

'Recover Canterbury'

The role of a Chamber of Commerce when disaster strikes

2011 World Chambers Competition

(Pre Sept 4)



(Post Sept 4)



Entrant in
'Best International Project'

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Background and executive summary

On Saturday September 4 2010 Canterbury, New Zealand suffered a magnitude 7.1 earthquake at a depth of 10km, centered 40km west of the city of Christchurch. Fortunately - and unbelievably - there was no loss of life, in part because of the timing of the earthquake (4:35am) and also as a result of the comprehensive building regulations in New Zealand giving us a robust infrastructure. A large number of homes and business properties however suffered significant enough damage to render them temporarily or permanently unusable.

The aftershocks are still continuing and up to December 27 2010 over 4,263 aftershocks had been recorded. The impact of the continued seismic activity is both physical and emotional on the Canterbury community. The economy has been hard hit – particularly the retail sector – with, for example, a 4.9 magnitude quake hitting central Christchurch at 10:30am on Boxing Day, December 26, one of the biggest retail days of the year.

The cost of the structural damage is estimated at NZ \$6 billion to NZ \$8 billion – and has been widely quoted as being the 5th most costly quake (in dollar terms) in modern history.

Within just a few hours of the September 4 quake, the Canterbury Employers' Chamber of Commerce (the Employers' Chamber) was mobilised to operate as a key reference point for the region's businesses.

The Employers' Chamber's immediate response and ongoing role in the region's post-earthquake economic recovery has:

- Provided vital, timely support to the wider business community
- Strengthened our relationships - and our reputation as a key contributor to the business community - with both local and central government and businesses across Canterbury and New Zealand
- Subsequently enhanced our ability to engage further with local and central government and other key stakeholders to ensure business interests are protected
- Given us insight into disaster recovery that can now be applied to other natural disasters elsewhere in New Zealand and anywhere in the world
- Significantly increased our profile – and that of the Chambers of Commerce in general - both locally and nationally.

Christchurch City and its immediate surrounds were effectively 'shut down' after a state of emergency was declared and the Employers' Chamber played a pivotal role in getting business back into operation, allowing us to safely and effectively open our doors again.



Peter Townsend
Chief Executive



Peter Davie
President

The beginning

Christchurch was declared to be in a state of emergency early on Saturday 4 September 2010. Because of our high profile and reputation as ‘a safe pair of hands’ for business, the Employers’ Chamber was charged with leading the economic recovery task group for Christchurch and the wider Canterbury region – working alongside the other key task forces.

With our members’ interests foremost – and acknowledging the role that we and they play in the wider community – our organisation determined that it was our responsibility to provide immediate and ongoing support for *all* businesses (regardless of whether they were members of the Chamber or not). This involved the commitment of significant additional resources to assisting businesses with their response and recovery needs.

The immediate needs of the business community were predominantly: reassurance, information and funding. The Employers’ Chamber’s actions addressed all three of these.

The response

The response driven by the Employers’ Chamber in conjunction with the local economic development agencies, was both immediate and ongoing and broadly covers:

1. **Assessment** of the impact of the earthquake through visual inspection, anecdotal information, liaison with the Mayor, key business people, small and large business owners, Civil Defence information and collation of immediate on-the-ground survey results – see below for ongoing assessment tools providing a continual feedback loop regarding the effectiveness of initiatives and the changing needs as we move further away from the main earthquake.
2. **Action** taken was/is in response to continual assessment of the situation and the needs of the business community. Cross sector task groups were given information from the Employers’ Chamber and vice versa, informing action plans around wider issues such as infrastructure, social impact, transportation, logistics and rural impacts. Examples of specific action taken are detailed below.
3. **Communication** was crucial in the immediate period post 4 September and continues to be so today. Many media conduits were used to keep the flow of information moving – examples of which are detailed below.
 - Email communications updating businesses
 - Call centre for information exchange
 - Dedicated www.recovercanterbury.co.nz website
 - Strong media presence (newspaper, radio and television)
 - Survey to identify immediate needs and ascertain the longer-term level of damage and business disruption from both a financial, social and logistical perspective
 - Instigation of a Government Earthquake Wage Subsidy
 - Lobbying local and central government for business assistance.

