

New Zealand: Entire suburbs to be abandoned after earthquakes

Tom Peters
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The New Zealand government announced on June 23 that thousands of houses in the earthquake-devastated city of Christchurch will have to be abandoned due to “significant and extensive” land damage. The city of 350,000 and the surrounding Canterbury region have been hit by three damaging earthquakes—in September 2010, February this year, and most recently on June 13—and many smaller aftershocks. The February 22 disaster killed 181 people and caused the most destruction.

The National Party government has allowed a social disaster to unfold in the city. Many people, including the elderly and disabled, have spent months living in damaged and unsafe houses without basic services such as sewerage. Thousands of workers who have lost their jobs due to the quakes have received only minimal assistance.

The state-owned insurer, the Earthquake Commission (EQC), has settled less than 15 percent of the 368,000 claims it has received since September for damage to houses and contents. EQC only pays out sums of up to \$100,000, and payments are only available to home owners who already had private insurance.

Now the government has announced that a “red zone” of around 5,100 houses in badly damaged suburbs including Avonside, Avondale and Bexley will be abandoned and demolished. Earthquake Recovery Minister Gerry Brownlee said it was “not feasible to rebuild” because the ground was too unstable and land remediation could take five years. The foundations of many houses have been damaged by liquefaction and some have begun to sink into the ground.

More land is likely to be written off as engineers carry out assessments of 10,500 sites scattered across the city and the nearby town of Kaiapoi. Assessments will also be carried out on land in Port Hills, which was badly damaged in the June 13 quake, and in the city centre, where more than 1,000 buildings are likely to be demolished.

Home owners in the “red zone” have been told they must either accept a government buy-out of their entire property, based on its rateable value (RV) for 2007, or accept a government buy-out of the land only and continue to negotiate with their insurance company over replacing their house.

Full details of the government’s plans have not been released, but it is already clear that most people who are forced to move will suffer major financial losses. The *New Zealand Herald* editorial on June 26 told Christchurch residents to “count their blessings” and declared: “Inevitably, few people will emerge from the process without sustaining a cut in their quality of life. That is how cataclysm works.”

The paper’s right-wing columnist Paul Holmes described the buy-outs as “pretty damn generous.” The attitude of these mouthpieces for big business is that quake victims should consider themselves lucky to receive anything.

For many home owners, the RV (which is used by councils to determine rates) is well below what they paid for their house—sometimes by tens of thousands of dollars. Insurance companies are also refusing to pay for the full replacement for houses in the condemned suburbs unless the building itself is beyond repair, arguing that the government’s decision to write off the land is not their problem. Tower Insurance Managing Director Rob Flannagan told the *Herald*: “We don’t cover government decisions. We cover catastrophe events.”

Professor John McDonagh, a property lecturer at Lincoln University, told TV3 on June 27 that “a significant number” of residents would struggle to afford a new house because property prices in the condemned eastern suburbs were “typically much lower than those of new housing.” Among those worst affected would be “people who actually don’t

have an income to service debt... particularly people who are retired.”

Bexley resident Laura McConchie told the *Sunday Star-Times* that her parents “and many like them, will only get [NZ]\$235,000 for their house and land. They are mortgage free and close to retirement and can’t afford to get another mortgage or buy elsewhere... Dad is furious and mum is so upset, they have no idea where to go or what will happen to them”.

The government has not announced any assistance for about 50 households which are uninsured and in the red zone. Earthquake Recovery Minister Brownlee told TV3 on June 24 that helping them was “not a priority”. The *Herald*’s editors backed the minister, stating: “People would see no reason to insure their homes if they witnessed a wholesale bailout by the government.” The same government last year bailed out investors in the failed company South Canterbury Finance with \$1.6 billion—more than twice the estimated \$635 million that will be spent on red zone buy-outs.

The opposition Labour Party stated agreement with the government’s response. Lianne Dalziel, Labour’s MP for Christchurch East, has postured as an advocate for quake victims. But on June 29 she told Radio New Zealand: “I think everyone now accepts that preserving [their home’s] equity is not something that is going to be achievable in Christchurch.”

The government will make its official buy-out offers in eight weeks, after which residents will have almost two years to leave the red zone. Meanwhile, little help is being provided for people living in damaged homes. Christchurch Mayor Bob Parker told TVNZ on June 26 that his council would from now on make only “temporary repairs” to infrastructure in the condemned suburbs, and would not install any new sewerage or water pipes.

Joy McManaway, a 60-year-old sickness beneficiary who lives inside the red zone in New Brighton, told the *World Socialist Web Site* that she had received totally inadequate assistance.

She said the Earthquake Commission (EQC) had installed two heat pumps in her house after the February disaster, but it was still “very cold and draughty and we have power cuts off and on.”

“Our roads around here are absolutely atrocious. We have a portaloo on the corner but the person I share the house

with has no feeling from the knee down and finds it difficult to use. Next door there’s a water pipe that broke in February that’s never been fixed and we have to walk past this. You can’t imagine what it’s like here. Under our house we have thick liquefaction and it’s wet and it comes up to six inches below the floorboards and it smells of sewage. It’s been raining and we’ve got no drainage on our roads. It just fills up with water because there’s nowhere for it to go.”

After the June 13 disaster, McManaway’s street was flooded with silt and virtually impassable. “We didn’t see anyone until Friday [four days after the quake]. From Monday to Friday there was nothing. No food vouchers, no water, nothing. I couldn’t manage. I rang up social welfare to see if I could have a food grant. They said I had to go down there and I said I can’t get out of here. And the woman had an argument with me, telling me I could. Actually, at that point of time, you could not get out of here. There was liquefaction—trying to get out was just horrendous.”

Last weekend McManaway attended one of several community meetings held by Roger Sutton, head of the government’s Canterbury Earthquake Recovery Authority (CERA).

She explained: “He started off and told us we were ‘very lucky we didn’t live in Australia or America’ because they haven’t got EQC’. What a bloody degrading, horrendous thing to say to people! One man got very upset, rightly so, and he swore. He was angry about how none of us are going to be able to afford another house.”

McManaway said she was struggling to make mortgage payments on her house and was angry that the government was charging rent for the small amount of temporary accommodation available. “Those campervans they got—why didn’t they give us one? For these new homes they’ve got at Linwood Park, a three-bedroom is \$400 a week. They should be being given to us! It’s like a nightmare. I think we’re going to wake up and it’s all gone, but we’re not.”



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