Guidelines for the Disaster Financial Assistance Arrangements

For events on or subsequent to January 1, 2008

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Chapter I - First principles

1.1 Introduction

Public Safety Canada (formerly Public Safety and Emergency Preparedness Canada) has developed the following revised guidelines for the administration of the federal Disaster financial assistance arrangements (DFAA). This program provides disaster relief through provincial and territorial governments. These Guidelines apply to events occurring after December 31, 2007 and replace the previous DFAA Manual (EPC 22/88). Events occurring prior to January 1, 2008 are subject to the guidelines outlined in EPC 22/88.

Supplementary revisions to these Guidelines may be issued as required.

Note the following references in the Guidelines:

- "province" always refers to provinces and territories;
- "eligibility of expenditures" means eligibility under the DFAA, rather than any provincial program, unless eligibility under such a program is explicitly stated;
- "orders of proper authorities" refers to orders of provincial, territorial or municipal authorities exercising existing powers; and
- "eligible costs" means expenditures incurred by those governments that are eligible for cost sharing under the DFAA as defined in the DFAA Guidelines.

1.2 Principles

Provincial governments design, develop and deliver disaster response and assistance programs within their own jurisdictions. In doing so, they establish the financial assistance criteria they consider appropriate for response and recovery.

The DFAA are intended to support the provinces in:

- providing or reinstating the necessities of life to individuals, including help to repair and restore damaged homes;
- re-establishing or maintaining the viability of small businesses and working farms;
- repairing, rebuilding and restoring public works and the essential community services specified in these Guidelines to their pre-disaster capabilities; and
- funding limited mitigation measures to reduce the future vulnerability of repaired or replaced infrastructure.

1.3 Purpose

The purpose of the DFAA is to assist provinces with the costs of dealing with a disaster where those costs would otherwise place a significant burden on the provincial economy and would exceed what they might reasonably be expected to fully bear on their own.

1.4 Application

The DFAA are intended to address natural disasters resulting in extensive property damage or disruption of the delivery of essential goods and services. They do not apply to:

- disasters whose effects are limited to a single economic production sector;
- chronic or pandemic health emergencies, including recurring or new public health threats;
- public order, civil disorder, criminal and terrorist acts, or international armed conflict;
- the fighting of forest, prairie, grass or wild fires, except where they pose a threat to built-up areas, and then primarily for pre-emptive actions, evacuation and damaged infrastructure restoration.
1.5 Recipient class and cost-sharing procedure

Only provinces are eligible for disaster financial assistance under the DFAA. Assistance is available when a province’s eligible expenses incurred in carrying out its own disaster response and recovery program are above $1 per capita of the provincial population (as estimated by Statistics Canada to exist on July 1st in the calendar year of the disaster). Once the threshold is exceeded, the federal share of eligible expenses is determined by the formula in Table 1.

<table>
<thead>
<tr>
<th>Eligible provincial expense thresholds (per capita of population)</th>
<th>Government of Canada share (percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>First $1</td>
<td>0</td>
</tr>
<tr>
<td>Next $2</td>
<td>50</td>
</tr>
<tr>
<td>Next $2</td>
<td>75</td>
</tr>
<tr>
<td>Remainder</td>
<td>90</td>
</tr>
</tbody>
</table>

1.6 Authority and funding

Pursuant to section 4(1)(j) of the Emergency Management Act (S.C. 2007, c. 15), the Minister of Public Safety and Emergency Preparedness (the Minister) may provide financial assistance to a province if:

- a provincial emergency in the province has been declared to be of concern to the federal government by the Governor in Council under section 7(c);
- the Minister is authorized by the Governor in Council under section 7(d) to provide financial assistance;
- the province has requested assistance.

Authority to provide financial assistance rests with the Governor in Council who may, on the recommendation of the Minister, make an order as required under the Emergency Management Act declaring a provincial emergency to be of concern to the Government of Canada. The Governor in Council may authorize the provision of financial assistance to the affected province. The Minister is the final authority regarding eligibility of events and expenditures, and amounts of payments to be made through the DFAA. Payments are approved by the Minister following determination of the amount of eligible provincial expenditures and application of the cost-sharing formula.

The Government of Canada retains the right to determine whether the DFAA are a suitable vehicle to provide financial assistance or whether alternative assistance measures are more appropriate in cases of catastrophic losses. The provision of any federal financial assistance to provinces is at the discretion of the Government of Canada.

Chapter II - Administrative procedures

2.1 Requests for assistance

2.1.1 Any request for financial assistance under the DFAA must be made by the province within six months of the end of the event. The request takes the form of a letter from the Premier of the province to the Prime Minister or from the provincial Minister Responsible for Emergency Preparedness to the federal Minister.

2.1.2 The Emergency Management Act requires that a federal Order-in-Council be issued declaring an emergency that occurs in a province to be of concern to the Government of Canada and authorizing the provision of financial assistance. Provinces are encouraged to submit requests for assistance as soon as possible after the event. If the eligible provincial expenditure threshold is not exceeded, the file is
simply closed. Early federal involvement facilitates timely consultations on the eligibility of provincial expenditures for financial assistance under the DFAA.

2.1.3 The period of the disaster (including beginning and end dates) and the affected geographical area must be defined and accepted for the purposes of the DFAA by the province and the Government of Canada. Eligibility determinations will be based on the resulting dates and areas. Appropriate technical expertise will be consulted as needed for such determinations.

2.2 Assessment and appraisal of damages

2.2.1 The Regional Director (RD) of Public Safety Canada provides initial federal liaison with provincial officials responding to the immediate effects of a disaster. Subsequently, the RD co-ordinates the Government of Canada participation in damage assessment and review of provincial requests for assistance if requested. Federal departments with the appropriate expertise may be requested to provide the RD with advice and assistance in determining what constitutes reasonable costs for recovery and restoration. Alternatively, the RD and the affected province may agree to engage third parties for appraising damage and recovery costs.

2.3 Time limit on claim settlement

2.3.1 A normal limit of five years (from the date of the approval of the Order-in-Council) is established for provincial submission of the final claim.

2.3.2 The provincial Minister Responsible for Emergency Preparedness may request an extension from the federal Minister, accompanied by a rationale and related statements of outstanding amounts and issues.

2.3.3 All outstanding claims for DFAA may be subjected to close-out procedure if a request is not received by the provincial Minister within the normal time limit.

2.4 Co-operation on public information and visibility of contribution sources

2.4.1 The Government of Canada will work with provinces to ensure a high level of visibility and public recognition of both provincial and federal contributions under the DFAA.

2.4.2 Visibility provisions will be cost-shareable and may include

1. joint organization of related news conferences, announcements, official ceremonies, etc., with each party being given an equal opportunity to participate; and
2. appropriate signage for major assisted recovery/redevelopment, both public and private.

