



MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT
GOVERNMENT OF THE COOK ISLANDS

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GOVERNMENT SERIOUS ABOUT DISASTER RISK MANAGEMENT

The Cook Islands experiences a range of natural hazards, including tropical cyclones, tsunamis, floods and droughts. We face particularly high tropical cyclone risk, with associated high winds, storm surges and flooding. Cyclone risk was highlighted in 2005 when we experienced five consecutive cyclones over a period of two months, including four category five storms, causing damage estimated at \$14.5 million. Previously, Rarotonga was extensively damaged by Cyclone Sally in January 1997. In November of the same year, Cyclone Martin destroyed about 90% of houses and killed 19 people on Manihiki atoll. The most recent major cyclone occurred in 2010, damaging 78% of houses in Aitutaki, devastating crops, disrupting tourism, and required a \$6.9 million recovery and reconstruction program. Recent analysis undertaken under the Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) indicates that the country faces an average annual loss of \$4.9 million from tropical cyclones alone, with probable maximum losses of \$56.8 million, \$103.0 million and \$198.1 million from 1-in-50, 1-in-100 and 1-in-250 year events respectively, equivalent to 18.8%, 34.0%, and 65.5% of GDP in FY2016.

The Government takes these risks very seriously. In addition to building its' Disaster Response Trust Fund by a further \$600,000 this financial year (fund now totals NZD\$1.5mil) and continuing to have Catastrophic Risk Insurance (PICRAFI), it is now working with the Asian Development Bank (ADB) to finalise a Policy Loan of approximately USD\$10 million to be utilized if a state of emergency is declared in the Cook Islands. This loan would provide rapid access to a pool of resources enabling government to initiate recovery and reconstruction efforts with minimum delay, mitigating a disaster's immediate economic and social impact.

To assist us, the loan has some medium term policy actions which will be monitored to ensure we continue to build our resilience for a state of emergency. An example includes the introduction of a damage and loss database and post-disaster expenditure tracking system. This complements existing government initiatives like updating our joint national adaptation plan (JNAP) for disaster risk management (DRM) and climate change adaptation and the implementation of the national action plan specifically focused on DRM.

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