From: Manston Airport

**Subject:** Further Deadline 8 submission for consideration

**Date:** 14 June 2019 19:46:19

Attachments: Prestwick Airport up for sale.pdf

Scottish Government puts debt-laden Prestwick Airport up for sale.pdf Prestwick would be wound up if forced to repay taxpayers loan.pdf

#### **Dear Sirs**

I have already submitted comments and questions for Deadline 18, but I consider this late-breaking news significantly worthy of comment. Please consider the attached submission together with supporting documents for your further deliberations.

#### Attached documents:

- Prestwick Airport up for sale.pdf my submission
- Scottish Government puts debt-laden Prestwick up for sale.pdf Sottish Herald Article
- Prestwick would be wound up if forced to repay taxpayers loan.pdf Sottish Herald Article

Yours faithfully Dr Philip Shotton Ramsgate Resident and Registered Interested Party The Scottish newspaper the Herald reports "Scottish Government puts debt-laden Prestwick Airport up for sale" - a pdf copy of the article is attached.

Prestwick has many features in common with the closed Manston airport. It faced closure in 2013 as a loss making airport, and was bought by the Scottish Government for £1 in order to safeguard jobs. Since then nearly £40 million of public money has been invested to keep the airport afloat. Finally the government is pulling the plug, and is attempting to sell the airport to private investors. The managers of the airport admit that the operation would be wound up if they were forced to repay the government loans.

Prestwick's chairman Andrew Miller suggested the airport had valuable assets in the form of the land it sits on, and had been approached by potential buyers – but did not want to sell it for housing.

The local Conservative MP says "Prestwick has all the foundations for success; the longest commercial runway and parallel taxiway in Scotland, a reputation of being Britain's only fog-free airport, its own dedicated railway station and a thriving aerospace campus."

Prestwick has also served as a base for US military refuelling operations. In October 2016, Prestwick signed a three-year basing and fuel supply deal with the US Defence Logistics Agency, helping it almost double its income from fuel sales to £3m last year.

Despite this, and attempts to increase its cargo business, and sign deals with the US to become a 'spaceport', the airport has continued to lose money.

The parallels with Manston are stark. The local MPs with to try and keep it going to preserve jobs and investment, but the airport is failing. Even as an operating concern it only supports 300 jobs locally and up to 1500 indirectly. It's value is primarily as land for development.

How can RSP claim to be able to make Manston a successful commercial cargo hub. They actually stated in the recent hearings that the nearest comparator to their desired operation was Prestwick. RSP's assertion of up to 10,000 local jobs does not stack up to the reality exposed by Prestwick.

The failure of an operational airport, with good transport links, a 'thriving aerospace campus', close to major cities, with a similar journey time to the English industrial heartland around Birmingham, augurs ill for any attempt to build a new cargo hub at Manston, and gives the lie to RSP's inflated claims that are not backed by any business plan.

If RSP has the money to invest that it continually tries to convince the ExA (with no evidence to back it up) surely it would be better placed to buy Prestwick than a remote regional ex-airport site with no surrounding infrastructure.











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13th June

## Scottish Government puts debt-laden Prestwick Airport up for sale

By Tom Gordon Scottish Political Editor



**MOST READ** 

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The Scottish Government have announced that Glasgow Prestwick Airport is to be taken under public ownership. Pictured is Picture Christian Cooksey







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However they have since been forced to extend it around £39.9m in loans to keep it afloat.

Transport minister Michael Matheson said he wanted the facility back in the private sector.

The government has been under pressure to cut its ties to Prestwick since <u>Nicola Sturgeon</u> declared a "climate emergency" last month, raising questions about its ownership of a facility linked directly to greenhouse gas emissions from flights.

"Scottish values".

There is no such thing

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## READ MORE: Prestwick would be 'wound up' if forced to repay taxpayers' loan, bosses admit

The First Minister's official spokesman was unable to say if the taxpayer loans would ever be repaid, and said the airport's debt would be part of negotiations with potential bidders.

But he said the government would aim to get "the best deal possible" for the public purse.

An advert will now be placed in the Official Journal of the European Union inviting expressions of interest to "test the market".

Mr Matheson said: "Since the Scottish Government bought <u>Glasgow</u> Prestwick Airport in 2013, we have been clear that it is our intention to return the business to the private sector when the time is right.

"The senior management team at the airport has continued to engage with potential buyers and investors to discuss proposals for developing the business under new ownership.

"Good progress continues to be made by the airport to increase revenue, deliver operating efficiencies and pursue exciting opportunities for the future, including Spaceport.

"In light of that progress, the airport will shortly place an advert in the Official Journal of the European Union inviting expressions of interest.

"Any proposals submitted as a result of the advert would be considered carefully before any decision was taken to divest our shareholding in the airport or any part of the business."



