

Chapter 10 Department of Communications, Marine and Natural Resources

10.1 Development of Marinas

Funding Announcement

Funding of €5.72m for the provision of marinas, at Kenmare (€0.75m), Caherciveen (€2.54m), Roundstone (€1.16m) and Rosses Point (€1.27m), was announced as a Budget Day adjustment in December 2000. This funding was to be in addition to the €25m provided for marine tourism under the National Development Plan (NDP) 2000-2006. The Minister for Communications, Marine and Natural Resources (the Minister) directed that the projects

- be progressed outside the project selection and decision making procedures provided for in the NDP Programme Complement for Marine Tourism and Leisure, because the latter had not commenced
- be assessed by the Department of Communications, Marine and Natural Resources (the Department) in accordance with objective criteria laid down in the above-mentioned Programme Complement, and
- be treated as priorities.

The National Development Plan (NDP)

At the time of the funding announcement, the relevant grant scheme under the NDP Programme Complement for Marine Tourism and Leisure had not yet been introduced. The scheme did not come into operation until February 2002. It was suspended in December 2002, without any payments having been made.

The objective criteria governing projects of this nature outlined by the Department in the draft scheme were as follows

- Long-term viability or value of project
- Value for money of project
- Tourism value (numbers, seasonality, spread of product)
- Compatibility with protection of environment/heritage
- Impact on quality of resources (including water quality)
- Contribution to rural development
- Contribution to community development
- Impact on those in, or at risk of falling into, poverty
- Impact on equality of opportunity
- Long-term management capability

- Links with other tourism or development projects and activities
- Marketing arrangements
- Strategic value for regional development

Department of Finance

Sanctions

On 18 January 2001, the Department of Finance noted the proposal that these four projects be subject to assessment for suitability for aid in accordance with a scheme based on the objective criteria as set out in the NDP Programme Complement for Marine Tourism and Leisure. The Department of Finance stipulated that the views of the Department of Arts, Sport and Tourism, and Bord Fáilte, should be fully taken into account in assessing the suitability of each of the projects for assistance.

On 28 August 2001, it further directed that assistance for the projects should be by way of repayable grant.

Further individual sanctions issued in respect of Kenmare and Caherciveen as follows:

Kenmare

The Department was to finalise appropriate detailed operational procedures and the promoters were to comply with all necessary statutory requirements

Caherciveen

The Department was to be satisfied that the proposal met the Department's own objective criteria. The application of grant assistance to the project was to be on the same basis as that applying to all applicants under the NDP Programme Complement for Marine Tourism and Leisure.

Guidelines for the Appraisal and Management of Capital Expenditure Proposals

The Department of Finance stipulates that the project appraisal and sanctioning requirements of the above guidelines, issued in 1994, should be applied to all forms of capital expenditure, including capital grants. The guidelines identify and advise on the four stages of project evaluation and management as follows

- Appraisal
- Planning
- Implementation
- Post-Project Review

The guidelines stress that all involved in the appraisal and management of expenditure proposals should guard against the danger of giving a project, when first mooted, a degree of premature commitment.

Expenditure

Expenditure incurred to 31 December 2003 comprised the full grant of €2.54m in respect of Caherciveen marina and €332,312 in respect of the development at Kenmare. Provision for payment of the balance for Kenmare, together with the grants approved for Roundstone and Rosses Point, has been made in the 2004 estimate for the Vote.

Audit Findings

Kenmare

Background

On 7 November 2000, the Department received an application for funding of €666,613 in respect of the development of a marina and maritime leisure and training facilities at Derreenacallaha, Kenmare. The estimated cost of the development was €1,514,162. The application was made in the name of an individual and specified that the project would be developed and operated by a named company.

On 6 December 2000, the Minister issued a letter to the promoter's financial advisers noting his agreement to grant-aid the project. Concern was expressed within the Department that the letter constituted a letter of comfort that could be interpreted as creating unwarranted expectations and a possible basis for a future claim against the Department. There was concern that the letter could constitute an irreversible commitment to funding in advance of consideration.

A revised application for €752,550, towards total costs of €1,665,540, was received on 30 December 2000. The project comprised a sail/canoe training school and ancillary services, including the provision of a pier and slipway. The amount applied for represented 45.2% of the total cost, as against the maximum grant level of 40% allowed in respect of private projects under the draft scheme. It also included €73,010 in respect of marketing, which is an ineligible category of expenditure under the scheme. No formal business plan accompanied the application.

