



“Manston Airport under private ownership: the story to date and future prospects” – a Position Statement by Kent County Council, March 2015

Context

In July 2014, the Transport Select Committee announced an inquiry into smaller airports, i.e. airports with fewer than 5 million passengers p.a. Submissions were invited by 3rd October 2014. Sometime after the terms of reference were released on 10th July 2014, the scope of the inquiry was changed to include a session solely on the closure of Manston Airport. The evidence session about Manston Airport took place on 2nd February 2015. TDC gave evidence at this session as did Kent County Council (KCC), ROIC and members of the public, including No Night Flights. All parties were invited to submit further written submissions after the evidence session.

In March 2015 KCC produced a position statement on Manston Airport – *“Manston Airport under private ownership – the story to date and future prospects”*. We summarise below the key messages from that document.

Commercial history of the airport

KCC said that, since the Ministry of Defence sold RAF Manston in 1998, the airport had never made a profit and never delivered on its promises of jobs for the area. Wiggins Group (later Planestation) failed in its ambition for Manston to become a successful international airport. KCC pointed out that Wiggins had also had ambitions for property development on the airport site, in collaboration with property developers MEPC plc.

KCC described the next owner, Infratil Limited, as a successful company listed on the New Zealand stock exchange with the primary purpose of investing in electricity distribution, public transport and ports. When Infratil acquired Manston and Prestwick airports it controlled assets worldwide in excess of NZ\$ 4.4 billion. In addition to Manston and Prestwick Airport, Infratil also owned Flughafen Lubeck, Wellington and Auckland Airports. In each year that Infratil Limited owned Manston it incurred losses of more than £3 million p.a. Infratil wrote off the purchase price of £17 million when it sold the airport.

Mrs Gloag bought Manston Airport for £1. From the discussions that KCC had with Mrs Gloag and her team KCC believed that she had every intention of growing the aviation business at Manston Airport. KCC quoted a Press interview that Mrs Gloag had had with the Isle of Thanet Gazette on 14th August 2014. She said:

“I wanted to make it a success and I didn’t buy it to close it. Our whole team worked tirelessly to secure new business for the airport but no new operators considered it a viable option. It was only when our aviation team arrived at Manston [following the acquisition] that we started to discover the scale of the problems.”

In the same Press interview, Mrs Gloag said of her decision not to continue negotiations with ROIC:

“They also failed to provide any business plan to back up their claims of future employment or to reassure us that their bid offered commitment to maintain it as an operational airport.”

KCC’s practical and financial support for the airport

KCC set out the ways in which it had supported the airport over the years:

- 1997** construction of Columbus Avenue on the north side of the airport at a cost of £1.52 million
- 1998** completion of the A299 Thanet Way extension of the M2 through to Ramsgate.
- 2000** completion of the Ramsgate Harbour Approach Road
- 2004** when EUJet commenced flying KCC bought a 1.5% shareholding in EUJet Ops Limited. KCC then went on to buy options to buy more shares. Planestation went into liquidation and KCC’s investment was lost. KCC’s answer to a FOIA request by a local resident reveal this investment to have been £121,000
- 2006** KCC acquired the undeveloped area of Manston Business Park - some 40 acres of developable land - from the Administrator of Planestation plc for £5.35 million. Manston Business Park and the EuroKent sites subsequently became the key holdings of a joint venture between KCC and TDC
- 2007** KCC provided financial assistance to enable the start of charter flights from Manston to Virginia USA. What KCC did not say in its Position Statement was that these flights were the brain child of RSP’s Tony Freudmann, who by then was operating as an independent consultant. KCC’s replies to a FOIA request on this subject say that in 2006 KCC invested £50,000 in Mr Freudmann’s feasibility study and then a further £289,600 in the operation itself. Despite the public money invested, not a single flight ever took off
- 2009** completion of the Euro Kent link road
- 2012** completion of the dualling of the A256
- 2013** investment of £87 million in the East Kent Access Road
- 2013** KCC gave Visit Kent £100,000 to support the marketing of KLM’s new passenger service to Amsterdam.

KCC's support for Infratil when it tried to sell Manston Airport

KCC explained that in March 2013, when Infratil was seeking aviation buyers for the airport, KCC distributed a note offering to help new investors/owners at Manston Airport by:

- Securing financial assistance from the Regional Growth Fund
- Use of land owned by KCC adjacent to the airport
- Expediting the new Thanet Parkway station
- A Route Development Fund to increase the number of passengers
- Working with airlines and train operating companies to achieve integrated ticketing
- Discussions with Ministers to seek assistance from Government.

KCC met PWC, the agents selling the airport, and, over a period of 18 months, KCC held discussions with thirty interested parties. None of these discussions produced an interested and viable purchaser.

TDC's first CPO process

KCC then set out the history of TDC's actions between early 2014 and December 2015 to explore the possibility of finding an indemnity partner that would allow TDC to acquire the airport site via a CPO and then transfer it to that partner for operation as an airport. KCC set out the conclusions of the Falcon report, the conclusion of TDC's own S.51 Officer, and ROIC's failure to produce evidence that it was a suitable indemnity partner. We cover this more fully in our summary of the Falcon report.

The site's current owners

KCC then summarised the successful UK track record of Chris Musgrave and Trevor Cartner in *"taking over large difficult sites following the demise of earlier uses and regenerating them to create jobs and bring economic benefits to the wider area."*

KCC concluded:

"The truth is that Manston has failed over a prolonged period of time to run as a commercially successful airport. Kent County Council gave strong support to various investors but the reality of commercial aviation at Manston Airport led to very significant losses. In fact, in the 16 years since it was taken into privately ownership it has incurred losses by those who have tried to operate it in excess of £100 million.

[...]

Surely it is now time to look at a B Plan for Manston.

[...]

RiverOak has not managed to convince Thanet District Council that there is a viable business plan. We believe the new owners have got a credible plan and the financial ability to create substantial numbers of new jobs which will bring prosperity and economic growth to East Kent."