New blow for Scottish music scene as another festival calls it quits



UK Government to get first 'Cabinet Room' in Edinburgh



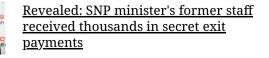
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"Despite the problems the airport has faced over recent years, and the need for it to be taken over by the government in 2013, I have always firmly believed that it has the potential for a bright future.

"Prestwick has all the foundations for success; the longest commercial runway and parallel taxiway in <u>Scotland</u>, a reputation of being Britain's only fog-free airport, its own dedicated railway station and a thriving aerospace campus.

"What it now needs is an owner prepared to put in the investment to take the airport forward as the major economic asset it undoubtedly is."

<u>Labour</u> MSP Colin Smyth said: "The government were far too slow in making the changes needed to turn Prestwick around when they bought it and as a result it's doubtful they will get back the £50 million they have put in.

"However, the Government cannot simply wash its hands of Prestwick.

"They have a responsibility to ensure that if a buyer is actually found, any sale must secure the jobs at Prestwick.

"Anything else would be an economic tsunami for Ayrshire and beyond."

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LibDem MSP Mike Rumbles added: "The purchase of Prestwick has been an absolute disaster for the Scottish Government. It has lost taxpayer's money hand over fist.

"The Government have put forward a series over over-optimistic proposals for Prestwick and then failed to deliver.

"I hope that the site can be put to good use by its new owner and that as much taxpayer's money as possible can be recouped by this sale."

Green MSP John Finnie said: "It's important that when the Scottish Government invests public money, it delivers a public benefit.

"Given the £50m debt it has accrued, I don't think anyone could argue that purchase of Prestwick Airport has been good value for money.

"In light of the climate emergency, Ministers must look at how the Prestwick site can transition to support the low carbon jobs of the future."

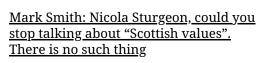
Ms <u>Sturgeon</u>'s official spokesman was unable to say what had prompted the move, or whether it was linked to the climate emergency.

Ministers have also been embarrassed by the failure of Prestwick's independent management to pay the real living wage in recent years.

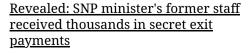
The Scottish Government bought Glasgow Prestwick in November 2013 after its New Zealand-based owner Infratil tried in vain to sell it for more than a year.

The Government paid a nominal £1 to protect what it saw as strategic infrastructure asset, despite knowing the worsening economic outlook and a question mark over its viability.





















The site, which includes the longest runway in Scotland, supports around 300 jobs directly and up to 1500 indirectly.

Under the ownership of a new government-owned company, TS Prestwick Holdco Ltd, the airport calculated it would need £39.6m in loans from the government by 2021/22.

However its continued losses saw the government loan it £39.9m by March 2019.

In 2017/18, Prestwick made a £7.6m loss on a turnover of around £18.2m and had total liabilities of £46.5m compared to assets of £8.3m.

Ryanair is its last main commercial carrier, and its is increasingly reliant on cargo flights and refuelling services for business.

Ms Sturgeon recently held Prestwick up as an example of positive nationalisation.

Accused by Labour of failing to step in to save the threatened Caledonian Railway Works in Glasgow last month, she told MSPs: "It is obviously not true that the Government does not do nationalisation. We nationalised Prestwick airport to prevent it from being closed, and we have been willing to step in in other instances as well."



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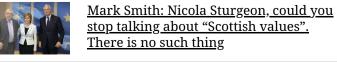
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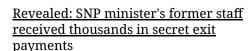
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By Mark Smith Feature writer



















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2nd June

# Revealed: SNP minister's former staff received thousands in secret exit payments

By Hannah Rodger and Paul Hutcheon



















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## SNP councillor raises questions about party's £500k indyref2 fundraiser



By Paul Hutcheon Politics and Investigations Editor, Herald on Sunday



















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#### **COMPANY NEWS**

12th June

## Arran businesses vent fury over 'flawed' harbour move



By Scott Wright **Deputy Business Editor** 



















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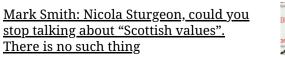
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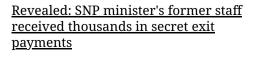
<u>'The greatest moment on</u> **BBC Question Time' Viewers** hail anti-austerity speech

from Francesca Martinez











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## Fleming found guilty of murder

## Sturgeon, could you stop talking about "Scottish values". There is no such thing

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#### **NEWS**

20th June 2018

## Prestwick would be 'wound up' if forced to repay taxpayers' loan, bosses admit

By Alistair Grant Political Correspondent



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Prestwick Airport



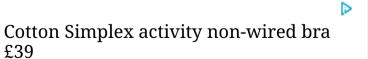






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Around £40 million of public money has been pumped into the South Ayrshire hub since it was bought by the Scottish **Government** for £1 in 2013.

But since then, it has made losses of £24m and has experienced little growth in the number of people using the airport, with bosses suggesting passenger flights could even be dropped.

