

COUNTRY PROFILE

Geography

Niue is a single coral island of 259 square kilometres in the South Pacific Ocean at latitude 19 south and longitude 169 west. Niue has an Exclusive Economic Zone of 293,988 sq km. It is the largest raised coral island in the world and is known for its unspoilt environment and pristine coastal waters.

People, culture and tradition

Niueans are of Polynesian descent and are said to be amongst the friendliest people in the world. They speak Niuean, which has close links to other Polynesian languages. Culture, tradition, spirituality and social values play an integral part in its culture.

Population

In March 2002 the population was 1707. This compares with 20,145 residents of New Zealand who claimed to be of Niuean descent in the New Zealand 2001 Census. The declining population has created difficulties in delivering services but more importantly threatens the existence of Niue's cultural heritage and sovereignty.

The Government

Since 1974 Niue has been self-governing in free association with New Zealand. Under this constitutional arrangement New Zealand is responsible for defence, external affairs as well as providing necessary economic and administrative assistance. General elections are held every three years for the 20 members of the Legislative Assembly. Since 2001 Niue established full diplomatic relations with New Zealand.

Economy

In 2000 GDP was \$14.2m, which equates to \$7,470 per capita. The Government is the major employer in Niue. New Zealand provides almost 50% of the GDP through budget support programmes. Until recently Telecommunication facilities were the next major source of income for the government. International Business Company registrations were also significant but are under review. New Zealand is the country's major trading partner, however there is a large trade imbalance with imports of approximately \$4m in 2002 compared with exports of approximately \$200,000. Export commodities consist mainly of taro, honey and small quantities of coconut, handicrafts and vanilla.

Infrastructure

All residents have access to good housing, electricity and water. Polynesian Airlines provides twice weekly flights on a Boeing 737 aircraft between Samoa and New Zealand. Niue is serviced by a supply ship every three weeks, an international telephone system, internet services, radio and television services are also available.

Future Direction

Government is committed to rebuilding the population and diversifying and increasing the revenue base. There is a need to reduce dependency on aid and move towards a stronger private sector. Tourism, agriculture (vanilla) and fisheries have been identified as industries where Niue has a comparative advantage and are therefore key sectors of the national economy.

Summary

This is the national impact assessment report on the devastation caused by Cyclone Heta on the economy, society and infrastructure commissioned by the Government of Niue. The report links sectoral assessments from agriculture; biodiversity and environment; fishery and marine; forestry; national heritage; national infrastructure; public service; private sector; tourism; and villages and non-state actors.

Various organisations carried out assessments with the Economic, Planning and Development Department collating the data and drafting this assessment report. For the purpose of validation, government intends to engage in a process of consultation and verification in conjunction with elaborating a **Cyclone Heta Recovery Plan**.

Due to the urgency in establishing a basis for the recovery programme, the data summary in the report is an initial quantification and therefore a few will require further verification by government and that process is currently being undertaken.

This report attempts to quantify the losses to the nation in economic, social, and financial terms. The assessment sets the preliminary foundation for the recovery process in which priority in specific areas will be clearly identified and the formulation of government's response in the immediate and longer term recovery process.

The report is also intended to provide development partners and potential donors with primary information in particular areas of need that will contribute towards Niue's recovery and reconstruction efforts.

In 2003, the Government of Niue embarked in renewing its strategic commitment to the people of Niue through the adoption of the all-inclusive **Niue Integrated Strategic Plan (NISP) 2003-2008**. It is envisaged that the five objectives in the NISP will not change despite the recent events of Cyclone Heta

In addition, a draft **Niue Integrated Strategic Action Plan (NISAP)** in subordinate to the **NISP**, listed the priority activities and timelines for achieving the **NISP** goals. A **Cyclone Heta Recovery Plan** will review and prioritise the urgent identified activities with the over-arching goal of recovery, rehabilitation and reconstruction of Niue society. The **Cyclone Heta Recovery Plan** will articulate the requirements for urgent attention by government for the next 46 Months and into the longer term, by drawing on the **NISP** and **NISAP** - it will not supersede these documents but will identify planned initiatives that require urgent implementation to allow the country to recover and resume normalcy.

