

Chapter 12 – An Roinn Ealaíon, Oidhreachta, Gaeltachta agus Oileán

12.1 State Subsidised Transport Services to the Aran Islands

Introduction

The State currently subsidises ferry services to the Aran Islands (the Islands) from Galway City and Ros a Mhil and an air service from Galway/Aerphort na Minna. Connecting bus services from Ros a Mhil and from Galway/Aerphort na Minna to Galway City form part of the Aran Islands subsidised services. In addition there has been a limited State investment in a private company providing a ferry service from Doolin, Co. Clare since the early 1990s.

Legislative Background

The Aran Islands Transport Act 1946 makes provision for promoting the maintenance of an efficient shipping service between the City of Galway and the Aran Islands and authorises the payment of subsidies to persons providing such a service.

The Minister for Arts, Heritage, Gaeltacht and the Islands (Powers and Functions) Act, 1998 provides that, without prejudice to the Aran Islands Transport Act 1946, the Minister may, at his or her discretion and subject to such terms and conditions as the Minister may, with the consent of the Minister for Finance, determine, finance the building, acquisition, overhaul or repair of vessels suitable for the operation of ferry services to inhabited offshore islands in the State, and pay subsidies for the operation of such ferry services.

Responsibility for the ferry service contract for the period 1 September 1992 to 31 August 1997, between the City of Galway and the Islands, lay with the Department of Transport, Energy and Communications [DoTEC]¹⁶ until transferred to the Department of the Taoiseach in March 1996. These functions were vested in the Minister for Arts, Heritage, Gaeltacht and the Islands with effect from late July 1997.

There is no specific legislation in place regarding the subsidisation of the air service to the Aran Islands.

Ferry Services to the Islands

City of Galway

A subsidised passenger and goods service plies between the City of Galway and the Islands¹⁷ under a contract awarded by the Department of Arts, Heritage, Gaeltacht and the Islands (DoAHGI). The subsidy payable under the contract is €4,221,879 for the seven year period 1 January 1998 to 31 December 2004. The contract provides for three sailings per week every month, with an additional sailing each week during June, July and August. The provision of at least one direct sailing a week to each of the three islands all year round is also required.

Ros a Mhil

Daily passenger services between Ros a Mhil and the Islands are currently provided under an agreement between the DoAHGI and a second operator covering the three year period 1 September 1999 to 31 August

¹⁶ Formerly Department of Tourism and Transport.

¹⁷ Being the Islands of Inis Mór, Inis Meáin and Inis Oírr.

2002. The value of the agreement is €684,459. The agreement covers the provision of two return trips per day, seven days a week in the case of Inis Mór and Inis Meáin/Inis Oirr.

Doolin

Shannon Free Airport Development Co. Ltd. (SFADCo) approved an equity investment of €92,691 by way of preference shares in 1990 to assist the expansion of the Doolin/Aran Ferry Service operated by a third operator. €60,947 of this investment has been drawn down.

Air Service to the Islands

Aerphort na Minna

Air services to the Islands have been provided since 1970. This service had been supported by funding from Údarás na Gaeltachta (Údarás) over a number of years. In 1999, direct responsibility for the service passed to DoAHGI. The current contract for the provision of the air service covers the three year period 1 February 2002 to 31 January 2005 at a subsidy cost of €2,234,855.

At least six return trips per day are to be provided Monday to Friday, and at least three return trips on Saturdays and Sundays throughout the year.

Table 50 outlines the payments made in respect of the ferry services and the air service to the Islands by the DoAHGI and Údarás during the period 1997 to 2001.

Table 50 - Subsidy Payments¹⁸

Year	City of Galway €	Ros a Mhil €	Aerphort na Minna €
1997	698,355	82,533	190,461
1998	603,126	177,763	196,809
1999	603,126	228,153	209,507
2000	793,586	228,153	232,362
2001	603,126	228,153	279,765
Total	€3,301,319	€944,755	€1,108,904

Objectives and Scope of Audit

The principal objectives of the examination were to review the contracts in place with the providers of state-subsidised transport services to the Islands to

- determine if correct tendering procedures had been followed in the awarding of contracts in the period 1997 to 2001
- verify that the services contracted for are actually being provided
- establish that adequate financial management and control procedures are being exercised by the funding organisations.

