

New Zealand: Substandard repairs to earthquake-damaged homes in Christchurch

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September 4 marked five years since the 2010 earthquake in the city of Christchurch, which caused widespread damage and was followed by an even more destructive quake in February 2011 that killed 185 people. The quakes destroyed or damaged over 150,000 homes in the city and the surrounding Canterbury region.

Speaking in Christchurch the day before, Prime Minister John Key painted a bright picture of the rebuild, declaring, “we are making a lot of progress.” He was forced to add that this was “cold comfort for people who don’t have all the answers or resolution to the issues they face,” but still claimed many Cantabrians “feel a lot more confident.”

In reality, after five years thousands of residents still live in unsafe, damaged houses, in overcrowded conditions, or in makeshift accommodation such as caravans. House prices have skyrocketed 33 percent and rents 36 percent between December 2010 and April 2015.

At the end of 2013 about 10 percent of the rebuild had been completed, with thousands of insurance claims still to be settled.

The government estimated in July that only 41 percent of rebuilding work (including houses, infrastructure and non-residential buildings) had been completed. The state-owned insurer, the Earthquake Commission (EQC), which is responsible for repairs costing up to \$100,000, reported on August 28 that 69,048 homes (96.7 percent) have been fixed and 167,481 (97.2 percent) claims have been settled. According to the Insurance Council more than 80 percent of claims made to private insurers have been settled, but this still leaves almost 5,000 outstanding claims.

While the National Party-led government continually

trumps the “progress” in Christchurch, its overriding concern has been to carry out housing repairs as cheaply as possible, with corporate profits taking priority over the safety and well-being of the city’s residents.

A report by the Ministry of Business, Innovation and Employment (MBIE) released last month suggests that thousands of repairs may fail to meet basic building standards. The MBIE surveyed foundation repairs at 90 homes and found that 32 did not comply with the building code, while a further 23 had “minor defects.”

Most of the repairs surveyed had been done by contractors hired by Fletcher Building, the country’s biggest construction company, which manages EQC’s earthquake repairs. Private insurance companies, including the multinational Insurance Australia Group (IAG), are also managing over 8,000 repairs. The MBIE survey found that 6 out of 7 homes with repairs managed by IAG were deficient.

Foundations specialist Bevan Craig has been outspoken about the poor repair work for some time. “It’s not a structural repair. All they’re doing is covering it over, painting it up as quick as possible, so they can move on,” he warned in an article published in the *Press* on August 31, 2014.

Craig has criticised the scope of MBIE’s survey, suggesting that the situation may actually be far worse than the government is letting on. EQC and Fletcher Building have promised to check repairs for the 3,600 homes where foundations work had been carried out without requiring building consents. EQC estimates up to one third will need remedial work. According to the *Press*, “Craig said he had checked hundreds of EQC foundation repairs at homeowners’ request through his business. His failure rate was 80 to 90 percent.”

The vast majority of the 68,000 homes that received

quake-related repairs will not be re-examined.

Another specialist, Adrian Cowie, criticised the minimal building standards against which the foundations repairs were checked by MBIE. Cowie explained to the *Press* on August 14 that “if they’d used insurers’ standards they would have found 100 percent failure.”

In response to the MBIE survey, Fletcher Building has sought to scapegoat individual building contractors. In an attempt to whip up xenophobia and divert attention from Fletcher’s responsibility, CEO Graham Darlow said on August 19 that the company would try contacting builders responsible for the substandard jobs, although some might have “gone back to Ireland.”

Fletcher, which reported a \$653 million underlying profit in the year to June, has pledged a paltry \$500,000 to help fix substandard repairs. Darlow insisted that the company was “under no contractual obligation at all” to bear the cost.

The company’s contract with EQC states: “Fletcher does not warrant that any contractor or consultant accredited under the accreditation process is capable.” The fact that EQC signed off on this extraordinary clause, which effectively absolves Fletcher of responsibility for work that it supervised and profited from, underscores the government’s subservience to big business.

Some contractors hired by Fletcher have spoken out, claiming they were pressured to cut corners and do cheap jobs. The owner of a small roofing firm told the *Press*: “When we stuck up for the home owner or told them facts about the repairs we would receive a call from Fletchers who were angry and abusive because we were pointing out the bad workmanship.”

Another builder said he was “evicted” from Fletcher’s rebuild programme after he told the company that a house was not strong enough to sustain the kind of foundation repairs he was asked to do.

Home owners have blamed the government and big business for the debacle. EQC has received over 23,000 complaints about Canterbury home repairs, and there have been numerous protests against delays by insurance companies. One family told Fairfax Media on August 29, “We don’t feel safe in our home and thought our policy [with IAG] would protect us. How wrong we were.”

Opposition Labour Party MP Clayton Cosgrove told

3 News on August 19 that Canterbury Earthquake Recovery Minister Gerry Brownlee “was warned numerous times by several experts that the people doing the underfloor repairs weren’t qualified and were using bad process.” However, he did not mention the role of Fletcher Building, which has made substantial donations to both Labour and National.

Both political parties agree that ordinary working people, in Christchurch and around the country, must bear the cost of the rebuild, which is estimated at \$40 billion.

Christchurch mayor and former Labour government minister Lianne Dalziel has worked hand-in-glove with the government’s Canterbury Earthquake Recovery Authority to cut costs and prepare assets for privatisation, including public transport service Redbus and construction company City Care. The council announced 60 job cuts last month and has slashed funding to the Art Gallery and other cultural institutions.

In June, Dalziel approved a rates increase of 28 percent over four years, which will exacerbate the city’s housing affordability crisis. Sue Bagshaw, director of the 298 Youth Health Centre in Christchurch, told CTV News on September 1: “Between July last year and April this year we saw about 1,700 young people and 42 percent of them had housing issues. It’s a real emergency.”

A major downturn in the local and national economy is expected once rebuilding activity ends. A Westpac bank report released on August 3 stated that 14,000 construction jobs in Christchurch could be lost over the next seven years.



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