



BIRCHAM DYSON BELL

Dr Richard Hunt
Planning Inspectorate
Temple Quay House
Temple Quay
Bristol
BS1 6PN

Your Ref
TR020002_000502
Our Ref
ADW/APH/165443.0001
Date
22 November 2016

By Recorded Delivery, and By Email

Dear Dr Hunt

RIVEROAK: APPLICATION PURSUANT TO S.53 OF THE PLANNING ACT 2008 IN CONNECTION WITH THE PROPOSED MANSTON AIRPORT

We write in response to your letter dated 8 November 2016 and the queries raised therein. For ease of reference, we respond to your queries under the same headings used in your letter, as set out below.

1 Request for corrected plan in line with Advice Note 5

1.1 In line with the Planning Inspectorate's request we enclose on behalf of RiverOak an amended Plan A:

1.1.1 showing plots 3 and 4 correctly identified;

1.1.2 to a scale of 1:2500 spanning four A1 sheets (a 'key plan' sheet at 1:7500 has also been provided); and

1.1.3 showing outlined in black and labelled the areas occupied by those occupiers listed at paragraph 1.2.3a of RiverOak's application under s.53 of the Planning Act 2008 ('s.53 application') which was submitted to the Planning Inspectorate on 1 July 2016.

1.2 In relation to those occupiers identified as described under paragraph 1.1.3 above, we remind the Planning Inspectorate of our statement at paragraph 1.2 of our letter dated 16 September 2016 that these occupiers were served with notice of the s.53 application by RiverOak on 1 July 2016 and given a chance to make representations. We understand that these occupiers were also notified of the application by the Planning Inspectorate shortly after RiverOak's submission of their s.53 application and that this correspondence also gave the occupiers a chance to comment on the application. However, in the intervening four months, no response from these occupiers has been received and RiverOak therefore considers both, that these occupiers have

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been given sufficient opportunity to comment, and that they cannot be considered to have an objection to the s.53 application.

- 1.3 However, as stated in paragraph 6.2 of our letter dated 16 September 2016, RiverOak reminds the Planning Inspectorate that it is unlikely that access will be required to any buildings that are occupied. If access to occupied buildings is required, it would be to undertake surveys as part of the biodiversity, historic environments and land quality assessments in order to establish the baseline conditions for assessment. Such works would be non-intrusive and would require the collection of photographs and written notes only.
- 1.4 Should PINS not be persuaded to grant RiverOak access to those parts of the site in which those listed in paragraph 1.1 above have an interest, RiverOak would accept, at this stage, being granted access to the remainder of the site only, with a view to negotiating access to the outstanding occupied areas should that be necessary. However, RiverOak asks PINS to note that even if the individual companies with an interest in land grant RiverOak access to their area of the site voluntarily, Stone Hill Park Limited ('SHPL'), as freeholder of that area, may still be able to refuse RiverOak access to the area, depending on the terms of the individual leases. RiverOak would therefore ask that PINS grant access in respect of SHPL's interest in the whole of the site as requested in the s.53 application.

2 Request for further information

- 2.1 As requested, we enclose the plan showing the extent of the safeguarding zone relating to the Ministry of Defence's registered leasehold title K976945. For completeness, we have included the lease of which the plan forms part. The plan can be found on the final page of the lease and we have also shown the Safeguarded Area on the amended Plan A to give some context.
- 2.2 The 'Safeguarded Area' is defined at paragraph 1.2 as, "The Land within the Airport shown hatched red on the Plan".
- 2.3 Further references within the lease to this Safeguarded Area are as follows:
 - 2.3.1 Paragraph 5.1.2.1: [Landlord's Obligations] "To arrange for the grass within the Safeguarded Area, including but not limited to the Premises to be cut regularly with twice monthly cuts during the months of April to October and a minimum of 14 cuts per year"
 - 2.3.2 Paragraph 5.1.2.2: [Landlord's Obligations] "To keep any areas of paving and perimeter fence in the Safeguarded Area including but not limited to the Premises free of weed."
 - 2.3.3 Paragraph 11.1: "The Landlord is to use best endeavours to ensure that no buildings or other obstacles are erected or positioned within the Safeguarded Area to enable the Tenant to carry out its operations without interference."
 - 2.3.4 Schedule 1 (Rights granted), paragraph 6: "The right for the Tenant's authorised personnel and contractors to park one motor vehicle temporarily for the duration of



any visit adjacent to the Premises within the Safeguarded Area without charge when visiting the Premises.”

- 2.4 RiverOak confirms that the Safeguarded Area does extend beyond the plot of Title Number K976945 as shown on Plan A. However, RiverOak has not currently excluded this area from the area to which it is seeking access as the surveys that it may potentially carry out in this Safeguarded Area would not interfere with the rights and obligations for which the Safeguarded Area was designated.
- 2.5 As is apparent from the extracts of the lease set out at paragraphs 2.3.1 to 2.3.4 above, the Safeguarded Area has been designated so that it can be kept clear of any building, obstacle or even long grass or weeds which may inhibit the collection of meteorological data by the Met Office, acting on behalf of the Ministry of Defence.
- 2.6 RiverOak does not plan to carry out any intrusive surveys in this Safeguarded Area or to lay any obstacles that may inhibit the operations of the Met Office.
- 2.7 However, similarly as for those areas occupied by those without a registered leasehold interest, referred to at paragraph 1.4 above, should PINS not be persuaded to grant RiverOak access to the Safeguarded Area, RiverOak would accept, at this stage, being granted access to the remainder of the site only, with a view to negotiating access to the Safeguarded Area, should this be required.

3 Conclusion

- 3.1 In light of the above further information, RiverOak asks PINS to grant the s.53 application without any further delay. In particular, RiverOak asks the Planning Inspectorate to once again note the following in particular:
 - 3.1.1 the land to which RiverOak is seeking access remains mainly unused; and
 - 3.1.2 the large size of the site and minimal occupation of it needed by those carrying out RiverOak’s surveys demonstrate that the overall effect on the site of carrying out the environmental surveys will be negligible.
- 3.2 RiverOak has made many compromises in order to reach agreement with SHPL and despite agreeing to all the terms in a licence SHPL offered (many of which RiverOak considers to be unreasonable), SHPL has yet to take any positive action and has ceased negotiations entirely. This supports RiverOak’s view that SHPL is clearly attempting to simply thwart this project. It is clear, therefore, that fruitful negotiations have been exhausted and that compulsory powers should now be granted.



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3.3 We trust that the Secretary of State considers this further information sufficient and that RiverOak is therefore given the authority to access the land for the purposes and to the extent set out in its s.53 application.

We look forward to hearing from you.