The NISP 2003 – 2008 included the following five Strategic Objectives:

- I. Financial Stability**
- II. Governance**
- III. Economic Development**
- IV. Social**
- V. Environment**

For the purposes of this report and to quantify the impact of Cyclone Heta to the society and economy of Niue, the report will divide the economic loss into two areas: property and other losses that require immediate remedial attention (*Recovery and Reconstruction*), the second division is for assets that were also lost and the potential of those assets to contribute to the overall wellbeing of the economy of Niue (*Rehabilitation*).

Recovery and Reconstruction addresses urgent and immediate tasks and includes, buildings (destroyed or substantially damaged), personal assets (such as cars, boats and fishing equipment, clothing and household effects), business assets (government owned heavy machinery, trading stock, tools, office equipment etc) and community investments (hospital, library, waste management, bulk fuel depot, electricity lines, communication links, water supplies, roads etc). The loss of assets and capacity have a direct bearing on the ability of the community to restoring their lives, one example of lost capacity is the destruction and damage to heavy machinery that has constrained the ability of clean up teams to dispose of debris from destroyed buildings, damaged trees rocks washed up onto roads by the wave surges.

The following table is a summary of *Recovery and Reconstruction*:

Table 1 – Recovery and Reconstruction

<i>Sector</i>	<i>Amount in NZ Dollars</i>
Civil Society	\$ 7,000,000
Private Sector Enterprises	\$ 5,000,000
Public Sector	\$25,702,250
TOTAL	\$37,702,250

See table 3 “Cyclone Heta Impact on the Public Sector”

Forestry with estimated total losses of \$51.5m is not included above.

Rehabilitation addresses the loss of assets and potential income that is immeasurable and includes the cultural heritage of the people of Niue (genealogies, land title records, health records, register of birth, deaths and marriages etc) the setback to the long term investments (eco-tourism sites, cultural artefacts, indigenous forests, wildlife, mahogany plantations etc). These are all hard to quantify in economic terms and in most cases irreplaceable and therefore lost completely to the country’s economy.

Table 2 – Rehabilitation

<i>Sector</i>	<i>Amount in NZ Dollars</i>
Land Title records	unknown
Health records	unknown
Civil records	unknown
Cultural Artefacts	unknown
Wildlife	unknown
Mahogany plantations*	\$1,500,000
Indigenous Forests*	\$50,000,000

* Nominal valuations

Therefore, the total cost to the economy and the people of Niue is in excess of \$89.1 million.

1.0 Report on Civil Society Impact Assessment

1.1 Introduction

On 14 January, Economic Planning in collaboration with the Department of Community Affairs undertook to compile a Village and NGOs national assessment report through a series of visits to affected communities, businesses and institutions of particular interest was structural damage to occupied housing, also taken into account personal property losses, this was in order to identify health and safety concerns for immediate remedial action. This assessment would also assist in formulating government strategies to systematically address the asbestos roofing problem.

1.2 Cyclone Heta Impact on Civil Society

The damage to communities was most severe in the western coastal villages from Hikutavake to Avatele with Alofi district sustaining the most damage to both housing and property. All government housing and private homes at the Aliluki housing estate were totally destroyed together with the only hospital and health institution on Niue, Justice & Lands Department, Museum and Cultural Centre, the Niue Hotel, Industrial Centre, community halls, churches and supporting facilities for community and NGOs activities. In one community alone a church building was totally destroyed

In addition, there was extensive damage to family outside kitchens, garages, toilets, fruit-bearing trees, farming lands, and the surrounding eco-system, which provides stable food sources and food security to all village communities. .

The assessment found that 90% of total housing on Niue (570 occupied and 432 unoccupied) mostly built in the 1960s to 1980s period sustained some form of damage. 30 occupied houses were totally obliterated (not including 13 government housing) and 20 no longer structurally sound. The total damage to still occupied dwellings is estimated to be \$2.9M. Personal property losses of \$1.2M, and the overall estimated loss to community housing is \$4.1M. The basis of this valuation is the replacement cost for same size dwellings (2-3 bedroom dwellings) at \$70,000-80,000 per house.

Damages to unoccupied housing has been assessed as \$1.0M. Of this amount, 50% were totally destroyed or are now in no conditions for occupation. The issues regarding remedial actions for these houses is beyond the scope of this assessment and the sole purpose of including these assessments here is to quantify the total housing loss.