2.5 Linkage of weather-caused events

2.5.1 Linking of separate disastrous events into one DFAA request is not permitted, with the exception of general spring flooding in a defined area, including secondary flooding caused by storms. Geographically dispersed impacts from a common storm system may be grouped into one claim. Public Safety Canada relies on Environment Canada (EC) for expert advice on the definition of common storm systems. If EC is unable to respond in a timely manner, Public Safety Canada may seek technical advice elsewhere, including private sector experts.

2.6 Eligibility determinations and interpretation bulletins

2.6.1 Rulings on the eligibility of specific individual cases will not be made. RDs will continue to advise provinces on the interpretation and application of eligibility criteria. However, if unusual circumstances are encountered on which the Guidelines are silent or ambiguous, Public Safety Canada may, on the advice of regional and headquarters staff, make "eligibility determinations" on issues raised by a province. Such determinations may serve as the basis for general "interpretation bulletins," for the future guidance of all provinces, which Public Safety Canada will publish on the advice of regional and headquarters staff.
2.7 Record keeping and audit

2.7.1 Records must be such that work required to restore publicly owned facilities may be separated from ongoing maintenance and other routine work. The province and all assisted municipalities or public agencies shall maintain accounts for each project showing the costs that are additional to those normally incurred.

2.7.2 Provinces shall identify and make available all records that will assist in determining the pre-disaster condition of the affected areas and actual expenses of response, recovery and repair of damages. It is recognized that pre-disaster condition can be difficult to determine. Specific eligibility in these instances may need to be assessed on a case-by-case basis. Reasonable efforts should be made by provinces and their municipalities to separate all records into response and recovery segments to facilitate the auditing process.

2.7.3 With respect to provincial works started in the immediate post-disaster period, when there is no time to obtain detailed estimates, the records should provide:

1. damage estimates certified by a professional engineer to represent only the cost of returning the works to pre-disaster condition unless a mandatory standard or Regulation requires that there be enhancements;
2. a determination of appropriate rates for labour, materials and equipment;
3. a broad estimate of the cost, including labour, materials and equipment; and
4. on completion of the work, the actual cost records by project/location indicating labour, material and equipment charges.

2.7.4 Records of municipal works should include the following:

1. damage estimates certified by a professional engineer to represent only the cost of returning the works to pre-disaster condition unless a mandatory standard or regulation requires that there be enhancements;
2. provincial verification of the estimate of cost to repair the damage to pre-disaster condition, ensuring that the costs for routine maintenance and improvements are not incorporated;
3. a determination of appropriate rates of labour, material and equipment; and
4. confirmation by the province that the work has been completed.

2.7.5 To the extent possible, claims relating to post-disaster assistance for individuals should reflect the following:

1. repair costs or appraised value of real property (derived from assessment rolls), whichever is less;
2. estimated replacement value of essential goods and chattels based on a list of eligible items and unit values as outlined in the provincial aid program; and
3. estimated cost of restoring property to pre-disaster condition (damage appraisal) and invoiced expenditures on actual repair/restoration/redevelopment.

2.7.6 In every case, provinces shall:

1. keep accounts and records of all related financial estimates and expenditures in a manner consistent with generally accepted accounting principles;
2. aggregate and make these accounts and records available for provincial and federal audits and inspection, and facilitate these audits by providing reasonable access and temporary working space; and
3. maintain all accounts, files, invoices and vouchers until all federal audits or inspections have been completed and the final payment made under DFAA.

2.7.7 Expenditures are only eligible if they are documented by invoices for goods or services in which the reason for their purchase is given and their applicability to response or recovery operations is clear.
2.7.8 A final provincial claim must be validated by a provincial auditor, and/or a commercially engaged audit firm, in accordance with accepted audit practices. Validation by the provincial auditor asserts: that the claim reconciles to the audited financial statements of the province; claimed expenditures are incurred, paid, recorded separately, and adequately supported; and provincial systems/controls used for recording event-specific and federally eligible expenditures support the claim, are sufficient and operate effectively. The Public Safety Canada Regional Director is the point of contact for provincial auditor questions regarding claim administration, DFAA eligibility and DFAA interpretations. Incremental costs for auditors (over and above full-time provincial employees) are eligible for cost-sharing.

2.7.9 Audit Services Canada (ASC) will audit the submitted provincial claim for federal DFAA compliance. The purpose of this audit is to either express an opinion, or present an assertion that an opinion cannot be expressed, as to the total eligible costs under the federal DFAA and as to the Province’s compliance with the DFAA Guidelines. The audit work may encompass, but will not be limited to: inspection of records and documents and tangible assets; observation of processes and procedures; enquiry of knowledgeable persons; third party confirmations; recalculation to confirm the mathematical accuracy of records; re-performance of procedures or controls; and analytical procedures to study plausible relationships among both financial and non-financial data. The audit procedures may also encompass a request and review of provincial audit working papers (as per 2.7.8 above). Public Safety Canada uses the federal audit report when making a final determination of eligibility and amount of financial assistance as determined by the cost-sharing formula. Public Safety Canada makes final decisions as to the compliance and eligibility of claimed costs.

2.8 Advance payments

2.8.1 In the first 12 months following the end of an event, a province may request in writing advance DFAA payments to address early requirements. These requests must contain supporting documentation, including actual interim expenditures and projected estimates, for review by the federal auditor. Based on this audit review, Public Safety Canada determines the total amount of the advance payments which should not exceed half of the projected federal cost-share.

2.9 Interim payments

2.9.1 Additional payments, called interim payments, may be made from time to time if requested in writing and if the Minister deems that the situation warrants such payments. Such requests must be supported by adequate documentation, including information detailing actual interim expenditures and estimate revisions. As is the case for an advance payment, documentation justifying a request for an interim payment must be sufficient to satisfy Public Safety Canada. Subsequent requests in writing for interim payments will be considered once per calendar year. Public Safety Canada will determine amounts of interim payments, normally limited to 60% of the total projected federal cost-share. Under exceptional circumstances, cumulative advance and interim payments may add up to 90% of the formula-based federal cost-share of actual eligible expenses to date.

2.10 Final payment

2.10.1 Once the final, provincially audited accounting of the provincial program of disaster assistance has been submitted, Public Safety Canada will arrange for a federal audit of provincial expenditures to determine the amount of financial assistance. If a province submits additional expenditures with supporting documentation for consideration after completion of the federal audit but before the Minister has approved payment, the costs of having such expenditures reviewed by Government of Canada auditors will be the responsibility of the province and will not be eligible for cost-sharing.

2.10.2 Any costs submitted after the final payment has been issued to the province will not be considered for cost-sharing under the DFAA.