Yours sincerely

Senior Associate
For and on behalf of Bircham Dyson Bell LLP

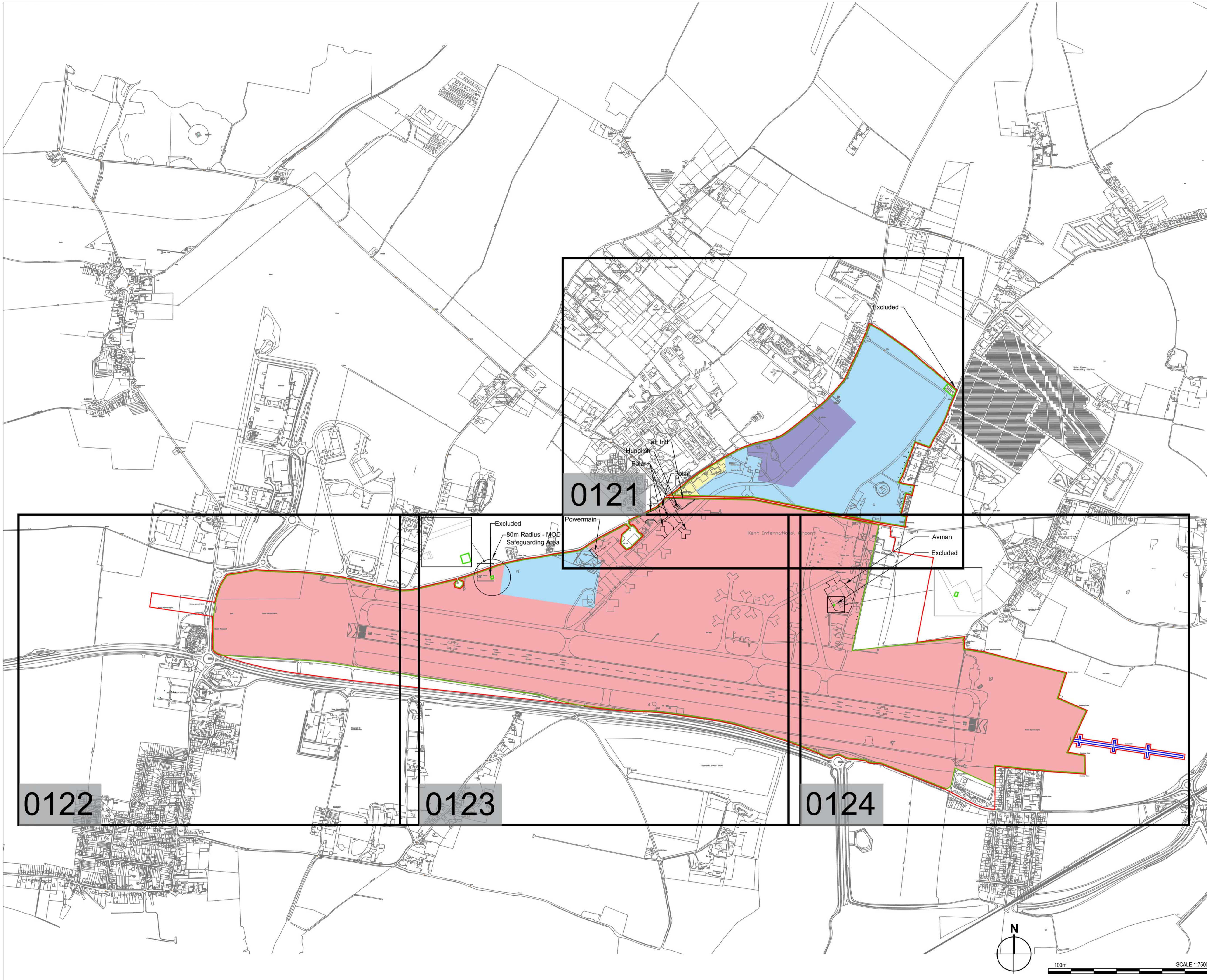
Herbert Smith Freehills

enc

Enclosure 1: Plan A

Notes

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KEY

- Proposed Development
- Land to which access is sought
- Land owned by RiverOak
- Leasehold Land (Excluded)
- K803975 (Plot 1)
- K837264 (Plot 2)
- K806190 (Plot 3)
- K891199 (Plot 4)
- Powermain, Polar, Taft Intl Plots and Avman

P04	Hatches amended. Note to Avman changed.	JH	CJ	21.11.16
P03	Safeguarding area and Avman property added. Hatches and red line boundary adjusted. Key updated.	JH	CJ	18.11.16
P02	First Issue.	DDP	CJ	11.11.16
Rev	Description	By	Ckd	Date

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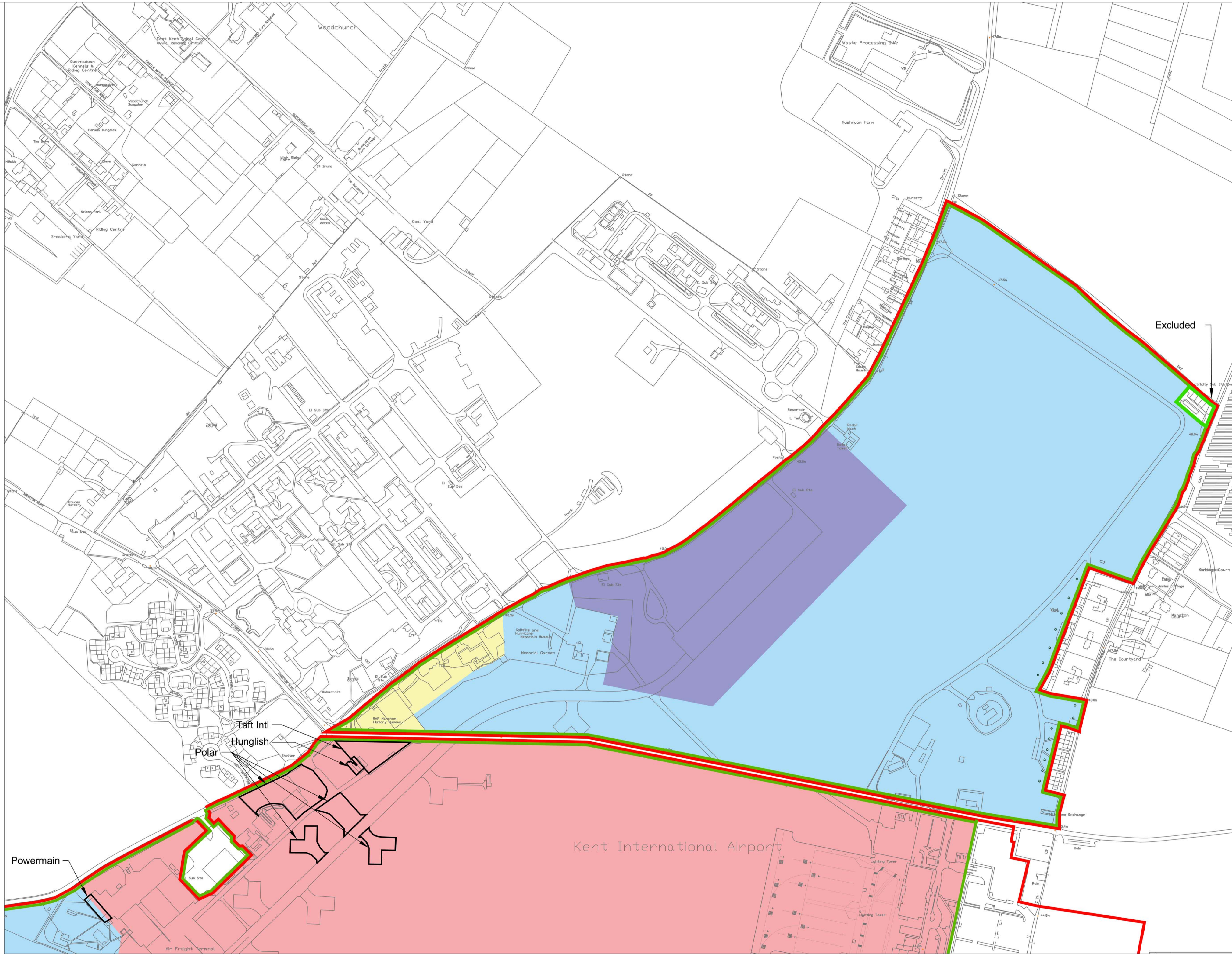
Client **RIVER OAK INVESTMENT CORP., LLC**