Project Assessment in the Department

On 18 January 2001, in carrying out its assessment of the project, the Marine Leisure and Research Division noted

- That its assessment took place in the light of the Minister's letter of 6 December, signalling his agreement to grant-aid the project, and his direction that this, and the other three projects, be afforded priority treatment
- That the decision making process employed differed from the proposed Marine Tourism Grant Scheme, in that there was no Project Assessment Committee and no Selection Board
- That the lack of a rating system with which to compare the relative merits of competing schemes was unsatisfactory, given the procedures that other applicants would have to follow whenever the Marine Tourism Grant Scheme was introduced
- That the amount applied for was at a rate (45.2%) of aid that exceeded the maximum rate (40%) that would apply for private projects under the forthcoming NDP Programme Complement for Marine Tourism and Leisure.
- That difficulties existed in relation to the foreshore lease.

The Division did not undertake any assessment of the overall viability of the project and made no recommendation regarding approval.

Grant assistance up to a maximum of €752,550 was approved by the Minister on 24 January 2001, subject to a number of conditions, including evidence of planning and foreshore permissions having been obtained, production of a tax-clearance certificate and demonstration that the project would be viable for a reasonable time period after construction. No time limit was set for the completion of the project. The letter of approval was signed by a Department official, on the direction of the Minister. The promoter confirmed acceptance of the conditions on 28 February 2001.

Post grant-approval developments

A draw down request for €332,312 was approved and payment made in December 2001. Copies of relevant planning approvals were enclosed with the request.

The Department became aware, in 2002, that work on the site had seemingly stopped, and, on two occasions, requested an update from the promoter. Both requests went unanswered and a site visit by one of the Department's engineers was arranged in December 2002. The engineer found that, while the building appeared structurally complete, it was in contravention of planning approval.

The Department put a stop on any further grant payment, pending resolution of the planning issues. In November 2003, the grantee withdrew a revised planning application and Kerry Co. Council issued an enforcement notice to remove any unauthorised buildings.

In February 2004, the grantee informed the Department that the buildings had been demolished and that it was intended to rebuild to the originally approved design. Notice was also given that it was intended to apply for further draw down of the originally approved grant. The Department sought legal advice in respect of the courses of action available to it.

Caherciveen

Background

An application for funding and associated business plan in respect of a 93-berth marina at Caherciveen was submitted by the promoters in June 2000. The estimated cost of the project was €3.5m, excluding VAT, to be funded by the Department (€2.58m), by Kerry Co. Council (€275,000), by South Kerry Development Partnership Ltd (€64,000) and income of €588,000 from the advance sale of berths. The Minister, in a letter to the Minister for Justice, Equality and Law Reform on 14 December 2000, signalled agreement in principle to the approval of grant-aid.

The application was considered by the Department at the direction of the Minister. Officials pointed out

- The high level of Departmental funding requested (75% as against a maximum of 50% allowed in respect of community or public projects under the draft scheme)
- The fact that some elements of the project would not qualify for assistance under the scheme
- That some expenditure had already been incurred, thus rendering it ineligible for grant assistance.

Bord Fáilte had serious concerns that an adequate payback in terms of tourism benefits could not be realised at that level of public cost – 75% grant contribution. That agency also advised that a mechanism needed to be found to generate more of the investment from the most immediate likely beneficiaries. Department papers also indicate that a previous Tourism Grant approval in respect of the project had been withdrawn by Bord Fáilte in 1999.

As the funding and backing of Kerry Co. Council and South Kerry Development Association was not forthcoming, the project was reduced in scale and split into two phases. By postponing construction of onshore facilities, the capital costs were scaled down to €3.1m excluding VAT. The promoters then agreed a fixed price contract, in advance of formal grant approval from the Department.

Project Assessment in the Department

The Marine Leisure and Research Division carried out an assessment of the revised business plan in April 2001. The Department's engineers believed that the viability of the project would have been maximised by proceeding with the original plan in its entirety. They did, however, consider it feasible to proceed from a technical point of view with the separate phases. They recommended amendment of the foreshore licence, a proper site investigation, and that dredging work be better quantified than outlined in the plan. The engineers also expressed a view that the estimated costs seemed quite tight, not allowing for cost overruns which could be anticipated with such a project.