Communication

Response phase: Within 24 hours of the earthquake an email was sent to all businesses in the Employers' Chamber database and that of the local economic development agencies, directing them to assistance for immediate response requirements and early stage recovery, for example around:

- Workplace safety – drinking water, sanitation and entering damaged buildings
- Risk management – assessing the damage, forecasting cashflows, protecting IP and digital data, alternative supply chains
- Handling employees – attendance at work, emotional issues, legal obligations and financial responsibilities
- Building access – particularly within cordoned areas of the city.

Email updates were broadcast every 24-hours with information under the following headings:

- Information for employers – trading, cash flows, tenancies, paying staff and employee welfare
- Building structures – access, cordons, water, traffic management, information on building engineers, telecommunications and power
- Financial information – government subsidy, banks, loans, insurance and legal obligations for businesses
- Staff support – welfare, public health, psychological issues
- Regional information – Christchurch, Selwyn and Waimakariri (the surrounding regions affected), Civil Defence, public transport, water, postal services and recreational activity.

Recovery phase:

'Immediate recovery' from Tuesday September 7 2010

- Financial information – including detail with respect to insurance and government subsidy information
- Infrastructure – telecommunications, electricity, water, waste water and building recovery initiatives
- Logistics – road, rail, port and airport operations
- Lease agreements – tenants' and landlords' legal obligations
- Building structures – access, cordons, safety, recovery of stock and business tools
- Staff support – health and safety, wages, legal obligations, public health and welfare.

'Getting back to business' from Tuesday September 14 2010 - providing support, advice and direct assistance to all regional businesses including:

- Infrastructure status and work required
- Financial information
- Staff support
- Business offerings
- Helplines
- Which business are open again and where to find them
- Regional information.

Other media were also used in recognition of the fact that some businesses no longer had access to email tools. The Employers' Chamber was immediately – and continues to be – represented on the area-wide communications group that offers a forum for cross-sector exchange of information including to/from the Prime Minister's office.

Earthquake Wage Subsidy

Within 48 hours of the earthquake (Monday September 6 2010) we talked directly to the Finance Minister in central government about the situation and what would be required by way of financial support. One of the first issues that we could see spiraling out of control was the large number of businesses that were unable to open their doors and who had employees they were unable to pay due to the lack of operation. Many of these businesses had damaged buildings themselves, or were located next to buildings that had suffered sufficient damage for the whole area to be cordoned off and inaccessible. Our recommendation to the Finance Minister was that an *employment subsidy* be established to pay to the employer a fixed sum per employee. This enabled the employers to maintain the relationship with their employees. We gave the government an estimate of 2,500 businesses needing such support, with a likely cost of around \$15 million.

The government acted immediately in response to our request and an eight week subsidy period was established paying out NZ \$12.5 million to 2,229 business involving 11,200 employees. The Employers' Chamber finance team worked with government officials to process the applications around the clock. Many businesses have stated that without access to this subsidy, they would have been likely to close their businesses.

Survey

A survey was commenced within 72 hours of the initial earthquake to identify the immediate issues for business and to collect a core base of information in order to ascertain the level of support needed from both local and central government. We knew that obtaining accurate information on the question of damage and the number of businesses affected was critical to adequately resourcing the recovery phase.

The key issues that were identified from the call centre (see below) proactively making contact with businesses, and the preliminary results of the survey were:

1. Paying staff – legal obligations if the business wasn't trading, abandonment, health and safety, using holiday entitlements etc
2. Access to buildings – obtaining access to intellectual property, stock etc if the building had been declared dangerous (via interpretation of the red/yellow/green stickers system implemented by the assessors), and the consequences of lack of or limited access
3. Insurance – policy information, coverage and excesses, interpretation of 'business interruption insurance' cover
4. Financial concerns – cash flow, loss of contracts/customers, access to any government subsidy
5. Psychological support – employees, business owners, access to welfare centres and the appropriate support personnel.

Understanding the range and type of issues affecting businesses, enabled us to very quickly develop action plans around lobbying government, producing information sheets, managing communications conduits, and upskilling our team in key areas of assistance.

Call centre

A call centre was immediately established (running from September 6 2010) working alongside the local economic development organisation - the Canterbury Development Corporation - whose building was uninhabitable due to damage. Their staff joined Employers' Chamber staff in our premises. This ensured that the multitude of calls our organisation was receiving from members and non-members were all answered and provided with key information to assist the businesses.

As part of our communication action, we developed and placed an advertisement into the local newspaper to ensure that all businesses had access to the free phone line to seek assistance and information. Information about the call centre was distributed via the communications group noted above to ensure that all sectors were aware of what help the business community could access.

Several thousand contacts were made with affected businesses through the call centre, website and by email.