The scope of the audit included a review of files held by DoAHGI, Údarás, and SFADCo. Meetings were held with officials from Údarás, SFADCo, the Marine Survey Office, in addition to discussions with personnel in the Department of Marine and Natural Resources and the Department of Public Enterprise (DoPE). Questionnaires were issued to the DoAHGI and to Údarás to clarify and substantiate information contained in the files reviewed for completeness purposes.

¹⁸ Source: DoAHGI payment records and summary information received from Údarás na Gaeltachta.

Audit Findings

Contracting Arrangements

City of Galway to the Islands

Initial Contract

The contract for the shipping service between the City of Galway and the Islands covering the period 1 January 1998 to 31 December 2004 is an extension of an earlier contract awarded in 1992.

In April 1990, the Department of Tourism and Transport invited tenders for the provision of a new year round ferry service to the Islands.

Following detailed evaluation of ten tenders submitted consultants engaged by that Department advised that one of the offers involving the building of a purpose built vessel for inter island use was “head and shoulders” above the other proposals.

The Government approved a contract, for the provision of an improved ferry service to the Islands at an annual cost to the Exchequer of €603,126. This contract was to cover the period December 1992 to August 1997.

As an acknowledgment of the considerable investment in the new service required from the operator, the Department agreed to the insertion of a clause in the contract allowing for an extension of the contract for the main shipping service for a further five years after 31 August 1997, provided agreement could be reached between the parties to this contract. It is not evident from Departmental papers whether further Government or Department of Finance approval was received to the inclusion of this clause into the contract.

Request for additional funding

In early 1994, following a request from the operator for additional financial resources to meet shortfalls in the operation of the service, the DoTEC agreed to make a once-off payment of €126,974 and to increase the annual subsidy payment by €95,230 to €698,356 from 1994 for the remainder of the contract period. This decision took account of the fact that, in the drafting of the contract, a request by the operator to have an inflation clause inserted was rejected.

Current contract

On expiry of the original contract term and on advice from the Chief State Solicitor’s Office (CSSO), the DoAHGI - now responsible for these services - entered into negotiations with the operator to extend the contract in compliance with the original contract terms.

Advice from the Attorney General’s Office confirmed that the arrangement did not contravene Services Directive 92/50/EC of the EU relating to tendering procedures. Nonetheless, the CSSO advised that the new contract should not provide for renewal as the Services Directive might apply to Water and Transport Services on the next occasion perhaps necessitating the award of any further contract by open tender.

An extension of the contract for seven years, from 1 January 1998 to 31 December 2004, was agreed at an annual subsidy of €603,126. The approval of the Government Contracts Committee (GCC) and the Department of Finance were obtained for the renewal of the contract in December 1997.

Request for additional funding under the extended contract

In early 2000, the operator applied to the DoAHGI for an increase in its subsidy due to severe financial difficulties being experienced by it. In April 2000, the Department made an advance payment of €201,041 (four months subsidy) to the operator on condition it would come back to the Department within four weeks with a restructuring plan so that its business would not continue to incur losses. Subsequent to this payment, it transpired that the advance payment contravened a 1994 agreement between the DoTEC and the Bank of Scotland whereby subsidy payments to the operator were to be paid directly to the bank. The bank demanded payment of the subsidy for the months of May and June. The Department paid an amount of €85,855 to the bank. Efforts to recoup the money from the operator were rebuffed.

Following further correspondence and communication with the operator, the DoAHGI proposed a once-off payment of €190,461 to the operator to meet capital outlay incurred by it for the provision of special facilities. The Department of Finance agreed to the payment on condition that DoAHGI satisfy itself, following its critical analysis of the report of the accountants employed by it to examine the operator's books, as to the veracity and accuracy of the expenditure incurred in providing the special facilities.

The DoAHGI was advised by the operator's accountants that its parent company¹⁹ had the capacity to fund the company over the remaining years of the contract. This in their view would be adequate to secure the fulfilment of the contract. In contrast the accountants commissioned by the DoAHGI concluded, that based on calculations made by them, a cash injection of €473,612 over the remaining years of the contract would be required.

Following submission of an undertaking by the Company's Directors that they would fund from within their own resources any future losses incurred by the Company over the remainder of the contract, the DoAHGI agreed the cash injection of €190,461 to cover the additional capital expenditure incurred on the provision of the special facilities. The extra subsidy payment advanced to the Bank of Scotland was deducted and a payment of €104,606 was made to the operator in December 2000.

In November 2001, the operator again wrote to the Department regarding financial difficulty being experienced. No further funding has been granted. The Department informed the operator in March 2002 that if it felt it could not continue to provide the service the Department had no objection to operating strictly to the terms of the contract -the company had been sailing seven days a week during the summer months. It has also indicated that it is amenable to a mutual set-aside of the contract.

