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# Manston Airport under private ownership:

## The story to date and the future prospects

Position statement

*Published by Kent County Council*



# Introduction

For decades Kent County Council has made great efforts to develop aviation at Manston Airport.

Manston, with its proud history as a front-line Battle of Britain aerodrome, has long been a symbol of Kent's determination in the face of adversity.

But our desire to stimulate and grow Manston was not the result merely of nostalgia or sentimentality.

For decades we have been aware of the commercial potential of Manston's long, 2,700 metre runway. For decades we have championed Manston's proximity to London. For decades we have argued that Manston was a sleeping giant: a regional and national asset.

Our 2012 policy document 'Bold Steps for Aviation' made all this clear and promoted the development of Manston to the the Government as an alternative to building a controversial new runway in the Thames Estuary.

Our support for Manston has not merely consisted of kind words and encouragement. We have invested substantial sums of public money.

We have made substantial investments in both road and rail infrastructure to improve access to Manston and East Kent.

Our record in supporting Manston is plain to see and we are proud of it.

It was disappointing and regrettable to learn that all our hard work and investment, and the hard work of the various companies that had tried to make flying profitable at Manston, had failed.

Manston's story began in 1915 when it was a small grass airfield operated by the Admiralty. Now a new chapter is about to begin that will bring new jobs and new prosperity to East Kent. It will be our duty to encourage, guide and nurture to help ensure this happens.

This document sets out the story of Manston Airport over the last 16 years, from its sale by the Ministry of Defence to the present day. We also consider the future, which we are confident will be bright.

## Hansard 28th April 2014

**Robert Goodwill, Parliamentary Undersecretary of State at the Department of Transport**

*'Whatever the result of efforts to secure such a resolution (on Manston), the government are unable to intervene directly, as we believe that UK airports and airlines operate best in a competitive and commercial environment. It is therefore for individual airports to take decisions on matters of future economic viability.'*

## Chapter one

### The last 16 years of private ownership

Since the Ministry of Defence sold RAF Manston in 1998, the airport has never made a profit and has never delivered on its promise of jobs for the area. When the airport closed on 15th May 2014 144 people were employed there.

Since 1998 three companies have tried and failed to run Manston as a viable business. The Wiggins Group, with its start-up low cost carrier EUJet, launched scheduled flights to twenty one destinations in Europe in 2004 but collapsed into administration in the summer of 2005 leaving 5,400 passengers stranded. Its fleet of five 108-seat Fokker 100 jets were repossessed by Debis Air Finance.

Infratil Limited, which bought Manston from the administrators in 2005, lost between £40 - £50 million over the next nine years attempting to achieve passenger numbers of over a million per annum. The highest number of passengers was 50,000. Similarly its ambitious plan to grow freight traffic failed.

Lothian Shelf (718) Limited, a company owned by Mrs Ann Gloag, bought Manston for £1 in November 2013. In the next 4 months the airport made revenue losses of £100,000 per week plus significant capital losses.

Mrs Gloag's decision to sell the airport was based on an assessment that these losses could not be sustained. Mr Trevor Cartner and Mr Chris Musgrave acquired 80 per cent of the site through an investment in Lothian Shelf (718) Limited in order to provide space for a wide range of businesses, with a focus on attracting companies in the manufacturing sector, as well as the provision of housing, shops, schools and community facilities.

## Chapter two

### The Wiggins era 1998-2005

In 1998 Wiggins Group acquired Manston Airport for £4.75 million. Its company accounts show that between 1999 and 2002 the company reported losses of £8.6 million, with a further loss of around £2 million reported over the next two years.

In January 2004 Wiggins Group renamed itself Planestation and later that year Planestation bought 30 per cent of airline company EUJet.

In September 2004 EUJet operated flights to destinations across Europe. That year Planestation's losses were £73 million and the company had to borrow £46 million at an interest rate of 28%. In December Planestation bought the remaining 78 per cent of EUJet.

In its busiest month in early 2005 the airport carried 62,709 passengers. EUJet's aim had been to handle over 750,000 passengers per annum but the company became insolvent and went into administration.

