

FORT McMURRAY FIRES – DISASTER RESPONSE UPDATE

EXECUTIVE SUMMARY

Canadians are asking Charity Intelligence how best to donate to Fort McMurray's disaster relief. Right now the Fort McMurray disaster response looks fully-funded. Donations given today likely have marginal potential for impact at best. Disaster response donating is one of those "limited time offers" where donors need to respond quickly. Donors need to give quickly without information on how donations will be used, when donations will be spent, or the total need for donations. This makes disaster giving one of the trickiest sectors for intelligent giving. Charity Intelligence will continue to monitor events in Fort McMurray and will immediately report on any intelligent giving opportunities.

In total, Canadian Red Cross has received \$256 million for Fort McMurray's disaster response. Canadians donated \$136 million and this is still rising as additional donations come in from fundraising concerts and events. The Alberta Government added \$30 million in matching funds and the Federal government added \$90 million. As of June 2 2016, Canadian Red Cross announced \$165 million of this money is spent or committed. With expenses through June, Charity Intelligence estimates this has risen to \$178 million committed and spent, leaving **\$78 million available for relief and recovery.**

Canadians' generosity to the Fort McMurray Fire is unprecedented and historic. Canadians donated more to the Fort McMurray fire than any other Canadian disaster response - 5.7 times more than the \$45 million for the Alberta 2013 floods, 17.2 times the \$14.8 million for the Lac Megantic 2013 disaster, and 46.4 times the \$5.5 million Slave Lake 2011 fire.

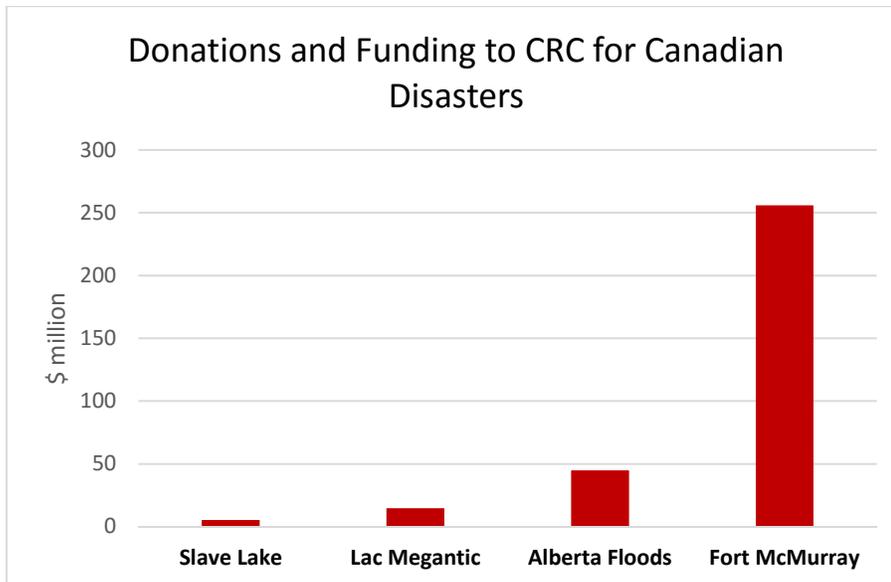
To date, Canadian Red Cross has spent donations quickly and intelligently. Canadian Red Cross gave Fort McMurray evacuees direct cash transfers like never before. Canadian Red Cross has committed to give Fort McMurray's local charities \$50 million for their outstanding work in the disaster response and to help the community recover and rebuild. Donors should be thrilled at how their rapid response and generosity to Canadian Red Cross has been managed.

Going forward, Charity Intelligence will monitor and report on how Canadian Red Cross allocates and spends the remaining \$78 million. Charity Intelligence believes it is more than enough for rebuilding projects. In disaster response giving, it is crucial to monitor and evaluate how donations help Fort McMurray recover and adjust to the "new normal".