The Marine Survey Office of the Department of Communications, Marine and Natural Resources is responsible for the issuing of statutory safety certificates and licences for vessels in Ireland. It is a legal requirement that all passenger vessels that carry more than 12 passengers hold a valid Passenger Vessel Safety Certificate. Vessels that carry cargo must also hold a loadline certificate. All licensed vessels are subject to inspection by the Marine Survey Office.

Enquiries made in the Marine Survey Office indicate that the stand-by vessel nominated for the City of Galway service does not have a loadline certificate for the carriage of cargo. Accordingly it would appear that this vessel has not been operating in full compliance with the terms of the contract. It is understood that an application for a loadline certificate has recently been made by the operator in respect of this vessel.

Until recently the DoAHGI had not carried out a systematic review of the performance of the operator of

¹⁹ This company operates the service between Doolin and the Aran Islands.

this service since the contract was renewed. Although sailing logs are provided no comparison had been made with the terms of the contract. The Department has informed me that it has now instigated a system of regular comparisons between monthly sailing logs and the number of sailings provided for under the terms of the contract.

Under the contract, the Department is entitled to reduce the subsidy payable where the number of contracted sailings is not provided. In the period under review, there have been no instances of a reduction in subsidy payments despite the shortfall in sailings in ten months during 2001 as shown in Table 52. The Department is not in a position to give data on the operator's performance under contract for any year prior to 2001. A system has now been introduced by the Department whereby the Company's monthly subsidy payments are reduced if sailings contracted for are not provided.

The Department renegotiated a seven-year extension to the City of Galway contract despite being aware of the shortcomings of the service – through the monitoring committee - and without evaluating the operator's performance or use of the service. The Department was satisfied that the new contract was the best deal it could arrange in the prevailing circumstances and that it would yield annual savings of €95,230 over the outgoing contract. The additional two years negotiated would result in further savings to the Department.

In its ongoing negotiations with the operator on further additional funding, the Department's indication that it is amenable to set-aside the contract, raises fundamental questions as to why the contract had been extended in 1997. However, the Department is of the view that if additional funding were required to run the service, the appropriate mechanism to ascertain this would be to re-tender. Also in view of the improved level of passenger service from Ros a Mhil since 1999, the ongoing need for a passenger service from Galway City needed to be reviewed in order to ensure value for money to the Exchequer which might best be achieved in the new circumstances by re-tendering for a cargo service only from Galway.

While the Department had tied its additional payment of €190,461 to the provision of special equipment by the operator, these facilities had already been provided without the approval of the Department. This effectively lessened the Department's control over its subsidy payments.

There is a need for formal communication channels to be set up and agreed with the Department of Transport and the Department of Communications, Marine and Natural Resources regarding the compliance of vessels and buses with the requirements set by those authorities. The Department informs me that although regular contact takes place with both Departments a process has already been put in train to strengthen these contacts. The Department will also shortly begin carrying out regular spot-checks on the standard of customer service provided by subsidised ferry operators.

Ros a Mhil to the Islands

In December 1990, the Government approved the provision of a passenger service between Ros a Mhil and the Islands. The contract was awarded annually from 1991 to 1999. Since 1995 the same operator has provided the service.

The annual contract was extended by three months in 1997 to enable a review of subsidised transport services to the Aran Islands to be undertaken by the Department of the Taoiseach. (There is no evidence that the review was ever carried out). This extension was followed by a short-term contract from April 1997 to end August 1997 following a tender competition. This contract, costing €82,533 per annum, was subsequently extended up to the end of May 1998 after the DoAHGI took over responsibility for these services. The DoAHGI had hoped that savings would be achieved during its renegotiation of the City of Galway contract

which could be applied to improving the service from Ros a Mhil particularly to the two smaller islands Inis Oirr and Inis Meáin.

1998 Tender competition

Tenders were invited in February 1998 for the provision of an enhanced daily scheduled passenger ferry service from Ros a Mhil to Inis Mór, Inis Meáin and Inis Oirr with a connecting bus service to Galway City.

Only the current operator tendered for the service offering a number of options. Following negotiations on these offers, the DoAHGI accepted a proposal for the provision of a daily return service in the winter and a twice daily return service in the summer using two boats, to Inis Meáin and Inis Oirr and a twice daily service all year round to Inis Mór using a third boat at a total cost of €177,763 a year.

