

Christchurch earthquake likely to be New Zealand's worst natural disaster

John Braddock
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The devastation and carnage that laid waste to much of Christchurch, New Zealand's second largest city, during Tuesday's 6.3 magnitude earthquake has increased over the past 24 hours. While the official death toll this morning remained at 75, the chances of finding survivors among the rubble and collapsed buildings are becoming increasingly remote. The last person to be rescued alive was a woman pulled out of the Pyne Gould Corporation building at 3.00 p.m. on Wednesday, after she had been trapped for 26 hours.

Rescue teams, including up to 700 urban search and rescue experts from overseas, have reportedly moved from the initial "search and rescue" phase of the operation, into the "recovery" phase—indicating they are no longer optimistic about finding remaining victims alive.

Although officials are reluctant to confirm figures, more than 300 people are reported missing. Police say more than 100 may have been lost in the collapsed Canterbury TV (CTV) building, which they say is "unsurvivable". Officials expect the death toll to climb, with fifteen CTV staff and ninety students and staff from King's Education language school either missing or unaccounted for. Rescue work at the site has been halted for some time during the past 24 hours due to safety concerns. Twenty-two people are believed to have died in the collapse of the city's main cathedral, including a group caught in the 63-metre spire when it toppled to the ground,

Hope is also fading for an estimated 14 trapped in the Pyne Gould Corporation (PGC) building in Cambridge Terrace. Four people were pulled from the remains of the structure yesterday, but there has been no communication with anyone trapped inside since. "We are reaching that phase where hope is beginning to fade, but we are still there," a police spokesman said about the PGC building. One of the city's major hotels, the 26-storey Grand Chancellor, is teetering. It has slumped in one corner, prompting fears that it could collapse and destroy surrounding buildings. Four city blocks in the vicinity were cleared yesterday, further hampering relief efforts.

Nearly 2,000 people have sustained injuries over the past two days. So far, 431 have been through the emergency department at Christchurch Hospital, while many more have been directed to

medical facilities in other centres. As of this morning, 164 patients are seriously injured.

According to GeoNet, aftershocks continue to hit the city and surrounding areas. There were 23 between 9.30 p.m. yesterday and 6 a.m. today, ranging from magnitude 2.9 to 4.1. While power has been restored to 60 percent of the city, 80 percent has no reticulated water and an estimated 80 percent of the sewage system sustained damage.

Civil Defence Minister John Carter late yesterday declared a state of National Emergency, the first time the measure has ever been invoked. He said the move reflected the likelihood the quake "may prove to be New Zealand's worst natural disaster". "We felt it was justified in this case because of the devastation that's occurring and the likely impact it will have on so many people," Carter said. The declaration gives wide powers to the police and armed forces to enforce curfews and direct the population. Already hundreds of police and 400 soldiers have been drafted into the city for that purpose.

Predictions are that the quake may cost \$NZ16 billion and trigger a fall in the cost of money by half a percent, as authorities try to avert the "crushing" of the national economy. JP Morgan estimated the quake would cost \$US12 billion, Reuters reported, much higher than the \$US6 billion price tag on the city's September 4 earthquake and second only to the \$US20.3 billion cost of the Northridge earthquake in the United States in 1994. TV3's financial commentator, Michael Wilson, said that it could well tip the already struggling economy into a "double dip" recession. "Such is the damage of this latest quake you would have to assume this current quarter will produce a negative GDP figure as well," he said.

Bank of NZ Head of Research Stephen Topliss predicted the region's full recovery would take years, if not decades. Christchurch represents about 15 percent of the nation's economy. "So, we do know from a numerical sense that 15 percent of the New Zealand economy has now stopped," he said. ASB Bank chief economist Nick Tuffley told the New Zealand Press Association that tourism would also take a big hit, because Christchurch was the gateway to the South Island, with the second biggest international airport in the country.

Prime Minister John Key and Finance Minister Bill English insisted the government could “absorb” the cost of the earthquake. English, however, was quick to assert that most of the cost would be carried by “large overseas insurers”. Key said the Earthquake Commission (EQC) would treat yesterday’s quake as a separate event to the September 4 one, and he expected it to receive another 100,000 claims. EQC would pay out the first \$1.5 billion for claims over damage to residential properties. The next \$2.5 billion would be covered by “reinsurance” overseas, and the outstanding balance would be covered by private insurance companies or the government. “Obviously that is a significant dent in both the resources of EQC, and a significant impact on the reinsurers to the tune of \$5billion,” Key said.

