

Social disaster deepens following New Zealand earthquake

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A social disaster is unfolding in Christchurch, New Zealand's second largest city, following the 6.4 magnitude earthquake that devastated the city's central business district and many suburbs on February 22. Hit by the loss of their homes and livelihoods, broad layers of workers and their families are facing a bleak winter.

Last week, National Party Prime Minister John Key announced the phasing out of his government's paltry earthquake relief package, under which workers made jobless as a result of the quake were eligible for a payment of up to \$NZ400 per week for six weeks. This was less than the minimum wage, which at \$13 an hour was not enough to provide for the basic necessities of life, even under "normal" conditions. Local employers were able to apply for a wages subsidy of \$500 per week to keep workers on.

From April 18, the wages subsidy will end and the job loss cover for unemployed workers will be replaced with a six-week support payment to "top-up" the unemployment benefit. This will be paid at the rate of \$50 per week for a single person, \$80 for a couple and an additional \$10 per week for each child, up to a maximum of \$110 per week.

"The support recognises people who have lost their main source of income," Key declared, "and provides additional support as they move to find alternative work." There is, in fact, no "alternative work" for thousands. They will be forced onto the dole queues when unemployment nationwide is already nearly 7 percent, and as high as 20 percent among young people.

According to recent predictions by Canterbury Business Recovery Network chairman and local retailer Matthew Carpenter, up to 2,000 businesses are on the brink of collapse. Many small operators had seen their income drop by 40 to 70 percent, Carpenter said. It was disclosed this week that businesses had taken wage

subsidies for almost 70,000 workers, whose jobs are now under threat.

Earthquake Recovery Minister Gerry Brownlee has refused to rule out the possibility that up to 20,000 workers could face long-term unemployment. Speaking on TV3's "The Nation" program on April 2, Brownlee said the government did not know how many job losses to expect. He did not, however, contest the estimate when it was put to him by the interviewer.

Thousands of jobs have been lost from hotels, restaurants, cafes and cinemas. Many small businesses in Christchurch's closed central business district have been forced to shut and are unlikely to reopen. Hundreds of cleaning jobs have been axed, while supermarket chain Foodstuffs announced it would be closing down two New World supermarkets in the eastern suburbs, with the loss of 230 jobs.

Almost 200 redundancies were announced at the Godfrey Hirst carpet manufacturing subsidiary, Canterbury Spinners, in the suburb of Bromley, after the factory was declared to be beyond repair. Over 500 workers at the Christchurch Casino, one of the city's largest worksites, were told last Saturday that they would have to take redundancy or use up their accrued annual leave and then take leave without pay until further notice.

In addition, hundreds of elderly rest-home residents have been sent out of Christchurch because their facilities are uninhabitable, leaving some 800 aged care workers indefinitely without jobs.

Compounding the social misery is the fact that the main working class suburbs, in the eastern part of the city, were hit the hardest by the earthquake. Many families remain without basic services, and entire streets have been left deserted as people have been forced to move elsewhere. Most of the estimated

10,000 houses that must be demolished are located in these areas.

The arrival of the first significant autumn rains last week produced a crisis for the city's beleaguered sewage system, with the eastern suburbs network clogged with silt. Residents have been requested to again begin conserving water so as not to overload the waste water treatment facility, and have been warned that these precautions could be necessary for another six months. Engineers say it could take "years" to fully restore the sewage system.

Widespread cutbacks to services and facilities are underway. Damage to the city's main rugby stadium has meant the loss of major events associated with the October rugby world cup. The tourism sector has seen a sharp downturn. Last week, the Qantas-owned budget airline Jetstar announced it would cut three daily domestic flights to the city. KiwiRail plans to mothball the Picton to Christchurch service, at least until August.

The latest government estimate of the quake's cost to public finances is \$5 billion in recovery work, with an extra \$3 to \$5 billion loss of tax revenue. The Earthquake Commission, the government-owned national disaster insurance agency, estimates that the February quake will cost it \$1.5 billion.

Finance Minister Bill English told the Institute of Public Administration on March 29 that there would "years of austerity measures". Some services would be axed, he said. The government had intended to spend \$1.1 billion more in this year's budget, but reduced that to zero earlier this month. "That means public spending restraint is no temporary aberration," he declared. "It is effectively permanent."

None of the opposition parties in parliament has expressed any opposition to this agenda. The Labour Party has called for a further extension of the government's inadequate relief package, while agreeing that the government must make spending cuts.

Green Party co-leader Russel Norman concurred, saying: "We can't afford to go more into debt to pay for the rebuild." The Greens want a quake levy on incomes over \$48,000, which would have a dramatic impact on working class families already struggling to cope with the soaring cost of living.

The government is using the disaster to assume extraordinary powers. Last week it announced the establishment of the Canterbury Earthquake Recovery

Authority (CERA), which will effectively have emergency powers equivalent to the Civil Defence national controller.

The provisions are even more sweeping than those of the Canterbury Earthquake Response and Recovery Act, passed following the September 2010 earthquake to give ministers extensive rights to override existing laws. Brownlee admitted last week that the rights of citizens to appeal decisions that directly affect them—for example, a determination that a house should be demolished—would be limited.

The new authority will have the power to relax, suspend or extend laws and regulations. It will be able to acquire, hold and dispose of property, and the minister will be able to fast-track planning processes. A *Dominion Post* editorial on April 2 noted that "toes are going to be trampled upon, legal niceties are going to be ignored and the rights of some people will be circumscribed", but deemed these measures to be necessary.

The draconian legislation will inevitably be used to quash any opposition to the government's reconstruction agenda that will inevitably benefit big business at the expense of working people.



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