While the approval of the GCC was received on 9 June 1998 to issue a Letter of Intent to the operator awarding the contract, there is no record of approval from the Department of Finance. A signed contract does not exist in respect of the service provided following this negotiated agreement.

In September 1998, the CSSO advised that the DoAHGI would appear to be acting “ultra vires” the Minister for Arts, Heritage, Gaeltacht and the Islands [Powers and Functions] Act, 1998, by including in the contract the requirement to provide a bus service between Ros a Mhil and Galway. The Department is currently considering the most effective means of addressing this issue.

1999 Tender Competition

The Department of Finance approved a proposal to invite tenders for a three year contract for this service from 1 June 1999 to 31 May 2002. In giving its approval the Department asked that DoAHGI place an advertisement in the EU Official Journal (OJ) noting the placing of the contract – even though they considered it was not necessary to do so. Only one tender was received – from the existing operator. Following negotiation with the tenderer, the tender was re-submitted using the same date at a lower total cost. The Department of Finance approved the placing of the contract in August 1999 at a cost of €228,153 per annum subject to the Department’s compliance with the relevant national and EU public procurement requirements. GCC approval was obtained but the advertisement advising of the placing of contract was not entered in the EU Official Journal as requested by the Department of Finance. To date, a contract has not been signed in respect of the service being provided under this negotiated agreement.

The Ros a Mhil service has been funded since mid 1997 by the Department without a contract in place. The Department has failed to ensure the operator formally accepts its conditions of service. Although the letter of offer states the number of sailings to be undertaken, as no contract is in place, the Department is therefore not in a position to reduce the subsidy should there be a shortfall in the sailings agreed to. In fact, the Department does not monitor the frequency of the service actually provided before making payments.

Air Service to Aran Islands

Council Regulation (EEC) No 2408/92 empowers Member States to impose a public service obligation in respect of scheduled air services on ‘a thin route’ to any regional airport in its territory considered vital for the economic development of the region in which the airport is located. The regulation allows governments to pay to the operator the compensation necessary to ensure, on that route, the adequate provision of scheduled air services satisfying fixed standards of continuity, regularity, capacity and pricing standards air carriers would not assume if they were solely considering their commercial interest. The Government designated the Aerphort na Minna to the Islands service as a Public Service Obligation Route (PSOR) in November 2000.

Prior to its designation as a PSOR, an air service had been provided between Aerphort na Minna and the Islands by a private operator which made an annual funding submission to Údarás to subsidise fares applicable to Islanders. The subsidy agreement has been governed by the operator's acceptance of the terms and conditions proposed each year by the Board of Údarás. The agreements up to March 2000 provided for a twice daily return service to each of the Islands and imposed restrictions on the price of tickets.

The designation of the route as a PSOR arose following a request for a significant increase in the rate of subsidy needed – from an average of €196,809 for the years since 1996 to €336,481 for the year April 2000 to March 2001. The DoAHGI and Údarás were concerned that it was difficult to properly evaluate the subsidy needed in the absence of competition on the route. In the event, agreement was reached to increase the subsidy to an annual rate of €279,342 with an increase in the service frequency to three return trips per day. The arrangement was extended until end January 2002 when the first PSOR contract was to come into being.

PSOR Contract

In October 2001 tenders were invited for the provision of a PSOR service for a three year period. Notice of tender was inserted in the OJ of the European Communities. One tender was received from the existing operator. On advice from the DoPE, the DoAHGI employed an independent consultant to evaluate the tender submitted. The total value of the compensation sought was €2,971,188 (see Table 51).

Following negotiations with the tenderer – involving the use by the DoAHGI of a second consultant - an agreement was reached in March 2002 for compensation payments for the three years to 31 January 2005 of €2,234,855 (see Table 51). Department of Finance sanction received in April 2002, required that costs be monitored and that the air operator would have to justify the subsidy (compensation) sought on an ongoing basis. Oral approval from the GCC was received 24 April 2002. The contract was signed on 30 April 2002.

Table 51 - PSOR Compensation 2002 - 2005

	Year 1	Year 2	Year 3
Compensation sought	€952,304	€952,304	€1,066,580
Compensation agreed	€621,866	€745,016	€ 867,973

Although the contract does not include a requirement to provide a bus service to Galway City it was specified in the call for tender document and forms part of the compensation cost of the service being provided. Legal advice was not sought by the Department with regard to this as the Minister's power in regard to 'essential bus connecting services' is being followed up in relation to the Ros a Mhil and the Islands service.

