



## The Canterbury Earthquake in February 2011 – Who should Pay?

It has been estimated that the cost of reconstruction in Christchurch may be \$30 billion. While some of the costs of replacing housing and commercial buildings will be met by EQC and the insurance companies, it is likely that there will be a significant shortfall.

Research New Zealand decided to find out who, in the eyes of New Zealanders, should cover any such shortfall. We therefore decided to ask this question in the latest Research New Zealand monthly poll.

It should be noted that because of the earthquake, and the dislocation it has caused, we did not interview in Christchurch. The poll therefore represents the thinking of New Zealanders who live outside the region most affected by the earthquake.

### Key findings:

- ◆ There is an expectation that all New Zealanders will **share** in the costs of reconstruction (either through general taxation, a special ‘earthquake tax’, or government borrowing).
- ◆ This is especially the case when it comes to **residential** as opposed to commercial property.

### Detailed findings:

Respondents were asked about their preferred option when it comes to covering any shortfall for rebuilding houses in Christchurch. Almost a third, 32 percent, felt that any shortfall should be covered by additional government borrowing, 20 percent felt it should be covered through the tax system, and 29 percent felt it should be covered by all of us through a special ‘earthquake tax’. A very small proportion, 6 percent, felt it should be covered by the house-owners themselves.

Women, at 33 percent, particularly favoured the option of the ‘earthquake tax’. The young, those 15–34 years of age, were rather more in favour of additional government borrowing to cover the shortfall; some 45 percent opted for this response. This was also the case with Maori/Pacific respondents where 55 percent opted for additional government borrowing to cover the shortfall. There were no significant differences between the regions or the income groups.



When it comes to commercial property, 29 percent felt that the building owners themselves should cover the shortfall. Twenty-three percent felt that the government should borrow additional funds; while 23 percent felt we should all pay through a special 'earthquake tax'. Eleven percent felt the shortfall should be covered through the tax system. Males were rather more hard-nosed about the building owners themselves covering the shortfall; 37 percent of males favoured this option compared with 22 percent of females. Those in the age group 35–54 years also favoured this option to a greater extent than others, at 36 percent. Interestingly, those in the Lower or Central North Island, at 38 percent, were also in favour of the building owners themselves covering the shortfall.

*The Research New Zealand poll of 500 people aged 15 and over was conducted by telephone on 21—30 March 2011. The maximum margin of error for the sample as a whole is +/- 4.7 % (at the 95% confidence level). The data has been weighted to ensure it is an accurate representation of New Zealand's general population. The poll was not taken on behalf of any organisation, but as part of Research New Zealand's monthly survey of attitudes and opinions.*

**Contact:** Emanuel Kalafatelis  
Director  
Research New Zealand Limited  
P O Box 10-617  
Wellington 6143  
Ph. 04-462-6401 (DDI); 027-500-4401 (M)



**Table 1: Preferred options for covering the shortfall for re-building residential property**

*Q10. Which one of the following is your preferred option when it comes to covering the shortfall for re-building houses?*

	Total	Male	Female
Base =	500	250	250
	%	%	%
The government by borrowing additional funds	32	33	32
All of us through the tax system	20	19	22
All of us through a special 'earthquake tax'	29	25	33
The owners of the original houses	6	9	3
Somebody else	7	9	6
Don't know/no response	5	6	5
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Total may not sum to 100% due to rounding.

**Table 2: Preferred options for covering the shortfall for re-building residential property**

*Q10. Which one of the following is your preferred option when it comes to covering the shortfall for re-building houses?*

	Total	15-34 years	35 to 54 years	55 years and over
Base =	500	113	165	222
	%	%	%	%
The government by borrowing additional funds	32	45	28	23
All of us through the tax system	20	15	23	23
All of us through a special 'earthquake tax'	29	25	29	34
The owners of the original houses	6	7	7	5
Somebody else	7	5	7	9
Don't know/no response	5	4	6	6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Total may not sum to 100% due to rounding.



**Table 3: Preferred options for covering the shortfall for re-building residential property**

*Q10. Which one of the following is your preferred option when it comes to covering the shortfall for re-building houses?*

	Total	NZ European/ Pakeha	Maori/Pacific	Other
Base =	500 %	372 %	52 %	76 %
The government by borrowing additional funds	32	27	55	37
All of us through the tax system	20	22	16	17
All of us through a special 'earthquake tax'	29	34	19	16
The owners of the original houses	6	6	3	9
Somebody else	7	7	3	10
Don't know/no response	5	5	3	11
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Total may not sum to 100% due to rounding.

