

The family silver: the sale of Wellington Airport (A)

At 3 pm on Thursday 30 July, 1998, the Wellington City Council met in special session to consider the sale of its 34 percent shareholding in Wellington International Airport Ltd (WIAL), the company that owned and operated Wellington Airport. The New Zealand Government held the other 66 percent of the shares. Government's long-standing policy was to divest such assets; its coalition partner since 1996, New Zealand First, was challenging this policy. Wellington Mayor Mark Blumsky had repeatedly assured the Government he had a majority of the 18-member Council in favour of the sale. After extensive consultation, most Councillors held firmly declared positions for or against the sale. But two, Kent Clark and Andy Foster, had made no commitment.

Wellington Airport

In 1959, a new Wellington Airport was opened at Rongotai, on the narrow isthmus between Lyall Bay and the Miramar Peninsula on the south coast of New Zealand's capital city. Until 1990, the airport was owned and operated as a division of the Council. In 1990, as part of local government reforms instigated by the Labour Government, it was corporatised as a Local Government Trading Enterprise (LATE). Ownership of the airport was vested in a new company, WIAL; the new company began planning for a major airport upgrade.

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. Mark Blumsky, Kent Clark, Andy Foster, Allan Johnston, Sue Piper, Garry Poole and Kerry Prendergast agreed to be interviewed for the project and for their names to be used. Their frank and thoughtful contributions are greatly appreciated. Thanks also to Helcia Knap for sorting and referencing all the documents. The case is intended as a basis for class discussion on the interplay between politics and rationality in public decision-making.

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By the mid-1990s however the National Government, elected in November 1990, was considering divesting its interest in airport companies. In 1997 it had commissioned a scoping study of the sale of its interest in Auckland International Airport (AIAL). Treasury officials had advised Wellington City Council officers that "...airports are not one of the Crown's 'strategic assets'" and that Finance Minister Bill Birch was "enthusiastic" about the possible sale of WIAL as well as AIAL.

In November 1997 Mayor Mark Blumsky met the Rt Hon Bill Birch, Minister of Finance, to discuss future ownership of WIAL.¹ Both Mr Birch and the Mayor were reportedly keen to arrange a joint sale to a private buyer. By then, however, the National Government was in a coalition with New Zealand First, negotiated in 1996 after New Zealand's first election under the Mixed Member Proportional (MMP) electoral system.

On 4 December the new Prime Minister, Jenny Shipley,² together with Bill Birch and her coalition partner, the Treasurer and New Zealand First leader Winston Peters, joined with Mayor Blumsky to announce the commissioning of a "scoping review" of WIAL to report in February 1998. Bids were solicited from several private sector financial consultants and Macquarie (NZ) Ltd³ was selected. In 1996 Macquarie had advised the Council on the sale, for \$90 million,⁴ of its remaining 51 percent shareholding in Capital Power, the local Wellington electricity company. The sale decision was controversial, and over-ruled the recommendation of a "citizens' jury".⁵

While Birch and Blumsky were clearly leaning towards a sale, political opinion elsewhere was mixed. Wellington MPs were divided between those who questioned the need for the airport to remain in public ownership and those who regarded it as a "strategic asset."⁶ Opinion amongst City Councillors was also divided.

At a national level, New Zealand First had joined the coalition led by National with an agreement on retaining government ownership of "strategic assets." The coalition agreement specifically provided that "the prior approval of ratepayers or consumers" would be required for the sale of over 24.9 percent of "strategic assets" such as airports.⁷ In commenting on the scoping study, Mr Peters said the Government would consider the demands that Wellington Airport's further development was likely to make on taxpayers, but also that the Government was "not making decisions forced on us by a council".⁸

When Macquarie submitted its report in mid-February 1998, the Council's new Chief Executive, Garry Poole, had just taken up his job. He would be an integral part of subsequent discussions.

¹ Meeting foreshadowed in WIAL08, p 1. (reference Wellington City Council Memo to: Mark Blumsky From: Tony Watson CCIL. Subject: Auckland International Airport possible sale by Government and LA's, in relation to the possible sale of WIAL. 6 November 1997 .

² Jenny Shipley was sworn in as Prime Minister on 8 December after ousting Jim Bolger; she inherited the coalition agreement.