Dedicated website

Within 72 hours of the earthquake a dedicated website www.recovercanterbury.co.nz was developed to provide practical advice and information for business assistance/recovery. The site included information such as:

- Updates from Civil Defence
- Media releases
- Key information on:
 - business information and resources
 - insurance, subsidies and funding including key information on the process for filing claims with the Earthquake Commission (New Zealand's government earthquake insurance tied in to all house insurance policies)
 - support available from the business community and for employees showing stress and other symptoms impacting on their ability to work
 - infrastructure – updates on buildings, leasing options, road, rail and airport information
 - an online survey which businesses could complete to register their issues, requests for assistance

One key aspect of this website was it was dedicated to providing specific business information with appropriate links to other key areas as appropriate. This ensured that it was not overloaded with other non-business information and was quick and easy to navigate.

To-date the website has had nearly 14,000 unique visits recorded – equating to over 30,000 page views.

Ongoing support

Christchurch is continuing to receive significant aftershocks and it is estimated that businesses will require support across a range of different areas for the next three years. The Employers' Chamber has now moved into providing a different level of support which involves ongoing lobbying of both local and central government for financial and non-financial support and working alongside the business community in a case management role with Business Recovery Coordinators to ensure businesses resume their normal trading as quickly as possible.

We are working to ensure continued trade, including communication with the port and airport for export/import trade continuity plus active involvement with retail promotion plans, hospitality activity leading up to the Rugby World Cup 2011, and the tourism sector to assist with consumer confidence and a return in domestic and overseas visitor numbers.

What have been the results and influence of this project?

While a catastrophic event in itself, the September 4 earthquake clearly demonstrated the true value of a Chamber of Commerce - not only as a support agency during good times but also as a vital supporter of business in times of crisis – we are already seeing a very positive impact on our profile and reputation in the region.

Enhancement of the Chamber of Commerce brand: the overwhelming response we have received from the business community across New Zealand (see letters/emails of endorsement) reflects the value of our involvement and the profile we have received as a direct result of the position we have taken in earthquake recovery support. An extract from the minutes of the New Zealand Chambers of Commerce Inc Annual General Meeting October 2010 reflect that:

“The Chairman requested that the meeting acknowledge the outstanding contribution the Canterbury Chamber had made during their region’s recent disaster. In particular he acknowledged Peter Townsend and the contribution he had made providing both business and the Canterbury community a voice and positive direction. He believed that the work Peter had done had been significantly positive for the Chamber brand and the NZ Chamber network”. John Lindsay, Chairman New Zealand Chambers of Commerce Inc

- Wage support for local businesses: there is no doubt that without the government’s Earthquake Wage Subsidy, many businesses would have closed – the Employers’ Chamber was instrumental in the creation of that subsidy through their connection and reputation with central government. The financial impact on our economy through both loss of business and jobs would have been significantly worse without the subsidy.
- Rates relief for local businesses: the Employers’ Chamber successfully lobbying local government ensuring effected businesses were given some form of rates relief – achieved December 2010.
- Promotion of retail to restore consumer confidence: the Employers’ Chamber’s proposal to central government for funding support of marketing and promotion activity in the city was accepted with NZ\$100,000 received January 2011. Further applications are underway to reinforce this effort following the Boxing Day aftershock.
- Ongoing business capability/recovery work: the Employers’ Chamber presented a business case to central government to fund two full-time and one part-time Business Recovery Coordinators (NZ\$500,000 received). The primary focus of the Business Recovery Coordinators will be to identify the businesses, assess their needs and then case manage them through to the right support and assistance whether that be government or non-government, training, advice, mentoring etc.
- Enhancing the region’s infrastructure: the Employers’ Chamber is assisting with a proposal to develop a Long Term Strategic Coordinated Plan for the Advancement of Infrastructural Projects in Christchurch and Canterbury. This involves a significant shift in the short-term priorities of strategic infrastructure owners to remediate the damage created by the earthquake. It will also provide a significant and accelerated capital injection into our community. There may be an opportunity to identify ‘advancement opportunities’ also – projects that will provide a better overall outcome than just remediation – and apply for additional post-earthquake assistance to see these through to completion. Assistance sought will not necessarily be monetary: advancement projects may seek central government help to facilitate or accelerate projects by means of fast tracking projects already in the plans or consenting process; promulgating Orders in Council under the new act to expedite projects; funding advancement feasibility studies, spatial plans or consenting issues; influencing local government priority setting and providing advice around best practice models for a smarter outcome.
- Creating new partnerships to the benefit of business: the coordination of agencies across the region during the project has created new partnerships and networks that have already added further value to our members.