Project Manston Airport Masterplan

Title Section 53 Key Plan - Sheet 1 of 5

Status	Scale	Date Created
Preliminary	1:7500 @A1	11.11.16
Project Leader	Drawn By	Checked by
GDD	DDP	CJ

Document Number	Revision	Submittal
NK018417-RPS-MSE-X-DR-C-0125	P04	S0
Project Number	Signature / Date / Issue / Type / Risk / Drawing Number	



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Key Plan
Scale @ 1:50000



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- Powermain, Polar, Taft Intl Plots and Avman

P03	Hatches updated. Note moved.	JH	CJ	21.11.16
P02	Hatches and red line boundary adjusted. Key updated.	JH	CJ	18.11.16
P01	First Issue.	DDP	CJ	11.11.16
Rev	Description	By	Ckd	Date

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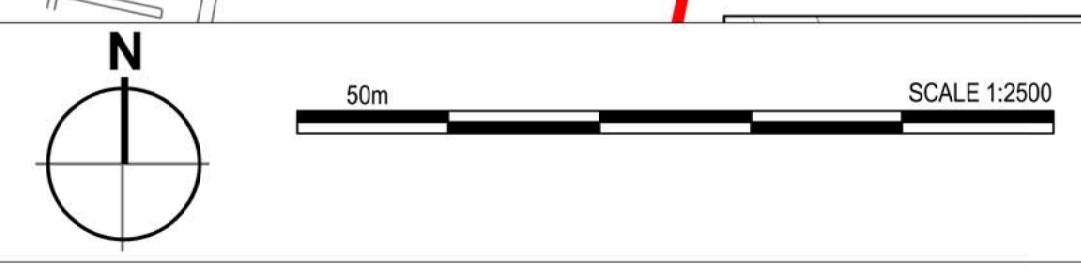
Project Manston Airport Masterplan

Title Section 53 Access Plan - Sheet 2 of 5

Status	Scale	Date Created
Preliminary	1:2500 @A1	11.11.16
Project Leader	Drawn By	Checked by
GDD	DDP	CJ

Document Number	Revision	Suitability
NK018417-RPS-MSE-X-DR-C-0121	P03	S0
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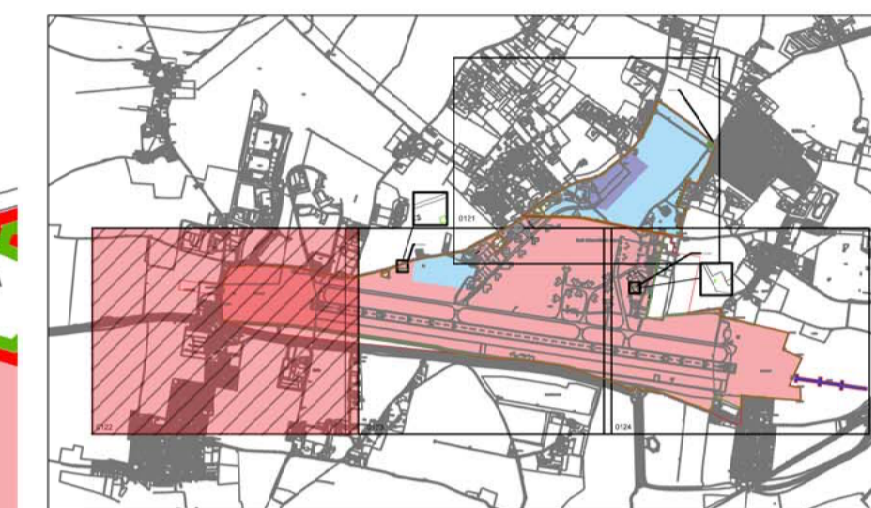
x 9 Sheets at 1:2500 scale needed to fit into an A1 Sheet Layout
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Key Plan
Scale @ 1:50000



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P02	Red line boundary adjusted. Key updated	JH	CJ	18.11.16
P01	First Issue.	DDP	CJ	11.11.16
Rev	Description	By	Ckd	Date



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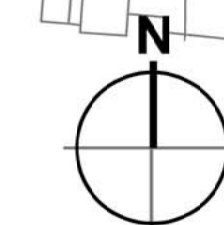
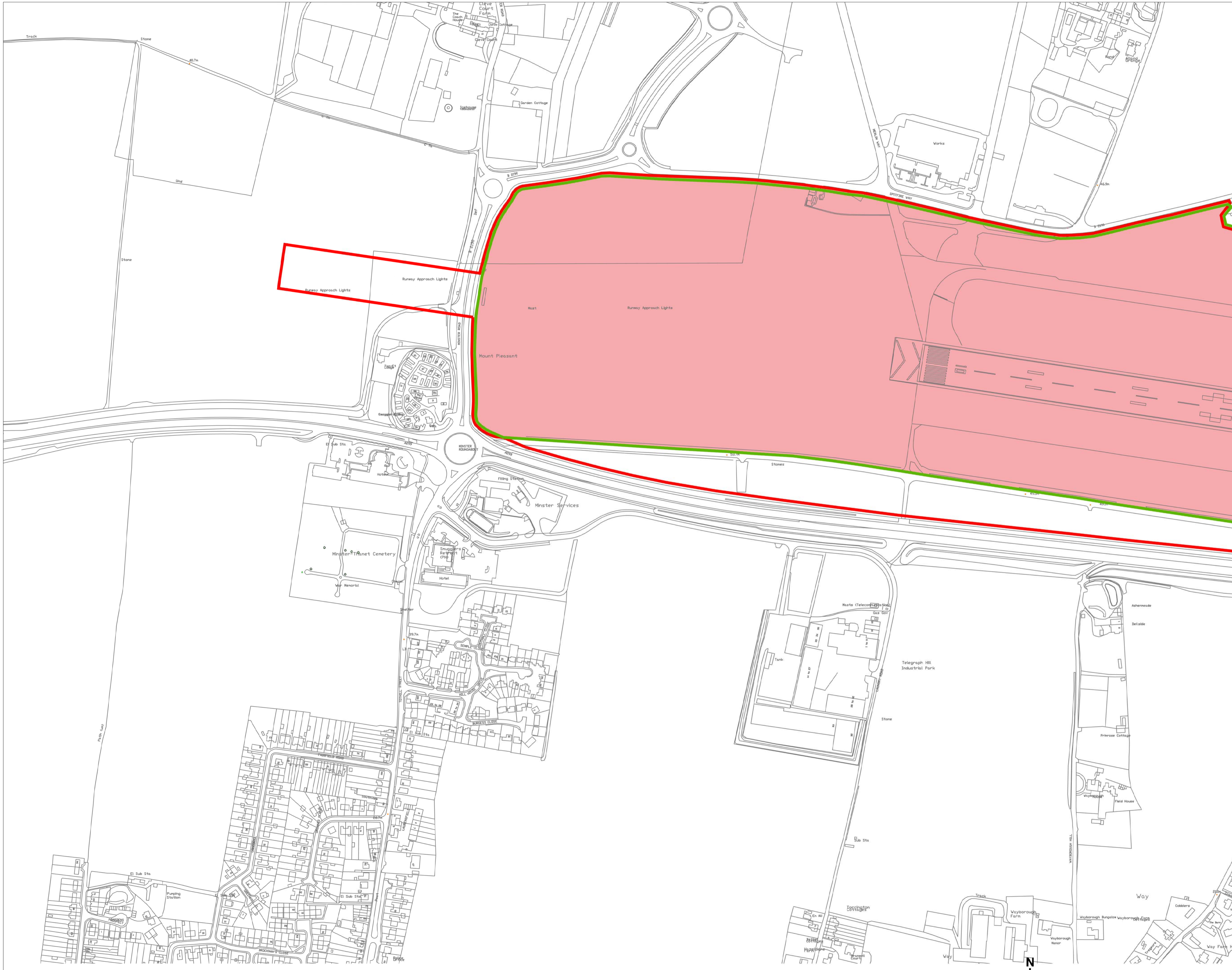
Client **RIVER OAK**
INVESTMENT CORP., LLC