RECORD DONATIONS TO CANADIAN RED CROSS

Canadians have been overwhelmingly generous to Fort McMurray's disaster response donating over \$136 million as of June 29, 2016¹. This is the largest donation response to any Canadian disaster. As shown in Table 1, Fort McMurray's appeal is "off the charts", dwarfing the scale of other Canadian disaster responses.

Table 1.



THIS TIME, IT'S DIFFERENT: FAST AND EFFECTIVE RESPONSE BY CANADIAN RED CROSS

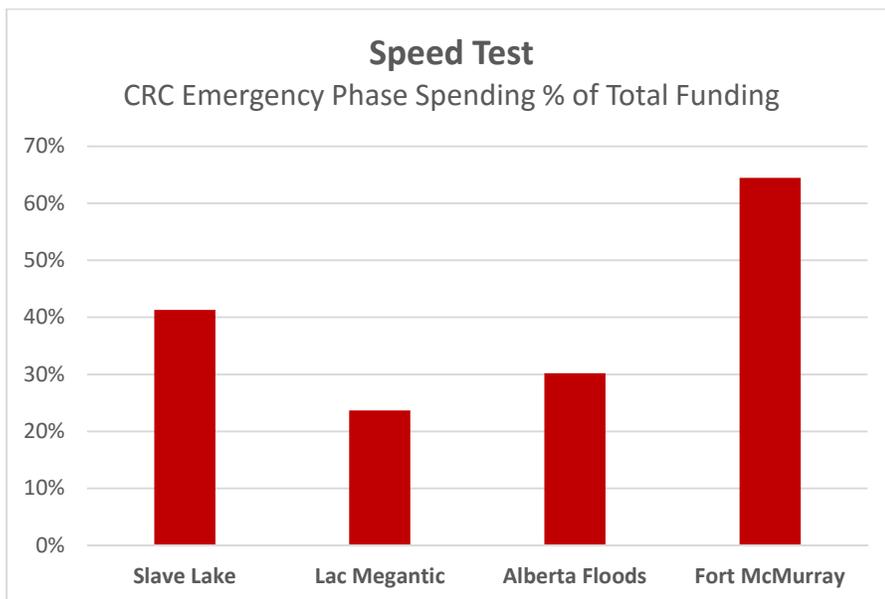
Canadian Red Cross has responded quickly and effectively for the Fort McMurray Fires. Firstly, Canadian Red Cross distributed \$90 million in direct aid. For Fort McMurray fire response, direct aid is 35% of total funds vs. 13% in the Slave Lake Fire response. Charity Intelligence estimates that each Fort McMurray evacuee was eligible to receive between \$1,125 - \$1,022 in cash (depending on whether 80,000 or 88,000 evacuees registered with CRC. Right now CRC has only released "tens of thousands" of people have registered.)² In contrast, the direct aid to Slave Lake fire evacuees was on average an estimated \$76 per evacuee³.

Direct aid is the best way to help in disaster relief. Evidence-based charity research finds money is the single largest determinant of resilience; people with money will rebound faster from a disaster than those who don't have money⁴. This is true in disaster responses regardless of whether it is Haiti, the Philippines or Alberta.

Direct cash transfers also get aid out quickly. Speed matters in effective disaster response. The \$50 million direct cash transfer was announced Day 7 following the disaster. Subsequently an addition \$25 million was distributed Day 26. In addition, evacuees can tap into another \$15 million to cover travel costs for returning back to Fort McMurray.

This is Canadian Red Cross's fastest response ever – as fast as “Doctors Without Borders” in disaster response. In the Fort McMurray Fire emergency phase, Canadian Red Cross spent and committed \$165 million or 64% of total funding in the first month. For comparison, in the 2013 Alberta Floods, Canadian Red Cross spent \$13.6 million in the first three months, 30% of total funding (see Chart 2).

Chart 2.