³ Macquarie NZ was a wholly-owned subsidiary of Macquarie Bank, an Australian investment bank, and specialised in New Zealand in "the provision of corporate advisory services to large corporates and governments" (Macquarie Bank Limited (1997) Annual Review 1997.

⁴ All figures in New Zealand dollars.

⁵ Sinclair, J, "Blumsky rejects poll, jury results", *Evening Post*, 19 April 1996, p.3.

⁶ Edwards, B, "Airport sale divides local MPs" *Evening Post*, 4 December 1997.

⁷ Coalition agreement, overseas investment.

⁸ Edwards, B. "MPs discuss airport share sale" *Evening Post* 3 December 1997

The benefit of selling

Council staff summarised the Macquarie review's findings: there were no legal impediments to a sale; the Council would benefit greatly from selling the same time as the Crown because it would share in the control premium (estimated as 20 percent above the price on a separate sale of a minority interest); sale to a new owner was highly unlikely to have any effects on the airport's international traffic or on the completion of the terminal development; the Crown and Council regulatory interests would not be affected (and were likely to be "enhanced" by) a sale; and dividend returns were likely to remain low for the next 3-5 years "with some risks associated with later financial returns".⁹

The staff report also considered ownership in the light of the Council's strategic interests and reached the following conclusions:

- The Council's strategic interest in the new terminal development would be achieved regardless of ownership;
- A core service review¹⁰ concluded that there was no market failure that would warrant the Council being involved in owning and running an airport;
- The core service review also concluded that "there is some conflict between Council's obligations to regulate the effects of the Airport and being a part owner"
- As a minority shareholder the Council had relatively little influence over the Airport Company's statement of intent or business plan;
- The most recent dividend received by the Council was 2.9 percent of paid-up capital, considerably below alternative investment returns;
- Macquarie had "concluded that there are strong commercial imperatives for any Airport operator to continue to meet demands for both domestic and international services ... and that it is therefore highly unlikely that any new owner would downgrade or close international flights from the Airport".

The report recommended that, taking account of the Crown's intention to sell its shares, the Council should provide for public consultation on a possible divestment of its shareholding in its 1998-99 annual planning process.

Sale and purchase agreement

The Macquarie review and the accompanying staff report with recommendations were considered at a meeting of the Council's Finance and Corporate Committee on 23

⁹ Wellington City Council memo: To: Mayor Blumsky, Chair and Members of the Strategy and Major Projects Committee. From: Tony Watson, Manager Monitoring Unit Title: WIAL – Review of Shareholders Options, 17 February 1998.

¹⁰ One of the series of reviews conducted during 1996 and 1997 of Wellington City Council services to determine whether and on what basis the Council should continue to provide them. (*Evening Post*, 6 March 1997). The reviews were based on three criteria: "a) an output which contributes towards achieving Wellington City Council's strategic outcomes as defined by the Council's strategic plan, and b) market failure exists: the private sector does not provide the output to the required level and/or quality and/or c) there are no other effective options available for ensuring the output is provided." According to a New Zealand Business Roundtable submission on the Council's draft annual plan, the core services reviews were a response to the Local Government Amendment Act (No 3) 1996 [which] "requires the Council to give the 'reasons why activities giving rise to the estimated expenses are to be engaged in'." (NZBR 1997).

February 1998. The Committee agreed that the divestment proposals should be included in the draft annual plan but, on an amendment proposed by Councillor Jack Ruben, it also agreed to “investigate the possibility of acquiring a majority interest in Wellington International Airport Ltd and how the company would be managed after purchase”.¹¹

The Finance and Corporate Committee was not a full committee of Council and its decisions had to be referred to the Strategy and Major Projects Committee, a committee of all Councillors. A special meeting of that committee held on 9 March agreed to include the possible divestment in the draft annual plan¹² but did not take up Councillor Ruben’s amendment. Between the two meetings, on the advice of Macquarie, the staff identified a conflict of interest if the Council was intending to work with the Crown on a share sale but was also a possible purchaser of the Crown’s share. The staff paper for the strategy and major projects committee recommended that the Council should not support this option and the idea was dropped.

With the Council’s agreement to move the divestment proposal into the annual plan process, two separate streams of activity developed over the next few months: to develop a sale process and to submit the proposal to public consultation.