The Department's Marine Leisure and Research Division's assessment concluded that

- The promoters were unable to fulfil three of the principal conditions set down by the Minister in signalling agreement in principle on 14 December 2000. These were that Kerry Co. Council would underwrite the entire project, and that agreed contributions would be received from the Council and South Kerry Development Partnership Ltd
- The long-term financial viability of the project was questionable, without a clear indication of when the on-shore facilities would be developed and how they would be funded
- Income projections were insufficient, with doubts being expressed over whether the revenue generated from as yet unsold berths would be sufficient to sustain the maintenance and running costs of the marina
- Doubts existed over the necessary management personnel, infrastructure and training arrangements being in place
- The Department would not be justified in bowing to pressure for an early decision, so that a contract could be signed
- It could not recommend that such a course of action would be justified in replacing what should be normal practice in assessing infrastructural projects involving proper evaluation and analysis of all the issues followed by good design, pricing, evaluation of tenders, review of funding and management of the final agreed project.

For those reasons, the Division was unable to offer its approval of the business plan or issue a sanction for funding, as requested by the promoters.

Financial advisers engaged by the Department highlighted more serious concerns regarding the viability of the project and expressed strong reservations about the manner in which the estimated capital funding was put together

- The promoters had failed to raise any capital funding, the only contribution being from the pre-sale of berths – funds that should be used to meet operational costs
- The Department was providing between 85% and 100% of the capital costs, depending on how the estimates were interpreted. This is because of the fact that 11% of the total estimate consists of refunds of VAT already accounted for in the moneys paid from the Department's grant in respect of construction, contingency, professional fees and pontoons. The maximum grant aid for such a project under the then proposed Marine Tourism Grant Scheme was 50%
- Available finances did not provide for a contingency fund to account for cost overruns or revenue shortfalls. These latter were likely, as the development of on-shore facilities had been postponed.

Kerry Co. Council concerns

Kerry Co. Council had very strong reservations about the revised business plan for the project and in particular

- Expressed concern over the ability of a non-professional group, the project promoters, to successfully see the project to conclusion within budget.
- Expressed particular unhappiness at the pressure being put on it to take on a role in the project, together with significant responsibilities and liabilities, both real and potential
- Was not prepared to recommend that it guaranteed the project or any of the capital costs involved.

Developments

A consultation process then ensued, involving the Department, Kerry Co. Council and the promoters. Changes to the business plan were agreed. The changes included

- The formation of a steering group to advise the promoters on matters relating to the construction of the marina. The group was to comprise representatives of the Department, Kerry Co. Council and the promoters
- The promoters underwriting the moneys due from the sale of berths
- The appointment of a quantity surveyor and a financial controller
- Kerry Co. Council to provide a total of €95,230 over 5 years
- Kerry Co. Council to provide engineering assistance and advice
- Full details of the revised business plan to be agreed between Kerry Co. Council and the promoters

Department papers indicate that, in May 2001, Kerry Co. Council confirmed that all actions required of the promoters had been undertaken and that it was now happy to back the project. The Department regarded this as a major step in providing the assurances required regarding the viable planning and development of the project. The Department still considered that the finances for the project remained tight. However, the Department accepted that structures for the project had been put on a stronger footing, that the promoters had shown the viability of the project from a financial viewpoint, and that they had sufficient resources to meet the maintenance and running costs for a reasonable period of time after completion. The final proposal comprised 38 berths designated for tourism and 55 berths to be leased privately.

The Minister approved a grant of €2.54 million on 7 June 2001, the letter of approval being signed by a Department official, on the direction of the Minister. It contained conditions reflecting the standards outlined in the Marine Tourism Grant Scheme as well as conditions specific to the project and which reflected Kerry Co. Council's own conditions for the project. The conditions were accepted by the promoters on 11 June 2001.

The Department appointed a consulting engineer as its representative on the steering group. In December 2002, the engineer certified that the marina had been operational since August 2002, that its operation had been satisfactory and its technical performance acceptable. The engineer also expected that the outcome of the final account, then being completed, would be acceptable, and he confirmed, to the best of his knowledge, compliance with the grant conditions as set out by the Department in its letter of offer. Final payment of the grant was made in December 2002.

The Department has undertaken to carry out a post-project review in Autumn 2004. The review is to establish whether the project represents a good value for money investment, and will cover operations, financial and marketing aspects, as well as providing an assessment of economic impact.