2.10.3 Where the five-year limit on claim settlement set out in these guidelines has passed, and the province has not requested an extension, Public Safety Canada will initiate a claim close-out procedure after the five-year limit in cooperation with the affected province. A joint federal-provincial team will be formed to expedite a summary review and resolution of all documented expenses and provincial expenses.
financial commitments (including legal and technical issues). The team will arrive at an estimate of total eligible expenditures and the federal cost-share. Public Safety Canada’s auditors will review this estimate. After approval by the Minister, this amount (net of all advance and interim payments) will be paid to the province, which will bring an end to the claim.

2.10.4 Should a province choose not to participate in this close-out procedure, all payments or liabilities pursuant to these arrangements, beyond such advance payments as have already been made, will be permanently forfeited upon the fifth anniversary of the disaster termination date.

2.11 Overpayment

2.11.1 Every effort will be made to avoid overpayments. However, if an overpayment situation exists for whatever reason following the review of the final audit report by Public Safety Canada and the province, the Government of Canada will initiate action to recover the overpayment by:

1. requesting that the province reimburse the Government of Canada as soon as practicable; and
2. reducing future Government of Canada payments claimed by the province under the DFAA, should the province not comply.

2.11.2 Furthermore, should overpayment occur as a result of subsequent recoveries following restitution of expenditures, court cases or insurance, these shall be considered in the final payment or subsequent overpayment reimbursement.

2.12 Resolution of disputes and disagreements

2.12.1 From time to time problems may arise between the Government of Canada and a provincial government concerning areas such as the eligibility of items that may be included in a claim, or the need for and provision of advance, interim or final payments. The DFAA are a federal policy instrument through which the federal government provides a degree of financial assistance by cost-sharing a province’s own disaster financial assistance. As the DFAA therefore do not lend themselves to neutral or judicial overview, the Minister is the final arbiter on behalf of the Government of Canada.

2.12.2 Every reasonable attempt will be made to negotiate disputes at the lowest possible level. Based on informal past practice, a series of progressive appeal steps are identified, comprising:

1. notification of the province by the Public Safety Canada RD of elements for which there is divergence or disagreement;
2. regional discussion with the Public Safety Canada RD and the province to resolve specific issues or interpretations;
3. referral of unresolved issues to DFAA program management at Public Safety Canada headquarters with emphasis on detailed context appreciation;
4. Public Safety Canada provision of a considered decision following consultation as required with other departments and relevant experts; and
5. a letter of appeal from the provincial Minister to the federal Minister.

Chapter III - General eligibility criteria

3.1 Basic considerations

3.1.1 In assessing eligibility of provincial expenditures for cost-sharing under the DFAA, the following considerations pertain to all claims:

1. Provinces are responsible for designing and delivering such financial assistance programs as they consider appropriate. To be eligible for cost-sharing through the DFAA, provincial expenditures must have been actually paid out.
2. Eligible costs to a province are net costs after any recoveries from insurance payouts, recoveries through legal actions and financial assistance received from other sources. Contributions from recognized non-governmental organizations or those resulting from a special disaster-related fund-raising drive can be used to support expenditures ineligible under DFAA. If
such contributions are used to support DFAA-eligible expenditures, they will be subtracted from a province's total costs before eligible costs are determined.

3. Where a province has demonstrated that it has exhausted all reasonable legal and practical means to recover costs from individuals or organizations found by the courts to be liable, the unrecovered eligible losses will be considered for cost-sharing. As well, when a province can demonstrate that the duration of legal proceedings will preclude the recovery of such costs prior to the formal close-out of a claim, a continuing potential liability will be noted by Public Safety Canada at the time of close-out and additional payment will be made for any unrecovered expenses at the conclusion of the legal process.

3.1.2 The following categories are not eligible:

1. expenditures for which provision is made for full or partial reimbursement to the province under any other federal program existing at the time of the emergency, whether or not the province accessed the program. The DFAA cannot be applied to top up assistance available under other programs, or to by-pass prescribed limits to the contributions and terms of other programs;
2. costs of restoring or replacing items that were insured or insurable. Under the DFAA, insurable means that insurance coverage for a specific hazard for the individual, family, small business owner or farmer was available in the area at reasonable cost. Reasonable cost and availability are determined jointly by the province and the Public Safety Canada RD, with professional advice as required (e.g., Insurance Bureau of Canada, regional insurance broker);
3. loss of income, wages, profits and/or revenue, loss of production or productivity, loss of opportunity, inconvenience, loss of asset or market value or market share, loss of wages and reduction of yield (i.e., crops, fish, wood);
4. losses or damages that are an ordinary or normal risk of a trade, calling or enterprise (e.g., fishing gear destroyed while in use at sea as a result of a storm that may have had other, more widespread effects elsewhere);
5. provincial sales taxes, including that portion of Harmonized Sales Tax (HST) revenues accruing to a province;
6. legal and other costs associated with the settlements of estates of people killed in the course of a disaster;
7. punitive damage awards by courts or out-of-court settlements;
8. assistance to businesses other than small businesses as defined in these Guidelines;
9. any financial assistance given to individuals, households, small businesses, farms and public infrastructure physically located outside of the affected area as defined; and
10. interest on loans obtained for bridge financing or on late payments made by provinces.

3.2 Pre-emptive action

3.2.1 In circumstances where danger to life and property is imminent, and instructions/orders are given by appropriate public authorities, costs for pre-emptive action may be eligible. This includes incremental public sector costs and significant out-of-pocket private sector costs that the province considers to merit support and that are covered by the provincial financial assistance program. However, members of the public and private sectors are expected to take reasonable measures, and absorb reasonable related costs, to protect themselves and their property. Examples of eligible expenses include material costs of sandbagging in the event of a flood and measures taken to protect life and property when a forest fire threatens an urban area.

3.2.2 Measures that would be or had been taken as a normal part of preparations to avoid or mitigate the effects of a future disaster prior to its onset are not eligible. Nor are eligible any expenses incurred for pre-emptive measures taken in the immediate pre-disaster period if for any reason a threatened disaster does not occur; they are solely the responsibility of the province incurring them.

3.3 Disaster recovery mitigation measures

3.3.1 Mitigation enhancements undertaken within specific repair/rebuilding projects to reduce vulnerability to future emergencies will be considered on a case-by-case basis.
3.3.2 The province will recommend and the Public Safety Canada RD must agree to each proposed mitigation enhancement. The RD will consult with Public Safety Canada headquarters and appropriate federal departments as required. Details (nature and scope of work, timings, estimates and disbursements) should be recorded for subsequent audit verification. Provincial officials should contact the Public Safety Canada RD at the earliest opportunity to seek concurrence on a project’s eligibility for mitigation cost-sharing.