The airline operator also received an ERDF grant of €201,730 in December 2000, through Bord Fáilte, towards the purchase of one new aircraft at Aerphort na Minna. A loan had been sought from Údarás but was not approved.

Use of Subsidised Transport Services

The population of the Islands, about 1,300, has remained virtually static between 1991 and 1996. Official statistics for the numbers now living on the Islands will not be available until analysis of the 2002 census is complete.

The DoAHGI was unable to provide either detailed or summary annual statistics regarding passenger use of the ferry services between Ros a Mhil and the Islands and Galway City and the Islands as sailing logs are not generally reviewed.

Service out of City of Galway

A recent analysis, carried out by the DoAHGI, of the number of sailings actually provided during 2001 on the City of Galway/Aran Islands route compared with the contract and of passenger usage of the service is summarised in Table 52 and Table 53 below.

Table 52 - Sailings undertaken compared with contract requirements for 2001

Month	Contracted	Actual	Deficit/Surplus	Percentage	
January		39	32	-7	82%
February		36	32	-4	89%
March		42	33	-9	79%
April		36	33	-3	92%
May		42	39	-3	93%
June		54	42	-12	78%
July		51	63	12	124%
August		54	69	15	128%
September		39	33	-6	85%
October		39	20	-19	51%
November		39	30	-9	77%
December		39	33	-6	85%
Total		510	459	-51	90%

Table 53 - Passenger Usage* ex City of Galway 2001

Month	Galway to the Islands		The Islands to Galway	
	Islanders	Other	Islanders	Other
January	15	6	9	3
February	7	13	4	12
March	4	5	4	3
April	4	8	2	4
May	12	62	5	58
June	29	525	16	282
July	127	1,784	104	1,694
August	116	3,278	122	3,107
September	33	149	16	152
October	4	2	0	2
November	0	0	0	0
December	0	6	0	8
Total	351	5,838	282	5,325

* one-way journeys.

Table 52 illustrates that, with the exception of the summer months, the company did not provide the number of sailings contracted for during the year 2001 while Table 53 shows that very little use is made of the passenger service outside of the summer months. Of the passengers carried on the service only 5-6% were Islanders.

The Department is unable to provide statistics on the amounts of cargo on the service throughout each year. In the absence of such statistics and given the very low level of passenger usage for ten months of the year it is impossible to evaluate the justification for the levels of service contracted for.

Service out of Ros a Mhil

Summary annual statistics, compiled by the ferry operator, have been provided by the DoAHGI in relation to the Ros a Mhil/Aran Islands service. Statistics are not available for 1997 and the statistics provided for 2001 cover the period up to October only. It was not possible to obtain a breakdown of usage of the service between Islanders and others. The Department has not carried out any independent analysis of the usage of the service in the period 1997 to 2001. Table 54 summarises the annual position regarding the usage of this service.

Table 54 - Passenger Usage ex Ros a Mhil 1997 - 2001

Year	Inis Mór	Inis Meáin	Inis Oírr	Total
1998	92,806	4,985	3,934	101,725
1999	123,297	7,162	7,174	137,633
2000	133,967	6,464	9,117	149,548
2001	113,316	8,021	8,321	129,658
Total	463,386	26,632	28,546	518,564

Usage of this service is growing on an annual basis. Although usage by Islanders alone cannot be gauged from these statistics, it is understood that the service is popular with the Islanders.

Privately funded service provided by the Islanders

During 2001, a company set up by the Islanders commenced the operation of an independent ferry service between the Islands and Ros a Mhil. The company does not receive a subsidy from the State for the operation of the service but enquiries were made by the company towards the end of 2001 in relation to any financial aid that may be available towards the provision of the service. The company was advised that a service is already being subsidised between Ros a Mhil and the Islands but that it will be open to the company to submit a tender for the service when the current contract ends on 31 August 2002.

An intermittent cargo service is also being provided by a private operator between Ros a Mhil and the Islands. A state subsidy is not paid in this particular case.

Air Service

Summary statistics received from Údarás for the air service are shown in Table 55 below. These statistics were compiled by the airline operator.

