

15. Creating and Amending Protocols for Economic Recovery From Disaster for All Businesses

Issue

Canada is at risk from a large number of diverse, natural and man-made disasters, many of which are capable of causing damage on a scale well beyond the epicenter of the problem. Examples include the recent forest fires impacting Fort McMurray and the oil-sands industrial complexes, the potential of a major subduction earthquake on the west coast, major storm events throughout central Canada, and any other event that would greatly impact a region's ability to have business as usual.

While first responders do their important work, business owners are left to fend for themselves, which may mean temporary closures. However, the concern is that the longer a business is closed, the less likely it will be able to re-open, leaving workers and owners alike unemployed and the area's economy damaged.

If economic assistance, as a result of prescribed protocols, can be initiated immediately to all business that can demonstrate need, the severity of an economic disaster can be reduced. Employees are paid and that income contributes to recovery. Businesses can relocate and continue to function without having to wait for insurance settlements. As conditions improve, recovery will occur faster because the economy is active in those first few weeks post-disaster.

Such a program would rely on quick, turn-around loans or other forms of assistance that would be tracked and, where appropriate, paid back in part or full as insurance and other funding mechanisms are available.

Such a program was created and instituted by the Christchurch (New Zealand) Chamber following the devastating earthquakes of 2010 and 2011. According to Peter Townsend, Chief Executive of the Canterbury Employers' Chamber of Commerce, a temporary support system was created within days of the last quake. The national government provided temporary financial relief based on the number of a business' full time equivalent (FTEs) employees. Payments were given to the employer who paid the employees and effectively developed a cash-flow for the region, supporting employees, their families, and the local businesses. The community was sustained and businesses survived.

Public Safety Canada has prepared comprehensive plans that address issues of business continuity post-disaster:

"Recognizing that some services or products must be continuously delivered without interruption, there has been a shift from Business Resumption Planning to Business Continuity Planning."¹ The goal of the protocol is to enable "critical services or products to be continually delivered to clients"² (including financial assistance).

Certainly, the restoration and maintenance of critical services and products is understood and unquestioned, as is the value of the Business Continuation Plan (BCP). However, the goal of this resolution is to expand the criteria beyond critical services or products, and encompass the whole business community. In order for a region's economy to survive, it will need cash flowing throughout the recovery period, therefore all companies in the affected area may qualify for emergency funding and help prevent the economy from stalling. The funding would be provided on the basis of partial or complete repayment as and when time and the economy allows.

¹ Reference: <http://www.publicsafety.gc.ca/prg/em/gds/bcp-eng.asp>

²Ibid.

All businesses also need to participate formally by registering their business in Business Continuation Plan program. The BCP would include provisions that allow for the partial or complete repayment of assistance based on criteria to be developed in greater detail by a joint team of the federal government, provinces and territories, and the Canadian Chamber of Commerce.

Business organizations, particularly chambers of commerce and boards of trade across the country could then facilitate this process.

Results published by Recover Canterbury, the umbrella agency tasked with implementing the program, would be an important case study from which to develop next steps. It concludes:

“Recover Canterbury was always to be a temporary organization. This month, after 26 months, it closed its doors. In that time, the organization had contact with around 7,000 businesses. In 2012, Canterbury Development Corporation assessed its economic impact: by the most conservative assumptions, Recover Canterbury saved 617 jobs, and kept \$39 million in the economy. Almost 400 businesses received funding of \$6.1 million.”³

Recommendations

That the federal government, to better prepare for and protect Canada’s economic well-being:

1. Review the Public Safety Canada Business Continuation statutes with the view of including all qualified businesses in the protocols to receive emergency financial support to better stabilize the affected economy through the crisis period.
2. Develop a program to promote the need for Business Continuity Plans – and resources to assist in their development – with input from the Canadian Chamber of Commerce and the chambers of commerce and boards of trade across Canada.
3. Evaluate the cost of providing funding to businesses that demonstrate they need assistance in the result of a catastrophic disaster.

³ <http://www.recovercanterbury.co.nz/>