Developing a sale process

In the first stream, the Government and the Council agreed that they would work jointly to test the prospects for sale of the airport company. In March, the Council signed a sale and purchase agreement with the Minister of Finance and the Minister of State Owned Enterprises.

The intention was to seek a “trade sale” by inviting proposals from bidding consortiums to acquire all the shares on offer in a single purchase, rather than engineering a public float.¹³ It was expected that, with a reasonably competitive bidding process, the existing shareholders would be able to capture the full control premium. WIAL would manage the tendering process on behalf of shareholders, with Macquarie as its commercial adviser.¹⁴

In Garry Poole’s view, this agreement did not commit the Council to proceed to a sale. The Government and the Council “would jointly consider the options [and would] take all steps in a reasonable way to enable a sale in one parcel”.¹⁵ A final decision on the sale of the Council’s shares would need to be timed to coincide with a decision on a preferred purchaser.

¹¹ Wellington City Council: Minutes Finance and Corporate Committee additional meeting, 23 February 1998.

¹² Wellington City Council: Extract of Minutes From: Special Strategy and Major Projects Committee Meeting (9 March 1998)

¹³ Wellington City Council memo: To: Mayor Blumsky, Chair and Members of the Strategy and Major Projects Committee From: Tony Watson, Manager Monitoring Unit Title: WIAL – Review of Shareholders Options, 17 February 1998. .

¹⁴ Letter to: WCC From: Macquarie NZ Ltd Subject: A conflict of interests in WCC wishing to be a vendor with the Crown of WIAL, as well as a possible purchaser of the Crown’s share to gain majority control; 25 February 1998.

¹⁵ Garry Poole interview

Public consultation

At the same time as it was developing a sale process, the Council launched its public consultations. The Strategy and Major Projects Committee had agreed that a public consultation process should take place separate from the standard annual plan consultations and “public information regarding the sale will be kept simple”.

To add to this, the Deputy Prime Minister Winston Peters weighed in with his own views. In a letter to the Mayor dated 17 March 1998,¹⁶ Peters and Local Government Minister Maurice Williamson referred to the provision in the coalition agreement that any sales of over 24.9 percent of power and gas utilities, airports and ports presently owned by local bodies “would require the prior approval of ratepayers or consumers”, as well as “a general concern that some local authorities are not satisfactorily taking into account community opinion when deciding to sell assets”. Local authorities, the letter continued, “should, if they are not doing so already, be moving to comply with the new financial management provisions of the *Local Government Amendment Act (No. 3) 1996*”, particularly to “ensure that communities are regularly consulted on important local authority decisions such as decisions on the ownership of significant assets”.

The letter laid down five requirements for adequate consultation (which, according to a Council staff report, closely tracked the provisions in the *Local Government Act* for consultation on draft annual plans):

- Getting adequate public notice of any proposal to sell significant assets;
- Providing sufficient information on the rationale for considering any such sale;
- Setting aside a sufficient time for detailed public submissions;
- Enabling the public to be heard in support of this admissions; and
- Genuinely considering each submission before a final decision is taken.

The Council began its process of public consultation on 22 April with a public notice on the share sale proposal in the *Dominion* and *Evening Post* newspapers.¹⁷ Brochures sent to 60,000 Wellington households covered the draft annual plan and included an insert specifically on the share sale proposal. Articles and advertisements in three local community newspapers covered the major issues in the annual plan, advised how the public could respond, and promoted the public meetings. Newspaper publicity was supported by about 270 spots on commercial radio, advertising the brochure, how the public could respond and the public meetings.

The share sale issue was covered both in four general public meetings on the annual plan and two meetings specifically on the sale of shares. Formal oral submission hearings were held from 8 to 12 June including one day specifically for submissions on the share sale. Meetings of the Strategy and Major Project Committee and full Council held in June also heard oral submissions from ratepayers.

¹⁶ Letter To: Mayor Blumsky From: Deputy PM and Treasurer Subject: Requirements of the Local Government Amendment Act 1996 and WIAL; 17 March 1998.

¹⁷Much of the following information on the consultation process is taken from a letter written by lawyers Chapman Tripp to the Overseas Investment Commission (10 July 1998).