**Table 4: Preferred options for covering the shortfall for re-building residential property**

*Q10. Which one of the following is your preferred option when it comes to covering the shortfall for re-building houses?*

	Total	Upper North Island	Lower/ Central North Island	South Island
Base =	500 %	266 %	148 %	86 %
The government by borrowing additional funds	32	34	29	31
All of us through the tax system	20	21	21	16
All of us through a special 'earthquake tax'	29	29	30	26
The owners of the original houses	6	6	7	4
Somebody else	7	5	5	16
Don't know/no response	5	5	6	6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Total may not sum to 100% due to rounding.



**Table 5: Preferred options for covering the shortfall for re-building residential property**

*Q10. Which one of the following is your preferred option when it comes to covering the shortfall for re-building houses?*

	Total	Under \$40,000	At least \$40,000 but less than \$80,000	\$80,000 or more	Don't know/refused
Base =	500	206	140	138	16**
	%	%	%	%	%
The government by borrowing additional funds	32	33	30	33	42
All of us through the tax system	20	23	18	20	17
All of us through a special 'earthquake tax'	29	26	38	26	20
The owners of the original houses	6	5	5	9	0
Somebody else	7	6	5	10	9
Don't know/no response	5	7	4	3	12
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Total may not sum to 100% due to rounding.

\*\*Caution: low base number of respondents - results are indicative only.

**Table 6: Preferred options for covering the shortfall for re-building commercial property**

*Q11. And when it comes to commercial property, which one of the following is your preferred option for covering the shortfall?*

	Total	Male	Female
Base =	500	250	250
	%	%	%
The government by borrowing additional funds	23	21	24
All of us through the tax system	11	12	11
All of us through a special 'earthquake tax'	23	18	27
The building owners	29	37	22
Somebody else	9	9	8
Don't know/no response	5	3	7
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Total may not sum to 100% due to rounding.



**Table 7: Preferred options for covering the shortfall for re-building commercial property**

*Q11. And when it comes to commercial property, which one of the following is your preferred option for covering the shortfall?*

	Total	15-34 years	35 to 54 years	55 years and over
Base =	500	113	165	222
	%	%	%	%
The government by borrowing additional funds	23	27	24	16
All of us through the tax system	11	10	12	13
All of us through a special 'earthquake tax'	23	24	18	28
The building owners	29	24	36	27
Somebody else	9	8	8	11
Don't know/no response	5	7	3	6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Total may not sum to 100% due to rounding.

**Table 8: Preferred options for covering the shortfall for re-building commercial property**

*Q11. And when it comes to commercial property, which one of the following is your preferred option for covering the shortfall?*

	Total	NZ European/ Pakeha	Maori/Pacific	Other
Base =	500	372	52	76
	%	%	%	%
The government by borrowing additional funds	23	21	34	25
All of us through the tax system	11	13	4	10
All of us through a special 'earthquake tax'	23	22	30	20
The building owners	29	29	22	36
Somebody else	9	10	6	4
Don't know/no response	5	5	5	6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Total may not sum to 100% due to rounding.



**Table 9: Preferred options for covering the shortfall for re-building commercial property**

*Q11. And when it comes to commercial property, which one of the following is your preferred option for covering the shortfall?*

	Total	Upper North Island	Lower/Central North Island	South Island
Base =	500	266	148	86
	%	%	%	%
The government by borrowing additional funds	23	25	21	20
All of us through the tax system	11	13	10	9
All of us through a special 'earthquake tax'	23	25	20	20
The building owners	29	24	38	29
Somebody else	9	6	9	16
Don't know/no response	5	7	2	6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Total may not sum to 100% due to rounding.

**Table 10: Preferred options for covering the shortfall for re-building commercial property**

*Q11. And when it comes to commercial property, which one of the following is your preferred option for covering the shortfall?*

	Total	Under \$40,000	At least \$40,000 but less than \$80,000	\$80,000 or more	Don't know/refused
Base =	500	206	140	138	16**
	%	%	%	%	%
The government by borrowing additional funds	23	23	20	26	15
All of us through the tax system	11	16	7	9	9
All of us through a special 'earthquake tax'	23	23	28	19	9
The building owners	29	25	34	30	29
Somebody else	9	6	9	12	17
Don't know/no response	5	8	2	3	20
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Total may not sum to 100% due to rounding.

\*\*Caution: low base number of respondents - results are indicative only.

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