LOCAL CHARITIES ARE KEY AGENCIES IN DISASTER RESPONSE

Evidence-based research in effective disaster response also highlights funding to local charities. Community organizations are a vital part of resilience⁴. Locally initiated groups tend to reflect the true needs of the community. Charities in the disaster-affected community have local knowledge and expertise that can be essential in disaster response, relief and rebuilding. Far too often in disaster response these local charities are left out. This leaves the community’s most vulnerable to fall between the gaps⁵.

In the Slave Lake 2011 fire, while the community was awash with donated items, its local charities suffered during the recovery. The focus on disaster recovery and all volunteers in high demand made it harder for the town’s vulnerable to get help.

“Regular donations to the Salvation Army, food bank and the Friendship Centre were down drastically during this time as the focus was on those affected by the disaster.”

Wisdom Gained: The Town of Slave Lake shares its reflections on recovery from the 2011 wildfire

CANADIAN RED CROSS COMMITS \$50 MILLION TO FORT McMURRAY LOCAL CHARITIES

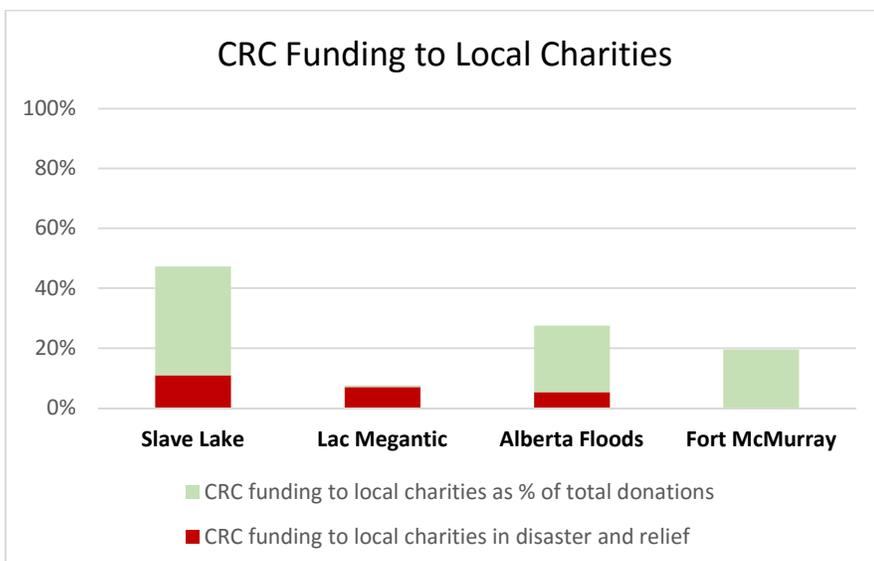
The struggles of local charities with the dramatic drop in donations isn’t likely to repeat in Fort McMurray’s disaster response. On June 2, 2016 Conrad Sauve, President and CEO of the Canadian Red Cross, announced \$50 million would go to Fort McMurray’s local charities and those that responded in the disaster⁶.

This is an immense pot of funds available. It is double the donations all Fort McMurray charities received in 2013. Like disaster victims, local charities need this money quickly to best help Fort McMurray and area residents recover and rebuild.

“Experience has shown that community groups are part of the fabric that is critical to providing services to assist with the full recovery of the people and communities affected by disaster.”

Conrad Sauve, President and CEO, Canadian Red Cross

Chart 3



LOCAL CHARITIES ACTIONS IN FORT McMURRAY'S DISASTER RESPONSE

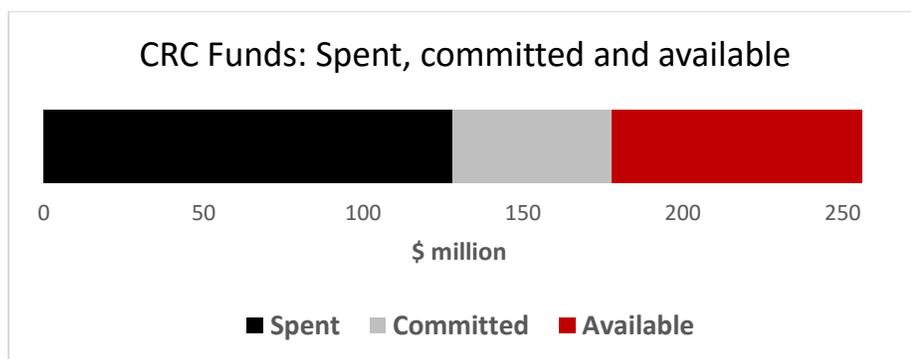
Fort McMurray's local charities know the \$50 million is available to reimburse disaster costs and to fund relief efforts. Many of these charities are submitting grant applications with funding "in the works" and believed to be coming soon.