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Arran businesses vent fury over 'flawed' harbour move

READ MORE: <u>Loss-making Prestwick Airport touting for business at military</u> fairs across the US in a bid to win contracts

Scottish Liberal Democrat transport spokesman Mike Rumbles has now raised fears taxpayers will never get their money back, adding: "This is not a profitable operating company that should be invested in."

He said the Scottish Government's loan was "repayable on demand", and asked Prestwick bosses what would happen if ministers demanded the cash was returned.

Replying during <u>Holyrood</u>'s rural economy and connectivity committee, the airport's finance director Ian Forgie admitted it would be "wound up".

However, Prestwick's chairman Andrew Miller suggested the airport had valuable assets in the form of the land it sits on, and had been approached by potential buyers – but did not want to sell it for housing.

He told MSPs: "We have had approaches from third parties about the business, who have looked at the business in a different way, and have in the past been willing to offer packages to us in terms of acquisition, whole or a part.

## **READ MORE:** Former Prestwick Airport boss Derek Banks claims he was sacked for whistleblowing

"These discussions haven't concluded in a way that we wanted them to be concluded. But one of the things that did come out is a lot of companies who are in our area, who operate in our area, have shown interest around the assets."

Scottish Tory <u>MSP</u> John Scott, who represents Ayr, also said the underlying value of the land is "significantly more than the liabilities incurred thus far".

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Emma Faulds

He said it was his understanding that the Scottish Government would not lend the airport money beyond this value.

He added: "In the worst case scenario, it has huge value for building, located around Prestwick Airport and between Troon and Ayr.













## READ MORE: <u>Loss-making Prestwick Airport touting for business at military</u> fairs across the US in a bid to win contracts

Bosses at Prestwick said they were reviewing the airport's operations to decide on a way forward, and confirmed it currently did not make any profit from passenger flights.

Chief executive Stewart Adams said an economic review of its services is being carried out, adding: "It's clear that the passenger side of the business does not make money.

"Passenger numbers certainly need to increase but it is very difficult at the moment."

Prestwick is hoping to become one of the UK and Europe's first spaceports, bringing thousands of additional jobs and extra investment.

It is also among 10 sites across <u>Scotland</u> currently in the running to help build the planned third runway at Heathrow.



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**SPORT** 

13th June

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By Mark Walker











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## Police discover human remains in search for Emma **Faulds**

By Stephen Mcilkenny | ♥ @StephenBMci **Digital Editor** 













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#### **COMPANY NEWS**

12th June

## Arran businesses vent fury over 'flawed' harbour move



By Scott Wright **Deputy Business Editor** 



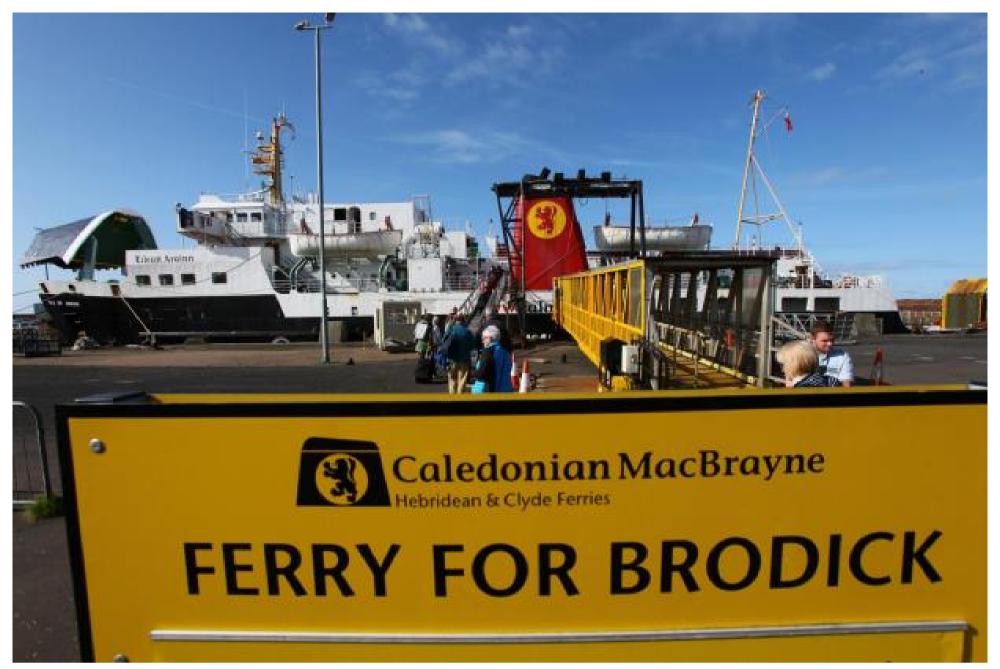












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By Herald Scotland Online













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