Project Manston Airport Masterplan

Title Section 53 Access Plan -
Sheet 3 of 5

Status	Scale	Date Created
Preliminary	1:2500 @A1	11.11.16
Project Leader	Drawn By	Checked by
GDD	DDP	CJ

Document Number	Revision	Suitability
NK018417-RPS-MSE-X-DR-C-0122	P02	S0
Project Number	Signature / Date / Issue / Type / Risk / Drawing Number	



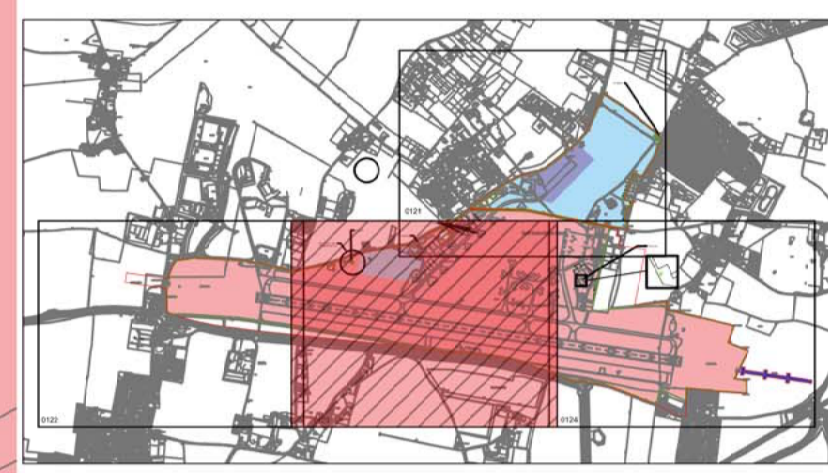


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Key Plan
Scale @ 1:50000



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- K891199 (Plot 4)
- Powermain, Polar, Taft Intl Plots and Avman

P03	Hatches amended.	JH	CJ	21.11.16
P02	Hatches and red line boundary adjusted. Key updated.	JH	CJ	18.11.16
P01	First Issue.	DDP	CJ	11.11.16
Rev	Description	By	Ckd	Date

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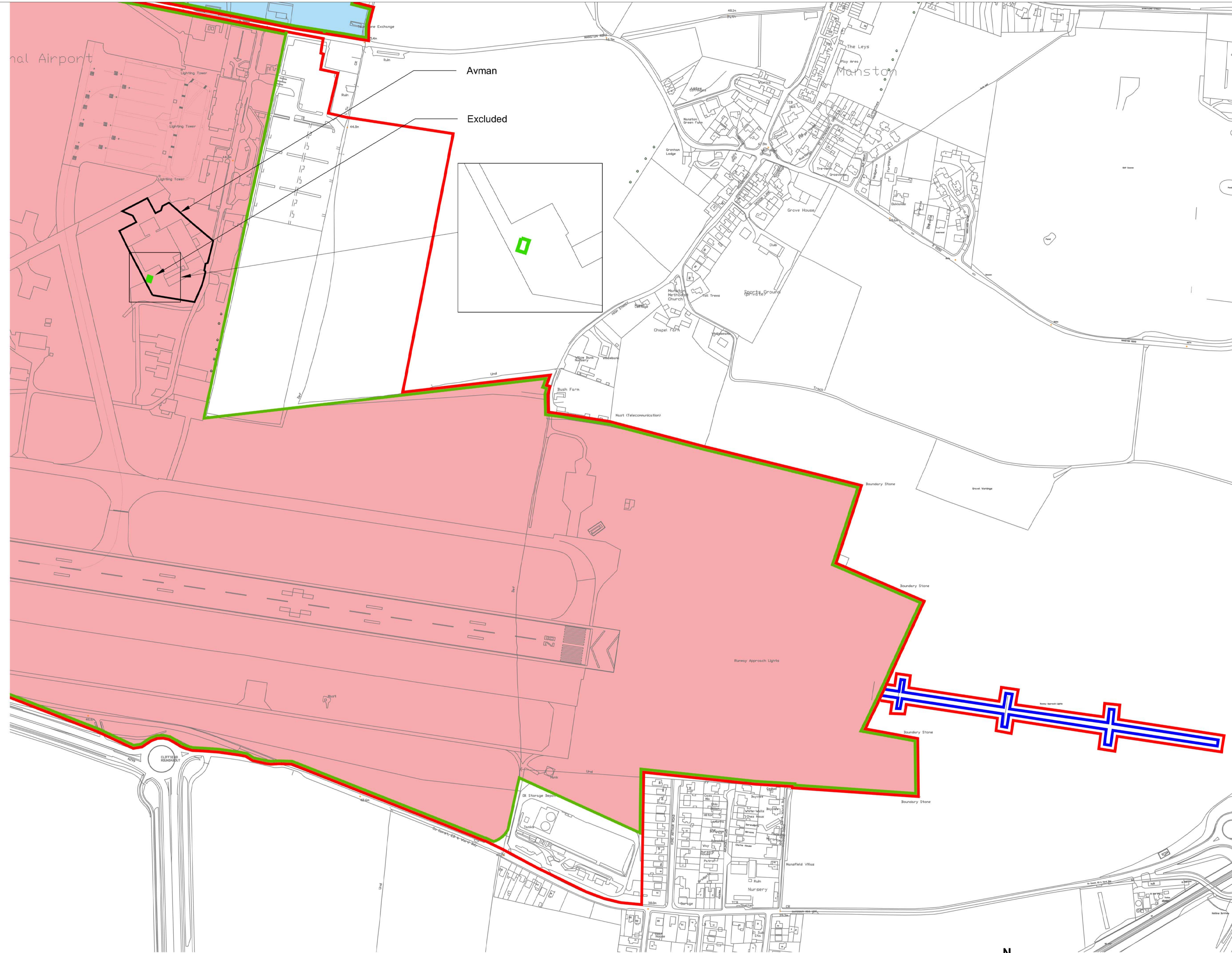
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Project Manston Airport Masterplan

Title Section 53 Access Plan - Sheet 4 of 5

Status	Scale	Date Created
Preliminary	1:2500 @A1	11.1.16
Project Leader	Drawn By	Checked by
GDD	DDP	CJ

Document Number	Revision	Suitability
NK018417-RPS-MSE-X-DR-C-0123	P03	S0
Project Number	Signature / Date / Issue / Type / Risk / Drawing Number	



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Key Plan
 Scale @ 1:50000



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- Powermain, Polar, Polar Heli, Taft Intl Plots and Avman

P03	Note to Avman changed.	JH	CJ	21.11.16
P02	Hatches and red line boundary adjusted. Key updated.	JH	CJ	18.11.16
P01	First Issue.	DDP	CJ	11.11.16
Rev	Description	By	Ckd	Date

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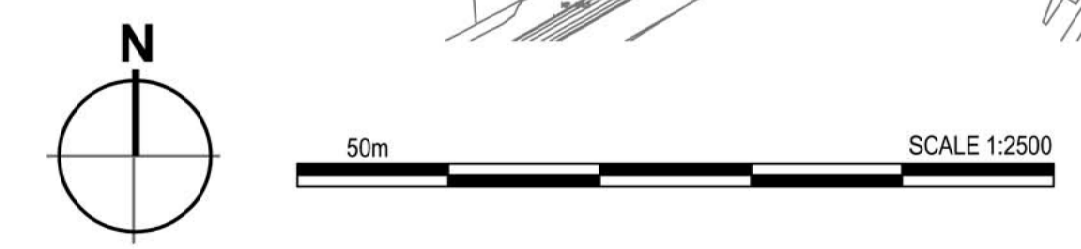
Client **RIVER OAK INVESTMENT CORP., LLC**