In July 2005 all EUJet operations were suspended along with all non-freight operations.

Mr Tony Freudmann had overseen Manston's transfer from an RAF base to a commercial operation. He was Senior Vice President of Wiggins Group between 1994 and 2005. He was 'let go' by Wiggins in February 2005. He is now the spokesman for the RiverOak consortium.

The Wiggins Group and Planestation failed in their ambition for Manston to become a successful international airport; but even then, more than 10 years ago, they also had ambitions for property development on the airport site, in collaboration with property developers MEPC plc.

## Chapter three

### INFRATIL 2005-2013

Infratil Limited is a successful company listed on the New Zealand stock exchange with the primary purpose of investing in electricity distribution, public transport and ports. The company was established in 1994 with NZ\$50m of capital. At the time it acquired Manston and Prestwick airports it controlled assets worldwide in excess of NZ\$ 4.4 billion.

Following Wiggins' demise, Infratil Limited bought Manston Airport from the Administrator for £17 million in August 2005.

In addition to Manston, Infratil also owned Prestwick, Flughafen Lubeck, Wellington and Auckland Airports. Its master plan for Manston (published in November 2009) envisaged building a new passenger terminal to accommodate up to 3 million passengers per annum. It also envisaged building a parallel taxi way to the runway and an increase in the freight and passenger aprons. At the time of publishing its plan the airport was handling 32,000 tonnes of freight per annum. The master plan envisaged freight growth of between 4% and 6% per annum to equate to approximately 167,000 tonnes of freight per annum by 2018. It also planned on developing corporate jet facilities with an executive terminal.

In 2009 the airport was handling fewer than 50,000 passengers per annum. Infratil forecast that by 2014 this figure would rise to 527,000, by 2015 to 1,268,000 and by 2033 to more than 4.7 million passengers per annum. In 2009 the airport employed approximately 100 people, some full time and some part time. Infratil forecast that they would be employing more than 500 staff by 2014, 2,800 by 2018 and 6,150 by 2033.

When the airport closed in May 2014 there were 144 people employed at Manston Airport.

In 2012 Infratil announced that Manston and Prestwick airports were for sale.

In each year that Infratil Limited owned Manston it incurred losses of more than £3 million per annum and wrote off the purchase price of £17 million.

As at 31 March 2013 Infratil's investment in the UK's airports had a book value of \$20m and over the year a further \$12m was contributed to meet costs. Their sale price crystallised a net economic cost of \$32m."

#### *(Infratil financial results 2013-14)*

In 2013 KLM started passenger flights to Schiphol Amsterdam. However, over its 12 months of operation its seventy eight seat Fokker planes were less than half full (42 per cent of capacity). KLM operations at Manston made no significant financial contribution to the cost of running the airport.

In November 2013 Infratil Limited sold Manston Airport and the associated liabilities to a company controlled by Mrs Ann Gloag for £1.

## Chapter four

### Manston Skyport Limited 2013-2014

Mrs Ann Gloag originally approached Infratil with a view to buying both Manston and Prestwick airports, which were being sold as a package. However, Infratil set a deadline for their sale in order to stem their losses. When the Scottish Government bought Prestwick for £1 Mrs Gloag agreed to buy Manston also for £1.

From the discussions that Kent County Council had had with her and her team we believed that she had every intention to maintain and grow the aviation business at Manston Airport.

She gave a press interview with the Isle of Thanet Gazette on 8 August 2014 to dispel the myths and uncertainty that had been widely propagated by campaign groups opposed to the subsequent closure of the airport.

“Can you please outline the reasons behind your decision to close the airport?”

“The prospect of new passenger and freight opportunities failed to materialise and the scale of the losses meant that there was no credible prospect of the airport becoming profitable.”

“Would you have bought it if you’d known you would have to close it just months later?”

“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 that we started to discover the scale of the problems.”

“Why did you reject RiverOak’s offers to buy it?”

“They were introduced to us as a potential buyer and in good faith we entered into discussions with them. However, we had serious concerns from the outset about the way RiverOak conducted their business with us. We are aware of the £7 million figure that has been made public by RiverOak. For clarification, the structure of their offer meant the final amount would have been considerably less. 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.”

