



PCRAFI

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Pacific Disaster Risk Financing & Insurance

Session 5:

Cook Islands Disaster Emergency Trust Fund

by

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Disaster Emergency Trust Fund



BACKGROUND

The Tropical Cyclone Pat 2010 response highlighted the inefficiency of our Government agencies to respond immediately.

Emergency Management Cook Islands and government officials were heavily criticised for the delayed response by key ministries from Rarotonga (main island).

The contributing factor to the delay was the financial restraint placed on ministries to pay for airfares, freight cost, goods, machineries and equipments to Aitutaki.

All HOMs were reluctant to use their own budget to respond immediately therefore causing delays to the response until funds were finally identified through cabinet days later.



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STATEMENT BY THE PRIME MINISTER

At the National Disaster Risk Management Council's meeting in Jan 2011, the Prime Minister made a clear statement that Cook Islands become self reliant and generating new income streams to fund a pool specifically for Disaster Management (DM) response and recovery.

It is hoped that this will improve response times as currently the Cook Islands, like many other Pacific Island Countries, is heavily reliant on donors when an emergency or natural disaster strikes.

EMCI was task with the assistance of SOPAC to develop a concept paper designed to present various options available to the Cook Islands for the establishment of this Disaster Emergency Trust Fund.



Disaster Emergency Trust Fund



PURPOSE OF THE DE-TF

The purpose of the CI DE-TF is to enable a swift and coordinated response by the Disaster Response Executive once a State of Emergency or Disaster is activated. The fund is limited to **emergency response and early recovery activities only** as typified by the following.

1. Deployment of a Damage Assessment team(s) to provide an Immediate Situation Overview and an Initial Damage Assessment of the situation
2. Re-establishment of essential services such as communications, power, health, water, etc.
3. Temporary shelter (tents), food, water, blankets and clothing



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4. Deployment of appropriate ministry staff from Rarotonga to assist or relieve staff on the Outer Islands
5. Deployment of skilled volunteers, tools, parts and machineries to assist with clearance, immediate repairs, and get essential services back into operation
6. Transport, accommodation, food, water for volunteers and relief workers
7. All costs associated with either air or sea freight

The DE-TF is **not intended for longer-term recovery** (rehabilitation and reconstruction).



Disaster Emergency Trust Fund



OPTIONS TO ESTABLISH A DE-TF

1. An added tax to fuel, alcohol or cigarettes etc. 'Tagging' an amount on to an existing 'Sin Tax'
 - Option 2a: Adding 2 cents on to the current fuel levy (fuel is linked to carbon levy/omission, climate change and market based instruments)
 - Option 2b: Adding NZD20 to the current levy on tobacco
 - Option 2c: Adding NZD1 to the current Levy on alcohol.
2. Annual contribution of 2% from the Government Budget as recommended in the DRM policy for MFEM
3. Use the current Reserve Trust Fund or allocate an amount of the Reserve Trust Fund to establish the DRM Fund
4. Status Quo – do nothing



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SETTING UP THE TRUST FUND

1. A Disaster Emergency Trust Fund policy was developed
2. A cabinet submission was made to Cabinet to endorse the policy including the appropriation of the \$200,000 to establish the DE-TF
3. The funding was appropriated by government in the budget for the 2011/2012 financial year
4. The Trust Deed was developed by Crown Law with the assistance of a private lawyer using the appropriate legislations
5. Appointed the Response Executives under the DRM Act 2007 as the Trustees of the DE-TF and these are Director of EMCI, Police Commissioner, Director MFEM and Secretary of MOIP.



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ESTABLISHING THE DE-TF

1. The Disaster Emergency Trust Fund was signed by the Trustees and the Minister of Finance the Hon. Mark Brown on the 21 December 2011 with a contribution of \$200,000 from Government to establish the DE-TF.
2. The Small Islands State Development Fund administered by the SIS Program Unit of the Pacific Islands Forum Secretariat (PIFS) allocated funds to 7 island states and the fund earmarked for disaster relief initiatives . A special request was made to PIFS through a Cabinet submission to transfer the SIS-DF fund of NZ\$57,000 into the DE-TF bringing the total to NZ\$257,000.
3. Government allocated a further \$268,000 from the 2014/2015 budget into the DE-TF and the fund has so far accumulated an interest of NZ\$11,000 to bring the total amount to NZ\$536,000 in the bank.
4. The original target for the DE-TF was NZ\$500,000 and this was based on the costs for the early response to TC Pat 2010. The new target is now set for NZ\$1MILLION and government will continue to explore avenues to grow the DE-TF.



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ACTIVATING THE TRUST FUND

The Cook Islands Disaster Emergency Trust Fund **can only be drawn down** following the declaration of a **State of Disaster** by the Prime Minister in terms of Part 4 of the Disaster Risk Management Act, or the declaration of a **State of Emergency** by either the Prime Minister or the Director of EMCI in terms of Part 5 of the Disaster Risk Management Act (Act No 33 of 2007).

In the event that either of these Officials are absent from the country, then the designated Acting Prime Minister, and/or Acting Director (EMCI) may declare the State of Disaster or Emergency.

The Fund may only be used for activities described under ‘Purpose of the Fund’ above.



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GROWING THE DE-TF

Government will endeavour to seek contributions from donor agencies and partners in support of the Fund. Additional sources of funding may include:

1. Donor contributions
2. Private Sector contributions
3. Any other innovative alternative income sources that may be identified, from time to time, by the Fund Managers

Upon the Fund being used for Emergency purposes, Government undertakes to replenish the Fund to ensure that the balance in the Fund at no time drops below NZ\$200,000 (this being the amount of the initial balance).

The DE-TF will not be allowed to operate in deficit.



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Kia Orana e kia Manuia



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