Project Manston Airport Masterplan

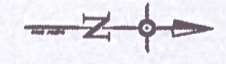
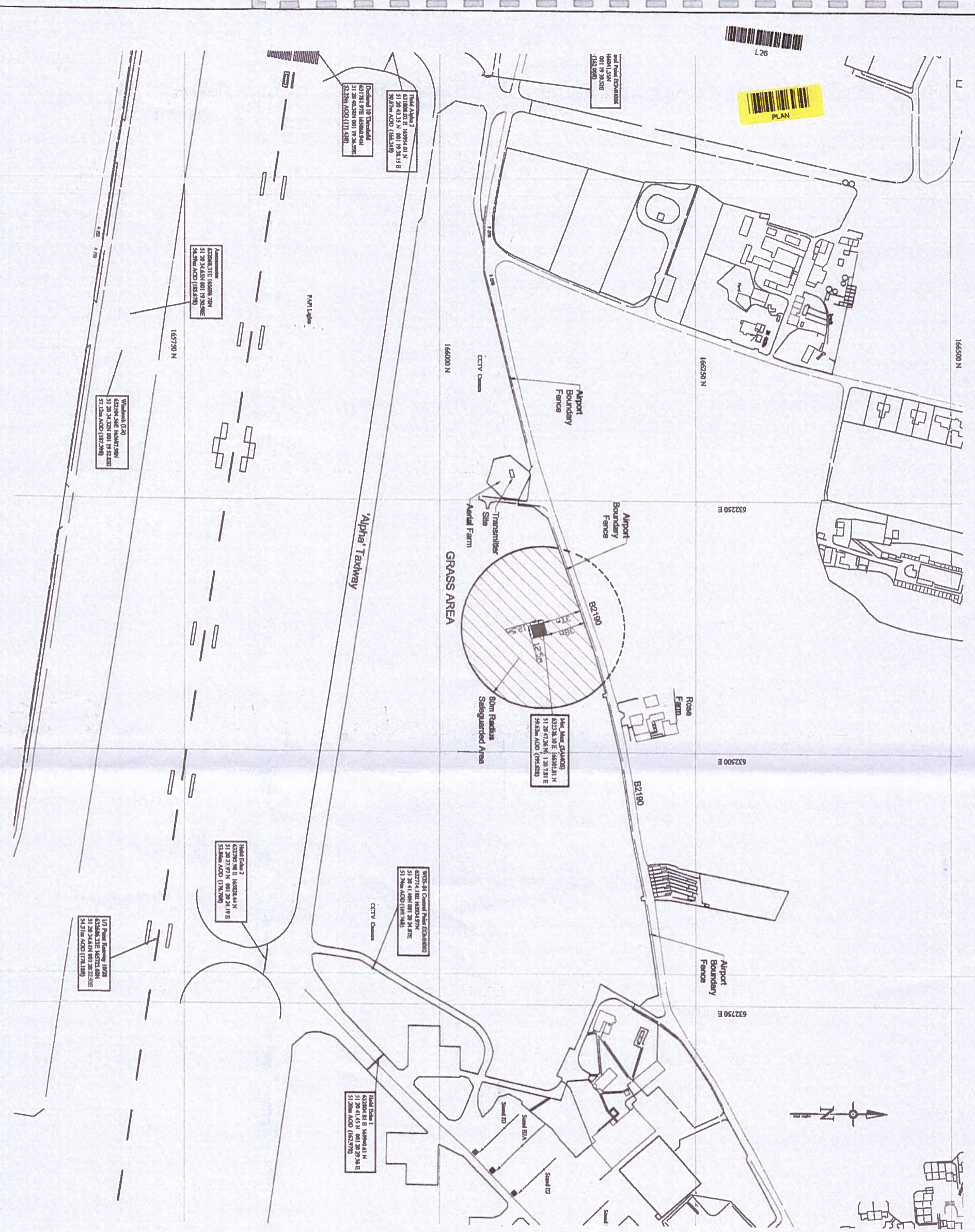
Title Section 53 Access Plan - Sheet 5 of 5

Status	Scale	Date Created
Preliminary	1:2500 @A1	11.11.16
Project Leader	Drawn By	Checked by
GDD	DDP	CJ

Document Number	Revision	Suitability
NK018417-RPS-MSE-X-DR-C-0124	P03	S0
Project Number	Signature / Date / Issue / Type / Risk / Drawing Number	



Enclosure 2: Ministry of Defence Safeguarding Zone



Handwritten:
 J. Mansston
 COO - 1A V E L 111111

Manston Airport	
Samos Site Location	
Showing Safeguarded Area	
DATE	SCALE
29.09.10	1:2500 when printed at A2
PROJECT CODE	DW
PROJECT ID	A
J. Mansston/Projects/B/1048	

From: [Hunt, Richard](#)
To: [NIAOSupport](#)
Cc: [Newman, Stephanie](#)
Subject: FW: Manston s53 application: further information [HS-London_11.FID1151940]
Date: 24 November 2016 09:12:59

-----Original Message-----

From: [REDACTED]
Sent: 22 November 2016 18:00
To: Hunt, Richard
Cc: [REDACTED]

Subject: Manston s53 application: further information [HS-London_11.FID1151940]

Dear Richard

I proceeding to make your determination you may wish to take into account the latest correspondence in relation to the Avia Solutions report.

I attach a copy of:

1. A letter from Bircham Dyson Bell to Thanet District Council dated 28 October which criticises the Avia report; 2. Letter of response from the Council; and 3. Avia Solution's response to the criticisms made in BDB's letter.

This information, we believe, provides further support for our contention that the proposal does not constitute a "distinct project of real substance."

Yours sincerely

[REDACTED]
[REDACTED]
Herbert Smith Freehills LLP

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BREXIT: CHARTING A NEW COURSE - for in-depth, sector-by-sector analysis navigate to hsf.com/Brexit

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Ms Madeline Homer
Chief Executive
Thanet District Council
Cecil St
Margate
CT9 1XZ

Your Ref

Our Ref
ADW/165443.0001

Date
28 October 2016

By Post and Email: Madeline.Homer@thanet.gov.uk

Dear Ms Homer

AviaSolutions report and Local Plan process

As you will know from our previous correspondence, we act for RiverOak Investment Corporation who intend to seek development consent for a primarily cargo airport at Manston.

I am writing because I am concerned that the Council may be about to take significant decisions about the future of the airport site in a clandestine manner and on the basis of a report that is not robust, has not been tested or consulted upon, and indeed is wholly inaccurate, inadequate and misleading.

The report in question was written by AviaSolutions and published by the Council on 4 October. On that same morning, prior to the report itself being published, a press statement was made by the Leader of the Council, Chris Wells, in which he stated "it is with regret that I must accept the solid evidence-based report that tells me what I do not want to hear but must listen to. Manston has a glorious history but a different future".

Next, I understand that there was a private briefing of members about the report on 17 October at which AviaSolutions presented the report to the members. Neither minutes nor agenda were published by the Council of that meeting, and no mention is made of it on the Council website. Additionally we understand that on 31 October there is to be a meeting of the Local Plan Working Group where the proposed wording of the draft Local Plan may be altered in light of the report. Again there is no mention of this meeting on the Council website, no published agenda or report, and presumably the public are excluded if they should find out about it.