3.3.3 New infrastructure initiatives and enhancements mainly designed to increase operational capacity (e.g., traffic volume, productive output), functionality, floor space, or life-cycle duration are not eligible.

3.3.4 The value of enhancements eligible for cost-sharing is limited to 15% of the estimated cost of repair to pre-disaster condition.

3.4 Innovative recovery solutions

3.4.1 Any solution that reduces or prevents recurrence of damages up to an equivalent of the cost of repairing/replacing actual damaged facilities, plus mitigation enhancement value as appropriate, will be considered for eligibility subject to approval by Public Safety Canada. Such solutions may include development relocation to less disaster-prone areas, or buy-out and permanent removal of structures on vulnerable properties. Generally, if it is less costly to implement a solution that would prevent recurrence of similar damages, such a solution is eligible.

3.5 Repair and restoration costs

3.5.1 The actual costs required for repairing or restoring an item or facility to its immediate pre-disaster condition will be the maximum amount eligible. In the case of permanent repairs or replacement to better than pre-disaster condition, the amount eligible may be no greater than the amount required for restoration, repair or replacement to the immediate pre-disaster condition as estimated by a technical authority acceptable to Public Safety Canada. For example, in a situation where a single-lane bridge is destroyed, its replacement cost can be established and used against the cost of replacing it with a two-lane bridge.

3.5.2 Additional repair or replacement costs required to meet current federal and provincial codes and standards for construction, access, and fire and occupational safety are eligible.

3.6 Flood damage eligibility

3.6.1 The costs of repairing or replacing structures are not eligible if they are in a location that, prior to their construction was designated, recognized or zoned as a flood risk area by provincial or municipal authorities.

3.6.2 If a structure has been built in a previously designated flood risk area and appropriate measures have been taken during its construction to protect it against the effects of a 100-year flood, it will be considered eligible for damages from a flood exceeding the 100-year flood design.

3.6.3 Structures in place prior to a flood risk area designation having come into effect are eligible for assistance, provided that:

1. they are not subsequently rebuilt within the designated flood risk area; or
2. appropriate and adequate flood-proofing measures (placing structures behind levees, constructing them on stilts/columns or mounds) are taken to protect against the effects of a 100-year flood.

Such flood-proofing costs may be eligible up to the limits established for incremental mitigation costs.

3.7 Riverbank and coastal stabilization
3.7.1 Repair and restoration of previously existing, constructed riverbank stabilization works (i.e., wooden bulwarks, rock gabions, placed-boulder embankments, rip-rap and similar protection works, revetments, concrete walls) are eligible.

3.7.2 Losses of property or structures that are subject to recurrent erosion other than roadways are not eligible.

3.8 First Nations reserves

3.8.1 First Nations reserve lands are the responsibility of Indian and Northern Affairs Canada (INAC). In those instances where a province provides disaster response and/or recovery assistance to individuals, small businesses and bands on reserves, the following arrangements for financial assistance will apply:

1. When a disaster affects only First Nations reserve lands, the affected province will be fully reimbursed by INAC for all response costs incurred in the preservation of life and property. INAC is fully responsible for all recovery expenses not otherwise insured or devolved under contract or agreement. The DFAA are not applicable.

2. When the impact of a disaster spans both off-reserve lands and First Nations reserve lands, only the off-reserve provincial expenditures or those related to provincial public works on-reserve may be considered when determining if the DFAA threshold has been met. Once the eligible off-reserve expenditures exceed the threshold, the province will be fully reimbursed (at 100% of the federal share) for any on-reserve response and recovery expenses incurred that are eligible under the DFAA Guidelines. Eligible off-reserve costs will be subject to the DFAA cost-sharing formula. Provinces may treat all incremental administrative expenditures incurred in responding to emergencies on reserves as on-reserve expenses and thus as fully reimbursable. Table 2 outlines these situations.

3. Costs to repair damage to provincial public works such as roads and bridges on reserve property would be cost-shared according to the DFAA funding formula. Repairs to federally owned public works located on First Nations reserves are the normal responsibility of INAC or the Government of Canada agency charged with their custody and maintenance.

Table 2– Summary of DFAA eligibility in relation to First Nations reserves

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Reimbursement of on-reserve costs</th>
<th>Reimbursement of off-reserve costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Off-reserve costs over provincial DFAA threshold.</td>
<td>DFAA fully compensates a province for all eligible expenses (including incremental administrative costs) on the reserve.</td>
<td>Off-reserve costs are subject to normal DFAA cost-sharing formula.</td>
</tr>
<tr>
<td>Off-reserve costs under provincial DFAA threshold.</td>
<td>INAC fully compensates the province for all eligible expenses (including incremental and administrative costs) relating to the reserve. DFAA do not apply.</td>
<td>Province is responsible for off-reserve costs since DFAA do not apply.</td>
</tr>
<tr>
<td>Damage limited to reserve (whether above or below DFAA threshold).</td>
<td>INAC fully compensates the province for all expenses related to the reserve (including incremental administrative costs).</td>
<td>Not applicable.</td>
</tr>
</tbody>
</table>

Chapter IV - Public sector expense eligibility

In addition to the general eligibility considerations, the following considerations apply to public sector expenses.

4.1 Response

4.1.1 Eligible response costs include:
1. delivery of emergency services to the affected population, including temporary relocation, shelter, food, clothing, rescue and transportation, and related social and inquiry services;
2. incremental costs of providing emergency medical care, treatment and evacuation, and return of casualties following a disaster;
3. incremental costs incurred to provide the essential services, equipment, material and labour required to sustain the operability of public infrastructure;
4. incremental costs to provide short-term security measures in the affected area;
5. short-term costs for setting up and operating emergency operations centres, including the rental cost of temporary telecommunications equipment, facilities and services;
6. expenses and stipend payments associated with the use of volunteers registered with a recognized disaster response agency in the response and initial recovery phases;
7. registration of displaced people (such as is done by recognized non-governmental organizations);
8. provision of mental and physical health counselling services to those affected by the disaster or its response. Such services include post-disaster critical incident stress management, counselling and other immediate post-incident psychological and health interventions;
9. provision of financial counselling services to those affected by the disaster or its response; and
10. costs associated with making safe the public access and egress routes previously designated by the province or municipality.

4.1.2. Response expenditures from the onset of the event to six months after its end are generally eligible. Exceptions to the time limit may be considered, on a case-by-case basis (e.g., if seasonal or other unavoidable delays extend damage assessment and stabilization operations beyond this period).

4.1.3. The following response costs are not eligible:

1. regular salaries in the public sector;
2. normal operating expenses, including maintenance budgets of those involved in the response, including municipal and provincial government departments and agencies;
3. emergency service costs related to routine incident management functions, as opposed to incremental costs of responding to broader disaster consequences;
4. medical services delivered through the normal health infrastructure and resources (hospitals, clinics, ambulance services and their regular staff complements); and
5. long-term (over six months) health protection and treatment.