Table 55 - Air Service Usage 1997 - 2001²⁰

Year	Inis Mór		Inis Meáin		Inis Oirr		Total	
	Islander	Other	Islander	Other	Islander	Other	Islander	Other
1997 ²¹	1,855	10,309	2,629	3,317	2,994	3,881	7,478	17,507
1998	2,398	10,570	2,927	2,754	3,297	3,953	8,622	17,277
1999	3,693	11,697	2,829	3,416	2,986	4,374	9,508	19,487
2000	4,550	17,176	3,289	2,824	3,332	3,905	11,171	23,905
2001	4,259	17,101	3,318	3,415	3,267	4,033	10,844	24,549
Total	16,755	66,853	14,992	15,726	15,876	20,146	47,623	102,725

Islander use of the air service is quite high and growing when compared with their use of the ferry service between Galway and the Islands. This factor should be taken into consideration by the DoAHGI when the ferry service contract is up for renewal in 2004.

The controls adopted by Údarás did not provide for a day to day involvement in the operation of the air service. Although payment procedures appeared reasonable, formal checks were not undertaken to ensure that the air service provided was in line with the conditions attached to the annual letter of agreement. In addition, there was no requirement on the operator to forward logs of the trips undertaken or details of the numbers of passengers carried.

Monitoring Committee

A general purposes monitoring committee comprising representatives of the DoAHGI, the three islands, and when necessary, the ferry companies provides a forum to discuss and attempt to resolve any difficulties with the Aran Island Ferry services. A review of minutes of recent meetings held by the DoAHGI highlighted the following main concerns of the Islanders

- The City of Galway /Islands service does not run as scheduled
- Problems with the transportation of cargo
- Delays associated with the Ros a Mhil bus service
- Dissatisfaction with standard of vessels on occasion.

The DoAHGI endeavours to follow up on the issues raised and bring them to a satisfactory conclusion.

Reports Commissioned

1995

In April 1995, the DoTEC commissioned a consultant to evaluate and report on the passenger ferry service requirements of the Islands to/from Ros a Mhil with a view to establishing the need, the frequency of direct/indirect sailings to the islands, especially the two smaller islands and the cost of the services required. The consultant found that

²⁰ Airline Operator.

²¹ Numbers exclude the month of January.

- it was absolutely clear that the Islands in comparison to other off-shore islands and isolated rural communities were well provided for in terms of state subsidised transport
- it could be argued that the subsidy paid to ferry operators could also be helping to subsidise summer tourist traffic
- there was no need to increase the subsidy to ferry operators
- if the DoTEC wished to guarantee the continued provision of a ferry service to the two small islands, a subsidy in the order of €126,974 would be required.

The Consultant also recommended that the subsidy paid to the ferry operators to operate a winter service out of Ros a Mhil to the two small islands be transferred to the air service operator.

No action was taken by the DoTEC on foot of this study in view of the imminent transfer of responsibility to the Department of the Taoiseach.

2001

The DoAHGI is currently considering a report by consultants in October 2001 on the proposed development and day-to-day management of island airstrips and associated air services. The report provides for wide ranging development of airstrips on a number of inhabited offshore islands.

Údarás own the airstrips on each of the Aran Islands: the air operator was responsible for the maintenance of the air strip on Inis Mór until this responsibility transferred to Údarás on the introduction of the current public service obligation contract, while co-operatives on Inis Meáin and Inis Oirr look after the airstrips on these islands.

Conclusions

- A more strategic co-ordinated approach is needed to managing the delivery of travel services to the Aran Islands if value for money is to be obtained.
- Analysis of information on usage should be an ongoing feature of monitoring the services and form the basis of future decision making on the optimum level and mix of services.
- The need for a subsidised cargo/passenger service out of the City of Galway needs to re-evaluated in the light of the out of season passenger usage of the service, the significant development of the facilities at Ros A Mhil and the fact that Ros a Mhil appears to be the Islanders port of choice.
- Formal contracts, with enforceable performance clauses should be drawn up to cover all the subsidised travel services to the islands.

Observations of the Department of Community, Rural and Gaeltacht Affairs

The Department is currently actively considering carrying out a study of the type of service and infrastructure and level of subsidy required to provide proper access to all the main islands. This will be the first step aimed at implementing the recommendation regarding a more strategic co-ordinated approach to managing the delivery of the travel services to the Islands.

Sailing logs will be sought from all operators as a condition of any new contracts agreed. In addition, the Department has now employed the services of an IT consultant in order to set up a database suitable for the

analysis of information on usage and the monitoring of the services.

The Department points out that while there is no difficulty in relation to formal contracts with enforceable performance clauses for ferry services, there is an issue in relation to road transport which the Department is currently considering how to most effectively address.