This evidence of pre-determination by the Council and its individual members and lack of regard for proper due process, scrutiny and public consultation, is of great concern.

Given that the members of the majority party in the district were elected on a manifesto of reopening the airport, it is a matter of considerable significance that the leader appears to be unilaterally attempting to reverse that policy without any opportunity for proper consideration of the report or for stakeholders to comment upon it.

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If the AviaSolutions report is to form the basis, or indeed is to be the sole trigger, for a fundamental change in the policy of the Council, then at the very least the Council should invite comments to be made on it before deciding how much weight to give the report in light of the consultation undertaken. Equally, any preferred alternative use to which the site might be put should also be subject to an equivalent examination of its viability before it is referred to in the Local Plan.

In the short space of time that RiverOak has had to consider the report it already has serious concerns over it. RiverOak will, and reserves its right to, set out a detailed examination of the report in due course, once it has had the appropriate time to consider the report in detail. Clearly a proper, full, fair and transparent opportunity for all interested parties to make comments upon this report should be provided in the near future.

RiverOak will provide detailed rebuttal evidence when this exercise is undertaken. If the report is exposed as fundamentally flawed at this stage (as we are sure it will be) then this will avoid the Council wasting time and resources by relying on a report that is not sound in progressing its Local Plan.

Our initial assessment is that the report is flawed in certain key respects:

- It relies upon interviews with anonymous contributors which prevents an open and fair assessment of their contributions
- It is authored by an organisation which is heavily involved in advising on Heathrow Airport and gives rise to a serious concern over a conflict of interest
- It deliberately ignores all the information provided to it by RiverOak
- It does not divulge the data or modelling on which it heavily relies, instead it asserts its conclusions without setting out its evidence, rendering it impossible for a reader to assess its conclusions
- On cargo demand it is in direct conflict with the conclusions of (and does not even acknowledge) at least six respected studies showing considerable unmet demand/future forecasts for dedicated air freight, although it does seek to dismiss the findings of York Aviation (page 27)
- It assumes that all demand for air freight will be met by existing flights having greater loads until 2050 and that there is therefore no demand for air cargo to or from new destinations for 34 years, which is incorrect (page 31)
- It assumes that Manston would reopen in the same configuration as before given the underestimate of the considerable investment RiverOak will make, when in fact its capacity will be expanded considerably (pages 30 and 37)
- Insofar as its passenger analysis is comprehensible it assumes that very little of 5m rising to 44m unallocated demand for passenger services in the south east would use Manston if it reopened (page 24)



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- It assumes a turnover of 2.2m passengers would be unviable, but at least ten airports within the UK currently operate viably with fewer than 2m passengers and no significant freight component, and passenger flights are only a minor component of RiverOak's plans

Most significantly, to use this report to conclude that aviation is not viable when it specifically excludes consideration of RiverOak's proposals, RiverOak having the only active interest in reopening the airport (page 14 footnote), would be irrational.

No reliance can be placed on this report until there has been proper scrutiny of the issues in an open and democratic manner. In light of the above no amendments should be made to the draft Local Plan until the viability of aviation at Manston, including appropriate scrutiny of this report as well as alternative uses, is fully tested through an open and fair consultation exercise which should take place in the near future.

Yours sincerely

[Redacted signature block]

Partner
For and on behalf of Bircham Dyson Bell LLP

[Redacted name]

cc TDC councillors

Our ref: 94244/3691106
Your ref: ADW/165443.0001
Date: 2nd November 2016
Ask For: Madeline Homer
Direct Dial: 01843 577002
Email: madeline.homer@thanet.gov.uk



[REDACTED]
Bircham Dyson Bell LLP
50 Broadway
London
SW1H 0BL

Dear [REDACTED]

AviaSolutions report and local Plan process

Thank you for your letter of the 28th October 2016 regarding the above.

Firstly, I appreciate your acknowledging the fact that the council took the step of publishing evidence in the form of the AviaSolutions report prior to its formal consideration by the cabinet, you may not be aware that the council published the terms of reference for that report in a similar open and transparent manner.

RiverOak chose to provide only limited information to AviaSolutions when they were contacted by them during the preparation of their report. This is described at paragraph 3.5 in the report where it says:

'RiverOak provided a high level review of why it wished to acquire the airport and its vision of the airport's future development. The strategy is to develop a freight hub with supporting passenger services... However RiverOak was unwilling to disclose any material detail of its Business Plan for reasons of commercial confidentiality. Therefore, the discussion over future viability was at a more generic high-level basis, with RiverOak not disclosing any traffic projections, revenue projections, cost base or specific airlines (passenger or freight) with whom it had discussed plans (with the exception of Ryanair). It did not name any parties that had given firm commitments to use a re-opened Manston2.'

Whilst recognising the need for commercial confidentiality, given RiverOak's unwillingness to provide detailed evidence, it is rather unfair of you to criticise the council for not taking such evidence into account!

You will appreciate that the AviaSolutions report was commissioned as part of the Local Plan process in order to ensure that the Local Plan is both robust and evidence based. Not unusually in local government, the councillors have received informal briefings on the progress of the Local Plan (including the AviaSolutions report). The briefing on the 17th October 2016 was not a decision making meeting and consequently there were no published agenda or minutes. I can also confirm that the Local Plan Working Group is not a decision making body either, so your concerns over the Group deciding to make any changes to the draft Local Plan are ill-founded.

/cont.

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There are planned meetings where a proper consideration of the Local Plan will take place, informed by a report from council officers. The meetings are on the following dates and your clients are free to attend as members of the public:

- Overview and Scrutiny Panel on the 21st November 2016
- Cabinet on the 8th December 2016

There will then be a formal consultation process on the Local Plan, starting in mid-January (date to be confirmed) and RiverOak and all interested persons will have the opportunity to make comments and representations. I do hope that RiverOak will this time take advantage of this opportunity to provide evidence both to the Council and the Local plan Inspector.

Finally, you say that your initial assessment of the AviaSolutions report is provided without any 'detailed rebuttal evidence'. I am sure you will agree that it would be premature to respond to your individual points of concern without any such evidence to support those points.