4.2 Recovery

4.2.1 Eligible recovery costs include:

1. repairs or replacement to pre-disaster condition of provincial and municipal infrastructure and related equipment;
2. restoration, replacement of, or repairs to infrastructure directly related to the provision, distribution and treatment of potable water and sanitary sewage disposal;
3. clearance of debris, wreckage and major silting caused by the disaster from channels of rivers and streams, intake and outlet points of sewer and storm drains, and water supply reservoirs where such blockages have the potential to significantly worsen the effects of the disaster. This does not include mitigative “scalping” of gravel beds unless it can be demonstrated that there has been an unusually heavy, disaster-related deposit. The eligible amount is the net cost of removing only the disaster-related deposition as closely as can be estimated to allow a community to function or to preserve navigable channels;
4. making safe (including removal of trees and tree limbs) any public infrastructure and public facilities, including beaches, zoos and parks, which constitute a threat to public safety;
5. rental or rental equivalent cost of machinery and equipment required to deal with the immediate effects of a disaster, including leasing and operating costs, as well as repair and restoration expenses;
6. reasonable expenses for the restoration (to as close as practicable to the original state or capability) of property damaged by those authorized to take necessary actions in the course of disaster response; and
7. Landscaping that is an essential element of the function of a facility such as a public recreation facility may be eligible.

4.2.2 The following costs are not eligible:

1. Costs associated with general post-event inquiries, commissions or other studies;
2. Assistance to provincial Crown corporations, other than those providing water and sanitary sewage disposal; and
3. Costs associated with decorative landscaping.

4.3 Road restoration

4.3.1 Costs associated with restoring roads, including associated guardrails, signage, signalling devices, sidewalks, bridges, tunnels, over- and underpasses, causeways, culverts, verges and drainage systems to their pre-disaster capabilities are eligible for the following categories:

1. Roads and highways that are on the inventory of and maintained by a provincial ministry;
2. Roads and highways that are on the inventory of a municipality, regional municipality, county or rural municipality and are theirs to maintain;
3. Multiple-use, privately constructed industrial (e.g., forest, mining) roads used by both the industry and the general public, particularly as evidenced by a province or a municipality formally undertaking to maintain such roads by agreement with the industry operators on a long-term/permanent basis. (In other words, the roads are intended to survive the depletion or cessation-of-exploitation of the particular resource that they were built to access); and
4. The clearance of debris, such as fallen trees and utility poles from a road right-of-way,

will be eligible to the extent that the debris causes a direct impediment to use or potential hazard to those using the actual road surface, shoulder and adjacent paved or gravel pedestrian public pathways.

4.4 Damage and repair appraisals

4.4.1 In the immediate post-disaster period, costs of appraising and estimating damage are eligible if they are additional to the work carried out by regular government employees. The engagement of third parties for damage assessment and recovery cost appraisal with related professional service costs is eligible.

4.5 Government personnel and equipment

4.5.1 Provincial, municipal or other public authorities are expected to use their own equipment and resources to the extent practical prior to contracting outside resources. The decision regarding contracting is expected to be taken by the appropriate authorities. Primary reliance is on detailed record-keeping for incremental costs.

4.5.2 For wage costs of operators who are public employees, eligible overtime wages may be determined in accordance with public employment union contracts. Wages of contracted private-sector operators are eligible.

4.5.3 The cost to staff positions with temporary employees (backfill) to perform the normal duties of full-time office and field staff reassigned to conducting disaster assistance surveys and assessments is eligible. Documentation must be provided specifying positions being backfilled, persons employed and actual time spent for a six-month period after the disaster. Hiring supplementary personnel to provide for operational response and immediate recovery activities is considered a direct incremental administrative expense and is also eligible for up to six months after the end of the disaster. An extension from Public Safety Canada may be permitted in exceptional circumstances, where a province can demonstrate a substantial continuing incremental work load.

4.5.4 Incremental equipment costs are eligible, including consumed fuel, oil, lubricants and related maintenance and repair costs.
4.5.5 Special assessments of the eligible costs related to snow and ice clearance may be made on a case-by-case basis by comparing costs for the full season during which the disaster occurred to normal seasonal costs.

4.5.6 To reduce record-keeping, an allowance method is established under which public equipment costs may be claimed at 40% of the current heavy equipment rental rate in the province for heavy equipment (excluding operator wages and depreciation) for all hours of emergency operation. Time sheets for machinery must be carefully recorded to substantiate total hours of use.

4.5.7 Intra-governmental costs, such as those charged when the equipment of one government department or agency is used or "rented" by another, are not eligible. Nor are internal handling or administration costs for moving goods in and out of provincial government warehouses, and interdepartmental and intergovernmental service fees and overhead. However, incremental expenses associated with the use of such equipment are eligible.

4.5.8 Costs incurred for deployment of Canadian Forces personnel and equipment are eligible provided that the activities undertaken are eligible.

4.5.9 The cost of equipment that is purchased and retained is not eligible (e.g., a portable electric power generator, cell phones). Where an item had to be purchased because it was essential and renting it was either not possible or practical, only the difference between the original purchase price and the item’s residual market value immediately after its use during the disaster (as determined from an acceptable source or by a competent authority) is eligible. While the rental or temporary acquisition of informatics equipment and of off-the-shelf software needed to deal with administrative and operational aspects of disaster response are considered eligible, costs to develop special software are not eligible.

4.6 Claims adjustment and program administration

4.6.1 Claims administration costs include damage assessment, advice to the public, municipal counselling, claims review and adjustment, cheque issuing, criteria monitoring and enforcement, visibility provisions and maintenance of auditable records. Costs that are incremental to normal administration activities are eligible, including the temporary hiring of supplementary staff and the leasing of temporary facilities and equipment to support the administrative function. "Temporary" means up to 24 months in most circumstances. Public Safety Canada may permit an extension in exceptional circumstances, where a province can demonstrate a substantial continuing incremental administrative load.

4.6.2 Reasonable incremental costs incurred by the province for public information are eligible, as are provisions for public visibility of contributions under the DFAA.

Chapter V - Private sector expense eligibility

In addition to the general eligibility considerations, the following apply to private sector expenses.

5.1 Response

5.1.1 Eligible expenditures for individuals, homeowners, small businesses and farmers include:

- out-of-pocket costs for measures taken based on orders from the proper authorities to reduce the extent of possible damage. Such precautions may include the removal of valuable chattels, assets and hazardous materials from the area of immediate risk, the provision of storage space, transportation and special protective measures; and
- incremental costs for shelter and feeding of affected livestock from eligible farms, including the provision of facilities for these purposes and transportation costs to bring livestock to market prematurely and/or to transport it for protection.

