

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 (such as the expected west coast subduction earthquake, central Canada power failure, extreme cold and hot weather, massive flooding annually on the prairies, wildfires, tornados in central Canada, hurricanes and their remnants such as "Sandy" in the Maritimes and so on).

The June 2013 flooding disaster in Alberta (Calgary, Canmore, High River, Medicine Hat, among many) is a timely example of how disaster can strike almost overnight and bring many businesses in these cities, towns and districts to a standstill. The impact on the economy is dramatic. Alberta's recovery may take up to a decade (as has been estimated for Calgary and High River) or more.

While the first responders do their important work, many business owners are left to fend for themselves, which may mean at least temporary closure. Many simply close their doors and sadly some don't survive the event, leaving workers and owners alike unemployed and the area (and even the national 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 because, in essence, paycheques will continue to flow into the community, and businesses can relocate and continue to function at some level without having to wait for insurance settlements. As conditions improve, recovery will occur much faster because the economy will remain in motion throughout the disaster. Note that this does not connote "free money", but rather assistance would be tracked and, as appropriate, paid back in part or in full as insurance and other funding mechanisms become available.

Such a successful 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 where the national government provided temporary financial relief based the number of a business' full time equivalents (FTEs). Payments went to the employer who then passed it on to the employees providing a cash flow to allow options of re-establishing elsewhere (temporarily) and allowing companies to continue operating, even marginally, sustaining the employees, their families, and the businesses where they shopped and spent money in the economy that would otherwise become cash-starved.

Public Safety Canada has prepared comprehensive plans that address issues around business continuity in the event of a disaster. From their website:

"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 stated 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 just the critical services or products, to encompass the whole business community, so all companies operating at the time of the event, in the affected area, may qualify for emergency funding to help maintain the economy and prevent it from stalling. The funding would be

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

² Ibid.

provided on the basis of partial or complete repayment further removed from the disaster as the economy allows.

All businesses also need to participate formally by registering their business in Business Continuation Plan program. The BCP would include provisions that would 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/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 to study next step. It concluded:

“Recover Canterbury was always to be a temporary organisation. This month, after 26 months, it closed its doors. In that time, the organisation 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 strategic 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/>