Vocal opposition

Public consultation was dominated by opposition to the proposal to sell the shares. Councillor Andy Foster, first elected in 1992, remembered it as being “surprisingly vocal”. Fellow second-term councillor Allan Johnston, however, felt that the public opposition was dominated by a familiar group of central city middle-upper-class residents and a strong group of Labour supporters in eastern and southern suburbs who felt they were regularly short-changed by the Council in its planning decisions:

“Most particularly in the Eastern Ward [where the airport was situated] there were a number of strong community groups able to generate effective campaigns against Council initiatives they opposed – as was their democratic right. And with the southern landfill, Moa Point [sewage treatment plant], the quarry, airport noise etc they did (not unreasonably) sometimes see themselves as getting the raw end of the deal.”¹⁸

With the next election for Council coming up in October, there was also the opportunity to put some pressure on current Councillors.

Garry Poole remembered one meeting held in Kilbirnie, in the Eastern Ward, where Leonie Gill was running the campaign:

“The Mayor and myself mainly [attended the public meetings]. The Mayor fronted most of it. I can remember the one in the Kilbirnie Community Centre. There were people hanging off the rafters. They were very anti. I don’t think we had a supporter in the room and it was chocker... anything we said, we were talking absolute nonsense as far as they were concerned.”¹⁹

Two Council surveys also polled resident opinion. The Council commissioned AC Nielsen to survey Wellington residents during the period 28 April to 28 May on a number of matters relating to the draft annual plan including the share sale. One question asked whether ratepayers had any concerns about the Council selling its shareholding in the Airport, if it sold with the Government and got a good price. The brochure mailed to all Wellington households included a voluntary questionnaire: the first question was worded similarly to the AC Nielsen question on the share sale.

In response to the voluntary “Householder Questionnaire” asking whether respondents had “Concerns about the Council selling its shares in the Airport”, 42 percent said “yes” and 54 percent said “no”. In the AC Nielsen “Representative Survey” on the same question the comparable figures were Yes 33 percent and No 67 percent (there were 361 responses).²⁰

There were also 49 written submissions that commented on the WIAL shares proposal. Of these, 24 percent advocated sale and 72 percent favoured keeping ownership. About 45 percent of the submissions came from the Eastern Ward. Arguments advanced in submissions for retention included:

- The airport was an investment or generates income
- The Council would “squander” the proceeds or spend them inappropriately
- The possible loss of public control or ownership
- Concern about foreign ownership.

¹⁸ Personal communication.

¹⁹ Garry Poole interview.

²⁰ The information in this and the following paragraphs comes from a Council staff report.

Opponents of the share sale were organising their own campaign and surveys and hotly contested the validity of the Council's surveys. Cr Jack Ruben said the Council poll did not ask for a yes or no answer to the sale, so "all the people I have spoken to would not bother answering"²¹. Labour MP for Rongotai Annette King referred to the "Save the Airport CM Research poll, held on a regional basis, in which 69 percent wanted to keep the airport in Government and Wellington City Council ownership and 15 percent supported the sale".²² Leonie Gill wrote to the *Evening Post* that

"Well-attended meetings, a street opinion poll, submissions to its own annual plan, letters to the editor, ward meetings, an Evening Post-Business Research Centre poll and a scientific, unbiased CM Research poll show overwhelming opposition to any sale."²³

By mid July interest in a share purchase had narrowed down to a short list of three consortia, reported to be the US-based Airport Group International together with the investment bank Credit Suisse First Boston and Australian fund manager Hastings; British contracting firm Serco with Sky TV shareholder Tappenden Construction and the Todd Corporation; and Wellington-based Infratil in partnership with two British companies, Alliance Life and Foreign & Colonial.²⁴ When the bids went unconditional in early August they were expected to be between \$150m and \$240m.

The share sale was also looming as a major test of the stability of the National/New Zealand First coalition and which way the Council was going to jump was important to both coalition partners. The Cabinet was expected to decide on the bids it had received on Monday 4 August 1998. Ahead of the expected decision, some New Zealand First MPs were publicly questioning the desirability of a Government share sale, although their leader, Winston Peters, quickly moved to distance himself from any public discussion before the decision.²⁵

About this time, the Mayor and the Chief Executive spent 40 minutes briefing the New Zealand First caucus and also met separately with Peters. Garry Poole recalls that they came under fire in both meetings about the Council's consultation process:

"I can't recall what NZ First was on about but... I was absolutely confident that whatever it was it wasn't [an issue] [but] when we met with the Deputy Prime Minister/Treasurer ... he was adamant. ... He just completely ignored our view of it and we had done it wrong. ... It was like farting against thunder, trying to get him to even acknowledge [our view]. ... It was just 'no, you've cocked it up you can't do this'."²⁶

For and against the sale

As public opinion was divided, so was opinion in the Council. Most Councillors were aligned with one of two blocks from the outset. The split, on ideological lines and over whether or not to "sell the family silver", had originally developed at the time of the sale of Capital Power (for which Macquarie was also the adviser).