5.2 Recovery
Individuals/Families

5.2.1 The following expenses are eligible:

1. compensation at minimum wage for property clean-up by owners or occupants, if substantiated by a damage appraisal report or provincial certificate of work necessity and completion;
2. debris clean-up, removal of hazardous material and waste disposal for accessibility and safe occupancy of a residence;
3. elimination of mould caused by the disaster through clean-up, repair or restoration;
4. costs of restoration, repair or replacement for chattels, furnishings, appliances and clothing of an essential nature to individuals and families. Where provinces have established lists and unit price allowances for items considered essential, and where these are applied on a consistent basis as part of the provincial assistance program, such expenditures will be eligible;
5. repair or replacement costs for lawnmowers, snow blowers and household personal computers;
6. costs of replacing equipment required for a vocation or trade, such as reference books, tools and informatics devices;
7. meal and accommodation expenses incurred in the immediate disaster/evacuation period; and
8. reasonable temporary accommodation costs including those incurred when major repairs are underway for damage caused by the disaster.

5.2.2 The following expenses are not eligible:

1. costs associated with replacing non-basic items such as the following: jewellery, cosmetics, documents and books, recreation and pleasure items, household tools, and seasonal decorations; and
2. costs of replacing luxury items such as sporting goods, sophisticated audio and video equipment, and fur coats, in most cases.

5.2.3 Eligible expenses for assistance to repair or restore an owner's principal residence and/or property will be based on a damage appraisal report.

Residences

5.2.4 A principal residence is defined by a provincial program. Where no program exists it is defined as follows:

1. a specific property that is a housing unit or a leasehold interest in a housing unit, which is ordinarily inhabited by the owner/occupant for the majority of the year;
2. the true, fixed and permanent home and the principal establishment to which the owner, if temporarily absent, has every intention of returning;
3. a housing unit generally designated as a mailing address for the family unit of the owner for such purposes as electoral lists, health records, tax rolls, credit records, bank statements, income support, pensions and other payments, utility payments, insurance (personal, residential, automobile and business) and driver’s licence;
4. either a house, condominium, winterized cottage or a fixed-in-place (i.e. with tie-down anchors/underside skirting) mobile home; or
5. a family homestead on a farm. A family homestead situation occurs where one or more separate homes are located on a single parcel of land under the same title (owned by one property holder, usually the senior member of the family group). Family members sharing the homestead land and living in separate homes or suites on it must:
   - be related to the owner;
   - have the building they are using for their home as their principal residence generally as characterized above; and
   - not be paying rent for the building they are using for a home to the actual landowner nor be performing the equivalent value in labour for the landowner.

5.2.5 Repair, restoration and replacement of condominium, 'strata' and cooperative apartment buildings, row-type housing and similar situations where there is individual ownership of units and
group ownership of common elements is eligible if they are operated on a not-for-profit basis. Treatment of the following particular aspects in the management of condominiums will pertain:

1. planned allocations to establish and maintain a reasonable level of operations and maintenance reserves are not considered profit;
2. individual strata/owner-occupier’s unit damages are treated in the same manner as any other private residence; and
3. the condominium/strata corporation’s management will be considered equivalent to a cooperative with respect to the condominium’s common elements and reasonable repair or replacement expenses made by it (exclusive of incremental administrative fee or profit allowance).

5.2.6. For-profit rental accommodation is only eligible where the criteria for small businesses are met.

5.2.7 Driveways are defined as a vehicle path from a public roadway to a private or a public building or parking area. Driveway repairs for access or safety are eligible as part of the claim of the property owner.

5.2.8 The following residence repair expenses are not eligible:

1. assistance provided to repair or replace secondary residences or recreational property;
2. costs of repairing roads whose sole purpose is to provide access to or within private recreational areas; and
3. repairs to seasonal trails, informal dirt paths or tracks and trails such as snowmobile trails and cross-country ski trails.

5.2.9 Costs related to unoccupied homes under construction (involving individuals building homes into which they were planning to move upon completion) are treated as follows:

1. where both the home being lived in and the one under construction are damaged or destroyed, financial assistance to the individual for only one will be eligible; and
2. where only the home under construction has been damaged, the individual has not lost his or her principal residence and therefore financial assistance for damage to the dwelling under construction is not eligible.

5.2.10 Private landscaping is generally not eligible unless a previously established municipal bylaw requires residential properties to meet certain landscaping standards, such as the sodding of lawns.

5.2.11 Costs of repairs to fences on private, non-farm property are not eligible except where required for safety, as where required by a municipal bylaw, code or standards. In such cases, only the cost of the minimum acceptable amount and quality of fencing will be eligible.

5.2.12 The cost of replacing an individual’s or family’s canned goods and refrigerated foodstuffs is not eligible. However, costs of replacing food in longer-term storage in freezers or vegetables stored in root cellars may be eligible. Losses to vegetable crops in gardens are not eligible.

5.2.13 The costs of repairing or replacing personal vehicles lost or damaged in a disaster are not eligible.

5.3 Small businesses

5.3.1 For purposes of the DFAA, a small business is an enterprise with yearly gross revenues as reported for income tax purposes of at least $10,000 but not more than $2 million and employing not more than the equivalent of 20 full-time employees. It also must be other than a “hobby business” and be an owner-operated enterprise where the individual owner-operator is acting as a day-to-day manager and owns at least 50% of the business. Self-employed fishers, trappers, loggers and other harvesters of natural resources are included. One claim should be made per business.

However, if a province has established a criterion for the eligibility of small businesses under an existing provincial disaster assistance program, that criterion can be used to replace the minimum
gross revenue criterion for the DFAA. The maximum gross revenue criterion for small businesses will be used consistently in either case to determine eligibility under the DFAA.

5.3.2 Reasonable fixed expenses incurred as a result of the disaster, including rental of office space and equipment, production equipment, rolling stock and facilities, are eligible for assistance for a reasonable period after the end of the disaster.

5.3.3 Reasonable compensation paid by a business to its employees or to a contractor to clean a place of business and prepare it to re-open, including debris clean-up, removal of hazardous material and waste disposal, is eligible.

5.3.4 Costs related to commercially operated apartment buildings and roads servicing them are eligible if they are part of an eligible business.

5.3.5 Landscaping may be eligible if it is an essential element of the function of a facility such as a recreation facility, a botanical garden or a golf course.

5.3.6 If insurance coverage on business buildings can only be purchased for up to a designated fraction of the appraised value of the building, some portion of the uninsured losses may be eligible.

5.3.7 For businesses that do not carry insurance, only those losses for which they could not have obtained insurance coverage at reasonable cost will be eligible, to ensure equal treatment with those who had insurance coverage. Standard insurance policy deductible amounts are not eligible.