Roundstone

In July 2000, Roundstone Development Council submitted a proposal for the development of a 20-berth marina at a cost of €521,000. The applicants submitted a brief summary with revised costings of €930,972 in December 2000 and the Minister agreed, in principle, partial funding for the revised project on 25 January 2001. In July 2001 the applicants made another revised submission for a 34-berth marina at an estimated cost of €1,446,868. Approval in principle for a grant of €1.16m was given in July 2002, by which time the development was expected to cost €1.75m.

The promoters were invited to demonstrate the financial viability of the project and acquire planning permission and a foreshore licence. Since then, a revised proposal submitted to the Department in January 2004 indicates that the estimated cost of the project has risen to €2,660,000. The promoters sought a revised grant of €1,910,000. In the revised proposal, 25 of the 34 berths are reserved for private use and 9 for tourism purposes. Assessment of the revised proposal has not been completed by the Department, which is still in the course of evaluating the financial viability, qualifying expenditure, level of State grant as a proportion of total cost, status of promoters and their ability to underwrite the project. The Minister, on 18 May 2004, approved a further €530,000 in grant assistance, subject to the promoters satisfying a number of conditions.

Rosses Point

The first formal application for funding of a 42-berth marina was received in February 2001. Grant assistance of €1.27m in respect of the project was approved in June 2001. The promoters, Sligo Co. Council, estimated the cost of the project to be €1.75m. By April 2002, the cost of the project had risen to €2.62m for a 47-berth marina, which was at that stage regarded by the applicant's consultant marine engineers as the smallest viable size. Financial difficulties resulted in the project being divided into two phases. A revised application was submitted in respect of Phase 1, the construction of a 27-berth marina, costing €1.73m. It was envisaged that 12 berths be reserved for tourism purposes, the remainder being let for private use.

As Sligo Co. Council had given no indication of how Phase 2 would be funded, the application was assessed for viability as a stand-alone option. The Department's Engineering Division's report highlighted technical and safety issues, with consequent potential liabilities for the Minister. These issues were later addressed to the Department's satisfaction. The financial assessment concluded that the marina was not

financially viable, unless spin-off activities could be quantified. The application of Capital Investment Appraisal Technique showed a very poor return on investment, with a negative discounted cash-flow projection and a payback period of 106 years.

By June 2003, the estimated cost had risen to €2.2m. A revised financial appraisal was submitted by the promoters in September 2003. As a result of evaluations carried out within the Department, doubts have been expressed regarding the financial and technical viability of the scaled down marina as follows

- The Finance Unit questioned the concept of the proposed management company being one that is limited by guarantee, which would limit Sligo Co. Council's liability and, effectively, mean that it would not be underwriting the project
- The Finance Unit also found that the business plan submitted contained an incomplete balance sheet, indicated a very tight margin between profit and loss, and suggested inevitable liquidity problems
- The Internal Audit Unit expressed concerns about the plan and was of the opinion that the sale of berths to members of the local yacht club represented a very good deal for the purchasers.

Little progress has been made during 2004 and the schedule that had been set out for completion has not been adhered to. Problems also exist regarding the foreshore lease. Sligo Co. Council, who applied for the grant, intend setting up a management company to run the marina. A Deed of Covenant is currently being prepared. Agreement has not yet been reached with regard to an undertaking by Sligo Co. Council that it will support the operation of the project for a 10-year period.

Audit Concerns

The unorthodox way in which these four projects have developed prompted me to make inquiries of the Accounting Officer.

Accounting Officer's Response

General

The Department had no role in the initiative taken by the promoters to develop these projects nor did the Department at any time seek to become involved in the projects. The Department's role in allocating grant funding for these projects arose from a Budget Day adjustment in 2000 agreed by Ministers, which set out the individual amounts to be allocated to each of the four projects.

The Marine Tourism Grant Scheme

As was made clear at the Budget Day announcement in December 2000, these four projects were to be progressed outside the project selection and assessment procedures provided for in the NDP Programme Complement for the Marine Tourism Grant Scheme, which, at that time, was in draft form only and had neither been finalised nor approved.