The aftermath of any of this nature is an important period for government. Communities have been traumatized and most have endured personal losses to properties and possessions that they have accumulated over the years. During the damage assessments the communities identified the following needs as key to re-establishing their lives.

- ?? Accommodation for the Internally Displaced Population (IDP's);
- ?? Quick restoration of all roads and essential utilities, i.e water, power, and communication;
- ?? Access to and the security of food sources;
- ?? Quick repairs to damaged homes to secure the existing properties;
- ?? Provision of adequate health services;
- ?? Law and order;
- ?? A functioning economy;
- ?? Access to fuel; and
- ?? Assistance to clear debris.

1.3 Conclusion

Some of the more urgent housing needs are being addressed by the kind generosity of the Government of French Polynesia while discussions with other donors for the similar assistance are underway. Government has started on repairing houses, the procurement and issuing of building materials to those in immediate need in a coordinated manner. It is government's intention to provide housing for all citizens who have lost their own or rental property as soon as possible.

Although a temporary arrangement has been set in place with Reef Group, the issue of ongoing fuel supply and its storage will require a long-term strategy. With the earth moving plants due to resume operations in February, a similar commitment has been made for enhancing local food security with the repair and maintenance to vegetable growing farms. The small boat ramp at Avatele has been temporarily repaired and available to all fishermen, while a permanent solution for the wharf crane is currently under discussion.

The safe collection and securing of loose asbestos roofing has been completed with the second phase is contingent on further funding from outside government resources. Demolishing and debris removal is ongoing with further help once again being provided by the Government of French Polynesia. Lack of proper heavy machinery to address this work has been and will continue to be the main obstacles to this work's progress.

2.0 Report on Private Sector Impact Assessment

2.1 Introduction

Prior to Cyclone Heta, Niue faced considerable development constraints. These included isolation, poor communications, limited natural resources and a shortage of skilled labour and outward migration, principally to New Zealand. The Government of Niue recognised the constraints and in the months leading up to the cyclone worked with all non-state actors, private sector, and public sector to prioritise sectors to develop - in an attempt to counteract these constraints.

With the support of development partners, 2004 was the year destined to become the beginning for all the hard work to come to fruition – particularly in tourism, fisheries, and agriculture sectors. Unfortunately, the impact of cyclone Heta has setback some of this work and left extensive damage in the country and could accelerate out-migration which given the constraints as outlined above may further exacerbate existing national challenges.

2.2 Cyclone Heta Impact on the Private Sector

Although the private sector is small by any standard, Government acknowledges that assistance to the private sector and the speed of delivery of that assistance is vital for the economy of Niue. By Friday, 09 January 2004, an impact assessment form was distributed to all business entities for collection by 12 January.

The assessments confirm that the sector was hard hit and requires urgent attention and assistance. Confirmation that buildings that housed some members of this sector were destroyed completely and all their contents, a majority suffered significant structural damage to their buildings resulting in ruined inventory and essential equipment and tools. All this has inflicted significant losses in terms of stock, trading or production time, resources, finance, and overall investment capital.

It is clear to government that the re-establishment of business houses will depend very much on the assistance mustered by the Government of Niue. The following actions have been noted as key for the sector's interests in the short to the long run.

- ?? Government to lead a consultative process in designing the reconstruction plan for the private sector and provide support to the Business Advisory Services to design or review each entity's business plan;
- ?? Government to offer financial assistance to re-build destroyed and/or repair damaged private sector wholly owned or leased properties;
- ?? Government to provide financial assistance to replace lost stock, tools and equipment;
- ?? Government to facilitate or adopt policy to suspend bank loan repayments to the Niue Development Bank until businesses are fully functional;
- ?? Government to suspend business tax payments until the business is fully functional;
- ?? Government to consider employing a town planner/s to relocate an industrial business centre to a safer and appropriate location; and
- ?? Government to adopt a policy to enable businesses to rent and/or buy buildings constructed by government on private or state owned land.

Government has publicly indicated its commitment to facilitate and assist rebuilding the sector during a meeting with the private sector on 19 January. A reconstruction financial package of NZ\$1.0M has been suggested, although according to this assessment, the estimated total damage comes to NZ\$5.0 Million.