Yours sincerely



Madeline Homer
Chief Executive



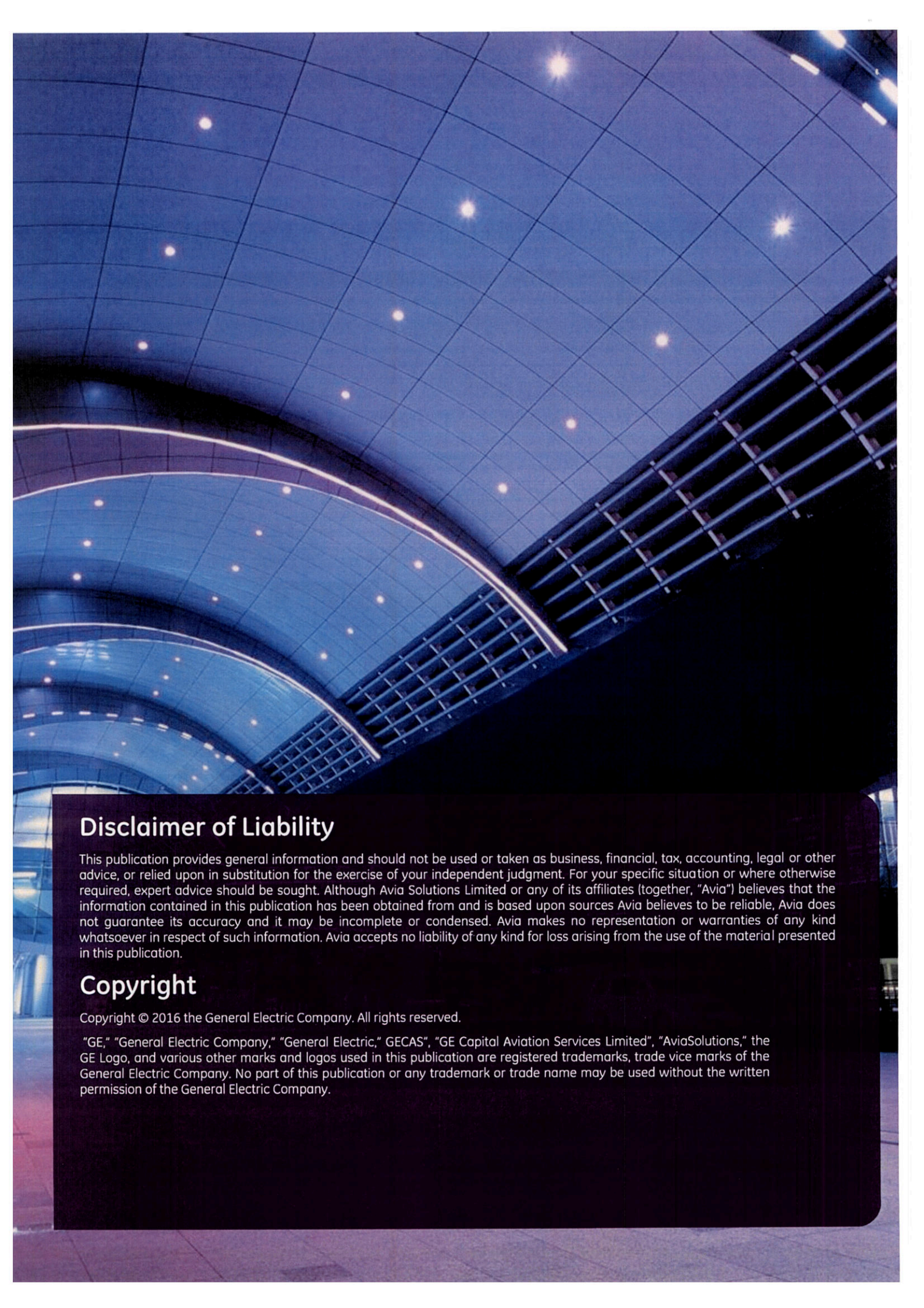
RiverOak Response 28th October 2016

AviaSolutions for Thanet District Council

November 2016



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1. Introduction

1.1. Context

Thanet District Council ("TDC") has asked AviaSolutions to prepare a short response to a letter (hereafter "the letter") received by the Council Chief Executive, Madeline Homer, on 28th October 2016 regarding AviaSolutions' report into the viability of Manston Airport and the Local Plan process. The letter was issued by Bircham Dyson Bell LLP on behalf of its client, RiverOak.

This letter purports to provide explanation as to why, in RiverOak's opinion, it considers AviaSolutions' report to be "...wholly inaccurate, inadequate and misleading". The letter puts forward nine key points as to why RiverOak has reached the above conclusion. This response document addresses these key points.

AviaSolutions has only sought to address the points raised in the letter that are concerned directly with its report. This letter does not seek to address any of the wider subjects raised by RiverOak (e.g. the Local Plan and the way in which the Council wish to utilise the findings of AviaSolutions' report).

2. Response to RiverOak's Key Points

2.1. It relies upon interviews with anonymous contributors which prevents an open and fair assessment of their contributions.

The report contained details of 13 stakeholder interviews and responses. Over half (7) of the interviewees are identifiable by the company and individual representing the company.

Where comments are not attributable to an individual, this is because their inclusion in AviaSolutions' report was conditional upon an anonymous basis. However, the report does identify the individual's role and therefore suitability for inclusion as a qualified stakeholder.

2.2. It is authored by an organisation which is heavily involved in advising on Heathrow Airport and gives rise to a serious concern over a conflict of interest.

AviaSolutions is not currently engaged by Heathrow Airport in any capacity. AviaSolutions' most recent engagement by Heathrow Airport Ltd was in 2011.

2.3. It deliberately ignores all the information provided to it by RiverOak

RiverOak provided links to seven reports, all of which were reviewed by AviaSolutions in the course of compiling its report. Several of these reports had already been considered and one of these reports (Oxford Economics / Ramboll for TfL) forms the basis of the UK freight demand forecast within AviaSolutions' report.

2.4. It does not divulge the data or modelling on which it heavily relies, instead it asserts its conclusions without setting out its evidence, rendering it impossible for a reader to assess its conclusions

AviaSolutions has set out in chapters 4, 5 and 6 details of its methodology. In chapters 7 and 11 the specific analysis with regards to Manston Airport is set out. Full details of the working model and underlying modelling assumptions have been provided to Thanet District Council.

2.5. On cargo demand it is in direct conflict with the conclusions of (and does not even acknowledge) at least six respected studies showing considerable unmet demand/future forecasts for dedicated air freight, although it does seek to dismiss the findings of York Aviation (page 27)

Whilst the six reports are not specifically identified, we assume RiverOak is referring to the following. Many aspects of our report align with the conclusions of these reports, even though they may not be directly referenced.

1. Civil Aviation Authority (2013), *Appendix E: Evidence and analysis on competitive constraints*. Available from <http://www.caa.co.uk/WorkArea/DownloadAsset.aspx?id=4294972473>

This report is not a freight traffic forecast.

The report considers the effect of competitive constraints in the UK airport market and whether airlines can easily switch from Heathrow to other airports. In terms of freight, the report highlights:

- "BA cannot switch its hub and spoken operation to another airport BA has invested some £800 million in its new world cargo terminal".
- "Nearly all [freight] (more than 99 per cent) of this is carried in bellyhold of passenger aircraft".
- The report concludes "The potential loss of cargo revenue may also be an incremental switching cost for certain airlines, as the feed of cargo at Heathrow is the largest in the UK, due to the concentration of the air cargo community around Heathrow. In addition, airlines are likely to have sunk costs from marketing and other related costs from promoting its services".

2. Civil Aviation Authority (2016), *Strategic themes for the review of Heathrow Airport Limited's charges ("H7") Technical Appendices*. Available from <https://publicapps.caa.co.uk/docs/33/CAP%201383A%20final%20March%202016.pdf>

This report is not a freight traffic forecast.

The report considers the main themes for reviewing Heathrow Airport's published charges. In terms of freight, the report highlights the following:

- "Given the nature of the operation at Heathrow where 95 per cent of cargo is carried by passenger aircraft, we consider that the interests of cargo owners will generally be closely aligned to those of passengers" (pg. 34).
- The report also sets out a summary of the trends in cargo traffic since 2000 in the UK (pg.75) which highlights that there has been virtually no growth since 2000 and that Heathrow is by far the most dominant airport.

3. Department for Transport (2009), *The Air Freight End-to-End Journey: An analysis of the end-to-end journey of air freight through UK international gateways*. Available from <http://webarchive.nationalarchives.gov.uk/+/http://www.dft.gov.uk/about/strategy/transportstrategy/tasts/userexperience/endtoendjourney.pdf>

This report is not a freight traffic forecast.

The report considers the end-to-end journey of freight, focusing on East Midlands and Heathrow airports. Some highlights include:

- Details as to why rail access is not used for airfreight anywhere in the UK, which explains why Thanet Parkway is not a relevant consideration for airfreight purposes (pg. 41).
- Evidence of how much international trucking takes place at Heathrow to and from continental Europe (pg. 50). This indicates the extent of the pull of large airports such as Heathrow, Paris (CDG), Amsterdam (AMS) and Frankfurt (FRA), and illustrates that road feeder services are an integral part of a freight network and not necessarily due to airport capacity being constrained.

