

# Changes to Manitoba's Disaster Financial Assistance Program For Local Authorities and Watershed Districts

## Overview

**Manitoba is changing its Disaster Financial Assistance (DFA) program to help people, organizations, and communities build back better.** Manitoba's new DFA program recognizes that fixing the same flooded basements or washed-out roads over and over isn't effective or sustainable. It's smarter to invest in risk mitigation and improvements that prevent future damage. The new DFA program also recognizes that disasters not only affect infrastructure, but people and communities as well. Greater financial and mental health supports will now be available to support a more holistic recovery.

**Manitobans will see an increase in financial and adjacent support through the DFA program.** Complex ownership requirements have been removed and eligibility has been expanded, meaning that more Manitoba farms, businesses, and non-profit organizations will qualify for assistance. Assistance is increasing, and the process is being streamlined to deliver programming and assistance more quickly.

Canada's new Disaster Financial Assistance Arrangements (DFAA) were only recently finalized and represent a foundational shift in disaster recovery. Manitoba is ready to deliver a DFA program under the new DFAA and is continuing work to develop agreements, policies, and tools for new programming.

**Manitoba is choosing to leverage Canada's new Disaster Financial Assistance Arrangements to expand recovery support and build back better following a disaster.** Manitoba will see a substantial increase in disaster-related costs from the expansion of program services, along with changes to the federal cost-sharing formula, which downloads a great share of recovery costs to Manitoba. Climate change is also expected to increase the frequency of events and program costs, but ideally, these costs will decrease over time due to investments in mitigation.

**The new program helps individuals, organizations, and local authorities understand and plan for the increased risks we face due to climate change.** The new DFA requires that we invest in disaster risk reduction when rebuilding in high-risk areas and we account for high-risk in the development planning process. Manitoba EMO will also help Manitobans understand how simple mitigation strategies can reduce risk, including protecting personal financial risk through appropriate insurance coverage.

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## About Manitoba's Disaster Financial Assistance (DFA) Program

Manitoba's DFA Program will continue to provide assistance to help Manitobans recover after an acute natural disaster. Assistance is provided to local authorities, residents, and organizations for uninsurable losses to essential property and disaster-related response. Manitoba's DFA is a program of last resort and is meant to re-establish a basic standard of living and function. DFA is not a substitute for private insurance and does not compensate applicants for lost revenue, inconvenience, non-essential items/damages, injuries, or lost wages.

Not all natural disasters will result in a DFA program being established. DFA programs may be established when three criteria are met:

- The disaster is a result of a natural hazard with a clear start and end date that occurs in a specific geographic area;
- Damages are widespread and essential assets and/or essential services are damaged in the geographic area.
- Damages result in a significant financial burden to Manitobans.

DFA remains a post-disaster program. Expenses are only eligible if adequate insurance is not available.

## Changes to Federal Disaster Assistance

Canada has issued a new DFAA that sets the rules for providing disaster assistance to provinces and territories. These new rules took effect on April 1, 2025.

The rising frequency, impacts, and costs related to disasters drove Canada to initiate a review of the DFAA. The previous program would only pay to rebuild to pre-disaster conditions. Canada recognized the need to build back better and invest in disaster risk reduction. The policy objectives of the new DFAA are to:

- Enable effective response.
- Enable timely support for homes and small-scale organizations.
- Enable the timely restoration of public assets and services and accelerate the restoration of infrastructure to a more resilient level.
- Provide targeted disaster relief to people experiencing disaster impacts and support recovery planning.
- Accelerate strategic disaster mitigation and disaster risk reduction in affected areas.

Provinces and territories set their own rules for financial assistance, and Manitoba has historically aligned its DFA program with Canada's DFAA. This enables Manitoba to maximize cost-sharing with Canada for disasters.

Manitoba is choosing to leverage Canada's new DFAA to expand recovery supports and build back better following a disaster without passing on additional costs to program participants.

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## **How the New DFA Supports Local Authorities and Watershed Districts**

### No Change to Municipal Cost-Share

Despite Canada's decision to increase costs for provinces and territories under the new DFAA, Manitoba will not make changes to the local authority cost-sharing formula. Cost sharing will continue to be calculated based on municipal populations and will continue to be indexed to inflation. Municipalities can still choose to invest their deductible into a local disaster risk reduction project through EMO's Mitigation and Preparedness Program (MPP), which is established when disasters are cost-sharable with Canada.

### Deductible Eliminated for Watershed Districts

Watershed districts were previously required to pay a 20% deductible on DFA claims and could not access the MPP program. Under the new DFA, watershed districts are considered to be local authorities for the sake of processing claims but cost-sharing is not applied.

### Build Back Better

The new DFA program allows local authorities to build back better, unlike the previous program which would only cover the cost of repairs to pre-disaster conditions. All damaged assets can receive the equivalent of 15% of the cost of standard replacement value – which is the cost to repair the asset to pre-disaster conditions – to undertake disaster-resilient enhancements. These enhancements must align with published disaster resilience guidelines. Manitoba EMO is developing a Manitoba-based Disaster Resilience Enhancement Guide that outlines eligible activities. Upgrades to meet existing building codes and standards will continue to be considered a standard recovery cost.