The criteria, which were laid down in the draft Marine Tourism Grant Scheme, were outlined to the applicants for the four projects and they were required to demonstrate that their projects satisfied these criteria. All applications did address the criteria as outlined. However, the Department's rating of the extent to which the criteria were satisfied could not be fully in line with the rating and assessment procedures that would have been put in place under the scheme. Had such a rating scheme existed, it

would also have proved difficult to rescind approval already given in principle if the projects had not achieved a sufficiently high score to qualify for grant assistance.

The application of grant assistance could not be on the same basis as that which would have applied under the scheme, insofar as the selection process was not competitive and the procedures for assessment were not in place. However, the Department insisted on the conditions for the grants being met and these conditions mirrored precisely the criteria being laid down for the scheme.

The Marine Tourism Grant Scheme was a sub-measure of the Tourism Measure and formed part of the two operational programmes of the National Development Plan 2000-2006. Under the scheme, a total of €25.4 million was allocated to marine tourism and targeted particularly at improving marine access infrastructure such as marinas, berths and slipways. The delay in launching the scheme arose from the protracted process of obtaining State Aid approval for the overall Tourism Measure, of which the Marine Tourism Grant Scheme was one sub-measure. State Aid approval for the Measure was not received until November 2001. The first call for applications was made in late December 2001 with a closing date of March 2002. Operational guidelines were published on 4 February 2002. Following the call, over 60 applications were received, of which 15 eligible projects were identified as being suitable for a detailed assessment. These projects were to have been assessed in detail by consultants in consultation with a Project Assessment Committee and recommendations sent forward to the Tourism Product Selection Board who were to have made the final decision on which projects would receive funding. The detailed assessments were not carried out, however, as it became evident that the funding for the Scheme would not be available in 2003 and could not be guaranteed in the following years. The scheme was suspended in December 2002 and no projects have been approved for funding.

The mid-term review of the National Development Plan recommended that the funding allocated to the Marine Tourism Grant Scheme be reallocated to other priorities. In the light of this recommendation, and the lack of any funding in 2004, it has been agreed with the Regional Assemblies that the scheme could be sent to the Monitoring Committee for formal closure in Autumn 2004.

Involvement of Other Public Bodies

The requirement to seek the views of the Department of Arts, Sport and Tourism and Bord Fáilte was contained in a letter from the Department of Finance, dated 18 January 2001, which was issued in response to a specific request to sanction payment of the grant to the Kenmare project. Bord Fáilte issued a BES certificate in respect of the Kenmare project, which meant that the project met with the Board's product standards requirement and was placed on the appropriate Bord Fáilte register of approved tourist products. Bord Fáilte's favourable opinion of the project was also confirmed by a phone call from the Department.

In the case of the Caherciveen project, Department of Finance sanction for payment of the grant was issued in a letter dated 28 August 2001. It made no reference to seeking the views of the Department of Arts, Sport and Tourism, and Bord Fáilte, or to the earlier Department of Finance sanction letter. However, it is accepted that the earlier letter, dated 18 January 2001, did include this requirement for all four projects. The Department, however, confirmed with both Bord Fáilte and the Department of Arts, Sport and Tourism that an offer of a grant of €952,000 (based on an overall estimated project cost of €2.06m) had been approved in principle in November 1999 for this project but had been withdrawn by the Tourism Operational Programme Advisory Board as a number of details were not supplied by the promoters within the required timescale. Bord Fáilte and the Department of Arts, Sport and Tourism both confirmed that while they had given no commitment to the promoters with regard to funding, they indicated that they would welcome the project being submitted anew when the new Operational Programme was in place later in 2000.

While no specific declaration that the projects were not in receipt of other State funding was sought, details of the full funding arrangements for each of the projects was supplied. These gave a breakdown of all sources of funding for each of the projects, including how the applicants were to meet their share of the project costs.

The Department of Finance guidelines assume that no decision has been made to support a project in principle in advance of the appraisal being undertaken. As this was not the case in relation to these four projects, the guidelines could not be applied in their entirety. The Department did, however, apply the guidelines in as far as possible, particularly in relation to the financial assessment of the projects at Caherciveen, Roundstone and Rosses Point. The applicants have been required to present profit and loss and balance sheet projections and to apply sensitivity analysis to their business plans, as specified in the Department of Finance guidelines. The business plans for Caherciveen, Roundstone and Rosses Point have also been assessed by qualified accountants on behalf of the Department.