2.3 Conclusion.

Government has recognized that displaced businesses need to be assisted to operational level, repairs have to be made to their buildings and/or temporarily housed elsewhere, as the government through the Niue Development Bank was the landlord for many of these private businesses.

Government is also cognisant of the importance of developing a framework to deal with the immediate and long-term development needs of this sector. Government is mindful of the fact that some businesses provide essential services to the community and assisted those businesses during the response phase of the disaster. The next step would be to assist others to start trading again and the development of that assistance. The details of government's overall assistance package will be formulated in its overall reconstruction plan for the sector.

A vibrant private sector and the regeneration of its partnership with government is important to the people of Niue. Cyclone Heta has provided an opportunity to reaffirm that partnership in the reconstruction of the private sector by presenting an opportunity for an earlier start on the third *Key Result* as articulated in the **NISAP** and its *Strategic Objective* to **Maximise benefits from Niue's resources in a sustainable manner** by adopting the following strategy:

1. *Private Sector - Promote, assist and support a vibrant private sector.*
2. *Agriculture - Facilitate agricultural development of products with proven commercial merits, particularly vanilla, through research and product and market development.*
3. *Fisheries - Increase the returns from the fisheries resource in a sustainable and responsible manner.*
4. *Tourism - Increase tourism in a responsible and sustainable manner taking advantage of our clean, green environment and cultural and social values.*
5. *Trade and Marketing - Promote and secure markets for our products.*
6. *Investment - Seek and encourage venture capital investment and skills and technology transfer.*

3.0 Report on Public Sector Impact Assessment

3.1 Introduction

The economy of Niue is dominated by public sector activities. Over the years, many factors have driven Niue towards this position despite its ongoing efforts to boost the private sector presence in the Niue economy. In late 1980s to early 1990s, a concerted effort to divest some of the public sector operations into the private sector through privatisation, were unsuccessful. There was simply not enough capacity and resources in the private sector to absorb public sector functions, and with decreasing external funding and no significant exports to fill funding gaps, many of the privatised functions were absorbed back into the public sector.

The Niue public sector is the largest employer on Niue, as well as generating a large proportion of the economic activity on Niue. The public sector of Niue is an important part of the ongoing economy and community on Niue and it must be resourced to ensure that the leadership, vision and reforms enshrined in the **NISP** and the **NISAP** are driven to achieve their stated Objectives.

3.2 Cyclone Heta Impact on the Public Sector

The seat of government is located in Alofi, government housing, institutional buildings, plant and machinery, communication systems, utilities supply systems, office equipment and information systems, historical records and art, sustained extensive damage. Three significant public institutions was totally destroyed – the Hospital and Health Services, Justice and Lands, and the National Museum and Public Library. The damage sustained to government departments and agencies is substantial and is captured in the following table

Table 3 –Cyclone Heta Impact of the Public Sector

Sector	Building/Assets	Lost Amenities	Assessed Value
Agriculture	Destroyed against	Commercial and subsistence crops	\$5,500,000
Hospital/Health Services	Totally destroyed	Maternity ward, Dental, Waste Management, Mortuary, Aged Care	\$4,000,000
Tourism	Destroyed against	Sea tracks. Eco-tourism sites	\$3,120,000
Government Housing	Totally destroyed	Civil Service homes	\$2,324,000
Community Affairs	Totally destroyed one building. Substantial damage to a second.	100% of museum and culture centre. 90% of archives and public library. Cultural records. Library services. Collection of history and records of the Niue people.	\$2,525,000
Bulk Fuel	Substantial	Fuel supply storage for whole island	\$2,200,000
Telecom Niue	Substantial	Communication services	\$1,400,000
Niue Power Corporation	Substantial	Electricity services	\$890,000
Justice and Lands	Totally destroyed	Services for courts, Registrar for Births, Deaths and Marriages, Land Title register	\$790,000
Niue Development Bank	Substantial	Buildings in Amanau Industrial Park.	\$730,000
Fisheries	Sustained structural damage	Fishing vessels launching site. Community sea tracks	\$668,000
Broadcasting Corporation of Niue	Substantial	Radio and television services	\$542,000
Other Government Departments/Agencies	Variations in destruction	Various Office Equipment. Technical Equipment (Navigational Aids, Meteorological) Water supply repairs	\$1,013,250
TOTAL			<u>\$25,702,250</u>