### Disaster Mitigation

Whereas build-back better funding is designed to be invested into the damaged site, Canada's new DFAA is making more strategic mitigation funding available. Disaster mitigation funding can be invested anywhere in the disaster-affected area. Canada has also made the disaster mitigation funding flexible to include things such as relocating assets or for upstream mitigation projects to reduce risks in damaged areas. Manitoba EMO is developing policies for how to best direct these funds and will continue conversations with provincial departments and local authorities to ensure we get this right.

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### Expanded Response Supports

The new program recognizes that Manitobans need more than just financial support to recover after a disaster. While the old program focused on first responder costs, the new program was expanded to include eligibility for volunteer coordination and deployment, intra-provincial mutual aid, and the delivery of services by non-profits. The timeline for temporary housing solutions was extended to **up to three years**, and case management support for vulnerable populations are now eligible costs. The eligibility for disaster response costs will be extended to 12 months from the previous six months.

### Expanded Recovery Supports

The previous program was focused on the built environment and would only restore assets to pre-disaster conditions. The new program provides funding to build back better, and allows for the relocation or replacement of infrastructure with a different asset class if it is a cost-effective solution. Manitoba EMO is extending the eligibility for recovery costs to two years (with possible extensions) from the previous one-year timeframe. Manitoba EMO is also developing processes to support recovery and resilience planning, including assessments, community engagement, post-disaster reports, and evaluation tools to track recovery outcomes and guide decisions.

### Expedited Payments, More Claim Processing Supports

Manitoba EMO recognizes that more information and support is needed to help local authorities navigate a DFA claim. A dedicated liaison will be available to answer claim questions and ensure all required supporting documents are submitted. Manitoba EMO will expedite advance payments and limit borrowing costs for municipalities by reaching out directly to local authorities to start the process once inspections are completed. Manitoba EMO will also work with municipal administrators to develop tools, templates, and training that will address local needs.

## **How the New DFA Supports People and Organizations**

Manitobans will see an increase in support through the DFA program, and more people and organizations will qualify for support. The maximum amount of assistance for private claimants is increasing to \$3 million in eligible costs from a maximum of \$300,000<sup>1</sup>. Complex ownership requirements have been removed and eligibility has been expanded, meaning that more Manitoba farms, businesses, and non-profits will qualify for assistance. The new program also recognizes that people who don't own their homes or have a formal lease can be impacted by disasters. Eligibility for residential claims has been expanded beyond homeowners and formal tenants to

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<sup>1</sup> In general, eligibility of expenses is limited to uninsurable losses, basic and essential needs, and the lesser of the cost to restore function, replace or the assessed value (for land/structures).

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include temporary workers, post-secondary students, and informal tenants. Manitoba EMO is working on policies to provide targeted supports for vulnerable people, including unhoused and precariously housed people. All private claimants will have access to mental health and financial counseling services.

## Changes to Insurance Deductible Eligibility

The previous DFA program considered insurance deductibles to be an eligible expense for local authorities. Those expenses are not cost-shareable with Canada and will not be covered under the new DFA program.

## Changes for High-Risk Areas

While the build-back better funding is a welcome carrot, it also comes with a stick. Canada does not want to keep paying to repair the same damaged assets over and over again. Canada's new DFAA program is expanding the areas that are identified as high-risk and enhancing the standards for mitigation requirements.

Existing homes, businesses, and public infrastructure in designated high-risk areas that experience **major** damage must be adequately mitigated to be eligible for future DFA programs. If the property owner chooses not to mitigate after accepting DFA, that property will be barred from future DFA programs even if the ownership changes. This 'one-and-done' rule does not apply to assets that obtain DFA support for damage that does not reach the 'major' threshold.

New construction<sup>2</sup> in high-risk areas must be adequately mitigated to qualify for future disaster financial assistance. The rule applies to both private structures like homes or businesses and infrastructure assets like dikes and culverts. Manitoba will be using its third-party engineering service provider for both inspections of municipal damages and to propose mitigation options to protect assets to the 1:200 flood protection level.

Adequate mitigation means the asset is not expected to suffer major damage<sup>3</sup> resulting from the identified hazard. It can be achieved through site-specific measures or community-level protections like ring dikes but must be mitigated to a 1:200 flood protection level. About 85% of municipalities in Manitoba's known high-risk areas already have residential and commercial development plans that require development to a 1:200 flood protection level.

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<sup>2</sup> New construction applies to assets which received approval or a permit after April 1, 2025 for a new build or a structural renovation.

<sup>3</sup> Major damage means significant impact to the safety, structural integrity or critical function of an asset such that the asset is unable to function as intended and requires significant repairs or total reconstruction.

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These changes may have significant impacts on provincial and municipal infrastructure assets across the province. Land use plans, building codes, standards, and guidelines will need to be updated to reflect high-risk flood protection requirements.

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