5.3.8 Costs for repair or replacement of items not essential to the restoration of a business to a viable state (e.g., a company-owned recreational property, works of art and furnishings) are not eligible.

5.4 Farms, managed woodlots and aquaculture operations

5.4.1 Farmers, managed woodlot and aquaculture operators are a specific category of small business owners. As such, assistance to farmers is eligible under the same definition as small business. However, if a province has established a criterion for eligibility of farms under an existing provincial disaster assistance program, that criterion may be used to replace the minimum gross revenue criterion for the DFAA. The maximum gross revenue criterion for small business will be used consistently in either case to determine eligibility under the DFAA.

5.4.2 For purposes of the DFAA, farms, including managed woodlots and aquaculture operations (exclusive of "hobby farms") are those small business enterprises engaged in one or more of the following activities and which meet the definition of a small business. This list is not exhaustive and similar businesses may be eligible:

1. livestock raising or showing;
2. commercial horse stabling or raising;
3. poultry raising;
4. dairy farming;
5. fur farming;
6. wool or fibre (alpaca, rabbit) farming
7. tree farming (including Christmas trees);
8. fruit growing;
9. beekeeping;
10. cultivating crops in soil, compost, water or through hydroponics;
11. operating a wild-game reserve;
12. operating a feedlot;
13. sugar bush tapping and processing;
14. raising fish and molluscs;
15. market gardening;
16. operating a nursery or greenhouse; and
17. harvesting managed woodlots.
5.4.3 Outlying farm buildings in use on a working farm are eligible. A farmhouse is eligible as a principal residence. Repairs or replacement of farm machinery are eligible. Uninsurable fences on working farms are eligible, including fences around farmhouses where livestock is kept or trespass and crop pilferage are deterred, although decorative fences around farmhouses are not eligible.

5.4.4 If insurance coverage on farm buildings, excluding the farmhouse itself, can only be purchased for up to a designated fraction of the appraised value of the buildings, some portion of the uninsured losses may be eligible. For farms that do not carry insurance, only those losses for which they could not have obtained insurance coverage at reasonable cost will be eligible, to ensure equal treatment with those who had insurance coverage. Insurance policy deductible amounts are not eligible.

5.4.5 In cases of farmland gouging or serious riverbank erosion such as might result from a flood, eligible costs may include levelling and otherwise restoring the farmland to workable condition where practicable and cost-effective, except if the area of the farm that suffered damage was not in production. Farmland left fallow in a demonstrable cycle of crop rotation and in accordance with good farming practice is considered to be in production. Cost effectiveness of restoration is measured in terms of market value (as a farm) of the property versus the value of the crops produced on that land. Eligible costs to level farmland cannot exceed its pre-disaster market value. Losses of sowed seed, fertilizer, topsoil or of soil fertility and the application of weed control measures are also not eligible, as these are linked to loss of production income.

5.4.6 Insurance, including agricultural insurance, is considered a provincial responsibility under the Constitution Act. The Farm Income Protection Act (FIPA) and the Canada Production Insurance Regulations establish the conditions under which the Government of Canada will contribute financially to the Provincial Production Insurance Programs. The current Canada Production Insurance Regulations have been amended to allow the federal government to contribute to all crops and livestock insurance. While the federal regulations no longer identify the list of insurable commodities, all agricultural products as defined in FIPA are now potentially eligible for federal financial support under Production Insurance.

5.4.7 Where livestock could not have been insured at a reasonable cost, such losses may be considered eligible. However, livestock losses attributable to disease outbreak are not eligible, and such situations, including potential compensation, will be handled in accordance with the Health of Animals Act. The exception occurs where livestock is not insurable and is diseased as a direct result of the disaster. In such circumstances, certification by an independent veterinary doctor of the disease's disaster-related cause will allow for eligibility. Reasonable costs and availability are determined jointly by the province and the Public Safety Canada RD, with professional advice as required (e.g., Agriculture and Agri-Food Canada).

5.4.8 Where crops already harvested and in storage have been destroyed, the losses are eligible. Losses of other business inventory while held in storage, including feed, seed or fertilizer, are eligible. Losses to crops in the field that were insurable under the crop insurance program of the province at the time of the disaster are ineligible.

5.4.9 For a woodlot to be considered eligible it must be land covered with trees and held primarily as a source of fuel, posts, logs or trees. The trees must be grown with some significant degree of active management. It can also include treed land that is a farmer’s wooded land where such land is actively managed. Active management is considered to exist where at least one of the following conditions is demonstrated:

1. the woodlot is operated with a reasonable expectation of profit. The term commercial woodlot is also used where there is an activity in the nature of trade in connection with a woodlot and where an amount based on the use of, or production from, the woodlot is received. If the main focus of the commercial woodlot is not lumbering or logging, but is planting, nurturing and harvesting trees pursuant to a forestry management plan, and significant attention is paid to manage the growth, health, quality and composition of the stand, it is considered under the DFAA to be an actively managed farming business; or
2. there is evidence of active management (i.e. a business or forest operational plan, or significant previous investment, or evidence of realized revenue from timber sales in the last five years).
There is extensive forest product utilization by the farmer as an integral part of the overall farm operation; or
3. there is proof of participation in one or more provincial programs dealing with any relevant aspects of forest/woodlot management (conservation, incentive and improvement programs, etc.).

5.4.10. Financial assistance to woodlot owners, including orchards, nurseries and tree farms is limited to land repair and related preparation.

5.5 Not-for-profit organizations, charities, service clubs

5.5.1 Repairs, restoration, rebuilding and/or replacement of damaged equipment and facilities owned by an organization such as a church, charity, community service club, or volunteer agency are eligible if:

1. the province considers that the organization contributes significantly to the fabric and sustainability of the community, and a basic or essential service in the interest of the community as a whole is provided in the facility of the organization;
2. the province has provided financial assistance under its own program; and
3. unrestricted public access to the facility is allowed for all members of the community.

5.6 Not-for-profit business cooperatives

5.6.1 Repairs, restoration, rebuilding and/or replacement of damaged equipment and facilities owned by a not-for-profit business cooperative are eligible if:

1. the province considers that a business cooperative contributes significantly to the fabric and sustainability of the community, and a basic or essential service is provided in the facility of the cooperative;
2. the cooperative is not-for-profit; and
3. the cooperative is generally in accord with the definition in the Cooperative Credit Associations Act by meeting four of five criteria:
   a. one vote per member;
   b. no proxy voting;
   c. limited interest or dividends on share or loan capital;
   d. operation of the enterprise as nearly as possible to cost; and
   e. distribution of excess funds to members based on volume of business.