Prestwick airport made a pre tax loss of £10 million in its final year of ownership under Infratil.

After buying the airport for £1 the Scottish government said it could take a number of years for taxpayers to see a return on public investment in Prestwick.

It announced a £10 million commitment towards ‘operating costs, repairs backlog and improvements to the terminal building.’

Prestwick is continuing to lose £1 million a month.

## Chapter five

### Support given to Manston by Kent County Council over the past 16 years

Kent County Council's support of Manston as an airport over the last 16 years has been unwavering.

#### Transport infrastructure

Kent County Council has made or enabled substantial transport and infrastructure investment for the benefit of Manston and the surrounding area.

In 1997 Columbus Avenue was constructed on the north side of the airport at a cost of £1.52 million. These infrastructure works were funded through the European Regional Development Fund and the Single Regeneration Budget.

In 1998 Kent County Council completed the A299 Thanet Way extension of the M2 through to Ramsgate.

In 2000 Kent County Council completed the Ramsgate Harbour Approach Road and in 2009 the Euro Kent link road.

The A256 dualling was completed in 2012 and £87 million was invested in the East Kent Access Road in 2013.

Kent County Council is in the planning stage of the £6.7 million Westwood relief scheme to help growing businesses at Westwood and Manston.

Network Rail has just announced the commencement of its £11 million scheme to reduce journey time between Ramsgate and Canterbury; Kent County Council is contributing £4.5 million to the cost of this upgrade. Kent County Council has also committed £12 million to a new Thanet Parkway Station near Manston.

#### Business premises

In Spring 2006 Kent County Council acquired the undeveloped area of Manston Business Park, amounting to 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 Kent County Council and Thanet District Council.

By 2015 Manston Business Park has seen the development of industrial units which will be occupied by start-up and small developing businesses.

#### Support for aviation

In its discussion document Bold Steps for Aviation (May 2012) Kent County Council supported the increased use of Manston Airport and stressed its potential to make a significant contribution to aviation in the UK.

*"In Kent, Manston has the potential to make a significant contribution [to the UK's aviation capacity], providing excellent communications to European destinations and reduced flight times."*

In addition:

- Over the years Manston has received more than £1 million in financial assistance from Kent County Council. When EUJet commenced its flights in 2004 Kent County Council bought a 1.5% shareholding in EUJet Ops Limited.
- In 2007 Kent County Council provided financial assistance to enable the start of charter flights from Manston to Virginia USA, although these flights were discontinued shortly thereafter.
- Between May 2004 and May 2005 when EUJet Ops Limited was acquired by Planestation Limited, Kent County Council acquired options to buy further shares. Planestation Limited was however put into liquidation and the council's investment had no further value.
- When KLM expressed an interest in starting scheduled flights to Amsterdam, Kent County Council provided £100,000 to Visit Kent, the tourist agency which provided marketing and tourism support.

## Support offered to investors at the airport

In March 2013, when Infratil were seeking aviation buyers for the airport, Kent County Council distributed a note offering to help new investment at Manston Airport through:

- Financial assistance from the Regional Growth Fund
- Use of land owned by Kent County Council 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
- Discussing with Ministers to seek assistance from Government. Kent County Council's offer to any investor with a viable business plan remains open, although to date we have received no take up.

## Helping to find a new airport operator

Kent County Council met PWC, the agents selling the airport, with a view to helping find a viable new owner/operator. Over 18 months discussions were held with thirty interested parties including low cost airline operators and private investors, many were introduced to PWC by Kent County Council.

In the event, two of the shareholders of Discovery Park Limited made an approach to Mrs Ann Gloag which subsequently led to their purchase of the airport.



## Chapter six

### What do we know about RiverOak and its proposal for a compulsory purchase order?

RiverOak was introduced to Kent County Council by Mr Tony Freudmann. Subsequently the Leader of Kent County Council invited representatives of RiverOak to meet to discuss their plans for the airport. RiverOak declined, saying that their plans were confidential. The invitation to present their business plan to the council has been repeated on several occasions: RiverOak has always declined to do so.