- **Edmonton Food Bank** took up the slack and provided food and supplies to many of the Fort McMurray evacuees who arrived in Edmonton. Edmonton Food Bank estimates meeting this surge cost \$400,000 in unexpected costs. Canadian Red Cross will likely be covering 75% of these expenses leaving a \$100,000 shortfall.
- **Fort McMurray SPCA** was one of 16 Alberta humane societies that was on the ground in Fort McMurray and rescued over 1,700 family pets. All these pets got vet checks, medical aid if needed, were fed, sheltered and evacuated. Today, Fort McMurray SPCA is kennelling over 250 pets until their families have homes again. Fort McMurray SPCA says responding to the fire has depleted its resources.
- **Wood Buffalo Food Bank**, the food bank in Fort McMurray, was providing 300 food hampers a month before the fire. As is seen in all Canadian disasters, food banks are a go-to hub to help people. Since the fire, Wood Buffalo Food Bank is today maxed-out providing 750 food hampers a month. Alberta Food Banks is providing food. 96% of clients are first-time, people who have never used a food bank before.
- Domestic violence rates tripled in the first 9 months following the Slave Lake 2011 fire as families were under enormous stress⁷. Fort McMurray's **Waypoints** women's shelter is prepared for this, its shelter opened on July 4 and its counsellors are standing by.
- Childcare is an essential service as families need extra time to tackle cleanup, insurance claims, and work. Fort McMurray has opened up childcare and summer camps, including programs offered at **Boys and Girls Club** and **YMCA**. Nearly all schools will re-open in September.
- Counselling to help all people adjust to the "new normal". The tough Albertan spirit shies away from "mental health therapy" programs. In other Canadian disasters, churches and faith-based groups played a key role in being there to support residents.

"...the Wood Buffalo Food Bank .. are experts in food security and so the Red Cross wants to ensure that they have the right resources and capacity..."

Jenn McMannus, President
Canadian Red Cross Alberta and
Northwest Territories President⁸

So, fast and effective disaster assistance has been given out at unprecedented proportions and Fort McMurray's local charities have more than enough to cover disaster costs and relief efforts. All needs look covered.



COMPARING CANADA'S RECENT DISASTERS

Disaster response giving is one of the trickiest areas for donors to give intelligently. Donors need to give quickly with little information on what the needs will be, how much will be required to get the recovery done, and a timetable of spending. It is critical to monitor and evaluate disaster response for intelligent giving.

Different disasters require different responses. Fires are different from floods. Canadian forest fires have resulted in less deaths than floods or train derailments. This speaks volumes for the outstanding emergency preparedness in evacuating both Slave Lake and Fort McMurray. Residents may have felt that not enough time was given to evacuate. Yet in both disasters, the time given was sufficient to prevent deaths as a result of the fire.

Fires have longer recovery times than floods. This results in longer evacuation periods requiring disaster relief funding to meet basic essentials while whole cities of people are living "offsite". People have to live away for 3-5 weeks before re-entry, and even longer if their home was burnt.

The greater depth of disaster caused by fires is offset by better insurance coverage. Nearly every insurance policy covers fire, whereas insurance coverage of flood damage is more varied. The Alberta 2013 Floods caused \$5 billion in economic damage of which only 34% was covered by insurance claims. In the Slave Lake 2011 Fire insurance claims covered 71% of the economic costs. Insurance Bureau of Canada estimates insurance claims for Fort McMurray's rebuilding will be \$3.6B⁹.

