidelines and procedures to guide their implementation.

## Contact

Martin McKay  
Executive Director  
Legislative, Regulatory, and International Affairs  
Marine Safety and Security  
Transport Canada  
Telephone: 613-990-4708  
Email: [Martin.McKay@tc.gc.ca](mailto:Martin.McKay@tc.gc.ca) (<mailto:Martin.McKay@tc.gc.ca>)

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## Footnotes

- <sup>a</sup> S.C. 2008, c. 21, s. 57
- <sup>b</sup> S.C. 1998, c. 10
- <sup>1</sup> WHO Director General's opening remarks at the media briefing on COVID-19 — 11 March 2020 <<https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>  
(<https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>)>
- <sup>2</sup> Government of Canada announces intention to defer the start of cruise ship season in Canada as COVID-19 response measure < <https://www.canada.ca/en/transport-canada/news/2020/03/government-of-canada-announces-intention-to-defer-the-start-of-cruise-ship-season-in-canada-as-covid-19-response-measure.html>  
(<https://www.canada.ca/en/transport-canada/news/2020/03/government-of-canada-announces-intention-to-defer-the-start-of-cruise-ship-season-in-canada-as-covid-19-response-measure.html>) >

- 3 Coronavirus disease 2019 (COVID-19) Situation Report – 41 (March 1, 2020)  
<[https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200301-sitrep-41-covid-19.pdf?sfvrsn=6768306d\\_2](https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200301-sitrep-41-covid-19.pdf?sfvrsn=6768306d_2) ([https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200301-sitrep-41-covid-19.pdf?sfvrsn=6768306d\\_2](https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200301-sitrep-41-covid-19.pdf?sfvrsn=6768306d_2))>
- 4 Ports in British Columbia: Victoria, Vancouver, Prince Rupert, Nanaimo. Ports in Quebec: Baie-Comeau, Gaspésie, Les Îles-de-la-Madeleine, Montréal, Québec, Saguenay, Trois-Rivières. Ports in Atlantic Canada: Charlottetown, Corner Brock, Halifax, St. John, Saint John's, Sydney.
- 5 Anu G. Gupta, Cheryl A. Moyer, David T. Stern, "The economic impact of quarantine: SARS in Toronto as a case study", *Journal of Infection* (2005) 50, 386-393.
- 6 <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD>  
(<https://data.worldbank.org/indicator/NY.GDP.PCAP.CD>)
- 7 <https://www.conferenceboard.ca/hcp/provincial/economy/income-per-capita.aspx>  
(<https://www.conferenceboard.ca/hcp/provincial/economy/income-per-capita.aspx>)
- 8 <http://clia-nwc.com/wp-content/uploads/2017/06/Canadian-Economic-Impact-Analysis-2016.pdf> (PDF) (<http://clia-nwc.com/wp-content/uploads/2017/06/Canadian-Economic-Impact-Analysis-2016.pdf>) [accessed: March 13, 2020]
- 9 In 2020, Charlottetown port expects to have 446 employees (directly employed at the port) and receive about 36 000 passengers / crew in total (<http://portcharlottetown.com/port-info/> (<http://portcharlottetown.com/port-info/>)). Since the information of employees in other ports is not readily available, the ratio between employees and passenger / crew in Charlottetown was applied to the expected numbers of passengers / crew in other ports to estimate the number of their employees.
- 10 The income per capita for the Atlantic provinces is the average income per capita from Nova Scotia, Newfoundland, New Brunswick, and Prince of Edward Island.
- 11 Those cruise ships cancelled were removed from the analysis, for more information refer to the baseline scenario section.

- 12 The Economic Contribution of the International Cruise Industry in Canada; Business Research & Economic Advisors, 2017
- 13 “Coronavirus disease (COVID-19): Outbreak update” <<https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection.html>  
(<https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection.html>)>
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