However, according to an article in Australia’s *Melbourne Age* today, the government and private insurers were facing “a tough round of negotiations” over liabilities. Insurance executives from Suncorp, one of Australia’s biggest insurers, said the market for earthquake cover was likely to be “changed forever.” If the latest earthquake turns out to be classified as an aftershock, then the EQC may be obligated to shoulder much of the cost, as its reinsurance coverage only applies to “new events”.

Ordinary people who have lost homes and property will likely never fully recover. Already, many victims of the September earthquake face years waiting for their houses to be rebuilt. This is because successive New Zealand governments, which have been only too ready to bail out bankrupt private companies and financial institutions, have failed to provide the financial resources necessary to protect the rest of the population in the event of a major disaster. After the September quake, the EQC was forced to seek permission from the government to sell stocks and bonds to raise cash to cover claims.

The Earthquake and War Damage fund was established in 1945, in the wake of World War II and the 1931 Napier earthquake, as a collective insurer for major disasters. Coverage was gradually extended from earthquake and war damage to include other natural disasters. Levies collected as part of property insurance were meant to fully cover the damage to property and housing.

However, the fund was run down as governments began to plunder it, and beginning in the early 1980s it became a victim of the pro-market liberalisation program begun by Labour and extended by the entire political establishment. The “reforms” fundamentally reshaped the EQC as an insurer. Full restoration of property was no longer guaranteed, forcing people with houses to take separate cover to make up the difference. EQC’s fiscal responsibilities were narrowed and a \$100,000 upper limit per dwelling introduced.

As part of the deepening assault on the public sector, designed to put state finances on a “business” footing, the fund was classified as a Crown Entity in 1993. At the same time, governments began drawing significant “dividends” from the EQC, further running down its ability to perform its stated function.

Susan Newberry, a Sydney University-based New Zealand academic, who has made a study of government accounts, told the *World Socialist Web Site* that by the mid-1990s, the EQC had become nothing more than a “top-up” insurer, barely covering the costs imposed on those hit hardest. The EQC “had become almost irrelevant because it barely touched the damage that would be caused,” Newberry said. None of these developments was widely reported or known.

In 2002, the EQC received the go-ahead to invest in international money markets. While it now reportedly manages assets of \$NZ15 billion, this is entirely dependent on the vagaries of the markets. Moreover, it is part of a wider trend in which public funds, collected for a purported future purpose, are used as a source of speculation. Reviews of New Zealand’s whole of government accounts reveal, according to Newberry, “growing engagement in financial market activities and increasing proportions of financial assets”. Governments have come to resemble financial institutions, while carrying greater risks than private speculators.

According to some scientists, Tuesday’s earthquake in Christchurch was entirely foreseeable in the wake of the September quake, but none of the authorities took measures to prepare for it. GNS Science’s natural hazards manager, Kelvin Berryman, told the *Dominion Post* that the quake was “not beyond expectations”. Seismologists had warned since September 4 that an aftershock of about magnitude 6 could occur. However, they had tried to be “cautious”, he said, and “optimistic” because of the time since the original 7.1 earthquake. “It was large and late,” Berryman said.

While Tuesday’s quake occurred on a previously unknown fault line and resulted from stresses in the Earth’s crust from the earlier disaster, questions are being asked about why the damage to Christchurch buildings was so extensive.

Government officials claim New Zealand’s construction code is one of the most stringent in the world, but the structures that sustained the greatest damage—the CTV and PGC buildings, which totally collapsed on Tuesday—were built in the 1950s and 60s. Following the September earthquake, the city’s engineers inspected these and other buildings and declared them safe.

Christchurch deputy mayor Ngaire Button was asked last night on ABC-TV’s “Lateline” why the inspectors had not realised the buildings were vulnerable. “I don’t know the answer to that,” he replied. “The question hanging over our heads in Canterbury is: are there others...Are any of the buildings safe? Where can we go where we feel safe?”



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