Given Canadian Red Cross's uncommitted \$78 million, an estimated \$3.6 billion in insurance coverage coming, and additional government funding for municipal disaster recovery, if all goes as promised, no additional donations are necessary at this stage.

CANADA'S RECENT DISASTERS BY THE NUMBERS

| | Slave Lake | Lac Megantic | Alberta Floods | Fort McMurray |
|---|------------------------------------|------------------------|----------------|----------------------|
| Donations to Canadian Red Cross (million) | \$6 | \$15 | \$45 | \$256 |
| People killed | 0 | 47 | 4 | 0 |
| People injured | | | | 0 |
| Directly affected | 558 homes and apartments destroyed | 69 buildings destroyed | | 1600 homes destroyed |
| Community affected - evacuees | 9,153 | approximately 2,000 | over 100,000 | more than 80,000 |
| People registered with CRC | 15,792 | 3,201 | | "tens of thousands" |
| Estimated economic damage | \$989 | \$2,000 | \$5,000 | NA |
| Estimated insurance claims \$ million | \$700 | | \$1,700 | \$3,600 |

Canadian Red Cross continues to fundraise to add donations to its \$78 million recovery and rebuild fund. **This begs the question donors must ask: how is CRC going to spend \$78 million for Fort McMurray's relief and rebuilding?**

Canadian Red Cross will likely publically release information its relief and recovery plans shortly that can be assessed.

DISASTER PREPAREDNESS

One last thing: typically, in disaster response, Canadian Red Cross allocates funds to disaster preparedness. In the past these are first aid and disaster management courses. While "preventative" programs have merit, it's less clear how applicable or effective they are in Canada.

In Canada, disaster preparedness is under municipal and provincial jurisdiction. Wood Buffalo municipality is clearing nearby forest areas to reduce Fort McMurray's risk to another wildfire. Municipal building codes can be changed to make homes less flammable like roof tiles rather than cedar shingles, stucco rather than wood siding. Insurance incentives are perhaps a more effective market mechanism to encourage "build back better".

Looking back, the massive evacuation of both Slave Lakes 2011 wildfire and Fort McMurray did not result in a single direct loss of life. Municipal and provincial infrastructures for disaster preparedness are strong and effective. Charity-provided solutions for disaster preparedness are unclear. First aid kits in your home are handy but hardly helpful with a blazing Beast in your backyard.

"We just had ...the 3-year anniversary with the 2013 [Alberta Floods] and we're still assisting people. We're going to be in Wood Buffalo [Fort McMurray] for several years to come."

Jenn McMannus, President
Canadian Red Cross Alberta and
Northwest Territories President¹⁰

| Canadian Red Cross: Fort McMurray Disaster Response | |
|---|--------------------------|
| All \$ in millions | |
| REVENUES: | |
| Donations Received - and still rising ³ | 136 |
| Government of Canada ² | 90 |
| Government of Alberta ² | 30 |
| Interest earned on fund balance | - |
| Total Revenues | 256 |
| SPENDING: | |
| Emergency Assistance and Relief | |
| Direct cash transfers to Fort McMurray evacuees | |
| May 11, 2016 | 50 |
| May 30, 2016 | 25 |
| over 19,000 cash cards and vouchers (see Note below) | not separately disclosed |
| Support for Re-Entry & Returning Home | |
| Transportation aid to Fort McMurray evacuees | 15 |
| Small business hotline, almost 2,000 businesses registered, and eligible small business receive \$1,000 emergency payments ⁴ | not yet disclosed |
| Community Partnerships | |
| Commitment to Grants to Fort McMurray local charities | 50 |
| Canadian Red Cross programs¹: | |
| Estimated program costs: deploying 2,000 staff and volunteers, registering evacuees, support to 8 evacuation centres with +2,500 cots +3,000 blankets +2,800 hygiene kits, recovery supplies (cleaning buckets and hygiene kits) AND emergency funds (see Note below), stuffed toy bears for children | 25 |
| Fundraising - 5% of donations and funds received | 13 |
| Total Spending and Committed | 178 |
| Surplus (Funds left to Spend) | 78 |
| Note 1: CRC's estimated program costs include more than 19,000 cash cards and vouchers distributed to Fort McMurray evacuees. Ideally the value of this distribution would be disclosed and included with direct cash transfers. Included, it overstates CRC's program costs. | |