As Kerry Prendergast put it,

²¹ *Evening Post*, "Ruben wants regional poll over Airport sale", 18 June 1998

²² *Evening Post*, "Poll shows strong opposition to Wellington airport sale" 18 June 1998

²³ Gill, L. (Save the Airport Campaign), "Public doesn't want to sell Wellington Airport" *Evening Post*, 7 July 1998.

²⁴ *Waikato Times*, "Groups mull airport bid", 18 July 1998; additional note re Infratil partners from *Evening Post*, "Airport Meeting", 19 March 1999.

²⁵ Kirk, J., "NZ First MPS call for airport sale delay" *Evening Post*, 30 July 1998.

²⁶ Garry Poole interview

“... it was pretty split politically left and right, in the most general sense of the terms left and right, so councillors of the Labour, Green, Alliance persuasion, argued that it was a strategic asset of the city and it shouldn't be sold. And those of the centre-right and right through to ACT²⁷ (and [there] was an ACT member at the time) said it wasn't strategic, we couldn't influence the outcome, we could while there was a government owner but with the private sector two thirds owner, our ability to influence outcomes would be minimal or negligible, and that if we didn't sell with the Government our ability at a later time to sell would be limited.”²⁸

The declared opposition to the sale was on philosophical or ideological grounds. Therefore, as Councillor Sue Piper reflected, the core members of these blocks, whatever the basis for their views, were unlikely to be persuaded to change their minds.

“There were the endless reports really and they would've discussed price, they would have discussed risks but my recollection of this is that the core for and against teams were not going to be persuaded by anything, really. They had already made up their minds -- that was the reality.”²⁹

Allan Johnston commented that, once it was clear that the Government was going to sell its shareholding, a decision for the Council to follow suit simply followed from a rational calculation of the city's interests:

“For a number of Councillors including me this was not an ideological effort to ‘sell the family silver’. The issue of selling [the Council's] shareholding wouldn't even have arisen if the Government wasn't determined to selling its majority shareholding. Once that was clear then a number of Councillors were able to see the overwhelming logic of the officers' and advisors' advice re the potential return and more to the point the risks of remaining a minority shareholder. Safeguarding the ratepayers' investment required sale with the Government.”³⁰

Council officers, with advice from Macquarie and other external consultants, concluded that the sale of the shares was in the Council's best interests. As Chief Executive, Garry Poole said his principal concern was that the Council should not become a minority shareholder.

“We were very concerned from a management point of view we were going to get trapped in here....being a minority shareholder and so our strong advice was that Government was going to sell and ... we can't stay here at 34 [percent] -- we're going to get killed.”

Both the Mayor and the Chief Executive were quite clear that Council staff were in favour of exiting the investment, particularly if the Government concluded its own deal with a private buyer and left the Council in a minority position. In the Mayor's case, this meant that they were on his team:

“Without a doubt the Council officers were as big a fan of exiting the airport company as my group on Council. Without a doubt we strategised with officers to deliver the result as best as we could. Officers actually saw risk in Council owning that asset and felt better use of the money would be made if we released it. So officers were a very strong tool for us.”³¹

²⁷ The right-wing ACT Party (then the Association of Consumers and Taxpayers) was established in 1994.

²⁸ Kerry Prendergast interview.

²⁹ Sue Piper interview.

³⁰ Personal communication.

³¹ Mark Blumsky interview.