RiverOak Investment Corp LLC was established in January 2001 in Delaware USA to manage *'niche focussed real estate investments for institutional entities that are strategically driven, including private and public pension funds.'*

Its CEO is Mr Stephen DeNardo.

The RiverOak website states *'within a time frame that spans nearly 4 decades of business experience, Steve DeNardo has successfully been involved in all phases of real estate investment, development and management. His focus and interest has been on the management and turnaround of troubled assets.'*

RiverOak's Chief Investment Officer is Mr George Yerrall. The website says: *'He is in charge of sourcing and analysis of investment opportunities and the execution of investment and asset management strategies.'*

In its statement to the UK Airports Commission (The Davies Commission) RiverOak described its strategy for Manston as handling 250,000 tonnes of cargo per annum by 2030, 500,000 tonnes of cargo per annum by 2040 and 750,000 tonnes by 2050. It also described its long term strategy to include 'aircraft maintenance, repair and teardown operations.'

RiverOak also stated that by summer 2017 at the earliest they would plan to re-open passenger services *'if appropriate contracts can be agreed with suitable carriers.'* They would also re-establish Manston as a key diversion airport, capable of providing emergency resilience to the wider South East airport system.

In an interview on 12 May 2014 with Paul Francis of the KM Group Mr DeNardo was asked *'How did RiverOak become involved in the bid to buy the site from Mrs Gloag?'*

Mr De Nardo replied; *'We have been active in searching for opportunistic transactions in both the UK and Ireland, We have an extensive network of contacts in both and one of our contacts made us aware of the Manston situation.'*

He was also asked *'How did you team up with Annax Aviation whose Chief Executive Tony Freudmann has become spokesman for your bid?'*

Mr DeNardo replied: *'Our contacts put us in direct discussion with Tony Freudmann who we knew had both operational experience at the airport and had made an attempt to purchase the airport.'*

Following Mrs Gloag's refusal to accept an offer from RiverOak to buy Manston Airport, RiverOak then approached Thanet District Council with a view to the council making a Compulsory Purchase Order of the airport in favour of RiverOak. Thanet District Council concluded that a decision on a CPO could not be made until:

- Thanet District Council had commissioned an independent feasibility study on the future viability of a going concern operational airport.
- Any prospective airport owner/operator submit a viable business plan and also enter into an indemnity agreement that would cover any exposure to all costs placed upon Thanet District Council.

Thanet District Council commissioned Falcon Aviation whose report was considered by the Council's cabinet on 31st July 2014. The report identified *'no business plan with a credible investment plan of less than 20 years is likely to provide the commitment necessary to rebuild confidence. From an investor's standpoint, the payback period might be as long as 50 years. The level of investment would have to be significant (£100m's) and there are never any guarantees of success.'*

Throughout Thanet District Council's consideration of a CPO it has been advised by its Section 151 Officer that it appears evident that the airport will not be successful if it reopens and attempts to operate in the same configuration as it has done previously up to its closure.

The advice to Thanet District Council's cabinet was that invitations should be issued to parties willing to enter into an indemnity agreement capable of delivering the twenty year business plan.

During the course of Thanet District Council's processes, on 17 July 2014, Kent County Council unanimously adopted the following motion;

*"Kent County Council supports the actions taken so far by Thanet District Council to retain Manston as a regional airport. We recognise the value that a regional airport brings to East Kent and are disappointed at its closure. Kent County Council will explore with Thanet District Council ways in which it can support proposals to retain Manston as an airport."* The original Motion proposed by Mr Cowan (Dover Town, LAB) and Mr Truelove (Swale Central, LAB) was replaced by the above, proposed by Mark Dance (Whitstable, CON).

