

## **The family silver: the sale of Wellington Airport (C- Epilogue)**

On 10 August 1998, New Zealand First's coalition partners walked out of a meeting called to agree the sale of the Government's 66 percent shareholding in Wellington airport. The meeting continued without them, and agreed in principle to the sale. Constitutional law specialist Sir Geoffrey Palmer said that collective responsibility required the New Zealand First Ministers to defend the decision – or resign.<sup>1</sup>

On 14 August at 9.50 am Prime Minister Jenny Shipley announced the sale of the airport shares for \$96.36 million, saying that Treasurer Winston Peters had approved the deal that morning. At a further press conference at 12.10 pm she announced that New Zealand First leader Peters had been sacked as Treasurer.

By 17 August, the coalition was in tatters. Eight New Zealand First MPs had left the party and pledged their support to Mrs Shipley, who continued to lead a minority government it was ousted by a Labour-led coalition in the elections of November 1999.

At the Council, Deputy Mayor Kerry Prendergast made a last attempt to revive sale discussions with Infratil, while Letters to the Editor pages were kept busy with Councillors clarifying why – or how – they had voted.

The day after Government sold its shares, Infratil's attitude to the Council's shareholder agreement changed; as Council CE Garry Poole recalled: “[On] anything of substance [Infratil Managing Director] Lloyd [Morrison] just said ‘no’. ... Like fluffy stuff – ‘yeah okay’ -- but anything with substance, Lloyd's boys would start talking and Lloyd said ‘don't worry, don't worry, don't bother the answer's no’.”<sup>2</sup>

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This case was written by Rob Laking, Victoria University of Wellington, for the Local Futures Project. It has been edited for the Australia and New Zealand School of Government, by Janet Tyson. It is a sequel, prepared for teaching purposes, to accompany the case 2009-77.1 and 2009-77.2. The use of teaching materials is restricted to authorised persons.

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<sup>1</sup> Evening Post, “Accept or quit – Palmer” 13 August 1998, page 2.

<sup>2</sup> Garry Poole interview.

Mark Blumsky was re-elected Mayor in the 1998 Council elections. He did not stand for election in 2001. He subsequently became National Party Member of Parliament for Wellington Central but stepped down at the end of his first term, reportedly frustrated by the limitations of being an MP.

Leonie Gill, who had led the Eastern Suburbs protesters, was elected as Councillor for the Eastern Ward. Kerry Prendergast was elected Mayor in 2001, and re-elected in 2004 and 2007. Kent Clark lost his seat in the 1998 election. Sue Piper was re-elected to Council in 1998 and 2001 but failed to gain re-election in 2004. Andy Foster is still a Councillor, and polled highly in the 2007 elections.

As at February 2009, Garry Poole continued as Chief Executive of the Wellington City Council.

In March 1999 Infratil bought out its equity partners to become the 66 percent owner of WIAL. Infratil also owns and operates other airports around the world including Glasgow Prestwick and Kent International in Britain and Lubeck in Germany.

As of early 2009, the Council still held its 34 percent shareholding in WIAL but reportedly was again considering divestment.