The evident support of Council officers for the sale prompted antagonism from Councillors who wanted to retain the Airport shares. Garry Poole reflected that

“The non-sellers lost confidence - or trust or whatever the word is – in the officers and the sellers, [whose position] officers were supporting ... gained confidence.”³² He felt the non-sale faction were hostile,

“...because we were recommending a course of action that they philosophically disagreed with. Their view was ‘this is a strategic asset, you can’t sell it’. And we’re saying: ‘if it’s a strategic asset - probably is - ... who’s going to buy it, pay this kind of money and run the thing into the bloody ground?’. ... Whoever owns the airport, their interests are reliant on the city. The better they promote the city, the more traffic they have, the better the facility looks, the better it is for them and for us. So we’re saying there is an alignment of interests, we can maximise our return by selling out at the same time and if we don’t sell at the same time how are we ever going to get out of this thing?”³³

Poole recalled one particular incident shortly after David Cruickshank took up his position as Chief Finance Officer:

“Within days of arriving, the CFO had fallen out with [Councillor A]. ... His first Council meeting was on this issue and by morning tea ... [A] had labelled him a right wing something or other -- capitalist or something. [A] walked up to him. He was stunned because he had just arrived at that place and this Councillor walks up and basically abuses him within days of arriving. I mean it was kind of more aimed at the senior management.”³⁴

Despite the position of Council staff, numbers of Councillors in the blocks for and against the sale remained fairly evenly divided. Carrying the vote in Council therefore depended upon securing the support of at least one of the very small number of Councillors who were undecided. The Mayor and Deputy Mayor checked regularly with Councillors in the pro-sale block to make sure they were still solid. In the end there were only two Councillors who might be persuaded to shift from one camp to another: Kent Clark and Andy Foster. Attention naturally focused on these two Councillors. As Deputy Mayor, Kerry Prendergast had been delegated by the Mayor to keep an eye on the support in Council for an eventual vote. Mark Blumsky also said that he was:

“... always talking to other Councillors. ... I didn’t trial the Pepperells or the Cooks or the Ritchies.³⁵ I just didn’t bother with them. ... But I certainly kept asking those that I thought were the Andy [Foster]s and the Kent Clarks that maybe [were] not as hard on it as I was or Kerry or Chris [Parkin] or Rex [Nicholls].”³⁶

Councillor Clark and Councillor Foster

Kent Clark was a first-term councillor, elected in 1995 and on his own admission a “complete novice” to local government when he joined the Council. Since then, he had been on a very steep learning curve, combining his workload as a Councillor while continuing to drive buses full time.

³² Garry Poole interview

³³ Garry Poole interview

³⁴ Garry Poole interview.

³⁵ Councillors Brian Pepperell, Stephanie Cook and Helene Ritchie, declared opponents of the sale.

³⁶ Mark Blumsky interview.

“I had no sort of interest in any outside organisations; I hadn’t been on a community organisation; so I really came in with few ideas about what I’d like to see happen in the city. And this sort of thing coming up, I was just sitting there thinking ‘Wow! We are making monstrous decisions here, involving huge amounts of money and it’s going to affect the future’. . . . It was huge and I had nothing in my background, apart from what I knew of the City Council bus transport and that was pretty limited. . . .

“I found it hard enough keeping up with your own committees that you are sitting on and doing resource consents and some of the things. [But] I would say that I wasn’t the only Councillor of the time and probably even today that wouldn’t read all of the papers or fully digest what they are being presented with.”

He relied to some extent on more senior Councillors to advise him.

“I’m not a financial person and it wasn’t one that I sat on and I very rarely went along to their meetings to see what was going on but I did use to talk to people like Councillor Nicholls. I’d sort of sound [out] where he was coming from [as] the Chair of the committee; and often on strategy [people] like Councillor Parkin who had slightly different views.”

But he tried to make up his own mind about each issue. “I used to sit there and think ‘you know, where do I sit amongst this? I didn’t come in voting for this but I have to make a decision.’ I felt it was very important that every Councillor used their vote in that sense to make a decision.”

He did not see himself as belonging either to the left group or the right group on the Council. “. . .there would always be one or two of us that would change sides on many issues and I didn’t feel at any time that if I’d come in as a so called left-sided councillor that I had to vote always on that side.” Towards the end of his three-year term, Clark found his views changing as a result of his exposure to the information he received and to the views of other Councillors and the community.