EU State Aid Regulations

The amount of the Budget Day announcements did not appear to take into account the limits allowed under State Aid rules that would have applied under the Marine Tourism Grant Scheme. The level of grant approved for Kenmare was only marginally over the limit. In the case of Caherciveen, the original plans were scaled back because the applicants could not raise sufficient funds. This meant that the Department's grant constituted a larger proportion of the revised project costs, representing an 83% grant to cost ratio as against the maximum of 50% permissible. Department concerns about the level of grant being considered were included in the submissions for approval of the grant to the Minister. There is a question over the status of the Roundstone project and the amount of grant aid proposed may exceed the State Aid ceiling depending on how the project is categorised. The amount of grant aid proposed for the project at Rosses Point is within the State Aid limits.

Kenmare

The Kenmare project may not have qualified for grant aid under the terms of the Marine Tourism Grant Scheme. However, it was selected by Ministers as a flagship marine leisure project outside the scheme, and therefore the strict eligibility criteria under the scheme did not apply.

The Department was under pressure to expedite payment of these grants. Payment of the first instalment of this grant was made on the basis of invoices in respect of matured liabilities and copies of the planning permission and foreshore lease that had been obtained. The Department accepted, in good faith, that the transmission of the planning documents with the application for payment constituted a clear implication that the work was in accordance with these conditions. Certification of construction in accordance with statutory conditions will be required in the event that it is completed as originally intended.

It was envisaged that security for the grants by way of a Deed of Covenant would be put in place, but payment was made in advance of the legal documents being drawn up and agreed. The Minister has directed that the Chief State Solicitor's Office (CSSO) be instructed to seek to put in place the necessary legal formalities to regularise the position with regard to the Kenmare project, including the putting in place of a Deed of Covenant and a Charge on the facility to protect the State's investment. The Deed will include clauses to address recalling the grant moneys in the event of breaches of the conditions laid down. It is considered that greater value would be derived for the State if the project were completed in line with the original planning conditions, rather than running the risk of nugatory expenditure.

The foreshore lease was granted to an individual who is Director and Secretary of the company which is the legal entity to which the grant was paid. The distinction between the two legal entities is a technicality

which was not fully appreciated within the Department until it was highlighted as an issue by the CSSO. The CSSO has advised that this anomaly can be regularised and has been instructed to deal with the individual's solicitors on this matter.

Compliance with procurement procedures was not included as a condition for grant approval, and evidence of compliance with these procedures was consequently not sought. It is not evident what form of procurement procedure was employed.

Caherciveen

The eligibility conditions of the Marine Tourism Grant Scheme did not strictly apply in the case of this project, as it did not form part of the scheme. It was, however, laid down in the grant award letter that invoices or certified payments for works carried out prior to the date of grant allocation would not be accepted for payment purposes. As the non-marina elements originally envisaged were not included in the revised plan, all grant moneys paid were in respect of the core marina infrastructure and were verified by the Steering Committee established by the Department and Kerry Co. Council to oversee construction of the marina.

It was made clear in relation to payment for the Caherciveen project that the payment was by way of a repayable grant, and it was indicated that the Department would be putting the necessary security arrangements in place. This matter will be addressed in the Deed of Covenant, which will include clauses providing for repayment of the grants if any conditions are breached.

In the grant award letter for the Caherciveen project it was made clear that the grant was being made for the proposed marina development at Caherciveen. It was also stipulated that Kerry Co. Council would provide financial support for the operation and maintenance of the marina for the first five years. These items are also explicitly addressed in the Deed of Covenant that has been drafted by the CSSO for Caherciveen.

Correspondence and details of tenders received in the case of Caherciveen indicate that the lowest tender was accepted.

Roundstone and Rosses Point

Both of these projects have still to satisfy the Department's conditions for funding approval. In the case of Roundstone, the estimated costs increased and a revised business plan was submitted to the Department in May 2004. The plan is still under consideration from a financial and technical point of view. A Dumping at Sea Licence has also yet to be approved, and any final funding decision will be contingent on the Licence being issued.

The Rosses Point project has not yet secured its foreshore lease, which is also essential before funding approval can be given. A difficulty has also arisen with the requirement for Sligo Co. Council to take responsibility for maintaining sufficient working capital to operate the marina over a 10 year period. This has also yet to be resolved.

While the grant funding for these projects is identified in the Department's Vote for 2004, it is a matter of concern that neither of these projects is in a position to commence.