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New Zealand's Key Pledges Subsidies on Visit to Earthquake Zone
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By Tracy Withers and James Paton

Sept. 7 (Bloomberg) -- New Zealand Prime Minister John Key promised subsidies for workers as he started a two-day visit to Christchurch, which was hit by a magnitude-7 earthquake that cut power, damaged hundreds of buildings and closed the central business district.

The government has pledged NZ\$350 (\$252) a week for workers at companies with 20 or fewer staff, Key said. The plan will keep employees in work, Key said after arriving in Christchurch today, according to a statement on his website.

New Zealand faces a NZ\$2 billion damage bill and Christchurch, a city of 348,000 on South Island, is under a state of emergency after the quake struck on Sept. 4. Key plans to meet today with local mayors in the Canterbury region and visit welfare centers after canceling plans to fly to Europe on Sept. 10, spokesman Kevin Taylor said.

"I can well appreciate the magnitude of loss that people have suffered," Key said. "I was awestruck by the power of the earthquake and the damage that it has caused in the city I grew up in."

The water supply and damage to as many as 100,000 homes are among the biggest problems to be addressed, Key said in a speech yesterday after a Cabinet meeting. The quake buckled roads, ruptured sewer lines and water pipes and ripped facades off buildings.

The state of emergency will remain until at least tomorrow, when schools in the city and two surrounding districts may be allowed to open, the Ministry of Civil Defence & Emergency Management said on its website.

The NZX 50 Index of stocks rose 1 percent to 3,174.14 at the 5 p.m. close in Wellington. New Zealand's dollar fell 0.43 percent to 72.02 U.S. cents at 8:31 a.m. London time.

A Ghost Town

Parts of the city center remain cordoned off by police and troops, with access being granted to business owners and those involved in the cleanup. Some city hotels are also open.

By late yesterday, some of the buildings worst hit by the quake were already demolished. A block of two-story, brick shops about 4 kilometers (2.5 miles) from the city center was razed after engineers assessed it as beyond repair. An aftershock around noon on Sept. 6 further stressed the already damaged buildings.

Evidence of damage and the repair job ahead marks most of the city. Cranes and trucks work in residential streets removing broken chimneys, reroofing and repairing buckled streets. Walls and shop verandahs slump over suburban footpaths surrounded by emergency tape. More than 30 streets are without water.

In the city center yesterday, a busy pedestrian-only shopping street was silent and cafes normally frequented by crowds of business people sat empty.

Damaged Buildings

About 500 buildings were damaged in the quake, 90 in the downtown area, the Christchurch City Council says. Between 300 and 400 farms have been affected, 150 "severely" with most damage done to buildings, the prime minister said yesterday.

Power has been restored to most of the city with fewer than 1,000 customers without electricity, Orion New Zealand Ltd. said on its website. About half the utility's 200,000 users lost power immediately after the quake.

Lyttelton Port Co., which handles coal exports about 12 kilometers southeast of Christchurch, is "fully operational," according to a statement on its website

The main quake struck about 50 kilometers from the city, according to the U.S. Geological Survey. One person received serious injuries and about 100 others minor ones, the government said.

Aftershocks followed, including four of magnitude 5 or higher, the USGS said on its website. A 5.2 aftershock struck at 11:40 p.m. yesterday.

The last quake to cause casualties in the nation hit in December 2007, when buildings in Gisborne collapsed. Eleven people were injured and one died of a heart attack, according to GeoNet, an earthquake-monitoring site.

The country, the biggest global exporter of dairy products and lamb, is affected by about 15,000 earthquakes each year, GeoNet said.

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