In supporting the amended motion the Leader of Kent County Council said "Thanet District Council's approach is now such that they are going to carry out and have already commissioned, an independent study as to the viability of running the airport as a going concern or not. Nobody knows the conclusion to that, as I said on the radio this morning, after 16, 17, 18 years of Manston, everybody has just lost money. So what is the market telling you? And it will be interesting to see what the independent viability report concludes. And Thanet District Council are absolutely right in doing that. If it does suggest there is viability they will then ask for expressions of interest from people to come forward who have the ambition to do exciting things at Manston in running it as an airport, or not. And if there are some exciting propositions, or if we had an owner that is reluctant to do anything exciting, which again we don't know, we will then make the decision as to whether or not to support the CPO process. And it is premature to have that decision now, which is why we can't support your original motion which was asking for an open ended commitment to support Thanet and their CPO, no matter what. I want to see, and hope, that there are exciting propositions that come forward, with good people, that have got the money to do exciting things. And we will have to wait and see as to whether that's the case, and then we will review our position."

In an endeavour to support Thanet District Council, on 1st September Kent County Council's Director of Governance and Law wrote to Thanet District Council's Monitoring Officer to remind them of our offer to assist the council. The Monitoring Officer replied: 'We need to do the evaluation of any Expressions of Interest first before we can begin to assess what legal support might be needed moving forward and whether any of that support would need to be commissioned from Kent County Council. We are not in a position to make any decisions until we have the result of this, but I will be more than happy to consider making such an approach at the appropriate time.'

Kent County Council has never been approached by Thanet District Council for the help offered.

Unsurprisingly, **as a result of this**, on 11 December 2014 Thanet District Council received a cabinet report detailing the outcome of its exercise to seek an indemnity partner for the compulsory purchase of the airport and a comprehensive and viable business plan. The following was decided:

*'That no further action be taken at the present time on a CPO of Manston Airport on the basis that the council has not identified any suitable expressions of interest that fulfil the requirements of the council for a CPO indemnity partner and that it does not have the financial resources to pursue a CPO in its own right.'*

The conclusions made by the council's Section 151 Officer were that *'The information provided does not provide assurances which would satisfy him that a valid expression has been put forward and he is therefore unable to recommend moving ahead with this proposal. Although the issues here are emotive Members should exercise extreme caution before seeking to move forward with any proposal which is at odds with advice from its officers, particularly where there are likely to be **significant risks** which would affect the council at a fundamental level.'*

As the Falcon report, Thanet District Council's feasibility study and the advice from the council's 151 Officer show, the financial risks of a compulsory purchase of the airport were unacceptable.

## Chapter seven

### **What do we know about Discovery Park Limited and its directors?**

The new owners of Manston, Chris Musgrave and Trevor Cartner, have a strong track record 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.

Ten years ago they acquired Wynyard Park in Billingham after Samsung had announced that it was closing its operations there. They have now created 2000 jobs and have attracted £200million of private investment at Wynyard Park.

Seven years ago they invested in the advanced manufacturing park (a joint venture between the University of Sheffield, Boeing, British Aerospace and Rolls Royce) to build seventeen units for local small and medium size enterprises associated with aerospace research and other advanced manufacturing on the site of the former Orgreave colliery. In 2013, when the site was fully occupied, they sold their investment.

In 2012 they acquired Discovery Park from Pfizer after Pfizer had announced that they were closing down all their operations there and were planning to demolish the buildings at the site. When Pfizer made this announcement they employed 2,200 staff all of whom were subject to redundancy notice. By March 2015 700 of the Pfizer jobs have been retained and a further 1,700 jobs have been created by more than 100 new tenants on the site. Currently total job numbers are in excess of 2,400 and Discovery Park is on track to deliver more than 3,000 new jobs.

Trevor Cartner and Chris Musgrave plan to transform the 800-acre site at Manston with a £1 billion redevelopment, over a 20-year period, into a mixed-use scheme helping to create more than 4,000 jobs. They will be announcing more details over the next few weeks.

## Conclusions

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 private ownership it has incurred losses by those who have tried to operate it in excess of £100 million.

The objective now must therefore be to make sure that we have owners who want to do exciting things on the site and that the land is not left abandoned.

Bristow Group had chosen Manston as its location for the regional search and rescue base; when the airport closed the company decided to locate that base at Lydd. Kent County Council is pleased that this vital service will still be located in Kent. Lydd Airport is also starting a substantial investment programme to extend its runway and construct new aviation facilities.