Interpretation Bulletin 1: Mitigative Enhancements to Private Infrastructure

Issue:
• Eligible post-disaster mitigation enhancements and process for Public Safety Canada (PS) approval of mitigation enhancement projects to private infrastructure.

Disaster Financial Assistance Arrangements (DFAA) Guidelines References:

3.3 Disaster Recovery Mitigation Measures

3.3.1 Mitigation enhancements undertaken within specific repair/rebuilding projects to reduce vulnerability to future emergencies will be considered on a case-by-case basis.

3.3.2 The province will recommend and the PS Regional Director (RD) must agree to each proposed mitigation enhancement. The RD will consult with PS headquarters and appropriate federal departments as required. Details (nature and scope of work, timings, estimates and disbursements) should be recorded for subsequent audit verification. Provincial officials should contact the Public Safety RD at the earliest opportunity to seek concurrence on a project’s eligibility for mitigation cost-sharing.

3.3.3 New infrastructure initiatives and enhancements mainly designed to increase operational
capacity (e.g., traffic volume, productive output), functionality, floor-space, or life-cycle duration are
not eligible.

3.3.4 The value of enhancements eligible for cost-sharing is limited to 15 per cent of the estimated
cost of repair to pre-disaster condition.

**Principle:**

- Mitigation enhancements undertaken within specific repair/rebuilding projects to reduce
  vulnerability to future emergencies will be considered on a case-by-case basis.

**Interpretation:**

- For mitigative enhancements to private infrastructure, the affected province or territory may
  have large numbers of similar projects, such as raising electrical panels above the flood level.
  In such cases the province may recommend a category or categories of mitigative
  enhancements that are acceptable under the provincial program to the PS RD. The RD will
  respond with a reference to this interpretation bulletin indicating agreement. The
  communication must be recorded for subsequent audit verification.
- In order to determine the value of the mitigative enhancements that will be cost shared,
  appropriate assessment of the damage to the private infrastructure and estimate of the
  repair/rebuilding costs to return the infrastructure to pre-disaster condition must be available
  for federal audit.
- Appropriate documentation to demonstrate that mitigative enhancements projects were
  accomplished must be available for federal audit.
- To date, the list of mitigative enhancements to private property that are generally acceptable to
  PS are:
  - elevating structures
  - relocating furnaces above flood level
  - relocating hot water heaters above flood level
  - relocating electrical boxes above flood level
  - replacing furnaces with baseboard heaters
  - installing weeping tiles on either the interior or exterior of the structure
  - installing sump pumps on either the interior or exterior of the structure
  - switching of petroleum heating systems to eliminate fuel tanks
  - securing of propane tanks
  - using water-resistant building materials instead of drywall
  - changing to exterior basement insulation
  - making structural changes to buildings to increase flood-proofing
  - performing seismic retrofitting such as installing foundation bolts, cripple wall bracing
    and shear walls
  - disconnecting downspouts and foundation drains from sewers
  - reinforcing buildings to be more resistant to wind and ice damage
  - installing protective plumbing such as backflow prevention valves

**Interpretation Bulletin 2: Timeframe for Request for Financial Assistance**

**Issue**

- Amendment to the Terms and Conditions for the Disaster Financial Assistance Arrangements.

**DFAA Guidelines References:**

The following amendment to the Terms and Conditions of the Disaster Financial Assistance
Arrangements has been made:
2.1.1 Any request for financial assistance under the DFAA must be made by the province within six months of the end of the event. The request takes the form of a letter from the Premier of the province to the Prime Minister or from the provincial Minister Responsible for Emergency Preparedness to the federal Minister.

is amended as follows:

2.1.1 Any request for financial assistance under the DFAA must be made by the province within six months of the end of the event. When exceptional circumstances occur, the Minister may choose to extend this period. The request takes the form of a letter from the Premier of the province to the Prime Minister or from the provincial Minister Responsible for Emergency Preparedness to the federal Minister.

Principle:

- Based on exceptional circumstances as described by the affected province or territory, the Minister of Public Safety may consider an extension to the timeframe within which a request for financial assistance under the DFAA must be made.

Interpretation Bulletin 3: Application of Mitigative Enhancements cost sharing

Issue

- Amendment to the Terms and Conditions for the Disaster Financial Assistance Arrangements (DFAA).

DFAA Guidelines References:

The following amendment to the Terms and Conditions of the Disaster Financial Assistance Arrangements has been made:

3.3 Disaster recovery mitigation measures

3.3.1 Mitigation enhancements undertaken within specific repair/rebuilding projects to reduce vulnerability to future emergencies will be considered on a case-by-case basis.

3.3.2 The province will recommend and the Public Safety Canada RD must agree to each proposed mitigation enhancement. The RD will consult with Public Safety Canada headquarters and appropriate federal departments as required. Details (nature and scope of work, timings, estimates and disbursements) should be recorded for audit verification. Provincial officials should contact the Public Safety Canada RD at the earliest opportunity to seek concurrence on a project’s eligibility for mitigation cost-sharing.

3.3.3 New infrastructure initiatives and enhancements mainly designed to increase operational capacity (e.g. traffic volume, productive output), functionality, floor space, or life-cycle duration are also not eligible.

3.3.4 The value of enhancements eligible for cost-sharing is limited to 15% of the estimated cost of repair to pre-disaster condition.

is amended as follows:

3.3 Disaster recovery mitigation measures

3.3.1 Mitigation enhancements undertaken within specific repair or reconstruction projects of damaged infrastructure to reduce vulnerability to future emergencies will be considered for eligibility by Public Safety Canada.
3.3.2 The total amount eligible for cost-sharing of mitigation enhancements is limited to 15% of the total eligible actual costs associated with repair and/or reconstruction of damaged public and private infrastructure. It can be applied to one or more projects involving mitigation enhancements to damaged infrastructure. This 15% roll-up is the maximum that will be considered for federal cost-sharing at the time of the final federal audit in support of the final federal payment.

3.3.3 The province will advise Public Safety Canada, through the Regional Director, of the proposed mitigation enhancement project(s) at the earliest opportunity to seek approval on eligibility for mitigation cost-sharing. Details (nature and scope of work, timings, and estimates) should be recorded for audit verification.

3.3.4 New construction, non-structural mitigation projects (e.g. engineering studies, flood plain mapping) and public awareness initiatives are not eligible. Enhancements that are mainly designed to increase operational capacity (e.g. traffic volume, productive output), functionality, floor space, or life-cycle duration are also not eligible.

3.3.5 Appropriate documentation to demonstrate that mitigation enhancements projects were accomplished must be available for federal audit before any DFAA payment is provided for such projects.

**Principle:**

- Provinces and territories have the flexibility to apply the total amount of mitigative enhancement expenditures eligible for cost sharing under the DFAA to selected repair or reconstruction projects rather than applying the cost sharing on a site by site basis.

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