On the airport sale issue he received “very little” direct input from residents:

“I remember one or two people ringing me and I guess that was expected. People would ask you know as part of the way we voted we hope you vote this way and you had to think okay that’s one or two people but out of 40,000 people where does that leave you?”³⁷

The more experienced Councillor Andy Foster knew he would have to make and stand by a personal decision. “We stand for our own decisions and people say ‘you made that decision’. They don’t say your party made that decision -- there’s no party to hide behind. . . . The last local body election showed that in spades, that people said ‘well it’s not necessarily your politics that I vote for, it’s you as an individual’. I think that that’s an interesting dynamic and I have no idea what the effect [is] on people’s decision making.”³⁸

He would reason his voting decision through on the basis of the information and analysis provided:

“You had people who were convinced philosophically and in some instances because they would like to see the money released and that we should sell. You had others who were convinced philosophically that we shouldn’t and I’ve got to say that some of those people would be people on both sides who would say ‘well whatever you own you should sell it’

³⁷ Kent Clark interview.

³⁸ Andy Foster interview.

and other people would say ‘what ever you own you should never sell it’ and neither of those are particularly credible positions as far as I’m concerned.”³⁹

Doing the numbers

Both Prendergast and Blumsky regarded Andy Foster as something of a wild card but were fairly sure that Kent Clark would in the end vote for sale, though he was being “heavily courted by the no sale faction.”

“Andy tends to sit on the fence and ... you were never sure at the end of the phone call with Andy: he wouldn’t say he wasn’t going to support you, he would say ‘well he still needed a bit more information but it was probably going to be okay’ and then out of the blue he doesn’t.”⁴⁰

Mark Blumsky had received a letter from Finance Minister Bill Birch putting the Government’s position that “it must be prepared to sell its shares with or without the Council, if it received an attractive bid.”⁴¹ Privately, however, National ministers were seeking reassurance from Mayor Blumsky that he had the votes to carry a Council sale. In the Mayor’s words, this interest:

“... wasn’t so much pressure from Government because Government was always told by me that we were in a position of delivering our end of the bargain. So Government really I don’t believe put a lot of pressure on Council, certainly didn’t put a lot of pressure on me. Government always asked me ‘Mark, are you still comfortable’, ‘yeah, just done a tally, got the numbers, still got the numbers, still got the numbers.’

“My discussions with Councillors, of which there were many, always indicated to me that I had the numbers at about ... 11-9, 10-8 -- those sort of numbers. I knew it was a close one but I always thought the numbers were there because we talked it through quite carefully in that regard.”⁴²

By this time, the Infratil consortium had emerged as the preferred bidder for the airport, with an offer of \$150 million, of which the Wellington City Council would receive \$50 million.

At 3:00 p.m. on Thursday 30 July the Council met in special session to consider the share sale.

³⁹ Andy Foster interview.

⁴⁰ Kerry Prendergast interview.

⁴¹ Reference needed

⁴² Mark Blumsky interview.

Exhibit 1: Wellington City Council as at July 1998

Elected in 1995:

Mayor:

Mark Blumsky (Positively Wellington)

Councillors:

Eastern Ward: Brian Barraclough (Citizens)

Ruth Gotlieb (Independent)

Sue Kedgely (Independent)

Chris Parkin (Citizens)

Southern Ward: John Gilberthorpe (Wellington Labour) (resigned, replaced by Bryan Pepperell in November 1996)

Sue Piper (Wellington Labour)

Stephen Rainbow (The Name you Know)

Celia Wade-Brown (Alliance Green)

Western Ward: Stephanie Cook (Alliance Green)

Andy Foster (Independent)

Barbara Nef (Independent)

Rex Nicholls (Independent Citizen)

Northern Ward: Sally Baber (Citizens) (resigned, replaced by Jack Ruben in March 1997 by-election)

Allan Johnston (Citizens)

Judy Siers (Independent)

Kent Clark (Independent)

Tawa Ward: Robert Armstrong (Independent)

Kerry Prendergast (Independent).

Source: Personal communication, Wellington City Council

Wellington Region Members of Parliament, 1998

Rongotai: Annette King, (Labour); *Ohariu-Belmont:* Peter Dunne (United New Zealand); *Wellington Central:* Richard Prebble (ACT); *Hutt South:* Trevor Mallard (Labour); *Mana:* Graham Kelly (Labour)

As well, list MP Marian Hobbs was based in Wellington.

Source:

<http://1996.electionresults.govt.nz/pdf/4.3%20Winning%20Electorate%20Candidate%20Votes.pdf> downloaded 2-03-2009