How can this be applied to other parts of the world?

As with any disaster there are many lessons to be learned. Throughout the Canterbury earthquake, we have kept track of the key actions, milestones and learnings undertaken by the business community, the region, our country, and our Chamber.

In summary these include:

- The need for quick action and coordination across government departments
- A 'safe pair of hands' acting as the voice of business interfacing with central and local government – and with good relationships with all agencies
- The importance of:
 - Collecting, interpreting and disseminating accurate information
 - The creation of templates, resources and plans that can be applied to any natural disaster
 - Crisis management planning at an organisation level and regional level
 - City designs and enhancement – using this as an opportunity versus a rebuild
 - Businesses understanding their insurance coverage and policies and interpretation of 'business interruption' insurance and when this is triggered
 - IT support and offsite access
 - Sharing information
 - Working together as a community
 - Ensuring businesses are really prepared for a disaster (this involves a lot more than emergency water and a torch!)

Why we feel our project should be selected as a finalist and presented at the 7th World Chambers Congress

This project demonstrates the unique and vital role a Chamber of Commerce can play in our overall goal of protecting and enhancing the business community. We have shown that the valuable relationships formed before the disaster enabled us to respond rapidly, sensibly and creatively in a time of crisis to enable the business community to survive. The lessons learnt will not only protect our businesses in the future but can be shared to assist others globally.

Summary

We have moved a long way since September 4 2010. Much has been done but there is still a lot to do over the next three to five years. We have also learnt a great deal.

For example:

- 1) **Information** is key. For example, one of the largest difficulties faced during our immediate recovery period has been the lack of information available on business owners (non-members). While local government has a complete list of building owners within the city, they did not have a list of the tenants within those buildings. In response to this, students were employed to walk the streets and use other research to find and record the names of building tenants. Those businesses that we had not previously heard from or contacted were then phoned to ascertain their needs and offer support. Businesses also needed a constant source of up-to-date information in a rapidly changing environment during the response and then the recovery phases.

- 2) We know that business is all about people; however the emotional response of people was initially underestimated with ongoing stress resulting in changes in employee/employer behavior. Working with the police identified that family violence and other crime, displacement and relocation of families are all significant factors that need to be taken into consideration within the business context.
- 3) The following **support factors** were also significant issues:
 - Community spirit
 - Businesses offered support and relocation space etc to other businesses and people helped people. Many residents reported strangers offering help to clear up damage and liquefaction silt and a large group of students used social media to form a community task force while they were unable to return to studies. One resident summed this up with: *“If anyone has never had faith in young people, well, now they should”* after the students knocked on her door and asked if they could “do any hard labour”. Christchurch resident.
 - Precincts within the central city worked and are still working together to not only pick up rubble on the street, but to share experiences and stories, offer comfort and collectively bring back customers.
 - Neighbours met for the first time and offered support and generosity.
 - The efficiency in which both central and local government responded to the earthquake on all levels was appreciated and significant.
 - The generosity of corporates in offering support – when they too will suffer an economic downturn locally - including financial support to smaller businesses.
- 4) The city has remained positive and really is able to see this as an **opportunity** for an integrated, coordinated city plan for rebuild and enhancement.

The overwhelming factor that has come out of this natural disaster is the strength, resilience and passion of the city, its infrastructure, its businesses, and overall, the spirit of its people.

“The real strength of a community can be tested by how well it responds in time of disaster. We believe that with our support Christchurch has passed this test.”

Peter Townsend

Chief Executive, Canterbury Employers’ Chamber of Commerce, New Zealand

The Canterbury Employers’ Chamber of Commerce has been instrumental in protecting and enhancing all business capability in the region and has actively promoted the cause of earthquake affected businesses to local and central government to good effect.

Attachments/endorsements

Attached are examples of the many letters and emails that endorse the role of the Canterbury Employers’ Chamber of Commerce throughout this crisis:

- Prime Minister of New Zealand – Rt Hon John Key
- Major central city retailer - Richard Ballantyne, Managing Director, J Ballantynes & Co.
- Central city retailer - John Suckling, Owner, Sucklings Shoe Store Ltd
- Heritage building owner - Murray Lapworth
- District Council (wider Canterbury region) - Michael Prisk, Human Resources Coordinator, Waimakiri District Council