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

The driver must be to seize the best opportunity to create a significant number of new jobs and bring prosperity into East Kent.

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.



Paul Carter, Leader of Kent County Council:

*"I would like to make it abundantly clear that in my 10 years as Leader of Kent County Council I have done everything in my power to help and support the economy of East Kent. I believe that this document demonstrates and evidences exactly that."*

## Myth busting questions and answers

### **1. What is Kent County Council's stance on Manston Airport? At first you supported a CPO process but now you are supporting a business park – is this not inconsistent?**

Promoting job creation, supporting business growth and generating economic prosperity for the residents of East Kent is - and always has been - Kent County Council's primary objective. Kent County Council (KCC) has never deviated from this.

The closure of Manston Airport was met with deep disappointment at County Hall. Any viable proposal from an aviation company with sufficient financial backing to run Manston as an airport would have been strongly supported by Kent County Council as our debate at the July council meeting made clear. No viable proposal was presented to Kent County Council or TDC.

The sale of Manston to the Discovery Park Team Musgrave and Cartner in September offers substantial private sector investment to support job creation and economic growth for Thanet. Cartner and Musgrave have a strong track-record at Discovery Park with 1,700 new jobs since 2012.

### **2. How can you say no viable proposal came forward? Didn't RiverOak say they would pay the full asking price?**

Kent County Council asked RiverOak if we could see their business plan. RiverOak has consistently refused to let us see any details on the grounds they are commercially confidential. TDC took a decision that the information supplied by RiverOak to it was insufficient to support a Compulsory Purchase Order.<sup>1</sup> We have therefore concluded that RiverOak's plan is not viable. Representatives of Mrs Ann Gloag explained to the Transport Select Committee why Mrs Gloag refused to accept the offer from RiverOak.<sup>2</sup>

<sup>1</sup> <http://democracy.thanet.gov.uk/documents/b10075/Supplementary%20Agenda%202%2031st-Jul-2014%2019.00%20Cabinet.pdf?T=9>

<sup>2</sup> <http://parliamentlive.tv/Event/Index/d4330491-c83e-4204-a339-28a011b42071>

### **3. Did you promote Manston to the best of your abilities to attract a new investor when the closure was announced? Is it not true that Manston has unique infrastructure with the longest runway in England and superb transport links?**

Kent County Council has taken every opportunity to support and promote the use of regional airports such as Manston. The authority's discussion document Bold Steps for Aviation, written in 2012, makes our position abundantly clear, showing Kent County Council has lobbied central Government to prioritise Manston above other proposals, such as the establishment of a Thames Estuary Airport.

Our support for Manston is evidenced by our substantial investment in transport infrastructure making Manston more accessible to a greater potential customer base, including investing in the East Kent Access Road, a new railway station, and improving the rail infrastructure. The Regional Growth Fund has been made available to companies with plans to increase employment.

Since the Minister of Defence privatised the airport there have been three private owners of Manston Airport: Wiggins, Infratil, and Ann Gloag. Despite ambitious plans to increase passenger numbers and freight operations, each of these has sustained significant financial losses totalling over £100 million.

When Manston Airport was put up for sale, Kent County Council introduced PWC (the marketing agents for Infratil) to 30 potential buyers from around the world (including RyanAir) none of whom in the event decided that they could make the airport profitable.

## Myth busting questions and answers

### **4. What offers of support were made by Kent County Council to Thanet District Council to assist them with their CPO process?**

We very much supported Thanet District Council in the potential for a CPO subject to the outcome of their independent feasibility study and submissions by indemnity partners.

At the Leader's request, Kent County Council's Director of Governance and Law offered to help Thanet District Council in the CPO process. TDC responded in writing saying "We need to do the evaluation of any Expressions of Interest first before we can begin to assess what legal support might be needed moving forward and whether any of that support would need to be commissioned from KCC. We are not in a position to make any decisions until we have the result of this, but I will be more than happy to consider making such an approach at the appropriate time."