Sources:

1. CRC *Alberta Fires One Month Donor Update* <http://www.redcross.ca/crc/documents/Where-We-Work/Canada/Alberta/AlbertaFiresInfo/2016-ab-fires-1-month-update-FA-low.pdf>
2. Dave Lazzarino, Edmonton Sun, "*Feds release first chunk of Fort McMurray relief funds and expect it's just the beginning*", June 17, 2016 <http://www.edmontonsun.com/2016/06/17/feds-release-first-chunk-of-fort-mcmurray-relief-funds-and-expect-its-just-the-beginning>
3. Ian Campbell, 660 News "Red Cross says it's raised more than \$136 million to date in Fort McMurray recovery", June 29, 2016. <http://www.mymcmurray.com/2016/06/29/red-cross-says-its-raised-more-than-136-million-to-date-in-fort-mcmurray-recovery/>
4. Cullen Bird, Fort McMurray Today, "*Local contractors voice anger with cleanup process at council*", June 22, 2016 <http://www.fortmcmurraytoday.com/2016/06/22/local-contractors-voice-anger-with-cleanup-process-at-council>

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¹ Ian Campbell, 660 News, “Red Cross says it’s raised more than \$136 million to date for Fort McMurray recovery”, June 29, 2016. <http://www.mymcmurray.com/2016/06/29/red-cross-says-its-raised-more-than-136-million-to-date-in-fort-mcmurray-recovery/>

Canadian Red Cross Donor Reports for Slave Lake 2011, Lac Megantic 2013, Alberta Floods 2013 and Alberta Wildfire 2016.

² CRC Alberta Fires One Month Donor Report, June 2016

³ CRC Northern Alberta Fires: Three Year Summary of Red Cross Operations, <http://www.redcross.ca/crc/documents/Where-We-Work/Canada/Alberta/northern-ab-fires-3yr-final.PDF>

⁴ Haiti Humanitarian Assistance Evaluation: From a Resilience Perspective, Tulane University, Gates Foundation funded evaluation of humanitarian aid, 2012

⁵ Wisdom Gained: The Town of Slave Lake shares its reflections on recovery from the 2011 wildfire, compiled by the Northern Alberta Development Council (NADC) at the request of the Town of Slave Lake (2013)

⁶ “Canadian Red Cross supports Fort McMurray and area community initiatives with \$50 million”, June 2, 2016 <http://www.redcross.ca/about-us/newsroom/news-releases/latest-news/canadian-red-cross-supports-fort-mcmurray-and-area-community-initiatives--with--50-million>

⁷ Joe O’Connor, “‘Things might actually be OK’: Slave Lake still haunted after devastating wildfire”, National Post, December 23, 2012

⁸ Sarah Anderson, “How to Get Help if Your Insurance Isn’t Covering Everything or If You Don’t Have Insurance”, My McMurray July 8, 2016 <http://www.mymcmurray.com/2016/07/07/how-to-get-help-if-your-insurance-isnt-covering-everything-or-if-you-dont-have-insurance/>

⁹ Bradley Karp, “Wildfire to cost insurance industry an unprecedented \$3.6B”, MyMcMurray, July 7, 2016

¹⁰ Campbell, *ibid.*

The information in this report was prepared by Charity Intelligence Canada and its independent analysts. Factual material information is obtained from the charity and reliable sources. Information may be available to Charity Intelligence Canada or its analysts that is not reflected in this report. Charity Intelligence Canada and its analysts have made endeavours to ensure that this data in this report is accurate and complete but accepts no liability.