4. Gardiner, J. (2006), *An International Study of the Airport Choice Factors for Non-Integrated Cargo Airlines*. Doctoral Thesis, Loughborough University

This report is not a freight traffic forecast.

This PhD thesis considers the reasons why cargo airlines select airports for operations. The report concludes with the most important factors which are set out below:

- Origin and Destination (O&D) Demand; actual evidence from the previous twenty years indicates minimal O&D demand from Manston Airport.
- Freight Forwarder Presence; Heathrow and Stansted have both developed large freight forwarding communities. Manston Airport would be in direct competition with these established cargo centres that are centrally located and offer users significant scale economies.
- Passenger Airline Ops for Transshipments; Manston is highly unlikely to have long-haul operations which are required to support an extensive transshipment product (for example at Heathrow or the other major European hub airports).
- Presence of Partner Airlines; Cargo airlines often partner other cargo airlines to obtain greater network coverage through hub transshipments. This requires the freight hub to have many carriers operating, such as at Stansted or Luxembourg.
- Flying Time/Cost; Manston Airport would offer some marginal gains in flight time over other London Airports for inbound flights from Africa and Asia.
- Access to Market; Manston Airport's location in the South-East corner of the UK make it very unattractive for the UK market compared with established alternatives.

The principles set out in this report are in line with those of AviaSolutions and underpin our approach to this project. Therefore, whilst the study has not been directly referenced, we believe that contrary to being "in direct conflict with the conclusions of the report", there are a number of areas where AviaSolutions' report puts forward similar themes and draws similar conclusions.

5. Implication for the Air Freight Sector of Different Airport Capacity Options by York Aviation <https://tfl.gov.uk/cdn/static/cms/documents/air-freight-implications-from-new-capacity.pdf>

This report studies the effect of capacity options on the air freight market in London and includes a freight forecast.

The report demonstrates the importance of a large hub airport and does not advocate alternative or regional airports to support freight growth. Some highlights of the report are detailed below:

- "Overall, it seems to [sic] reasonable to suggest that the air freight market in London is already being constrained by the capacity issues at Heathrow. It also seems clear that to a significant degree other airports cannot step in to provide relief as they do not have the long-haul networks to support bellyhold capacity." (pg. 11)
- It concludes with a snapshot forecast of demand in 2050, which suggests that in a 3rd Heathrow Runway scenario there will be insufficient capacity for freight (as does AviaSolutions report). Back-solving the demand (based on CAGR) suggests that capacity at London airports will not be exceeded until 2037 according to the York Aviation report. AviaSolutions' report suggests this will be in 2047.

Therefore, contrary to dismissing York Aviation's report, AviaSolutions own findings broadly concur with those of York Aviation.

6. Impacts on the Air Freight Industry, Customers and Associated Business Sectors by Oxford Economics / Ramboll <https://tfl.gov.uk/cdn/static/cms/documents/impacts-of-a-new-hub-airport-on-air-freight-industry.pdf>

This report is the basis of AviaSolutions' freight traffic forecast, therefore it is difficult to see in what way AviaSolutions' forecast is either in direct conflict with, or fails to acknowledge the report.

2.6. It assumes that all demand for air freight will be met by existing flights having greater loads until 2050 and that there is therefore no demand for air cargo to or from new destinations for 34 years, which is incorrect (page 31)

This statement is factually incorrect.

AviaSolutions' report assumes 240,000 additional ATMs at Heathrow, many of which may serve new destinations. We also assume an increase of 7,000 freighter ATMs at Stansted.

We do assume that in an increasing demand scenario, the average freight load per aircraft will marginally increase on passenger flights¹, though well within existing capacity. We also assume that the average load per flight on freighters will increase as transshipments are displaced with higher yielding UK-based freight.

¹ This is a method common throughout AviaSolutions and York Aviation's reports.

2.7. It assumes that Manston would reopen in the same configuration as before given the underestimate of the considerable investment RiverOak will make, when in fact its capacity will be expanded considerably (pages 30 and 37)

In our experience, even when an airport has ambitious development plans, these are introduced in a phased manner in line with expected demand, rather than investing in facilities that have a capacity for volumes forecast in 20 or 30 years' time. AviaSolutions capital investment assumptions are aligned with the demand forecast.

RiverOak appear to have focused on the supply side (which is currently well ahead of current demand in the London system), rather than the demand fundamentals.

2.8. Insofar as its passenger analysis is comprehensible it assumes that very little of 5m rising to 44m unallocated demand for passenger services in the south east would use Manston if it reopened (page 24)

This is correct.

The analysis is based upon the origin of passengers currently using Heathrow Airport, and in turn where they may choose to fly from if the London airports are full.

Of these passengers, 4% are from Kent. We assume that 90% of these passengers would choose Manston. The Greater London area accounts for 49% of Heathrow passengers and we assume 10% of the unaccommodated demand from Greater London chooses Manston Airport. The proportion of the Greater London Area selecting Manston Airport is far lower as they have many more alternative options all within reasonable reach (Southampton, Birmingham and East Midlands). The remaining 47% of UK unaccommodated demand for Heathrow (UK total demand less 4% from Kent and 49% from Greater London) is assumed to use airports within their regions which would be more convenient.

2.9. It assumes a turnover of 2.2m passengers would be unviable, but at least ten airports within the UK currently operate viably with fewer than 2m passengers and no significant freight component, and passenger flights are only a minor component of RiverOak's plans

It is not clear where '2.2m passengers' is quoted from.

Many regional airports in the UK struggle to achieve profitability as they are unable to generate sufficient passenger volume and revenues required to cover the costs of operation and necessary investment in facilities. These airports include a number that have closed or ceased to operate commercial passenger services in recent years (Manston Airport, Plymouth Airport, Coventry Airport, Blackpool Airport). Other UK airports have required public investment to remain open (Prestwick Airport and Cardiff Airport).

AviaSolutions' report indicates that passengers would grow quickly at Manston Airport until a new runway (at either Heathrow or Gatwick) is opened. At that point, we believe that passenger volumes would then fall away very quickly before slowly recovering.

Given the scale of upfront investment required to acquire the airport and rehabilitate the operational facilities (terminal, runway, control tower, fire station etc.), retained earnings are not expected to be positive until 2035.

The table below sets out passenger volumes and profit (EBIT) for UK airports sourced from CRI and published accounts. It suggests that airports with low passenger volumes typically find it difficult to generate positive earnings on a sustainable basis.

Source: CRI and Published Accounts*	Profit (£'000)**	Passengers ('000)
Heathrow	987,000	72,332
Gatwick	174,700	35,868
Manchester	84,889	21,152
Stansted	70,250	17,995
Edinburgh	44,859	9,786
Birmingham International	30,626	9,251
Bristol	29,439	6,075
London City	28,670	3,381
London Luton	28,296	9,711
Glasgow	18,107	7,359
Newcastle	17,617	4,415
Aberdeen	15,282	3,488
East Midlands	7,647	4,343
Southampton	3,563	1,723
Belfast International	2,461	4,018
Humberside	569	292
Bournemouth	157	668
Highlands & Islands	-442	1,367
Liverpool	-800	4,013
Exeter	-1,438	860
Durham Tees Valley	-2,639	154
Cardiff International	-2,851	1,222
Leeds Bradford	-3,226	3,329
Southend	-3,763	1,002
Doncaster Sheffield	-4,968	696
Prestwick	-8,900	827

*2014/15 (CRI), or most recently available (Companies House)

**EBIT