The offer of support was repeated several times by the Leader at different meetings with Iris Johnston.

### **5. Who now owns Manston? Is it Mr Cartner, Mr Musgrave, Ann Gloag?**

The company that owns Manston Airport has three shareholders; Mr Cartner (40%), Mr Musgrave (40%), and Mrs Gloag (20%). This information has been provided to the Select Committee by solicitors acting for Mr Cartner and Mr Musgrave.

### **6. How could the Leader of Kent County Council support Mr Cartner and Mr Musgraves' purchase of the site? I have heard Wynyard Park is in debt and promised to supply thousands of jobs and only a proportion have been realised.**

Information provided to Kent County Council shows that Wynyard Park is currently debt free. Under Mr Cartner and Mr Musgraves' ownership, Wynyard Park has created more than 2000 jobs and attracted £200million of private investment. Publications which have asserted that

this is incorrect have been served with a letter from a firm of solicitors specialising in libel.

(NOTE: It is quite normal for development companies to carry debt/bank borrowings on their balance sheet. The key is sensible debt to value ratios).

### **7. How can you be excited by the new proposition by Cartner and Musgrave if you have seen no plans? What are the plans?**

The new owners issued a press release when they acquired Manston Airport outlining their intention to create more than 4,000 jobs and a £1 billion redevelopment. They will be announcing more details in the next few weeks.

At the time when Mr Cartner and Mr Musgrave outlined these plans to the Leader of Kent County Council, the planning consultants had not yet completed the master plan so no document was handed over. However, a fairly detailed description of what was envisaged was discussed. The plans include a new sports centre and the financial backing of the Spitfire museum, as well as plans to bring advanced manufacturing to the site.

### **8. How can Kent County Council ignore its democratic mandate? Haven't you seen the petitions showing that the people of Thanet want an airport?**

The Save Manston Campaign was invited to County Hall to present its petition. However when representatives of the group arrived they had not brought it with them. All letters and emails from objectors have received replies. We have also received letters of support re the closure.

### **9. When have you met Ann Gloag or her colleagues and what was the purpose of each meeting? Are the minutes available? Was a change of use discussed?**

Elected members and officers of the council met Ann Gloag and her company representatives on a number of occasions before and after she bought the airport. The purpose of the meetings was to establish what were her intentions for bringing jobs and new investment to Kent and to sustain a viable airport.

## Myth busting questions and answers

At a meeting on 14 March 2014 when we were expecting an update on progress, much to our surprise we were told confidentially that given the scale of losses it had been decided to notify staff the following week that a redundancy process was necessary.

Subsequently a meeting was held on 3 July 2014 to discuss with Ann Gloag what she intended, and she explained she was discussing a possible sale but that the details were commercially confidential.

Mr Cartner and Mr Musgrave have successfully applied for planning approval for a multi-use development to include commercial, retail and housing: the site is currently over 50% reoccupied by commercial users and there are now 2,400 jobs. It was their success with Discovery Park that persuaded them of the potential at Manston, and they already have a number of substantial potential tenants.

**10. *Why have you appeared to support Ann Gloag when she obviously bought the site to turn it into a housing development and never intended to operate an airport? Have you a vested interest? Did you not say you wanted a housing development last year?***

Mrs Gloag told us that it was her intention to run Manston Airport as a commercial venture and that was why she hired aviation specialists to put in place a strong business plan for aviation and support the implementation. She also retained the previous Managing Director of Manston, Mr Charles Buchanan. She told us subsequently that it was only when she was advised that the airport could not be made viable, and that the losses of £100 thousand per week could not be sustained, that she decided that the airport must be closed.

During our discussions, a change of use of the airport was not discussed although we did touch on alternative uses for parts of the airport site such as aviation hangar space, servicing and maintenance. The Leader of the Council has no private business interests in the Manston site and will not benefit personally from any proposal relating to the development.

**11. *Thanet does not need more business parks. Existing local business parks are struggling to attract businesses and are over 50% empty.***

When Pfizer announced closure of its R&D facility at Sandwich it was a common view that all the buildings would need to be demolished and the site could not be redeveloped.